issue two

APRIL 2003

avline

from the director

WELCOME TO AVLINE

Welcome to the second edition of the BTRE's Avline information product.

The first of two articles in this issue is the January airport charges update, which expands on the airport charges article in the inaugural edition of Avline. Airport operator charges at all airports were effectively unchanged, after a retrospective adjustment at Adelaide.

The second article is an update on the State of Play in Australia's aviation sector, now with information about international and domestic air freight.

The BTRE appreciated readers' feedback on Issue 1. We welcome your comments on both the content and presentation of Issue 2.

Tony Slatyer
Executive Director

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AIRPORT CHARGES

Overview

- Airport charges (excluding security) for Brisbane, Perth, Melbourne and Sydney have not changed since July 2002.
- Adelaide Airport had the lowest charge per return passenger for a regional SAAB340B flight and the second highest charge per return passenger for a domestic 737-800 flight.
- Brisbane Airport had the lowest charge per return passenger for an international 747-438 flight.
- Perth Airport had the highest charge per return passenger for domestic 737-800 and regional SAAB340B return flights, while it had the second lowest charge per return passenger for an international 747-438 flight.
- Sydney Airport had the highest charge per return passenger for an international 747-438 flight and the lowest charge per return passenger for a domestic 737-800 flight.

Changes in airport charges for January 2003 (excluding security)

Airport charges for Brisbane, Perth, Melbourne and Sydney were unchanged in January 2003, compared to July 2002 (Table 1).

Adelaide Airport's charges appear unchanged in Table 1, however, this is because Adelaide's charge data in the previous period has changed.[1]

After negotiations with airlines, Adelaide Airport issued new charges on 1 December 2002 that retrospectively replaced the previously published charges. In effect Adelaide's charges for July 2002 are now the same as January 2003.

When Adelaide's new charges (1 December 2002) are compared to the superseded charges (1 August 2002), the nominal charge per return passenger:

- Decreased 18.2 per cent for a domestic 737-800 return service.
- Increased 10.1 per cent for an international 747 return service.
- Increased 42.3 per cent for a regional SAAB340B return service.

TABLE 1 RESULTS: ESTIMATED AIRPORT OPERATOR CHARGES—31 JANUARY 2002, 31 JULY 2002 AND 31 JANUARY 2002[a,b] (DOLLARS PER RETURN PASSENGER)

Airport	*Period*	*747-438*	*737-800*	*SAAB340B*
Sydney	Jan. 2002	30.08	4.94	5.39
	Jul. 2002	31.38	4.97	5.39
	Jan. 2003	31.38	4.97	5.39
	change (per cent)	–	–	–
Melbourne	Jan. 2002	14.11	4.20	4.15
	Jul. 2002	22.00	6.60	6.60
	Jan. 2003	22.00	6.60	6.60
	change (per cent)	–	–	–
Brisbane	Jan. 2002	14.52	4.08	4.02
	Jul. 2002	17.90	5.75	5.67
	Jan. 2003	17.90	5.75	5.67
	change (per cent)	–	–	–
Perth	Jan. 2002	11.89	3.52	3.48
	Jul. 2002	18.92	7.92	7.92
	Jan. 2003	18.92	7.92	7.92
	change (per cent)	–	–	–
Adelaide	Jan. 2002	8.99	3.54	3.50
	Jul. 2002 (revised)	23.12	7.87	4.97
	Jan. 2003	23.12	7.87	4.97
	change (per cent)	–	–	–

a. *Airport operator charges exclude security charges and the Airservices Australia terminal navaid and Rescue and Firefighting charges.*

b. *All charges, including international airport charges, are GST inclusive.*

Source *Public airport charge data and BTRE assumptions.*

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Despite a significant effective increase in regional SAAB340B charges, Adelaide charges in this category remained the lowest of all 5 major airports. However, the adjustment has changed the rankings in the other categories.

Real airports charges have declined at the 5 major airports for all categories of service (Figures 1, 2 and 3) given that there has been no effective increase in nominal airport charges between January 2003 and July 2002.

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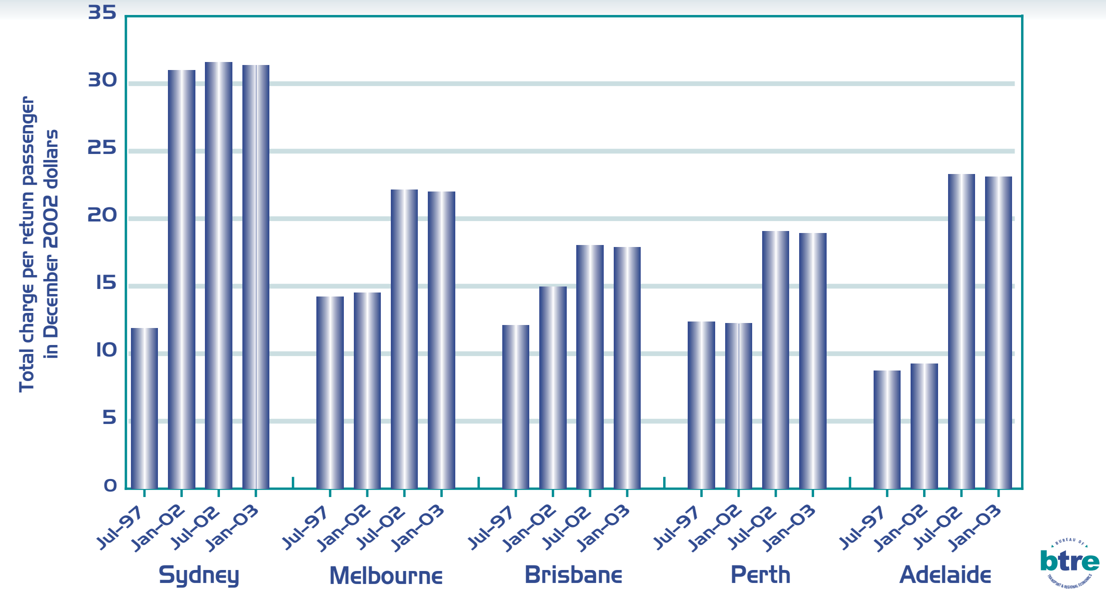
1 In Avline Issue 1 the BTRE used Adelaide's published 1 August 2002 price list rather than the charges schedule applying at the 31 July 2002.

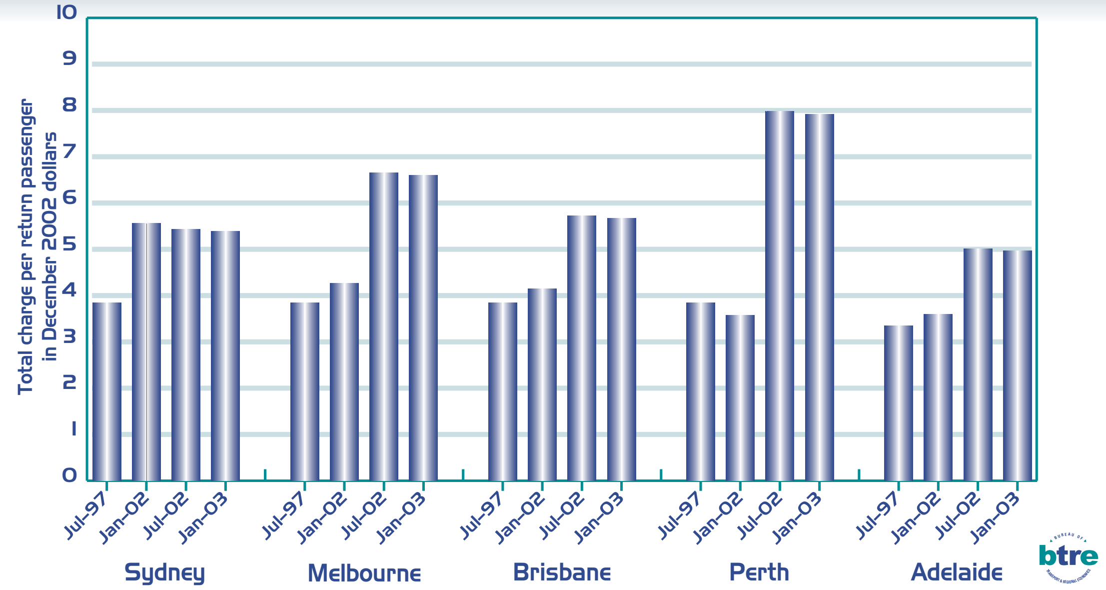
FIGURE 1 REAL INTERNATIONAL CHARGES FOR A BOEING 747-400 LANDING AND TAKEOFF BY AIRPORT, TOTAL PER RETURN PASSENGER, DECEMBER 2002 DOLLARS



Note *Charge calculations are based on BTRE assumptions and may differ from actual charges incurred by specific operators. International charge estimates include terminal charges. Jan.2002, Jul.2002 and Jan.2003 charges are GST inclusive. Sydney charges exclude the noise charge. An indicative international load factor of 72.0 per cent is assumed.*

Source *Published airport charge data; ABS 8 capital city CPI (6401.0); BTRE assumptions.*

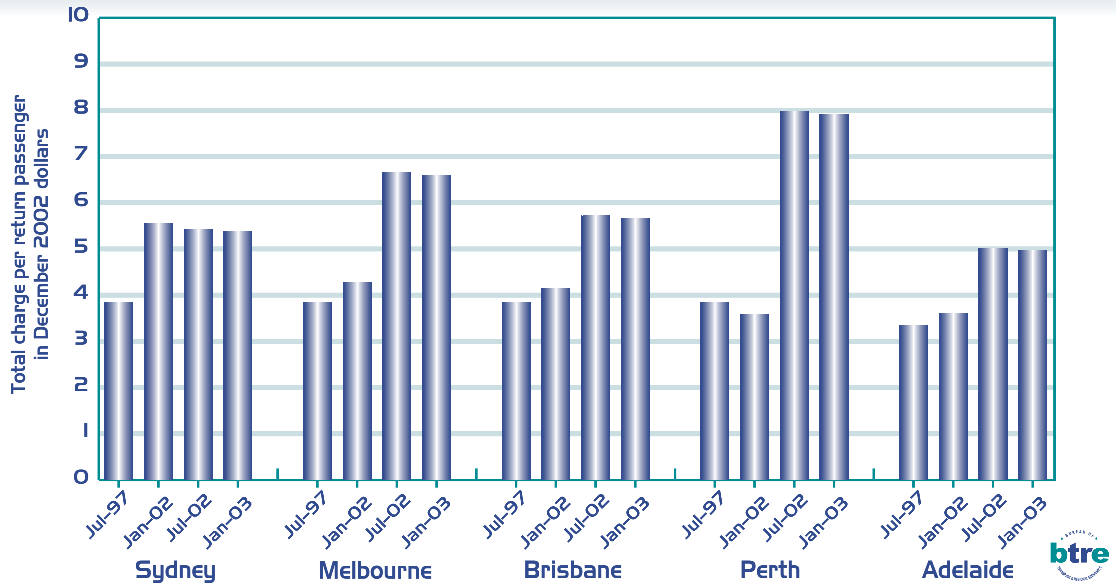
FIGURE 2 REAL DOMESTIC CHARGES FOR A B737-800 LANDING AND TAKEOFF BY AIRPORT, TOTAL PER RETURN PASSENGER, DECEMBER 2002 DOLLARS



Note *Charge calculations are based on BTRE assumptions and may differ from actual charges incurred by specific operators. Domestic and regional charge estimates exclude terminal charges. Jan.2002, Jul.2002 and Jan.2003 charges are GST inclusive. Sydney charges exclude the noise charge. An indicative domestic load factor of 76.5 per cent is assumed.*

Source *Published airport charge data; ABS 8 capital city CPI (6401.0); BTRE assumptions.*

FIGURE 3 REAL REGIONAL CHARGES FOR A SAAB340B LANDING AND TAKEOFF BY AIRPORT, TOTAL PER RETURN PASSENGER, DECEMBER 2002 DOLLARS



Note *Charge calculations are based on BTRE assumptions and may differ from actual charges incurred by specific operators. Domestic and regional charge estimates exclude terminal charges. Jan.2002, Jul.2002 and Jan.2003 charges are GST inclusive. Sydney charges exclude the noise charge. An indicative regional load factor of 60.0 per cent is assumed.*

Source *Published airport charge data; ABS 8 capital city CPI (6401.0); BTRE assumptions.*

Sydney airport has flagged the introduction of a passenger levy to recoup $6 million in war and terrorism insurance costs (*The Australian Financial Review*, 7 March 2003, p. 15).

Adjustments to January 2002 charge estimates

A number of adjustments have been made in this issue to the January 2002 charge estimates for Adelaide and Perth airports. These are:

- For Perth, the inclusion for international services only of a necessary new investment (NNI) landing charge of $0.02 per tonne MTOW and a NNI terminal charge of $0.11 per arriving and departing passenger.
- For Perth, the correction of security charges in all categories.
- For Adelaide, the inclusion for all categories of a necessary new investment recovery charge of $0.29 per tonne per landing and an insurance charge of $0.14 per tonne per landing.

These adjustments do not affect the January 2002 airport rankings.

A note on security charges

All five airports continue to set security charges on a cost-recovery basis.

In the case of Melbourne Airport, the level of charge is reviewed on a quarterly basis with relevant factors including past and anticipated expenditure on security measures and forecast passenger volumes. If significant over (under) recovery occurs in a quarter, security charges are reduced (increased) in the subsequent quarter.

At some airports this has caused period to period variation in total charges (Table 2).

TABLE 2 ESTIMATED CHARGES INCURRED BY AIRCRAFT OPERATORS, ALL CHARGE CATEGORIES BY AIRCRAFT, PER RETURN PASSENGER, 5 MAJOR AIRPORTS

	Sydney				Melbourne				Brisbane				Perth				Adelaide			
Aircraft	*Jan–02*	*Jul–02*	*Jan–03*	*(%) change*	*Jan–02*	*Jul–02*	*Jan–03*	*(%) change*	*Jan–02*	*Jul–02*	*Jan–03*	*(%) change*	*Jan–02*	*Jul–02*	*Jan–03*	*(%) change*	*Jan–02*	*Jul–02*	*Jan–03*	*(%) change*
747-438																				
Airport	30.08	31.38	31.38	–	14.11	22.00	22.00	–	14.52	17.90	17.90	–	11.89	18.92	18.92	–	8.99	23.12	23.12	–
Airservices	7.12	7.66	7.66	–	6.22	6.32	6.32	–	8.68	8.93	8.93	–	12.53	13.76	13.76	–	15.90	17.29	17.29	–
Security	6.79	6.80	6.80	–	4.11	2.66	3.60	35.3	5.94	5.34	5.34	–	4.44	4.44	4.75	7.0	6.52	5.89	5.89	–
Total 747–438	43.99	45.84	45.84	–	24.44	30.98	31.92	3.0	29.14	32.17	32.17	–	28.87	37.12	37.42	0.8	31.42	46.30	46.30	–
737–800																				
Airport	4.94	4.97	4.97	–	4.20	6.60	6.60	–	4.08	5.75	5.75	–	3.52	7.92	7.92	–	3.54	7.87	7.87	–
Airservices	3.35	3.60	3.60	–	2.92	2.97	2.97	–	4.08	4.20	4.20	–	5.89	6.47	6.47	–	7.47	8.13	8.13	–
Security	0.43	0.60	0.60	–	1.22	0.60	0.50	-16.7	0.70	0.76	0.76	–	1.00	1.00	1.67	67.5	1.76	1.32	1.32	–
Total 737–800	8.72	9.17	9.17	–	8.35	10.17	10.07	-1.0	8.86	10.71	10.71	–	10.41	15.38	16.06	4.4	12.77	17.32	17.32	–
Dash 8–300																				
Airport	4.69	4.71	4.71	–	3.99	6.60	6.60	–	3.87	5.46	5.46	–	3.34	7.92	7.92	–	3.36	4.34	4.34	–
Airservices	3.17	3.42	3.42	–	2.77	2.81	2.81	–	3.87	3.98	3.98	–	5.59	6.13	6.13	–	7.09	7.71	7.71	–
Security	0.00	0.00	0.00	–	0.75	0.60	0.50	-16.7	0.08	0.72	0.72	–	0.00	0.00	1.67	–	0.00	0.00	0.00	–
Total Dash 8–300	7.86	8.13	8.13	–	7.51	10.01	9.91	-1.0	7.82	10.16	10.16	–	8.93	14.05	15.72	11.9	10.45	12.05	12.05	–
SAAB340B																				
Airport	5.39	5.39	5.39	–	4.15	6.60	6.60	–	4.02	5.67	5.67	–	3.48	7.92	7.92	–	3.50	4.97	4.97	–
Airservices	3.30	3.55	3.55	–	2.88	2.93	2.93	–	4.02	4.14	4.14	–	5.81	6.38	6.38	–	7.37	8.02	8.02	–
Security	0.00	0.00	0.00	–	0.75	0.60	0.50	-16.7	0.08	0.75	0.75	–	0.00	0.00	1.67	–	0.00	0.00	0.00	–
Total SAAB340B	8.69	8.95	8.95	–	7.78	10.13	10.03	-1.0	8.13	10.56	10.56	–	9.29	14.30	15.97	11.7	10.87	12.99	12.99	–
Metro 23																				
Airport	7.96	7.96	7.96	–	4.23	6.60	6.60	–	4.11	5.79	5.79	–	3.55	7.92	7.92	–	3.57	6.28	6.28	–
Airservices	3.37	3.63	3.63	–	2.94	2.99	2.99	–	4.11	4.22	4.22	–	5.93	6.51	6.51	–	7.52	8.18	8.18	–
Security	0.00	0.00	0.00	–	0.75	0.60	0.50	-16.7	0.09	0.76	0.76	–	0.00	0.00	1.67	–	0.00	0.00	0.00	–
Total Metro 23	11.33	11.59	11.59	–	7.92	10.19	10.09	-1.0	8.30	10.78	10.78	–	9.47	14.43	16.10	11.6	11.09	14.46	14.46	–

Note *Calculated on a return basis that is, assuming one arrival and one departure, for price schedules as at 31 January 2002, and 31 July 2002 (except Adeliade 1 August 2002), and 31 January 2003.*

– *No change or cannot be calculated*

Sources *BTRE estimates based on airport public price schedules supplied by airport operators; Airservices Australia published price schedule.*

Airport activity levels

Total passenger and aircraft movements for the five major airports over 6 month periods are summarised in Table 3. While the activity data are presented for total passenger arrivals and departures and total aircraft arrivals and departures, the charge data is presented on a return passenger basis.

TABLE 3 AIRPORT ACTIVITY AT MAJOR AUSTRALIAN AIRPORTS

		International [1]		Domestic [2]		Regional [1]		Total regular public transport		All aircraft movements
Airport	Period	Passenger arrivals and departures (millions)	RPT aircraft movements (thousands)	Passenger arrivals and departures (millions)	RPT aircraft movements (thousands)	Passenger arrivals and departures (millions)	RPT aircraft movements (thousands)	Passenger arrivals and departures (millions)	RPT aircraft movements (thousands)	including military and unscheduled [3] (thousands)
Sydney	Jan–Jun 2001	4.17	24.6	7.53	63.9	1.1	52.0	13	140.5	158.0
	Jul–Dec 2001	4.06	23.7	7.07	54.8	0.9	43.3	12	121.8	138.6
	Jan–Jun 2002	3.90	22.8	6.45	45.9	0.8	37.2	11	105.8	121.7
	Jul–Dec 2002	4.06	23.7	7.17	54.8	na	na	na	na	130.8
Melbourne	Jan–Jun 2001	1.65	11.8	6.12	53.2	0.7	24.1	9	89.1	95.2
	Jul–Dec 2001	1.66	11.6	5.96	48.8	0.5	16.4	8	76.9	82.4
	Jan–Jun 2002	1.63	10.7	5.97	45.7	0.3	12.2	8	68.6	75.1
	Jul–Dec 2002	1.66	10.8	6.37	50.2	na	na	na	na	80.5
Brisbane	Jan–Jun 2001	1.24	8.7	4.59	45.3	0.4	23.4	6	77.4	90.9
	Jul–Dec 2001	1.30	8.6	4.57	40.1	0.3	17.7	6	66.5	81.2
	Jan–Jun 2002	1.16	8.2	4.03	35.1	0.4	15.7	6	59.1	71.5
	Jul–Dec 2002	1.31	9.0	4.41	38.0	0.4p	13.2p	6	60.2	74.3
Perth	Jan–Jun 2001	0.77	4.7	1.64	17.7	0.1	5.0	3	27.4	49.9
	Jul–Dec 2001	0.81	4.4	1.47	14.9	0.1	4.1	2	23.5	46.5
	Jan–Jun 2002	0.78	4.1	1.50	13.7	0.1	3.8	2	21.6	44.5
	Jul–Dec 2002	0.85	4.3	1.67	15.1	0.1	4.2	3	23.6	47.4
Adelaide	Jan–Jun 2001	0.12	0.9	1.96	20.7	0.2	15.7	2	37.3	57.4
	Jul–Dec 2001	0.12	0.9	1.87	18.1	0.2	15.7	2	34.6	53.8
	Jan–Jun 2002	0.11	0.8	1.76	16.4	0.1	14.6	2	31.8	51.3
	Jul–Dec 2002	0.12	0.9	1.93	18.8	0.2	14.8	2	34.5	52.2

na – not available as data not provided by a major regional operator for December 2002;

p – preliminary

1. International and regional passenger data are the total passengers uplifted and discharged within a flight.

2. Domestic passenger data are the total passengers on board by flight stage.

3. Arrival data recorded during the hours in which Airservices Australia provides a tower service.

Sources: BTRE Statistics Section, Air Transport Statistics System databases; Airservices Australia monthly movements at Australian reports (http://www.airservicesaustralia.com)

The BTRE's approach

The BTRE's approach is to analyse charges in terms of what an airline may expect to pay based on public charge data. Specifically this:

- Excludes confidential agreements between airports and airlines (eg. reduced charges for new services).
- Excludes terminal charges for domestic and regional services. Domestic terminal charges are often confidential and may differ by terminal and airline. Their exclusion may distort the picture if airports cross-subsidise landing and terminal charges.
- Includes international terminal charges.
- Includes the Goods and Services Tax (GST) for international, domestic and regional charge estimates.

- Assumes a return flight. Some airports calculate charges only on arrival, whereas others levy charges on both an arriving and departing basis.
- Reports a total dollar charge on a per return passenger basis.

Table 4 lists the key parameters used by BTRE in its calculations.

TABLE 4 PARAMETERS USED IN AIRPORT CHARGE CALCULATIONS

Aircraft type	*Operational sector*	*Aircraft maximum take-off weight (tonnes)*	*Number of aircraft seats*	*Average passenger load factor (per cent)*
747-438	International	394.6	394	72.0
737-800	Domestic	79.0	158	76.5
Dash 8-300	Regional	18.6	50	60.0
SAAB340B	Regional	13.2	34	60.0
Metro 23	Regional	7.5	19	60.0

Note *The load factor is the proportion of total aircraft seats that are filled by paying passengers. Aircraft load factors are averages derived from BTRE Statistics Section data collections for the relevant operational sector and may not reflect actual load factors at specific airports.*

Source *Airline websites; CASA aircraft register; BTRE aviation databases and assumptions.*

The load factors in Table 4 are Australia-wide averages derived by BTRE. Calculated charges may therefore differ from actual charges incurred by operators at an airport.

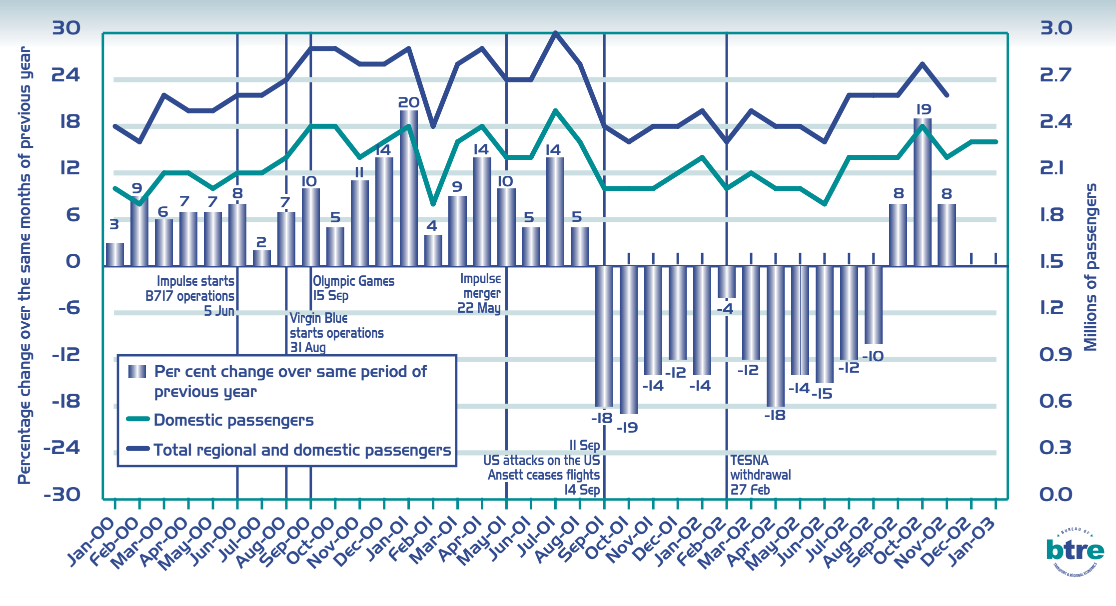
International transit and transfer passengers at Sydney and Brisbane airports do not incur the international terminal charge. In order to exclude these passengers from the international terminal charge calculation at these airports, the BTRE has assumed that transit and transfer passengers comprise 10 per cent of international passengers.

STATE OF PLAY IN AUSTRALIAN AVIATION

Domestic Passengers

The total number of domestic and regional passengers increased significantly in the second half of 2002 (Figure 4). October 2002 recorded more than 2.56 million passengers, a 19 per cent increase compared with October 2001 (post-Ansett collapse).

FIGURE 4 TOTAL REGIONAL AND DOMESTIC PASSENGERS AND MONTHLY GROWTH RATES



Note *Year on year change for a specified month is calculated as annual growth rate over the same month in the previous year.*

Source *BTRE Statistics Section, Air Transport Statistics System Database*

The number of domestic passengers to January 2003 maintains this robust growth trend.

This increase in activity is evident in the growth in Air and Space industry gross domestic product for the December quarter 2002, which increased by 12.4 per cent relative to the December quarter 2001 (see Figure 12).

International passengers

The total number of international passengers increased significantly in the second half of 2002. The 1.62 million passengers carried in January 2003 was an increase of 6.0 per cent compared with January 2002 (Figure 5). However, Figure 5 also shows that January 2001 passenger numbers were below the previous year due to the September 11 terrorist attacks.

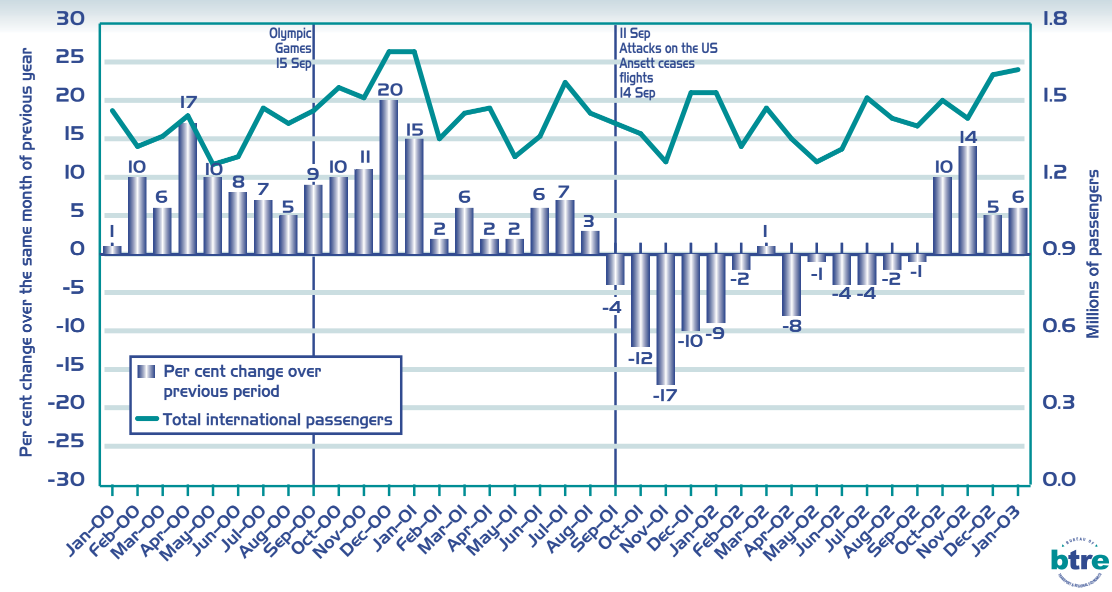
Overall, the number of international passengers for January 2003 was about 68,000 below January 2000 (post-Olympics).

A number of major airlines including Qantas have announced cuts in international capacity in late March and early April 2003 in response to a drop in bookings. The war in Iraq and outbreak of Severe Acute Respiratory Syndrome (SARS) have reduced the demand for travel, with the combined effect likely to be a significant fall in international passenger numbers in coming months.

Domestic Fares

Real discount domestic air fares in March 2003 were 27 per cent below March 2000, prior to the entry of Impulse Airlines into the domestic market, and some 15 per cent below March 2002 (Figure 6).

FIGURE 5 INTERNATIONAL PASSENGERS, YEAR ON YEAR MONTHLY CHARGES



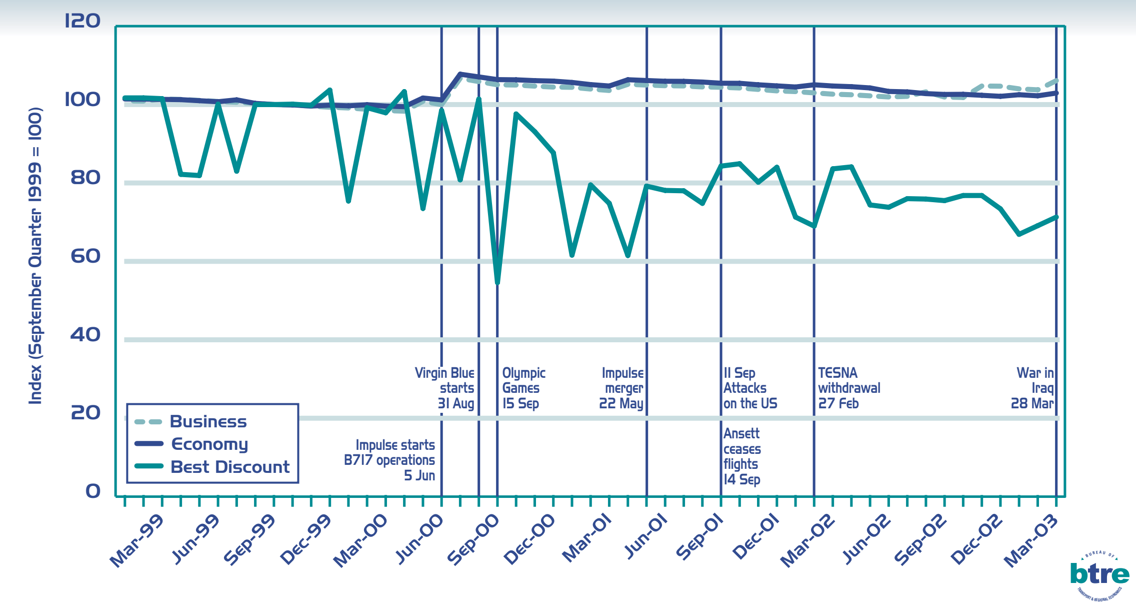
Note *Year on year change for specified month is calculated as annual growth rate over same month in previous year.*

Source *ABS catalogue 3401.0, Overseas arrivals and departures, Australia.*

The BTRE's real discount fare series in January 2003 was at its lowest level since April 2001, just prior to the Qantas-Impulse Airlines merger.

The economy and business fare indices have diverged since November 2002, with real economy fares 2 per cent *below* March 2002 levels while real business fares were 3 per cent *above* March 2002 levels.

FIGURE 6 REAL DOMESTIC AIRFARES EXCLUDING TAXES AND CHARGES, MONTHLY INDEX



Source *BTRE Statistics Section, Domestic Airfares Database, SABRE Computer Reservations System (disclaimer applies)*

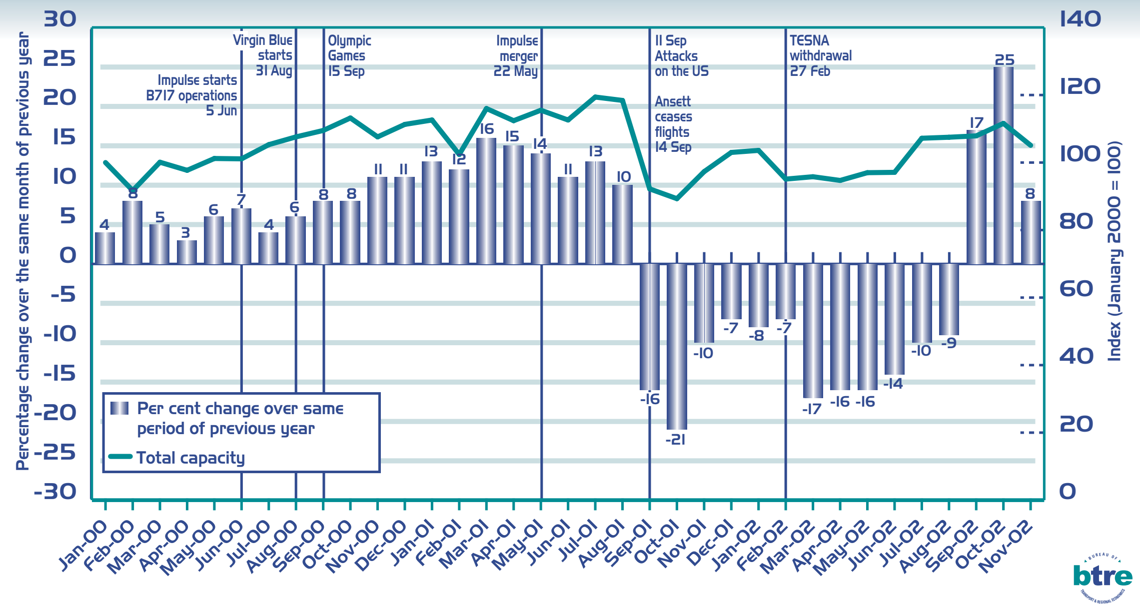
The fare indices in Figure 6 include GST but exclude other taxes and charges, such as the Ansett levy, security and certain airport charges. However, the series may include some airport charges where these cannot be disaggregated.

Capacity and flight frequency

Preliminary data for October and November 2002 indicate that total regional and domestic capacity, measured in available seat kilometres, were 25 per cent and 8 per cent respectively above the same (post-Ansett collapse) months in 2001 (Figure 7).

This increase is evident in July 2002, when regional and domestic capacity increased 10.4 per cent and frequency increased 8.7 per cent compared to June 2002. Preliminary frequency data for October 2002 indicates that the number of domestic and regional flights was 3 per cent above October 2001, while the total for November 2002 was 8 per cent below November 2001 (Figure 8).

FIGURE 7 REGIONAL AND DOMESTIC CAPACITY (AVAILABLE SEAT KILOMETRES)

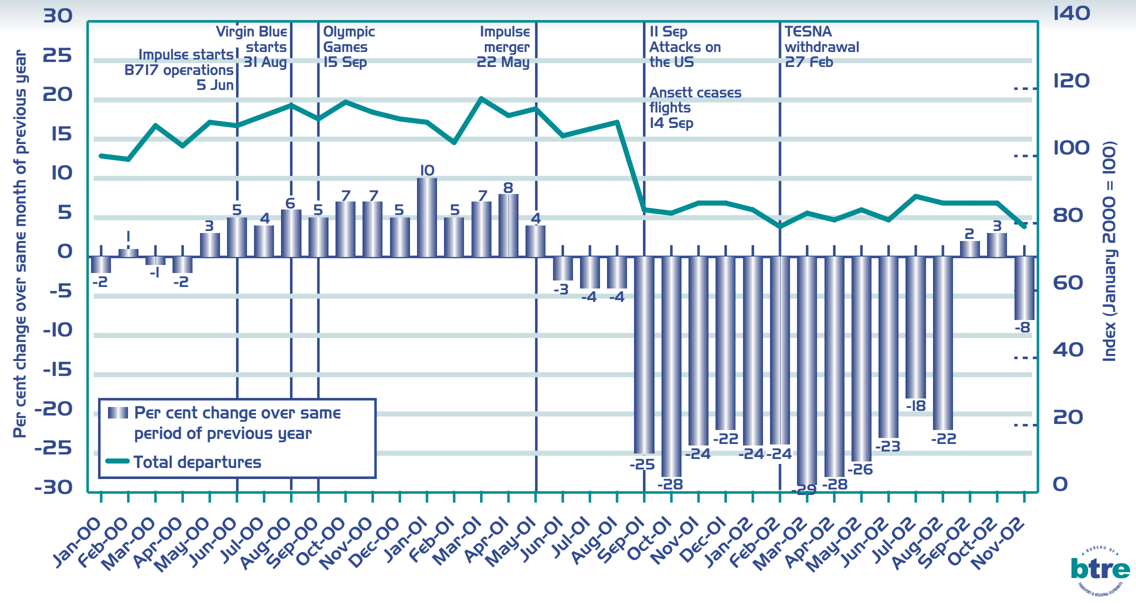


Note *Year on year change for a specified month is calculated as annual growth rate over the same month in the previous year. Regional data includes BTRE estimates.*

Source *BTRE Statistics Section, Air Transport Statistics System Database*

These increases in the latter half of 2002 appear due to Virgin Blue and Qantas adding new aircraft to their domestic fleets. For example, Virgin Blue's fleet increased from 22 aircraft in June 2002 to 29 in December 2002.

FIGURE 8 REGIONAL AND DOMESTIC FLIGHTS, MONTHLY INDEX AND GROWTH RATE



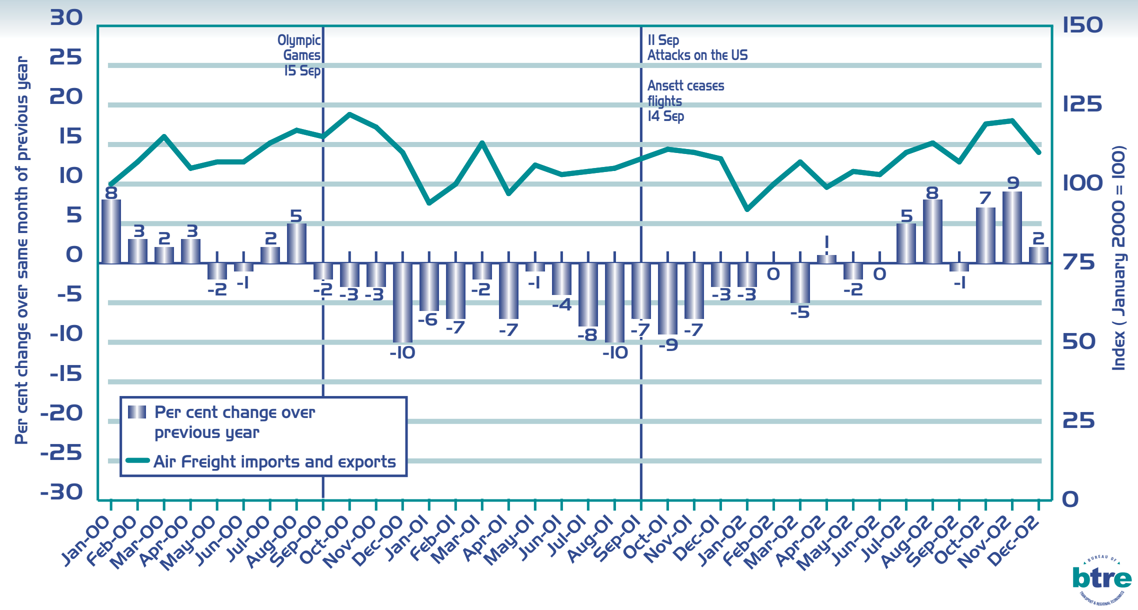
Note Year on year change for a specified month is calculated as annual growth rate over the same month in the previous year. Regional data includes BTRE estimates.

Source BTRE Statistics Section, Air Transport Statistics System Database

Air freight

International air freight tonnes carried on scheduled services for November and December 2002 were 9.0 per cent and 2.0 per cent above the corresponding months of 2001 (Figure 9).

FIGURE 9 INTERNATIONAL AIR FREIGHT TONNAGES CARRIED ON SCHEDULED SERVICES, MONTHLY INDEX AND CHANGE ON SAME PERIOD OF PREVIOUS YEAR

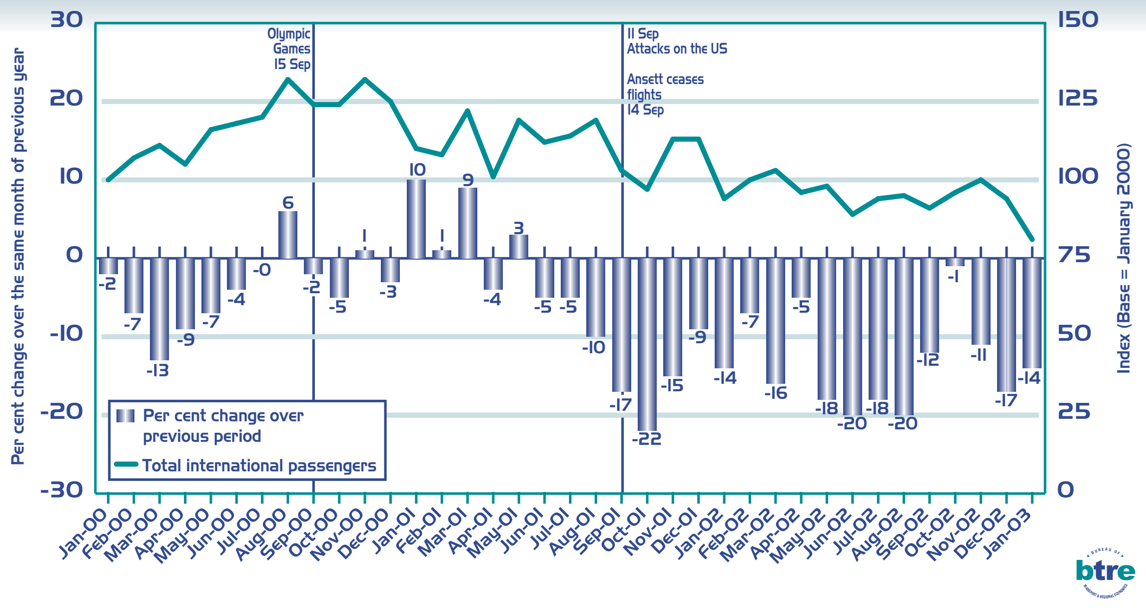


Source ABS Catalogue No. 5206.0

Total international air freight carried on scheduled services for the year to December 2002 was 652.1 kilotonnes, up 1.9 per cent on the year to December 2001.

Domestic air freight carried on scheduled passenger services was 8488 tonnes in January 2003, a fall of 13.8 per cent compared with January 2002 (Figure 10). This excludes domestic freight carried on dedicated freight services.

FIGURE 10 DOMESTIC AIR FREIGHT CARRIED BY MAJOR SCHEDULED AIRLINES, MONTHLY INDEX AND CHANGE ON SAME PERIOD OF PREVIOUS YEAR



Note *Year on year change for a specified month is calculated as annual growth rate over the same month in the previous year.*

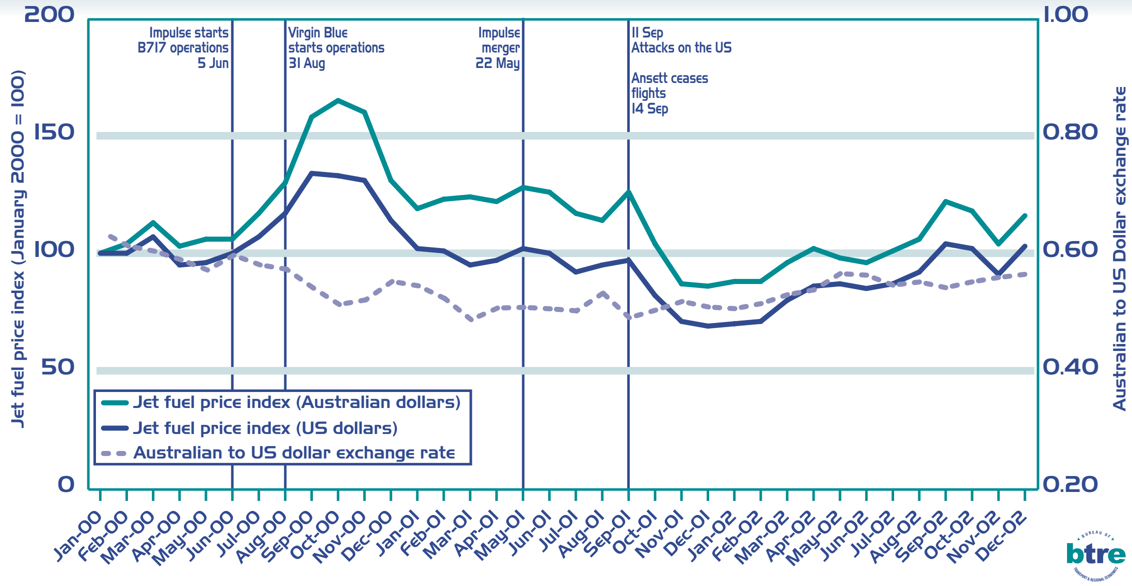
Source *BTRE Statistics Section.*

Airline costs

Aviation jet fuel costs in Australian dollar terms were 34.7 per cent higher in December 2002 than December 2001 (Figure 11), although the size of the increase was reduced by the appreciation of the Australian dollar against the US dollar over the period. In US dollar terms, the aviation fuel price index was 49.3 per cent higher than December 2001.

Airport operator charges at the 5 major airports were effectively unchanged for January 2003, compared with July 2002, leading to small falls in real airport operator charges (Figures 1, 2 and 3). For a further discussion of airport charges, see the airport charges article in this issue.

FIGURE 11 MONTHLY WORLD AVERAGE JET FUEL PRICE INDEX AND AUSTRALIAN TO US DOLLAR EXCHANGE RATE

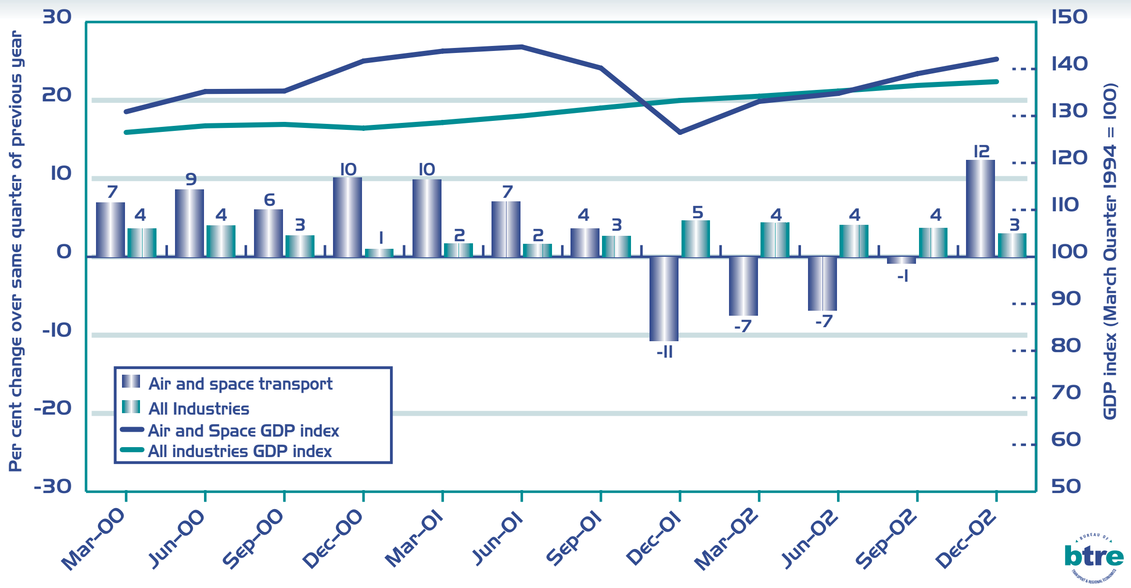


Source *BTRE analysis using ICIS-LOR fuel prices (cited in Airline Business); Reserve Bank of Australia Bulletin, Statistical Tables, Table F10*

Economic activity

GDP for the air and space industries for the December quarter 2002 was 12.4 per cent higher than the December quarter 2001 (post-Ansett), compared to a 3 per cent increase in all industry GDP from the December quarter 2001 (Figure 12).

FIGURE 12 REAL GDP CHANGES FOR AIR AND SPACE INDUSTRY AND ALL INDUSTRIES, SEASONALLY ADJUSTED, AUSTRALIA



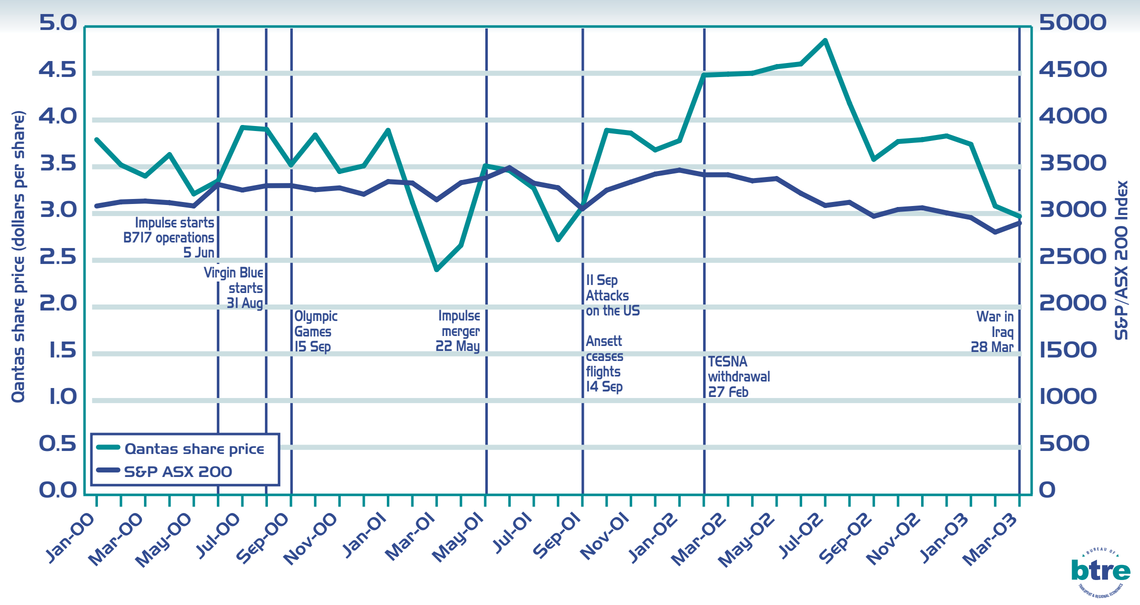
Note *Growth rate for specified quarter is calculated using the value for the same quarter of the previous year. Chain volume measures, reference year for chain volume measures is 2000–01. Seasonally adjusted.*

Source *ABS Catalogue No 5206.0*

Qantas share price

The Qantas share price closed at $2.97 at the end of March 2003, down 3.6 per cent on February 2003 and more than 20 per cent down from January 2003 (Figure 13).

FIGURE 13 QANTAS SHARE PRICE AND S&P/ASX 200 INDEX, MONTHLY CLOSES



Source *Qantas Share Price (JBWere) S&P/ASX 200 Index (www.asx.com.au)*

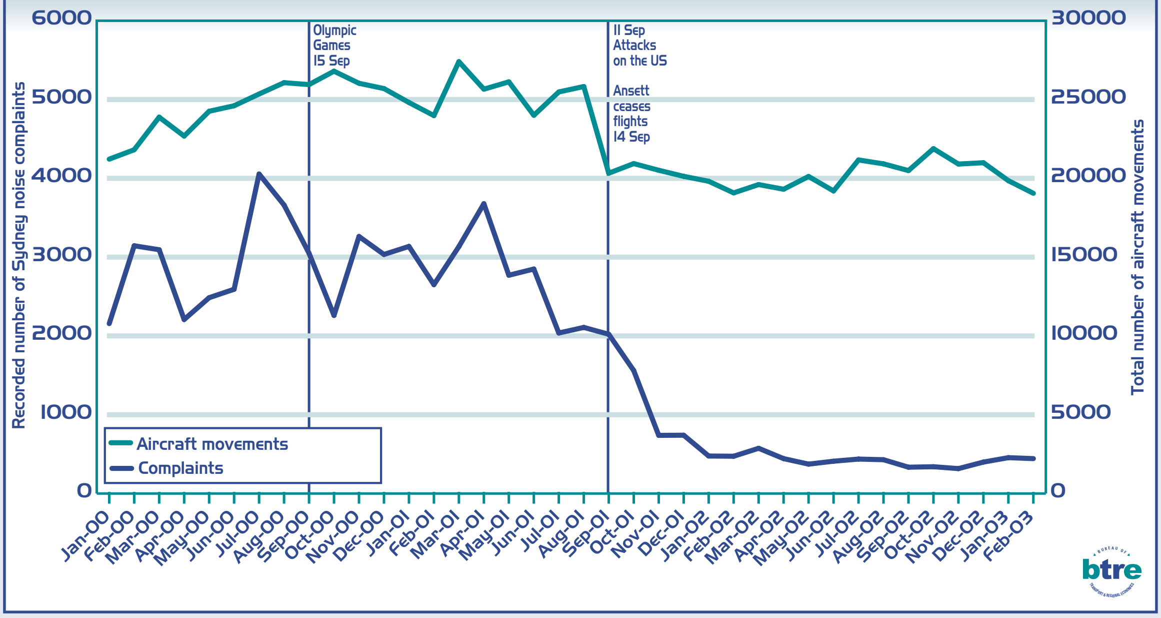
Factors contributing to this fall were the war in Iraq and the outbreak of SARS. The Australian Government announced on 20 March 2003 that it was committing forces to a coalition to disarm Iraq. On 28th March 2003 Qantas stated that the war in Iraq and the effects of SARS in Asia continued to adversely affect bookings.

After reaching a high of $4.85 at the end of July 2002, Qantas's share price fell to $3.58 at the end of September 2002, following the 21 August 2002 announcement of a $800 million capital raising.

Sydney aircraft noise

Total Sydney aircraft noise complaints for February 2003 were 6 per cent below the level recorded for February 2002, while total Sydney aircraft movements fell 0.1 per cent compared with February 2002 (Figure 14).

FIGURE 14 TOTAL AIRCRAFT MOVEMENTS AND THE RECORDED NUMBER OF NOISE COMPLAINTS FOR SYDNEY AIRPORT



Source *Airservices Australia, Monthly Sydney Airport Operational Statistics*

Definitions

The definitions of regional and domestic used by DOTARS to report passenger and traffic statistics are based on the characteristics of the airline operator. The formal definition of a regional airline is:

> "an airline performing regular public transport services and whose fleet contains exclusively low capacity aircraft, defined as aircraft with 38 seats or less or with a payload of 4,200 kg or less."

The formal definition of a domestic airline is:

> "an airline performing regular public transport services and whose fleet contains exclusively high capacity aircraft, defined as aircraft with more than 38 seats or with a payload of more than 4,200 kg."

A number of airlines still classified as 'regional' now operate aircraft of 50 seats or more. This has meant that in some cases 'regional' and 'domestic' airlines service the same route. It is apparent that this group of regional airlines should either be re-classified as domestic airlines or that the definition of a regional airline should be changed.

In practice, the definition of regional airline (and the one used in this article) has become "an airline performing regular public transport services and primarily servicing regional centres".

The BTRE has chosen to combine data for regional and domestic airlines in this article, unless stated otherwise. As a consequence, November 2002 is the last month for which regional aviation data is available due to delays in receiving statistical returns from some regional airlines.

The BTRE compares the most recent month or quarter to the same period in the previous year, unless stated otherwise.

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