



WELCOME TO AUSTRALIA!

IMPROVING THE INTERNATIONAL VISITOR EXPERIENCE AT THE BORDER

November 2016



In partnership with



TOURISM & TRANSPORT FORUM

The Tourism & Transport Forum (TTF) is a national, member-funded CEO forum advocating the public policy interests of leading corporations and institutions in the Australian tourism, surface transport and aviation sectors. TTF is the only multi-model transport advocacy group in Australia, and is committed to improving the quality of passenger transport across the country.

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EXECUTIVE SUMMARY



International airports are powerhouses in our 21st century global economy, supporting international commerce, driving employment and facilitating tourism. The acceleration of globalisation has led to a rise in air traffic, with rising incomes and lower airfares driving mobility across an increasingly more interconnected world. It is an opportune time for governments to improve the experience at the border, which forms a critical part of the travelling experience for both residents and travellers across all demographics.

At a time when the global economy is showing signs of weakening,¹ governments should be looking at budget-neutral improvements that will generate major economic and social benefits. In 2011, Australia's airports generated a total economic contribution of around \$17.3 billion.² A world-leading position on border facilitation has the potential to produce real flow-on effects for the industry, accelerate international visitation to Australia and deliver a corresponding uplift in expenditure and national productivity. Minor reforms have the potential to significantly improve the travel experience for millions of passengers, Australian and international travellers alike, who pass through Australian airports every month.

This report aims to answer key issues facing the industry in the face of growing passenger numbers passing through Australia's borders on a selection of:

- Is the border experience impacting Brand Australia?
- What are the benefits of streamlining passenger facilitation?
- How do we deal with future passenger growth and security risks?
- What are the world-leading facilitation standards that Australia needs to adopt?

Striving for a world-leading position on border facilitation will make Australia's gateways more appealing while enhancing 'Brand Australia'. There is widespread industry concern that an unpleasant experience at the airport will create customer dissatisfaction and negative referrals, pushing passengers to opt for alternative destinations or be discouraged to return – an important consideration for Australia given that more than 60% of our international visitors are return visitors.³

The implementation of recommendations outlined in this report get Australia, at best, on par with its competitors – and this outcome will be under threat should our competitors innovate further. With Australia's international passenger movements expected to double in the next decade, current bottlenecks at the border are set to worsen if urgent reforms are not undertaken. Industry requires an innovative mindset from Federal Government. Making the right investment decisions now will ensure that Australia fulfils its tourism potential in the face of an increasingly competitive global tourism industry and that Australia is prepared for the number of logistical and security challenges that will only grow as visitor numbers increase.

1. RBA (2016), *Statement on Monetary Policy* – May 2016.

2. Deloitte (2012) *The economic and social contribution of Australia's airports*.

3. Tourism Research Australia (2016) *International Visitor Survey results to December 2015*.

PRIORITISE CUSTOMER SERVICE

Australian Government agencies have a broader responsibility beyond ensuring the safety of travellers and protecting our borders. While security will always be the highest priority, Government must work with industry and other stakeholders to lift service levels.

Improvements in passenger facilitation should be viewed through a security and service lens. The two are not incompatible and need not be compromised for the other. This can be achieved by reinforcing the importance of a positive customer experience by introducing service and security elements in KPIs for border officers, capturing customer feedback and engaging the private sector on further improvements.

Another critical aspect of improving the service offering is the introduction of premium passenger facilitation options that will allow industry to offer the option of a personalised border experience for those travellers with the need and capacity to pay for such services.

Improvements in the traveller experience will not be achieved by airport operators and airlines alone. A collaborative and timely approach to planning and improvement on the part of Government agencies such as the Department of Immigration and Border Protection (including the Australian Border Force), the Department of Agriculture and Water Resources and the Department of Infrastructure is critical to shaping the traveller experience at the border, and enhancing 'Brand Australia'.

RECOMMENDATIONS

1. **Integrate customer service into Australia Border Force responsibilities and redefine clear performance targets** to ensure that the service delivery function of the Australian Border Force is of a world-leading standard
2. **Commence premium facilitation trial** to provide the level of service expected by higher-yield visitors who are critical to growing Australia's share of global visitor expenditure
3. **Integrate the border functions from each agency** to adopt a collaborative approach to improving the end to end facilitation process and encourage closer collaboration with the industry

ENHANCE CAPACITY

Government should constantly be seeking ways to improve and upgrade existing systems and processes. To better utilise existing infrastructure and prepare for future growth, Government should undertake reforms that will minimise processes that are a source of inconvenience and frustration for passengers – notably through digitising and streamlining facilitation processes. This has the benefit of minimising human time wasted; improving efficiency in the short term and reducing costs in the long term.

Given the high level of investment and structural changes required to expand physical infrastructure, Government should assess what can be done to enhance the capacity of existing space. It is encouraging to see Government recognising there are pressure points in the facilitation process that can be alleviated with some simple reforms. Industry would like to see this innovative approach adopted across the entire end to end facilitation process.

RECOMMENDATIONS

4. **Reform the Tourist Refund Scheme to be competitive globally** to better capture the economic benefits that flow from tourist shopping
5. **Modernise traveller data collection** to remove bottlenecks in the facilitation process that burden the traveller and contribute to delays
6. **Implement baggage tracking systems** to enable innovative and efficient baggage transfer and delivery services

MODERNISE THE FACILITATION PROCESS

There is now broad acceptance that modern technology offers more accurate way of processing passengers than human intervention, and is widely accepted and expected by the travelling public. Border agencies should utilise this to cope with future growth. Risk-based facilitation models and the automation of manual processes will allow the majority of travellers to pass through borders without unnecessary contact and minimal intervention, and enable the deployment of resources to improve capacity where it matters most.

In an age of increasing global instability, national governments are understandably reviewing and heightening their security arrangements to ensure that airports are safe and secure public spaces. Such national security discussion needs to take place as part of the broader discussion about Australia's competitiveness in the global visitor economy. Providing high quality customer service and maintaining or enhancing security measures should not be considered mutually exclusive – the use of data and technology can achieve security priorities while offering a continually improving visitor experience at the border. Moreover, the use of data will facilitate forward planning, allow prompt responses to contingencies and the optimisation of resources and staff deployment.

Continued increases in global passenger traffic will present major challenges for those tasked with the security of Australia's borders. The current pressure points in the system are set to be exacerbated by growing passenger numbers, with official forecasts showing that inbound visitor arrivals to Australia are likely to grow at an annual average rate of 4 per cent to reach 10.6 million by 2024/25.⁴ The potential implications include growing constraints on resources dedicated to aviation security, and longer queues and waiting times at Immigration, Customs and Biosecurity at Australia's airports, leading to dissatisfied passengers.

Our competitors understand the importance of preparing for the anticipated continued strong growth in international travel and the inherent value of improving existing systems and processes.

We need to get the right policy settings in place to ensure that the experience at the border is safe, efficient and welcoming. The Australian Government should adopt a more ambitious approach to improving the passenger experience at our borders or we will risk falling even further behind. It is time now for the Australian Government to set more ambitious targets to meet 21st century traveller expectations and improve the visitor welcome.

RECOMMENDATIONS

7. **Expand Smart Gate eligibility to a greater number of travellers** to offer a low-touch facilitation process to a greater number of passengers during peak periods
8. **Accelerate utilisation of automation capabilities** to streamline a greater number of passengers
9. **Develop a risk-based facilitation model** to move towards a 'single token' model for the passenger journey and better allocate human resources where it is needed most and will be most effective



4. Tourism Australia (2015) International Market Update.

A man with dark hair and a beard, wearing a blue and white checkered shirt, is smiling while interacting with a self-service kiosk. He is holding a black suitcase handle in his left hand. The background is blurred, showing what appears to be an airport or travel agency setting. A semi-transparent red banner is overlaid across the middle of the image, containing the text "1. INTRODUCTION".

1. INTRODUCTION

INTRODUCTION



Tourism has been identified as one of the five super-growth sectors that have the potential to collectively add \$250 billion to the Australian economy over the next 20 years.⁵ With the slowing of sectors including manufacturing and mining, Australians are looking to the sectors that can deliver sustainable growth and jobs into the future. The global goods trade remains relatively stagnant, with the world economy increasingly relying on the 'services' economy to sustain growth. Against the backdrop of an economy in transition, the visitor economy continues to emerge as one of the foundations of Australia's future prosperity.

Governments around the world are quickly recognising the opportunity that tourism presents for GDP and employment growth and are putting the policy settings in place to take advantage of this, including reforms to visa policies and costs to lower barriers to travel.

In light of increased competition from overseas, the Australian Government must remain innovative and competitive by undertaking urgent policy reform to continue to build on the flow of international visitors to Australia. A key component of this policy reform is ensuring that the right soft and hard infrastructure is in place so that visitors have the best experience possible as they arrive and depart. The failure to do so will see our market share of international visitors erode even further.

The passenger facilitation processes in Australia – both inbound and outbound – contain a number of significant bottlenecks that impact the visitor experience. There is an opportunity now to improve Australia's offering and enhance Australia's international reputation.

The importance of the visitor's experience at the border should not be underestimated: the facilitation process at the airport represents a small window of opportunity to demonstrate that a nation is serious about offering the best experience possible. The benefits of a more efficient and service-oriented passenger facilitation process far outweigh the costs involved. This has tangible flow-on benefits to all stakeholders involved in the facilitation process, which can be captured as follows:⁶

AIRLINES

- Improved value proposition
- Shorter transit times
- Cost avoidance in take-off delays

GOVERNMENT

- Maintain determined level of security
- Avoid increase in security costs
- Reduced size of crowds to minimise level of threat

AIRPORTS

- Improved passenger throughput
- Economic benefits in retail revenue
- Deferment of infrastructure requirements

TRAVELLERS

- Reduced queuing times
- Less stress and less hassle
- Increased discretionary time after security checkpoint

5. Deloitte Access Economics (2013) *Positioning for Prosperity? Catching the next wave*.

6. International Air Travel Association (2015) *Passenger Experience Workshop, Asia-Pacific*.

For an island nation, the visitor experience at the airport is a key contributor to how we present to overseas visitors and helps to shape their decision to return for future visitations. Considering that more than 60 per cent of international visitors landing at our airports have been to Australia on a previous occasion, providing a positive experience at the border has never been more important to ensure they keep returning. A missed opportunity to create a positive experience at the border is a missed opportunity to convert initial visitation to recurring visitation, and a missed opportunity for Australia to have a chance at maintaining its position within the global tourism market, which will continue to become increasingly more competitive.

In a Presidential Memorandum issued 22 May 2014, US President Obama highlighted the important role that the United States travel and tourism sector plays in the national economy and supporting jobs.⁷ A national goal was developed in response:

The United States will provide a best-in-class international arrivals experience as compared to our global competitors, to an ever-increasing number of international visitors while maintaining the highest standards of national security. Together, the public and private sectors endeavour to ensure that legitimate travellers feel secure and welcome and view their arrival experience as the very best as compared to our global competitors.⁸

The Departments of Commerce and Homeland Security subsequently established a new inter-agency task force to identify the key factors that drive a traveller's perception of the international arrivals experience and decision to travel to the United States.⁹

The US national goal and the steps taken by Government to realise this goal shows that the US is serious about remaining competitive and creating an 'exemplary' entry experience for travellers. It demonstrates an understanding by their political leaders that high standards of service will have to be balanced with the challenges posed by the increase in international travel.

Even with high political ambitions, the Transport Security Administration (TSA) was the focus of negative headlines in May 2016 due to queues at airports across the United States, which were 'creating problems for travellers'. A social media campaign, 'I Hate the Wait', was started by the airline industry, giving travellers a chance to air their grievances in relation to long airport queues by posting photos and comments of their experiences.¹⁰ Mounting pressure on the TSA also manifested itself in a public letter written by the Port Authority of New York and New Jersey (operator of JFK International, Newark Liberty International and LaGuardia airports) stated it 'can no longer tolerate the continuing inadequacy of TSA passenger screening services'.¹¹

The immediate solution to address the queues at Chicago's Midway and O'Hare airports was the announcement of 58 more TSA screeners in May/June 2016, 250 more by mid-August and the shifting of 100 TSA screeners from part-time to full-time hours.¹² Other solutions announced by TSA Administrator Peter Neffenger include a major focus on training to address concerns that there are inconsistencies in the current model as well as examination of staffing models on an airport by airport basis to ensure future improvements are tailored to the specific airport in question.

While Australia has seen growth in visitor numbers and expenditure from key markets, the US reality demonstrates we clearly cannot afford to be complacent. With Australia's international passenger movements expected to double by 2025-26,¹³ improving our service offering at our borders will be critical to ensuring that Australia is able to offer a modern, efficient and safe travel experience that matches those of our competitors.

Industry has made serious investments to improve service and productivity, and to innovate in line with global trends and standards. But Government policy has not kept pace. Given the historic and increasing importance of tourism to Australia, industry needs Government to better understand the contribution of tourism, and to support us in becoming a world leader in this sector.

7. US Department of Commerce and Department of Homeland Security (2015) *Supporting Travel and Tourism To Grow Our Economy and Create More Jobs: Report to the President*.

8. US Department of Commerce and Department of Homeland Security (2015) *Supporting Travel and Tourism To Grow Our Economy and Create More Jobs: Report to the President*.

9. *Ibid*

10. Airlines for America (2016) *I Hate the Wait* accessed 24 May 2016

11. The Port Authority of NY & NJ (Letter to Honorable Peter Neffenger) 4 May 2016 accessed 20 May 2016.

12. Ryan Ghee (2016) TSA Administrator outlines collaborative strategy to help solve airport security checkpoint problems *Future Travel Experience* accessed 29 May 2016.

13. Bureau of Infrastructure, Transport and Regional Economics (BITRE) (2008) *Air passenger movements through capital city airports to 2025-26*, Working Paper 72, Canberra ACT.



2. VALUE OF TOURISM

2.1

TOURISM AND THE AUSTRALIAN ECONOMY

THE ECONOMIC POTENTIAL

By setting a strategic target of growing overnight tourism expenditure to over \$115 billion by the end of the decade, the Australian Government has recognised the potential of the tourism industry. This goal reflects the increasingly important role of travel as a driver of economic growth and job creation, and is indicative of the fact that the international travel market has become one of the most highly competitive and lucrative in the world.

In Australia, tourism contributes approximately \$43.4 billion in direct GDP and another \$49.7 billion in flow-on GDP, representing 5.9 per cent of the national economy. The industry supports 1 in 12 jobs across the country.¹⁴

Globally, tourist numbers grew by more than 4 per cent over the course of 2015 – the sixth consecutive year of above-average growth – to reach 1.2 billion, or by some 50 million more than in 2014.¹⁵ International visitation has risen from around 797 million travellers in 2005 to 1.2 billion in 2015, or by around 4% per annum and UNWTO expects international tourist arrivals to continue to grow by around 4% in 2016 and continue to rise to around 1.8 billion by 2030.¹⁶

The market share of emerging economies increased from 30% in 1980 to 45% in 2014, and is expected to reach 57% by 2030, equivalent to over 1 billion international tourist arrivals.

AUSTRALIA'S SHARE OF INTERNATIONAL TOURISM

Australia welcomed more than 7.4 million international visitors over the course of 2015, which represents an increase of around 3.1% on average per annum on the 2005 outcome of just under 5.5 million visitors. Each international visitor now also spends a little more than A\$5,300 on average visiting Australia.¹⁷

While Australia has been fortunate with a steady stream of inbound tourism, it still lags behind its competitors. The World Tourism Barometer¹⁸ shows that Australia was 43rd in the world for international tourist arrivals and 11th in the world for international tourist receipts (spending in US\$ terms) in 2015, well behind the leaders in France, the USA, Spain and China. As a long-haul destination for almost all of our key markets, Australia must naturally work harder than most to attract international visitors and keep them coming.



THE IMPORTANCE OF INTERNATIONAL VISITATION

International visitors are critically important to the tourism economy – they stayed around 10 times longer and spent more than eight times more on average than domestic travellers in 2015.¹⁹ To lift our competitiveness and capture greater market share, we need to offer international visitors an end to end experience that rivals or exceeds that of our competitors. Government must work more aggressively in implementing policies to ensure that the experience at our borders is at a level that convinces travellers to return, or recommend to their family and friends.

Developing a world-class visitor experience at the border is an important but often overlooked part of the 'soft infrastructure' required to enhance Australia's potential to be a tourism powerhouse. The border experience is often the first and last point at which international travellers interact with Australia – and first and last impressions count.

It is also important in attracting return visitors, which are critical to the sustainability of Australia's visitor economy. A positive experience can transform individuals into advocates for Australian tourism while a negative experience can ripple through an individual's social and business networks and impact the perception of a destination.

14. Tourism Research Australia (2015) State Tourism Satellite Accounts 2013-14.

15. United Nations World Tourism Organisation (2015) International tourist arrivals up 4% reach a record 1.2 billion in 2015.

16. United Nations World Tourism Organisation (2015) International tourist arrivals up 4% reach a record 1.2 billion in 2015 and United Nations World Tourism Organisation (2011) Tourism Towards 2030.

17. Tourism Research Australia (2016) International Visitor Survey results to December 2015 and Australian Bureau of Statistics (2016) Overseas Arrivals and Departures – Short-Term Arrivals.

18. United Nations World Tourism Organisation (2015) UNWTO World Tourism Barometer, December 2015.

19. Tourism Research Australia (2016) International and National Visitor Survey results to December 2015.

2.2

IMPORTANCE OF AVIATION TO THE TOURISM INDUSTRY

A GROWING AVIATION INDUSTRY

Strong growth in international visitation to Australia is not feasible without a burgeoning aviation industry. Since more than 99% of international visitors arrive in Australia by air, aviation policy has a significant effect on the tourism industry. Aviation also improves productivity of the wider economy by strengthening a country's ability to trade, attracting investment and establishing international connectivity.

The tyranny of distance due to Australia's relative global isolation has been alleviated in recent years by access to regular, safe and affordable air transport. To remain competitive within a tough global aviation market, the aviation industry relies on domestic policy settings that allow the industry to serve current growth numbers, and stimulate further growth.

Government has worked to boost the capacity and competitiveness of the sector through investment in destination branding and visitor infrastructure, and gradual policy reform to improve the tourism industry's competitiveness. Over the last 20 years, international aviation capacity in Australia has grown from 7.7 million inbound seats in 1993 to 21 million 2013 (or an average annual growth rate of 5.1%).²⁰

Australia has also managed to track ahead of expectations to achieve its Tourism 2020 aviation capacity targets, with around 80% of the additional seats required already occurring in the first five years

(2009 to 2014) of the 10-year plan.²¹ While this growth trajectory is encouraging, industry has indicated that during peak periods the current system is already hard pressed to adequately service passengers passing through our borders at world-leading standards.

CURRENT AND FUTURE CHALLENGES

The efficient processing of passengers by government border agency staff is critical to facilitating passenger movements through an airport. Over the past two years, airports have raised concerns about the efficient facilitation of international passengers through Customs, Immigration and Biosecurity processing points, generally stemming from the lack of resources adequate to cover peak passenger periods and subsequently causing delays to both arriving and departing passengers and delays to some flights.²²

In the US, where the number of passengers has increased nearly 12% since 2011, while the number of Transport Security Administration (TSA) screeners has declined by 12%, passengers are faced with long queues and waits of an hour or more at some airports. This became a public issue in May 2016, leading the secretary of Homeland Security to respond with an announcement that the TSA would pay more overtime for screeners, speed up hiring and increase the use of bomb-sniffing dogs. Congress shifted \$34 million into the TSA's budget to help the agency pay for 768 additional screeners.



20. Tourism Australia (2015) Visitor Statistics: Aviation accessed 2 February 2016 <<http://www.tourism.australia.com/statistics/aviation.aspx>>.

21. Tourism Australia (2015) Visitor Statistics: Aviation accessed 18 January 2016 <<http://www.tourism.australia.com/statistics/aviation.aspx#tracking>>.

22. Australian Competition and Consumer Commission (2016) Airport Monitoring Report 2014-15.



BECOMING A WORLD LEADER

The Australian Border Force (ABF), as the front-line operational agency within the Department of Immigration and Border Protection, plays a central role in border processing²³ being responsible for managing the facilitation process and often being the first point of contact for departing and arriving travellers. It is important to note that the decision to integrate the Australian Customs and Border Protection Service with the Department of Immigration was in response to a report compiled by the National Commission of Audit²⁴ which recommended that the border control functions of DIBP and Customs be merged into a single agency. In making its recommendation for the merger, the report highlighted the importance of upholding the following functions:

- Trends and developments (including in technology) which will give rise to a series of integrated activities beyond and within the border;
- An intelligence-led, risk-based approach to ensure better border management with a focus on dealing with material threats while the vast majority of people and cargo that are low risk are easily moved;

- Continued growth in electronic lodgement and online processing which reduce transaction costs and improved information capture; and
- More efficient collaboration, integration and communication between stakeholders along with early interventions upstream to enhance Australia's capacity to manage its borders.

The DIBP should take note of the points identified in the report and let this guide the agency's day to day functions and encourage the prioritisation of current projects that will serve to improve the customer experience. This will ensure that Australia keeps up with the latest global developments in passenger facilitation.

The role of the ABF (and its predecessor) has become more challenging over time with heightened security requirements, increased passenger numbers and heavier peak periods.²⁵ At this critical juncture the ABF should work with the aviation industry to ensure that Australia gives all travellers the best experience possible while maintaining the highest standards of national security. While traditionally Australia has viewed itself as a warm and welcoming nation, there still exist major barriers to providing a world-leading facilitation process at the border.

23. Productivity Commission (2015) *Australia's International Tourism Industry*.

24. National Commission of Audit (2014) *Towards Responsible Government: The Report of the National Commission of Audit, Phase One* accessed 23 November 2015. The Commission considered the biosecurity functions of the Department of Agriculture and Water Resources should remain separate for the time being.

25. Australian Competition and Consumer Commission (2016) *Airport Monitoring Report 2014-15*.

The background of the slide is a low-angle, upward-looking shot of a modern glass skyscraper. The glass panels reflect the sky and other parts of the building, creating a complex geometric pattern of lines and shapes. A solid red horizontal band is superimposed across the middle of the image, serving as a backdrop for the section header.

3. SUMMARY OF RECOMMENDATIONS

RECOMMENDATIONS

PRIORITISE CUSTOMER SERVICE

Integrate customer service into Australian Border Force responsibilities and redefine clear performance targets	
Short term	ABF to develop and be accountable to passenger facilitation key performance indicators (KPIs) that incorporate security and service standards
	Allocate funding in the 2017-18 Federal Government Budget for the introduction of customer service training for Australian Border Force Officers
	Implement an electronic feedback system at international airports
	Engage with private sector companies with reputations for excellence in customer service, seek recommendations on measurement and improvement of the traveller's experience during the facilitation process
Medium term	Standardise KPIs across all local Australian Border Force authorities
	Create a mechanism to capture customer feedback with a view to measure performance and share captured data with industry on an ongoing basis
Long term	Implement an annual review of KPIs to ensure measures are relevant, targeted and effective
	Develop a world-leading reputation in customer service and border facilitation
Commence premium facilitation trial	
Short term	Finalise premium facilitation business model and undertake a trial
	Amend legislative barriers to implementing a user pays system
Medium term	Implement premium facilitation services across all international airports in Australia
Long term	Offer world-class premium facilitation services to passengers at airports in Australia
Integrate the border functions from each agency	
Short term	Review National Commission of Audit recommendation for further integration of functions at the border
	Amend legislative barriers to centralise border functions and responsibilities within Australian Government agencies within ABF
Medium term	Centralise border functions and responsibilities within Australian Government agencies within ABF
Long term	Establish a fully operational division within ABF solely focused on improving the end to end facilitation process at the border and set ambitious performance targets of new division

RECOMMENDATIONS (CONT.)

ENHANCE CAPACITY

Reform the Tourist Refund Scheme to be competitive globally	
Short term	Allocate additional staff to administer TRS refunds during peak periods as a precursor to reform
	Review the current operating model and complete consultation with States and Territories with a view to implementing an 'open market' model for TRS
Medium term	Introduce an 'open market' for TRS
Long term	Implement a mechanism to measure customer satisfaction with the reformed TRS system
Modernise Traveller Data Collection	
Short term	Finalise consultation with stakeholders regarding alternative methods of collecting data
	Remove the requirement for international passengers to complete the paper-based Outgoing and Incoming Passenger Card
	Share outcomes of mobile boarding pass trial
Medium term	Remove legislative impediments for digital collection of incoming and outgoing passenger information and commence implementation
	Implement mobile boarding passes for domestic and international flights
Implement baggage tracking systems	
Short term	Establish mechanism to link pre-cleared passengers with baggage
Medium term	Trial baggage screening systems to be able to implement baggage on-demand and baggage delivery services
Long term	Establish baggage on-demand and baggage delivery services

MODERNISE THE FACILITATION PROCESS

Expand Smart Gate eligibility to greater number of travellers	
Short term	Consult with industry to determine the number of additional Smart Gates to be installed following first tranche of delivery
	Expand Smart Gate eligible-traveller list to include travellers from low-risk countries (including children)
Medium term	Expand Smart Gate capability to all international airports for all nationalities (including children)
Accelerate utilisation of automation capabilities	
Short term	Commit to further investment in the next Federal Budget for research and development for technology required for a self-service facilitation model
Medium term	Commence trials for Seamless Traveller using biometrics
Develop a risk-based facilitation model	
Short term	Develop self-service/biometric capabilities and ensure that biometric passenger information is shared with stakeholders
	Commence trials for the new traveller pathway system
Medium term	Alter necessary passenger facilitation and security procedures to accept this technology
	Implement extensive trial period and continue promoting implementation of expedited border solutions
Long term	Fully operational self-service facilitation model

4. WHAT IS PASSENGER FACILITATION?

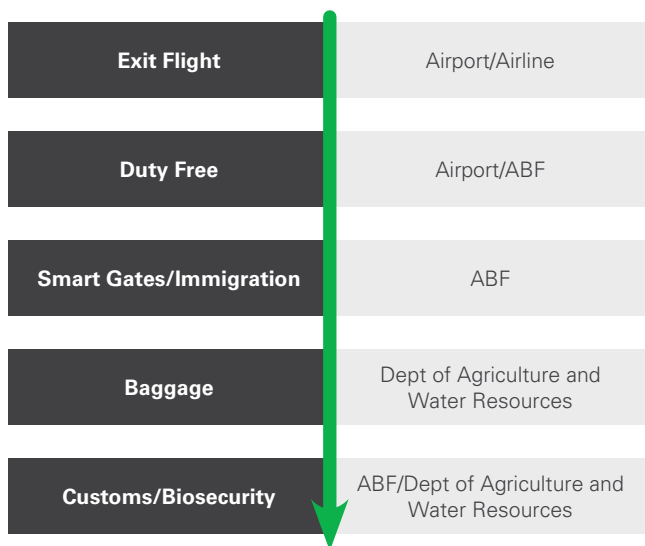


4.1

PROCESSES AT THE BORDER

A secure, efficient and welcoming entry experience can attract increased visitation, boost Australia's share of the international travel market and capture the economic gains of expanding travel. A slow, inefficient or unpleasant experience at the border can create an unwelcome environment for international travellers and negatively impacts the local economy.

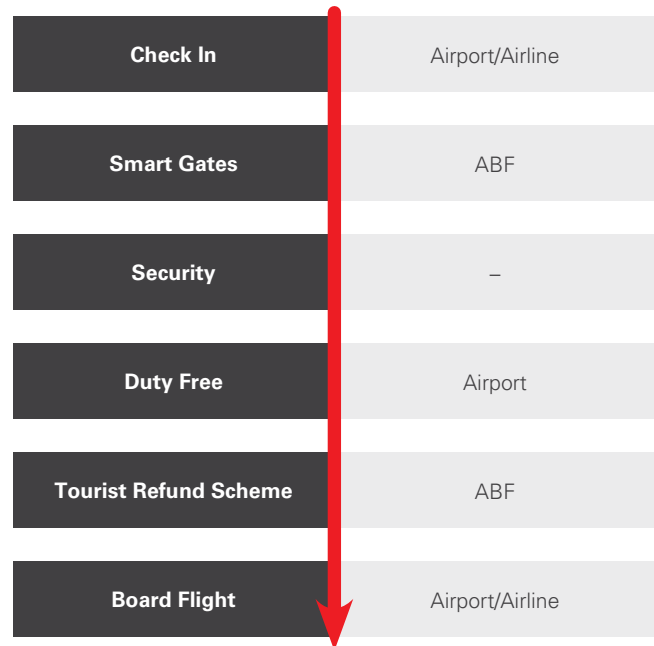
The current inbound facilitation process can be represented as follows:



Issues:

- Inconvenience of manually completing paper Incoming Passenger Card for all travellers
- Requirement to complete paper Incoming Passenger Card before being inspected by Biosecurity causing delays and confusion for passengers
- Children and countries with high inbound visitation not eligible for Smart Gates causing delays and confusion for passengers
- Lack of staff available to manually process passengers where necessary particularly during peak periods causing delays and leaving poor impression on passengers
- Staff members not trained in customer service delivery or cultural/language skills
- Passenger time spent waiting for baggage at carousels for extended and unpredictable periods causing disruptions to personal travel schedule

The outbound facilitation process can be represented as follows:



Issues:

- Lines associated with manual check-in
- Inconvenience of manually completing paper Outgoing Passenger Card
- Countries with high inbound visitation ineligible for Smart Gates causing delays and confusion for passengers
- Liquids, aerosols and gels (LAGs) causing congestion at security
- Lines at TRS facilities causing airlines to locate passengers before flights
- Delay of Outwards Control Point (OCP) for early departures (not in line with international standards)
- Lack of staff members on duty to process passengers during peak periods impacting airline and airport operations (causing flight delays and loss of valuable idle time for passengers to access lounges or duty free)

The cumulative impact of each of the pain points in the inbound and outbound facilitation process is a negative passenger experience that impacts Brand Australia. Both processes should be streamlined to improve the experience for travellers passing through Australia's borders, enhance our image and cope the growing number of passengers and the security risks accompanying this growth.

4.2

WHO IS INVOLVED?

Passenger facilitation is not achieved by airport operators alone. The end to end passenger facilitation process requires a high level of interaction and coordination between various partners and stakeholders, from the time of booking to the time of arrival at the final destination.

Airlines and airports invest heavily in programs to improve the experience for visitors. Beyond their control, however, are the operations of Government agencies, including the Australian Border Force, the Department of Agriculture and Water Resources and the Department of Infrastructure, who are responsible for passenger facilitation at the border. Airports have expressed concern that passengers who are subject to processing delays will develop a negative perception of service received at the airport, which is eventually reflected in the quality of service results of the ACCC's monitoring report.²⁶

On 1 July 2015 the ABF was established as the new frontline operational entity within the Department of Immigration and Border Protection, as a product of the integration of the Australian Customs and Border Protection Service and the Department of Immigration and Border Protection.²⁷ With primary responsibility for protecting Australia's border and the management of people and

goods across it, the ABF has the potential to directly impact the visitor's first and last impressions of Australia.

Multiple Government agencies have a critical role to play in establishing and administering the regulations that impact air travel, including the traveller's experience at the border:

- **Australian Border Force (ABF):** manages the security of Australia's borders and works closely with other government and international agencies to detect and deter the unlawful movement of goods and people across the border.
- **Department of Agriculture and Water Resources:** acts as service provider for Department of Health regulations and policy and implements biosecurity framework that underpins border flows to reduce the risk of harmful pests and diseases entering and establishing in Australia.
- **Department of Infrastructure:** regulates transport systems that are more secure against the threat of terrorism and unlawful acts, including terminal design, layout and configuration.
- **Department of Health:** implements biosecurity measures to protect Australia's border and mitigates national health risks.



26. Australian Competition and Consumer Commission (2016) Airport Monitoring Report 2014-15.

27. Department of Immigration and Border Protection (2016) Our history accessed 4 January 2016. We note that while the Australian Border Force was formally established on 1 July 2015 the functions and services of the Australian Customs and Border Protection Services continue to be performed by the Department, and within it, the Australian Border Force.

WHO IS INVOLVED? (CONT.)

Regulations put in place by these agencies are often dictated by international events that require health and security measures in response. Some of the requirements currently in place as a result of public safety concerns include:

- **Advanced Passenger Processing (APP) legislation** requiring from airlines a compliance standard of 99.8% (moving to 100% in July 2016) for the provision of information regarding passengers departing from Australian airports prior to check-in, to allow Department of Immigration and Border Protection to identify persons entering or leaving Australia;
- **Explosive Trace Detection (ETD)** on a random basis;
- **Rules for taking liquids, aerosols and gels (LAGs) on flights** in and out of Australia;²⁸
- **Use of body scanners** at eight international gateways including Adelaide, Brisbane, Cairns, Darwin, Gold Coast, Melbourne, Perth and Sydney Airports;²⁹
- **The Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014** which enhances the capabilities of Australia's law enforcement and intelligence agencies 'to respond proactively and effectively to the threats posed by foreign fighters to Australia and its national security interests';³⁰ and
- **Biosecurity requirements** to declare certain food, plant material (including wooden articles) and animal products on an Incoming Passenger Card, which are then inspected by a Department of Agriculture and Water Resources officer during border clearance to ensure that they are not carrying pests or diseases.³¹

Prior to the implementation of the downscaled border screening arrangements, incoming passengers to Australia were required to complete and submit an Ebola Travel History Card in addition to the compulsory Incoming Passenger Card, as a response to the peak of the West African Ebola Outbreak in August and September 2014. The universal requirement for inbound passengers to complete this card had caused facilitation delays at the border and unnecessary inconvenience to passengers.

On 3 November 2015 the Federal Government approved the downscaled of the Ebola Virus Disease (EVD) domestic border screening measures at airports and seaports to reflect the decreased risk to Australia. This helped to alleviate some of the burden on passengers, despite the existing requirement for those who have visited an Ebola affected country to declare this fact at the Smart Gate and declare on the Incoming Passenger Card that they have recently travelled to Africa.³²

The cumulative impact of such regulations, whilst important for the security regime, have the potential to cause inefficiencies within the facilitation process and reduce demand for air travel.³³ A Global Passenger Survey conducted by the International Air Transport Association (IATA) from 2012 to 2015 shows that 'queuing time' is the most frustrating element at airport security.³⁴

Existing inefficiencies should be identified and addressed to alleviate the current bottlenecks forming in the facilitation process. This is a source of unnecessarily long wait times and frustration for travellers, which has unintended consequences on the visitor economy. Improving the overall experience therefore requires a collaborative approach to planning and improvement.



28. Department of Infrastructure and Regional Development (2016) *Liquids, aerosols and gels* accessed 3 March 2016.

29. Australian Department of Infrastructure and Regional Development (2015) *Airport Body Scanners* accessed 18 January 2016.

30. Parliament of the Commonwealth of Australia (2014) *Counter-Terrorism Legislation Amendment (Foreign Fighters) Bill 2014 – Explanatory Memorandum*.

31. Australian Department of Agriculture and Water Resources (2015) *Travelling to Australia* accessed 18 January 2016.

32. Australian Department of Health (2015) *Downscaling of Ebola border screening measures* accessed 18 January 2016.

33. *Ibid.*

34. Nathalie Herbelles (2015) *Passenger Facilitation. Presentation* accessed 15 February 2016.

4.3

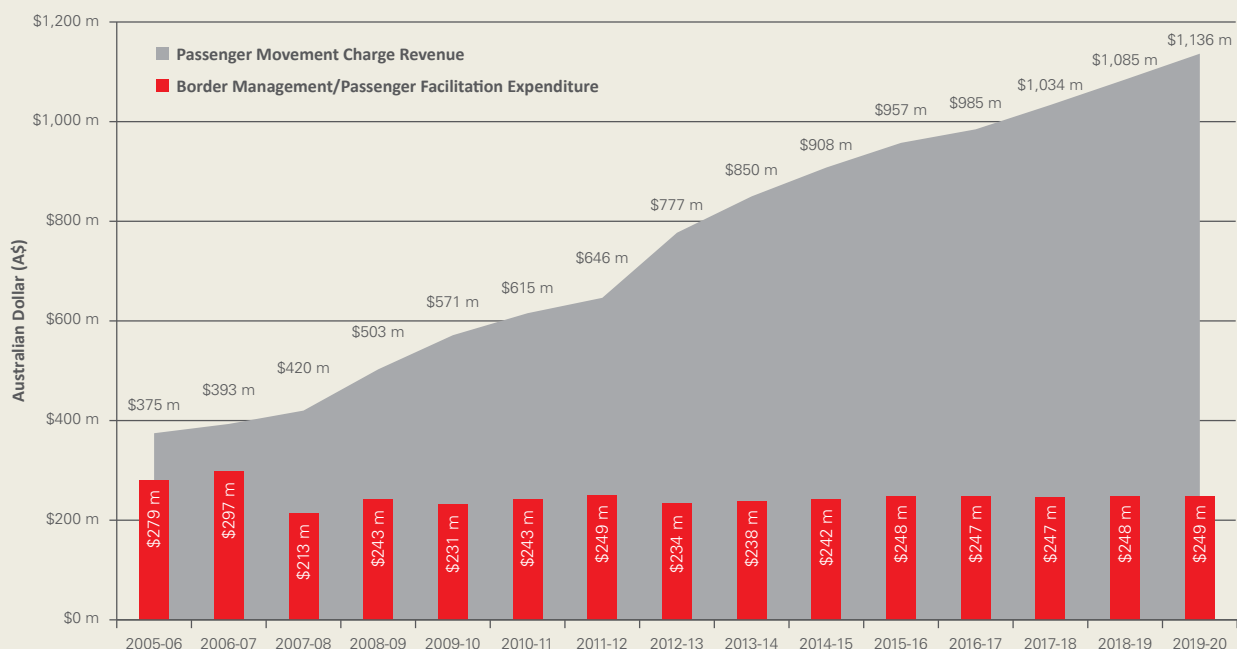
WHAT RESOURCES DOES GOVERNMENT EXPEND?

The Federal Government collects in excess of \$11 billion of revenue through visa application charges, the passenger movement charge (PMC) and import processing charges.³⁵ The PMC is a A\$55 tax collected from international visitors and was introduced in 1995 to recover the costs associated with border processing and short-term visa issuance. Subsequent Government decisions to increase the

PMC mean that considerably more revenue is now collected than is needed to cover the costs of processing visitors.

Budget estimates for the 2016-17 financial year show the PMC alone is expected to generate for government approximately \$985 million, increasing to \$1.1 billion by 2019-20.

PASSENGER MOVEMENT CHARGE OVER-COLLECTION



In terms of the actual cost of facilitating passenger movements at airports, the 2013-14 Commonwealth Budget estimates expenditure on passenger facilitation totalled approximately \$250 million per annum; interpolating this outcome forward suggests similar outcome in 2016-17 and beyond. This suggests the Department is set to over-collect more than \$730 million from the Passenger Movement Charge in 2016-17 alone. The Government announced in September 2016 that the PMC would increase by a further \$5.00 per passenger from July 2017.

Despite the over collection of PMC revenue, industry continues to be impacted by unacceptable staffing levels when disruptions need to be managed. A lack of staff to process passengers during peak and off-peak hours at Australia's major gateways leads to long queues at Immigration counters produces a poor first impression on visitors. At 24 hour facilities, international aircraft arriving or departing off-schedule have at times been forced to wait for up to

two hours with passengers still on board because the appropriate border staff are not on duty. Passenger facilitation services are paid for by passengers, and should be provided at the time of and in proportion to the requirement, regardless of time of departure or arrival.

With the revenue collected by the Australian Government from the PMC now more than triple the amount required to fund passenger facilitation by border agencies, the cost of policy reforms in passenger facilitation should not be further borne by industry.

Contrary to industry expectations, current bottlenecks in the facilitation process indicate that the PMC revenue collected from industry is not being put to staffing improvements or investments in technology that would directly benefit the industry that it is being collected from.

35. Australian Government National Commission of Audit (2014) *The Report of the National Commission of Audit, Phase One, Part 9.1.*

4.4

WHY IS PASSENGER FACILITATION IMPORTANT TO TOURISM?

There are a number of significant bottlenecks that prevent Australia from offering the warm welcome that it traditionally prides itself on. Not only can this cause reputational damage, but can result in lost economic opportunities in the long run. Long check-in times and overly intrusive security controls are often cited as negative factors in deciding whether to travel to a destination, whereas efficient and unrestrictive service can drive demand for travel.

Major terrorist plots and activities since September 11 2001 and subsequent enhanced security measures have left behind a legacy of a heightened aviation security but sometimes at the price of passenger convenience and industry costs.³⁶ For example:

- In response to the September 11 attacks the US Transport Security Administration (TSA) was established and was responsible for airport screening;
- In response to the foiled 'shoe bomber' incident on 22 December 2001 the US introduced the requirement to remove and screen shoes separately;
- In response to the Russian aircraft bomb incident on 24 August 2004 the US mandated the collection and transmission of Advanced Passenger Information (API) for flights into the US; and
- In response to the 'liquid bomb' plot at Heathrow on 10 August 2006 the liquids, aerosols and gels (LAGs) rules came into place.

Such rules and regulations, while enacted to minimise security risks, have an adverse impact on passenger flows through the border. International entry requirements and formalities, including long check-in times and intrusive security controls are cited as negative factors in deciding whether to travel to a destination.³⁷

The US Travel Association estimates that the total opportunity costs of standing in line instead of undertaking tourist activities, trips cancelled each year and the negative traveller experience that is spread around the world as a result of the entry process could cost the US economy up to \$95 billion and 518,000 jobs over the next five years.³⁸

Policy reforms that allow efficient and unrestrictive service at the border have the potential to drive demand for travel. The streamlining of border facilitation between the US and Canada via the Nexus program (whereby Canadians can pre-enrol as a trusted traveller by submitting personal data to US authorities ahead of travel) was fully rolled out in 2011. The following year trans-border air traffic between the US and Canada rose 4.7%, compared with a 3% rise in other international travel.³⁹



As highlighted in TTF's paper 'Bringing our Neighbour Closer', a study conducted by GHD consultants found that reducing the time and complexity for a journey to Australia would induce additional demand.⁴⁰ It estimated that Australia could be missing out on as many as 200,000 additional visits from New Zealand residents by 2020, which could inject as much as \$370 million into Australia's visitor economy. The amplification of this lost opportunity across all source markets equates to serious loss of major economic opportunity.

With passenger traffic passing through Australian airports expected to double by 2030,⁴¹ an enhanced service offering and utilisation of technology will make more effective facilitation possible. Improving the visitor experience will improve efficiencies and reduce lost economic opportunities in the long run. This can be achieved without having to compromise on security. TTF is calling for the Government to implement the policy changes that would make Australia a world-leader in facilitation standards.

36. Australian Government National Commission of Audit (2014) *The Report of the National Commission of Audit, Phase One, Part 9.1.*

37. World Economic Forum (2013) *The Travel & Tourism Competitiveness Report: March 2013.*

38. US Travel Association (2013) *Creating a Better Traveller Entry Process.*

39. *The Daily* (2013) *Airport Activity 2012* Statistic Canada / Statistique Canada. Ottawa.

40. GHD For the Department of Resources, Energy and Tourism Tourism Division) (2012) *Trans-Tasman Project Final Report.*

41. Australian Productivity Commission (2011) *Economic Regulation of Airport Services* and Bureau of Infrastructure Transport and Regional Economics (2012) *Air passenger movements through capital and non-capital city airports to 2030-31.*

5. IMPROVING THE VISITOR EXPERIENCE AT THE BORDER: OPPORTUNITIES FOR REFORM



5.1

DEVELOP A WORLD-LEADING REPUTATION IN CUSTOMER SERVICE AND BORDER FACILITATION

Sitting within the Department of Immigration and Border Protection (DIBP) is the newly formed Australian Border Force (ABF), representing a major recasting of traditional immigration and border security doctrines and institutions.⁴² The new body was formed 'to enhance national security and sovereignty, contribute to the national fabric and safeguard against undesirable elements penetrating society.'⁴³ Visual changes to the new agency include a change of corporate branding and a new uniform.⁴⁴

The potential erosion of the service delivery functions of the agency can be mitigated against by including service as a key component of the ABF officers' day to day duties and key performance indicators. To develop the capacity to deliver a warm and welcoming experience at Australia's border, the newly formed ABF should implement a culture of service and efficiency that is balanced with the renewed security priorities and security-focused mandate of the agency.

RECOMMENDATIONS

Integrate customer service into Australian Border Force responsibilities and redefine clear performance targets	
Short term	ABF to develop and be accountable to passenger facilitation key performance indicators (KPIs) that incorporate security and service standards
	Allocate funding in the 2017-18 Federal Government Budget for the introduction of customer service training for Australian Border Force Officers
	Implement an electronic feedback system at international airports
	Engage with private sector companies with reputations for excellence in customer service, seek recommendations on measurement and improvement of the traveller's experience during the facilitation process
Medium term	Standardise KPIs across all local Australian Border Force authorities
	Create a mechanism to capture customer feedback with a view to measure performance and share captured data with industry on an ongoing basis
Long term	Implement an annual review of KPIs to ensure measures are relevant, targeted and effective
	Develop a world-leading reputation in customer service and border facilitation
Commence premium facilitation trial	
Short term	Finalise premium facilitation business model and undertake a trial
	Amend legislative barriers to implementing a user pays system
Medium term	Implement premium facilitation services across all international airports in Australia
Long term	Offer world-class premium facilitation services to passengers at airports in Australia
Integrate the border functions from each agency	
Short term	Review National Commission of Audit recommendation for further integration of functions at the border
	Amend legislative barriers to centralise border functions and responsibilities within Australian Government agencies within ABF
Medium term	Centralise border functions and responsibilities within Australian Government agencies within ABF
Long term	Establish a fully operational division within ABF solely focused on improving the end to end facilitation process at the border and set ambitious performance targets of new division

42. Michael Pezzullo (2015) Tracing the far-reaching changes in immigration and border protection. Speech. Canberra, 26 June 2015.

43. The Hon Peter Dutton MP (2015) Customs and Immigrations: Past Reflections and Future Directions. Speech. Canberra, 26 June 2015.

44. Australian Immigration and Border Protection Department (2015) Plan for Integration accessed 5 November 2015

5.1.1

INTEGRATE CUSTOMER SERVICE INTO AUSTRALIAN BORDER FORCE RESPONSIBILITIES AND REDEFINE CLEAR PERFORMANCE TARGETS

WHAT IS THE ISSUE?

There is widespread concern from industry that the Government's prioritisation of national security has been to the detriment of customer service. The organisational change and relative infancy of the ABF presents an opportune time to review the impact of the body's activities on international travellers experience at Australia's border, and consider the changes and policy reforms required to improve this experience. Without prompt political action there is a risk that the service discourse will be lost. Security can be achieved while offering good customer service. The two are not mutually exclusive.

WHY DO WE NEED TO FIX IT?

The 2008 Review of Homeland and Border Security by the Australian Government notes the temptation to create new organisations or merge existing ones carries with it the risk that other service delivery, policy, program and regulatory functions of the agencies concerned could be jeopardised by restructuring them around their security roles.⁴⁵ With the emphasis on the ABF as a national security agency and the scope of the roles and functions of both DIBP and Customs, this risk is relevant now more than ever.⁴⁶

ABF officers stationed at airports are in one of the most traveller-facing roles within the agency and therefore play a critical role in front-line service delivery. While there is a general understanding that officers represent the 'face' for international guests and that they should act accordingly, there is currently no specific focus on customer service within the Australian Border Force.

WHAT IS THE SOLUTION?

An overarching expectation of service delivery in the roles and responsibilities of personnel and setting KPI targets would ensure that officers are consistently alert to the expectation of delivering a positive experience for travellers in all interactions around the airports, at security lines, or customs and immigration.

Government bodies should seek recommendations from private sector companies that undertake customer service training to produce positive results in the form of increased customer satisfaction. Given the forward-facing element involved in the highly specialised work that border officers undertake, Government should implement a customer service training program for all ABF staff. Cultural awareness and sensitivity should also be factored into processing.

Industry believes these reforms should be supplemented with a mechanism by which to measure the customer's experience as they are processed through the Australian border so that wait times, processing times and customer satisfaction can be measured against internal standards and national and international benchmarks. The results of this should be used to inform ongoing improvement of the arrivals process to ensure that Australia strives to provide a world-class standard of service.

This will be particularly instrumental in tracking customer satisfaction levels vis-à-vis variables including: the airport of travel, time of travel and the border officer who came into contact with the traveller. This should be used to inform the allocation of resources to staff training or improvements to processes where necessary.



45. Australian Government (2008) Report of the Review of Homeland and Border Security: Summary and Conclusions.

46. Ibid.

CASE STUDY

ELECTRONIC FEEDBACK SYSTEM, SINGAPORE CHANGI AIRPORT



RATIONALE

The idea of the electronic feedback system is to provide a quick, simple and easily accessible outlet for customer feedback in order to efficiently improve the service provided, increasing customer satisfaction, ultimately improving the airport's global reputation. Implemented in 2011, Singapore's electronic feedback system, includes two key services:

- Instant Feedback System whereby customers can give instant feedback on a variety of services
- E-Inspection whereby staff can report maintenance faults through an app

Touch-points are installed at various locations throughout the airport ranging from check-in desks and immigration counters to retail stores and toilets. Customers can instantly give feedback on the quality of the service, including the friendliness of staff or cleanliness of the facilities, by simply pressing a button or two on a touchscreen. If a member of staff receives negative feedback they can be put through a retraining programme and those receiving positive feedback are rewarded.

IMPACT

In 2013, customer satisfaction at Changi Airport rose to a record high of 85.5 in the Customer Satisfaction Index of Singapore, an increase of 16% since 2010. Changi Airport has consistently been voted by passengers as the World's Best Airport since 2013, demonstrating the impact that such initiatives can have on customer satisfaction

IMPLICATIONS

Does it enhance the traveller experience?	YES
Gives the traveller the opportunity to review a service immediately and quick response times for repairing faults leads to a better overall service	
Policy or regulatory reform required?	NO
Programme doesn't interfere with any integral parts of the running of the airport	
Is there a benefit to industry?	YES
Changi reported savings of S\$2 million (AU\$1.96 million) in three years through reduced maintenance costs, and improved global reputation encourages more passengers to visit the airport each year	

RECOMMENDATION

Proceed with ease:	✗
Proceed with regulatory approval:	✓
Recommend further study:	✓

The ABF conveys to its employees the fact that officers are the first point of contact for travellers. Traveller satisfaction with primary line services is a Portfolio Budget Statement 2015-16 deliverable for the Department of Immigration and Border Protection (international air traveller space).⁴⁷ For the past five years, at minimum, a private contractor company has conducted passenger surveys at all eight international airports in Australia for the last 10 days per quarter every year, asking the passenger about their overall experience. Surveyed passengers include those arriving and departing on international flights in peak periods as well as those who use Smart Gates. The results of the survey have been used internally in the past to identify any customer service issues/public perception issues with

the functions being performed. The Department historically took a great interest in the results of the passenger surveys and took steps to investigate any cultural or operational issues at airports. In recent years however, in light of the merger of the Customs and Immigration portfolios the focus on analysing results and improving operations has been deprioritised.

Industry calls for a reprioritisation of the service imperative, mirroring what has happened in other jurisdictions. This information should be shared with industry. Moreover, the survey questions should focus on the traveller's experience at the point of service in order to incentivise border officers to perform a customer service role and allow an ongoing assessment of individual performance.

The results of this feedback should be used to identify opportunities to reward individual officers who perform well or identify areas requiring improvement across the board. Improving the service offering should be a joint task involving ongoing cooperation between industry and Government and this will require transparency in relation to the results of the survey so that the feedback received can be used to improve service delivery.



47. Australian Immigration and Border Protection Department (2016) Portfolio Budget Statements 2016-17 Budget Related Paper No. 1.11.

CASE STUDY

ELECTRONIC FEEDBACK SYSTEM, TRANSPORT SECURITY ADMINISTRATION (TSA) ACROSS USA

RATIONALE

The idea of the electronic feedback system is to provide a quick, simple and easily accessible outlet for customer feedback in order to efficiently improve the service provided and increase customer satisfaction.

TSA's electronic feedback system is part of a national scheme, "Feedback USA", which aims to improve customer service for transactions with government agencies. It was introduced in 2015 as a year-long pilot scheme with the intention of introducing it officially in 2016.



The TSA programme collects feedback from customers passing through security screening by placing kiosks at checkpoints just after the screening process, which asks customers a simple question such as "How was your experience today?". Customers can then anonymously answer the question by pressing one of four different response options representing "very happy" to "very unhappy". Responses are time-stamped and the data is then collected hourly.

INCENTIVES

In December 2014, the creation of a customer service awards program for the US Federal Government was announced by President Obama. Each year, agencies including the TSA submit their top nominees to a selection panel and the winners receive the Presidential Customer Service Award. The introduction of such awards programs alongside the use of the electronic feedback system demonstrates the value placed on customer service at a Federal Government level. This provides an incentive to staff to provide a high level of customer service as those doing so are acknowledged and rewarded.

IMPLICATIONS

Does it enhance the traveller experience?	YES
Gives the traveller the opportunity to review a service immediately	
Policy or regulatory reform required?	NO
Programme doesn't interfere with any integral parts of the running of the airport	
Is there a benefit to industry?	POTENTIAL
Potential for more efficient processing at security resulting in increased passenger retail dwell times and customer service likely to be higher as staff are made accountable. Feedback provided can also reveal areas for operational improvement	
Are national security needs impacted?	NO
Security is likely to improve if staff receiving low ratings are retrained	
Any impediments to implementation?	NO
Technology relatively inexpensive and easy to install	

RECOMMENDATION

Proceed with ease:	✓
Proceed with regulatory approval:	
Recommend further study:	

The ABF has a permanent and ongoing presence at eight international airports across Australia. Within the airports there are varying numbers of staff depending on the nature and size of the airport. Overseeing all staff is a 'superintendent aviation traveller' (at Brisbane, Melbourne, Sydney and Perth Airports), or 'inspector aviation traveller' (at Cairns, Gold Coast, Adelaide and Darwin Airports).

These officers are responsible for all aspects of aviation operations at the airport and report to a regional commander who is responsible for all ABF operations in the relevant state or territory.

The regional commanders report to the Federal commander of the ABF in Canberra who is responsible for ensuring that operations nationally are consistent where appropriate.

In addition to the existing roles and responsibilities of ABF staff stationed at airports, there should be a nationally consistent service benchmark that is set by the Federal ABF commander in consultation with industry. The ABF should strive to implement a system of cooperation and coordination across the regional commander levels so that the same service standards and expectations trickle down to the local superintendent and inspector aviation traveller levels and thus reinforced consistently across all international airports.

A periodic review of the service delivery aspect at all international airports should be undertaken to ensure we are providing a world-class arrivals and departure experience to the increasing number of international visitors – this should be reinforced by the authorities at the highest and lowest levels of the ABF.



COMMENCE TRIAL FOR PREMIUM FACILITATION

WHAT IS THE ISSUE?

As announced in the Federal Budget 2016-17, industry supports the introduction of differentiated facilitation services and the opportunity to provide the level of service expected by higher-yield visitors who are critical to growing Australia's piece of the global visitor expenditure pie. Greater service options highly appeal to foreign politicians and officials, large tour groups, international sporting teams and celebrities who are willing to pay for a personalised, or fast-tracked facilitation experience.

Without any cost recovery processes in place, services were historically provided on an ad hoc basis. For example, government officials (local/national/international) might be processed through a VIP suite through an unofficial concierge provided by the airport. There are also passenger 'meet and greets' occurring in the airside environment, with some airport ground handlers currently undertaking these services on a cost-per-use basis as requested by the traveller.

Industry welcomes the move by the Government to allow industry to provide visitors with a more personalised arrival and departure experience on a user-pays basis that better reflects service expectations comparable to the level of service available in other countries. A greater service offering is likely to keep these visitors returning, and grow Australia's potential to become a global tourism powerhouse. There is demand from industry to provide these visitors with a more personalised arrivals and departure experience that better reflects service expectations comparable to the level of service available in other countries.

WHAT HAS BEEN DONE IN THE PAST?

A 2014 Review of premium facilitation options conducted by the then Australian Customs and Border Protection Service, in cooperation with the Department of Immigration and Border Protection and Department of Agriculture and Water Resources (The Review)⁴⁸ recognised that premium facilitation has been a key element of commercial aviation business models for as long as air transport itself and has been characterised by very high levels of service from airlines.

Changes to air transport as a mass mode of travel; greatly increased automation of border processing; and changed emphases in border processing to focus on risk-based differentiated treatment strategies have opened up the entire market-place and the business approaches available to providers and customers⁴⁹ and industry looks forward to formulating a business model so that premium facilitation services can be offered in Australia beginning in the new year.

WHAT HAPPENS NOW?

Industry supports the introduction of differentiated facilitation services that mirror some options that have been adopted by our global competitors. There are a vast array of private operators that offer product differentiation. Industry is encouraged by Government efforts to do this on a collaborative basis with government agencies to ensure the achievement of critical government objectives; and mitigate against any dilution of border controls.

A potential premium facilitation business model in Australia may emulate some of the models established overseas. At Dubai International Airport there are a wide range of concierge services offered by three different branded providers. The services include:

- Services geared towards arriving passengers to make the disembarkation and immigration clearing process as comfortable and seamless as possible;
- Fast-track clearance services through arrivals, departures or transfers with dedicated, exclusive lounges; and
- Meet and greet services that assist passengers with check-in, immigration and baggage clearance, and travel documentation with passenger access to lounges.

Industry anticipates that expectations will vary across user groups, including: differentiated experience; high level customer service; discretion; cultural awareness; foreign language abilities; little or no waiting queues. An appropriate business model suitable to all stakeholders should be finalised with a view to commencing the service by February 2017. It is important however that the introduction of this service does not see ABF resources diverted from regular border clearance activities.

48. Australian Immigration and Border Protection Department (2015) Portfolio Budget Statements 2015-16 Budget Related Paper No. 1.11.

49. Ibid.

CASE STUDY

AIRPORT CONCIERGE SERVICES, VANCOUVER INTERNATIONAL AIRPORT

RATIONALE

Provides a tailored passenger assistance service aimed at high-value customers and those requiring special assistance such as seniors traveling alone, families with small children, unaccompanied minors and non-English speakers.

The service would be operated at the Airport by a concessionaire, typically at the largest Australian airports that function as international gateways and have significant connecting flows of passengers – most likely Sydney, Melbourne and Brisbane.



ABOUT THE PROGRAM

Established at Canada's Vancouver International Airport in 2012, Airport Butler is a contracted professional 'Meet & Greet Concierge' service. The Airport Butler Concierge has direct-to-gate access allowing assistance to clients at every point of the airport. Whether arriving, departing or connecting, Airport Butler streamlines all travel logistics to make the experience of navigating the airport as seamless as possible. Bookings can be made from the service website or at several locations pre-security in the International Terminal. Clients select from a menu of services including:

Personal Meet and Greet Service



Departing
curb to gate



Arriving
gate to curb



Connecting
gate to gate

Optional Customised Airport Butler Services

- Lounge reservations prior to flight; Ground transportation arrangements; Private meeting rooms; Personal shopping at the airport
- Flowers or customised gifts; Spa, dining, fitness centre arrangements
- Business services - printing, copying, document translation

Optional VIP Airport Butler Services

- Security Guards; Discreet entry & exit; Concierge from gate to hotel

Coordination of Ground Transport

- The Airport Butler will coordinate ground transport options to/from the airport including by sedan, SUV, or limousine.

Other Services

Other Airport Butler clients include:

- Seniors; Non-English speaking travellers; Travellers with small children
- Cruise travellers; Students and unaccompanied minors

IMPLICATIONS

Does it enhance the traveller experience?	YES
Traveller experience pleasant and seamless	
Policy or regulatory reform required?	NO
Commercial operators are regularly cleared to function post-security. No additional regulatory barrier to be overcome	
Is there a benefit to industry?	YES
The service creates a unique non-aeronautical revenue stream generally positioned at the higher economic echelon and speeds up passenger facilitation by having fast track authority through security and an escort through immigration	
Are national security needs impacted?	NO
Not beyond the requirement to screen a service provider's operation post-security. The structures for doing this already exist	
Any impediments to implementation?	NO
No limitations based on technology. Airport would contract with a service provider that would undergo the necessary security clearances. Signage would be compliant to the airport's requirements and office space provided as part of a commercial contract	

BUSINESS MODEL

Airport concierge services are typically contracted out to a service provider. The service provider charges various rates depending on whether the service is for departures, arrivals or connections and whether or not a mobile cart is required for the passenger(s).

The following is a snapshot for one international departing or arriving passenger:

- With mobile cart: CAD 210.00 (AUD 213)
- Passenger walks: CAD 157.50 (AUD 160)

Airports earn a non-aeronautical revenue stream typically in the form of sales commission (with a minimum annual guarantee) and potentially additional rental income for the service provider's office space at the airport.

There is no direct revenue benefit to the airlines from this service unless individual airlines strike up a direct relationship with the

service provider for driving traffic to the service provider's booking site for a commission type fee. Indirectly it will result in fewer questions being posed to airline ground staff as these passengers will have their own meet and greet service.

RECOMMENDATION

Proceed with ease:	✓
Proceed with regulatory approval:	✗
Recommend further study:	✗



CASE STUDY

AIRPORT CONCIERGE SERVICES, DUBAI INTERNATIONAL AIRPORT

RATIONALE

Provides a tailored passenger assistance service aimed at high-value customers and those requiring special assistance – seniors traveling alone, families with small children, unaccompanied minors, non-English speakers.

ABOUT THE PROGRAM

Dubai Airport offers a wide range of concierge services by three different branded providers:

Ahlan

Ahlan services are geared towards arriving passengers making the process from disembarkation to clearing immigration as comfortable and seamless as possible. Ahlan Service is available only to passengers that are leaving the Dubai International Airport through Immigration and is not for those in transit.

Marhaba

Marhaba offers Fast-track clearance through arrivals, departures or transfers. Dedicated lounges are offered exclusively for Marhaba customers. The CityStop feature offers visa assistance, hotel accommodation and ground transfers. The baggage services feature helps keep baggage safe and secure while passengers proceed with other plans and have their baggage delivered anywhere in the UAE.

Al Majlis

Irrespective of the class of travel, Al Majlis is a meet and greet service that assists passengers with check-in, immigration and baggage clearance, and travel documentation, while passengers relax in luxurious lounges (housed in a separate facility next to Terminal 3). The service also includes a limousine or dedicated Al Majlis bus service to and from your gate. Additionally, a personal assistant is on hand to assist with duty free shopping.

IMPLICATIONS

Does it enhance the traveller experience?

YES

Traveller experience becomes pleasant, convenient and seamless

Policy or regulatory reform required?

NO

Commercial operators are regularly cleared to function post-security

Is there a benefit to industry?

YES

Service creates a unique non-aeronautical revenue stream generally positioned at the higher economic echelon and speeds up passenger facilitation by having fast track authority through security and an escort through immigration

Are national security needs impacted?

NO

Not beyond the requirement to screen a service provider's operation post-security. The structures for doing this already exist

Any impediments to implementation?

NO

No limitations based on technology. Airport would contract with a service provider that would undergo the necessary security clearances. Signage would be compliant to the airport's requirements and office space provided as part of a commercial contract

BUSINESS MODEL

The service provider charges various rates depending on whether the service is for departures, arrivals or connections and whether or not a mobile cart is required for the passenger(s). The following is a snapshot for one international departing passenger, for the Marhaba meet and greet level of service, at Dubai:

- Bronze level: AED 100 (or AUD 38)
- Silver level: AED 160 (AUD 61)
- Gold level: AED 325 (AUD 124)

Airports earn a non-aeronautical revenue stream typically in the form of sales commission (with a minimum annual guarantee) and potentially additional rental income for the service provider's office space at the airport. There is no direct revenue benefit to the airlines from this service unless individual airlines strike up a direct relationship with the service provider for driving traffic to the service provider's booking site for a commission type fee. Indirectly it will result in fewer questions being posed to airline ground staff as these passengers will have their own meet and greet service.



RECOMMENDATION

Proceed with ease:	✓
Proceed with regulatory approval:	✗
Recommend further study:	✗

Industry expects that differentiated facilitation services would be provided on a cost per use or agreed fee for service basis. Government may wish to contract this out to private operators. Alternatively, for ABF staff dedicated to differentiated facilitation services, Government cost recovery could effectively be undertaken on a ‘charge for time’ basis. This will require amendment to the relevant legislation to permit the setting of fees and the collection of money for that purpose. The amendment process should incorporate revision of those sections within legislation that define existing fee structures to ensure consistency.⁵⁰

50. Australian Immigration and Border Protection Department (2015) Portfolio Budget Statements 2015-16 Budget Related Paper No. 1.11.

To ascertain and manage risk levels, border agency pre-arrival information requirements should be worked through with agencies, which would be assisted by booking information collected in advance. The concept should be developed with all agencies to ensure that the potential for intervention for example, should be managed in terms of the traveller’s expectations.

Ultimately, the Government should work with airport operators, airlines and private operators to determine a business model that would work best in the Australian context. Any enhanced passenger facilitation options that go beyond standard service should be priced at least at the level of cost recovery to government. It is expected that private operators marketing the service would build this into their offering, which will also include personnel and facility costs.

The ability to deliver premium facilitation services has the potential to improve Australia’s competitiveness, ensure a positive first impression of Australia, increase Australia’s appeal to high-yield visitors and potentially create a revenue stream for the Department of Immigration and Border Protection, airlines and airports. Industry calls on Australian border agencies to recognise and support the objective of a premium facilitation service.

5.1.3

IMPROVE AGENCY COOPERATION

WHAT IS THE ISSUE?

Authority and accountability for border control is fragmented across agencies, portfolios and Ministers.⁵¹ Consideration should be given to the centralisation of the border security functions within the Department of Agriculture and Water Resources, Department of Infrastructure and Department of Foreign Affairs and Trade to ensure a unified approach to service delivery, technology development and reform of the overall facilitation process.

WHY DO WE NEED TO FIX IT?

Solutions to improve the passenger experience at Australia's border require joint coordination from teams within Government agencies responsible for the multiple components that make up the end to end process. Like other service providers in the visitor economy, many of Australia's airports and airlines are private sector companies which must compete to provide a superior product or service to retain customers. Unlike many private companies however, the overall service provided to the customers of Australia's airports and airlines are directly impacted by the policies and activities of government agencies such as the Australian Border Force and other departments that have a role to play in the visitor's experience at the border.

Industry commends instruments such as the Memorandum of Understanding between Customs and Border Protection and the Department of Agriculture and Water Resources that was formed in 2011 which aims to set out a framework of joint collaboration, support and service to achieve a whole-of-Government approach to border operations.⁵²

WHAT IS THE SOLUTION?

A highly coordinated approach between each of the government agencies involved is required because of the complexity of the end to end passenger facilitation process. The ACCC in its 2014-15 Airport Monitoring Report, considers that ongoing close coordination by all parties involved in the processing of passengers is vital in ensuring optimal outcomes for passengers.

A unified approach should accompany the development of a mechanism to measure facilitation rates at the border. Finding solutions should no longer be dealt with on an ad hoc basis. Data should be utilised to deal with periods of peaks and troughs. Simplifying data

collection using new technology would enable data to be accessed and analysed in real time, which will greatly benefit industry. This information sharing will enable consistent internal benchmarking to ensure the constant improvement of facilitation standards and efficiency rates agreed to between government and industry.

However, to be able to formulate and implement projects and functions that will make Australia's border experience globally competitive, collaboration between government agencies must extend beyond a pursuit of common goals and ad hoc coordination on a needs basis. Industry calls for the integration of the border functions from each agency to be centralised within the Australian Border Force.

As highlighted earlier in this report, there are presently four government agencies involved in the facilitation process, including the ABF, Department of Agriculture and Water Resources, Department of Infrastructure and indirectly the Department of Health, who are all critical to facilitating border flows. Working across organisation boundaries on the complicated task of passenger facilitation hampers the potential for more effective policy coordination and effective implementation of initiatives that serve the needs of international passengers and industry alike. A more concerted approach is required if timely developments are to be realised.

Industry anticipates that integration of the border functions from each agency will enable a coordinated group to respond to issues in a timelier manner; to share information; coordinate high-impact policy more effectively; and develop and implement projects and initiatives that move Australia towards world best practice with a risk-based, light-touch approach to passenger facilitation. This will become increasingly more important as growing passenger levels continue to place demands at the border.

The functions of an integrated body sitting within the DIBP should be informed by the nature of the customer's experience and the objectives of the body directed at improving this experience at all points of the end to end experience.

Government should review the National Commission of Audit's recommendation for further integration of functions at the border as existing multiple border agency and portfolio arrangements do not provide the optimal structure to pursue its objectives. Additionally, legislative barriers to merging additional functions within the ABF should be removed so that border functions from other Departments can be rolled into the ABF.

51. Australian National Commission of Audit (2014) *The Report of the National Commission of Audit, Phase One*.

52. Australian Immigration and Border Protection and Department of Agriculture and Water Resources (2011) *Memorandum of Understanding: Collaborative Cooperation*.

5.2

ENHANCE CAPACITY

Long queues and waiting times at Customs and Immigration present a poor image to travellers. Streamlining security, border protection, immigration and customs processes and offering differentiated facilitation options will play a vital part in maintaining a positive customer experience in light of growing passenger numbers within a competitive global market.

Government should assess what can be done to remove unnecessary barriers to efficient facilitation at our borders and therefore enhance the visitor experience. With increasing numbers putting pressure on existing infrastructure, industry calls for the review of unnecessary red tape which causes congestion and delays and negatively impacts the traveller experience.

RECOMMENDATIONS

Reform the Tourist Refund Scheme (TRS) to be competitive globally	
Short term	Allocate additional staff to administer TRS refunds during peak periods as a precursor to reform
	Review the current operating model and complete consultation with States and Territories with a view to implementing an 'open market' model for TRS
Medium term	Introduce an 'open market' for TRS
Long term	Implement a mechanism to measure customer satisfaction with the reformed TRS system
Modernise Traveller Data Collection	
Short term	Finalise consultation with stakeholders regarding alternative methods of collecting data
	Share outcomes of mobile boarding pass trial
Medium term	Remove legislative impediments for digital collection of incoming and outgoing passenger information and commence implementation
	Implement mobile boarding passes for domestic and international flights
	Remove the requirement for international passengers to complete the paper-based Outgoing and Incoming Passenger Card
Implement baggage tracking systems	
Short term	Establish mechanism to link pre-cleared passengers with baggage
Medium term	Trial baggage screening systems to be able to implement baggage on-demand and baggage delivery services
Long term	Establish baggage on-demand and baggage delivery services

5.2.1

REFORM THE TOURIST REFUND SCHEME (TRS) TO BE COMPETITIVE GLOBALLY

WHAT IS THE ISSUE?

The current refund processing arrangements are restricting the potential economic benefit flowing from tourist shopping and are impacting the overall facilitation process. The current manual process for TRS claims results in long queue times, delayed flights, frustration and even accidents at airports.⁵³ The focus on customer service is poor or non-existent, TRS refund offices are often difficult to locate and ABF resources are poorly allocated. These problems cause serious bottlenecks in the overall facilitation process which has detrimental flow-on effects.

Moreover, as submitted by the Tourism Shopping Reform Group (TSRG) in its 2016-17 pre-Budget Submission, the existing government-run TRS is not an effective use of scarce, fully-qualified ABF officers, who could be better utilised in essential border protection or passenger facilitation roles.⁵⁴

WHY DO WE NEED TO FIX IT?

Australia's retail offering is a key attraction for international visitors, particularly those from the growing Asian visitor markets. It is also a key part of achieving the yield targets associated with growing overnight visitor expenditure. Visitor expenditure generated through shopping by visitors is a significant contributor to the Australian economy. Tourism shopping for international visitors generates over \$3.5 billion per annum.⁵⁵

To increase competitiveness in this area, Australia needs to reform its Tourist Refund Scheme (TRS), which provides a refund of GST and Wine Equalisation Tax (WET) paid by departing travellers on goods purchased where certain refund requirements are met.

Australia lags behind competitor jurisdictions in the region such as Singapore, who recognise the importance of capturing the tourist shopping dollar. The self-administered Singapore GST Refund Service was introduced in 1994 and was opened up to private refund operators in 1997. At the time of reform, the number of tax refund claims equalled 30,000 per month. In 1999, tax refund claims had increased 55%, to 55,000 claims per month. Australia's TRS is administered by the ABF and is one of only three known government-run TRS systems in the world.⁵⁶ Countries such as the United Kingdom, Netherlands, Spain, Germany, Czech Republic, South Korea and France operate an 'open market' system for value-added tax (VAT) refunds.⁵⁷

WHAT IS THE SOLUTION?

Contracting the TRS out to a private operator, improving awareness of the scheme and access to it, would increase its usage and add expenditure to the visitor economy. It could also improve value for international tourists, for many of whom it is a key travel activity. Under an 'open market', GST and WET would be refunded to visitors, in cash, before their departures, opening up another spending opportunity for the traveller. An increase in TRS usage from the current 3.6% of departing international visitors could add visitor economy expenditure of \$226 million per annum.⁵⁸

Reform to the TRS has overwhelming support by the tourism and retail industries and would make Australia a more competitive tourist destination, embracing world's best practice. By failing to reform the current system, Australia is missing out on the economic benefit that this increased expenditure represents.



53. Tourism Shopping Reform Group (2016) Pre-Budget Submission 2016/17.

54. Ibid.

55. Tourism Research Australia (2015) International Visitor Survey.

56. Tourism Shopping Reform Group (2016) Pre-Budget Submission 2016/17.

57. Ibid.

58. Ibid.

5.2.2

MODERNISE TRAVELLER DATA COLLECTION

WHAT IS THE ISSUE?

Paper forms present a burden both for the traveller and for airports aiming to minimise passenger facilitation times. Streamlining this component of the facilitation process will improve the passenger's experience at the airport and will aid congestion through Customs, Immigration and Biosecurity.

WHY DO WE NEED TO FIX IT?

The DIBP have recognised that a large portion of the data collected from the Outgoing Passenger Card is not required for border clearance processes as it is now received through revised Advanced Passenger Processing requirements. Options presented as alternatives to the Outgoing Passenger Card include:

- Collection of data through alternative sources;
- Utilising mobile phone applications; and
- Collection of data through government owned airport kiosks or Smart Gates to collect additional data fields.

The Australian Bureau of Statistics, the Australian Transaction Reports and Analysis Centre and Tourism Research Australia (an independent agency) have an interest in collecting the data on the cards for tourism-related research and analysis to support destination marketing.

Industry recognises the work that the consultation process DIBP is undergoing to determine those who require the data from the

Outgoing Passenger Card and for what reasons; how much it costs industry, the Government and the travelling public; and whether there are alternative sources available. Finalising the process of identifying alternative methods of collecting this information via consultation with relevant stakeholders, removing legal barriers to digitising the paper cards and implementation of the alternative solution should be afforded a high level of priority if Australia is to remain competitive in this space.

WHAT IS THE SOLUTION?

Government should streamline the passenger facilitation process by abolishing paper forms and cards, including the Incoming Passenger Card and Outgoing Passenger Card, which are ongoing sources of congestion at international airports.⁵⁹ These should be replaced with an alternative method of collecting the data on passenger cards which are used extensively by industry for aviation business development purposes.

In the United States, a report released by the US Department of Commerce and Department of Homeland Security details the commitment to eliminate the need for air passengers to complete the paper 6059b Customs Declaration form upon arrival by the end of 2016 as part of a set of policy benchmarks aimed at expediting and improving the arrivals process for international travellers to the United States.⁶⁰ Australia should maintain pace with the policy developments from competing jurisdictions.



59. Comments from Sydney Airport at Aviation Industry Advisory Group, 1 October 2015.

60. US Department of Commerce and Department of Homeland Security (2015) Supporting Travel and Tourism To Grow Our Economy and Create More Jobs: Report to the President.

5.2.3

IMPLEMENT BAGGAGE TRACKING SYSTEMS



WHAT IS THE ISSUE?

Baggage claim presents a major bottleneck for inbound travellers, which also has a detrimental impact on travellers transferring from international to domestic flights, and vice versa.

WHY DO WE NEED TO FIX IT?

Approximately 70% or more (depending on the flight) of international inbound passengers do not have any items to declare and are not selected for further inspections by ABF, meaning that they are not required to pass through Customs/Biosecurity.

The increased digitisation of passenger facilitation will open up options for the prioritisation of bags from certain flights and passengers of interest. Streamlining baggage control egress should be a high, medium-term priority. A similar 'inspection by exception' approach should be adopted for baggage to enable the screening of only high-risk bags. This would offer some flexibility in moving the baggage collection stage to another point in the overall facilitation process.

WHAT IS THE SOLUTION?

Information about declarations could be determined at primary immigration through information sharing with the country of origin and the passenger's own electronic declaration. Pre-cleared passengers could collect their bags at landside, having cleared primary immigration via e-gates or smart-gates. Baggage could then be delivered on-demand via a tracking system that releases baggage when that passenger is landside.

This process has the potential to result in a faster inbound processing experience for the majority of passengers, decrease congestion, and require smaller reclaim halls which in turn can free up additional terminal space. While a minority of passengers will still need to clear Customs and/or Biosecurity (therefore requiring their baggage to be reclaimed before then), the overall passenger experience could still be improved by better tailoring and designing these inspection spaces for the smaller percentage of passengers with an improved integration of reclaim and inspection functions.

With fundamental infrastructure in place, industry can work with Government to be able to deliver a wider range of baggage delivery products (such as the delivery of baggage to the airport from train stations or cruise ship terminals) as seen in other countries.

CASE STUDY

LUGGAGE CONCIERGE SERVICE, LONDON CITY AIRPORT (LCY)



RATIONALE

Designed with the business traveller in mind, the impetus for LCY's luggage concierge service was its attractiveness to business passengers by easing the experience of travellers as they transit to/from their business in the city. The service aims to support the value proposition of the airport itself.

ABOUT THE PROGRAM

AirPortr started its London City Airport luggage concierge service in May 2014. Bookable in advance or on the day, international and domestic inbound passengers can leave their bags with AirPortr's on-site concierge on arrival at LCY and head straight to their meeting or event without the burden of bulky bags. Their luggage is then delivered, and will be waiting for them, at their selected destination such as their hotel, office or serviced apartment.

On an outbound journey, bags may be collected and delivered to the airport ready and waiting for the passengers to arrive for check in. To ensure security, all outbound baggage is scanned off-site before delivery, in addition to the usual airport checks.

Features include:

- Tamper Secure seals applied to luggage on handover
- Real-time GPS tracking driver profiles
- Deliveries between London City Airport and London hotels, serviced apartments and selected offices.

AirPortr offers a simple and stress free luggage transfer service, so that passengers can make the most of their valuable travel time. Prices start from £15 for the first piece of luggage and then £5 for each additional bag of any size and any weight (including sport equipment).

IMPLICATIONS

Does it enhance the traveller experience?	YES
Provides a convenience for passengers with stress free luggage transfer to/from hotels and offices	
Policy or regulatory reform required?	NO
Service is provided landside and any baggage scanning is completed in addition to airport security checks	
Is there a benefit to industry?	YES
Service is a non-aeronautical revenue stream for the airport and possibility of curbside traffic flow benefits	
Are national security needs impacted?	NO
The service is provided landside and any baggage scanning is completed in addition to airport security checks.	
Any impediments to implementation?	NO
No impediments conceived other than providing space for the service providers operations	

LUGGAGE HANDLING AND SECURITY CONCERNS

The service provider charges various rates depending on whether the service is for departures, arrivals or connections and whether or not a mobile cart is required for the passenger(s). The following is a snapshot for one international departing passenger, for the Marhaba meet and greet level of service, at Dubai:

- Bronze level: AED 100 (or AUD 38)
- Silver level: AED 160 (AUD 61)
- Gold level: AED 325 (AUD 124)

Airports earn a non-aeronautical revenue stream typically in the form of sales commission (with a minimum annual guarantee) and potentially additional rental income for the service provider's office space at the airport. There is no direct revenue benefit to the airlines from this service unless individual airlines strike up a direct relationship with the service provider for driving traffic to the service provider's booking site for a commission type fee. Indirectly it will result in fewer questions being posed to airline ground staff as these passengers will have their own meet and greet service.

USER COSTS

- £15 to or from London City Airport hotels/ the docklands area
- £25 to or from Central London
- £35 to or from Greater London
- Then only £5 per each additional bag

RECOMMENDATION

Proceed with ease:	✗
Proceed with regulatory approval:	✓
Recommend further study:	✗

There has been significant progress in baggage tracking technology, driven primarily by cost savings associated with a reduction in lost baggage. While multiple initiatives are being exploited for departure and transfer operations, arrival baggage handling has remained largely manual.

Technology deployed for outbound and transfer operations such as tilt and tray conveyor systems, Radio-frequency identification (RFID) and Baggage Image Wait Identification System (BIWIS) can be utilised to provide an enhanced inbound baggage reclaim experience, and in turn reduce infrastructure and real estate requirements.



CASE STUDY

BAGGAGE CLAIM ON DEMAND (CONCEPT CURRENTLY BEING DEVELOPED)

ABOUT THE PROGRAM

An industry concept being discussed and further developed is the idea of baggage claim on demand. At the end of the journey, cell phone and tablet technology could enable notification of baggage delivery location and timing, upon disembarkation, with the option of GPS guidance to the bag claim hall.

Once in the baggage delivery hall, the passenger is free to explore food and beverage or retail options while they wait for their bag. A text message notification will let them know when their bag is going to be available. The passenger retrieves the bag by either scanning their boarding pass, passport/ID, or through a biometric method.

The rendering proposes a concept where carousels are replaced with arrival bag drop pods and valuable airport space is used for retail, food and beverage options providing a boost to airport non-aeronautical revenues. Furthermore, this concept utilises existing tilt/tray outbound baggage systems for inbound delivery purposes hence limiting the additional infrastructure and costs associated with this initiative.



IMPLICATIONS

Does it enhance the traveller experience?	YES
Provides certainty of bag retrieval timing and options for shopping or food and beverage purchase while waiting. Potential to be re-united with meeters/greeters earlier	
Policy or regulatory reform required?	YES
Requires integration of technology between airline, airport and passengers. Also regulatory authorities for relocation of secondary control point	
Is there a benefit to industry?	YES
Airport can remove bag claim units and replace with retail and food and beverage options boosting revenues and disperses passengers who otherwise crowd around bag carousels. Presents a safer option for seniors and those who are mobility challenged	
Are national security needs impacted?	POTENTIAL
The same immigration procedures will precede. Customs and biosecurity checks will vary depending on the location of the secondary control point	
Any impediments to implementation?	YES
Bringing technology providers, airlines and airport working together. Potential implications for border agencies	

RECOMMENDATION

Proceed with ease:	✗
Proceed with regulatory approval:	✗
Recommend further study:	✓

The Australian Government should prioritise the implementation of a risk-based screening process and the requisite technology and physical infrastructure which will facilitate the development of additional products for the traveller, thereby enhancing the service offering.

5.3

MODERNISE THE FACILITATION PROCESS

ABOUT THE PROGRAM

The reliance on human resources to service the future growth of international passengers through customs is not an economically viable solution and presents risks in a highly sensitive security environment. The ABF has acknowledged that its past performance has suffered from staffing reductions and insufficient engagement with airports. Despite this, recent performance has been significantly improved by the rollout of more technologically advanced Smart Gates and increased staffing. This improvement has also been recognised by the airports.⁶¹ Increased utilisation of technology should be a principle embraced as a means to improve the passenger experience moving forward.

As detailed below, many countries have adopted a 'light-touch' approach, incorporating the latest technology into the facilitation process to ensure travellers are processed as efficiently as possible, in addition to making holistic changes to the actual facilitation process.

The Australian Department of Immigration and Border Protection and the New Zealand Customs Service have committed to moving down the path of intelligence-led, risk-based passenger processing which drives resourcing decisions and allows identification of the areas of highest risk so intervention only occurs where there is a threat to the border.⁶² However, reform needs to move beyond commitments to real developments on the ground so that systems can be trialled and refined sooner than later.

Complementing this should be a commitment to improve the customer service offering. For the growth of international tourism and Australia's reputation as a welcoming and visitor-friendly destination, it is vital that further enhancements be made to passenger facilitation and that border agencies be adequately resourced to deliver better technology and people outcomes.

RECOMMENDATIONS

Expand Smart Gate eligibility to greater number of travellers	
Short term	Consult with industry to determine the number of additional Smart Gates to be installed following first tranche of delivery
	Expand Smart Gate eligible traveller list to include travellers from low-risk countries, and children aged under 16, who are currently excluded from using this facility.
Medium term	Expand Smart Gate capability to all international airports for all nationalities (including children)
Accelerate utilisation of automation capabilities	
Short term	Commit to further investment in the next Federal Budget for research and development for technology required for a self-service facilitation model
Medium term	Commence trials for Seamless Traveller using biometrics
Develop a risk-based facilitation model	
Short term	Develop self-service/biometric capabilities and ensure that biometric passenger information is shared with stakeholders
	Commence trials for the new traveller pathway system
Medium term	Alter necessary passenger facilitation and security procedures to accept this technology
	Implement extensive trial period and continue promoting implementation of expedited border solutions
Long term	Fully operational self-service facilitation model

61. Australian Competition and Consumer Commission (2016) 'Airport Monitoring Report 2014-15.

62. Australian Customs and Border Protection Service (2012) Annual Plan 2012-13.

5.3.1

EXPAND SMART GATE ELIGIBILITY

WHAT IS THE ISSUE?

Best practice globally is moving towards automation of airport operations through every stage of the customer experience. The US has installed Automated Passport Control (APC) machines across 34 airports and are available in English, Spanish, French, Italian, Korean, Dutch, German, Chinese (Traditional/Simplified) and Japanese.⁶³ The APC kiosks are designed to speed up processing at the US immigration primary line and thus alleviate capacity issues. At some APC locations wait times have decreased as much as 25-40%, despite continued increases in international arrivals.⁶⁴

The equivalent Smart Gate kiosk in Australia was first rolled out across airports in 2007. Since then, Smart Gates have been introduced at Australia's eight major international airports in Adelaide, Brisbane, Cairns, Darwin, Gold Coast, Melbourne, Perth and Sydney.

Smart Gates are an automated border processing technology which allows eligible travellers to self-process through passport control when they arrive in Australia. It uses electronic information in ePassports and face recognition technology to perform the customs and immigration checks usually performed by a Border Force Officer.⁶⁵

Microchipped e-passports are firstly read and a Smart Gate ticket issued by a kiosk before a camera checks the passenger's face against their passport photo at the gate. Passengers can then proceed to baggage hall and hand in their Smart Gate ticket and incoming passenger card on exit.⁶⁶

WHY DO WE NEED TO FIX IT?

The use of this technology is commendable and will continue to alleviate some of the existing stress points in the facilitation process. In Australia it has been a positive step in liberating the ABF workforce stationed at airports to focus on customer-facing, risk-based work. Industry commends the staged roll out of the gates, as this has allowed technical issues to be resolved and for airports to plan for additional resources where required.

However, those eligible to use the arrivals Smart Gates are those who are aged 16 years or older and from one of the following countries only: Australia, Canada, Ireland, New Zealand, Singapore, Switzerland, United Kingdom and US⁶⁷ and does not take into account those countries with high inbound visitation figures. Eligibility should be expanded to low-risk countries with high inbound visitation numbers to Australia, and children, which will allow for more efficiencies.

WHAT IS THE SOLUTION?

To assist airports to cater for the anticipated growth of international travellers arriving and departing from Australia, Government should prioritise the rollout of 92 designated Smart Gates across all international airports by 2016, in accordance with the timetable set by Government. Following successful implementation of the first tranche of 92 Smart Gates, Government should consult closely with industry to determine whether further Smart Gates are required to cater for growing demand and move quickly to expand eligibility to all nationalities and age groups.



63. US Customs and Border Protection (2016) Automated Passport Control accessed 14 January 2016.

64. US Customs and Border Protection (2015) Las Vegas McCarran International Airport Unveils Automated Passport Control Kiosks to Expedite Travelers' Entry into US.

65. Department of Immigration and Border Protection (2015) Arrivals SmartGate accessed 24 November 2015.

66. Sydney Airport (2012) More SmartGates at Sydney Airport, media release, 5 May 2012, Sydney.

67. Department of Immigration and Border Protection (2015) Arrivals SmartGate accessed 24 November 2015.

5.3.2

ACCELERATE UTILISATION OF AUTOMATION CAPABILITIES



WHAT IS THE ISSUE?

The current system relies heavily on limited human resources. A move towards a holistic intelligence and risk-based approach, for both the departures and arrivals process, will lead to a more efficient utilisation of limited human resources on 'risky' passengers and a light or no touch experience for the vast majority. The Australian Government's post-2020 vision for inbound travel and the Seamless Traveller program (also known as a Registered Traveller Program) is commendable. Industry understands that the Department of Agriculture and Water Resources, Department of Infrastructure and the Department of Immigration and Border Protection are working on developing the concept.

WHY DO WE NEED TO FIX IT?

Governments around the world are already making the necessary investments into research and development for an automated, paperless facilitation process and the timeline for developing a risk-based facilitation model should be expedited. The introduction of world-leading technologies should be the benchmark to aspire to and not be reserved for long-term aspirations.

WHAT IS THE SOLUTION?

Multiple options for expedited border crossing are currently available at any given airport across the world, with variations on those who can use the system. 180 Automated Border Control Systems are available at 142 airports worldwide. This includes Automated Border Control, Automated Passport Control, Registered Traveller Program and Mobile Passport Control.⁶⁸

68. Nathalie Herbelles (2015) *Passenger Facilitation*. Presentation accessed 7 March 2016.

CASE STUDY

SMART SECURITY CHECKPOINT, MELBOURNE AIRPORT



RATIONALE

With passenger safety being paramount for all airports, Government should develop a security process which uses the latest technology to provide the most effective possible security screening. In the past, effective screening has meant long queues and intrusive search procedures for passengers. Therefore, Smart Security aims to improve the existing security process by focusing on 3 key principles: Security Effectiveness, Passenger Experience and Operational Efficiency.

ABOUT THE PROGRAM

Melbourne Airport began a pilot programme in 2015, joining the Smart Security initiative which was started in December 2013 by IATA and ACI. Changes implemented include lane automation and remote screening.

The programme has a long-term vision for its progression in future years, including the plans for liquids and gels to be screened safely within bags, further development of the “risk-based” security, in which the known traveller programmes may be extended internationally, with airports being able to analyse a traveller’s risk factors using multiple sources from multiple countries. Ultimately, the scheme aims to create a fast, seamless process from kerb to airside with little to no wait times, only being interrupted if a security threat is flagged.

IMPLICATIONS

Does it enhance the traveller experience?	YES
A faster, smoother and more comfortable transition through the airport, and increases a traveller’s safety	
Policy or regulatory reform required?	TBD
Will need to alleviate issues relating to privacy of the known traveller programmes	
Is there a benefit to industry?	POTENTIAL
Not immediately, but faster security leads to more time in retail, and could lead to reduced labour needs and faster and safer security screening	
Are national security needs impacted?	YES
Improvement in national security	
Any impediments to implementation?	YES
The technology and equipment can be costly and it could involve extra training for security staff before implementation	

RECOMMENDATION

Proceed with ease:	×
Proceed with regulatory approval:	×
Recommend further study:	✓

By using pre-embarkation checks and reusing passenger profiles for return visitors, data can be used to guide decisions for Australian border agencies. Australia should implement data sharing arrangements with low-risk countries so that further collaboration can occur.

The Centre of Excellence for Biosecurity Risk Analysis (CEBRA) commenced a Data Mining project with the Department of Agriculture and Water Resources in 2013 to develop behind-the-scenes infrastructure to enable automation of the facilitation process as much as possible. The project aimed to develop systems and protocols to inspect large volumes of biosecurity data. It looked at improving the screening of incoming cargo, mail, people and vessels with different biosecurity risks – thereby ensuring that biosecurity risks are managed while minimising disruption of trade.⁶⁹ Funding for the project was discontinued after the 2013-14 financial year. The Department should utilise the models produced by the centre as well as the detailed recommendations in relation to further data required.

Industry commends the testing being undertaken for the ‘face on the move’ technology which aims to improve the passenger flow through the airport and importantly reduce congestion in the biosecurity area. Funding for, and implementation of, trials for such automation technology should be prioritised in the short term. In the medium to long term, the DIBP should coordinate more closely with the Department of Agriculture and Water Resources and Department of Infrastructure to develop a holistic reform of the current facilitation system. Incorporating more technology to improve the facilitation process will require a greater level of harmonisation of the various portfolios involved.

ABF measures a ‘passenger facilitation rate’, for which the benchmark stands at 92%. This means that there is an expectation to process within 30 minutes 92% of arriving travellers from the time they join the ‘queue’ through to the arrivals area of the inwards primary line. This facilitation rate is incorporated into the Commissioner’s performance indicators and is used to determine the overall performance of the agency.

In an effort to continuously improve operations, internally the focus has now shifted to improving the 8% of cases where the 30 minute target was not met.

Up until approximately four years ago the standard was 95% passenger facilitation within 30 minutes, but moved to 92% following budgetary measures within the Department. Industry believes that budgetary measures should not impact facilitation standards at the border.

Industry has indicated a need to modify the methodology for measurement to gain a more holistic understanding of the end to end traveller experience, and use the data to predict trends and determine the allocation of necessary technology/resources. Government should look internationally and observe the measurement methodology and facilitation rate standards adopted by competitor jurisdictions and form an appropriate benchmark accordingly.

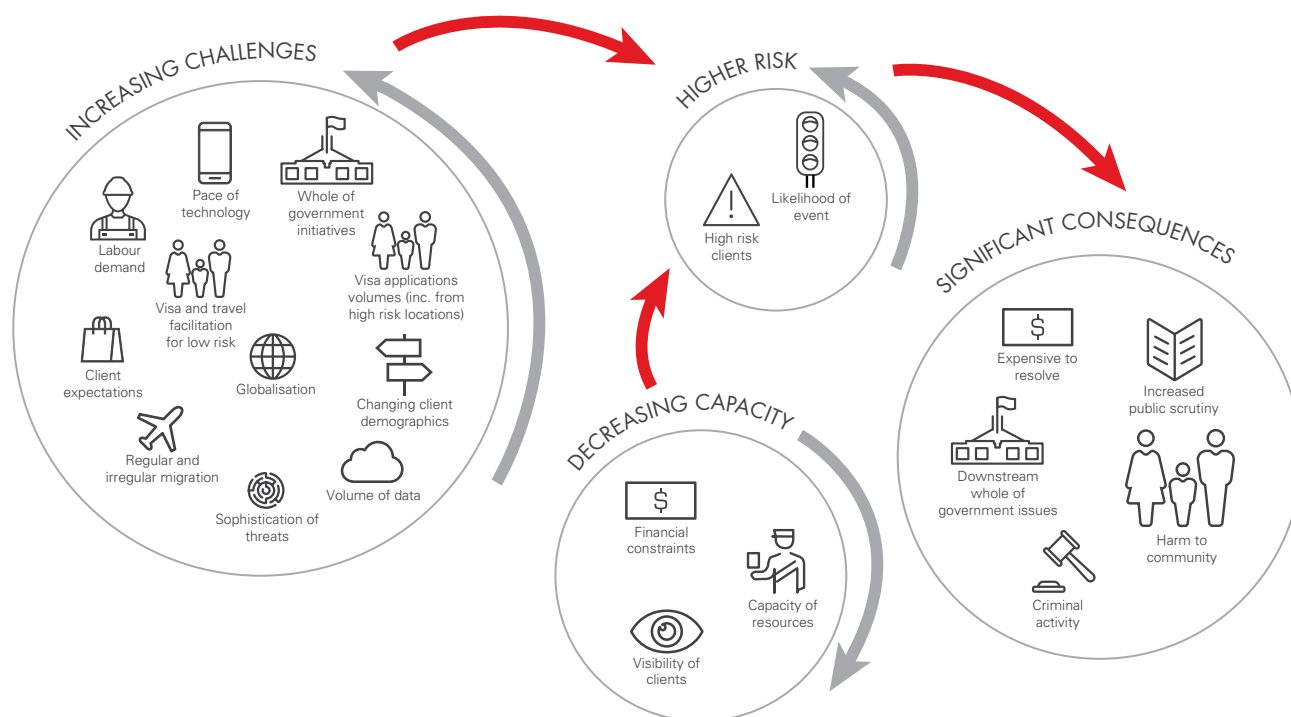
Benchmarking standards should only be established following consultation with industry to increase the current target for passenger facilitation rates to a more ambitious target in line with industry and passenger expectations. Results from a Global Passenger Survey conducted by IATA from 2012 to 2015 show that an acceptable queueing time for passengers is between 5 and 10 minutes.⁷⁰ Australia’s 30 minute standard is clearly not meeting passenger expectations. Raising the ambition will prompt Government agencies to deliver a more competitive facilitation experience for travellers and adopt a more strategic approach to the development of future technology and application of human resources in peak periods.

69. Centre of Excellence for Biosecurity Risk Analysis (2015) *Data Mining: Report on First Cohort of Case Studies*.

70. Nathalie Herbelles (2015) *Passenger Facilitation*. Presentation accessed 7 March 2016.

5.3.3

DEVELOP A RISK-BASED FACILITATION MODEL



WHAT IS THE ISSUE?

The increasing challenges facing the aviation industry, coupled with factors such as resource and financial constraints present higher security risks. The Department of Immigration and Border Protection recognises that identity management contributes positive benefits at the border including: better records (with the ability to link data across logical and physical boundaries); client service (biometrics can facilitate the expansion of trusted traveller schemes); and an improvement in border integrity and facilitation. Industry commends the Government's recognition of the benefits of a risk-based approach to facilitation.

WHAT IS THE SOLUTION?

Industry calls for further investment in biometric technology, which will allow a low touch service model for low-risk travellers and improve the integrity of the facilitation process. Passengers can be uniquely identified via facial recognition, fingerprint or a scanning of the eye to ensure airlines, airports and immigration officials can assess inbound and outbound passengers from a security perspective and ensure efficient processing from a facilitation perspective. This will allow the workforce to focus only on persons of interest.

WHY DO WE NEED TO FIX IT?

Adopting a risk-based approach drives resourcing decisions and means identifying the areas of highest risk that require intervention, allowing the vast majority to flow through border control without manual checks through the development of technology such as the 'face on the move' biometric technology.

CASE STUDY

BIOMETRICS ENABLING 100% SELF-SERVE PASSENGER FLOW, ARUBA INTERNATIONAL AIRPORT

RATIONALE

The Aruba Happy Flow program streamlines passenger processing by substantially improving the travel resulting in no waiting in lines, no burdensome identity verification processes and promising a secure, quick, easy and positive journey through to boarding.

ABOUT THE PROGRAM

Launched in mid-2015, Aruba Happy Flow is an innovative passenger process in which the passenger is only required to show his or her passport once throughout the journey at the airport. The use of facial recognition then allows the passenger to proceed to check-in, drop off baggage, pass the border and board the aircraft, all without being asked to show a passport or boarding pass. This makes it the first 100% self-serve passenger flow system in the world.

Replacing outdated clearance procedures traditionally performed by border and airport agents, facial biometric authentication at self-service touch-points is the main identification token throughout the passenger journey. The program was implemented following a two-year pilot.

STAKEHOLDERS INVOLVED

The development, implementation and operation of the Aruba Happy Flow system required the cooperation of numerous stakeholders and the project was a complex challenge. Stakeholders consulted included: the governments of Aruba and the Netherlands, Schiphol Group, KLM, Aruba Airport Authority and lead contractor Vision-Box, as well as its sub-contractors.

ADDRESSING SECURITY CONCERNS

Aruba Happy Flow had initially been implemented as a two-year pilot, and the programme was continually tweaked and updated during this timeframe.

Once a passenger checks in and performs the immigration checks at a self-service kiosk, all of the airport stakeholders automatically receive this information. The immigration agency receives the information when the passenger checks in, so that they know that the passenger will soon be entering the immigration checkpoint. Happy Flow essentially makes use of the data that has always existed, but makes it far more easily accessible and actionable for each of the stakeholders.

From the boarding area, the airline can determine passengers present. They might see that a passenger has checked in, and dropped off their bag but hasn't gone through immigration yet. If the gate closes in 10 minutes and it will take the passenger 20 minutes to get through immigration and to the gate, the airline can take proactive steps to remind passengers of the boarding time and to ensure they have passed through immigration in time to board before the next step of removing their bags from the aircraft.

FUTURE ENHANCEMENTS

Aruba International Airport is planning to add the security touch-point and is looking at adding home check-in, which would allow passengers to go straight to the bag drop at the airport.

AUSTRALIAN CONTEXT

From a passenger processing and customer service perspective, integrating outbound border control processes with security is possible. This would mean a single combined queuing process with time and space savings. There are currently no existing precedents where these processes are merged but it is possible.



IMPLICATIONS

Does it enhance the traveller experience?	YES
Passenger does not have to navigate multiple queues from kerb to gate	
Policy or regulatory reform required?	YES
Australia has already implemented biometric passports but will need to alter the passenger processing and security procedures to accept this technology	
Is there a benefit to industry?	YES
Potential increases to processing capability of the existing airport footprint thereby delaying capital expenditure. Faster processing leads to more dwell time in retail and smoother, quicker passenger flow. No waiting in lines. Potentially less labour needs	
Are national security needs impacted?	YES
Need full support of government agencies during testing and implementation	
Any impediments to implementation?	YES
Lengthy trial period is required to ensure there are no security or technology issues	

RECOMMENDATION

Proceed with ease:	×
Proceed with regulatory approval:	✓
Recommend further study:	×

By developing the appropriate infrastructure and technology, only those passengers of interest profiled as a risk by Customs or Biosecurity would need to be subjected to security x-rays or a physical bag search. Such systems allow travellers of interest to be assessed by relevant agencies, with all other passengers passing through Customs and Immigration queues in a more seamless manner.

Overseas, programs such as the US Trusted Traveller program allow US citizens to register details such as fingerprints and biometric information before arriving at the airport to speed up security clearance if identified as a low-risk passenger. Industry greatly anticipates the rollout of the new integrated traveller pathway in Australia. The new process will deliver the capability to optimise automated clearance use and provide mobile capability to officers in air and sea ports. Trials for this system should commence in 2016 so that any malfunctions arising from the new technology can be addressed sooner than later.

The infrastructure is already in place for such programs to be implemented here in Australia, with Advanced Passenger Processing (APP) requirements, allowing border authorities to obtain information about the traveller prior to boarding. Mandatory APP was introduced in Australia in 2003, which requires airlines to provide the DIBP with information on all passengers and crew, including all transit passengers travelling to Australia.

Beginning July 2016, airlines will need to undertake mandatory provision of APP data, and those that fail to meet the 100% compliance rate may be subject to financial penalties. The data being collected should be re-used to benefit the industry through cost savings and efficiencies. Digital pre-clearance, universal visa systems and immigration alert checking can all serve as extensions of the APP system.

In Canada, 'pre-clearance' services at various airports (Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Ottawa, Halifax and Montreal) involves US customs, immigration and other inspection processes taking place at the Canadian origin airport rather than at the US destination. Passengers arriving in the US are processed in the same way a domestic passenger would be processed.

A change towards risk-profiling can lead to opportunities such as the introduction of a dedicated exit channel for 'no-risk' travellers, or those from low-risk countries. Such a system would require Government to make the appropriate amendments to privacy legislation and for data sharing agreements to be in place with partner countries. Passengers arriving from New Zealand could act as an appropriate trial country for such initiatives.

A high-angle, top-down photograph of a person standing on a grey stone-tiled floor. The person is wearing a dark grey coat and a red turtleneck sweater. They are holding a black smartphone in their right hand, looking down at it. A bright yellow rolling suitcase is positioned in front of them, slightly to the right. A solid red horizontal band is superimposed over the middle of the image, containing the text '6. CONCLUSION' in white, sans-serif, uppercase letters.

6. CONCLUSION

CONCLUSION

Geographical proximity, closer diplomatic relations, increasing trade liberalisation and rising incomes in Asia will offer further opportunities for the aviation industry but the right policy settings must be in place to be able to translate its natural advantages to increased visitation numbers and increased tourism revenues.

The Australian Government should urgently recognise the importance of a welcoming, friendly and efficient experience at the border and pursue innovative strategies to remain competitive. Investing in the appropriate resources and getting the right policy settings in place to deliver the best experience possible at our airports is integral to boosting current visitation rates, supporting higher visitor numbers, promoting visitor expenditure and ensuring the longevity of Australia's tourism industry.

Removing unnecessary bottlenecks at the arrival and departure point is critical, as is the focus on the experience of the passenger. From the traveller's point of view, a lack of human resources, particularly in peak times, is a frustration that should be avoided with the collective effort of government and industry. The recommendations that have been outlined in the report will lift the

experience of all travellers passing through Australia's borders and add a layer of service to enhance Australia's competitiveness in the global travel landscape.

National safety and security will always be a priority for governments around the world and ensuring Australia's borders remain secure remains a paramount concern. However, this must be balanced with the need to ensure that the travel experience is welcoming, friendly and efficient. Industry calls for security priorities of the day to be viewed through a customer service lens, creating an integrated system that places the customer at the centre of the process.

The right infrastructure – both hard and soft – must be in place in order for Australia to capture the economic benefits that tourism will reap now and beyond. Our global competitors are undergoing swift policy reforms in the area of visas, travel taxes and customer experience at the border to increase their respective share of international travel. It is time now for the Australian Government to play a more ambitious role to improve the visitor welcome.



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