



National Tourism Alliance

2008/9 FEDERAL BUDGET Tourism Highlights

- Increase in the **Passenger Movement Charge**, which will then be indexed to inflation, to raise an extra:
 - \$106.3 million in 2008/9,
 - \$111.2 m in 2009/10;
 - \$117.7m in 2010./11
 - \$124.1m in 2011/12

The budget papers make the following comment:

The Government will increase the Passenger Movement Charge from 1 July 2008 by \$9, from \$38 to \$47 per passenger. This increase is estimated to raise \$459.3 million over four years. The increase will contribute to offsetting the cost of a range of aviation security initiatives that until now have not been cost recovered. The Passenger Movement Charge also recovers the costs of processing international passengers at international airports and maritime ports, and the cost of issuing short-term visas overseas.

- Preservation of the **funding for Tourism Australia** with the exception of the efficiency dividend applied across all government departments plus an additional \$1 m cut from the budget. Marketing spend is not likely to be affected.
- **Tourist Refund Scheme:** Budget papers confirm by writing back future savings that the Tourist Refund Scheme is not being put out to private provider.

Budget Papers:

The Government has decided that it will not proceed with the proposal to allow private providers to offer refunds in relation to the Tourist Refund Scheme (TRS), as announced in the 2007-08 Budget. This measure has an ongoing gain to revenue which is estimated to be \$300.0 million in 2007-08 and over the forward estimates period. The measure is expected to increase GST payments to the States by \$295.0 million over this period.

The Government supports the following previously announced changes which will have effect from the date of registration of the amending legislation:

- *extending the period during which travellers can purchase goods and be eligible to claim a refund of GST and wine equalisation tax through the TRS from 30 days to 60 days;*
- *allowing travellers using the TRS to aggregate multiple invoices from single retailers in order to meet the \$300 threshold for TRS claims; and*

- *extending the period during which travellers can make tax free purchases through the sealed bag system from 30 days to 60 days. These measures are subject to the unanimous agreement of the States*

- **Visa fees rise:**

- \$39.1 million in 2008/9,
- \$43.4 m in 2009/10;
- \$46.6 m in 2010./11
- \$50.2m in 2011/12

The budget papers state:

The Government will increase the visa application charge for tourist visas by \$25 from \$75 to \$100 per application overseas, and from \$215 to \$240 for all related visa extensions in Australia. The Government will also increase visa application charges for temporary residence visas by \$60 from \$190 to \$250, and residents return visas by \$120 from \$120 to \$240. These increases will be implemented on 1 July 2008.

The changes will better reflect visa processing costs, and more closely align Australian visa application charges with other countries international competitors while still maintaining Australia's competitiveness in tourism and skilled migration.

- **Passport fees** rise (adult passports rise from \$200 to \$208):

- \$6.4 million in 2008/9,
- \$7.4 m in 2009/10;
- \$8.1 m in 2010./11
- \$8.8 m in 2011/12

- **CASA:** The Government will not proceed, in 2008-09, with the next phase of the Civil Aviation Safety Authority's (CASA) long-term funding strategy, announced in 2005-06, that included increased fees and a reduction in the excise and customs duty rates applying to aviation gasoline and aviation turbine fuel which were to apply from 1 July 2008. The Government will review CASA's long-term funding strategy later in 2008.

- **FBT – Meal Cards** saving

- \$110.0 million in 2008/9,
- \$165.0 m in 2009/10;
- \$205.0 m in 2010./11
- \$250.0m in 2011/12

Budget papers;

The Government will tighten the fringe benefits tax (FBT) exemption that applies to the private use of business property on an employer's premises by excluding meals under a salary sacrifice arrangement, with effect from 7.30 pm (AEST) on 13 May 2008. The measure reduces the FBT concession and tax expenditure associated with property provided on the employer's business premises. This measure will have an ongoing gain to revenue which is estimated to be \$730.0 million over the forward estimates period. This measure is also expected to increase GST payments to the States by \$120.0 million over this period.

The existing FBT exemption allows employees with a meal card arrangement to purchase meals out of their pre-tax income. The change will ensure equity with other employees who have to purchase meals out of their after-tax income. Existing balances on meal cards as at 7.30 pm (AEST) on 13 May 2008 will remain eligible for the FBT exemption, provided they are used by 31 March 2009. Any supplementation of existing balances after 7.30 pm (AEST) on 13 May 2008 will be subject to FBT.

The measure will not affect subsidised canteens that are provided to all staff and that are not part of a salary sacrifice arrangement.

- **ATDP funding retained.** Minister's release says as follows:

"We have allocated a total of \$16.0 million to the ATDP over the next four years. Future funding will be competitive and merit-based and will contribute to the development of quality tourism experiences in Australia's diverse tourism regions.

"ATDP funding will be refocussed on projects which deliver better infrastructure for regional tourism precincts, leverage private sector investment, and demonstrate innovation, a high level of product and service quality, and regional collaboration.

- **Alcohol:**

The Government has increased the excise and excise-equivalent customs duty on 'other excisable beverages not exceeding 10 per cent alcohol by volume' to the same rate as for full strength spirits, on and from 27 April 2008. This measure has an ongoing gain to revenue which is estimated to be \$3.1 billion from 27 April 2008 and over the forward estimates period. This will help fund increased investment in preventative health. The measure is expected to increase GST payments to the States by \$281.5 million over this period.

These 'other excisable beverages', which include ready-to-drink alcoholic beverages, are now subject to excise duty and an equivalent customs duty at \$66.67 per litre of alcohol content. This will be increased in line with movements in the consumer price index.

- **Infrastructure:**

The government announced a \$20 billion Building Australia Fund, where the interest earned on the fund would go towards roads, rail, ports, school etc. Increased spending on transport will have a positive impact on tourism.

- **Education & Training**

A \$11 billion education fund and general budgetary allocations to education & training will provide extra training places. Major focus on addressing skills shortages in budget.