Australian Airports Association

Discussion Paper

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Table of Contents

1. Introduction

1.1. The Australian Airports Association (AAA) is a non-profit organisation founded in 1982 which represents the interests of over 185 airports Australia-wide, from local country community landing strips to major international gateway airports. There are a further 85 corporate members representing aviation stakeholder companies and organisations providing goods and services to airports.

1.2. The Charter of the AAA is to facilitate co-operation among all member airports and their many and varied partners in Australian aviation, whilst maintaining an air transport system that is safe, secure, environmentally responsible and efficient for the benefit of all Australians.

1.3. The year 2011 saw the Federal Government reduce the Australian Customs and Border Protection Service (Customs) budget by $34.0 million.

1.4. As a direct result of this Customs had to reduce the number of front line staff it fields at Airports.

1.5. Conservative estimates by the Australian Customs and Border Protection Service show that international visitors to Australia will increase by more than 150%, and international departures will increase by more than 500% over the next two decades.[1] Lack of Customs staff and processing capability will put a continued strain on airport infrastructure and processing times.

1.6. Although no two Airports are the same, this submission by the AAA reflects a broad consensus among AAA members.

1.7. This submission will inform the debate around the implications of 2011 cuts and the implications should further cuts be made.

1.8. This discussion paper make the following recommendations:

1.8.1. That the Australian Customs and Border Protection Service budget not only be maintained, but that a long-term view must be taken towards capacity building against the background of projected passenger numbers.

1.8.2. That changes in Australian Customs and Border Protection Service budgets be made against the backdrop of planned strategies put in place in order to deal with current loads and future projected increases of passenger loads.

1.8.3. That the SmartGate system be implemented to its full capability including maximum deployment for outbound travellers.

2. Executive Summary

In 2011 the Australian Customs and Border Protection Service experienced budget cuts that had a direct impact upon the number of front line staff it will be able to deploy in future.

This had a direct impact on the average waiting times of passengers for the service. Although these average waiting time increases may seem acceptable, the maximum waiting times have increased alarmingly. This additional strain is having a very direct and negative effect on the facilities provided by the airport. These facilities have been designed with a specific throughput

in mind. Decreasing the efficiency of the processes inside the facilities effectively mean that additional facilities must be created in order to cope with the stress.

Australia is following the international trend that will see an increasing number of travellers (and freight) enter and leave its airports. These increases have accurately been calculated and form the basis of infrastructure investment pipelines of billions of dollars at individual airports. Providing capacity by way of infrastructure is a long-term endeavour.

Current government policies encourage tourism and aviation growth. With the ever increasing international passenger numbers, the Australian Customs and Border Protection Service workload is set to not only double on a national basis within the foreseeable future, but is growing at even higher rates for individual airports.

Customs frontline staff numbers and the budget to pay for them have not increased to support these successful policy initiatives. Insufficient customs staff numbers increase processing times for passengers. Airport infrastructure will be put under increased pressure to maintain passenger service standards with a decreasing government service capability.

Meeting these challenges will require either an increase in people deployed, or an investment in technology and infrastructure. Increasing people deployed requires additional annual funding. Investing into technology and infrastructure requires upfront capital expenditure.

It is the considered opinion of the AAA that the Australian Customs and Border Protection Service budget not only be maintained, but that a long-term view must be taken towards capacity building against the background of projected passenger numbers.

The AAA understands the cost saving measures the Government is implementing on the back of the Global Financial Crisis.

The AAA however cautions against further cuts to the Customs budget as these will have knock on impacts on service levels, the quality of the functions that must be performed and capability of the infrastructure to deal with the increasing pressure.

The AAA cautions against reductions of future Customs budgets without making provision for alternative strategies in dealing with current loads and future projected increases of passenger loads.

The AAA request that more of the monies collected by the Australian Customs and Border Protection Service be allocated to supporting its functions.

The AAA request that the SmartGate system be implemented to its full capability including maximum deployment for outbound travellers.

3. Background

3.1. In 2011 the government announced a cut to the Australian Customs and Border Protection Service budget. These cuts amounted to $34.0 million in operating expenditure over four years.

3.2. These cuts led to a reduction of some seventy frontline staff, and the passenger facilitation standard processing time has been extended to accommodate the reduction in service capability of the Australian Customs and Border Protection Service.

3.3. As the Australian Customs and Border Protection Service have set performance levels regarding border security, the chosen avenue is to reduce standards at the primary clearance function.

3.4. The AAA has been advised that this will see:

- Customs' target to clear 95% of inbound within 30 minutes adjusted to 92% in 30 minutes;
- The Departures target to process 95% of passengers within 10 minutes moves to 95% in 15 minutes;
- An extra 5 minutes on average nationally to Customs clearing both in and outbound;
- An increase of up to 24 minutes extra at Sydney, Brisbane, Melbourne and Perth at peak periods for inbound processing.

3.5. These cuts and reductions will put additional stress on airport infrastructure that is already under strain from exponential passenger growth and government passenger facilitation regulation requirements, of which Customs is a part.

3.6. The AAA is concerned that Customs ability to adequately process an increasing number of international passengers forecast in the coming years. There were 25.7 million international passenger movements through Australian Airports in 2009-10.[2]

3.7. Customs staff numbers and resources have not increased in-line with passenger numbers. International passenger numbers travelling through Australia's airports increased by 8.6% between the 2009 and 2010 calendar years from 23.6 million in 2009 to 25.7 million in 2010[3].

3.8. Over the longer term, total international passenger capacity is forecast to increase at an exponential rate of between 4% and 4.5% per annum out to 2020. Estimates by the Australian Customs and Border Protection Service show that international visitors to Australia will increase by more than 150%, and international departures will increase by more than 500% over the next two decades. [4]

3.9. The Asia Pacific region—which includes Australia—is leading passenger traffic growth globally, with traffic increasing over 10% year on year since 2001. Despite the global financial crisis, there was a 5% increase in Australia's international seat capacity in 2009. This growth in seat capacity is expected to continue in 2010 and 2011 with growth of 6% and 7% respectively. This growth is being driven mainly by an increase in direct flights from Asia, with a 40% growth in available seat capacity expected in the 2011 calendar year.

3.10. Current government policies encourage tourism and aviation growth. Customs frontline staff numbers and the budget to pay for them have not increased to support these successful policy initiatives.

3.11. Insufficient customs staff numbers increase processing times for passengers. Airport infrastructure will be put under increased pressure to maintain passenger service standards with a decreasing government service capability.

3.12. With increasing passenger numbers travelling through Australia's airports it is puzzling to understand how a reduction in frontline customs processing staff will be able to deliver at already congested airports when current staffing is insufficient to manage current passenger numbers. The cut to the Customs budget and the resulting reduction in frontline staff numbers can only mean that congestion will get worse.

3.13. This submission will highlight a number of practical matters of concern regarding the current flow of passengers through terminals against the background of these cuts.

3.14. **The AAA calls for no further budget reductions** as this will impact negatively on both the quality of passenger experience, the ability of the infrastructure to meet the additional pressure and the quality of work done under pressure by the relevant personnel.

3.15. This submission deals with the following matters:

- The Australian Customs and Border Protection Service;
- The demand for services;
- Adequate resourcing;
- The implications of the resourcing mismatch for service levels;
- The implications of the resourcing mismatch for infrastructure; and
- Future increased resourcing mismatches.

CUTS TO THE CUSTOMS AND BORDER PROTECTION SERVICE

4. The Australian Customs and Border Protection Service

This section explores the functions and purpose of the Australian Customs and Border Protection Service that is relevant to the Government's policies aimed at growing trade, transport and tourism.

4.1. The Australian Customs and Border Protection Service is the key agency protecting Australia's border, performing a vital role in supporting and protecting the safety, security and commercial interests of Australia. Customs and Border Protection facilitates legitimate trade and travel, prevents the illegal movement of people and harmful goods across Australia's borders and collects border revenue and trade statistics. [5]

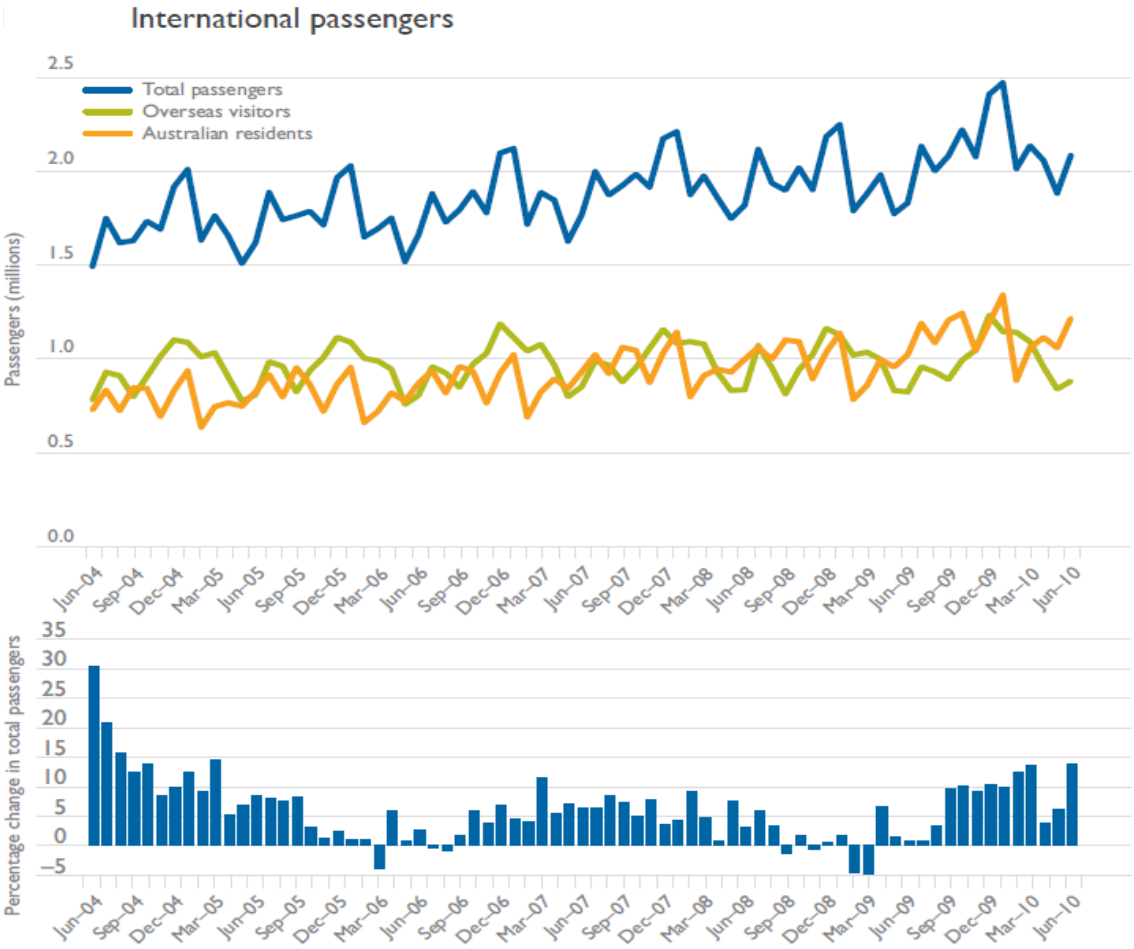
4.2. In the main, the role of the Australian Customs and Border Protection Service is to: [6]

- Prevent, deter, and detect the illegal movement of people across Australia's borders;
- Prevent, deter and detect prohibited, harmful and illegal goods from entering Australia;
- Investigate suspected breaches of a range of border controls;
- Counter civil maritime security threats in Australian waters through Border Protection Command, a joint Customs and Border Protection and Defence authority, located within Customs and Border Protection;
- Facilitate legitimate trade and travel;
- Deliver industry assistance, including through Australia's anti-dumping and countervailing and tariff concession schemes; and
- Collect border-related revenue and statistics.

5. The Demand for Services

This section explore the historical and projected future growth of the demand for services rendered by the Australian Customs and Border Protection Service

5.1. Internationally air travel is increasing. International passenger numbers travelling through Australia's airports increased by 8.6% between the 2009 and 2010 calendar years from 23.6 million in 2009 to 25.7 million in 2010[7]. Over the longer term, total international passenger capacity is forecast to increase at an exponential rate of between 4% and 4.5% per annum out to 2020. Please see Table F1.[8]



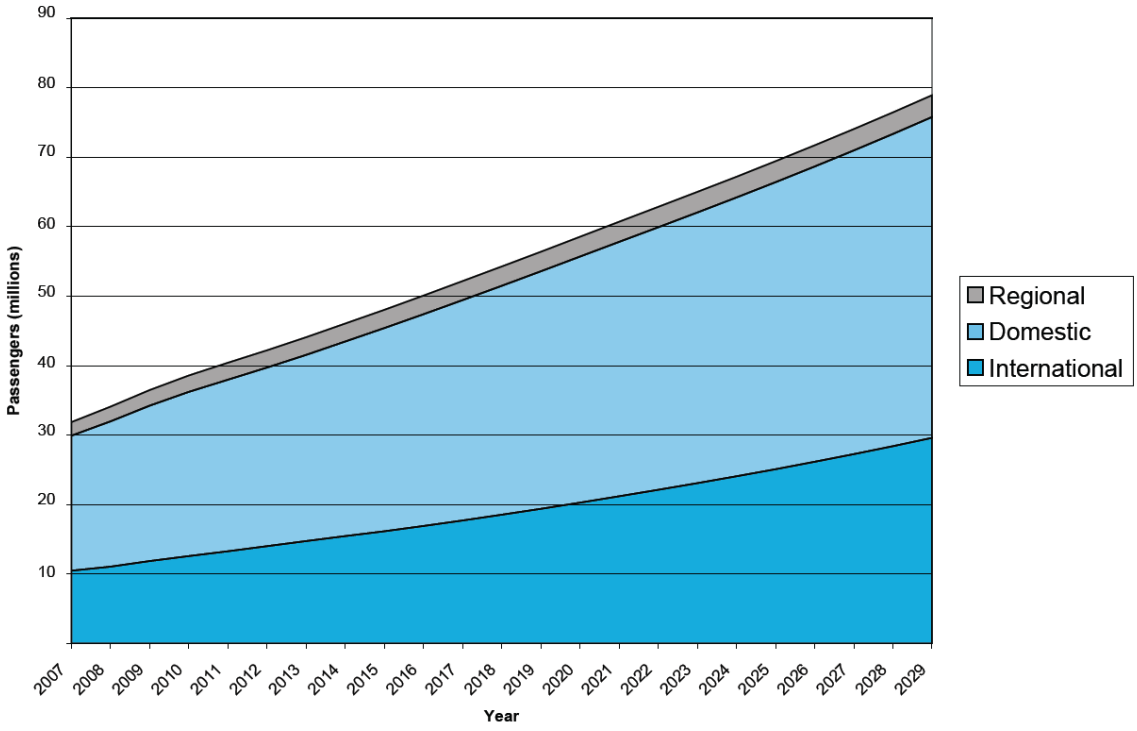
Note: Growth rates are calculated over the same month in the previous year.
Source: ABS, Overseas Arrivals and Departures, Australia (ABS cat. No. 3401.0).

5.2. Large infrastructure projects take time to plan, source the funding, secure approval and implement. Because of this, projects that provide capacity in order to meet future demand must be initiated years and in some instances decades prior to the actual infrastructure becoming needed. For the purpose of the above and for the Airport Master Plan process, passenger and aircraft movements must be projected. This is useful as it highlights future processing stresses for the Australian Customs and Border Protection Service. These projections are used to plan future capacity.

5.3. These projections highlight the future stresses that the Australian Customs and Border Protection Service will face at specific dates in the future. By way of example, a typical airport such as Perth International Airport will have a requirement to screen 5.6 million passengers in 2029, up from 2.5 million in 2008[9]. This means that yearly capacity increases must be realised that will lead to a 100% capacity increase over the next decade and a half. This represents either a sizable investment into technology, or people.

5.4. Figure F2 shows the Sydney Passenger Forecast as per its approved Master Plan. It is clear from the graph that the workload for the Australian Customs and Border Protection Service will at least double before 2020, and then increase by about the total current workload before 2030 for that airport. The Figure shows the Passenger forecast, 2007 - 2029[10].

Sydney Passenger forecast, 2007 - 2029

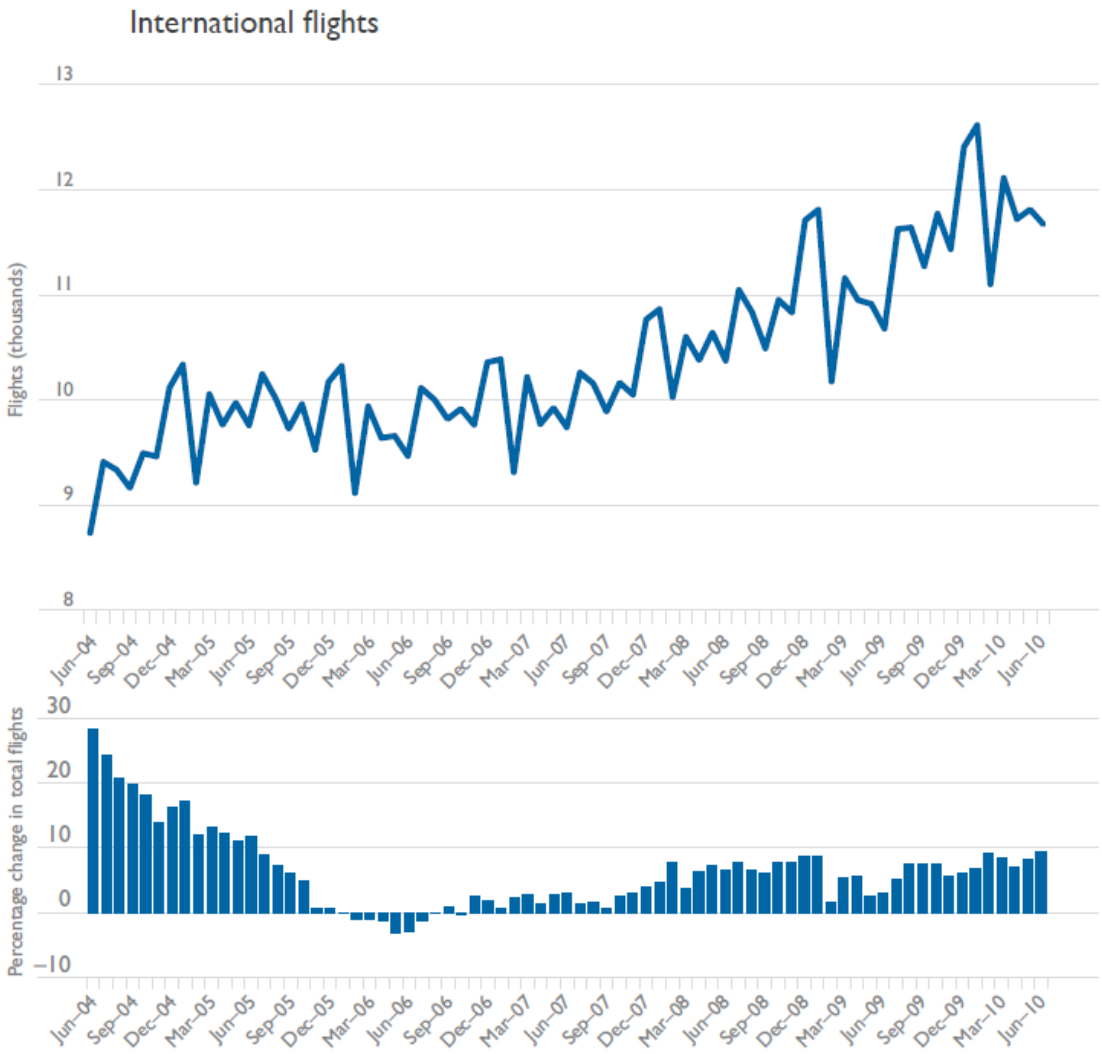


Source: TFI 2008

5.5. These projections are not merely theoretical assumptions, the Gold Coast Airport by way of example, have seen their preliminary international passenger movement numbers increase by 23.1% between January 2009 and 2010.[11]

5.6. Inbound freight clearing forms part of the tasks of the Australian Customs and Border Protection Service. A total of 759 979 tonnes of freight was carried on Australian International flights. 59.6% of this on inbound flights. This was up almost fifty thousand tonnes from the previous year further stretching available resources. [12]

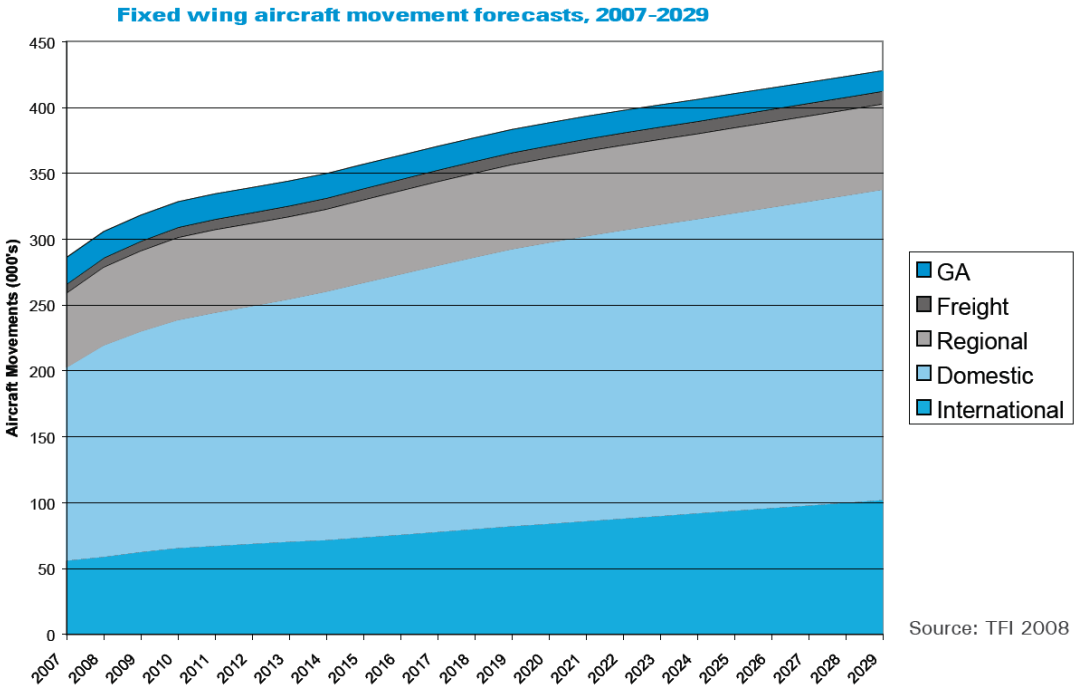
5.7. The number of international flights increased by 7.3% for the year ended 2010 according to a Statistical Report published by the Department of Infrastructure and Transport recently.[13] Table F3 shows the increase in flights (thousands) and the percentage change in total flights.[14]



Note: Growth rates are calculated over the same month in the previous year.
Source: BTRE Aviation Statistics Section.

5.8. The growth in International flights is projected to continue into the future and is subject to much reporting in the Leased Federal Airport Master Plans. By way of example, the Sydney Airport Master Plan shows an almost doubling of International aircraft movements. This is having an impact already on the capital expenditure of the Airport to ensure that the movements can be facilitated.

5.9. With aircraft size increasing, each increase in international aircraft movements represents a significant increase in passengers. Please see Figure F4.[15]



5.10. The Asia Pacific region—which includes Australia—is leading passenger traffic growth globally, with traffic increasing over 10% year on year since 2001. Despite the global financial crisis, there was a 5% increase in Australia's international seat capacity in 2009. This growth in seat capacity is expected to continue in 2010 and 2011 with growth of 6% and 7% respectively. This growth is being driven mainly by an increase in direct flights from Asia, with a 40% growth in available seat capacity expected in the 2011 calendar year.

5.11. Figure F5 describe the forecast of passenger, freight and aircraft movement for Adelaide Airport considering the 20-year period from 2009 to 2029. This shows the additional load will be brought to bear on individual locations. [16]

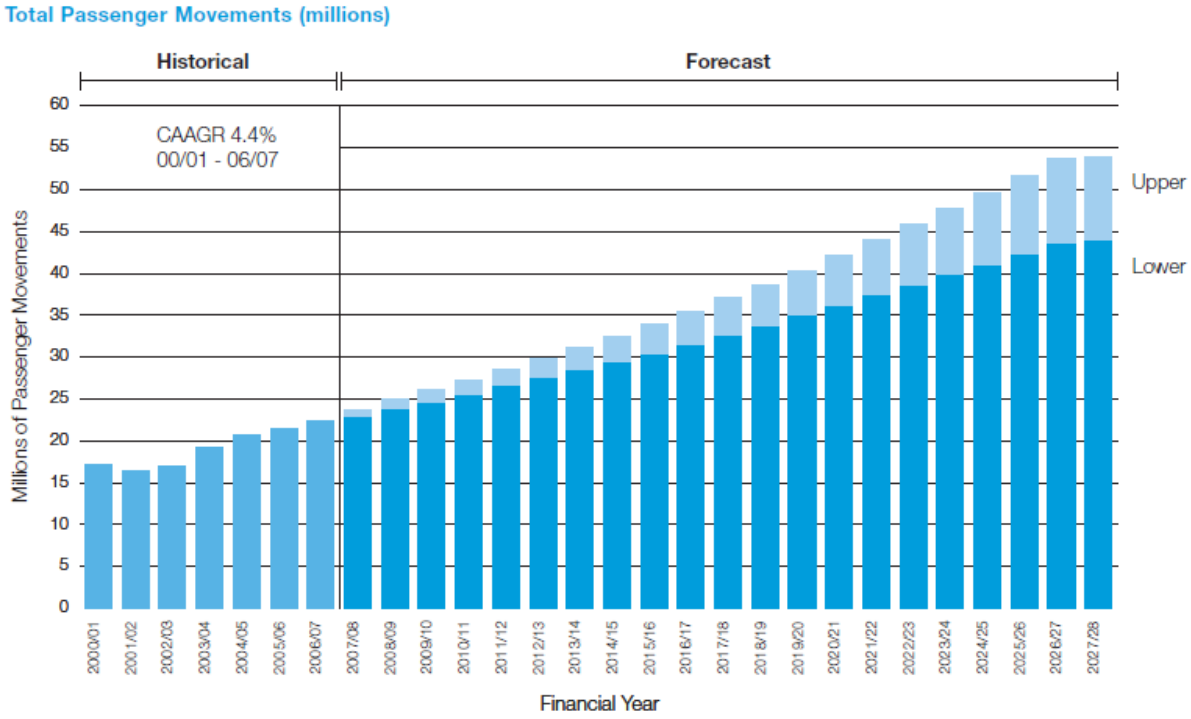
Years ended 30 June	**2008**	**2009**	**2014**	**2019**	**2024**	**2029**	**Increase 2008 - 2029**
International Passengers (000s)	485	504	618	770	926	1095	126%
International Aircraft Movement (000s)	3.1	3.3	3.9	4.7	5.6	6.4	106%
International Freighter Aircraft Movements (000s)	0.2	0.2	0.2	0.2	0.2	0.3	50%
International Landed Tonnes (000s)	334	351	423	526	631	743	122%
International Freighter Landed Tonnes (000s)	35	32	36	41	45	51	46%

5.12. This growth was not shared equally by all airports. For the period 2009 to 2010 international passenger movements increased as per the following table at a select group of airports: Please see Figure F6[17.]

Airport	Change in international passenger movements
Gold Coast	+ 53.5%
Perth	+14.7%
Melbourne	+13.3%
Darwin	+10.2%
Adelaide	+9.4%

5.13. Looking into the future, numbers are projected to continue to increase. Considering projected country wide estimated passenger movements the numbers are so overwhelming that they appear to be theoretical only. The quantity of future passengers can be better considered when individual airports are considered.

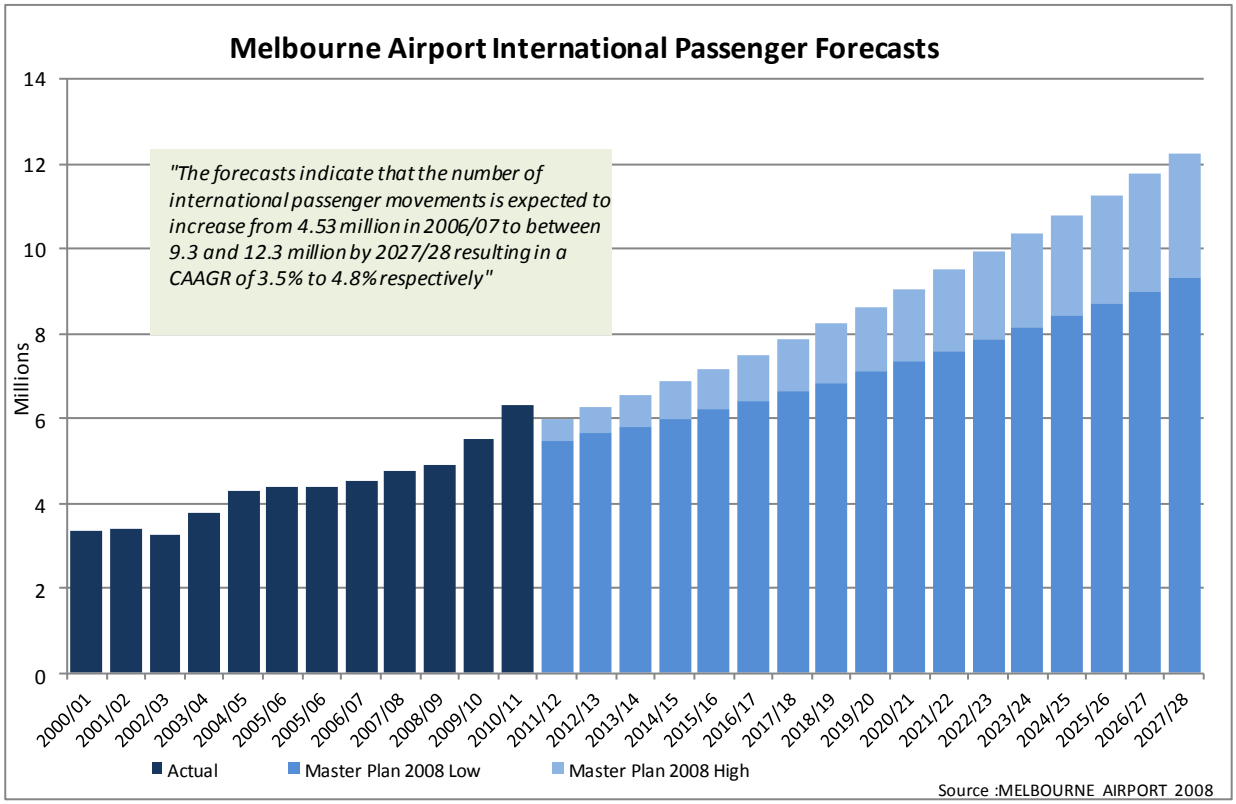
5.14. Using Melbourne Airport as an example, the Master Plan agreed on a minimum number of passengers at the end of the Master Plan horizon of more than 40 million (as a maximum more than 50 million). This is up from little more than 20 million at last reporting (2006). Please see table F7 [18.]



Note: These forecasts are based on various assumptions including economic factors and aviation policy changes and should not be used or relied upon by any person for any other purpose.

5.15. Considering only the international component of the data set presented in figure F7, the trend is reinforced. International passenger movements are expected to at least double within the next two decades to more than 9 million (as a maximum more than 12 million). This is up from the current 4.53 million. Even if no new work procedures such as additional checking are

brought on-line by the Australian Customs and Border Protection Service during this time, this represents a significant increase in output by the organisation. Please see Figure 8[19].



5.16. The AAA supports the Australian Customs And Border Protection Service position made clear in the Customs and Border Protection Strategies Outlook 2015 (dated December 2007) when it stated as an implication of its mandate that "Maintaining the current facilitation rate and current business processes, even with the full introduction of some automated processing (SmartGate), a cumulative total of 300 more primary line officers will be required at airports around Australia by 2015. The annual requirement for more primary line officers will peak in 2013, with over 60 additional officers needed in that year and each year thereafter."[20]

5.17. The AAA agrees that although very helpful, technology can only go so far under current rules to assist in the overall processing. Although "the full introduction of SmartGate will offset to a degree the number of extra primary line officers required (which is taken into account above), the offset value will peak in 2012 and start to decline thereafter as passenger numbers continue to increase." SmartGate usage in 2011 has grown with 65% of eligible users (passengers holding E passports) using SmartGate. Passengers under 18 years of age are not eligible to use it and are part of the 35% of non-users. [21]

5.18. Currently 20% of all arriving passengers are using smart-gate. Passenger processing time is on average 40 seconds for the two-step process. SmartGate usage is expected to have minimal growth in the next few years, as the old passports will already have been replaced with the new E passports. [22] Usage rates at Gold Coast Airport are as high as 70% however.

5.19. Considering the increase going forward at Melbourne Airport alone, it is clear that further budget cuts reduce the capacity of the Australian Customs and Border Protection Service to respond to the long term challenges of their mandate. A clear plan is necessary to deal with

the growing number of travellers. This long-term plan must be adequately funded and must have a long-term view in line with the efforts and projections of the Australian Government with regards to growing tourism, business interaction and regional and international integration of Australia.

6. Adequate resourcing

This section explores the excess revenue generated by the Australian Customs and Border Protection Service per passenger, arguing that it is indeed a profit centre for government and not merely a burden.

6.1. The Australian Customs and Border Protection Service collected revenue attributable to the Passenger Movement Charges (PMC) for the year 2010 to 2011 of 615.5 million dollars.[23]

6.2. The Passenger facilitation program of the Australian Customs and Border Protection Service recorded in the financial and staffing resources summary expenses of 242.6 million dollars.[24]

6.3. It is clear that the total costs of Departmental programs were well below the revenue generated and collected in the course of performing the departmental duties.

6.4. Based on this it could then be argued that the Passenger facilitation actions are self-funding. Because the income items are levied on a per passenger level, income would naturally to a large degree track fluctuating passenger numbers over time.

6.5. The AAA appreciates that the PMC revenue goes to consolidated revenue, this point highlights that the tax on passenger is not being adequately allocated to the required task.

7. The Implications of the resourcing mismatch for service levels

This section explores the impact of the budget cuts to current and future service levels.

7.1. The Australian Customs and Border Protection Service perform their functions to strict specifications. These amongst others include targets for processing passengers within certain time frames from joining the relevant queues.

7.2. Because of the 2011 budget cuts, the target for front line customs services was amended from 95% of passengers assisted within 30 minutes of joining the queue, to 92% of the passengers.

7.3. The Departures target was moved to 15 minutes (from an original 10 minutes) within which 95% of passengers must be assisted.

7.4. Although an extra 5 minutes on average are now allowed for both in and outbound customs clearing, the larger city airports are now allowed 24 minutes extra at peak times. This applies to

- Sydney
- Brisbane
- Melbourne
- Perth

7.5. Although the above may seem reasonable, the reader is reminded that the wait for the passengers in the back of the line can be substantially longer. Under the current rules meeting the service standard will see the wait for the passengers waiting the longest significantly longer than previously.

7.6. By way of example, the number of passengers that will not be assisted within the prescribed period, per plane landing can be calculated as follows [25]:

Plane	Passenger capacity	Number of Passengers that will not be assisted within the current increased time frame per airplane
Boeing 747-400ER	364	29
Airbus 330-300	297	23
Airbus 380	450	36

7.7. Considering that 25.7 million international passenger movements were recorded for 2010[26] it is clear that the current situation is undesirable without taking into account the projected growth in traffic going forward.

7.8. Actual data collected at Airports shows the officially allowed allowance for increases in processing time are too conservative. At Melbourne, prior to the latest round of budget cuts, eleven out of twelve passengers were assisted within 10 minutes according to Airport data. That number now stands optimistically at two out of five, forty percent. [27]

7.9. Whether the tasks of the Australian Customs and Border Protection Service are performed utilising personnel or technology does not influence the fact that the necessary budget is needed for the process. The budget timings of the chosen method of servicing do need to be taken into account. Technology requires capital investment where the traditional method of staffing requires less up front but recurring budgetary commitment.

7.10. The AAA would like to see a long-term plan that sufficiently plots the government response in dealing with increasing traveller numbers. This plan will inform the budget needed to meet the required functions whether the decision is technology or personnel.

8. The implications of the resourcing mismatch for infrastructure

This section explores the negative impact of the reduction in service levels on infrastructure. It highlights the parameters set when current facilities were designed, and the inelasticity of infrastructure. It also discuss the implications of building and process expansion from a funding point of view and how additional costs to Airports will have to be recouped.

8.1. Airports are engineered to facilitate the functions that must be performed on the premises. This does not only include airside functions, but also landside functions such as those performed by the Australian Customs and Border Protection Service.

8.2. Because of the size and complexity of airports, providing the facilities is expensive. Sourcing funding for the provision of these functions are long-term processes. Once funding is secured building the facilities take many years.

8.3. Planning the facilities, their layout and size are based on models of people movement, processes and procedures that must be followed and projections of passenger numbers.

8.4. A substantial portion of the total building size is devoted to government functions.

8.5. By way of example, the a typical passenger movement process could be described as follows:

8.5.1. Passengers arrive at Airport by Airplane.

8.5.2. Passengers then disembark using a ramp or bus into corridors and halls that feed them to centralised halls where processing will be taking place. This is done in large buildings where space is provided for booths, ablution facilities, hallways and corridors.

8.5.3. Passengers proceed to the entry control point. Here space has been provided to queue usually in a hall like structure with facilities for bathrooms, seating etc.

8.5.4. Passengers then present the required documents to the relevant personnel situated in booths in order to be allowed access to Australia.

8.5.5. Once processed, passengers proceed to baggage reclaim to collect bags. The facilities provided for this is walkways, corridors and halls within which the services are rendered.

8.5.6. After collecting baggage, passengers proceed to the exiting point where an officer checks their incoming passenger card. This again is done in large buildings where space is provided for booths, ablution facilities, hallways and corridors.

8.5.7. Once finalised, passengers move to the meeting point where they move through to travel to their final destinations.

8.6. When designing facilities, processes and procedures, not only the number of people that will be making their way through a building is taken into account, but also the time they will remain in the building. Buildings are designed to facilitate a steady flow of passengers. When passengers move through a building, a new entrant takes up the space of a passenger that has been processed and has moved on to a new facility.

8.7. Should a person be delayed in moving through a facility new space must be created for those entering. This effectively means that the building and facilities must double in size.

8.8. By examining the additional time that has been allowed for processing as a result of the current budget cuts one may be forgiven to remark that this represent a small increase in the lingering of passengers. This however is not the case when examining the flow of people through the building.

8.9. By way of example, when the target of those not being processed is adjusted from 95% of people joining the line to 92% within the given time frame, the spill over facility must carry 60% more “yet to be assisted” persons. [28] This puts intense pressure on facilities and has knock-on effects for new arrivals. Not only does physical space become subject to conditions it was not designed to handle but also auxiliary facilities like restrooms, seating, parking space (because the affected parking bays stay occupied longer) and supporting functions are put under pressure.

8.10. Gold Coast Airport recently invested over one hundred million dollars into new infrastructure to carry projected increasing passenger numbers out to 2017 at current efficiency levels. Should the efficiency level of the primary or secondary processing lines not keep up with increasing passenger numbers (mostly from Asia meaning no SmartGate functionality) it will reflect badly on that airport.

9. Future increased resourcing mismatches

9.1. From the above it is clear that budgetary cuts cannot continue without implications. Reducing personnel expenses without a commensurate increase of investment into technology will affect the efficiency of the current model.

9.2. Not only will current service levels continue to decline, but also it will place pressure on infrastructure that cannot be increased within the short or medium term. Should the physical building space have to be expanded to take account of peak time queues, new space and massive long term funding will be needed to compensate. Both these will have an effect on the charging structure of Airports.

10. SmartGate

This section explores in brief the history of SmartGate, its effectiveness, its acceptance and its capability to become an entrenched technology.

10.1. "SmartGate is a simple way for eligible travelers arriving into Australia's international airports to self-process through passport control, involving a kiosk and a gate. It uses the data in the ePassport and face recognition technology to perform the customs and immigration checks that are usually conducted by a Customs and Border Protection officer." [29]

10.2. SmartGate can be used by Australian and New Zealand ePassport holders, aged 16 or over. It will be gradually opened to other nationalities that have ePassports. This means that it could be implemented across an increased number of users, sites and countries in future.[30]

10.3. Trails under airport conditions have shown the technology function well in real life conditions. SmartGate is currently available at Darwin, Sydney, Adelaide, Brisbane, Cairns, Melbourne, Perth and Gold Coast international airports. SmartGate kiosks are also available at Auckland airport departures. [31] This SmartGate trans-Tasman trial will provide valuable insights as to the possible future integration of Australia's and New Zealand's respective systems. [32]

10.4. The Smart Gate system has also benefited from the limited rollout and trails. Improvements in usability have been made as a result of the experiences gained. During a public trial which was conducted between 27 August and 9 September 2007, 1900 Australian ePassport holders were processed under controlled conditions and the results confirmed that the system worked as expected, users were satisfied with the operation and that the impact on the airport was minimal. [33]

10.5. The Australian Customs and Border Protection Service have also indicated that they are satisfied with the accuracy of the SmartGate system. In addition, as part of the trial of the prototype SmartGate from 2002 to 2005, independent field evaluations were conducted by ACNielsen and the Defence Science and Technology Organisation (DSTO) that proved SmartGate to be highly accurate for identity verification purposes. [34]

10.6. Dr Jim Wayman, an internationally recognised biometrics expert and Dr Tony Mansfield of the United Kingdom Biometrics Working Group in association DSTO have provided independent assessments of SmartGate and concluded that SmartGate streamlined the customs and immigration process for users and maintained the integrity of the border.[35]

10.7. On 11/07/2008 the Australian Attorney General confirmed that as part of the two-week public trial at Brisbane International Airport between 27 August and 9 September 2007, independent

evaluations were conducted by The Hiser Group (usability experts), Open Mind Research Group and the DSTO. The results confirmed that:[36]

10.7.1. the facial recognition process worked as expected;

10.7.2. the traveller experience was extremely positive;

10.7.3. feedback on system usability was favourable with minor refinements identified for improvement; and

10.7.4. the impact on airport and business processes was minimal.

10.8. From an implementation point of view, SmartGate has proved itself a realistic technology not experiencing budget and timing overruns as may be expected from the implementation of innovative technology. A testament to this is the fact that both the initial funding of $3.3million for the SmartGate biometric work in 2004–05 and the 2005–06 Federal Government commitment of $61.7 million over four years towards the phased implementation of SmartGate into Australia's international airports is meeting the forecasted budget. [37]

10.9. Finally, all studies and trials have confirmed that user uptake and buy-in levels are high. As an example, of the 4000 Qantas crew registered to use it, 98 per cent said they preferred the machine to a check by a customs officer. [38]

10.10. SmartGate then is a viable alternative that have even in first implementation scenarios not experienced cost or timing overruns. The technology is easy to use and from past experience users prefer SmartGate to traditional technologies.

10.11. The AAA supports the steps taken to further implement SmartGate as part of the long-term resourcing plans of the Australian Customs and Border Protection Service. These strategies must be properly resourced. This investment by the Federal Government will over time return the investment made in terms of cost savings elsewhere as well as efficiency increases.

10.12. The AAA would like to see increased rollout and investment into SmartGate.

11. Conclusion

11.1. The AAA agrees with the National Aviation Policy White Paper that "…Aviation is a critical enabling industry for the broader economy" [39]

11.2. The AAA understands the cost saving measures the Government is implementing on the back of the Global Financial Crisis.

11.3. The AAA however strongly recommends that no further budget reductions be made as these will have knock on impacts on service levels, the quality of the functions that will be performed and capability of the infrastructure to deal with the increasing pressure.

11.4. Adjustments to future Customs budgets must be carried out in consultation with international airports so they are informed by passenger growth forecasts and individual airport profiles; and for there to be a commitment to exploring alternative strategies to manage projected growth, including greater streamlining of service delivery by agencies at the border.

11.5. The AAA strongly recommends that the budgeting process should reflect a “one border” approach bringing together budgeting for Customs and the Australian Quarantine and Inspection Service.

11.6. The AAA strongly recommends that the SmartGate system be implemented to its full capability including maximum deployment for outbound travellers.

Resources:

1 Implications for border management to 2015, page 30, Customs and Border Protection Strategic Outlook 2015

2 In Brief, Page v, Australian Government Department of Infrastructure and Transport, Bureau of Infrastructure, Transport and Regional Economics, Statistical Report, Avline 2009 – 2010

3 International passengers, Page 1, Australian Government Department of Infrastructure and Transport, Bureau of Infrastructure, Transport and Regional Economics, Statistical Report, Avline 2009 – 2010

4 Implications for border management to 2015, page 30, Customs and Border Protection Strategic Outlook 2015

5 Role and function, Page 2, Australian Customs and Border Protection Service annual report 2010 –2011

6 Role and function, Page 2, Australian Customs and Border Protection Service annual report 2010 –2011

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Table 4.3 Base Case Passenger and Aircraft Movement Forecasts

Years ended 30 June	2008	2009	2014	2019	2024	2029	2008 to 2014	2014 to 2029
Passengers (000s)								
International AD	485	504	618	770	926	1095	4.1%	3.9%
Transits	57	53	67	81	95	110	2.9%	3.3%
DOC	19	19	23	29	35	42	3.3%	3.9%
Total ex DOC	542	557	685	851	1021	1205	4.0%	3.8%
Total With DOC	561	576	708	880	1056	1246	4.0%	3.8%
Domestic	5675	5838	7036	8497	9879	11118	3.6%	3.1%
Domestic With DOC	5694	5857	7059	8526	9914	11160	3.6%	3.1%
Regional	546	584	705	803	886	946	4.3%	2.0%
Total	6782	6998	8,449	10180	11821	13311	3.7%	3.1%
Aircraft Movements (000s)								
International	3.1	3.3	3.9	4.7	5.6	6.4	3.9%	3.4%
International Freighters	0.2	0.2	0.2	0.2	0.2	0.3	0.5%	2.0%
Domestic	45.9	45.8	56.0	65.9	75.7	84.4	3.4%	2.8%
Regional	27.0	24.5	29.0	32.6	35.4	37.3	1.2%	1.7%
General Aviation	27.0	27.0	32.3	35.6	39.3	43.4	3.0%	2.0%
Total	103	101	121	139	156	172	2.7%	2.3%
Landed Tonnes (000s)								
International	334	351	423	526	631	743	4.0%	3.8%
International Freighters	35	32	36	41	45	51	0.8%	2.3%
Domestic	1661	1619	2060	2452	2852	3228	3.7%	3.0%
Regional	170	162	190	216	237	252	1.9%	1.9%
General Aviation	94	93	113	131	152	176	3.1%	3.0%
Total (000s)	2294	2257	2822	3365	3917	4451	3.5%	3.1%

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31 http://www.customs.gov.au

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33 *Parliament of Australia website* – www.aph.gov.au ,Hansard, Attorney Generals Answers to Questions on Notice 08/09 Budget Estimates, SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS AUSTRALIAN CUSTOMS SERVICE

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38 Sydney Morning Herald, By Sue Lowe February 7, 2004, Airport scanning not quite picture perfect

39 National Aviation Policy White Paper, page 2, introductory vision and objectives