

Federal Budget 2025 – Tourism Impact Analysis

Federal Budget 2025 – Tourism Overview

The Federal Budget 2025 contained no new funding or taxes directly impacting on international tourism. There were budget measures that impact on tourism businesses, consumers, specific destinations and sectors.

Tourism Australia Funding

Tourism Australia funding remains unchanged in the Federal Budget at approximately \$153M in 2025-26, and staffing levels stay constant at 207 staff. ATIC has been pursuing additional funding for Tourism Australia to recover international visitor numbers to pre-COVID levels. International visitors in 2024 remains approximately 13% below 2019. Austrade funding is also unchanged

Tourism Taxes - PMC

The Budget contained no increase in the Passenger Movement Charge (PMC), which remains at a record \$70 per international passenger. The PMC now collects over \$1Billion in tax revenue. ATIC is advocating to continue to freeze the PMC until international visitors have recovered.

Tourism Taxes - Visas

The Budget contained no increase fees and charges on tourist and working holiday maker visas, which have increased in previous budgets. ATIC is advocating to continue to freeze visa fees until international visitors have recovered.

Income Tax Cuts

Most workers will receive an income tax cut of \$268 in 2026-27 and \$536 in 2027-28 on top of the existing schedule of tax cuts. The budget also estimates real wages to grow by 0.5%. These tax cuts and wage growth may have a positive impact on discretionary expenditure in tourism and hospitality.

Small Businesses Energy Bill Rebate

Approximately one million eligible small businesses will receive two \$75 rebates directly off their electricity bills through to 31 December 2025.

Alcohol Tax Freeze

The Budget pauses indexation on the draught beer excise and equivalent customs duty rates until 2027-28 and increases support under the excise remission scheme for manufacturers of alcoholic beverages and Wine Equalisation Tax Producer rebate. This will be a cost-of-living measure reducing tax increases on alcohol consumers and tourism businesses which supply alcoholic beverages.

Disaster Response

The Budget includes a provision of \$1.2 billion over the forward estimates to accommodate additional expenditure on disaster response payments including following Ex-Tropical Cyclone Alfred in March 2025.

Accessible Tourism

The Budget contains \$17.1 million over four years to increase accessibility through infrastructure projects at national parks, beaches, and play spaces, as well as fixed and portable Changing Places

facilities. This will increase the accessibility of public attractions which tour operators can build into their accessible tourism offering.

Regional Aviation

The Government is providing up to \$130 million in secured loans to keep Rex Airlines operational during its extended voluntary administration to 30 June 2025, while a competitive sale process is held.

Commonwealth National Parks

The Budget provide \$55.2 million over four years from 2025–26 (and \$14.1 million per year ongoing) to renew lease arrangements with the Traditional Owners of the jointly managed Booderee, Kakadu, and Uluru Kata Tjuta National Parks.

Net Overseas Migration

The Budget forecasts net overseas migration to drop from 335,000 this year, to 260,000 next year, and then 225,000 the year after. Temporary migrants are forecast to drop by 75,000 in the next financial year. This will be driven by caps on international students and working holiday makers return home following the post COVID surge.

EMDG Grants

There are no changes in funding for Export Market Development Grants.

Regional Airports

There is no additional funding for Regional Airports, but previous support funding announced continues.

Quality Tourism

There is no additional funding to assist businesses develop high quality, sustainable, accessible and inclusive tourism product, but previous funding for the Quality Tourism Framework continues.