



Premier of Western Australia

Our Ref: 24-120580/AJ



Senator Trish Crossin
Chair
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Attention: Committee Secretary
Via email: legcon.sen@aph.gov.au

Dear Senator Crossin

Passenger Movement Charge Amendment Bill 2012 Inquiry

Thank you for the opportunity to provide a submission on the proposed amendments to the Passenger Movement Charge Act 1987 to increase the rate of Passenger Movement Charge (PMC) by \$8 to \$55 effective 1 July 2012; and introduce an annual indexation of the PMC from 1 July 2013.

The Western Australian Government is aware the PMC replaced the Departure Tax in 1995 to recover costs associated with Customs, Immigration and Quarantine processes at international Australian airports. However, as stated in the Australian Customs and Border Protection Service Budget Statement 2012-13, the PMC is forecast to raise \$3.676 billion in revenue, while passenger facilitation services are expected to cost in the vicinity of \$860 million over the same period, reflecting a significant disparity of \$2.816 billion in its originally stated purpose.

Given the above, it is clear the PMC is simply a tax on travellers which serves to impede visitation, and directly contradicts both the Australian Government and respective State Governments' efforts to encourage growth of the visitor economy. The existence of the PMC, which is not imposed in Australia's neighbouring countries and source visitor markets, and the now proposed increase, is fundamentally detrimental to the competitiveness of Australia and Western Australia as a tourism destination.

The National Long-Term Tourism Strategy, titled Tourism 2020, prepared and endorsed by the Australian Government and the State and Territory Governments, indicates Australia's strategic aim to double overnight visitor expenditure to \$140 billion by 2020. Western Australia is actively working towards this goal and aims to double its overnight visitor expenditure to \$12 billion by 2020. Australia as a destination is already confronting the challenges of weakening global economic conditions, a high Australian dollar and strong competition from near Asian markets, and an increase in the PMC will only exacerbate these challenges by increasing travel costs for visitors. The corresponding negative impact on travel demand will only serve to discourage expansion of aviation development opportunities into the country, or worse, reduce aviation access. The far greater resulting consequences of reduced investment, trade and tourism would be a serious risk to Australia's and Western Australia's growth and prosperity.

As indicated and explained in various submissions to your Committee, the greater cost to Australia's economy far outweighs the direct additional revenue received through an increase in the PMC. The Western Australian Government thus urges the Australian Government not to proceed with the Passenger Movement Charge Amendment Bill 2012.

Yours sincerely

Colin Barnett MLA

PREMIER

14 JUN 2012

cc: Hon Dr Kim Hames MLA, Deputy Premier; Minister for Tourism