



Passenger Movement Charge Amendment Bill 2008

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Passenger Movement Charge Amendment Bill 2008

Date introduced: 28 May 2008

House: House of Representatives

Portfolio: Home Affairs

Commencement: 1 July 2008

Links: The [relevant links](#) to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

Purpose

The purpose of the Bill is to provide for an increase in the rate of the Passenger Movement Charge from \$38 to \$47 – an increase of \$9.

Background

The Passenger Movement Charge is a charge which is imposed on a passenger departing from Australia and is collected by airlines and shipping companies at the time of the passenger's purchase of their ticket. The collected charge is then passed onto to the Commonwealth pursuant to arrangements entered into under Section 10 of the *Passenger Movement Charge Collection Act 1978* (the Act).

In the 2008-09 Budget, the Federal Treasurer Mr Wayne Swan, announced this increase and explained that it would be used to partially fund national aviation security initiatives that are otherwise funded by the Federal Government. However, it is unclear as to precisely which parts of aviation security will enjoy the benefits of this funding. Opposition member Chris Pyne, MP, has claimed for example, that Australian Customs have had their budget cut by 3.4 per cent.¹

According to the Explanatory Memorandum, significant aviation security measures have been created and introduced since 2001 with a cost of around \$1.2 billion. Given the commitments that the Government is making up until 2011-12, these costs are estimated to

1. Chris Pyne, MP, 'Second Reading: Appropriation Bill (No.1) 2008-2009; Appropriation Bill (No.2) 2008-2009', House of Representatives, *Debates*, 28 May 2008.

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reach over \$2.2 billion and presently, these costs are not covered as part of the Passenger Movement Charge.²

According to the second reading speech, the proposed \$9 increase by central economic agencies has been accepted by the Government as being basically in conformity with what the charge would have grown by had it been indexed over the period since its last increase from \$30 to \$38 as part of the 2001-02 Budget.³ However, the second reading speech is silent on which central agencies in particular have recommended this increase.

The increase in the Passenger Movement Charge will only apply to tickets sold after 1 July 2008.

Financial implications

According to the Explanatory Memorandum, it is anticipated that the \$9 increase in charge will produce an increase in revenue of \$459.3 million over four years.⁴

Main provisions

Item 1

This item amends section 6 of the Act which prescribes the passenger movement charge. The amendment increases the Passenger Movement Charge by replacing the amount \$38 with the amount \$47.

Item 2

This item provides that the amendment made by item 1 applies to the departure of a person from Australia on or after 1 July 2008, unless the person departs using a ticket where that ticket was sold or issued before 1 July 2008.

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2. Explanatory Memorandum, p. 2.
 3. Mr Bob Debus, Minister for Home Affairs, 'Second Reading Speech: Passenger Moving Charge Amendment Bill 2008', House of Representatives, *Debates*, 28 May 2008.
 4. *Ibid.*

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