



31 May 2012

Mr Stephen Boyd
Committee Secretary
Standing Committee on Economics
By email: economics.reps@aph.gov.au

Dear Mr Boyd

Please accept this letter as the formal submission of the Brisbane Airport Corporation Pty Ltd to the Committee's Inquiry into the Passenger Movement Charge (PMC) Amendment Bill 2012.

As the Committee would be aware, the PMC, originally introduced as a Departure Tax, was designed to generate funds to recover the costs of customs, immigration and quarantine processing of people entering and leaving Australia. However, as is clear in forward estimates, there is a significant difference between the \$860 million budgeted for passenger facilitation at Australia's ports over that period, and the \$3.6 billion in revenue generated through the PMC.

It is apparent, therefore, that the PMC is no longer a cost recovery mechanism but is, in practice as in law, a tax on the tourism industry to generate revenue for the Government. It should also be noted that whilst the PMC is increasing, the Government's funding of border agencies, particularly customs, is decreasing.

It has been argued that the provision of \$61million from the increase in the PMC to Tourism Australia to market the country as a travel destination will offset the impact of the increase on inbound visitor numbers and indeed assist in growing international visitation to Australia.

As a number of other submissions to this Inquiry will no doubt ask, if indeed an increase in visitor numbers is generated, how is this increase to be properly facilitated by front line agencies facing budget reductions and staff cuts?

Brisbane Airport Corporation notes the concerns of many in the tourism industry that the increase in the PMC represents an unfair burden on a sector of the economy that has faced significant challenges in recent years. The potential of the increase to discourage travellers, particularly from markets such as New Zealand, must be recognised. Markets like New Zealand provide the bulk of Australia's inbound tourism and play a vital role in delivering tourism's economic benefits to regional



Australia. The proposed indexation of the PMC to the CPI will simply increase Australia's competitive challenge.

Brisbane Airport Corporation draws the committee's attention to the many voices of small tourism business that are asking why an industry which is facing the challenges of poor economic conditions and low consumer confidence in the majority of its main international source markets, combined with a high Australian dollar, would be asked to bear also the burden of a constantly increasing tax from its own Government.

Brisbane Airport Corporation endorses the submission of the Australian Airports Association to this Inquiry and its detailed description of the combined impact of the PMC increase and the additional pressure on airports and border security agencies through this year's budget measures by cutting the duty free allowance for tobacco products from 1 September 2012, as well as the government's stated intention to introduce a tax on airports to partially recover the cost of Federal Police Services.

These budget measures combine to constrain airports' ability to invest in aviation infrastructure development and improvements.

Brisbane Airport Corporation respectfully requests the Committee to consider all these impacts on the visitor economy, the tourism industry, our border agencies and our nation's airports.

Yours sincerely

Julieanne Alroe
Managing Director and CEO