

1 June 2012

Ms Julie Dennett
Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600



Email: legcon.sen@aph.gov.au

Dear Madam

Re: Passenger Movement Charge Amendment Bill 2012

I am writing on behalf of Sydney Airport to express our concern about the proposed increase to the Passenger Movement Charge (PMC) as outlined in the *Passenger Movement Charge Amendment Bill 2012*.

Sydney Airport is a member of the Tourism Transport Forum (TTF), the Australian Airports Association (AAA) and the Australian Tourism Export Council (ATEC), all of whom will be making detailed submissions to this committee. These submissions broadly set out Sydney Airports concerns and we support these submissions.

In addition, Sydney is Australia's premier tourist destination. Sydney Airport is our international gateway, connecting Sydney and Australia to 52 international, 21 domestic and 26 regional destinations. In 2011, 35.6 million passengers passed through Sydney Airport – 11.6 million were travelling to and from international destinations.

Tourism plays a vital role in both the Australian and NSW economies. Sydney Airport itself contributes \$16.5 billion in economic activity a year and supports 206,000 jobs. We strongly support the federal government's goal of doubling overnight visitor expenditure to \$140 billion by 2020. We are also working closely with the NSW government to achieve their similar goal of doubling tourism expenditure to NSW by 2020.

Increasing the PMC, at a time when the tourism industry is battling the strong Australian dollar, the imminent introduction of the carbon tax, increasing fuel prices and a range of other imposts, will certainly jeopardise, not support these state and federal government tourism objectives.

Interestingly, recent European examples including Ireland and the Netherlands show that similar taxes are actually being repealed as opposed to increased. Their research data illustrates that the greater cost to the broader economy far outweighs the direct additional tax revenue that these types of 'departure taxes' raise.

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At a time when our tourism sector is struggling against weak global economic conditions and increased competition from our Asian neighbours, a 'tax' on tourists is highly counterproductive.

We were very disappointed with the government's complete lack of consultation around this new impost. Whilst our preferred outcome would be for an outright rejection of this increase, at the very least, we would seek removal of the indexation attached to the 17% PMC increase. Monies raised should also go directly to improving passenger facilitation. In the past year we've seen waiting times for passengers grow as customs staff were reduced under the previous federal budget. It is impossible to remain competitive in an international environment when these basic services are below expectation.

Consultation with industry is also sought in relation to implementation of the PMC. There may be implementation alternatives that will achieve the same financial outcome for federal government, whilst providing a more satisfactory outcome for the tourism industry.

We respectfully request that consideration be given to the points raised above, in addition to the submissions received from the relevant industry bodies mentioned above.

Yours sincerely

Kerrie Mather
Chief Executive Officer