BARA

**Board of Airline
Representatives
of Australia Inc**

Future of Australia's aviation sector

Overview of BARA

The Board of Airline Representatives of Australia (BARA) is the industry body that supports the safe and efficient operations of international airlines serving Australia for the benefit of consumers, businesses and tourism.

The Australian Competition and Consumer Commission (ACCC) has authorised BARA to negotiate on behalf of its members with major international airports, Airservices Australia and other providers of essential aviation-related services to improve the efficiency and safety of international aviation to the benefit of airlines and passengers.

BARA's Vision and Outcomes

To guide BARA's work and clearly articulate its ideals, BARA's members have developed a *Vision and Outcomes for International Aviation in Australia*, available at www.bara.org.au. The vision for international aviation in Australia is 'High quality, adaptive and efficient'. Underpinning this vision, BARA has identified four key outcomes to boost competitiveness, productivity and the financial performance of industry participants. These are:

Outcome 1: Timely and reasonably priced airport infrastructure

Outcome 2: Competitive supply of jet fuel

Outcome 3: Safe and efficient air navigation

Outcome 4: Environmentally sustainable growth

This submission by BARA to the Department of Infrastructure, Transport, Regional Development and Communications responds to the *Future of Australia's Aviation Sector: Flying to Recovery. Issues Paper 2020*. It focuses on the practical implementation of a regulatory framework to allow greater volumes of international passengers, freight and flights during COVID-19. It also covers assistance for international air freight through the International Freight Assistance Mechanism (IFAM), and the need for each sector of the aviation industry to become financially viable or be provided with transparent funding assistance arrangements.

BARA's member airlines

AIR ASIA X	CHINA SOUTHERN AIRLINES	QANTAS AIRWAYS
AIRCALIN	DELTA AIR LINES	QATAR AIRWAYS
AIR CANADA	EMIRATES	ROYAL BRUNEI AIRLINES
AIR MAURITIUS	ETIHAD AIRWAYS	SINGAPORE AIRLINES
AIR NEW ZEALAND	EVA AIR	SOUTH AFRICAN AIRWAYS
AIR VANUATU	FIJI AIRWAYS	SRILANKAN AIRLINES
ALL NIPPON AIRWAYS	GARUDA INDONESIA	THAI AIRWAYS
AMERICAN AIRLINES	JAPAN AIRLINES	TURKISH AIRLINES
ASIANA AIRLINES	LATAM AIRLINES GROUP	UNITED AIRLINES
CATHAY PACIFIC AIRWAYS	MALAYSIA AIRLINES	VIETNAM AIRLINES
CHINA EASTERN AIRLINES	PHILIPPINE AIRLINES	VIRGIN AUSTRALIA

Executive Summary

Airlines operating international flights continue to display a high level of professionalism in supporting Australia to manage the COVID-19 pandemic. They have overcome numerous difficulties, with many travel restrictions and operating requirements implemented with little advance notice. The passenger clearance processes implemented to enforce travel restrictions are lengthy and cumbersome.

Australia's international aviation industry is now operating at only about 3% of passengers and 8% of flights. Many Australians remain stranded in overseas countries and there have been widespread losses in income and employment. It will become increasingly difficult for airlines to maintain even the current small network of international flights under the existing travel ban and operational requirements. The Final Report into the National Review of Hotel Quarantine also recognises that existing models of quarantine (ie 14-days mandatory quarantine in a government-run facility) are unlikely to be able to expand significantly above current levels, as such new approaches that manage the risks of returning travellers are needed.

To help Australia address the negative economic and social impacts of the international bans and passenger arrival caps in mitigating the risk of COVID-19, a new regulatory framework is needed to allow greater numbers of international passengers and flights. It requires the Australian Government to invest in the framework's ongoing development and implementation, which is beginning to occur with the Safe Travel Zone with New Zealand.

To be clear, BARA is advocating a risk-based approach to international arrivals. It supports an increase in the number of Australians currently stranded overseas to return home, while also allowing for business, student, and personal travel outside established Safe Travel Zones, which operate without restriction. This is consistent with the Australian Government supporting Australians overseas and its economic and social objectives focused on a staged and cautious approach to greater connectivity with overseas countries.

Such an outcome would allow airlines to maintain a network of international flights to and from Australia until conditions support opening international borders across many countries without restrictions on the type of travel (eg holidays and tourism). What conditions would permit fully open borders remain unclear, and would likely be guided by the emergence of effective COVID-19 vaccines and/or treatments over the coming months.

The medical expert panel that advises the National Cabinet is also considering travel from low risk countries into Australia and how that can be achieved using a traffic light system. All such developments need to be underpinned by guidance material to provide confidence for passengers to book travel and airlines to schedule flights. Consultation with, and input from, airlines and other industry participants will facilitate the practical implementation of a risk-based approach to re-establishing the connectivity of Australians and businesses to overseas countries, while managing the risk of COVID-19 for the community.

Executive Summary

A new regulatory framework for international aviation

Australia would benefit from the ongoing development and implementation of a risk-based framework to allow more international passengers and flights. It would draw on research and procedures being used internationally, including testing before departure.

A number of overseas countries are implementing risk-based approaches to international travel, underpinned by published guidance and electronic processes. Investment in such a framework should be a priority for the Australian Government over the coming months. **> READ MORE**

Maintaining international air freight volumes

Before COVID-19, international passenger aircraft carried most air cargo. To maintain this trade, targeted support is justified. In some instances, it may be more beneficial to Australia to provide financial assistance to a combined passenger and cargo flight.

The need to support international air freight will essentially be self-regulating, based on progress in implementing the framework that allows more international passengers and flights. This further highlights the benefits of a risk-based approach to international travel. **> READ MORE**

Transparent financial assistance to aviation industry sectors

International flights are no longer able to provide the funding for parts of Australia's aviation infrastructure used by domestic sectors. By default, it has become necessary for the Australian Government to directly fund many uncommercial aviation services.

Through various supplier pricing practices, international flights previously paid more than the cost of the services they used. Future arrangements should be underpinned by transparent funding arrangements for Australia's commercially unviable air transport services. **> READ MORE**

A new regulatory framework for international aviation

Australia's prevailing international travel bans and tight international passenger arrival caps have mitigated the risk of COVID-19 from arriving international passengers; they have also stranded Australians overseas, led to lost business opportunities, and left many without income and employment. That said, the Australian Government can now begin to implement a new, risk-based regulatory framework for Australia's international aviation sector that will redress these negative economic and social outcomes while continuing to mitigate the risk of COVID-19. A risk-based approach to international arrivals would include making the best use of emerging COVID-19 testing technologies, and would allow border restrictions to begin to ease and far greater numbers of international passengers and flights to arrive at Australia's airports. Member airlines remain committed to working through the issues with all levels of government in Australia, their departments and health authorities, to ensure the sound application of a risk-based framework of international travel to and from Australia.

Australia's international aviation industry is operating at a small fraction of its pre-COVID-19 levels. The bans on international travel implemented back in March 2020 have reduced passenger numbers to about 3% of previous volumes. The introduction of 14–days mandatory quarantine for international arrivals, together with daily or weekly passenger caps by airport, has further reduced the commercial viability of the remaining small network of international flights.

While recognised by many as a success in mitigating the risk of COVID-19, the unfortunate economic and social impacts for Australia have been extensively reported on in the media and ongoing government reviews, including the Senate Select Committee on COVID-19.

International flights made a large, direct contribution to Australia's economy and society. Passengers used to spend over $30 billion annually on international flights to and from Australia. This expenditure directly supported airports, fuel suppliers, air navigation systems, ground handlers, catering, providers of security services and travel agents, among other infrastructure and industry. Along with airlines, these suppliers and providers have also experienced very large falls in income and employment.

The *National Review of Hotel Quarantine* Final Report (Hotel Quarantine Final Report) notes that Australia's quarantine arrangements should 'be reconsidered to take account of greater knowledge of the virus, different prevalence in countries of origin of travellers, an understanding of how to incorporate risk-based approaches in system design and different models of quarantine made possible by new testing and monitoring arrangements'[1]. The establishment of the New Zealand Safe Travel Zone is an important first step in moving towards a risk-based approach for all international arrivals.

There is a strong case for prioritising support, both financial and non-financial, which will allow more international passengers and freight, while mitigating the risk of COVID-19. By doing so, Australians could return home in a more orderly manner, increased air freight would support Australian businesses, and the gradual return of international tourism would become possible. As international

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[1] *National Review of Hotel Quarantine* Final Report, p.3.

flights are paying commercial rates for their inputs, it provides additional income for all parts of Australia's aviation sector in proportion to their contribution to industry output.

BARA notes the Australian Government's budget assumption that Australia's international borders will be largely closed for most of 2021.[2] This is a dire forecast for Australia, as airlines would struggle to maintain even a small network of international flights they are currently operating into Australia. Such an outcome, however, need not occur, and instead a more internationally connected and prosperous Australia could be achieved. It will require ongoing effort by governments and industry in working through how to mitigate the risk of COVID-19 for the community in allowing greater numbers of international arrivals and flights. This would provide far improved connectivity, income and employment outcomes for Australia compared with waiting until a vaccine is widely administered globally before permitting more open international borders.

To that end, BARA is encouraged by recent statements from the Australian Government, supporting the recommendations and findings of the Hotel Quarantine Final Report, and the establishment of the New Zealand Safe Travel Zone. This represents the most productive and beneficial path for Australia in developing and implementing quarantine requirements that manage COVID-19 consistent with the assessed risk of arriving passengers.

Immediate issues: permitted international arrivals and quarantine capacity

Before the COVID-19 pandemic, each month on average some one million Australians travelled overseas and returned home. The travel bans introduced from March 2020 rapidly reduced the number of Australians travelling overseas (and overseas visitors to Australia), with passengers progressively returning home. When people choose to return home varies, but largely depends on visa requirements, or personal and work circumstances.

When, with little notice given to airlines, tight international passenger arrival caps into Sydney were introduced in early July, they caused severe disruption for passengers and airlines. One airline told BARA that it had to deny over 100 passengers from boarding at the airport. More importantly, it created a backlog of thousands of passengers for many airlines that had sold tickets to them but were no longer able to offer a seat.

In late August, based on caps that only allowed some 4,000 arrivals into Australia each week, it would have taken around six months to return what BARA estimated could be up to 100,000 Australians overseas[3]. BARA notes the number of Australians that have registered their intent to return home with the Department of Foreign Affairs and Trade (DFAT) has steadily increased from about 19,000 in late August to 34,000 as of the beginning of November.

The increasing total number of Australians registered with DFAT despite ongoing arrivals each day is consistent with BARA's estimate of a total number of 100,000 Australians overseas that were, or would be, seeking to return home back in late August. It will become an even bigger problem when many Australians find they cannot return home before the end of 2020, which is still projected to happen with today's per-flight passenger caps. Most of the seats on the 150 international flights arriving each week into Australian airports will remain empty under the tight international passenger arrival caps.

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[2] Australian Treasury (2020) Budget Strategy and Outlook Budget Paper No. 1 2020–21, states: 'Inbound and outbound international travel is expected to remain low through the latter part of 2021, after which a gradual recovery in international tourism is also assumed to occur.' pp.2–6.

[3] BARA's estimated 100,000 Australian overseas was based on the backlog of passengers reported by member international airlines when the arrival caps were first implemented. The number of Australians registered with DFAT is lower because not all Australians have chosen to register with DFAT, who has also been progressively expanding its coverage for registration.

The cost of international airfares has also drawn media attention, and these problems are also a direct consequence of the international passenger arrival caps. Operating international flights is expensive, costing $8,000−10,000 per hour in fuel and crew costs alone. Costs also increase when flight schedules are disrupted through government-mandated changes to operating requirements and passenger restrictions that must be implemented with little advance notice. As passenger numbers on many arriving international flights have now been capped between 25−80 passengers per flight (depending on the airport and day), the cost per passenger equation becomes terrible for airlines and passengers.

BARA considers that the most effective and economical way of returning Australians home is through ongoing increases in the permitted number of international arrivals each day or week into Australia's major capital city airports as domestic border restrictions are eased or removed. For airports with weekly caps, requiring an equal distribution of the arrivals each day is often unhelpful in supporting the commercial viability of the flights. Flexibility here, with greater passenger loads permitted on days of arriving flights, which airlines are pleased to report has occurred for some flights, will better support the ability of airlines to return Australians home.

There is no shortage of arriving international seats to meet Australia's immediate needs under the travel bans, with about 20,000 empty seats each week. Clearly, allowing Australians to return home on these empty seats presents the most useful option available. In some parts of the world where connectivity and available flights for passengers are low, direct repatriation flights are important in returning Australians who remain outside the current network of commercial international flights.

Additional quarantine capacity for arrivals from higher-risk countries

As described in the Hotel Quarantine Final Report, 14-days mandatory quarantine 'is an expensive resource and requires a highly specialised workforce to support the system including clinical, welfare and security services in order to mitigate risk and discharge duty of care obligations.'[4] Given the high costs of provision, it is not expected that state or territory governments will be prepared in the immediate future to provide greater overall quarantine capacity above that already announced.

This means that the quarantine capacity currently used for domestic travellers is the most practical option for increasing the number of permitted international arrivals as domestic border restrictions are eased and removed.

Passengers arriving into Sydney Airport from Melbourne Airport are currently required to undergo 14-days of mandatory quarantine. BARA understands that each week some 1,600 people from Victoria go into mandatory quarantine in Sydney, which represents over one-third of total quarantine numbers. The Hotel Quarantine Final Report also notes that over one third of people quarantined travelling to Queensland are domestic quarantine.

When the quarantine requirements on arrivals into NSW and Queensland are eased or removed, the allocation of this quarantine capacity to international flights would provide for a large increase in the number of Australians that could return home, likely more than 7,000 per month. This would make a big difference in returning Australians home before the end of 2020. BARA understands that mandatory quarantine requirements for arrivals from Victoria into NSW will no longer be required from 23 November.

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[4] *National Review of Hotel Quarantine* Final Report, p.3.

Expanding the New Zealand Safe Travel Zone to all Australian States and Territories would allow more Australians from New Zealand to return home in the most efficient manner and increase the number of Australians that could return from other overseas countries under the existing arrival caps. Some 20 flights from New Zealand have been arriving in Brisbane each month carrying about 500 passengers who go into quarantine. Those quarantine places could now go to Australians stranded in other overseas countries if the New Zealand Safe Travel Zone was expanded to Queensland.

The inclusion of international arrivals into Victoria through Melbourne Airport would also benefit Australians overseas and permit more commercially viable international flights into the airport. It will be difficult for airlines to maintain flights into Melbourne Airport based only on the revenues obtained from air freight and outbound passengers. BARA appreciates the sensitivities for Victoria in reopening its borders to international arrivals. A careful and staged implementation is a first step towards reopening Victoria to the international economy, which has been a major contributor towards its income and employment, especially over the last 10 years. To that end, BARA is encouraged by the COVID-19 Hotel Quarantine Inquiry Interim Report and Recommendations, which envisages that a quarantine program for Victoria would involve the use of two models operating concurrently: a facility-based model (such as the Hotel Quarantine Program was) and a suitable premises model that can be home-based.[5]

Commercial provision of quarantine facilities

There is also merit in the Australian Government and state governments establishing a regulatory framework that permits the commercial provision of quarantine services as a short-term measure. BARA is encouraged by National Cabinet's discussions on the possibility that corporations returning workers from around the world would be able to put in place their own quarantine arrangements. These would meet standards at least equivalent to what is done in the publicly-run facilities or supported through the hotel quarantine arrangements for returning Australian citizens.[6]

Permitting and regulating the commercial provision of quarantine services would allow people to travel to Australia for business without reducing the quarantine capacity available for returning Australians. Such an outcome directly benefits Australian businesses and the participating state economies. It also benefits Australians stranded overseas because these arriving passengers do not take up quarantine places provided by government.

A risk-based, regulatory framework for international arrivals

Permitting more open travel between Australia and overseas countries with a low COVID-19 risk would generate substantial economic and social benefits while mitigating the risk of COVID-19 to the community. It would be far more useful than waiting for widespread vaccination. Importantly, now that mandatory quarantine requirements have been in place for some months, a large dataset by country is now available of COVID-19 outcomes for arriving passengers into Australia. This can provide a sound basis for guiding future COVID-19 risk mitigation strategies and requirements.

A risk-based approach to overseas arrivals would tailor how to mitigate COVID-19 across overseas countries for the community. The two parts of the framework would consistently rate the risk level of each overseas country and then choose the requirements necessary to cost-effectively mitigate the risk of COVID-19.

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[5] Also see the home isolation requirements examples for the Australian Capital Territory: https://www.covid19.act.gov.au/stay-safe-and-healthy/quarantine-and-isolation/isolation-information-for-people-with-confirmed-covid-19 and Tasmania https://coronavirus.tas.gov.au/travellers-and-visitors/quarantine

[6] See National Cabinet (16 October 2020), Media Release.

The recently implemented Safe Travel Zone with New Zealand[7] represents a first important step to a risk-based approach for Australia's international aviation, albeit a Safe Travel Zone based around essentially COVID-19-free conditions. BARA understands most of the arriving passengers are Australians (or New Zealanders that ordinarily live in Australia) seeking to return home rather than tourists from New Zealand. This is to be expected given the requirements for mandatory quarantine for arrivals into New Zealand.

The increase in arrivals from New Zealand to Australia each day, now often at 200−300, highlights that the number of Australians in overseas countries that are, or will be, seeking to return soon is far larger than allowed under the tight international passenger arrival caps.

The establishment of the New Zealand Safe Travel Zone has required the development of processes and procedures between governments and their departments with airlines and the airport operators as to how such flights and travel can occur. This level of engagement and cooperation can also underpin the development and implementation of risk-based approaches to managing COVID-19 with other overseas countries. BARA would see countries such as Fiji and Vanuatu as additional countries that could become part of the Safe Travel Zone.

The requirements for international arrivals vary by state, with the requirements for arrivals from New Zealand ranging from a 'light' health check into New South Wales to 14-days mandatory quarantine into Queensland. The confusion amid divergent public statements by the Australian and state governments over whether arrivals from New Zealand to Australia could travel across state and territory borders was an unfortunate development but now appears to be resolved.

International 'travel bubbles' or 'green lanes', be they unilateral or bilateral, need to be underpinned by clearly defined and understood rules and requirements across state and territory governments. The rules that govern these arrangements need to be communicated clearly and concisely to ensure neither the aviation industry nor consumers are confused or in any way unclear about their application and operation.

The work being done here does provide the basis for applying a risk-based approach to other overseas countries, and the government is already working towards a more risk-based framework for international arrivals. Other quarantine options could be made available to not only return Australians home but also find a safe level to once again engage with the rest of the world, including priority areas like students and business visitors to Australia.[8]

BARA is advocating a risk-based approach to international arrivals: it supports an increase in the number of Australians currently stranded overseas to return home, while also allowing for business, student, and personal travel outside established Safe Travel Zones, which operate without restriction. This is consistent with the Australian Government supporting Australians overseas and its economic and social objectives focused on a staged and cautious approach to greater connectivity with overseas countries.

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[7] See National Cabinet (2 October 2020) Safe Travel Zone with New Zealand.
[8] See National Cabinet (16 October 2020), Media Release.

Country risk ratings

BARA notes models for rating the COVID-19 risk of arriving passengers by country are emerging and are likely to become a specific feature of international travel globally for some time. For instance, the European Commission has implemented common criteria and mapping for European Union (EU) Member States to coordinate border controls to remove confusion for travellers.[9] Under the model, each week, member states provide the European Centre for Disease Prevention and Control (ECDC) with the data available on the following criteria:

1. number of newly notified cases per 100,000 population in the last 14 days

2. number of tests per 100,000 population carried out in the last week (testing rate)

3. percentage of positive tests carried out in the last week (test positivity rate).

Based on this data, the ECDC publishes a map of EU member states weekly, broken down by regions, to support member states in their decision-making. Potentially, the Australian Government could directly source this information in specifying the risk ratings for EU member states.

The existing mandatory quarantine requirements mean Australian and state government health authorities would now have available a large database of information of the COVID-19 outcomes for arriving international passengers. BARA assumes that one of the factors that encouraged the establishment of the Safe Travel Zone with New Zealand would have been the few, or no, cases of COVID-19 in quarantine passengers from New Zealand, in addition to the low number of cases per population as noted by the Hotel Quarantine Final Report. This information can also be used in establishing and updating the risk rating of passengers arriving from different overseas countries.

Risk mitigation measures

A range of COVID-19 risk mitigation measures have been applied to arriving international passengers in Australia and overseas, including:

1. 14-days mandatory quarantine

2. a shorter quarantine period

3. self-isolation 7−14 days

4. self-isolation until a negative COVID-19 test result is confirmed

5. 'light' health assessment (temperature checking/health declaration).

A risk-based approach would map the required measures to the risk assessment assigned to each overseas country. There would need to be regular review and clear communications and timings for changes to the risk mitigation measure(s) applied to arrivals from specific overseas countries.

BARA notes some overseas countries have already applied a specific risk mitigation measure to international arrivals from different overseas countries, including Singapore, Hong Kong and Qatar. As one example, a visitor from New Zealand to Singapore undergoes a COVID-19 polymerase chain reaction (PCR) test at the airport upon arrival in Singapore. After being tested, the visitor must take private transport from the airport to their declared accommodation and remain in isolation at that location until notified the test result is negative. If the result is negative, then the traveller from New Zealand can go about their activities in Singapore.[10]

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[9] See www.consilium.europa.eu/en/press/press-releases/2020/10/13/covid-19-council-adopts-a-recommendation-to-coordinate-measures-affecting-free-movement/

[10] See: https://safetravel.ica.gov.sg/newzealand/atp/requirements-and-process

BARA is encouraged that the Australian Government's expert medical advisory panel is considering various options for travel from safe countries into Australia and how that can be achieved using a traffic light system for the various countries.[11] Consultation with industry participants would help in applying sound approaches to risk-based mitigation measures.

Testing before departure

BARA supports the International Air Transport Association's (IATA) progress with workable solutions to restarting global international aviation, including for Australia.[12] COVID-19 testing before departure will be a critical part of a risk-based approach to overseas arrivals and BARA would like to see such measures incorporated into Australia's framework for restarting international aviation.

Given the importance of testing in helping to suppress COVID-19, it is to be expected that advances will occur in testing methods, especially the speed with which test results can be obtained. Media and other reports indicate the opportunity for tests to deliver accurate results within 20 minutes will be available shortly.

IATA's proposal is to develop a test that not only meets the criteria of speed, accuracy, affordability and ease of use, but could also be administered systematically under the authority of governments following agreed international standards. IATA is pursuing this position through the International Civil Aviation Organization (ICAO), which is leading efforts to develop and implement global standards for the safe operation of international air services amid the COVID-19 pandemic.

COVID-19 testing before departure is the preferred option because it will create a 'clean' environment throughout the travel process. Testing on arrival can discourage travel given the potential for quarantine at the destination in the event of a positive result.

Space at Australia's major international airports would be necessary to administer rapid pre-departure testing. People would need to be tested before check-in.

The international terminals at Australia's major airports have limited space, so it would require careful coordination with airlines and management of passengers. To allow greater passenger volumes, it might also be possible to administer the rapid tests in the nearby car park or other area close to the terminal. This highlights the need for early consultation with airlines and airport operators over how testing requirements could be implemented at each international airport.

Public opinion on testing

IATA's public opinion research revealed people strongly supported COVID-19 testing in the travel process, as is evident from the following survey results:

- 84% agreed testing should be required of all travellers
- 88% agreed they are willing to undergo testing as part of the travel process.

Public opinion research also indicated testing will help to rebuild passenger confidence in aviation.

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[11] See National Cabinet (16 October 2020), Media Release.
[12] See www.iata.org/en/pressroom/pr/2020-09-22-01/

Electronic information, airport and airline procedures

Greater use of web-based applications to obtain necessary information from arriving passengers would benefit governments, airlines and passengers. Ensuring passengers provide required information in the most efficient and effective manner reduces costs and makes for a more seamless travel experience. It is necessary to support a risk-based approach to managing COVID-19 from passengers arriving from different overseas countries.

It is clear from the data published in the Hotel Quarantine Final Report that there are gaps in the information that needs to be consistently collected from international passengers to support a risk-based approach to international arrivals. The Hotel Quarantine Final Report notes that in presenting the information on arrivals by overseas country it 'could not ascertain whether these 'point of origin' were preceded by a connecting flight from another country/region, as such the point of origin or may be the point of origin nominated by passengers on their incoming passenger declaration as opposed to the original departure point'.[13] Information to fill such gaps, especially about the country(ies) each passenger had spent time in before boarding a flight to Australia, is essential in ensuring the right quarantine arrangements are applied.

Accurate and easily accessible contact information is also necessary to ensure health authorities can efficiently inform individual passengers that have arrived in Australia of the need to follow required health directions, such as testing or self-isolation, should this be become necessary.

Airlines are often restricted as to what information about passengers they can provide to Australian authorities given each country's privacy laws. There are also coordination issues for airlines if the passenger(s) have booked their flights through an external travel agent. In such circumstances, the contact information provided to the airline might be that of the travel agent rather than the passengers directly. This would not be satisfactory in supporting a risk-based approach to mitigating COVID-19.

Many overseas countries have established web-based applications where passengers register and provide required information before departure. It is both more efficient and provides the flexibility to amend the information sought from passengers at short notice, especially given the information sought will likely change through time in response to the COVID-19 pandemic.[14]

The information sought from passengers for the New Zealand Safe Travel Zone was initially paper-based because Australia lacks an existing web-based platform. This was possible for a short time for the initial Safe Travel Zone with New Zealand but is unsatisfactory for wider application.

BARA welcomes the Australian Government's work in establishing a web-based platform for passenger arrival information (Australia Travel Declaration), which will be critical for allowing greater numbers of international passengers. This platform is now being used for quarantine-free flights from New Zealand and repatriation flights to the Howard Springs facility. Based on what is learnt from this initial application, the Australia Travel Declaration can be applied to all arriving international passengers.

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[13] *National Review of Hotel Quarantine* Final Report, p.10.
[14] An example here is Singapore, available at www.ica.gov.sg/enteringanddeparting/entry_requirements/e-arrival-card.

BARA's understanding is the information sought through the website will supplement the manual information now filled out by passengers on the Incoming Passenger Card, but there is scope for this information to also be recorded electronically in the future. BARA supports all required information being obtained through the one electronic process.

Airport and airline procedures

A risk-based approach to international arrivals also has important implications for airline operations at the international airports. This includes how:

- passengers of different risk profiles will be segregated

- transmission risks will be minimised

- passengers that test positive or are showing symptoms at the airport or on an aircraft will be cared for and the risk to other passengers and crew minimised.

Airlines and the airport operators have already developed and implemented many procedures and practices in mitigating the risk of COVID-19. Developing and publishing guidance materials that draw on existing practices and approving practices currently in place and working successfully, will further ensure Australia's ability to successfully apply a risk-based framework to international passenger arrivals.

BARA does note that, in Australia, some airport operators have been reluctant to provide plexiglass screens at international check-in for airline passengers similar to that in place at many businesses around Australia. BARA understands this is due to the airport operators' position that they are not necessary nor are they prepared to accept the risk for their staff in cleaning them, and as such the airlines must directly provide and maintain it. The industry's inability to solve issues about the basic equipment used during COVID-19 is disappointing and needs to be resolved.

The ability to apply differing quarantine requirements for arriving international passengers by country through a risk-based framework needs to be calibrated against the practical considerations for airlines and the airport operators. These practical considerations extend to issues such as segmented terminals, passenger configurations on aircraft and crew requirements. BARA's member airlines, in operating flights to countries with a range of different passenger quarantine arrangements, are well-placed to support the Australian Government and its departments in the sound development and application of a risk-based approach to international arriving passengers.

Maintaining air freight volumes

The Australian Government's International Freight Assistance Mechanism (IFAM) has been beneficial in supporting Australian businesses by enabling ongoing air freight capacity. This is necessary given the low commercial viability of international passenger aircraft operating as freight-only. Pre COVID-19, most international air freight was carried in the belly hold of passenger flights. As such, the need for ongoing financial support through IFAM is closely linked to the number of international passenger flights by overseas country into the major capital city airports. There is merit in tailoring the program for flights to regions that have had the largest falls in international passenger flights and ongoing reviews to ensure IFAM is achieving its objectives.

In 2019, Australia benefited from over 1 million tonnes of combined imports and exports of high value air freight. International passenger aircraft carried most of this, with Australian businesses gaining from the sustained growth in international flights, creating substantial air freight capacity.

Although air freight only accounts for a small proportion of Australia's international freight by mass (0.1%), it represents around 20% of trade by value. Some agricultural exports are highly dependent on aviation, with almost 80% of seafood (by value) exported by air.[15]

With international passenger flights reduced by some 90% by the COVID-19 pandemic, the capacity available for international air freight has also been proportionally reduced. IFAM has helped respond to this problem by making it commercially viable for airlines to operate passenger aircraft as freight-only operations.

Data published by the Bureau of Infrastructure, Transport and Regional Economics show that gaps remain in the air freight capacity, especially for Victoria, Queensland and Western Australia, where both international passenger and freight flight numbers are lowest (Figure 1). Through IFAM, the freight-only passenger aircraft into Sydney Airport each day has maintained 2020 air freight volumes equal to 2019 levels of activity for New South Wales.

Figure 1   **International air freight, 2020 compared to 2019**
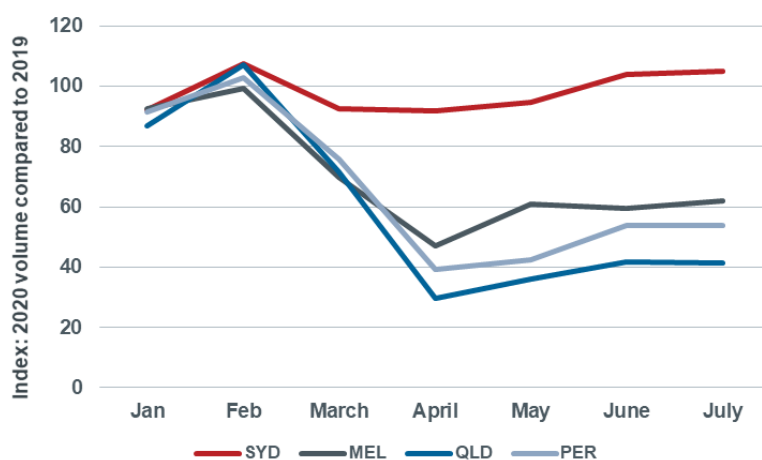
Source: Derived from the Bureau of Infrastructure, Transport and Regional Economics
Notes: Data for Queensland is the aggregate amounts for BNE, CNS and OOL airports

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[15] Department of Infrastructure, Transport, Regional Development and Communications (August 2020), *Future of Australia's Aviation Sector. Flying to Recovery. Issues Paper 2020*, p.4.

Allowing more international passengers and flights

The development of a risk-based approach to international passenger arrivals will best support Australian businesses that rely on international air freight by allowing more commercially viable flights, which will in turn increase freight capacity to and from Australia. This means investment by the Australian Government in the risk-based framework for international passenger arrivals will eventually reduce, and potentially remove, the need to provide ongoing financial assistance for international air freight.

In some instances, it may be more beneficial to provide financial assistance to a combined passenger and cargo flight, especially into airports with fewer flights per day than other major airports and where overall financial viability is currently low. This would support airlines that are trying to meet the permitted international arrival numbers at an airport where reasonable outbound passenger volumes are difficult to obtain. It might be that network-based carriers, which can secure freight from a number of countries to their global hub, are better placed to operate combined passenger and freight services into airports where reasonable outbound volumes are difficult to obtain. This again highlights the critical interaction between international passenger flights and the air freight capacity available for Australian businesses.

Tailored assistance with periodic reviews

It is also important to note that if the financial assistance for air freight is not well targeted, it may be counterproductive. This could occur if the financial assistance provided for a cargo-only flight means an international passenger flight becomes commercially unviable as it is unable to secure the necessary freight revenues. This may occur as the number of international passenger flights increase into an airport. It would obviously be preferable for airlines to operate their passenger aircraft for their intended purpose (passengers and freight) rather than subsidised freight-only.

It is necessary to carefully evaluate the air freight capacity needs by geographic area to ensure the assistance through IFAM provides net benefits to the Australian taxpayer and does not make otherwise viable international passenger flights uncommercial. BARA therefore considers periodic reviews of the IFAM scheme are merited to ensure it is achieving its intended objectives.

Transparent financial assistance to aviation industry sectors

Australia's international flights and passengers have been a large source of revenue each year for the Australian Government, funding the services used by other sectors of the aviation industry and contributing to general revenues. Over the coming years, the lower international flight numbers mean the Australian Government will need to directly fund those sectors of the aviation industry that are justified in the public interest but are not commercially viable.

International flights have been a very large direct net contributor to Australia's aviation industry. Pre-COVID, BARA estimates that international flights contributed annually about $100 million to other sectors of the aviation industry, primarily through Airservices Australia's pricing arrangements for air navigation and aviation rescue and firefighting services. The airlines also collected over $1 billion annually on behalf of the Australian Government in the Passenger Movement Charge (PMC) from departing international passengers.

The small remaining network of international flights means revenues available from these operating international flights to other sectors of Australia's aviation industry have now ended. Indeed, the Australian Government is implicitly funding Airservices Australia's fees on cargo-only international flights through the IFAM arrangements, as the assistance is set to recover airline operating costs. As explained earlier, a risk-based approach to international passenger arrivals can allow for flights to carry both passengers and freight, reducing or ending the need for air freight subsidies.

The Australian Government is providing significant funding for Australia's aviation industry during COVID-19, including waiving and rebating various air navigation and security costs for domestic and regional flights. It is also likely that after the pandemic some regional air routes will require ongoing financial assistance. These are legitimate matters for governments in promoting broader economic and social objectives.

International aviation should be afforded the opportunity to recover as best as possible after the COVID-19 pandemic. To support this, international flights should only have to cover the cost of the services they use. The Australian Government should directly fund commercially unviable air transport services or lower the prices for passengers and businesses on specified routes. This would provide a sounder basis for Australian Government support for Australia's aviation industry now and over the coming years.

BARA's publications

BARA's Policies, Position Statement and quarterly *Airline Views* articulate the reforms that will support safe and efficient international aviation for Australia.

For these documents and more information, visit **bara.org.au/publications**