

Reply to the Chief Executive Officer

Quote: c98/02809

6 May 1998

Ms Geraldine Gentle  
Assistant Commissioner  
Industry Commission Inquiry into International  
Air Services  
LB 2 Collins Street East  
MELBOURNE VIC 8003

Dear Ms Gentle

I refer to your letter of 26 March 1998 requesting further information for the Inquiry in relation to Customs issues.

### **Introduction of user Pays for Customs, Immigration, Quarantine (CIQ) Services**

*The Tourism Task force tendered that the PMC over collects the cost of CIQ services and should be reduced.*

The \$27 PMC is made up of cost recovery for border CIQ agencies including the cost of short term visitor visas. An ANAO Report (Audit Report No. 1 - Performance Audit of the Passenger Movement charge) identified an over recovery in 1995/96 of \$19.1 million. A review undertaken on the quantum of the charge in 1997 contradicted this view and indicated that the initial coatings were not inclusive and it reached the conclusion that there was an under recovery of approximately \$18 million.

### **Implications for CIQ Services of Extension of domestic Cabotage to Foreign Airlines**

Any extension of cabotage to foreign carriers would only be approved if CIQ controls were maintained and the integrity of the border preserved. The current arrangement whereby domestic passengers may travel on international flights is permitted only if those passengers carry appropriate identification, pass through normal Customs control procedures and are subject to examination if required.

Mr Cork's comments about the overcrowding at Sydney Airport should be borne in mind and this is likely to lead to practical difficulties for carriers and passengers alike.

In relation to the comment from Mr Johnson that returning Australian passengers should have their own line at the entry point, Customs advises that the system of "streaming" of Australian passport holders has been under consideration for some time. Previously, there had been difficulties with airport infrastructure but a Review of

Passenger Processing recommended "streaming" and it has just commenced at Sydney Airport and will be extended to other airports in the near future. Dedicated arrival channels for resuming Australians have been in place in Brisbane since the opening of the new terminal. Customs acknowledges that streaming a country's nationals, which is widely practised in other countries, is a major factor in improving facilitation rates for all travellers.

### **Limitation on CIQ Service Availability at Secondary Airports**

Australia currently has eight major international airports and a number of other Airports appointed under s. 15 of the Customs Act. Many of these are for use in emergencies or refuelling purposes only. Civil aircraft arriving from or departing for overseas are restricted to those designated by the Minister for Transport and Regional Development.

Customs co-ordinates the activities of Government border agencies involved in processing passengers travelling on charter flights. Arrival or departure of charter flights at airports other than the eight approved international airports requires approval from a number of Government agencies and is dependent upon resources and other factors. Charter operators must submit a written application, provide advance passenger information, collect and remit the PMC and pay any CIQ clearance costs applicable. These charges depend on the airport location and arriving/departure time and could include costs for officer travel, accommodation, overtime and airport infrastructure changes. It should be stated, however, that Customs makes every effort to assist charter operators and the costs have not been so high as to dissuade any operators to date.

### **The Extent to which Passenger Processing bottlenecks Can Affect Capacity of an Airport to handle Additional International Flights**

Obviously, the airport with most bottlenecks is Sydney which has a current runway capacity of 80 movements per hour (in good weather) for 17 hours each day. The capacity to process passengers through CIQ is currently assessed at 3,250 passengers per hour inwards and 4,000 passengers per hour outwards. Customs initiatives, together with changes to infrastructure, are expected to provide a higher capacity for passenger processing.

Customs has an agreed standard whereby 95% of arriving passengers are processed through the entry control point within 30 minutes of arrival. While this standard is generally met, there are times (especially early mornings at Sydney Airport) when the facilitation rate fails this standard for some aircraft. The congestion is often compounded by off-schedule or bunching of aircraft arrivals and is obviously beyond Customs' control.

In recent years Customs has devoted a lot of effort into improving and speeding up the processing arrangements for international travellers. The introduction of "streaming" of

Australian passport holders as mentioned above is one initiative. Others include the introduction of Advance Passenger Clearance (APC) which involves capturing information on passengers in advance of their arrival, thus shortening the time required at the entry point upon arrival in Australia.

Customs believes that another major cause of bottlenecks in the processing chain is in the baggage delivery area. Passengers frequently complete their customs and immigration facilitation in a short time but are delayed while waiting to retrieve their baggage. This is an issue which must be taken up with airport operators and the airlines who have responsibility for baggage handling on international flights.

We note that the DIST submission refers to the new slot control system at Sydney Airport and the expectation that it should ease traffic congestion and improve the airport's general efficiency particularly in peak periods. Customs notes that the Department of Transport and Regional Development advice is:

The slot management system, due to operate from 29 March 1998, may have little impact on arrivals. Preferably the slot management system should provide an even spread of arrivals (and departures) during the available operating hours at Sydney Airport. The compliance measures of the slot management system will only directly apply to off schedule movements of more than 30 minutes for international flights. Based on data received about flights which did not meet the standard, most of those flights had arrival times which were less than 30 minutes off schedule.

Please do not hesitate to contact me if you require any further information or clarification of Customs issues. .

Yours sincerely

(Peter Hallett)  
National Manager  
Passenger Processing