QTIC FEDERAL BUDGET 2026-27 ANALYSIS

QUEENSLAND
TOURISM INDUSTRY
COUNCIL

INTRODUCTION

The 2026–27 Federal Budget delivers some practical short-term support measures for tourism businesses, particularly around fuel costs, small business investment incentives and regional resilience. However, it falls well short of the long-term strategic investment needed to strengthen Australia's visitor economy ahead of Brisbane 2032.

While temporary fuel excise relief, the continuation of the instant asset write-off and regional resilience funding will provide some operational assistance for tourism operators, these measures largely address immediate cost pressures rather than the structural challenges facing the sector.

Critically, the Budget contains no dedicated national tourism growth strategy, no significant increase in Tourism Australia funding, no major aviation access or route development package, no meaningful tourism insurance reform and limited targeted workforce investment for the visitor economy.

This is a missed opportunity at a time when tourism is expected to play a central role in Australia's economic growth, regional employment and international competitiveness over the next decade.

The increase in the Passenger Movement Charge from $70 to $80 from January 2027 is particularly disappointing. The measure increases costs for international travellers without corresponding investment in visitor facilitation, aviation competitiveness or border processing improvements.

There are some positive outcomes for regional tourism, including investment in EV charging infrastructure, continuation of Disaster Ready Fund support and reforms to support working holiday and regional workforce participation. The extension of funding for the Australian Tourism Industry Council's Quality Tourism Framework is also welcomed and recognises the importance of quality, sustainability and accessibility across the tourism industry.

However, the Budget ultimately reflects a broader challenge for tourism policy nationally: the visitor economy continues to be recognised for its economic contribution, but not yet treated as the strategic export industry and productivity driver that it is.

As Queensland moves deeper into the Brisbane 2032 decade, greater national coordination and long-term investment will be required to ensure the tourism industry can fully support the economic, regional and international opportunities ahead.

QTIC will continue working with industry and government to advocate for policies that strengthen tourism businesses, support regional communities and position Queensland as a globally competitive visitor destination.

Natassia Wheeler
Chief Executive Officer
Queensland Tourism Industry Council

Executive view

The 2026–27 Federal Budget delivers some welcome short term relief for the visitor economy, particularly through fuel excise cuts, small business tax measures, migration reforms and cost of living support that may help stimulate consumer spending.

However, the Budget stops short of delivering the dedicated tourism investment and long term growth measures QTIC and industry have been advocating for, particularly in areas such as international marketing, aviation attraction, business events, insurance reform, tourism infrastructure and First Nations tourism development.

For many tourism businesses, the most immediate benefit will be improved cash flow and some short term operating relief at a time when operators continue to face rising costs and ongoing economic pressure.

Fuel package

This is the most immediate and practical measure for industry.

The Budget includes a **$14.8 billion fuel resilience package**, including fuel security measures, more than halving fuel excise, reducing the heavy vehicle road user charge to zero for three months, and longer-term fuel reserve investment. **Petrol and diesel excise has fallen from 52.6 cents to 20.6 cents per litre** for the three-month period from 1 April to 30 June 2026.

For tourism and hospitality, this should help:

- **Reduce operating pressure** for drive tourism, coach operators, marine tourism, freight-reliant hospitality venues and regional suppliers;
- **Marginally support household discretionary spending** by lowering bowser costs;
- **Reduce immediate freight and logistics pressure** into regional and remote destinations;
- Provide some indirect support for event supply chains, particularly staging, food, beverage, waste, labour movement and transport.

The limitation is that it is s**hort-term relief, not structural reform**. It helps operators survive the immediate fuel shock, but it does not solve volatility, regional fuel price disparities, aviation fuel costs, or the broader cost stack affecting small businesses.

Small and medium business measures

The **permanent $20,000 instant asset write off** for businesses with turnover up to $10 million is a positive outcome for tourism SMEs looking to invest in equipment, vehicles, kitchen upgrades, technology, booking systems, accessibility improvements or energy efficiency upgrades.

The Budget also includes several measures designed to improve small business cash flow, flexibility and support:

- **Reintroduction of loss carry back provisions** for companies with turnover under $1 billion, helping businesses impacted by temporary shocks such as weather events, fuel price spikes, cancellations and regional downturns.
- **$10.9 million for the ATO to expand dynamic PAYG instalments and monthly payment options** from 1 July 2027, providing more flexibility for businesses managing seasonal cash flow fluctuations.
- **Three years of rollover relief** from 1 July 2027 for small businesses and others restructuring out of discretionary trusts.
- **$8.2 million over three years** to extend the Small Business Debt Helpline and NewAccess mental health support program for small business owners through to June 2027.
- A **ten year extension of the small business responsible lending exemption** through to October 2036, which may assist some operators with access to finance.
- **$11.2 million over two years for workplace relations measures**, including additional Fair Work Commission support targeted at small businesses.

The Government has also positioned the Budget around reducing red tape, stating it will cut regulatory burden by $10.2 billion per year.

For tourism businesses, the real value of these measures will depend on whether they ease practical operational pressures such as payroll, BAS, visa compliance, licensing, grants reporting, insurance disclosure, workplace compliance and border processing.

Personal tax relief and consumer demand

The Budget delivers **additional personal income tax cuts** from 1 July 2026 and 1 July 2027, plus a new **Working Australians Tax Offset of up to $250** from 2027–28.

Key changes include:

- The **16 per cent tax rate** on income between $18,201 and $45,000 will reduce to **15 per cent from 1 July 2026**, then to **14 per cent from 1 July 2027**.
- The new **Working Australians Tax Offset** is designed to provide additional cost of living relief for lower and middle income earners.

For tourism and hospitality, these measures may:

- **Provide modest support for discretionary spending**, including short breaks, dining out, attractions and events.
- Help improve household confidence at the margins, particularly for domestic travel.

However, the overall impact on visitor demand is expected to be **moderate rather than transformational**, particularly while households continue managing elevated fuel costs, insurance premiums, rents, mortgages and food prices.

Migration and workforce

The Budget sets the **2026–27 permanent Migration Program at 185,000 places**, with more than 70 per cent allocated to the Skill stream.

The Government has also announced reforms designed to prioritise:

- **Younger, higher skilled and better educated migrants** through changes to the migration points test.
- Greater focus on **onshore migrants** already in Australia.
- **Reforms to the Working Holiday Maker program** to reduce barriers to work, better manage numbers and expand ballot arrangements.

These measures are important for tourism and hospitality, particularly given the sector's ongoing workforce shortages.

However, the tourism industry still requires practical access to frontline and regional workers, including:

- Cooks and chefs
- Accommodation workers
- Tour guides and drivers
- Cleaners and housekeeping staff
- Event crew and hospitality workers

While a productivity focused migration system may benefit some parts of the economy, it may not fully address tourism workforce shortages unless tourism and hospitality occupations are appropriately recognised and prioritised.

TOURISM-SPECIFIC MEASURES

The clearest direct tourism win is **$2 million over two years for the Australian Tourism Industry Council's Quality Tourism Framework**, supporting SMEs in the tourism industry.

This funding will support tourism SMEs to strengthen:

- Sustainability accreditation
- Accessible tourism capability
- Tourism emissions reduction programs
- Industry quality assurance and training

However, several major tourism industry priorities were not funded.

The Budget does not include:

- A significant Tourism Australia funding uplift
- A dedicated business events attraction package
- A National Tourism Icons Program
- A tourism specific insurance reform package
- Dedicated Queensland First Nations tourism implementation funding

This means many of the industry's long term growth and competitiveness priorities remain unresolved.

Self-Drive Tourism - EV and EV Chargers

- $40 million over four years to accelerate EV chargers roll out in regional blackspots.
- EVs costing up to $75,000 will continue to be 100 percent FBT exempt if commenced before 1 April 2029. After then, an ongoing FBT discount of 25 per cent will apply.
- EVs costing over $75,000 will have the ongoing 25 percent discount apply earlier from 1 April 2027.

Tourism Resilience – Disaster Ready Fund

Funding will continue for the Disaster Ready Fund. This fund can enable tourism businesses and prepare for natural disasters.

Marine Tourism – Marine Parks

$11.5 million in 2026-27 to improve management of expanding marine parks.

Passenger Movement Charge Increase

The Budget includes an **increase to the Passenger Movement Charge (PMC), rising from $70 to $80 per passenger** from 1 January 2027.

The PMC is built into the cost of international air and sea travel tickets, meaning the increase will add further cost pressure to international travel at a time when Australia is already competing strongly for visitors, aviation capacity and international events.

The measure is expected to generate an additional $755 million for the Federal Government over five years. However, the increase has been announced without corresponding investment in border processing improvements or measures to enhance the international visitor arrival experience.

This is a missed opportunity to reinvest tourism related taxes back into growing visitor demand, improving connectivity and strengthening Australia's global competitiveness.

QUEENSLAND TOURISM INDUSTRY COUNCIL

qtic.com.au

@TheQTIC
@theqtic
Queensland Tourism Industry Council
Queensland Tourism Industry Council
youtube.com/@QTIC