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Holiday tax cost us votes: Senator

BY DEREK BARRY

NORTHERN Queensland LNP senator Ian Macdonald has welcome the proposed cut to the backpacker tax but said the issue cost the coalition votes at the last election.

The proposed 32.5 per cent tax rate that was to apply to working holiday visa holders from July 1, 2017 will be cut to 19 per cent following widespread industry protest.

Senator Macdonald said he was pleased cabinet had cut the tax.

"But I am still very annoyed that we had to go through an election with the last proposal which cost us support on polling day," Senator Macdonald said.

"I am angry that relevant Ministers did not understand the impact of the backpackers' tax on rural industries and the tourism/hospitality industry, particularly in Queensland."

The proposed tax rate of 19 per cent will apply to all Working Holiday (417) and

Work and Holiday (462) visa holders.

Senator Macdonald said the decision would help to keep Australia "top-of-mind" as a destination for working holiday makers.

"I am pleased with the government's proposal to actively promote Australia as a destination for working backpackers, and I think the reduced application fee,

and the extension of time for working holiday makers working in different regions, will also be of help," he said.

"But I think the superannuation accrued by Working Holiday and Work and Holiday visa holders should be paid to them as wages rather than as super, and it should be included in the tax mix. Backpackers will spend that money in local communities and it will circulate in local economies.

"I am also disappointed about the need to increase the passenger movement charge to pay for these new arrangements."

The Government's original tax plan was expected to recoup \$500 million from the backpacker tax and to offset the loss, it will increase the international passenger departure tax by \$5.

"International tourism is a very competitive business and any disincentive for foreign visitors to come to Australia will not assist Australian industry, or government revenue," Senator Macdonald said.

Queensland Tourism Minister Kate Jones was also unhappy that the backpacker tax wasn't completely axed.

"Tinkering at the edges will not fix the problem, the tax needs to be scrapped altogether," Ms Jones said.

"Regional areas like North Queensland rely on tourism jobs."