Review of Process for the Provision of Government Services at New Australian International Airports

The Minister for Infrastructure and Regional Development requested the Department of Infrastructure and Regional Development (Infrastructure) undertake a review of the whole-of-government approval processes for the provision of border agency services at new international airports.

In response to demand from industry for a formal process, in 2008 the Australian Government developed the approval process for the provision of Government services at new international airports and the overarching Principles and Guidelines to assess the provision of Government services at new Australian international airports (process and principles).

This process and principles are applied to proposals from airport operators for:

- Designation as an international airport for the first time,
- Changes in international airport categorisation (e.g. from Restricted Use International to Major International), and
- Significant changes in the type or scope of border agency resources at an airport already designated as an international airport which may or may not involve a change in the airports categorisation (e.g. deployment of permanent border agency resources for regular flights for the first time at a Restricted-Use International airport).

The current process is coordinated by the Aviation & Airports Division of Infrastructure, and involves a two-step process. The first step involves a national interest assessment coordinated by Infrastructure involving all interested Government agencies, including Austrade and the Australian Customs and Border Protection Service, which considers issues relating to economic and regional development, regulatory requirements for international aviation and tourism. If the proposal is considered to be in the national interest, the second step involves consideration by the National Passenger Processing Committee (NPPC) to determine if the proposal can be accommodated within existing resources. If the proposal cannot be accommodated within existing resources, the proposal will be considered by the National Passenger Facilitation Committee (NPFC) Inter-Departmental Committee for further consideration for the additional provision of border agency resources, which will follow standard Australian Government budget processes.

Need for review
Since the process and principles were developed in 2008, the nature of the international aviation industry has evolved. There has been an increase in Asian low cost carriers serving Australia, and increasing outbound international tourism due to the high Australian dollar and favourable financial market conditions in Australia. Many regional airports have included future international operations in their long term planning strategies, and are seeking advice from Government to enable planning for these services in the future.
Against the backdrop of multiple years of poor financial results, the airline industry has begun rationalising services in pursuit of sustainable operations. Recent trends include airlines increasing or decreasing services in line with seasonal demand, or serving destinations only during periods of sufficient demand. Many international airlines have moved away from operating low-frequency/high-density services to operate more frequent services with smaller and more fuel-efficient aircraft.

Along with these developments, a range of issues experienced by industry and Government stakeholders has necessitated the need to review the current process to determine its suitability to continue to be of use.

**Concerns with existing process**

**Industry**

Aspiring international airports discussing the process with Government have noted difficulties in attracting potential airlines until they have certainty from Government about the availability of border agency resources. Airport operators have also indicated a lack of certainty about timing for the approval process, particularly if the proposal will necessitate budget considerations by the Government for funding of additional border agency resources.

With no set application template for proposals, airport operators have noted difficulties in understanding the information required by the Government to consider a proposal, along with a lack of understanding of the process itself.

Ongoing NPPC approval for temporary resourcing for international services does not provide any incentive to airport operators to apply to the Government for permanent resourcing. Some locations are able to source border agency resources from regional offices to process occasional international airline services, where as other locations utilise resources from major international airports, which place a strain on those resources.

**Government**

In the current fiscal environment requests for additional border agency resources at airports will need to be considered within the context of the Government’s overall budget process. Before the Government makes a commitment for border agency resources, airport operators are required to secure a firm commitment from an international airline to commence services and to demonstrate ongoing viability of international services in order to ensure the Government does not make substantial investment to accommodate international services that turn out to be short-lived. This situation can be challenging for airport operators, who often cannot tell if a market is viable without ‘testing’ the market with actual international airline services.
It is important to maintain a Whole-of-Government approach that provides airport operators with appropriate advice from Government as a whole that at the same time meets the particular regulatory requirements of each Government agency.

The three situations outlined in the processes in which an airport needs to apply to Government are not universally understood. Each separate situation will necessitate an application under the process, and an airport may also need to apply if a number of the situations are met, e.g. the airport wishes to change its designation and apply for permanent border agency resources. It is also possible to simply apply for permanent border agency resources without seeking to change the designation of the airport (if the airport is already designated as a Restricted-Use International airport). There is a view that an airport needs to become a Major International airport in order to accommodate international services or accommodate permanent border agency resources; this is not the case. It is possible for a Restricted-Use International airport to accommodate regular international services with the prior approval of the border agencies. Further explanation of airport categories may help in understanding the limitations of each category, and assist airport operators preparing for international services.

The principles and guidelines are intended to provide flexible and high-level guidance for both Government and industry to enable the principles and guidelines to apply to a range of different circumstances. However, it appears that the non-prescriptive, principles based nature has caused confusion within industry. To address this, additional guidance material may assist airport operators to make applications, and to ensure airport operators have completed the necessary pre-requisite steps before making an application to the Government.

Strategic objectives
In light of the issues highlighted above, it is proposed that the review of the process and principles for the provision of border agency resources meets the following overarching strategic objectives:

- Clarify and/or make recommendations for improved process and procedure,
- Develop clear guidance for airport operators and industry regarding the application process,
- Develop specific process and principles for approval of trials and seasonal services,
- Review various airport designation/classification categories for all Government agencies,
- Complement and/or support other border agency review processes,
- Assist in establishing guidance and support for the allocation of border agency resources.

Consultation
Noting the strategic objectives of the review outlined above, a number of pertinent questions are listed below for comment. Infrastructure invites responses to these questions from interested Government and industry stakeholders. Any additional comments are welcome regarding issues that have not been addressed that would improve the overall process for considering applications for new international airports.

- Are the current process and principles useful in outlining the Government’s position regarding the provision of Government services?
• What guidance material would best support airport operators and/or industry plan for and apply for the provision of Government services to support international airline services?
• Is the current process for approvals for trial and seasonal services sufficient and appropriate? How can the Government support opportunities for airport operators to test potential international markets whilst not diminishing the effectiveness of existing border agency resources?
• How can the process and principles for trial, seasonal and permanent border agency resources better assist efforts by airport operators to attract international airline services?
• What mechanisms could the Government utilise in seeking assurance from airport operators regarding the continuation of international airline services once the Government has committed funding for border agency resources at a new international airport?
• What conditions or arrangements could be put in place to assist airport operators to transition from trial or seasonal services to be in a position to apply to the Government for permanent border agency resourcing?
• Is the current guidance material regarding border agency infrastructure requirements, such as the Guide to International Airport Operators published by Customs, useful? How could this be improved?
• Is the Government regulation that applies to the classification or designation of international airports appropriate? Could the current system be improved or coordinated more effectively?
• In what situations would cost recovery mechanisms for border agency resources for international services at Restricted-Use and non-International airports be appropriate?

Please send comments and feedback to international.airports@infrastructure.gov.au by 16 January 2015.