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TAXES ON INTERNATIONAL AVIATION INCREASE WHILE AVIATION INFRASTRUCTURE REFORMS CONTINUE TO STALL

The Board of Airline Representatives of Australia (BARA) today expressed its concern over the Australian Government's decision to increase the Passenger Movement Charge (PMC) from \$55 to \$60 per departing international passenger from 1 July 2017, especially without any offsetting initiatives to reduce industry costs through available aviation infrastructure reforms.

"In real terms, airfares offered by international airlines serving Australia have fallen by some 30% over the last 10 years, supporting over 5% annual average growth in international passenger numbers. This high passenger growth is already delivering ongoing windfall gains in PMC revenues to the Australian Government at the current \$55 per departing passenger," said Barry Abrams, Executive Director of BARA.

"Passengers are only willing or able to pay so much for international travel and the PMC directly adds to the total airfare. Increasing the price of international airfares by \$60 per departing passenger is a significant extra charge, especially on some of the cheaper fares paid by both Australian and international passengers. The excessive PMC ultimately reduces both the potential number of visitors to Australia and the opportunities for Australians to travel overseas to holiday and visit family and friends," Mr Abrams said.

"To continue to grow the industry through sustained improvements in airfare affordability, international airlines will need to shoulder a heavier burden in improving industry productivity in the face of higher passenger taxes. Airline operating efficiencies, through investments in modern aircraft and technology, however, cannot be expected to continue indefinitely.

"There is still much that can be done to improve industry performance and support airfare affordability. International airlines often pay excessive prices for jet fuel, cannot make the best use of the technology in their aircraft and can fly suboptimal flight paths that offer little in the way of effective management of aircraft noise for the community," Mr Abrams said.

"BARA has articulated a series of aviation infrastructure reforms that will lower industry costs, improve airfare affordability, increase airline on time performance for passengers and reduce the industry's environmental impacts. The dividends from these reforms will flow to all industry participants and the Australian Government by maximising the total value of Australia's international aviation industry to the Australian economy and its people," Mr Abrams said.

"BARA will continue to work with all industry participants, including the Australian Government, in supporting safe and efficient international aviation in Australia. We need the same focus on improving the productivity of the industry as we do in the application of taxes on it", Mr Abrams said.

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