

STATEMENT BY MCK ON THE ACCOMMODATION PROVIDER TARGETED RATE COURT JUDGMENT FROM THE SUPREME COURT HANDED DOWN TODAY

Millennium & Copthorne Hotels New Zealand Limited (MCK) is disappointed with the judgment of the Supreme Court relating to the judicial review brought by a group of hotel owners and operators including against the Accommodation Provider Targeted Rate (APTR) imposed by Auckland Council.

MCK's Vice President Legal & Company Secretary Takeshi Ito said that, in MCK's view, the rate upheld by the Supreme Court is unfair and inequitable, and the decision potentially has longer term implications for Auckland hotel owners and ratepayers.

"We are terribly disappointed by the judgment. We consider that the Supreme Court has missed a unique opportunity to provide guidance to local government across New Zealand and, in our view, should have clarified the position on how targeted rates should work. We believe that the judgment is bad news not only for hotel owners and operators but also for any other group who will be subject to inequitable targeted rates in the future", he said.

Mr. Ito noted that Auckland accommodation providers who have been subject to the APTR have maintained from the start that targeted rates and bed taxes are both unfair and disproportionate.

"We believe that a targeted rate is not the most effective or efficient method of raising much-needed growth infrastructure funding. When you consider how small a proportion of the visitor spend is received by commercial accommodation providers, and that roughly a quarter of visitor nights are spent in commercial accommodation, having hotel owners and accommodation providers being the only groups subject to the rate, on top of their other rates and taxes they already pay, is not right", he said .

Mr. Ito made the point that hotel owners and operators such as MCK had always recognized the need to help fund critical tourism infrastructure.

"Hotel owners and operators understand the need to contribute to the funding of tourism infrastructure which benefits all stakeholders. We support investigating alternative funding options such as those proposed by Hotel Council Aotearoa and we are prepared to contribute to the solution. However, we have consistently maintained that it is unfair to have hotel owners solely shoulder the burden. Contributions need to be fair, equitable and transparent", he said.

"We will continue to work with and support bodies such as Hotel Council Aotearoa and other stakeholders to maintain a constructive dialogue with local and central government as to how tourism infrastructure can be funded in the future. Before the pandemic, tourism was a huge success story for Auckland and for New Zealand and it is even more critical to support the industry rather than put barriers in the way as we continue on our recovery journey".

MCK also confirmed that any costs award arising from the judicial review action would not materially impact MCK's financial position.

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About Millennium & Copthorne Hotels New Zealand Limited

Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK) is the only NZX listed hotel owner – operator with 18 owned / leased / franchised hotels based in New Zealand under the Millennium, Grand Millennium, M Social, Copthorne and Kingsgate brands. As part of the Millennium & Copthorne Hotels group, we are proud to be part of a global network of over 120 properties in gateway cities across Asia, Europe, North America, the Middle East and New Zealand. MCK is also the majority shareholder in land developer CDL Investments New Zealand Limited (NZX:CDI) and also has property interests in Australia through its Kingsgate Group subsidiaries.

For more information, visit our website: www.millenniumhotels.co.nz