

## Digital Government Case Studies: Smartgate

Smartgate is an automated passenger clearance system that is available to eligible passport holders arriving at and leaving major international airports in New Zealand and arriving at Australia's eight international airports. Smartgate was developed as a response to the Government's wish to provide a smoother experience for travellers. The aim was to help to make the processing international travellers at the border more effective and efficient.

The decision to build Smartgate and its timeframe were linked to agreement between the Australian and New Zealand prime ministers in early 2009 to make the Tasman border more efficient and facilitate the movement of Australians and New Zealanders, and also the increase in passenger volumes expected for the Rugby World Cup in 2011. At special kiosks, Smartgate reads a microchip embedded in passports and uses stored biometric data and photo-matching technology to validate passports and travellers to provide accurate and fast automated clearance. New Zealand Customs Service (Customs), the agency responsible for Smartgate, is the New Zealand Government's agent at the border, where it carries out activities on behalf of many other government agencies. Smartgate's introduction had immediate and downstream implications for these agencies.

In March 2009, Cabinet endorsed Customs' plan to build Smartgate. In December 2009, the first Smartgate went into service in Auckland. Smartgate was progressively installed in the arrival and departure halls of Auckland, Wellington, and Christchurch airports. In August 2011, Smartgate was fully operational in the three airports. By May 2012, Customs was using 22 gates and 54 kiosks continuously.

Several factors helped Customs to design and roll out the first Smartgate so quickly. One was the political and organisational priority accorded to Smartgate. Because the Prime Minister and Cabinet had prioritised Smartgate, it was also a priority for the Customs chief executive and the organization. The project team was able to rely on Customs obtaining and allocating the resources it needed to complete the job on time. The project also benefited from: alignment of the result to be achieved through Smartgate with the organisational strategy, organizational commitment; organization-wide planning; sound project management methodology; and choosing the best people to do the job – the project manager saw this as the most important factor in the project's success.

A second factor allowing Customs to design and roll out Smartgate effectively and on time was Customs' close relationship with the Australian Customs and Border Protection Service (ACBPS) and interest in the latter's Smartgate. Built by international company Morpho, the ACBPS Smartgate: reads biometric information on a microchip in the passenger's passport; checks for alerts in ACBPS' main database PACE; and takes a photo, which is matched with the biometric information to open an automatic electronic gate and let the traveller through. Customs accepted an offer from ACBPS to lend it a Smartgate device so that Customs could explore how well Smartgate could work in New Zealand and with Customs' CusMod database, which was configured differently from the Australian equivalent.

Customs was able to benefit from Australia's investment in Smartgate's development and design. Customs used the borrowed Smartgate to create a test environment to more fully explore Smartgate's potential. This experience led Customs to advise the Government to buy Smartgate and meant that Customs had a head start on introducing Smartgate and integrating it with CusMod; and was able to design and use Smartgate faster and more cheaply. SmartGate's capital cost at introduction was \$15.9 million. Its operating cost is \$7.4 million a year.

A third factor which allowed Customs to design and roll out Smartgate effectively and on time was Customs' close collaboration with business partners. These included organizations within government (for whom Customs carries out some aspect of business, for example immigration), non-government partners such as the airlines and airports where Smartgate was expected to work, and the vendor Morpho. By working collaboratively, Customs had better relationships with the organisations and commitments from them to prepare business improvement strategies to make the most of Smartgate.

More travellers used Smartgate than had been expected. In the first year of operation, more than 500,000 passengers used Smartgate. By April 2011, more than a million had used Smartgate. By December 2011, 2 million had. The 3 millionth passenger used Smartgate successfully in May 2012. By 2012, Smartgate was fully integrated with CusMod, and more than half of eligible trans-Tasman airline travellers were choosing to use Smartgate at Auckland, Wellington and Christchurch airports and airports in Australia. It is now used by most International airport arrivals using a range of trusted passports other than the original Australian and New Zealand users.

Customs believes that the speed of SmartGate's introduction and the resulting more effective and efficient processing of travellers has enhanced its reputation with the public, airlines, airports, and other important stakeholders. Smartgate created confidence that Customs would do what it said it would do. Beyond the delivery of the project deliverables Customs actively monitored the Benefits realised from Smartgate.

Direct benefits of the Smartgate project included more effectiveness and efficiency. Smartgate delivered on the Government's vision for an improved experience for trans-Tasman travellers in line with Australia's automated border processes, a vital step towards the vision of a "domestic-like" travel experience between Australia and New Zealand. The primary processing (of passengers at airports) is more accurate; the cost of primary processing of arriving passengers has fallen, freeing up resources for assessing more complex risks. By May 2012, more than 60% of eligible passengers were using Smartgate; more passengers were processed with no need for extra staffing or space; and automating passenger processing to make it faster, more accurate, and more cost-efficient allowed Customs to refocus staff on managing risks at airports and other high-risk border protection areas.

Indirect benefits of Smartgate for passengers included more effectiveness. In 2010, more than 84% of users reported that they would probably use Smartgate again; in March 2012, 55% of eligible passengers who used Smartgate were repeat users; and more efficiency –

processing is faster (an average of 16 minutes from aircraft arrival at air-bridge to clearing Customs for Smartgate, compared with 20 minutes for non-Smartgate passengers in March 2012), so queues and waiting times became shorter.

Intangible benefits included Customs' enhanced reputation among the public, airlines, airports, and other stakeholders.

Unexpected and/or unplanned benefits included new opportunities to rethink transformative benefits, such as providing arrival and departure information and allowing a wider group of passengers to use Smartgate when leaving the country.

Benefits realisation is best seen as an adaptive process and emergent process. Smartgate's initial success was a catalyst for Customs to think further about how to exploit its capability, uptake, and performance to do things differently. The Smartgate project programme manager said: "We picked a strategy and now we are aiming to derive the fullest value from it." From the start, Customs focused on monitoring Smartgate's performance and making changes to bring about more benefits, such as allowing 16-year-olds and 17-year-olds to use Smartgate. In 2012 a Benefits Realisation plan stretched to 2015, well beyond the formal life of the project. Customs saw the Smartgate technology as a platform to build its next phase of business changes on and continued to invest to get the best performance possible out of it.

### Some questions for discussion:

*What are the aspects of the Smartgate story that show strong strategic business alignment?*

*What role does interorganizational collaboration and information sharing play in the success of Smartgate?*

*What benefits were gained from the successful implementation of Smartgate?*

*Have you noted aspects of the approach taken with Smartgate in other projects? What examples?*

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