

TOURISM INDUSTRY IN AUSTRALIA: NEW MEASURES LIKELY TO HARM THE SECTOR



Australia's Federal budget has been finalized including several unpleasant news for the tourism industry. While the idea of tax cuts for small business operators sounds good to the right audience, the idea that Tourism Australia's funding has been cut from \$144 million to \$140 million is not.

Money has to be found elsewhere and the government has come up with several solutions. The issue highlighted by the tourism industry, however, is that **these new “budget incentives” are not all that incentivizing when it comes to encouraging domestic travelers to fly or international travelers to come backpacking.**

Taxes, charges and increased prices await travelers, domestic tourists and airport operators. One of the biggest problems with the new incentives is the sense that they will be hurting tourists in order to add money to the tourism industry.

The backpacker tax is a controversial one and the Australian Tourism Export Council had been working to try and reign in the government's plans in order to ensure that Australia remains competitive with other destinations and, ultimately, a desirable place for young people to spend their gap year. They had tried to compromise on the 32.5% figure that was proposed, but that is now precisely what backpackers will have to pay the government on their earnings - 35.5 cents on every dollar.

There are also complaints about the plan to raise the price of a passport by \$20 to \$274, which will come into effect from the start of 2017, as well as the plan to raise commercial fees for operators flying into Sydney Melbourne and Perth, which will likely harm the tourism industry.

The good news to come out of these budget discussions is that there are some plans already in place for the \$140 billion fund and the extra money that is raised from these measures. The money raised from the fees at those three major airports is set to be used to provide premium border clearance services.

Elsewhere, \$26.2 million will go towards additional border services at Townsville and Sunshine Coast, **\$115.1 million has been earmarked for the development of the Western Sydney Airport site**, \$26.2 million will go into designs for rail services and New South Wales, Queensland and Victoria are all set to receive large portions of the demand driver infrastructure fund to develop tourist destinations.

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