



**Australian Government**  
**Australian Customs Service**

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**SUBMISSION TO THE  
SENATE LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE INQUIRY INTO THE  
PASSENGER MOVEMENT CHARGE AMENDMENT BILL 2008  
JUNE 2008**

## Introduction

This submission is made by the Australian Customs Service in relation to the referral by the Selection of Bills Committee of the Passenger Movement Charge Amendment Bill 2008 to the Senate Legal and Constitutional Affairs Committee.

It is understood that the Bill has been referred to the Legal and Constitutional Affairs Committee to inquire into the Bill together with the impact the proposed increase to the Passenger Movement Charge (PMC) will have on the tourism industry and to report on 24 June 2008. This submission is made to assist the Legal and Constitutional Affairs Committee with its deliberations.

## Background

The purpose of the Passenger Movement Charge Amendment Bill 2008 is to amend section 6 of the *Passenger Movement Charge Act 1978* to increase the rate of the PMC by \$9, to \$47, with effect from 1 July 2008.

The increase, announced by the Treasurer in the 2008-09 Budget, will partially fund national aviation security initiatives that are funded by the Australian Government.

## Aviation Security Measures

Since 2001, the Australian Government has spent approximately \$1.2 billion implementing a significant number of national aviation security measures. The implementation of these measures, since the 2001-02 Budget, is expected to cost approximately \$2.25 billion to 2011-12. Currently these costs are not recovered as part of the PMC.

This PMC increase is expected to result in revenue of \$459.3 million over four years, which will partially recover the costs of aviation security measures.

The PMC increase partially offsets the costs of about 100 measures including:

- a number of measures relating to enhanced aviation security which related to the upgrading of security at airports and implementation of the Air Security Officer Programme, application of security regulation regime at all airports, promoting industry awareness and compliance, and placing trained officers on domestic and international flights;
- improved data access for border control agencies;
- expanding the detector dog program;
- improving the security and crime information exchange arrangements for aviation;
- funding counter-terrorism first response teams to a terrorist incident or threat in the airport environment;
- community policing at airports;

- enhanced CCTV monitoring and analysis capability at international airports;
- funding trial x-ray inspection technology, deployment of explosive trace detection equipment;
- funding increased air cargo security; and
- purchase of mobile x-ray screening vans.

### **Increase and the Consumer Price Index**

Had the PMC been indexed in line with the Consumer Price Index, it would now be \$46.45 (a cumulative increase of 22.2 per cent since 2001). This is consistent with the rate to which the PMC would increase on 1 July 2008 on enactment of this Bill.

### **Impact on Carriers and Stakeholders**

The Bill provides that departures of persons from Australia on or after 1 July 2008 will be exempt from the increase in the rate of PMC where the ticket or equivalent authority was sold or issued before 1 July 2008.

The Executive Director of the Board of Airline Representatives of Australia Inc was quoted in *The Australian* on 30 May 2008 referring to the exemption as "a sensible outcome".

Industry representations to date have, in the main, focussed on needing time to make arrangements for the collection rather than the quantum of the increase.

The Board of Airline Representatives of Australia Inc advised that it will take two weeks for the necessary adjustments to be made to international computer reservation systems.

All carriers and stakeholders involved in the collection of the PMC require reasonable notification of the increase in the rate of the PMC and are now gearing up to collect the new charge from 1 July 2008 based on information in the public arena.

If the Bill is amended and carriers and stakeholders are not given notification with sufficient time to make the necessary adjustments to their systems prior to the date of effect, advice from the industry is that it could incur substantial additional administration costs in terms of accounting and ticketing system changes and any liabilities arising from under or over collections of the PMC.

### **Impact on the Tourism Industry**

It is crucial for the safety and security of tourists and Australia's reputation as a safe destination that these aviation security measures be in place.

It is reasonable to expect that some of those costs should be offset by those who use aviation facilities.