

TTF Australia is a national member-funded CEO forum, advocating the public policy interests of the 200 most prestigious corporations and institutions in the Australian transport, property, tourism & infrastructure sectors.

Tourism and Transport Forum (TTF)

Submission to the Federal
Quarantine and Biosecurity Review

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Executive Summary

TTF Australia welcomes this review as it will facilitate new approaches to areas of the previous Government's quarantine and biosecurity policies that are failing the Australian community.

Implementation of existing policies is having unintended consequences as well as failing to deliver the core objectives of quarantine and biosecurity protection as effectively as possible.

Even without these failings, continued implementation of existing policies at airports for inspecting incoming passengers is not sustainable without rapidly escalating Government funding and fundamentally risking Australian community and visitor support for Government quarantine and biosecurity policy. Effective quarantine and biosecurity policing at Australia's borders relies on community and visitor support to be effective.

TTF Australia's membership of airports, airlines, tourism dependent companies and frequent travelling Chief Executives has given us a unique perspective on the developing problems in policing quarantine and biosecurity policy at airports.

Australia's tourism industry is dependent upon our international aviation links. Delays in processing international passengers upon arrival at Australia's airports are negatively impacting visitors' impressions of Australia. The first impression of Australia is too often one of Government inspired administrative chaos undermining important efforts by the Government to portray Australia as a modern, efficient place to invest and do business. In many cases, passengers are missing domestic connections and getting angry with the process.

Without radically changed Quarantine inspection policies by 2011 TTF Australia expects increasing chaos at Australia's airports due to:

1. Growth in annual passenger numbers of around 25 per cent per annum;
2. Growth in annual passengers to and from higher risk countries at around 39 per cent per annum;
3. Continuing physical restrictions on the areas in airports available for quarantine policing between the baggage delivery and travellers entering Australia;
4. Larger increases in average peak hour arrivals than in total annual passenger arrivals, due to increased international aircraft arrivals and use of larger aircraft including the A380; and as a result
5. A more than doubling of current peak hour queue lengths and queuing delays.

While current policy calls for at least 81% of all visitors to be inspected, TTF understands it is being implemented with 100% inspection of passengers arriving from countries labelled as high risk by AQIS and 85% inspection of all other passengers.

This approach over emphasises inspection compared to education of travellers and use of intelligence to more specifically target high risk visitors (whatever their country). It also results in too few resources being available for thorough inspection of selected passengers, especially in the advent of a new biosecurity risk, given the crush of passenger throughput. AQIS is continuing the sort of policies that would by comparison see the Australian Taxation Office go back to doing superficial audits of nearly all Australian's tax returns rather than applying the more modern approaches now used.

To achieve a more effective and sustainable inspection system the Tourism and Transport Forum (TTF) recommends that:

- AQIS immediately implement an emphasis on professional risk management in deciding which passengers to inspect (akin to the established risk management approaches of organisations like the ATO and Australian Customs Service);
 - 100% of high risk passengers and a small sample (perhaps 5% or around 500,000 annually) of other passengers should be inspected. This would allow compliance to be monitored for all arrivals to better identify new risks and thoroughly investigate high risk passengers (and involve disavowing identification of which passengers to inspect on the basis simply of their nationality);
 - Freeing resources to intelligence gathering and education roles and allowing airport based AQIS staff to flexibly and thoroughly respond as risks are identified from particular flights.
- AQIS should receive additional funding to refine its intelligence and risk management approaches and expand its education efforts with the Australian community and inbound tourists;
- The current trial of Express Paths at Australian airports should be made permanent and extended to all Australian airports as a priority. This would relieve the current crowding in the baggage halls around the AQIS queues in places like Perth, Darwin, Cairns and Adelaide which are not benefiting from the trial. Express Path passengers are frequent travellers more familiar with quarantine regulations, and they more commonly travel without hold baggage or are otherwise first to receive their baggage from the airlines. The Express Path trial brings benefits to all inbound travellers by reducing congestion in the baggage halls/AQIS queuing area;
- Inbound traveller education efforts should be expanded:
 - by developing new and more targeted videos to be shown on all incoming flights to explain the Australian inbound arrival process with an emphasis on quarantine restrictions (few countries have a requirement for quarantine inspection and many inbound visitors have been travelling for between 20 and 30 hours by this stage of their journey);

- by exploring opportunities for education of passengers to Australia about our quarantine requirements in the departure gate areas for flights to Australia in overseas airports (beginning with NZ and Singapore);
 - by providing information on quarantine restrictions when visitors to Australia have successfully applied for a visa to visit;
 - by exploring opportunities for educating outbound Australians to high risk countries or likely to undertake higher risk activities (for example, fly fishing in NZ) of the quarantine restrictions they face on return to Australia;
 - exploring opportunities to recognise and reward incoming travellers to Australia who comply with quarantine regulations ('the odd carrot as well as the frequent stick');
- AQIS funding should be subject to a funding formula (like that applied to the Australian Customs Service) that provides increases in funding in line with the growing number of passengers coming through airports and number of airports serviced;
 - Given pressure on Quarantine inspection at primary international airports, Government should facilitate the development of secondary international airports such as Newcastle. This will require supplementary funding by Government of AQIS and other border agencies if these services are to be provided cost effectively to passengers of the commonly low cost carriers which will seek to use these airports;
 - Increased resources should be provided to the Passenger Facilitation Taskforce to accelerate its development of improved passenger processing at airports and improved co-ordination between border agencies, airports and airlines. In particular, funding should be granted to allow the planned trial at Melbourne Airport of in-line X-ray equipment for AQIS to be fully funded.

TTF Australia does acknowledge the interest of the Australian tourism industry in keeping Australia free of infectious diseases, pests and biosecurity risks, even as we recognise that Australia's agricultural industries and the general community benefit more directly from effective quarantine and biosecurity administration.

Further funding for airport quarantine processing should come from the agricultural sector or general community and not result in increased tourism taxes.

Finally, TTF welcomes the opportunity to comment further on this important Review if this would be helpful to the Review Panel.

Introduction

This submission is comparatively narrowly focussed, given the wide range of issues facing the Quarantine and Biosecurity Review, to a detailed review of quarantine border management at Australia's international airports. However, this narrow focus allows an in depth treatment of this issue and inclusion of a range of practical recommendations in this submission.

TTF is a national, Member funded CEO forum, advocating the public policy interests of the 200 most prestigious corporations and institutions in the Australian transport, property, tourism and infrastructure sectors.

Our membership embraces Australia's major airports, domestic airlines, major international airlines, airport retailers, travel service providers (including foreign exchange, tourist refund providers and travel insurers), accommodation/attraction and tour businesses, local councils, and State Tourism Organisations, who all have a significant interest in the Quarantine and Biosecurity Review.

International and domestic aviation is the lifeblood of Australia's tourism industry. There is no tourism industry on earth more dependent on its aviation links than Australia.

Delays in passenger processing by border control agencies frustrate the legitimate movement of people into and out of Australia. This has economic consequences for tourism, given that delays impact on the 'first impression' that tourists gain when entering Australia.

It is common that travellers arriving in Australia have often been travelling for twenty to thirty hours, often with little sleep. Australia (with New Zealand) is highly unusual for having a formal quarantine and biosecurity inspection process. As a result frequently tired, grumpy travellers encounter an unexpected final hurdle to an often stressful journey. This suggests a need for education of visitors in advance of arrival and careful design of the inspection process. It is also common that arriving passengers need to meet domestic flight connections and that long queuing periods lead many passengers to become stressed over the risk of missing their domestic connection.

Background

The problems with the introduction of the minimum inspection rate in 2001

As noted in the Review Issues Paper, in the May 2001 Budget, primarily in response to a foot and mouth disease outbreak in the United Kingdom, the Australian Government announced Increased Quarantine Intervention – and a funding package to strengthen border agencies that included at least 81 per cent of arriving international passengers to have baggage inspected or x-rayed, with a number of new detector dog teams in support.

The policy of a required 81% minimum inspection rate and, TTF understands the resulting implementation of inspection of 100% of visitors from high risk countries and 85% of other visitors was devised hastily with insufficient consideration of:

- the very limited physical space between the baggage collection infrastructure at airports and the exit to the airside of the airport available for necessary AQIS equipment and queuing of visitors awaiting inspection;
- introducing intelligent targeting of high risk visitors whatever their nationality;
- the growth in visitors that would occur in following years;
- the even faster growth in high risk visitors that would occur in following years;
- the impact of queuing for Quarantine inspection on the already limited space in the baggage halls for passengers awaiting their baggage;
- the impact on Australian public and inbound visitor goodwill toward Quarantine and Biosecurity Policy from the increasingly common administrative chaos in the queuing areas;
- the impact on security and public health risks in overcrowded AQIS queuing areas in the baggage halls.

Concerns of the tourism industry with being taxed for increased quarantine inspection

Linked to the 2001 introduction of minimum inspection rates, the inbound tourism industry faced an increase to \$38 in the Departure Tax. As many competing countries for tourism do not recover costs for border agency services this increased tax was a bitter pill for the tourism industry that was shortly to encounter the challenges of a post September 11, 2001 travel downturn.

Within the tourism industry the linking of increases in Departure Tax to raising revenue for increased quarantine measures was highly controversial. This reflects that the increased quarantine measures chiefly benefit an already much more highly Government assisted agricultural sector. The Productivity Commission found in the three years ending 2002/03 that Primary Industries received more than four times the net Government assistance received by the tourism industry.¹

This increase in Departure Tax was also particularly sensitive with the tourism industry for two other reasons.

The increase in the Departure Tax closely followed the imposition of GST on tourism exports from June 2000. Inbound tourism became the only Australian export industry to be liable for GST and this tax now raises around \$1.5 billion per annum from inbound tourist spending. (Controversially, the Productivity Commission in 2006 did not include the effect of this differential GST tax imposition on tourism exports or indeed the Departure Tax in its calculation of net Government assistance to the tourism industry which would otherwise be heavily negative).

Secondly, the Departure Tax increase in 2001 also made permanent the previous \$3 increase in the Departure Tax to \$30 to cover the cost to Government of hosting the 2000 Sydney Olympics.

¹ The Productivity Commission estimated that Australian Government assistance to tourism, averaged over the three years 2000-01 to 2002-03, amounted to 1.1% of tourism Gross Value Added (GVA). By comparison, the PC estimates that Australian Government assistance to Primary Production averaged over the same three years was 4.9% of GVA. (Source: Department of Industry, Tourism and Resources (2007), 'Tourism White Paper Evaluation – Final Report', November 2007).

TTF's involvement in seeking to improve passenger facilitation through Australia's airports

TTF has long advocated and supported improvements in passenger facilitation at Australia's airports.

TTF successfully campaigned for increased CIQ resources for Melbourne Airport during the lead-up to the Commonwealth Games in 2006. These increased resources meant that no passenger had to wait longer than twenty minutes to be processed. This was an outstanding result and helped to underscore Melbourne and Victoria's position as a world-class destination.

TTF continues to support and participate in the valuable work of the Passenger Facilitation Taskforce through its Industry Consultation Group.

TTF believes that the Passenger Facilitation Taskforce is proving very effective in developing improvements in the 'total facilitation process.' However, TTF believes that additional funding resources to the Taskforce could advance the speed at which process improvements are trialled and implemented.

Since its inception, the Passenger Facilitation Taskforce has made several significant achievements:

- Introducing the trial of 'Express Paths' at airports which facilitate the processing of experienced frequent travellers through CIQ inspections and reduce total congestion in the baggage halls that affects the duration and comfort of processing for all passengers.
- Trials of 100% in-line X-ray screening under which all border agencies will integrate their screening systems in an effort to reduce processing times for arriving international passengers.
- Successfully trialled SmartGate technology leading to the previous Australian Government agreeing to allocate \$61.7 million over four years in the 2004/5 Budget towards the phased introduction of biometric technology at Australia's airports. When fully implemented, SmartGate technology will help border agencies to more efficiently process passengers.
- Mapping the current passenger process, to provide high quality data on delays and allow detailed analysis and forecasting of prospective delays with changes to processing approaches.

Tourism, Tourism Exports and the Economy

The tourism industry is critical to Australia's economy. According to Tourism Satellite Account data from the Australian Bureau of Statistics, the tourism industry was worth \$85 billion to the Australian economy during 2006-07.

The tourism industry contributes about 3.9% of Australia's Gross Domestic Product, over \$22 billion of export earnings (over 10% of Australia's exports) and tourism spending directly employs 464,500 people.²

The importance of tourism to the national economy is not likely to decline in the medium term - especially in a post-resource boom scenario under which service economies will become increasingly important. Tourism adds critical diversification to Australia's balance of payments. When commodity prices fall, this places pressure on the exchange rate making Australia more attractive to international visitors and boosting A\$ revenues from inbound tourism. It thus has a strong counter cyclical effect to variations in Australia's commodity exports (Dwyer, Forsyth and Spurr).

Research by Australia's leading academics in tourism economics (Dwyer, Forsyth and Spurr representing the CRC for Sustainable Tourism) demonstrates that a fall in tourism's contribution to economic activity will result in a permanent cost to the Australian economy.³

ABS research has established that Australia's tourism industry contributes more gross value added to the economy than all of our agricultural, forestry and fishing industries. In the most recent statistics available, the ABS found that the tourism industry contributed \$31.3 billion in gross value to the nation economy during the 2005-6 financial year compared to a total \$27.2 billion for the agricultural, forestry and fishing industries.⁴

Similarly, TTF estimates that total employment in regional Australia is higher from tourism than the sum of the agricultural, forestry and fishing industries. This reflects the higher labour intensity of tourism and that over 50 per cent of total visitor nights in Australia are spent outside Australia's capital cities.

One of AQIS' foremost aims is to protect our agricultural industries and environment from exotic pests and diseases. However, given the greater economic contribution of tourism to the overall economy, it is paramount that the interests of the tourism industry should also be taken into consideration when developing AQIS' operating procedures.

Indeed, TTF in welcoming this Review noted that the Issues Paper adopted a more holistic view of passenger facilitation objectives that considers effects on the wider economy.

² Australian Bureau of Statistics, <http://www.abs.gov.au>, 'Australian National Accounts: Tourism Satellite Account, 2006-7', Catalog Number 5249.0, 13 April 2008.

³ L. Dwyer, P. Forsyth and L. Fredline 2007, 'Yield Measures for Special-Interest Australian Inbound Tourism Markets', *Tourism Economics*, vol. 13, no. 3, pp. 421-440.

⁴ Australian Bureau of Statistics, <http://www.abs.gov.au>, 'Australian National Accounts: Tourism Satellite Account, 2005-6', Catalogue Number 5249.0, 11 May 2007.

Airport Privatisation, Investment and Quarantine Issues

TTF's recent report undertaken by URS, *Assessing the Impact of Airport Privatisation*, found that Australia's airport privatisation process during the 1990s and early 2000s has been a resounding success and has led to increased levels of capital investment.

The Australian Government completed the most comprehensive airport privatisation process in the world in December 2003. All of Australia's international, interstate and general aviation training airports are currently leased to the private sector – the total number of airports involved was twenty-two.

Prior to being transferred to the private sector, responsibility for the ownership, operation and development of these airports was transferred to the Federal Airports Corporation (FAC) in 1986. The FAC operated as a government-owned business enterprise. The majority of the airports which the FAC assumed responsibility for were in significant need of major refurbishing and upgrading works. The FAC invested more than \$1.7 billion during the period leading up to privatisation.

The privatisation process was completed successfully in several phases between June 1997 and December 2003. The total proceeds from the airport privatisation process totalled \$8.5 billion.

TTF's airport privatisation report forecast that investment in Australia's airport is likely to exceed \$10 billion over the next twenty years. This is significantly more than the \$1.7 billion that the FAC invested during its stewardship. Our report also forecasts that for the five year period beginning in 2008, there will be more spent on runway construction at Australia's airports than in all of the five year periods dating back to 1988.

The significant levels of capital investment in Australia's airports that have taken part since privatisation and are forecast to increase significantly in future years has significant flow-on effects to the wider economy.

It is estimated that each billion dollars of capital expenditure at airports generates around:

- \$3.5 billion of gross output;
- \$1.47 billion of value added, and
- \$0.8 billion of wage and salary income to 19,000 workers.

In addition, the continuing growth of air services at airports generates around:

- \$4.7 billion of gross output;
- \$2.15 billion of value added, and
- \$1.18 billion of wage and salary income to 24,000 workers for each \$1.7 billion in annual growth.

Growth in demand for air travel (both business and leisure) has been considerable over the past decade at around four per cent per year. At that level of growth, air travel is expanding faster than the economy as a whole.

TTF's report estimates airport and air service activity will generate around \$80 billion of gross output by 2020 – almost doubling the present level. This makes airport and air services a leading growth sector with an increasing share of the national economy.

However, future investment in Australia's airports is partially dependent upon the efficient handling of passengers through the CIQ process. Future investment in airports is based on forecasts for passenger growth. The inefficient handling of passengers through the CIQ process has the real potential to hinder passenger growth and, in turn, affect airport investment and the wider economy.

Passenger Growth From 2001 To 2007 And Forecast To 2009 And 2011

Since the May 2001 Government Budget passenger movements into Australia have grown strongly.

This section compares passenger movements when the inspection policy was first introduced (2001) to 2007 passenger movements to help explain why congestion/queuing has become such a large problem.

This section then takes the official forecasts from the Tourism Forecasting Committee to examine what the expected passenger movements are in 2009 and 2011 to demonstrate why the current inspection policy is not sustainable for even the next two years.⁵

It is well understood by any car driver in Sydney peak hour traffic that a 10% increase in the cars on the road will lead to a much greater than 10% increase in traffic congestion and trip times. Similarly, with fixed capital infrastructure and maximum through put rates for AQIS airport inspections of over 81% of passengers, even a small increase in passenger flows will have a dramatically larger impact on queuing times and passenger congestion in the baggage halls.

Worsening the situation facing AQIS passenger processing is that the number of passengers returning from high risk countries is growing much faster than the total number of returning passengers.

For the purposes of this section we have assumed that 'low risk' countries are: New Zealand (ignoring the current AQIS problem with arrivals who have undertaken fresh water sports in NZ), UK, EU countries, USA and Canada, Singapore and Japan. We have grouped all other passenger arrivals as 'high risk', even though we recognise that this division of markets oversimplifies the AQIS approach.

Increased arriving passenger numbers from 2001 to 2007

In 2001 there were 8.3 million short term passenger movements into Australia.⁶ By 2007 this had increased by 34% to 11.1 million.

However, arrivals from 'high risk' markets (including returning Australians) had increased by 49% while arrivals from 'low risk' markets had only increased by 27%.

This growth was made up of 16% more inbound visitors from other countries and 59% more returning Australians. While inbound foreign visitors from 'low risk' countries grew by 10%, inbound foreign visitors from 'high risk' countries grew by 29%. While returning

⁵ Tourism Research Australia – Tourism Forecasting Committee, 'Forecast 2007 – Issue 2', <http://www.tourism.australia.com/content/Research/Tourism%20Forecasts/TFCForecast2007Issue2.pdf>.

⁶ The passenger movements here come from the ABS data on short term visitor movements and cover arrivals for less than one year and don't include arriving migrants, aircrew and military movements.

Australians from 'low risk' countries had grown by 51%, returning Australians from 'high risk' markets had grown by 74%.

In one important respect AQIS passenger processing was less chaotic in 2007 than in 2001 than might have been expected given 34% average growth in passenger arrivals. This was because the growth of returning Australians was much stronger than the growth of inbound visitors from overseas (thanks to the increased value of the A\$). Foreign visitors are commonly less familiar with the required Quarantine procedures and frequently from 'high risk' countries have poor English - so the average inspection takes far longer.

The much faster growth in outbound Australians than inbound foreign visitors is not expected to continue much beyond this year, unless the A\$ continues to move higher.

Forecast of increased arriving passenger numbers from 2007 to 2009

Between 2007 and 2009 the TFC expects that the number of arriving visitors will increase by 12%. This will be made up of growth of 18% in 'high risk' visitors and 8% growth in 'low risk' visitors.

Total returning Australian visitors are forecast to increase by 14%, with growth in returning Australian 'high risk' visitors of 20% and growth in returning Australian 'low risk' visitors of 9%.⁷

Total inbound visitors are forecast to increase by 10%, with growth in inbound 'high risk' visitors of 16% and growth in inbound 'low risk' visitors of 6%. More specifically, annual inbound visitors from China and India are expected to increase by 32% in these two years.

Forecast of increased arriving passenger numbers from 2007 to 2011

Between 2007 and 2011 the TFC expects that the number of arriving visitors will increase by 25%. This will be made up of growth of 39% growth in 'high risk' visitors and 16% growth in 'low risk' visitors.

Total returning Australian visitors are forecast to increase by 28%, with growth in returning Australian 'high risk' visitors of 41% and growth in returning Australian 'low risk' visitors of 20%.

⁷ The source of tourism forecasts is the Tourism Forecasting Committee November 2007 report. Forecasts are available for a wider range of countries inbound foreign visitors than for outbound Australians, so this data assumes that Australian departures to the assumed low risk countries of non-UK EU, Japan and Canada (which are not separately forecast) grow at the average of Australian departures to the other low risk countries of UK, USA, Singapore and NZ which are separately forecast. It is also noted that the statistical analysis uses the forecasts for 2007 versus 2009 and 2011, to reflect forecast growth rates rather than the actual levels of 2007 versus forecast levels for 2009 and 2011 to retain consistency across the forecasting period. More details on this analysis are available from TTF Australia on request.

Total inbound visitors are forecast to increase by 21%, with growth in inbound 'high risk' visitors of 36% and growth in inbound 'low risk' visitors of 13%. More specifically, inbound visitors from China and India are expected to increase by 73%.

Compared to the six years from 2001 to 2007 the annual rate of growth in passenger arrivals for AQIS inspection is expected to increase slightly in the four years to 2011. Whereas total arrivals grew by 34% in the six years to 2007 they are forecast to grow by 25% in the four years to 2011. Similarly, while 'high risk' arrivals grew by 49% in the six years to 2007 they are expected to grow by 39% in the four years to 2011.

In addition, the expected passenger growth between 2007 and 2011 compared to the previous six years shows a higher proportion of growth of inbound foreign visitors compared to growth in returning Australians – further complicating the AQIS inspection process.

The risks of not taking action for inbound tourism is reflected in the TFC forecast growth in total inbound tourism exports (tourism inbound economic value). The after inflation value of tourism exports is forecast to increase by \$2.3 billion (up 10% to \$25.2 billion) between 2007 and 2009 and by \$4.8 billion between 2007 and 2011 (up 21% to \$27.7 billion).⁸

⁸ Tourism Research Australia – Tourism Forecasting Committee, 'Forecast 2007 – Issue 2', <http://www.tourism.australia.com/content/Research/Tourism%20Forecasts/TFCForecast2007Issue2.pdf>.

Why The Future For Airport AQIS Passenger Processing Is Worse Than Passenger Forecasts Suggest

In the next four years many more aircraft will be delivered to airlines servicing Australia than has occurred in the previous six years. In addition, international airlines are introducing larger aircraft including the A380.

The net result of more and larger aircraft in airline fleets, and investments by the Australian airports to increase peak hour capacity is to increase expected peak hour passenger movements much more than average passenger movements over the year.

Owing to curfews and passenger preferences there is a strong bias of airline arrivals into Australia to the early to mid morning period. Business travellers prefer to be available for a full day of work, while holiday travellers commonly want to save a night's accommodation and have a full day recovering or touring and both groups want to adjust to jet lag as quickly as possible. Similarly, airlines want to fly to Australia on a back of the clock schedule to maximise aircraft utilisation across their networks.

The slow growth of total international seat capacity between 2001 and 2007 acted as a constraint to faster growth of total passenger movements into Australia in this period. Total international seats into Australia only grew by 22% in this six year period, forcing load factors to grow from a national average of 71% to 78% in 2007.

In the last six years Qantas has had comparatively few wide body aircraft delivered. Similarly few other carriers had large increases in their fleet of aircraft, so as global passenger movements increased so did average load factors. This reflected the global slowdown in aircraft ordering and production following the global economic slowdown in 2000, reaction to the September 11, 2001 terrorism and SARS and the terrible profitability performance of airlines globally from 2000 to 2005. However, airline profitability improved markedly in 2006 and 2007, despite increasing fuel prices. Improving profitability and increased fuel prices led airlines to seek newer (often larger) and more fuel efficient aircraft to reduce their fuel bills.

A number of airlines serving Australia have already ordered significant numbers of next generation high-capacity passenger aircraft, such as the Airbus A380. Singapore Airlines, the sole operator of the Airbus A380 at present, is currently the only airline deploying the aircraft to Australia. Other airlines, including Emirates and Qantas, have signalled their intent to deploy the Airbus A380 here within the next nine months.

The growth of Airbus A380 services to Australia has been affected by the well publicised production delays that have been hampering deliveries of this aircraft. Emirates has ordered 58 A380 aircraft whilst Singapore Airlines has 19 aircraft on order with Qantas ordering 20 A380 aircraft.⁹

⁹ Airbus 2007, 'Airbus A380 Orders and Commitments', November, <http://www.airbus.com>.

Emirates has recently indicated an interest in further increasing their A380 orders as a key aspect of longer term plans to aggressively grow their wide body aircraft fleet from today's 115 aircraft to 200 aircraft by 2012 and 450 aircraft by 2020. Emirates currently has 247 wide body aircraft on order.¹⁰

Estimates from Tourism Australia indicate that total international seat capacity to Australia is expected to increase by 4.5% in 2008 and by 10.3% in 2009. Tourism Australia has further indicated that they expect total seat capacity to increase by over 10% per annum for 2010 and 2011 led by the Qantas group and Middle East carrier aggressive expansion of international seat capacity following A380 and other wide body aircraft deliveries.

The net impact of these forecasts is that Tourism Australia expects total international seats to Australia to increase by approximately 50% in the four years to 2011 or over twice the growth in international seats to Australia in the six years from 2001 to 2007.

With most of these additional airline seats seeking to arrive in the morning peak from 6am to 10am, the peak hours of passenger arrivals is expected to increase far more than total passenger arrival growth.

TTF Australia considers it likely that while total passenger arrivals into Australia are only forecast to grow by 25% from 2007 to 2011, peak hour passenger arrivals into Australia could grow by over 50%.

Given the affect of fixed infrastructure in terms of the maximum capacity of AQIS passenger processing, growth of over 50% in peak hour passengers suggests considerably more than doubling in peak hour queue lengths and processing delays in the four years to 2011.¹¹

Similarly, while 'high risk' passenger arrivals are forecast to grow by only 39% from 2007 to 2011, peak hour 'high risk' passenger arrivals into Australia could grow by over 80%.

The core conclusion is that the existing inspection system and required ratios of passengers inspected is not sustainable. Increasing queue lengths and delays would inevitably undermine the Australian public's (and inbound tourists) support for Quarantine restrictions and lead to inadequate inspection attention to the arrival of high risk passengers in order to keep the queues moving.

¹⁰ Source: Gulf News, 22-Apr-08.

¹¹ While this estimate of the impact of passenger arrival growth on queue length and average delays is speculative, AQIS through the research on passenger flows underway by the PFT should be able to derive more accurate estimates. However, even this data source will struggle to provide precise estimates of the impact of very large increases in peak hour passenger movements as this will be outside previously observed data.

Recommendations

The current AQIS airport inspection approach is unsustainable even in the short term and certainly within four years given TTF's expectations for growing queuing delays and queue lengths.

It warrants reform in order to protect the current goodwill of the Australian community and inbound tourists toward Quarantine enforcement.

The key reform required is the adoption of professional risk management approaches, as is commonly applied in other areas of Government administration such as taxation and Customs border enforcement. This reform promises a more effective quarantine and biosecurity airport inspection process, as well as one that curtails the current excessive processing delays and in time savings in Government costs for low level staff resources.

Associated with this key reform, TTF recognises the public interest in increased resources in the short term for AQIS to reform their approach - including by enhancing intelligence and traveller education.

Inbound traveller education efforts should be expanded:

- by developing new and more targeted videos to be shown on all incoming flights to explain the Australian inbound arrival process with an emphasis on quarantine restrictions (few countries have a requirement for quarantine inspection and many inbound visitors have been travelling for between 20 and 30 hours by this stage of their journey);
- by exploring opportunities for education of passengers to Australia about our quarantine requirements in the departure gate areas for flights to Australia in overseas airports (beginning with NZ and Singapore);
- by providing information on quarantine restrictions when visitors to Australia have successfully applied for a visa to visit;
- by exploring opportunities for educating outbound Australians to high risk countries or likely to undertake higher risk activities (for example, fly fishing in NZ) of the quarantine restrictions they face on return to Australia;
- exploring opportunities to recognise/ reward incoming travellers to Australia who voluntarily comply with quarantine regulations ('the odd carrot as well as the frequent stick');

Increased resources in the short term are also necessary to apply more staff resources immediately to reduce queuing periods from their current excessive levels. AQIS funding should be subject to a funding formula (like that applied to the Australian Customs Service) that provides increases in funding in line with the growing number of passengers coming through airports and number of airports serviced.

In addition, TTF recommends that the Government endorse the Express Path system for use in all Australian airports in order to reduce average queuing times for all passengers and reduce congestion in airport baggage halls.

Given pressure on Quarantine inspection at primary international airports, Government should facilitate the development of secondary international airports such as Newcastle. This will require supplementary funding by Government of AQIS and other border agencies if these services are to be provided cost effectively to passengers of the commonly low cost carriers which will seek to use these airports.

Increased resources should be provided to the Passenger Facilitation Taskforce to accelerate its development of improved passenger processing at airports and improved co-ordination between border agencies, airports and airlines. In particular, funding should be granted to allow the planned trial at Melbourne Airport of in-line X-ray equipment for AQIS to be fully funded and for ongoing collection of improved data on the delays in airport passenger processing.

Further funding for airport quarantine processing should come from the agricultural sector or general community and not result in increased tourism taxes, given the relative beneficiaries of AQIS inspection and the comparatively much lower levels of Government assistance to the tourism industry than the agricultural industry.



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