

## **Federal Budget 2023-24**

### **Impact on Tourism Businesses**

#### **Budget Surplus**

The Budget includes a \$4 billion surplus. This scale surplus will have modest downward impact on inflation and economic growth is expected to reduce to 1.5%.

#### **Income Tax Cut**

The stage-three tax cut will go ahead. This will abolish the 37% tax bracket, lower the 32.5% bracket to 30% and raise the threshold for the top tax bracket from \$180,001 to \$200,001. This tax cut will increase the discretionary income of higher income domestic travellers.

#### **Passenger Movement Charge**

The Passenger Movement Charge will increase by \$10 to \$70 per passenger starting 1 July 2024. The \$10 increase alone will cost passengers an addition \$160 million in 2023-24, which exceeds the total budget for Tourism Australia (\$144 million). The increase will have a negative impact on international visitation particularly budget conscious travellers such as backpackers and visitors from medium and short haul destinations such as South East Asia.

#### **Visa Charges and Processing**

Visa Application charges will rise 6% from 1 July 2023 in addition to the automatic inflation (CPI) increases. In addition to these increases, there is a further 15% increase for visitor and temporary worker visas including working holiday visas (backpackers). Electronic tourism e-visa and eta visas are exempt from this increase.

These additional charges will collect an additional \$660 million over 5 years. Of these increased charges, \$76 million will be used to improve visa processing and improve processing systems.

#### **Tourism Australia**

Tourism Australia funding will increase slightly from an estimated \$140 million this financial year to a budget of \$144 million in 2023-24. Staffing levels are projected to remain consistent at 207. There is no notable increase in funding to assist the post COVID international recovery or compensate for the impact of the higher Passenger Movement Charge and Visa Fees.

#### **Export Market Development Grant**

Funding for future EMDG grants will decrease by \$61 million over 4 years. This will not affect current grants or grant applications by tourism businesses.

### Small Business

- Energy bill relief of \$650 for small businesses (\$325 in Victoria). Eligibility varies depending on different electricity consumption thresholds in each State.
- Businesses with annual turnover of less than \$50 million will have access to a bonus 20% tax deduction (up to \$20,000) for eligible assets supporting electrification and efficient use of energy from 1 July 2023 until 30 June 2024.
- The \$20,000 instant asset write-off for small businesses will continue until the middle of next year, allowing businesses to deduct the full cost of assets up to that price that were installed or ready for use before that date.
- \$23 million to help small businesses build their resilience to cyber security attacks by training in-house cyber wardens.

### Environment, Heritage and Culture

- \$121 million to establish Environment Protection Australia to provide independent approvals under the EPBC Act, such as sustainable tourism developments in world heritage areas.
- \$39 million to install 117 EV fast charging stations on national highways and a National Electric Vehicle Strategy to encourage greater use of cleaner vehicles including \$7.4 million to support the introduction of a Fuel Efficiency Standard.
- \$48 million over 5 years to continue management of Australia's state managed world heritage listed properties.
- \$262.3 million for Commonwealth National Parks, such as Kakadu and Uluru-Kata Tjuta, to protect their natural and cultural heritage value. Including \$130 million to sustain park assets and visitor infrastructure.
- \$535 million for national institutions over 4 years for 9 national cultural institutions including: National Library of Australia, National Gallery of Australia, National Museum of Australia, Museum of Australian Democracy, National Archives of Australia, National Portrait Gallery of Australia, and the Australian National Maritime Museum

### Workforce and Training

- International Students will return to maximum 48 hours work per fortnight from 1 July 2023.
- Higher education international students will be granted an extra two years of post-study work rights.
- The Government will also fund a further 300,000 TAFE and vocational education training places to become fee-free.

- \$370 million will be spent across four years expanding the Pacific Australia Mobility Scheme, which provides seasonal working visas for people from Pacific countries.