

MEDIA RELEASE

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AUSTRALIAN & NEW ZEALAND TOURISM INDUSTRIES UNITE IN CALL TO SCRAP HOLIDAY TAX HIKE

The peak tourism industry groups of Australia and New Zealand have united in slamming the Australian Government's plan to increase the \$1 billion holiday tax – the Passenger Movement Charge – to \$60 per person and put the critical Trans-Tasman market at risk in a blatant cash grab.

“New Zealand is Australia's biggest visitor market with more than 1.3 million passenger movements from New Zealand in the past 12 months – we cannot afford to put that at risk by continuing to increase the cost of travel between our two countries,” said Margy Osmond, TTF CEO.

“Short-haul destinations are the most sensitive markets to increases in taxes and charges. Research on the Trans-Tasman market found that for every 1.5 per cent increase in ticket price to Australia, demand drops by 1 per cent. Increasing the holiday tax to \$60 is likely to result in 84,000 fewer New Zealanders visiting Australia than otherwise would next year.

“The KMPG analysis that TTF tabled at the Senate inquiry has demonstrated that there is no economic reason to increase the holiday tax to fix the Federal Government's backpacker tax debacle. It is a cash grab at the expense of the Australian and New Zealand visitor economies and the plan should be scrapped.”

TIA CEO Chris Roberts said the issue of increasing travel taxes is bigger than just one country with travellers from Australia representing 41 per cent of New Zealand's visitors.

“These types of arbitrary decisions to increase the Australian Government's holiday tax on people travelling between Australia and New Zealand has significant flow-on effects to the visitor economies of both our nations,” Mr Roberts said.

“With the existing charges and taxes, the Australia-New Zealand border crossing is the most heavily taxed in the world and the proposed increase in the Australian holiday tax will only make it worse. This is the exact opposite of the goals of the Closer Economic Relations (CER) agreement between our two countries.

“On some low-cost fares, taxes and other non-airline charges will now comprise up to 40 per cent of the total ticket price. We should be working together to reduce the cost of visiting both Australia and New Zealand, not treating visitors as ‘cash cows’.”

Media contacts:

Australia

Chris Taylor
Manager, Media and Communications
Tourism & Transport Forum Australia (TTF)
Phone: +61 2 9240 2008
Mobile: +61 423 272 494
Email: ctaylor@ttf.org.au

New Zealand

Ann-Marie Johnson
Communications Manager
Tourism Industry Aotearoa (TIA)
Phone: +64 4 496 5001
Mobile: +64 27 600 4565
Email: ann-marie.johnson@tia.org.nz