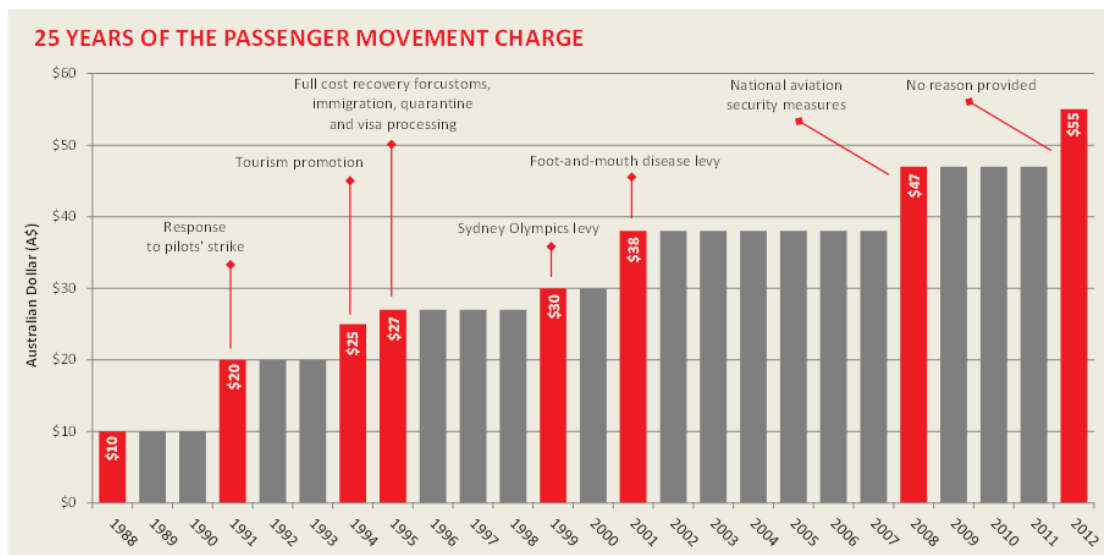


TOURISM TAXES IN AUSTRALIA

PASSENGER MOVEMENT CHARGE EXPLAINED

- Australia's passenger movement charge (PMC) was introduced in 1995 to replace the previous departure tax to recover the cost associated with border processing at airports.
- Since this date the PMC has risen on several occasions to cover increased border processing costs such as the Sydney Olympic games of 2000 and the foot-and-mouth epidemic of 2001.
- **The tax currently stands at A\$55** (approx. us\$57.50ⁱ) for every international passenger over 12 years. The PMC is not distance-tiered. The tax is collected by international airlines and remitted to the government.



POSSIBLY THE WORLD'S WORST DEPARTURE TAX

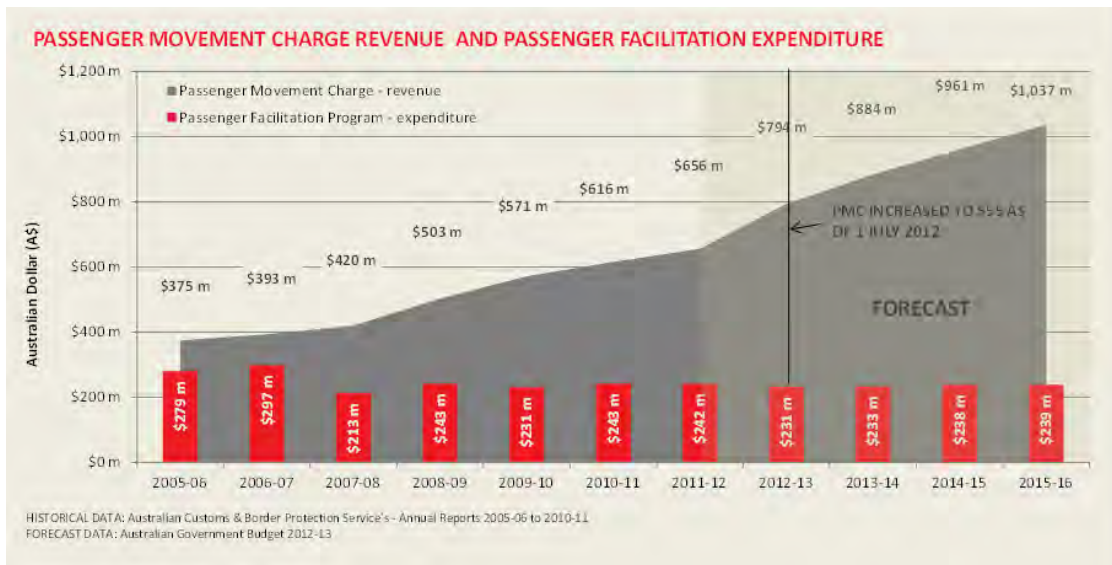
- At us\$57.50 it is the second highest departure tax in the developed worldⁱⁱ after the United Kingdom's air passenger duty (APD) long-haul rate. **For journeys shorter than 3220km, it is the highest.**
- For short-haul travel, the PMC is even worse than the UK's APD. A passenger flying from London to Istanbul, some 2500km, would pay under us\$20 in tax, whereas a passenger on a comparable journey from Sydney to Auckland (2200km) would pay almost us\$60.
- Australia's PMC is not distance-tiered. Passengers on Australia's shortest international air route, Darwin to Dili (718km) pay the same tax as those on its longest, Sydney to Dallas (13,815 km).
- Even among less-developed nations, only Fiji and Ghana levy departure taxes higher than the UK or Australia.

HIGHEST DEPARTURE TAXES IN THE OECD ⁱⁱⁱ			
Country	Tax name	Rate (short-haul)	Rate (long-haul)
United Kingdom	Air Passenger Duty (APD) Economy class	£13 US\$ 19.70 Band A (0 – 3220km)	£94 US\$ 142.70 Band D (>8000km)
Australia	Passenger Movement Charge (PMC)	A\$55 US\$ 57.50	A\$55 US\$ 57.50
Germany	Luftverkehrssteuergesetz (LuftVStG)	€7.50 US\$ 9.65 Band A countries	€42.18 US\$ 52.97 All other countries
Austria	Flugabgabegesetz (FlugAbgG)	€8 US\$ 10.25 Band A countries	€35 US\$ 45.00 All other countries
Mexico	Derecho de No Inmigrante (DNI)	mX\$ 294 US\$ 23.80	mX\$294 US\$ 23.80

PMC OVERCOLLECTION HURTS AUSTRALIAN TOURISM

- The Australian government revenue from the PMC is now more than double the amount required to fund its border agencies (including customs and border protection, quarantine and immigration)
- By 2015 the PMC is estimated to net the government A\$1billion, while expenditure on passenger facilitation at international airports will drop to A\$239 million, largely through personnel cuts
- Queues at immigration counters produce a poor first impression on visitors. Despite the overcollection of the PMC, the Australian government has cut over 70 jobs in the Australian Customs and Border Protection Service despite predicted 26% increase in passengers^{iv}.

Cuts to Customs staffing levels have already had a detrimental effect on inbound border processing and will only worsen as travel demand increases.



THE PMC IS A POORLY-DESIGNED TAX

- The PMC currently reduces spending by inbound visitors by A\$814 million and spend by outbound Australians by A\$436 million, worsening Australia's tourism balance of trade.
- The PMC is a poorly-designed tax, with the flat levy hitting the most price-sensitive visitors using low-cost carriers hardest.
- The PMC impacts the emerging tourism source markets in Asia harder than the mature long-haul markets in Europe.
- The tax works as a deterrent to overseas visitors who compare Australia to its competitor destinations.
- Other direct taxes visitors to Australia face include: high visa fees for many nationalities; a cumbersome sales tax refund scheme and a new user-pays model for the policing of international airport.

The PMC reduces spending by inbound visitors by A\$814 million, worsening Australia's tourism balance of trade.

HOW YOU CAN HELP THE AUSTRALIAN TOURISM INDUSTRY

International tourism organisations campaigning against departure taxes can help the Australian tourism industry fight the PMC by keeping Australia in the narrative of worst offenders alongside the UK, Austria and Germany.

Keep Australia top of mind when discussing departure taxes.

ⁱ Exchange rates: USD 1 = AUD 0.957, EUR 0.767, GBP 0.659, MXN 12.351 as of 25 March 2013. Source: www.fx-exchange.com/

ⁱⁱ Defined as the 40 members of the Organisation for Economic Development and Cooperation (OECD).

ⁱⁱⁱ Sources: HM Customs and Revenue (UK). Australian Customs and Border Protection Service, Bundesministeriums der Finanzen (Germany), Bundeskanzleramt Österreich and Instituto Nacional de Migración, México

^{iv} Tourism Forecasting Committee, *Forecast 2012*, Tourism Research Australia, Canberra, Australia.