



28 October 2016

Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Sir/Madam,

### **AUSTRALIA PASSENGER MOVEMENT CHARGE**

On behalf of the International Air Transport Association ("IATA"), I would like to thank you for taking to time to meet with us on 26 October 2016 and for considering our concerns in relation to the AUD 5 increase in the Passenger Movement Charge (PMC). Following Senator Xenophon's request at the Senate Standing Committee on Economics hearing, we have prepared an analysis comparing the Australian PMC rate to other similar passenger arrival/departure taxes in effect around the world.

This comparative analysis is provided below for your kind consideration.

### **Passenger Tax Rate Comparison**

At present, various countries around the world impose departure/arrival taxes on international air passengers, including Australia. However, as can be seen from Table 1 below, the current rate associated with the Australian PMC of AUD 55 per departing international passenger is one of the highest such taxes in existence.

**Table 1 – Passenger Departure/Arrival Taxes in Representative Countries**

<b>Title</b>	<b>Country</b>	<b>Description</b>	<b>Current Rate per Pax (AUD)<sup>1</sup></b>
Air Passenger Duty	United Kingdom	Levied on departing international passengers	70.54*
Embarkation Tax	Sri Lanka	Levied on departing international passengers	39.34
Air Transport Levy	Austria	Levied on departing international passengers	27.59**
Tourism Tax	Mexico	Levied on arriving international passengers	26.75
Transportation Tax	United States	Levied on any international air passenger commencing or terminating travel in the US	23.34
Air Passenger Departure Tax	Hong Kong	Levied on departing international passengers	20.28
Tourism Tax	Peru	Levied on arriving international passengers	19.67

<sup>1</sup> The passenger departure/arrival data have been sourced from IATA's Ticket Tax Box Service database. Passenger tax rates have been converted from local rate amounts to AUD using 30-day average foreign exchange rates as of October 27, 2016 from [www.oanda.com](http://www.oanda.com).

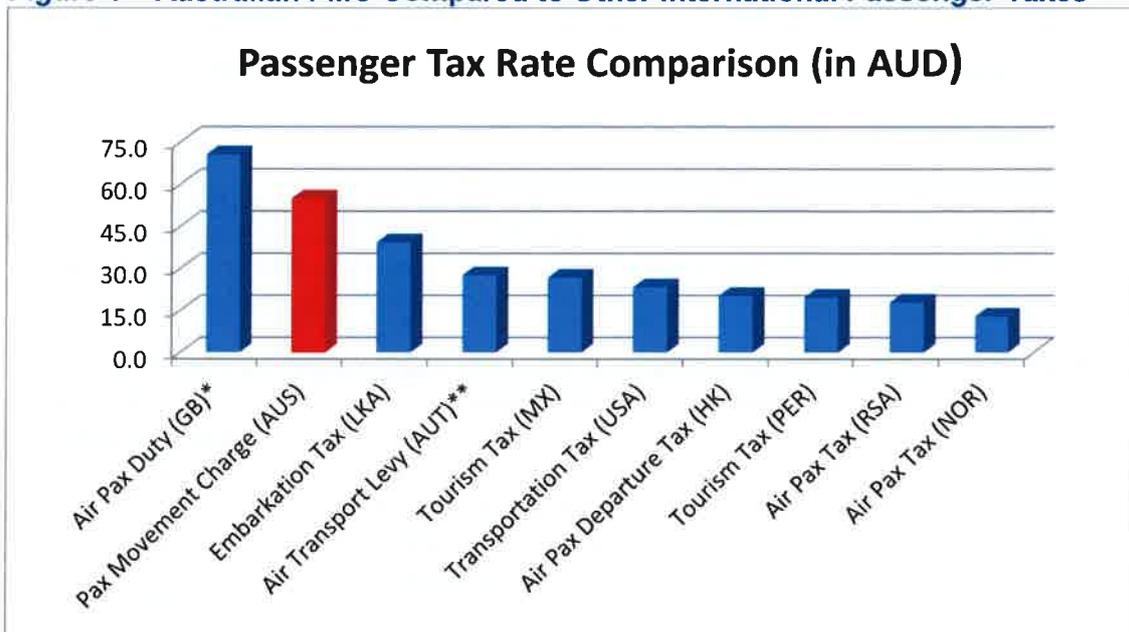


Title	Country	Description	Current Rate per Pax (AUD) <sup>1</sup>
Air Passenger Tax	South Africa	Levied on departing international passengers	17.88
Air Passenger Tax	Norway	Levied on departing international passengers	12.89

\* UK Air Passenger Duty (APD) is calculated as an effective rate based on passenger departure data. The UK APD is comprised of two bands, Band A (distance from London of up to 2,000 miles) and Band B (distance from London of over 2,000 miles). Under each band, there is a reduced rate for the lowest class of travel and a standard rate for all other classes of travel. Band A reduced rate is GBP 13, Band A standard rate is GBP 26. Band B reduced rate is GBP 73, and Band B standard rate is GBP 146.

\*\* Austrian Air Travel Levy is calculated as an effective rate. The Air Transport Levy on international departures is comprised of three rates: 1) EUR 7 for short-range flights, 2) EUR 15 for medium-range flights, and 3) EUR 35 for long-range flights.

**Figure 1 – Australian PMC Compared to Other International Passenger Taxes**



As indicated in Figure 1, the current rate of the Australian PMC of AUD 55 per departing international passenger is already high relative to similar passenger taxes levied in the region, including the Hong Kong Air Passenger Departure Tax (AUD 20.28) and the Sri Lankan Embarkation Tax (AUD 39.34). Further afield, the PMC is substantially higher than the Mexican Tourism Tax (AUD 26.75), the US Transportation Tax (AUD 23.34), the South African Air Passenger Tax (AUD 17.88), and the recently introduced Norwegian Air Passenger Tax (AUD 12.89).

Consequently, the increase in the Australian PMC from AUD 55 to AUD 60 per departing international passenger would only further exacerbate Australia's already uncompetitive global position on passenger taxes, leading to negative economic impacts on employment and GDP. Therefore, we highly encourage the Australian Government to reconsider its decision to increase the PMC and to undertake a



complete review and analysis of the PMC to determine its detrimental impact on the Australian economy with a view to its abolition.

IATA appreciates the opportunity to submit these comments and would be happy to provide any further analysis to assist the Committee in its deliberations.

Yours sincerely,

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cc. Mr. Conrad Clifford, Regional Vice President, Asia-Pacific, IATA  
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