



## AUSTRALIAN HOTELS ASSOCIATION

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### TAA and AHA welcome reduction in 'backpacker tax' and charges

27 September 2016: Australia's peak accommodation body, Tourism Accommodation Australia (TAA) and the Australian Hotels Association (AHA) welcomed today's decision by the Federal Government to reduce the tax on Working Holiday Makers (WHM) from 32.5c to 19c along with a \$10 million promotional fund aimed at revitalising the sector, but said the imposition of a \$5 increase in the Passenger Movement Charge (PMC) was counter-productive.

Under the original proposal, which was scheduled to come into force from 1 July 2016, working holiday makers would have been treated as non-residents and taxed at 32.5% from the first dollar they earned. They will now pay 19c/dollar instead of 32.5c.

AHA and TAA also welcomed the increase in the age limit for Working Holiday Makers from 30 to 35, and the reduction in the WHM visa fee from \$440 to \$390, measures that TAA had strongly advocated for a number of years.

In the latest International Visitor Survey (IVS) figures backpacker nights declined 6.5% and expenditure 1% in the 2015-16 year, despite overall growth of 10% in international visitor arrival to Australia and 14% growth in visitor expenditure.

"AHA and TAA made a strong submission to the Federal Government arguing that the tax hike would provide a major disincentive to working holiday makers at a time when the industry was already experiencing shortages, particularly in regional and remote areas," said Chair of Tourism Accommodation Australia, Mr Martin Ferguson.

"We would have preferred a complete removal of the tax increase, but this is offset by the reduction in visa charges and also the increase in the age limit for working holiday visitors.

"In particular we welcome the decision to allow an employer with premises in different regions to employ a WHM for 12 months, with the WHM working up to six months in two regions. This will allow far greater flexibility for hotel groups who have to take into account seasonality.

"We also welcome the commitment to the \$10 million promotional fund, but the Government's decision to increase the Passenger Movement Charge by \$5 is disappointing as tourism is Australia's growth industry, and needs incentives to grow, not disincentives."

*Tourism Accommodation Australia (TAA) represents the interests of Australia's accommodation chains and individual members in the hotel, serviced apartment, integrated resort, motel and vacation ownership sectors. Servicing owners, operators, managers, franchises and other industry stakeholders, TAA is a division of the Australian Hotels Association, a federally registered organisation of employers representing hotels since 1836*

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