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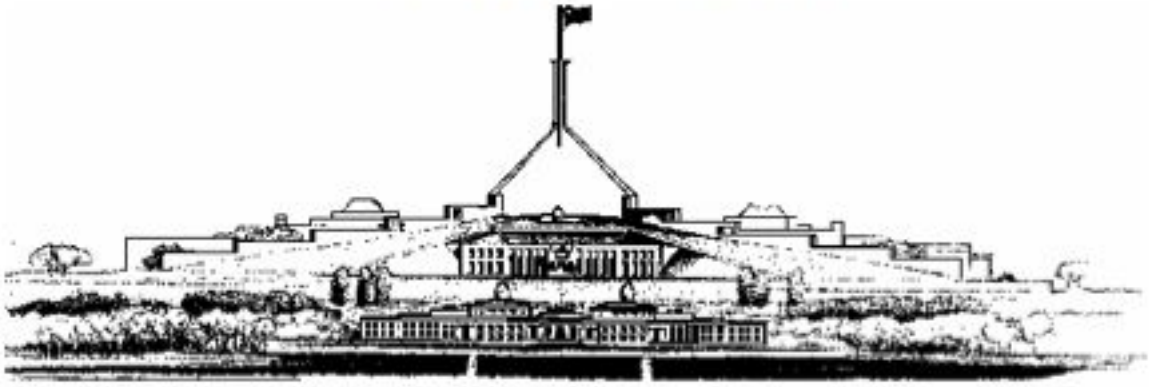

HOUSE OF REPRESENTATIVES

BILLS

Passenger Movement Charge Amendment Bill 2012

Second Reading

SPEECH

Wednesday, 20 June 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date	Wednesday, 20 June 2012	**Source**	House
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Questioner		**Responder**	
Speaker	Hayes, Chris, MP	**Question No.**	

Mr HAYES (Fowler) (17:07): I support the Passenger Movement Charge Amendment Bill 2012 in the same way that those opposite supported changes to the passenger movement charge, not once but on two separate occasions, when they occupied the Treasury benches.

The bill amends the Passenger Movement Charge Collection Act 1978, raising the passenger movement charge from $47, as it currently stands, to $55. We are talking about an increase of $8 which will take effect from 1 July this year. The passenger movement charge is paid by individuals departing Australia for another country—clearing Customs and going abroad. This charge was introduced in 1995 and it replaced what was then installed as the departure tax. Under this arrangement, airlines and shipping companies undertook the responsibility of administering the charge as part of their ticket sales process.

It is safe to anticipate that this modest price increase will not have a deleterious impact on Australian tourism as we have had similar increases to the passenger movement charge on other occasions, as I mentioned earlier. There was a $3 increase in the passenger movement charge in 1999. Not two years later, in early 2001, those opposite, then occupying the Treasury benches, moved it again—this time by another $8. Bear in mind, inflation did not go up 100-plus per cent over that particular period. The shadow minister has indicated that that was for extraneous reasons, but nevertheless when those opposite occupied the Treasury benches they also looked at adjusting that charge as a means of increasing revenue.

It is interesting to look at what did occur in 2001 and compare that to what is being said by some of the personalities that are still around this place today. When the charge was introduced in 2001 and debated before this parliament, the then Minister for Agriculture, Fisheries and Forestry—none other than the Leader of the National Party, the Hon. Warren Truss—expressed the view that a higher passenger movement charge would be a fair and sensible cost-recovery mechanism. At that stage the charge was being increased by $8.

We need to be reminded that some colleagues on Mr Truss's side of the ledger on this—and certainly the shadow minister who preceded me in this debate—want to wax lyrical about tax history under the former government. When it comes to the passenger movement charge, he said the opposition's preferred position is to get rid of it altogether. They certainly did not do that when they had a chance to do it.

They are saying they stand for a low-tax government. If you want to look at that situation in its entirety, look at tax as a percentage of GDP. That peaked at 24.2 per cent, in 2004-05, and again in the following year, 2005-06. Who was that under? That was under the Howard government. It was the highest-taxing government in this country's history. Tax as a percentage of GDP has steadily declined since Labor came in in 2007. It reached 20.2 per cent and then 20.1 per cent in 2009-10 and 2010-11 respectively. This is the lowest tax-to-GDP ratio since 1983-84. The last time that tax was lower than 21 per cent was back in 1979.

You have to put things in perspective. Today will be no exception, as we will see a gaggle of people coming through here and all will want to extol the virtues of a low-tax economy, and yet they are going to be much the same people who had opportunities to reduce tax but presided over the highest-taxing administration this country has ever seen. It should be an embarrassment to those opposite that the tax-to-GDP ratio, over the twelve budgets they managed, averaged 22.2 per cent. That is certainly something that they cannot want to compare with the position we currently sit in of under 21 per cent.

Considering that sort of record you have to take them with a grain of salt every time they come in here and cry crocodile tears over the issue of taxation. It is a bit rich, particularly when we went to the last election and they would not have their election promises costed. When they finally did, there was $11 billion missing—a black hole in their essential costings. The auditors that provided the costings were eventually accused, and rightfully so, of professional mismanagement in their calculation of their costings for the purposes of the election. But when we sit now—and they sit in the position of the alternative government—we see not a black hole but a $70

million crater in their economic credentials. As I said previously, those opposite had an opportunity, up until 2011, to do something about the passenger movement charge and they did—they increased it. Warren Truss very conveniently told us the reason for it when he said that 'a higher passenger charge would be fair, and a sensible cost recovery mechanism.' Clearly, the Nationals still abide by that. But it is a bit rich to come out and be lectured to by those opposite. I understand that comments were made the other day by the Leader of the Opposition criticising the Prime Minister in the G20. For us, Asia remains very much our clear and present focus; however, any European crisis will certainly impact on the Asian trading market and, in turn, will have an impact on Australia. So we are right to have a voice in that forum. And we are right to indicate to people what we believe should be occurring.

What the Leader of the Opposition did not add is that it was not just Prime Minister Gillard making comments, there was the United States, the United Kingdom, Canada, France, Germany and China. As matter of fact, the Chinese even signed off on a pledge to the International Monetary Fund of another $70 billion to help protect against a global banking and financial crisis. If you just looked at the comments by the Leader of the Opposition and at those that are carried by some of the more popular tabloids around the place, you would think this was just about the Prime Minister.

Then again, the Prime Minister has something of a point to make. Our economy—I know those opposite do not like to be reminded of this—is growing at a rate of four per cent. We have a five per cent unemployment rate, we have record low interest and currently our sovereign debt ratio is 7½ per cent. Our economy is something we should be proud of. I know when the Leader of the Opposition goes travelling, he puts it in these terms: 'Australia has serious bragging rights.' For him to come out and make statements about the comments by the Prime Minister to the G20 makes me wonder what those opposite would have said if they had had half an opportunity. Certainly, the world is an ever smaller place these days. Trade is very important and so we do have a very clear interest in what occurs in the Asian markets, and that is our immediate focus, but we also acknowledge the impact of a European crisis and what it would do to the Asian markets.

The Prime Minister indicated to the Europeans what occurred in this country and how our country was protected from the worst economic shock in 60 years, and how we acted in the face of the global economic crisis. But I wonder what those opposite would have done if they had had the opportunity to be over in Mexico. They could have said what they did when we debated the various aspects of responses to the global financial crisis. The position of those opposite was very clearly laid out by the then shadow spokesperson: we should sit and wait and see what happens. Well lo and behold—maybe they have been giving advice to Spain, Greece, Italy and a few other places around the world, because there are many of the European economies that have done exactly what those opposite were urging this government to do—that is, 'Let us sit and wait and see what happens.'

If those opposite want to start talking about economic credentials, they need to stack that up against the health of the Australian economy at the moment. They are the ones out there on a daily basis wanting to talk this down. The last thing they want to be reminded of is the statistics. As I have said, we are an economy which is growing, we have low unemployment, we have record low interest rates and a sovereign debt which is the envy of the world. That is the basis for us having a significant focus on trade and on the trade markets as we go ahead.

I have digressed a little from the bill, Madam Deputy Speaker, and I apologise for that.

Mr Tehan: Yes, you have, and you have done nothing on trade in the last five years!

Mr HAYES: I am sure my colleague opposite is going to want to mention something about the Asian market, so I needed to put in perspective what impact the European crisis would have on the Asian market. Those opposite thought we should not have a view on that at all.

But I will get back to the bill. In the Passenger Movement Charge Amendment Bill we are very much focused on two things. Firstly, the Asian market, which I will come back to, and, secondly, the development of regional tourism. We know there are issues about tourism in this country. Australia is not a country you pass through to go and see something; Australia is a point of destination. And if you come from the Northern Hemisphere, it is a long, long way away. We are trying to attract as many tourists as we can from there, but we know that the emerging tourism markets for us are clearly in the Asian region, particularly out of China and, more recently, out of India.

As a consequence, with the passage of this legislation $48.5 million will be provided to a new fund to support tourism industry development projects in regional Australia. That is something that we do want to showcase. We do want to attract people particularly into regional Australia. That is an area of tourism that has been dealt a heavy blow, particularly with the impact of the higher dollar. We do want to drive investment and job creation in those areas and we do want to be able to deliver certainty. We have a track record for doing that and we will continue to do it, and that $48.5 million will be earmarked to do precisely that. It will give people the opportunity to plan, to develop and to market the elements of regional tourism in this country.

Ten per cent of the increased passenger movement charge will go to the Asia Marketing Fund which will be responsible for promoting Australia's image as an attractive holiday destination and business destination for a number of the lucrative markets in Asia. This contribution is in addition to the $61 million the government has already committed towards the development of the Asia Marketing Fund in this year's budget. We are strongly committed to raising our profile in that region and becoming one of the primary destinations for tourists, particularly throughout the Asian region itself. Australia's tourism industry has already greatly benefitted from the emergence of China, which is now one of the world's strongest economies. If you listen to the economic forecast for the next decade, it will take over from the United States as being the world's strongest economy. It has also got the world's fastest growing middle class. As a consequence of that we are attracting, as quickly as possible, marketing opportunities in China, currently worth $3.5 billion. It is the third largest market of inbound visitors to this country, with 542,000 arrivals from China alone in 2011. *(Time expired)*