

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Additional Estimates

14 February 2013

Question: AR12
Topic: Tourism Revenue
Proof Hansard Page: Written

Senator Ronaldson asked:

How much extra revenue has the government raised through various tourism-related taxes, charges and savings in the 2012-13 financial year alone, through:

- The carbon tax (in providing this answer, please consult with the Accommodation Association of Australia, which is currently compiling a report on the carbon tax entitled "One Year On");
- Increasing the Managed Investment Trust Withholding Tax (from 7.5% to 15%);
- Increasing the 457 Visa fee (from \$350 to \$450);
- Increasing the Working Holiday Maker Visa (from \$280 to \$360);
- Increasing the Passenger Movement Charge (from \$47 to \$55 per passenger);
- Limiting tax loss carry backs through changes to the eligibility criteria, being:
 - It can be carried back two years, not three;
 - It is limited to \$1 million; and
 - It is claimable only by companies or entities treated as companies for tax purposes;
- Passing on AU\$118.1 million in Australian Federal Police costs to airports;
- The budget and staff cuts made to Customs and Border Protection;
- Gaining a \$11.9 million saving over four years from the increased use of the SmartGate capability;
- Duty free restrictions; and
- New visa charges?

Answer:

The Carbon Tax

The Clean Energy Regulator is unable to provide a quantifiable figure of extra revenue generated through the carbon pricing mechanism to this level of granularity.

The actual revenue raised from the carbon pricing mechanism can be found in the Australian Government's Monthly Financial Statements. These are published on the website of the Department of Finance and Deregulation. The February 2013 statement (released 12 April 2013) can be accessed at: www.finance.gov.au/publications/commonwealth-monthly-financial-statements/2013/docs/mfs-february-2013.pdf.

The Department of Treasury also noted that carbon pricing mechanism revenue forecasts were published in Note 3 in Appendix B to the 2012-13 Mid-Year Economic and Fiscal Outlook (MYEFO). Carbon pricing mechanism receipts were published in table D3 in Appendix D to the 2012-13 MYEFO.

Increasing the Managed Investment Trust Withholding Tax (from 7.5% to 15%):

The Department of Treasury stated that the estimated impacts from the change to the managed investment trust withholding rate were published in the measures *International tax – increase in managed investment trust final withholding tax rate* in the 2012-13 Budget and *Managed investment trusts – concessional tax treatment for energy efficient buildings* in the 2012-13 MYEFO

Increasing the 457 Visa fee and the Working Holiday Maker Visa

The Department of Finance and Deregulation were unable to provide the actual amount of revenue collected as they do not have information on the number of applications that have been received since the introduction of the increased VACs on 1 January 2013.

Instead, Finance provide a pro-rata VAC revenue estimate that they expect to be generated for the two visa classes for the period of Jan – March 2013, based on the following assumptions:

	Marginal price increase	Assumed number of applications for 3 months	Estimated increase in revenue for 3 months
457 Visa (\$350 to \$455)	\$105	21250	\$2.2 million
Working Holiday Makers (\$280 to \$364)	\$84	67500	\$5.7 million

Increasing the Passenger Movement Charge (from \$47 to \$55 per passenger)

The Passenger Movement Charge (PMC) was increased by \$8, from \$47 to \$55 from 1 July 2012. As detailed in the 2012-13 Budget Papers and Customs and Border Protection Portfolio Budget Statement (PBS) this increase is estimated to generate an additional \$85 million in 2012-13.

Limiting tax loss carry backs through changes to the eligibility criteria

The estimated impacts of the company tax loss carry-back were published in the measure *Spreading the Benefits of the Boom – company loss carry-back* in the 2012-13 Budget.

Passing on AU\$118.1 million in Australian Federal Police costs to airports

No revenue has been collected in the 2012-13 financial year for the passing on of AU\$118.1 million in Australian Federal Police costs to airports as the charging arrangement will commence on 1 July 2013.

The budget and staff cuts made to Customs and Border Protection

In 2012-13, Customs and Border Protection's funding (including appropriation, Section 31 revenue, other revenue, departmental capital budget, but excluding resources received free of charge) has increased by \$20.3 million, from \$1001.89 million in 2011-12 to \$1022.19 million in 2012-13. This increase is primarily due to the net impact of additional funding of \$23.9 million provided as part of the 2012-13 Additional Estimates process offset by a number of savings and efficiencies impacting 2012-13. The funding provided at Additional Estimates will strengthen Customs and Border Protection's capability to address the surge in Irregular Maritime Arrivals (\$15.3 million), enhance counter people smuggling communications campaigns (\$3.6 million), implement the

reduction to inbound duty free concessions (\$6.9 million) and expand the compliance assurance system (\$0.5 million).

Customs and Border Protection's 2012-13 funding reflects the impact of a number of savings and efficiencies that were agreed as part of the 2012-13 Budget and Additional Estimates processes, including:

- Targeted savings – public service efficiencies – \$3.6 million;
- Targeted reductions to internally funded capital - \$4.8 million;
- Increased use of SmartGate Capability- \$3.3 million;
- Illegal foreign fishing in Northern Waters – Efficiencies - \$1.5 million.

In addition, other savings and efficiencies which have a cumulative effect of \$140.0 million on Customs and Border Protection's 2012-13 funding are the result of past government decisions including the impact of past savings measures, (\$106.7 million) the ongoing impact of the one-off 2.5% efficiency dividend (\$17.1 million) and the 20% reduction to the departmental capital budget (\$16.3 million).

Staff numbers in 2012-13 are estimated to decline by an average staffing level (ASL) of 122, from 5,222 ASL in 2011-12 to 5,100 ASL in 2012-13.

Gaining a \$11.9 million saving over four years from the increased use of the SmartGate capability

Customs and Border Protection will achieve savings of \$3.3 million in 2012-13 and \$19.8 million over four years through the increased use of SmartGate capability at international airports. These savings are offset by additional capital funding provided to Customs and Border Protection of \$5.2 million in 2012-13 and \$2.7 million in 2013-14 to purchase twenty additional SmartGate kiosks for use in Australia's eight international airports.

Duty free restrictions

In 2012-13, the government reduced the duty free tobacco concession for arriving international travellers aged 18 years and over from 1 September 2012. It is estimated that this measure will provide additional revenue of \$85 million in 2012-13 and \$600 million across the forward estimates. Customs and Border Protection has been provided funding of \$6.9 million in 2012-13 and \$4.8 million in 2013-14 to implement this measure.