

tel +61 8 8920 1811
fax +61 8 8920 1800
email information.drw@ntairports.com.au

PO Box 40996
Casuarina
NT 0811

1 Fenton Court
Eaton
NT 0820



14 February 2017

Hon Warren Entsch MP
Chair
Joint Standing Committee on Northern Australia
Parliament House
CANBERRA NT 2600

Dear Mr Entsch

SUBMISSION ON STIMULATING INTERNATIONAL TOURISM

Thank you for the opportunity to make a submission.

I wish to focus on one issue which much has been written about and lobbied on by all sectors of the tourism and aviation sectors in recent years – the Passenger Movement Charge.

The Passenger Movement Charge (PMC) was introduced as the \$10 Departure Tax in the late 1980's. On 1 July 2017 it will increase from \$55 to \$60. The rapid increase over the years has been protested by industry at every step.

The \$10 Departure Tax was introduced to cover the costs of the border agencies at airports. At \$55 the PMC more than covers four times the cost of the border agencies. This ratio will increase when it goes up to \$60.

This flat rate tax is the second highest in the world behind the UK long haul Air Passenger Duty. Being a flat rate tax it hits passengers on short haul and highly discounted airfares the hardest. Australia's PMC can be 30% to 40% of short haul international airfares (examples are Darwin – Dili and Sydney – Auckland) and is hence a highly regressive tax.

The PMC is an inequitable tax which has an impact on international tourism.

The PMC should be reduced to the level which would cover the cost of the border agencies at airports (\$13 to \$15) which was its original rationale. However, the current budget environment would probably make this impossible.

Another option which would make Northern Australia more competitive for international tourism is not to apply the PMC for passengers departing from Northern Australian gateways. This is only a small percentage of the revenue generated from the PMC and should not impact budget repair.

Darwin International Airport recommends that the PMC not apply to passengers departing from Northern Australia gateways.

Myself and CEO Ian Kew look forward to talking to the Joint Committee about this proposal.

Yours sincerely

TOM GANLEY
Acting Chief Executive Officer