



## National Tourism Alliance

29 April 2011

General Manager  
Indirect Tax Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Via email: [touristshoppingreview@treasury.gov.au](mailto:touristshoppingreview@treasury.gov.au)

Dear General Manager,

***Tourist Shopping Review: Changes to the Tourist Refund Scheme and the Sealed Bag Rules***

I am writing to you regarding the draft regulation amendments for changes to the Tourist Refund Scheme and the Sealed Bag Rules, released for public consultation by the Hon. Bill Shorten MP, Assistant Treasurer, on 2 April 2011.

The National Tourism Alliance is the forum that unites Australian tourism, providing a single voice to Federal Government on issues of common interest. Our membership comprises the major associations within tourism including the Australian Tourism Export Council, Tourism Transport Forum, Australian Hotels Association, AAA Tourism, Australian Federation of Travel Agents, the Victorian Employers Chamber of Commerce and Industry, Business Events Council of Australia, Restaurant & Catering Australia, Accommodation Association of Australia, Board of Airline Representatives, Australasian Casinos Association, Caravans & RV Association, Australian Airports Association, Australian Winemakers Federation, the Australian Regional Tourism Network, as well as all of the state Tourism Industry Councils. Please note that the policy positions expressed in this letter regarding the Tourist Refund Scheme are not shared by the Board of Airline Representatives of Australia.

The Alliance welcomes the changes to improve the operation of the Sealed Bag Rules. The Sealed Bag System is an important component of Australia's tourist shopping arrangements. The amendments are administratively simple and efficient and consistent with international security arrangements.

However, it is the Alliance's view that the reforms to the Tourist Refund Scheme do not go far enough. Although these changes are a positive first step, it is disappointing that limited reforms are the only outcome of a review that commenced five years ago. The Alliance recommends a number of possible changes, which I have detailed below, that will improve these reforms, providing greater flexibility to tourists and assisting in the development of Australia as a competitive tourist shopping destination. Further, the Alliance continues to support changes to the TRS that would enable private operators to provide refunds to tourists.

Although shopping for pleasure is not a primary motivator for travelling to Australia, international visitors see tourist shopping as a significant part of their overall experience of Australia. In 2007-08,

international visitors spent \$12.512 billion on shopping, including gifts and souvenirs. Analysis undertaken in 2004 across 17 inbound markets indicated that shopping for pleasure was the most popular leisure activity undertaken while in Australia by international visitors across every market.

It is therefore vital that international visitors to Australia enjoy positive retail experiences as part of their overall experience in Australia. The current Tourist Refund Scheme has a number of positive features that enhance Australia's attractiveness as a shopping destination. It is administratively efficient and simple and available in one format to all international visitors and Australians departing Australia. All retailers with an ABN automatically qualify to participate in the scheme.

However, it is widely viewed that a number of flaws, particularly the lack of availability of cash refunds, requirements for a single invoice from a single retailer and the current minimum threshold of \$300, result in a very low take up rate of the TRS and inhibit the growth of tourist shopping. In addition, there is a perceived lack of understanding of the TRS resulting from a lack of marketing and promotion of the scheme.

In response to the Consultation Draft Regulations, the Alliance proposes two specific changes in the administration of the scheme, in line with our original submission of October 2005 to the Review of Tourist Shopping Arrangements in Australia. These are:

- Reducing the minimum purchase to \$100; and
- Allowing multiple invoices from multiple retailers to be aggregated.

The Alliance supports the reduction of the minimum purchase amount to \$100. In comparable overseas jurisdictions, minimum purchase requirements for VAT/sales tax refund is considerably lower than the current \$300 limit in Australia. The minimum purchase requirement in Singapore, for example, is S\$100 (AUD\$76.21).

The Alliance also supports allowing tourists to aggregate multiple tax invoices from multiple retailers. It is our view that it is insufficient to allow multiple tax invoices from a single retailer to be aggregated, as proposed under these amendments.

In addition to these changes, r. 168-5.10 (4) of the *A New Tax System (Goods and Services Tax) Regulations 1999* requires that "if the acquirer is unable to present goods to an officer of Customs on request, because the acquirer has checked in the goods as accompanied baggage, the tax invoice must be endorsed, in accordance with arrangements that have been agreed to by the Chief Executive Officer of Customs, with a statement to the effect that the goods have been checked in." As far as we understand, no such arrangements have been put in place, thus preventing goods carried in checked baggage from qualifying for the Tourist Refund Scheme.

The Alliance continues to support that the establishment of a reimbursement agent model for tourist shopping refunds. Under such a model, which is the most widely used model throughout the world, there would be an open market for private reimbursement agents which would allow private Refund Operators to make refund claims on behalf of tourists.

The TRS should not be limited to air-side refunds. Refunds should be available to tourists while travelling to encourage expenditure on tourism services and retail items. It is recommended that land-side refunds be available in major tourism shopping precincts which are likely to be most accessible and convenient for the tourist.

The Alliance looks forward to working with the Government further to enhance the reputation of Australia as a tourist shopping destination. If you have any questions in relation to our letter please do not hesitate to contact me on (02) 9264 2185.

Yours sincerely,



**Juliana Payne**  
**Chief Executive**

Cc: The Hon Bill Shorten MP, Assistant Treasurer  
The Hon Martin Ferguson MP, Minister for Resources, Energy and Tourism  
The Hon Brendan O'Connor MP, Minister for Home Affairs  
Senator the Hon Nick Sherry, Minister assisting the Minister for Tourism