



**Australian Government**

**Department of Infrastructure, Transport,  
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Bureau of Transport and Regional Economics

A photograph of an airplane's engine and wing, viewed from a low angle, set against a blue sky with clouds. The word "bitre" is overlaid in a large, light-colored, lowercase serif font.

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## In brief

The feature article examines the changing profile of Australia's aviation links with its largest aviation market, the European Union, and the benefits of a comprehensive air services agreement between the two regions.

The number of passengers on Australian international flights has increased to 23.0 million in 2007, up 6.4 per cent on the previous year (page 9). Growth is driven mainly by Australian residents travelling overseas rather than the arrival of international visitors. The number of international flights has also increased by 2.1 per cent to 120 615 (page 10).

Freight on Australian international flights has continued to grow, reaching 761 687 tonnes in 2007 (up 2.0 per cent on the previous year). Inbound freight accounts for 59.4 per cent of total freight and has been exceeding outbound freight since June 2003. The Sydney–Auckland route has the largest share (7.7 per cent) of total freight in and out of Australia between city pairs (page 13).

Australia's domestic airline industry continues to operate at high levels with a record 46.7 million passengers carried in 2007, 7.0 per cent higher than 2006 (page 15). The major domestic airlines carried 40.9 million passengers, an increase of 6.5 per cent over 2006. Regional airlines carried 5.8 million passengers, an increase of 11.0 per cent over the previous year.

The domestic aviation industry recorded 532 849 flights in 2007, 1.2 per cent higher than the previous year. Of these, 295 584 were operated by the major domestic airlines, an increase of 2.6 per cent on 2006. The remaining 237 265 flights were operated by regional airlines, a marginal decrease over the previous year (page 16). Domestic average annual load factors increased to 80.1 per cent in 2007 compared with 78.4 per cent in 2006 (page 18).

There was a drop in domestic airline on time performance in 2007 compared with 2006. On average there were 83.7 per cent departures on time, 82.2 per cent arrivals on time and 1.2 per cent cancellations in 2007. The equivalent figures for 2006 were 87.3 per cent on time departures, 86.1 per cent on time arrivals and 0.9 per cent cancellations (page 18).

Passenger numbers continued to increase at all five major Australian airports in 2007 with Perth Airport recording the highest annual growth rate of 9.9 per cent followed by Brisbane (7.1 per cent), Sydney (6.2 per cent), Adelaide (6.2 per cent), and Melbourne (3.1 per cent). Perth Airport recorded the highest growth rate in international (16.6 per cent) and regional (20.7 per cent) passenger movements while Brisbane Airport led in domestic (7.3 per cent) passenger growth (page 21).

In 2007 the average Australian dollar Singapore Jet Fuel Spot Price Index was 3.4 per cent lower than the 2006 average and 15.4 per cent higher than the average for 2005 (page 24).

The air and space industry continued to grow strongly in 2007, contributing a maximum \$1.60 billion to the Australian economy in the December quarter 2007 or 0.62 per cent of Australia's gross domestic product. This was 2.5 per cent higher than the same quarter the previous year (page 26).



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# The European Union—Australia’s largest aviation market

## Introduction

The European Union (EU), comprising 27 European member states, is Australia’s largest aviation market. This reflects the significant people-to-people links between Australia and Europe; Australia’s cultural identity draws heavily on our predominantly European heritage, with nearly 90 per cent of Australians having European ancestry<sup>1</sup>.

The EU is also Australia’s largest trading partner in terms of total import and export values, with a growing proportion of merchandise carried by air freight.

Despite this, Asian and Middle Eastern airlines have a greater market share of the Australia–EU aviation market than Australian and European airlines. Why? And given this, are consumers currently able to access the widest range of flights at the most competitive prices? Is there more that could be done to facilitate greater competition on routes between Australia and Europe?

On 13 June 2008, Australia–EU aviation relations entered a new phase. EU Transport Ministers approved a mandate for the European Commission to negotiate an EU-wide comprehensive air services agreement with Australia. Once negotiated, such an agreement would likely remove many, if not all, restrictions on routes served between Australia and the EU by Australian and European airlines.

By removing barriers to air transport between Australia and the EU, Australian and European airlines would be in a position to make operational decisions on a commercial basis without the constraints of existing arrangements. The benefits that enhanced competition would bring consumers—competitively priced flights to a broader range of routes to Europe—are likely to be significant. It would promote growth of the Australian tourism industry and provide new opportunities for Australian airlines.

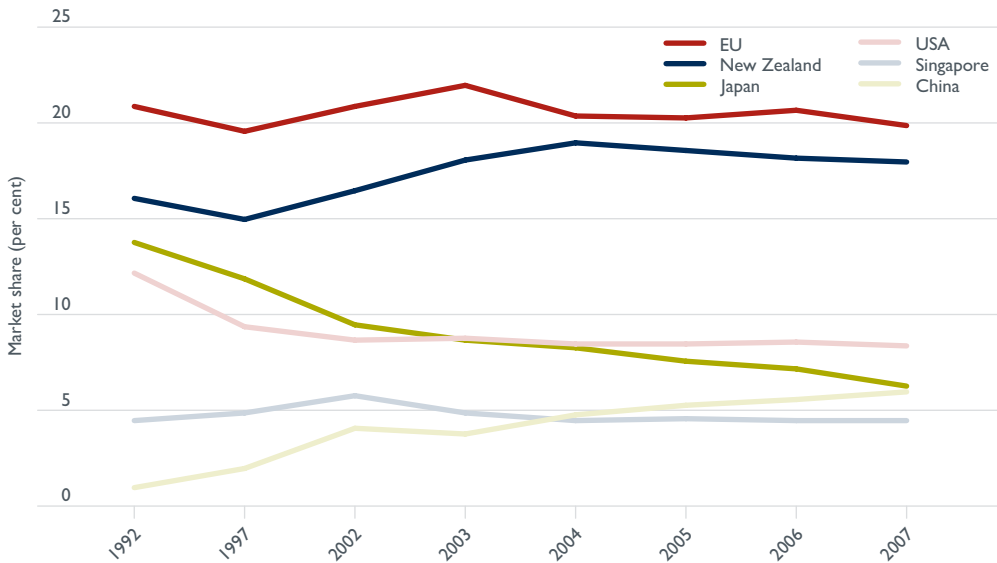
## Characteristics of the Australia–EU aviation market

The 27 EU member states, combined, have accounted for the largest share of passenger air traffic to and from Australia over the past 15 years with the total EU share remaining relatively stable at approximately 20 per cent (Figure 1). In 2007, this translated into 4.553 million passengers travelling between Australia and the EU (or 43 780 passengers each way each week). Figure 2 illustrates the size of the EU aviation market in 2007 compared to Australia’s other major markets: New Zealand (17.9 per cent), the United States (8.3 per cent), Japan (6.2 per cent), China (5.9 per cent) and Singapore (4.4 per cent). The average annual growth rate over the past five years for Australia–EU passenger air traffic has been 5.0 per cent.

Within the EU, the United Kingdom (UK) is Australia’s largest aviation market (52.5 per cent of the EU market) with 2.388 million passengers travelling between the two countries in 2007. This was followed by Germany (9.6 per cent EU share), Italy (7.7 per cent), France (7.5 per cent) and Ireland (4.7 per cent). The fastest growing markets within Europe over the past five years, however, have been Estonia (with a 17.4 per cent five year average annual growth rate), Bulgaria (15.0 per cent average growth rate) and Lithuania (9.5 per cent average growth rate) from a low starting passenger base. This reflects the growth in tourism to and from Eastern European countries.

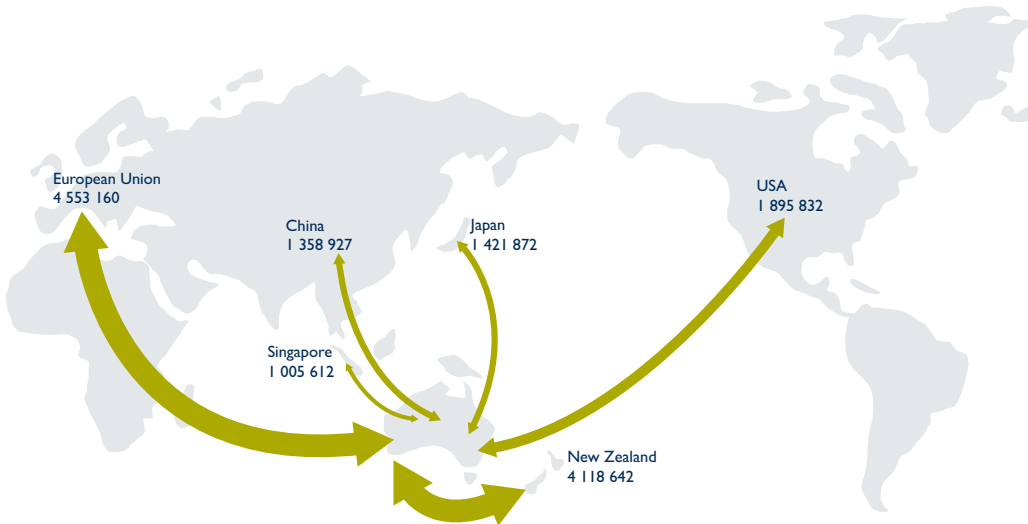
1. Department of Foreign Affairs and Trade, European Union Brief ([http://www.dfat.gov.au/geo/european\\_union/eu\\_brief.html](http://www.dfat.gov.au/geo/european_union/eu_brief.html)). Current as of date of publication.

**Figure 1 Market share of Australia’s major aviation markets**



Note: Market share is based on total origin-destination (O/D) passengers to and from Australia.  
 Source: ABS, *Overseas Arrivals and Departures, Australia* (ABS cat. no. 3401.0).

**Figure 2 Air passenger movements between Australia and its top aviation markets, 2007**



Note: Total international air passenger movements to and from Australia was 22.974 million in 2007 with 8.620 million passengers travelling on routes not shown above.  
 Source: ABS, *Overseas Arrivals and Departures, Australia* (ABS cat. no. 3401.0).

## Facilitating tourism

Europe is currently the most popular destination of choice for Australians travelling overseas. In 2007, 16.9 per cent of Australian tourists were destined for the EU, with 920 851 short-term resident departures recorded on passenger cards. New Zealand ranked closely behind on 16.5 per cent, whilst the USA ranked a distant third on 8.8 per cent.

Europeans travelling to Australia spend more time in Australia than tourists from any other region: an average of 33 days in 2007, compared with 26 days for tourists from China; 21 days for Americans; 18 days for Singaporeans; and 13 days for Japanese. Of the EU member states, visitors from Ireland stayed the longest in 2007 (46 days), followed by Germany (42 days), Netherlands (39 days), France (36 days), Italy (32 days) and the UK (29 days).

Of the 1.246 million short-term visitors who arrived from the EU in 2007, 34.9 per cent stayed in Australia for two weeks or less, 41.5 per cent stayed between two weeks and a month, and 20.9 per cent stayed between 1 to 12 months.

Passengers from the EU most commonly alight at Sydney Airport (48.0 per cent of arrivals in 2007), followed by Melbourne Airport (17.6 per cent), Perth Airport (14.9 per cent) and Brisbane Airport (12.1 per cent). Most EU visitors spend their time in New South Wales (43.4 per cent of EU visitors in 2007), followed by Victoria (17.6 per cent), Queensland (17.0 per cent) and Western Australia (14.9 per cent).

The Australia–EU aviation market makes a significant contribution to the Australian economy, both directly and indirectly. In 2007, Europeans travelling to Australia for personal travel (excluding education) contributed \$4.0 billion to the Australian economy. Similarly, Australians engaging in personal travel (excluding education) to the EU contributed \$3.7 billion to the EU economy over the same period.<sup>2</sup>

## Enhancing trade

In addition to the people-to-people links between Australia and the EU, trade continues to expand. In 2007, the EU, as a whole, was Australia's largest two-way trading partner, our second largest market for exports (behind Japan) and our largest source of imports. Australia's total two-way trade with the EU in 2007 was valued at \$79.1 billion, with total Australian exports of goods and services to the EU worth \$27.9 billion, a 2.5 per cent decrease over 2006. Australia's imports of goods and services from the EU in 2007 totalled \$51.2 billion, up 10.3 per cent from 2006. Australia typically runs a trade deficit with the EU.

The proportion of merchandise trade between Australia and the EU carried by air freight has grown significantly in the past ten years. In 2007, air exports accounted for 34 per cent of total exports to the EU in terms of value. Compared to 1997, air exports have increased by 234 per cent in terms of value and 34 per cent in terms of weight (Table 1). Over the same period freight imported by air accounted for 39 per cent of total imports in terms of value from the EU. Air freight imports have increased by 122 per cent in value and 37 per cent in terms of weight since 1997.

The most valuable commodities exported by air freight from Australia to the EU in 2007 were: non-monetary gold; other commodities and transactions; and medicinal and pharmaceutical products. The most valuable commodities imported by air freight from the EU were: medicinal and pharmaceutical products; non-monetary gold; and professional and scientific apparatus. Air freight is carried in the cargo hold of passenger aircraft, as well as in dedicated freight aircraft.

Trade via air freight between Australia and the EU has grown more significantly compared with Australia's other markets. The average annual growth rate for the ten years between 1997 and 2007 in terms of value was 9.4 per cent for the EU compared with 7.1 per cent for air freight trade between Australia and all other countries.

2. Department of Foreign Affairs and Trade, European Union Fact Sheet (<http://www.dfat.gov.au/geo/fs/eu.pdf>). Current as of date of publication.

**Table 1** Air freight trade between Australia and the EU

	<i>Exports</i>			<i>Imports</i>		
	<i>1997</i>	<i>2007</i>	<i>Change (per cent)</i>	<i>1997</i>	<i>2007</i>	<i>Change (per cent)</i>
Value (\$ millions)						
EU	2 064	6 899	234.2	7 275	16 125	121.7
All countries	17 177	31 493	83.3	25 157	57 164	127.2
Weight (tonnes)						
EU	15 190	20 296	33.6	73 269	100 174	36.7
All countries	322 048	284 361	-11.7	285 043	412 280	44.6

Source: Unpublished customs data from the Australian Bureau of Statistics.

## The changing nature of the Australia–EU aviation market

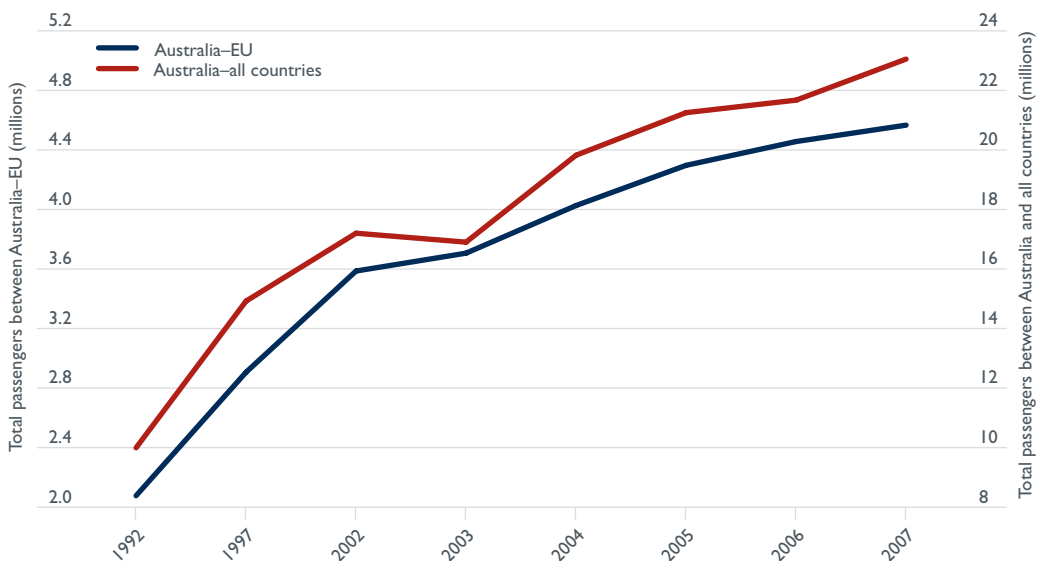
The Australia–EU aviation market has grown in concert with Australia’s international aviation sector (Figure 3) with an average annual passenger growth rate of 5.0 per cent over the last five years (2002–2007). Total international travel to and from Australia grew at an average rate of 6.1 per cent over the same time period. Load factors on flights between Australia and the EU remain consistently higher than flights on other international routes to and from Australia (Figure 4). In 2007, load factors between Australia and the EU reached a record 86.5 per cent compared with an average of 76.9 per cent for all other routes. This demonstrates the ongoing strength of the Australia–EU aviation market.

Despite the consistent growth of the Australia–EU aviation market, the combined market share of Australian and European carriers has declined from 61.8 per cent in 1992 to 38.4 per cent in 2007 (Figure 5). In the past 15 years, European airlines have steadily withdrawn from the Australian market. Today only British Airways and Virgin Atlantic fly to Australia. Qantas also continues to operate flights from Australia to London and Frankfurt.

By comparison, in 1992, there were nine airlines operating services between Australia and Europe: Alitalia, British Airways, KLM Royal Dutch Airlines, Lauda Air, Lufthansa, Olympic Airways, Qantas, Union de Transports Aeriens (UTA) and Yugoslav Airlines. The last remaining continental European airline, Austrian Airlines, ceased direct flights to Australia in 2007. By comparison, traffic carried by Asian and Middle Eastern carriers has increased from 26.6 per cent in 1992 to 51.9 per cent in 2007, overtaking the market share of Australian and European airlines from 2003 onwards.

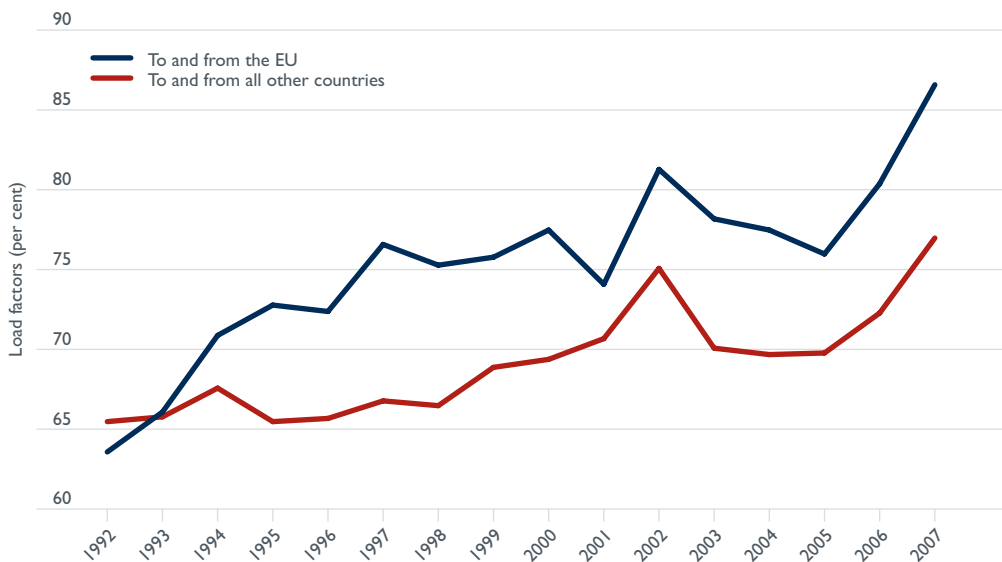
The withdrawal of European airlines from the Australian market reflects, in part, Australia’s geographical position at the end of a long haul route and the rising price of fuel. Many European airlines find it more economical to enter into code share arrangements with Qantas or an Asian airline. European airlines fly to major hubs in Asia, such as Singapore, Bangkok or Kuala Lumpur. At these hubs, passengers travelling to Australia transfer onto an Australian or Asian airline to continue their journey to Australia.

**Figure 3 Total passenger movements between Australia and the EU**



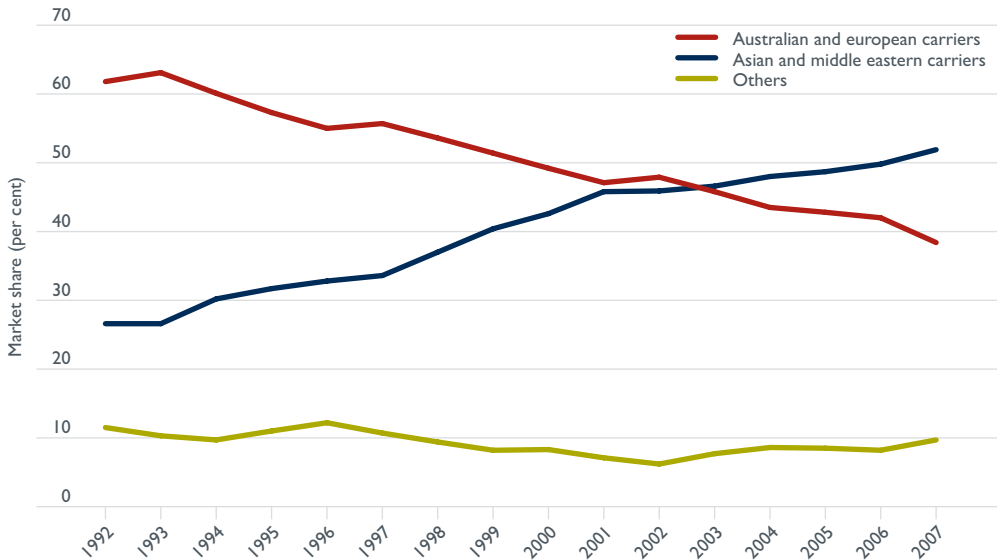
Note: Totals are for origin-destination (O/D) passenger traffic.  
 Source: ABS, *Overseas Arrivals and Departures, Australia* (ABS cat. no. 3401.0).

**Figure 4 Load factors for air traffic in and out of Australia**



Note: Load factors are calculated for ‘same number’ flights on each route.  
 Source: BITRE Aviation Statistics Section.

**Figure 5** Changing profile of airlines servicing the Australia–EU aviation market



- Notes:
1. Australian and European carriers consist of Air France, Alitalia, AOM French Airlines, Austrian Airlines, British Airways, JAT Airways, KLM, Lauda Air, Lufthansa, Olympic Airways, Qantas, UTA French Airlines and Virgin Atlantic.
  2. Asian and Middle Eastern carriers consist of Cathay Pacific Airways, Emirates, Etihad Airways, Garuda Indonesia, Gulf Air, Japan Airlines, Korean Air, Malaysia Airlines, Philippine Airlines, Royal Brunei Airlines, Singapore Airlines and Thai Airways International.

Source: Australian passenger card data from the Department of Immigration and Citizenship.

## Benefits of a comprehensive air services agreement between Australia and the EU

The continuing and growing people-to-people links and trade between Australia and the EU are driving the Australian Government’s discussions with the EU about further liberalisation of air services arrangements. The objective is to ensure travellers, exporters and importers have access to the widest range of routes at the most competitive prices. This also promotes growth of the Australian tourism industry and creates opportunities for Australian airlines.

Currently, Australia has bilateral air services agreements in place with 17 EU member states, including the UK, Germany and France. Some agreements have restrictions on the number of flights that can operate between Australia and the European country. For example, Australia’s air services arrangements with France limit Australian airlines to operating three flights per week to Paris. Other bilateral agreements have restraints on the range of cities that an airline can operate to, or restrictions on whether airlines can stop at intermediate points to collect passengers or continue travelling beyond a European destination to another city or country. Only the 2006 air services agreement with the UK provides for unlimited flights between Australia and the UK. But even this agreement does not allow for services via, for example, China, or on to the United States.

By comparison, by virtue of their geographic position, Asian and Middle Eastern airlines are ‘hub’ carriers, located half way between Europe and Australia. These airlines are able to serve a range of destinations in Europe, transit in their home port,



before continuing on to Australia. This allows for greater flexibility in the range of services hub carriers are able to offer.

An EU-wide 'comprehensive' air services agreement with Australia could remove many, if not all, limitations for Australian and European airlines operating services between Australia and Europe. Such an agreement would be broader than market access issues and could address competition, environmental protection, safety and security issues. A comprehensive air services agreement would allow Australian and European airlines to operate a wider range of services between Australia and Europe. This ought to facilitate increased competition in the Australia–EU aviation market. In turn, this would provide consumers with access to a broader range of routes between Australia and Europe, with competition decreasing prices.

A new chapter for Australia–EU aviation relations commenced on 13 June 2008 when EU Transport Ministers approved a mandate for the European Commission to negotiate a comprehensive air services agreement with Australia. This decision followed the visit in April 2008 of the Prime Minister, Kevin Rudd, to the headquarters of the European Commission in Brussels. As part of that visit, the Prime Minister and the European Commission President, José Manuel Barroso, noted that the EU and Australia shared a joint objective of achieving progress towards a comprehensive aviation agreement.

Forthcoming negotiations for a 'comprehensive' air services agreement with the EU will build on Australia's 'Horizontal' air services agreement with the EU. The Horizontal agreement, which was signed on 29 April 2008, recognises the existence of a single European market for air transport links to and from Australia. It provides for the designation of airlines based on their EU status rather than member states' nationality in Australia's bilateral air services agreements with EU member states. The agreement locks in the benefits of Australia's bilateral air services agreements with EU member states and will form the basis of future discussions on a single Europe-wide agreement.

## The future of Australia–EU aviation links

The strong people-to-people ties and growing trade between Australia and the EU is driving aviation links. While the profile of airlines servicing the route has changed over the years, demand for flights continues to grow. A Europe-wide air services agreement with Australia would further liberalise the Australia–EU aviation market. While European airlines currently rely largely on code share operations into Australia, new long-range aircraft may enhance the profitability for European airlines to return and grow in the Australian market. Whether low-cost carriers would utilise this new generation of aircraft for long-haul flights between Europe and Australia remains a commercial decision and an unanswered question. The potential benefits for travellers, the tourism industry and business are considerable. Time will tell.

## Acknowledgements

This article was jointly written by the International Aviation Industry Policy Section and BITRE's Aviation Statistics Section within the Department of Infrastructure, Transport, Regional Development and Local Government.



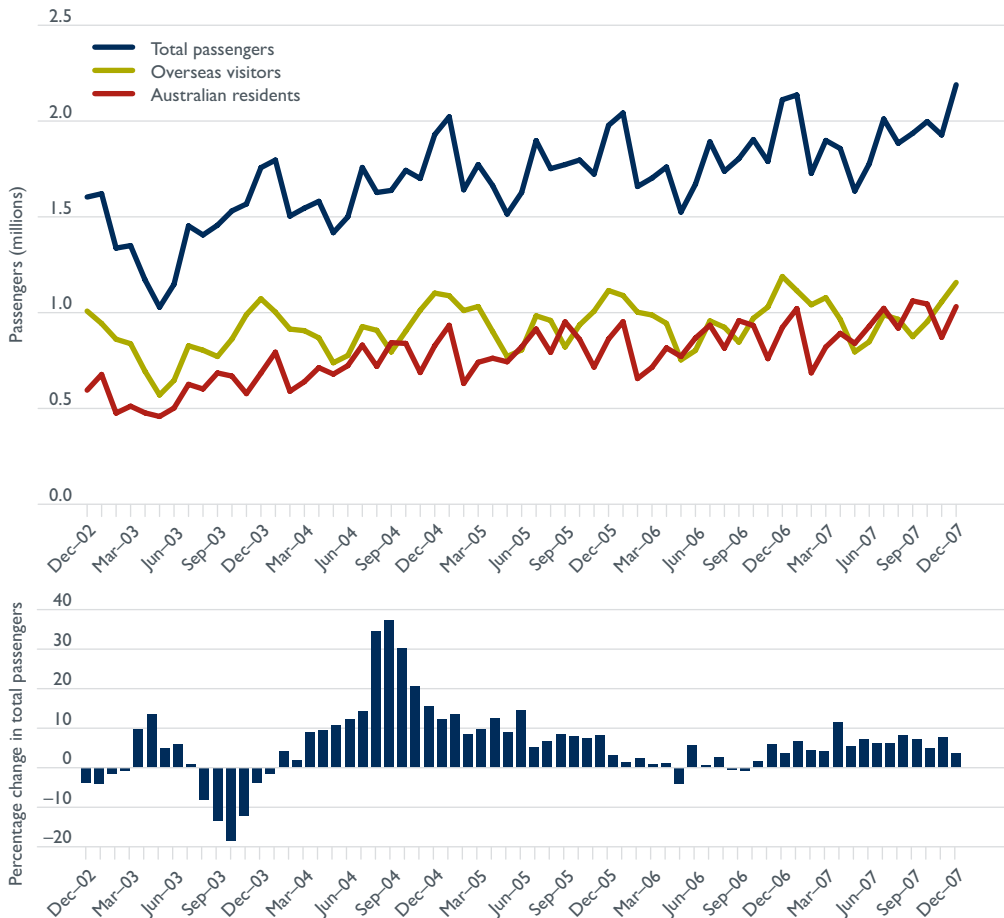
# Chapter 1 International industry

## International passengers

Passenger traffic on Australian international flights continued to increase over the past 12 months (Figure 6). There were 23.0 million international passengers carried throughout 2007, an increase of 6.4 per cent over the previous year. This total comprised 11.8 million overseas visitors (51.5 per cent) and 11.1 million Australian residents (48.5 per cent).

Traffic peaked in December 2007, with a monthly record of 2.19 million passengers, an increase of 3.7 per cent on December 2006. The month with the lowest number of passengers for 2007 was May with 1.63 million passengers. For the past five years, May has consistently been the month with the lowest total of international passengers. This is due mainly to a drop in the number of overseas visitors during the month. The number of overseas visitors tends to drop-off during the winter season in Australia. Figure 6 shows a pattern of overseas visitors exceeding Australian residents travelling abroad during the spring and summer seasons in Australia.

**Figure 6 International passengers**



Note: Growth rates are calculated over the same month in the previous year.

Source: ABS, *Overseas Arrivals and Departures, Australia* (ABS cat. no. 3401.0).

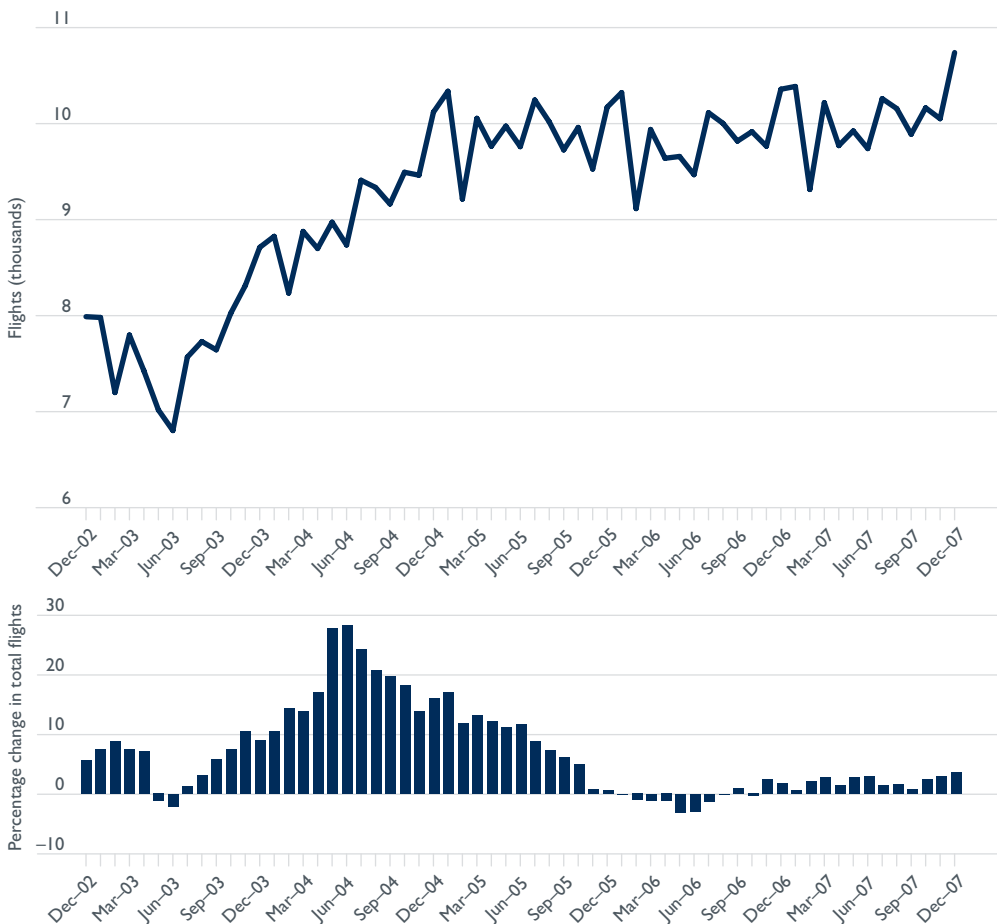
Growth in international passenger traffic for 2007 was driven mainly by the increase in the number of Australian residents travelling on international flights (up 10.3 per cent compared with 2006) rather than the growth in overseas visitors (up 3.0 per cent for the same period).

## International flights

There was a record annual total of 120 615 international flights in 2007, an increase of 2.1 per cent over the previous year. The monthly average for 2007 was 10 051 flights with a maximum of 10 740 flights in December (up 3.7 per cent on December 2006) and a minimum of 9 314 flights in February (up 2.2 per cent on February 2006).

The average monthly growth rate for international flights in 2007 was 2.1 per cent with a maximum of 3.7 per cent in December and a minimum of 0.6 per cent in January (Figure 7).

**Figure 7 International flights**

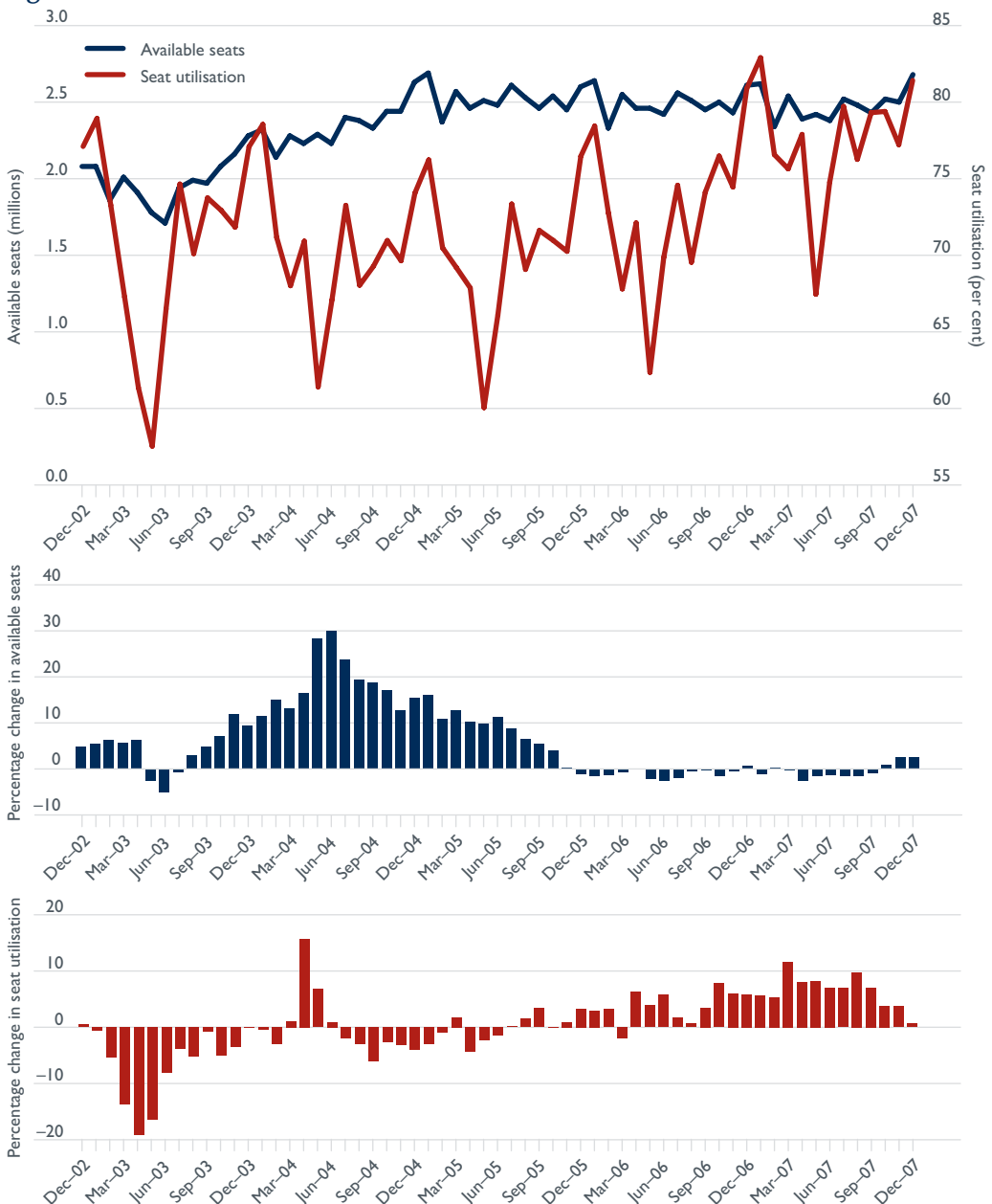


Note: Growth rates are calculated over the same month in the previous year.  
 Source: BITRE Aviation Statistics section.

## International network utilisation

International airline capacity measured in available seats for 2007 showed little variation from the previous calendar year (Figure 8). The total for 2007 was 29.8 million seats, 0.3 per cent less than the figure for 2006. The monthly maximum was recorded in December 2007 at 2.68 million seats, while the minimum occurred in February 2007 at 2.34 million seats.

**Figure 8** International network utilisation



Notes: Available seats are a total of inbound and outbound seats. Seat utilisation is calculated by dividing the total number of international passengers by the number of available seats. Growth rates are calculated over the same month in the previous year.

Source: BITRE Aviation Statistics section.

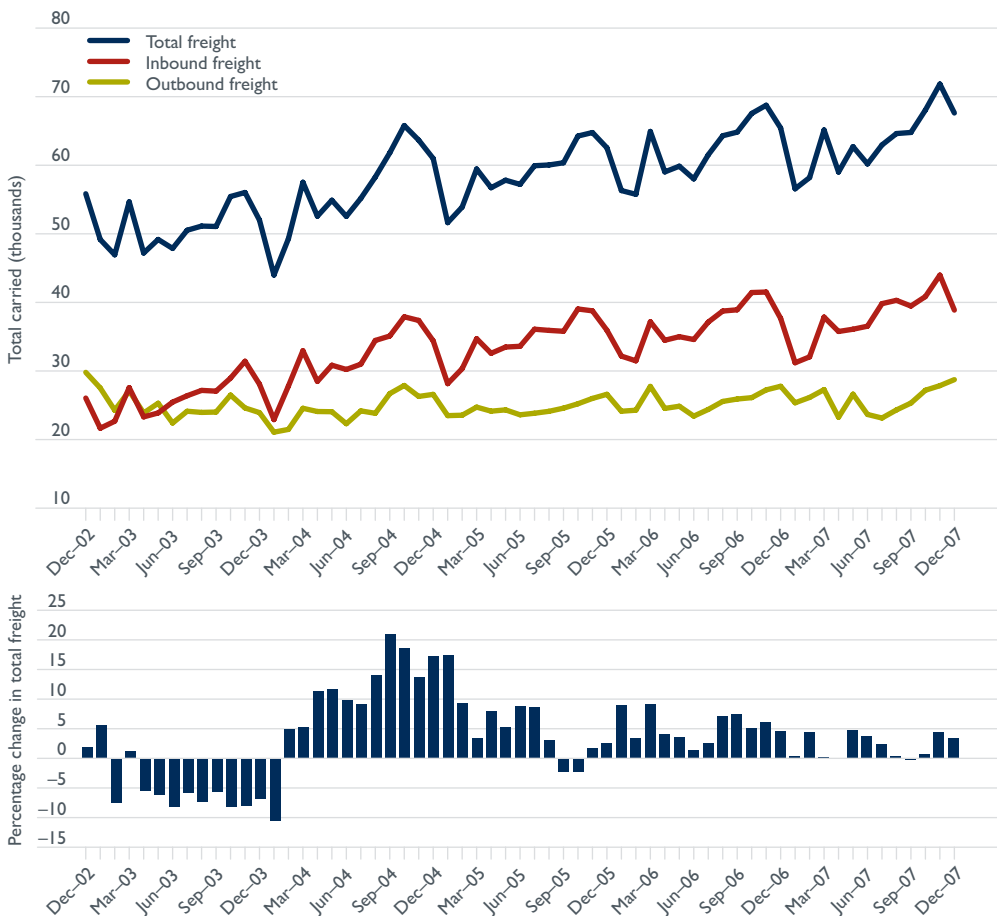
Seat utilisation (load factors) over all routes shows greater variability. For 2007, load factors ranged from a maximum of 83.0 per cent in January to a minimum of 67.5 per cent in May with an annual average of 77.5 per cent (4.6 percentage points higher than the average for 2006). Seat utilisation for January 2007 was 4.5 percentage points higher than that for January 2006 and was the highest monthly figure on record.

## International air freight

Air freight carried on Australian international flights has continued to grow steadily, as shown in Figure 9. The annual total for 2007 was a record 761 687 tonnes (up 2.0 per cent on 2006). This consisted of 452 813 tonnes or 59.4 per cent of inbound freight (up 2.8 per cent on 2006) and 308 874 tonnes or 40.6 per cent of outbound freight (up 1.0 per cent on 2006). Inbound freight has been exceeding outbound freight since June 2003.

Total freight peaked at 71 843 tonnes in November 2007, the highest monthly figure for the past five years. This was due to inbound air freight reaching a record 43 985 tonnes (61.2 per cent of the total freight for November 2007).

**Figure 9 International air freight**



Note: Growth rates are calculated over the same month in the previous year.

Source: BITRE Aviation Statistics section.

As shown in Table 2, Qantas carried the greatest share (24.1 per cent) of freight in 2007, followed by Singapore Airlines (14.8 per cent) and Emirates (8.9 per cent). The Sydney–Auckland route had the largest share (7.7 per cent) of all air freight in and out of Australia, followed closely by Melbourne–Singapore (6.8 per cent) and Sydney–Hong Kong (6.0 per cent) (Table 3).

**Table 2** Freight carried by top five airlines, 2007

<i>Airline</i>	<i>Tonnes carried (thousands)</i>	<i>Share (per cent)</i>
Qantas Airways	183.3	24.1
Singapore Airlines	112.9	14.8
Emirates	68.0	8.9
Cathay Pacific Airways	64.9	8.5
Malaysia Airlines	60.9	8.0
Others	271.6	35.7
Total	761.7	100.0

Source: BITRE Aviation Statistics section.

**Table 3** Freight carried on top five city pairs, 2007

<i>Australian port</i>	<i>Foreign port</i>	<i>Tonnes carried (thousands)</i>	<i>Share (per cent)</i>
Sydney	Auckland	59.0	7.7
Melbourne	Singapore	51.9	6.8
Sydney	Hong Kong	45.5	6.0
Sydney	Singapore	37.4	4.9
Perth	Singapore	34.0	4.5
Others		534.0	70.1
Total		761.7	100.0





# Chapter 2 Domestic industry

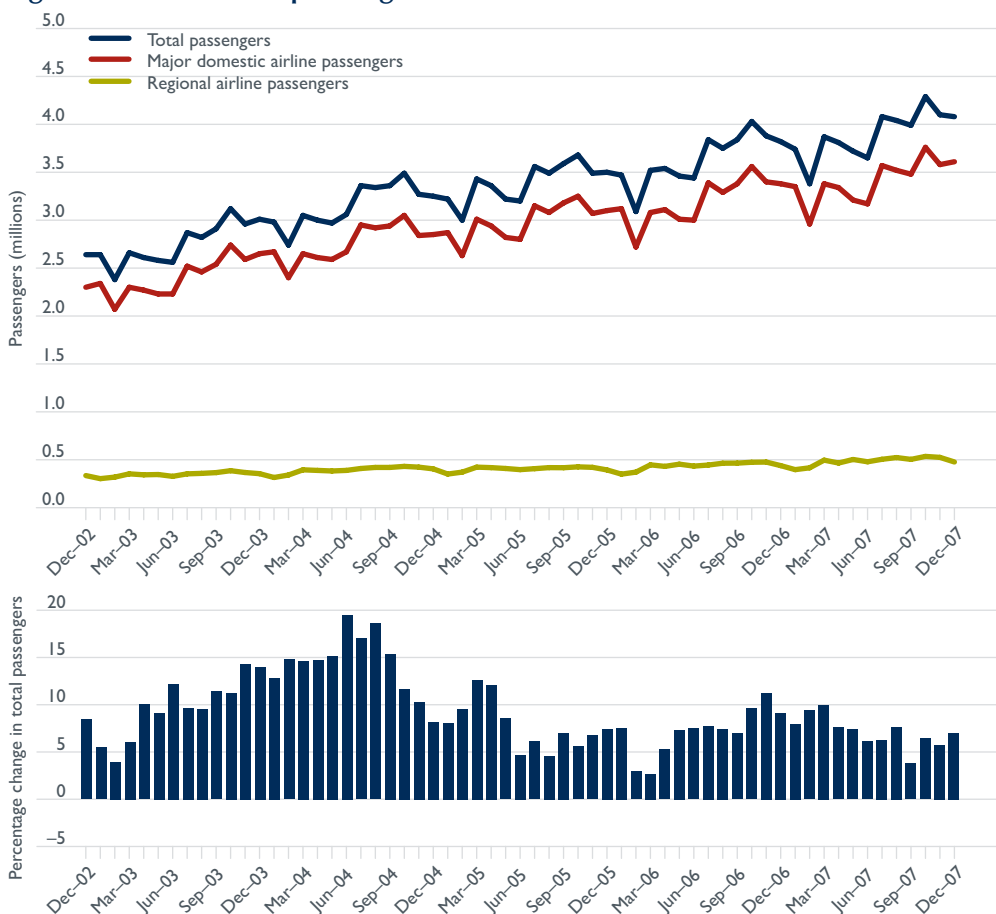
## Domestic passengers

Australia's domestic airline industry is continuing to operate at high levels with a record 46.7 million revenue passengers carried in 2007. This was 7.0 per cent higher than the total for 2006.

The major domestic airlines (Qantas, Jetstar, Virgin Blue and Tiger Airways) carried 40.9 million passengers (87.5 per cent of the total) in 2007. This represented an increase of 6.5 per cent over 2006. Regional airlines carried 5.8 million passengers over the same period (or 12.5 per cent of the total). This represented an increase of 11.0 per cent over the previous calendar year.

Monthly passenger numbers peaked in October 2007 at 4.3 million, 6.4 per cent up on October 2006. This is the highest monthly total on record (Figure 10). For the past five years, October has consistently been the busiest month of the year. Similarly, the month with the lowest number of passengers in the past five years is February, with the total for February 2007 being 3.4 million (9.4 per cent up on February 2006).

**Figure 10 Domestic passengers**



Note: The domestic passenger numbers shown here do not include passengers on domestic legs of international flights. Growth rates are calculated over the same month in the previous year.

Source: BITRE Aviation Statistics section.

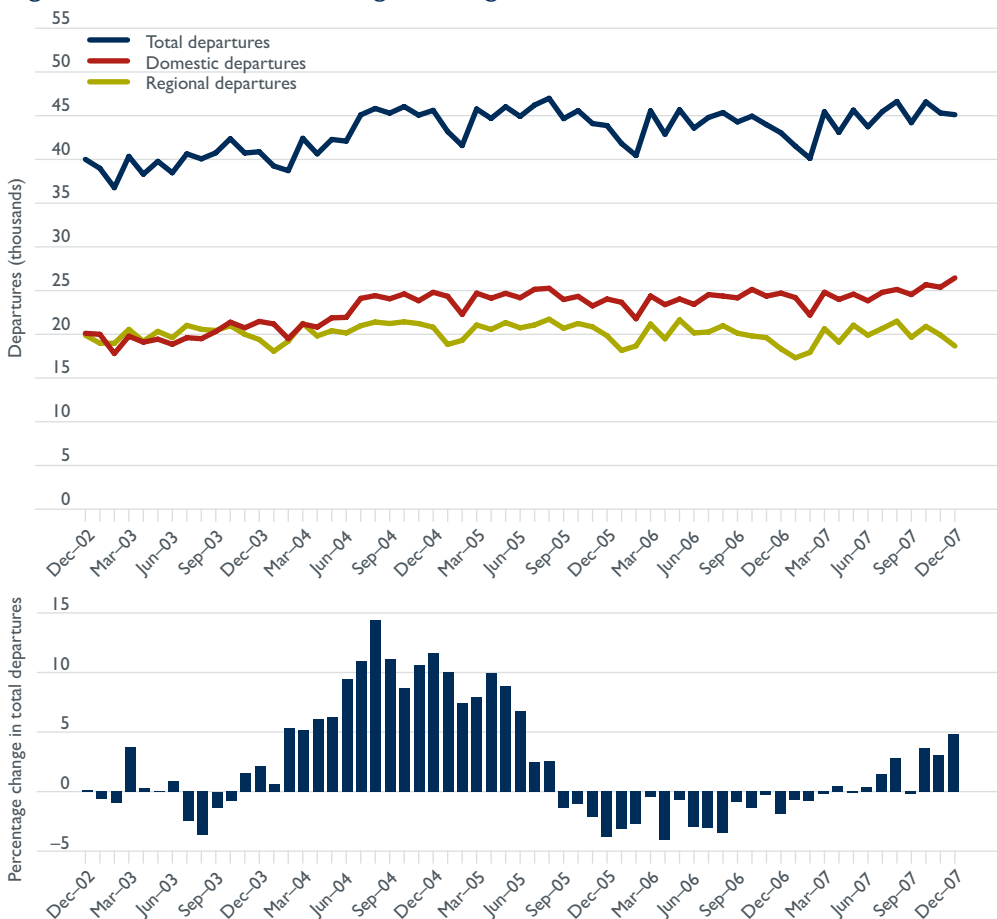
Positive monthly passenger growth rates (as compared to the same month in the previous year) have been recorded since September 2002. The highest growth rate for 2007 occurred in March at 10.0 per cent.

## Domestic flights

Figure 11 shows the number of domestic flight departures over the past five years. A total of 532 849 flights was recorded for 2007, 1.2 per cent higher than 2006. Of these, 295 584 flights (55.5 per cent) were operated by the major domestic airlines, an increase of 2.6 per cent on the previous calendar year. The remaining 237 265 flights (44.5 per cent) were operated by regional airlines, down 0.5 per cent on 2006.

During the past year, total monthly flights peaked at 46 626 in August 2007 (2.8 per cent higher than for August 2006). The highest monthly growth rate for 2007 occurred in December at 4.8 per cent.

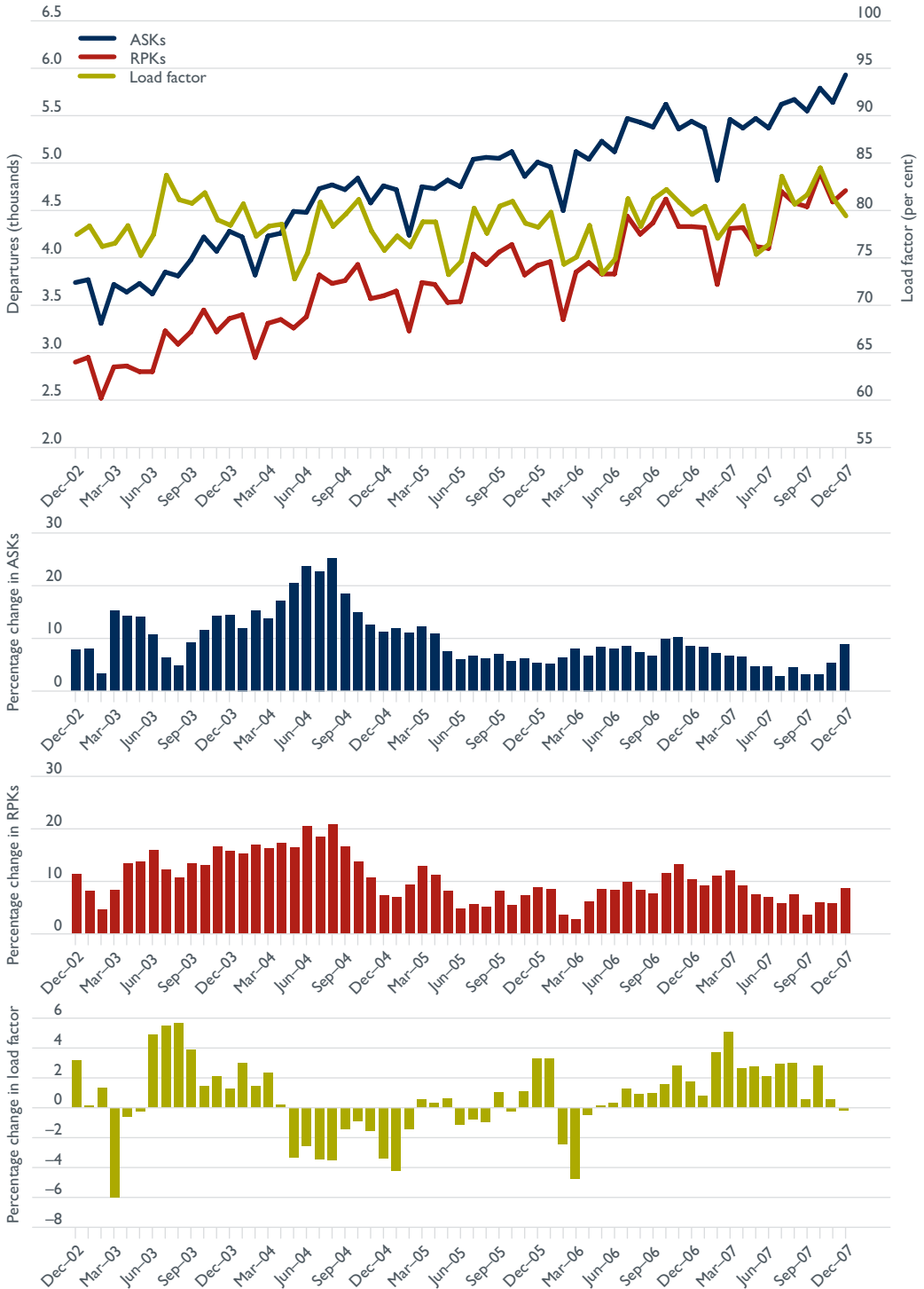
**Figure 11 Domestic and regional flights**



Note: Growth rates are calculated over the same month in the previous year.  
 Source: BITRE Aviation Statistics section.

## Domestic network utilisation

Figure 12 Domestic network utilisation



Notes: Includes all regional operations. ASKs refer to Available Seat Kilometres and RPKs refer to Revenue Passenger Kilometres. Growth rates are calculated over the same month in the previous year.

Source: BITRE Aviation Statistics section.

Domestic industry capacity, measured in Available Seat Kilometres (ASKs), achieved an all time high of 66.1 billion in 2007, 5.4 per cent higher than the total for 2006 (Figure 12). Similarly, Revenue Passenger Kilometres (RPKs) for 2007 reached a record 52.9 billion (up 7.7 per cent on the total for 2006).

The highest ever monthly total for ASKs was recorded in December 2007 at 5.9 billion (up 8.9 per cent on December 2006) while RPKs peaked in October 2007 with a monthly record of 4.9 billion (up 5.9 per cent on October 2006).

The average load factor for 2007 was 80.1 per cent which was higher than the 78.4 per cent average for 2006. October recorded the highest monthly load factor for 2007 (84.5 per cent compared with 82.2 per cent for October 2006).

## Domestic airline on time performance

Reporting of domestic airline on time performance data to BITRE commenced in November 2003. The data covers all routes where the passenger load averages over 8000 passengers per month and where two or more airlines operate in competition. There were 46 routes which met this definition in 2007. Airlines participating in on time performance reporting are: Jetstar; Qantas; QantasLink; Regional Express; Skywest Airlines; Virgin Blue; and MacAir (from July 2005). Ozjet provided data from January to March 2006 only. These operators collectively carried over 99 per cent of Australia's domestic airline traffic in 2007.

There were 474 121 flights reported for the 2007 calendar year, of which 396 807 (83.7 per cent) departed on time and 389 894 (82.2 per cent) arrived on time (Table 4). Cancellations totalled 5554 or 1.2 per cent of all scheduled flights. The equivalent figures for 2006 were 87.3 per cent for departures, 86.1 per cent for arrivals and 0.9 per cent for cancellations. Overall airline on time performance in 2007 had declined compared to the previous calendar year. This was mainly due to a drop in performance in the latter half of the year as shown in Figure 13.

The long-term average performance for all routes since reporting commenced in November 2003 is 86.5 per cent for departures and 85.4 per cent for arrivals. Cancellations averaged 0.9 per cent of all scheduled flights.

The highest level of on time departures in 2007 was recorded in January at 89.6 per cent, while the highest level of on time arrivals was recorded in April at 88.7 per cent. The lowest percentage of cancellations was 0.7 per cent in January.

The lowest level of on time performance was recorded in December with 77.1 per cent of departures and 75.2 per cent of arrivals being on time, while 1.5 per cent of scheduled flights were cancelled.

Of the three major domestic carriers, Jetstar achieved the highest level of on time departures (84.1 per cent) in 2007, while Qantas and Virgin Blue achieved 82.8 and 82.4 per cent respectively. QantasLink was the best performing regional airline with 85.7 per cent departures on time, followed by Regional Express (84.8 per cent), Skywest (82.8 per cent) and MacAir (80.8 per cent).

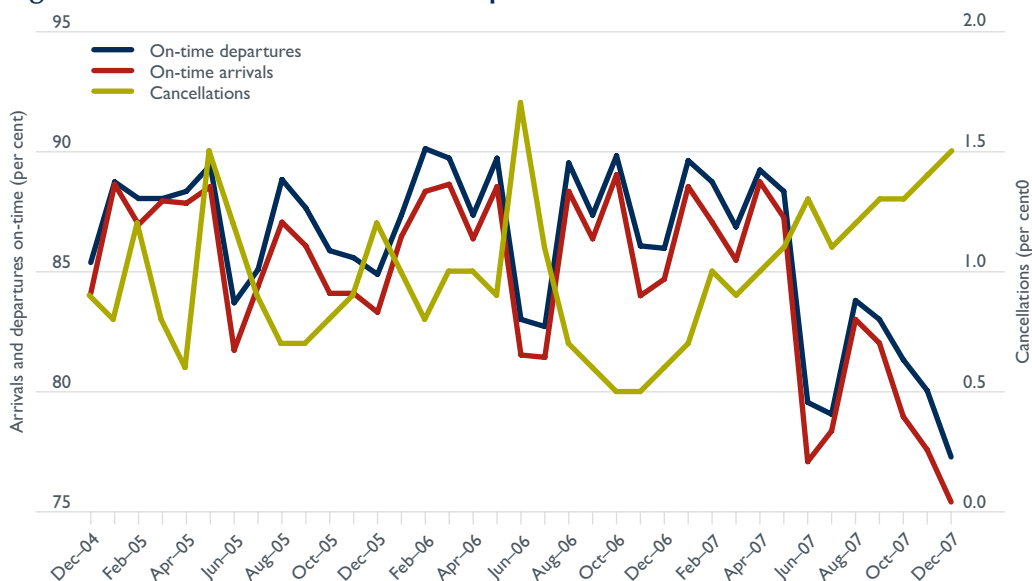
Skywest recorded the highest percentage of cancellations for the year at 2.5 per cent, followed closely by MacAir at 2.3 per cent. Jetstar recorded the lowest level of cancellations at 0.6 per cent.

The Canberra–Adelaide route had the highest percentage of on time departures (90.5 per cent) out of the 46 routes which meet the criteria for on time performance reporting. Conversely, the Perth–Brisbane route had the lowest percentage of on time

departures (63.9 per cent). On time arrivals were also highest on the Canberra–Adelaide route (90.7 per cent) and were lowest on the Sydney–Albury route (69.6 per cent). Cancellations were highest on the Melbourne–Sydney route (3.5 per cent).

Canberra Airport recorded the highest percentage of on time departures (88.6 per cent), while Broome Airport recorded the lowest percentage (72.2 per cent). On time arrivals were also highest at Canberra Airport (85.9 per cent) and lowest at Albury Airport (69.6 per cent).

**Figure 13 Domestic airline on time performance**



Source: BITRE Aviation Statistics Section

**Table 4 Australian domestic airline on time performance, 2007**

	Jetstar	Macair	Qantas	Qantas Link	Regional Express	Skywest	Virgin Blue	All Airlines
Sectors scheduled	51 979	14 258	121 133	99 568	67 587	12 787	112 363	479 675
Sectors flown	51 650	13 923	119 479	98 705	67 034	12 461	110 869	474 121
On time departures	43 461	11 246	98 921	84 624	56 846	10 313	91 396	396 807
On time arrivals	42 776	11 200	99 531	82 864	53 686	10 025	89 812	389 894
Cancellations	329	335	1 654	863	553	326	1 494	5 554
On time departures (per cent)	84.1	80.8	82.8	85.7	84.8	82.8	82.4	83.7
On time arrivals (per cent)	82.8	80.4	83.3	84.0	80.1	80.5	81.0	82.2
Cancellations (per cent)	0.6	2.3	1.4	0.9	0.8	2.5	1.3	1.2

Notes: On time departures refer to flights that depart within 15 minutes of the scheduled departure time.  
On time arrivals refer to flights that arrive within 15 minutes of the scheduled arrival time.  
Cancellations refer to flights cancelled or rescheduled within 7 days of the scheduled departure time.

Source: BITRE Aviation Statistics section.



## Chapter 3 Airport activity

### Airport activity levels

Table 5 summarises passenger and aircraft movements at the five major capital city airports for the past three calendar years.

All five airports recorded an increase in passenger movements across all sectors for 2007 compared with 2006. Perth Airport registered the largest annual growth rate in total passengers (9.9 per cent), followed by Brisbane (7.1 per cent), Sydney (6.2 per cent), Adelaide (6.2 per cent) and Melbourne (3.1 per cent).

Annual growth in international passenger movements in 2007 was strongest at Perth Airport (16.6 per cent), followed by Adelaide Airport (13.6 per cent). Growth in domestic passenger numbers was greatest at Brisbane Airport (7.3 per cent), followed by Perth and Sydney (both 6.3 per cent respectively). With regards to regional passenger numbers, Perth Airport registered the strongest annual growth (20.7 per cent), followed by Brisbane Airport (16.6 per cent).

**Table 5 Activity at major Australian airports**

Airport	Year	Passenger movements (millions)				Aircraft movements (thousands)					
		Intl	Domestic	Regional	Total	Intl	Domestic	Regional	Total scheduled	Non-scheduled*	Total
Sydney	2007	10.38	19.38	2.09	31.85	58.54	131.79	73.72	264.04	26.31	290.35
	2006	9.87	18.24	1.88	29.99	58.22	126.94	71.65	256.81	26.35	283.16
	2005	9.52	17.12	1.82	28.46	58.70	124.27	73.33	256.30	25.44	281.74
Melbourne	2007	4.57	17.48	0.70	22.75	24.23	119.56	28.22	172.01	12.48	184.49
	2006	4.29	16.64	0.64	21.57	23.95	118.22	27.36	169.53	10.20	179.73
	2005	4.22	15.91	0.59	20.73	26.76	120.69	26.52	173.96	6.32	180.28
Brisbane	2007	3.92	12.99	0.98	17.89	23.80	94.46	24.87	143.12	30.16	173.28
	2006	3.76	12.10	0.84	16.71	22.97	90.81	25.73	139.51	27.74	167.24
	2005	3.61	11.43	0.67	15.71	22.60	92.50	25.51	140.61	23.93	164.54
Perth	2007	2.37	5.35	0.48	8.20	11.99	37.21	14.92	64.12	45.29	109.41
	2006	2.03	5.03	0.40	7.46	10.30	35.23	12.87	58.40	41.16	99.56
	2005	2.01	4.42	0.34	6.76	10.77	34.29	12.00	57.06	44.59	101.65
Adelaide	2007	0.46	5.41	0.49	6.36	3.05	42.67	27.73	73.44	32.93	106.37
	2006	0.40	5.14	0.45	5.99	2.85	42.31	24.89	70.05	29.24	99.29
	2005	0.33	4.86	0.40	5.60	2.34	41.71	26.19	70.25	36.60	106.84

Notes: International passenger data are the total passengers uplifted and discharged within a flight. Domestic and regional passenger data are the total passengers on board by flight stage. International, domestic and regional data represent Regular Public Transport operations. \*Aircraft movements recorded during the hours in which Airservices Australia provides a tower service and includes circuit and military aircraft.

Sources: BITRE Aviation Statistics Section and Airservices Australia monthly aircraft movement reports (<http://www.airservicesaustralia.com/reports>).

In terms of regular public transport (RPT) operations for 2007, all airports registered an increase in aircraft movements across all sectors compared with the previous year except for Brisbane Airport which recorded a drop of 3.4 per cent in regional aircraft movements. Perth Airport led the growth of aircraft movements across all sectors with significant increases in international (16.4 per cent), domestic (5.6 per cent) and regional (16.0 per cent) sectors, with total RPT traffic increasing by 9.8 per cent compared to 2006. Adelaide Airport also recorded significant increases in regional (11.4 per cent) and international (7.1 per cent) aircraft movements.

In regards to total aircraft movements (including unscheduled operations), all airports recorded an increase with Perth Airport having the highest annual growth rate of 9.9 per cent, followed by Adelaide (7.1 per cent) and Brisbane (3.6 per cent).

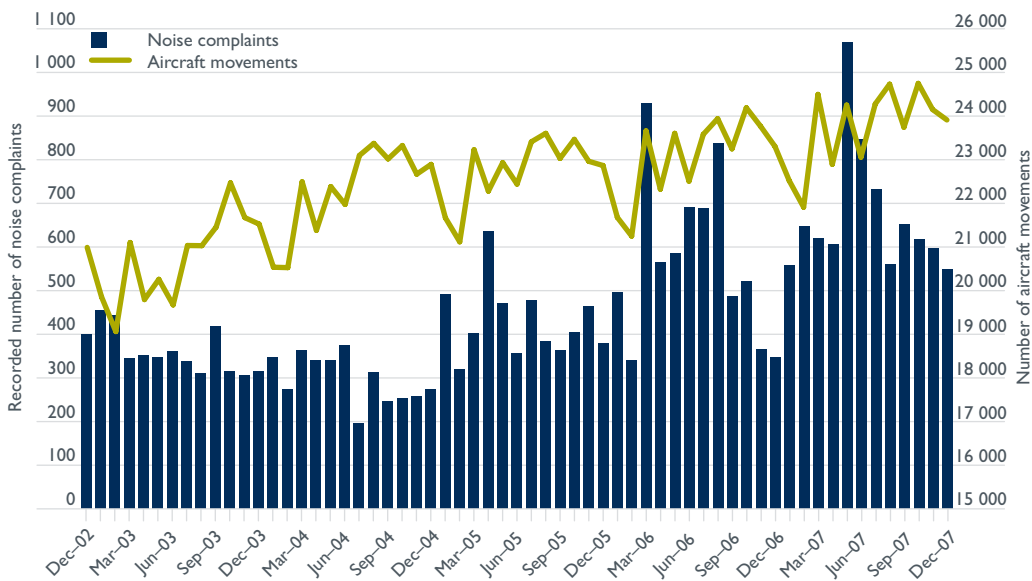
## Sydney aircraft noise

October in 2007 was the busiest month for Sydney Airport with 24 773 aircraft movements, an increase of 2.3 per cent on October 2006 (Figure 14). There were 618 noise complaints from 130 complainants in that month. The lowest number of aircraft movements for 2007 was recorded in February (21 918 movements) and the number of noise complaints then was 648 from 284 complainants.

The recorded number of noise complaints was lowest in December 2007 at 549 complaints from 183 complainants. The number of complaints peaked in May 2007, reaching a maximum of 1069 complaints from 164 complainants in May 2007. This is the greatest number of complaints recorded since October 2001 (the month following Ansett’s collapse).

The total number of noise complaints for 2007 was 8059, an increase of 17.6 per cent over the previous year.

**Figure 14 Sydney Airport noise complaints**



Source: Airservices Australia, Sydney Airport Operational Statistics, <http://www.airservicesaustralia.com/reports/>.



# Chapter 4 Economic indicators

## Real domestic airfares

Figure 15 presents real domestic airfare indexes for Business Class, Full Economy, Restricted Economy and Best Discount airfares. The series is a price index of the lowest available fare in each fare class, weighted over selected routes. It does not measure real airline yields, or average fares paid by passengers. The real domestic airfare indexes include those taxes and charges that are collected as part of the airfare (fuel levies, security, certain airport charges and GST). The indexes are presented as smoothed 13 month moving averages to give a measure of the trends in airfares over time.

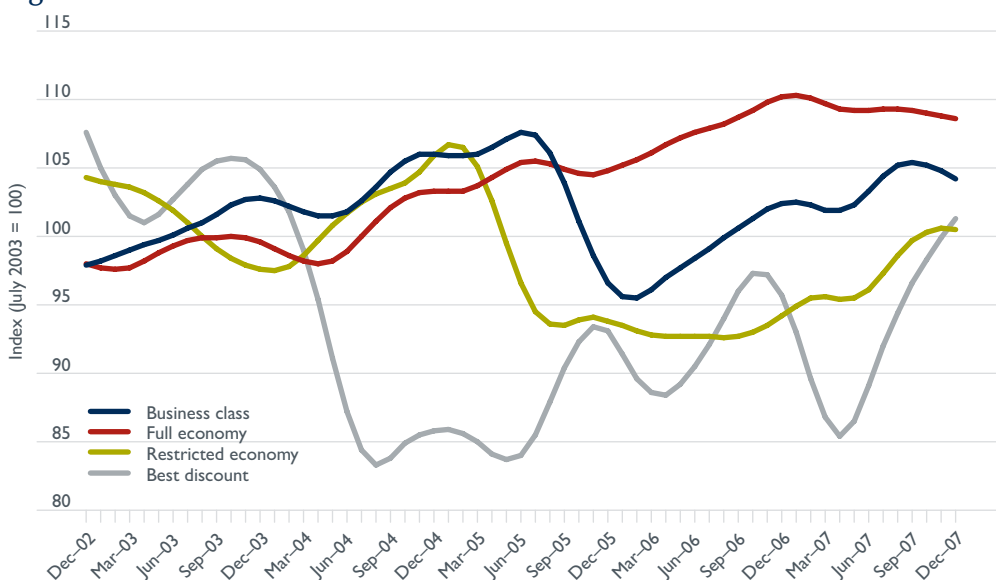
During 2007, the Business Class index gradually increased to a peak of 105.4 in September before a slight fall in the last three months of the year. The September peak was 4.8 per cent higher than the index for September 2006.

The Full Economy index peaked in January 2007 at a value of 110.3 and then fell slowly to end the year at 108.6.

The Restricted Economy index increased significantly over the year from a value of 94.9 in January to a peak of 100.6 in November.

Best Discount fares are the most variable of the four types of airfares collected. Over the past year, the index has swung from a value of 93.0 in January to a low of 85.4 in April before climbing to a high of 101.3 in December.

**Figure 15 Real domestic airfares**



Notes: Airfares are CPI adjusted. SABRE Pacific does not warrant the accuracy of any of the data provided by its system. Under no circumstances will SABRE Pacific be liable for the loss of profits, loss of use of contracts, or for any economic or consequential loss whatsoever, whether arising from errors in data, negligence, breach of contract or otherwise.

Sources: BITRE Aviation Statistics section; SABRE Computer Reservation System (prior to July 2003); BITRE internet air fare survey (July 2003 onwards) and Australian Bureau of Statistics (CPI data).

Prior to July 2003, the indexes were constructed using SABRE Pacific’s Computer Reservations System. Indexes for July 2003 onwards are based on airfares collected from BITRE’s internet airfare survey. All indexes are Consumer Price Index (CPI) adjusted and set at a base value of 100 for July 2003.

From *Avline 7* onwards, the calculation methodology used is the Fisher Ideal Index. Prior to issue 7, the Laspeyres Index was used. For more information on price indexes see ABS Catalogue 1351.0 Working Paper no. 96/1 *Choosing a Price Index Formula*.

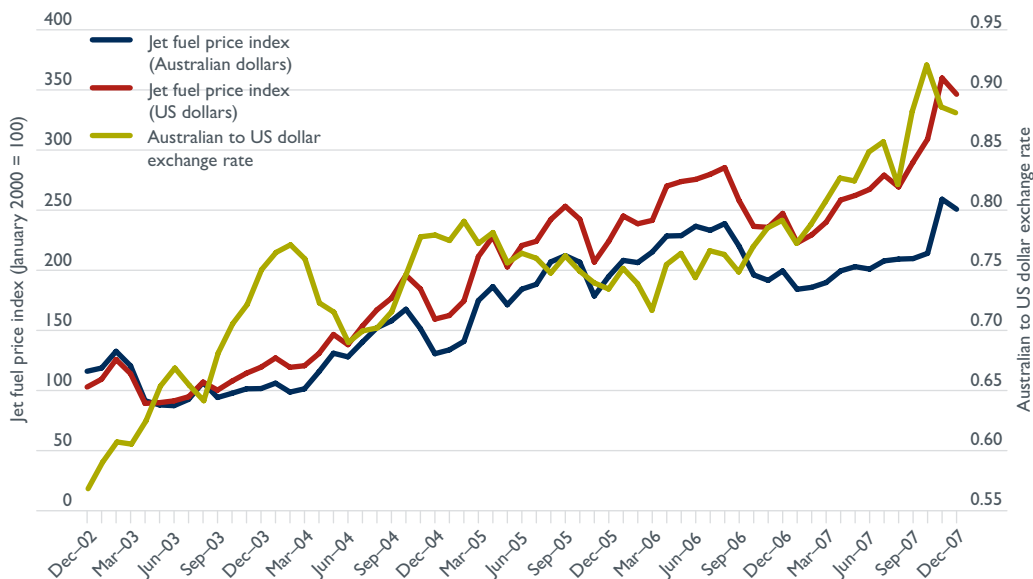
## Jet fuel prices

Figure 16 shows the movement in the Singapore jet fuel spot price from December 2002 to December 2007. Both Australian and US dollar indexes are shown, where the January 2000 spot price has been assigned a base value of 100. Aviation jet fuel costs rose sharply towards the end of 2007, reaching a new peak in November before a slight drop in December. The US dollar index averaged 277.8 for the year, 8.0 per cent higher than the average for 2006 and 28.6 per cent higher than the average for 2005. The Australian dollar index averaged 209.5 for 2007, 3.4 per cent down on the average for 2006 but 15.4 per cent higher than the average for 2005.

During 2007 the Australian dollar index peaked at 259.1 in November 2007 and was at a minimum of 184.2 in January 2007.

The Australian to US dollar exchange rate averaged 0.8432 for 2007. This was 11.3 per cent higher than the average for 2006 and 10.9 per cent higher than the average for 2005. The exchange rate recorded a minimum of 0.7720 in January 2007 and a maximum of 0.9216 in October 2007.

**Figure 16 Singapore jet fuel spot price index**



Sources: US Energy Information Administration (<http://tonto.eia.doe.gov/dnav/pet/hist/rjetsin5M.htm>) and Reserve Bank of Australia, Bulletin Statistical Table F11, Exchange Rates.

## Airline share prices

Figure 17 shows the end of month closing prices for Qantas Airways Limited, Virgin Blue Holdings Limited and the S&P/ASX 200 Index up to December 2007.

For the calendar year 2007, Qantas' share price averaged \$5.54 or 44.1 per cent higher than the average for 2006. Its share price peaked at \$5.91 in October 2007, 39.4 per cent higher than the price for October 2006.

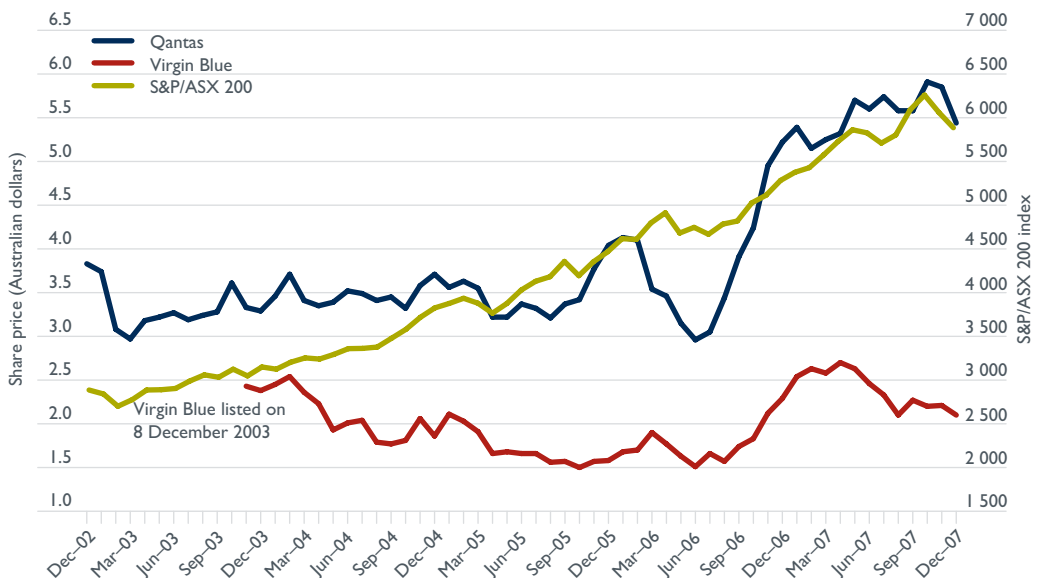
Virgin Blue's share price averaged \$2.40 for 2007 or 34.3 per cent higher than the average for 2006. Its share price reached a maximum of \$2.70 in April 2007, 52.5 per cent higher than the price for April 2006.

The S&P/ASX 200 Price Index peaked at 6754.1 in October 2007, an increase of 25.4 per cent from 5384.4 in October 2006. The index dropped slightly to 6339.8 in December 2007 (11.8 per cent higher than December 2006).

Qantas reported a net profit after tax of \$618.1 million for the half year ended December 2007. This was 101.1 per cent higher than the equivalent period for the previous year.

For the same period, Virgin Blue's profitability declined 8.8 percent, when compared with the corresponding figure for the half year ending December 2006, to a net profit after tax of \$113.3 million.

**Figure 17** Airline share prices



Note: Share prices are monthly closes.

Sources: The Age, Business Quotes (<http://markets.theage.com.au/apps/qt/quote.ac?code=VBA&section=pricehist>); Australian Securities Exchange ([http://www.asx.com.au/research/market\\_info/historical\\_equity\\_data.htm#End\\_of\\_month\\_values](http://www.asx.com.au/research/market_info/historical_equity_data.htm#End_of_month_values)).

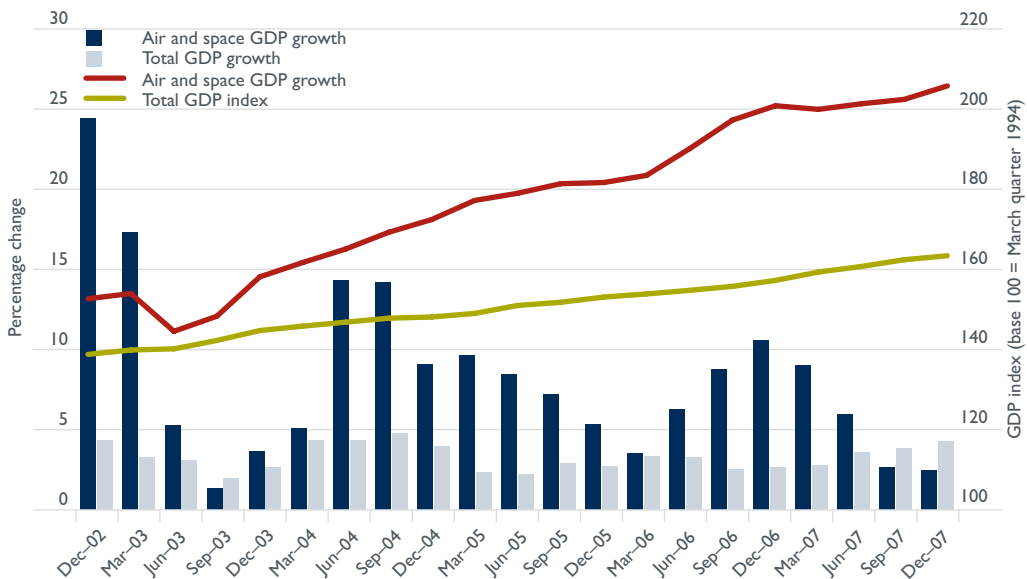
## Gross Domestic Product

Figure 18 compares Australia’s Gross Domestic Product (GDP) index for all industries with the index for the air and space industry component up to December 2007. A base index of 100 has been assigned to the March quarter 1994. The air and space industry contributed \$6.31 billion to the Australian economy or 0.62 per cent of Australia’s total GDP in 2007 (up 4.9 per cent on the previous year).

The air and space industry has continued to grow strongly in 2007, reaching a maximum index of 206.2 in the December quarter. This was up 2.5 per cent over the same quarter the previous year. The total GDP Index also peaked in the December quarter 2007 at 163.5, up 4.3 per cent on the same period the previous year.

In the last two quarters of 2007, the growth rate for the air and space industry has, for the first time in three years, fallen below the growth rate of Australia’s total GDP.

**Figure 18 Gross Domestic Product**



Notes: Data is seasonally adjusted. Growth rates are calculated over the same quarter in the previous year.  
 Source: ABS Catalogue No. 5206.0, Australian National Accounts: National Income, Expenditure and Product, Table 6.

## Chapter 5 Airport charges

Airport charges data estimates what an airline may expect to pay based on publicly available information published by airport authorities and Airservices Australia. The data shown includes GST, but excludes confidential agreements between airports and airlines, and terminal charges for domestic and regional services, which are often confidential and may differ by terminal and airline.

The data should be interpreted with caution as actual rates may vary for individual aircraft operators based on negotiated contracts.

Charges for five state capital city airports and ten regional airports are presented below. The parameters used by BITRE in its airport charges calculations are summarised in Table 6. The aircraft types shown are representative of international, trunk route domestic, and large, medium and smaller regional routes.

**Table 6 Parameters used in airport charge calculations**

<i>Aircraft type</i>	<i>Operational sector</i>	<i>Aircraft maximum take-off weight (tonnes)</i>	<i>Number of aircraft seats (nominal)</i>	<i>Average passenger load factor (per cent)</i>
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
SAAB 340B	Regional	13.2	34	60.0
Metro 23	Regional	7.5	19	60.0

Notes: The load factor is the proportion of total aircraft seats that are filled by paying passengers. Aircraft load factors are derived from BITRE Aviation Statistics section data collections for the relevant operational sector and may not reflect actual load factors at specific airports. While load factors may have increased over time, the relative proportion for the operational sectors have remained similar. The load factors used in the analysis have been fixed at the values shown above so as to remove an additional variability in the calculations.

Sources: Civil Aviation Safety Authority (CASA) aircraft register and BITRE aviation databases and assumptions.

### State capital city airports

Table 7 shows real charges incurred by aircraft operators per return passenger (assuming one arrival and one departure) at Australia's major capital city airports as at 31 January 2007, 31 July 2007 and 31 January 2008 (in March quarter 2008 dollars). The charges are presented by category of aircraft and are broken down into aeronautical (airport-levied charges), Airservices Australia and security components.

Real airport charges for international, domestic and regional sectors are also shown in Figures 19, 20 and 21 respectively. These are based on aircraft considered representative of each sector and show data by airport from January 2002 to January 2008.

Adelaide Airport currently levies the highest airport charges across all three sectors. Charges for each sector increased substantially in mid-2006 when a revised charging scheme associated with the new common user terminal was introduced. Melbourne Airport has the lowest airport charges compared to the other capital city airports. It ceased collecting security charges for domestic and regional passengers in January 2007.

Charges at most airports have remained relatively stable over the last year with the exception of international and regional charges at Brisbane, which both increased during the first half of 2007.

**Table 7 Real airport charges by aircraft type (\$ per return passenger)**

Aircraft	Sydney				Melbourne				Brisbane				Perth				Adelaide					
	Jan-07		Jul-07		Jan-08		Jul-07		Jan-08		Jul-07		Jan-08		Jul-07		Jan-07		Jul-07		Jan-08	
	Jan-07	Jul-07	Jan-08	Jul-07	Jan-08	Jul-07	Jan-08	Jan-07	Jul-07	Jan-08	Jul-07	Jan-08	Jan-07	Jul-07	Jan-08	Jul-07	Jan-07	Jul-07	Jan-08	Jul-07	Jan-08	
747-438																						
Aeronautical	35.19	35.21	34.11	25.50	28.12	27.50	22.76	30.37	29.70	24.89	25.37	24.89	24.34	43.68	43.40	40.78						
Airservices	11.50	11.35	11.10	11.23	11.45	11.20	13.65	13.47	13.17	19.72	19.50	19.50	19.07	30.02	29.07	28.42						
Security	8.07	10.12	9.90	2.87	5.11	5.00	6.77	8.35	8.16	6.58	6.58	6.45	6.31	3.49	3.43	3.35						
Total	54.76	56.69	55.11	39.59	44.69	43.70	43.17	52.19	51.03	51.67	50.85	49.72	77.19	75.89	72.55							
737-800																						
Aeronautical	6.94	6.85	6.80	7.76	7.79	7.62	7.29	7.13	6.97	8.62	8.46	8.27	21.61	21.61	21.34							
Airservices	5.00	4.95	4.84	4.56	4.64	4.54	5.24	5.19	5.07	7.21	7.13	6.97	9.34	9.28	9.07							
Security	4.48	4.21	4.12	0.00	0.00	0.00	0.01	0.47	0.46	3.86	3.78	3.70	3.49	3.43	3.35							
Total	16.43	16.02	15.76	12.31	12.44	12.16	12.54	12.79	12.50	19.69	19.37	18.94	34.44	34.31	33.76							
Dash 8-300																						
Aeronautical	6.94	6.85	6.80	7.76	7.79	7.62	6.91	7.13	6.97	8.62	8.46	8.27	6.81	6.78	6.97							
Airservices	4.72	4.66	4.56	4.26	4.34	4.24	4.89	4.83	4.72	6.69	6.60	6.45	8.51	8.38	8.19							
Security	2.50	2.35	2.30	0.00	0.00	0.00	0.01	4.68	4.58	3.86	3.78	3.70	3.49	3.43	3.35							
Total	14.17	13.87	13.66	12.02	12.13	11.86	11.81	16.64	16.27	19.17	18.84	18.42	18.81	18.58	18.51							
SAAB340B																						
Aeronautical	6.94	6.85	6.80	7.76	7.79	7.62	7.18	7.13	6.97	8.62	8.46	8.27	6.96	6.93	7.14							
Airservices	4.91	4.85	4.74	4.44	4.51	4.41	5.09	5.02	4.91	6.96	6.86	6.71	8.85	8.71	8.52							
Security	2.50	2.35	2.30	0.00	0.00	0.00	0.01	4.68	4.58	3.86	3.78	3.70	3.49	3.43	3.35							
Total	14.35	14.05	13.84	12.20	12.30	12.03	12.28	16.84	16.46	19.44	19.10	18.68	19.31	19.07	19.01							
Metro 23																						
Aeronautical	8.30	8.14	7.96	7.76	7.79	7.62	7.33	7.13	6.97	8.62	8.46	8.27	7.05	7.02	7.22							
Airservices	5.00	4.95	4.84	4.52	4.60	4.50	5.18	5.12	5.01	7.11	7.01	6.85	9.03	8.89	8.69							
Security	2.50	2.35	2.30	0.00	0.00	0.00	0.01	4.68	4.58	3.86	3.78	3.70	3.49	3.43	3.35							
Total	15.80	15.44	15.10	12.28	12.40	12.12	12.52	16.94	16.56	19.59	19.25	18.82	19.57	19.33	19.26							

Notes: Presented in March quarter 2008 dollars.

Calculated on a return passenger basis (one arrival and one departure) for price schedules as at 31 January and 31 July each year.

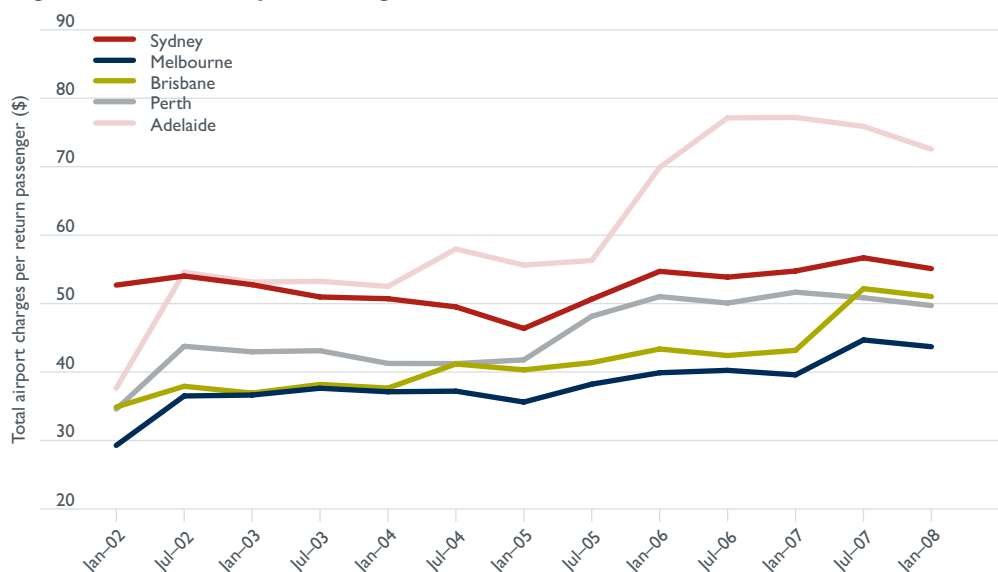
Sydney and Brisbane international charges (airport and security components) have been adjusted to exclude transit and transfer passengers.

Sources: BITRE estimates based on airport public price schedules supplied by airport operators; Airservices Australia published price schedule and ABS Catalogue 6401.0, Consumer Price Index, Australia, March 2008.

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, BITRE has assumed that transit and transfer passengers comprise 10 per cent of international passengers.

All the major airports, except Melbourne Airport, set security charges on a cost recovery basis. If significant over or under recovery occurs in a period, security charges are reduced or increased respectively in the subsequent period, which may result in period to period variations in total charges.

**Figure 19 Real airport charges for indicative international aircraft**

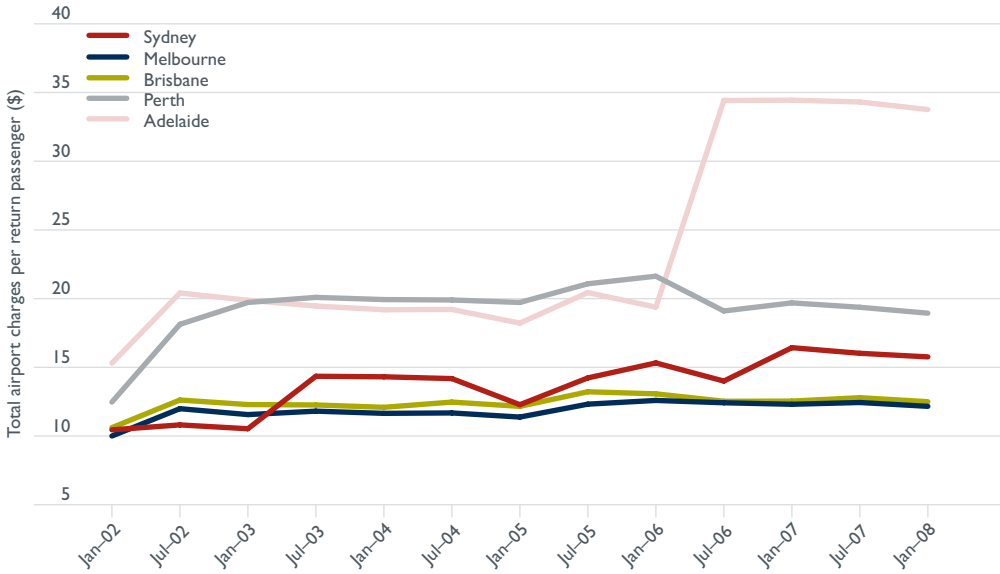


Notes: This graph shows total airport charges (GST inclusive) in March quarter 2008 dollars for a 747-438 aircraft as representative of international flights. Charge calculations are based on BITRE assumptions and may differ from actual charges incurred by specific operators.

International charge estimates include terminal charges. An indicative international load factor of 72.0 per cent is assumed. Sydney and Brisbane international charges (airport and security components) have been adjusted to exclude transit and transfer passengers.

Sources: BITRE estimates based on airport public price schedules supplied by airport operators, Airservices Australia published price schedule and ABS Catalogue 6401.0, Consumer Price Index, Australia, March 2008.

**Figure 20 Real airport charges for indicative domestic aircraft**

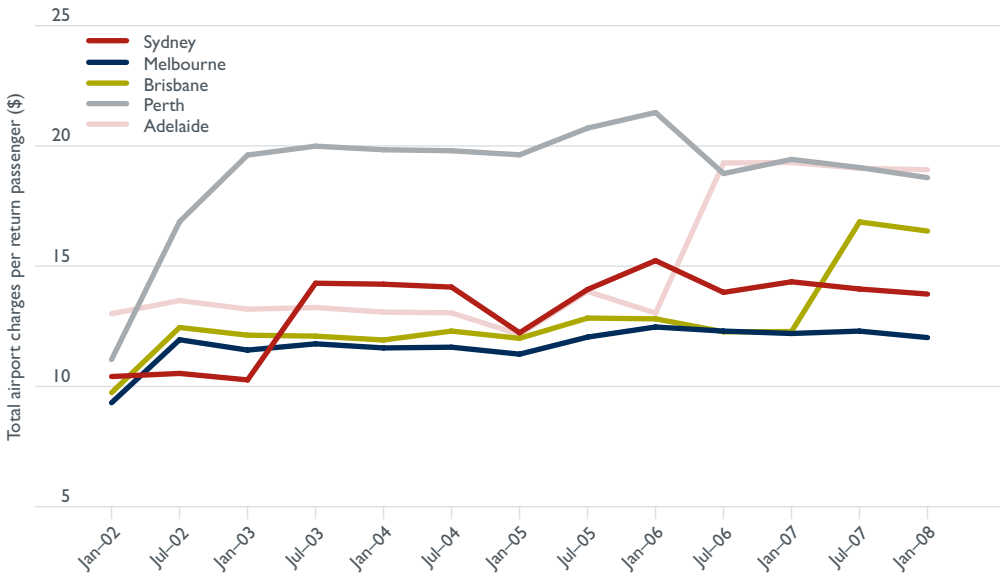


Notes: This graph shows total airport charges (GST inclusive) in March quarter 2008 dollars for a 737-800 aircraft as representative of domestic flights.

Charge calculations are based on BITRE assumptions and may differ from actual charges incurred by specific operators. Domestic charge estimates exclude terminal charges. An indicative domestic load factor of 76.5 per cent is assumed.

Sources: BITRE estimates based on airport public price schedules supplied by airport operators, Airservices Australia published price schedule and ABS Catalogue 6401.0, Consumer Price Index, Australia, March 2008.

**Figure 21 Real airport charges for indicative regional aircraft**



Notes: This graph shows total airport charges (GST inclusive) in March quarter 2008 dollars for a SAAB 340B aircraft as representative of regional flights.

Charge calculations are based on BITRE assumptions and may differ from actual charges incurred by specific operators. Regional charge estimates exclude terminal charges. An indicative regional load factor of 60.0 per cent is assumed.

Sources: BITRE estimates based on airport public price schedules supplied by airport operators, Airservices Australia published price schedule and ABS Catalogue 6401.0, Consumer Price Index, Australia, March 2008.



## Regional airports

In issue 9 of Avline, information on airport charges at selected regional airports was included for the first time in order to provide a wider picture of airport charges across Australian airports. The regional airports chosen were those serviced predominantly by non-jet aircraft and were selected in order of the highest number of passengers for the financial year 2005–06. The airport charges as at 31 January 2007, 31 July 2007 and 31 January 2008 for the top 10 regional airports which satisfied this criteria are listed in Table 8 and the data for 31 January 2008 is shown in Figure 22.

There is no security component in the total charge for the regional airports. Landing charges are only incurred at Armidale, Gladstone, Mildura, Port Lincoln and Tamworth, while Airservices Australia charges only apply at Albury and Tamworth Airports.

Figure 22 shows that Port Lincoln and Wagga Wagga Airports continue to have the lowest charges of the 10 regional airports for January 2008 whereas Tamworth Airport exceeds the rest. In terms of passenger charges levied by the airport operator alone, Port Macquarie has the highest charge compared with the other nine airports, followed closely by Tamworth Airport.

All 10 airports update their price schedule at the end of the financial year. Hence the nominal charges over the six month period between July 2007 and January 2008 have remained the same. The slight decrease shown in Table 8 is due to a change in the Consumer Price Index.

**Table 8 Real airport charges for 10 non-jet airports (\$ per return passenger)**

	Jan-07			Jul-07			Jan-08		
	Airport operator	Airservices Australia	Total	Airport operator	Airservices Australia	Total	Airport operator	Airservices Australia	Total
Albury	29.60	7.05	36.65	29.04	7.61	36.65	28.40	7.44	35.84
Armidale <sup>a</sup>	33.51	0.00	33.51	32.88	0.00	32.88	32.15	0.00	32.15
Burnie	25.23	0.00	25.23	24.75	0.00	24.75	24.20	0.00	24.20
Dubbo	25.02	0.00	25.02	24.54	0.00	24.54	24.00	0.00	24.00
Gladstone	22.45	0.00	22.45	22.03	0.00	22.03	21.54	0.00	21.54
Mildura	22.89	0.00	22.89	31.54	0.00	31.54	30.84	0.00	30.84
Port Lincoln	20.68	0.00	20.68	20.29	0.00	20.29	19.84	0.00	19.84
Port Macquarie	32.93	0.00	32.93	36.00	0.00	36.00	35.20	0.00	35.20
Tamworth	34.71	7.05	41.76	35.18	7.61	42.79	34.40	7.44	41.84
Wagga Wagga <sup>b</sup>	21.16	0.00	21.16	20.76	0.00	20.76	20.30	0.00	20.30

Notes: All charges are GST inclusive and presented in March quarter 2008 dollars.

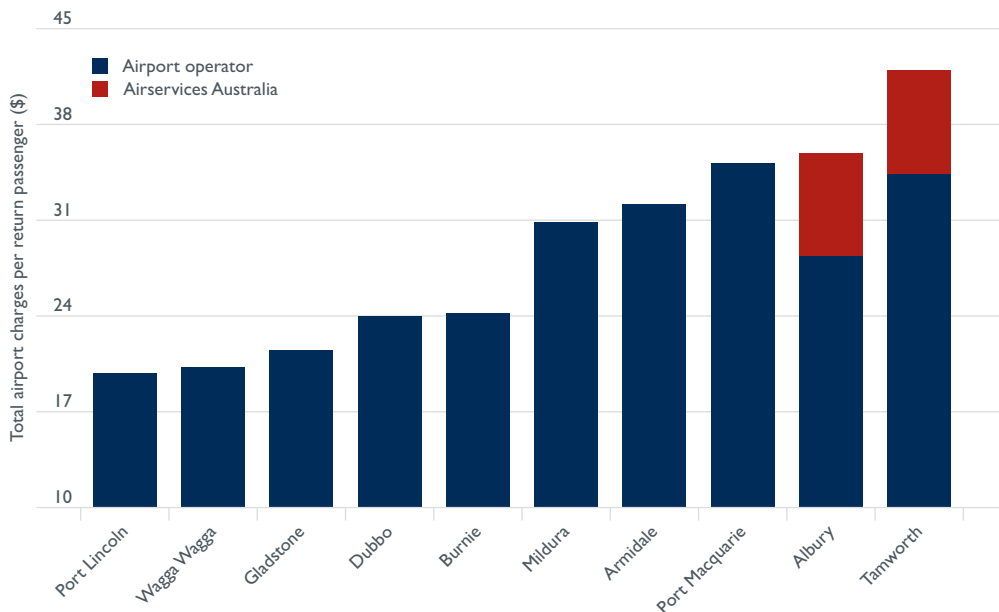
Terminal charges were excluded and where a landing fee applied (Armidale, Gladstone, Mildura, Port Lincoln and Tamworth), the component towards the total charge was calculated by assuming a SAAB 340B aircraft with an indicative regional load factor of 60.0 per cent as representative of regional flights. There are no security charges and Airservices charges apply only at Albury and Tamworth Airports. Charge calculations are based on BITRE assumptions and may differ from actual charges incurred by specific operators.

- For Armidale Airport the passenger component was calculated by using the maximum charge of \$14.30 (GST incl.) per arriving and per departing passenger. This charge applied for full ticket costs at or above \$170. A lesser charge of \$9.35 (GST incl.) for tickets below \$170 was not used in the calculations.
- For Wagga Wagga Airport the passenger component was calculated by using the maximum charge of \$10.15 (GST incl.) per arriving and per departing passenger. This charge applied to passenger numbers below 71 550. Reduced rates consisting of a \$2.54 (GST incl.) charge for passenger totals between 71 550 and 81 769 and \$1.01 (GST incl.) for over 81 769 passengers were not included in the calculations.

For Armidale Airport, the total airport charge is relatively high, as shown in Figure 22, because the maximum fee per arriving and per departing passenger was employed in the calculations as described in the footnote of Table 8. Here the fees vary according to whether the passenger fare is above or below a set amount. If the minimum passenger fee was used instead, the total airport charge for Armidale would drop significantly and be comparable to that of Gladstone Airport.

Similarly at Wagga Wagga Airport, there is a sliding scale of passenger charges as an incentive to attract more visitors to the city. The varying charges are listed in the footnote of Table 8. For the purpose of this analysis the maximum passenger fee was used. Even so the total airport charge at Wagga Wagga remains one of the lowest of the top ten regional airports.

**Figure 22 Airport charges for ten non-jet airports, January 2008**



Notes: This graph shows total airport charges (GST inclusive) in March quarter 2008 dollars for ten regional airports serviced by predominantly non-jet aircraft.

Where a landing fee applied (Armidale, Gladstone, Mildura, Port Lincoln and Tamworth), the component towards the total airport charge per return passenger was calculated by assuming a SAAB 340B aircraft with an indicative regional load factor of 60.0 per cent as representative of regional flights.

There are no security charges and Airservices charges apply only at Albury and Tamworth Airports. Terminal charges are excluded. Charge calculations are based on BITRE assumptions and may differ from actual charges incurred by specific operators.

Sources: BITRE estimates are based on airport public price schedules supplied by airport operators and Airservices Australia published price schedule.

# Definitions

ABS	Australian Bureau of Statistics.
Available seats	The number of aircraft seats available for passenger use.
Available Seat Kilometres (ASKs)	Calculated by multiplying the number of seats available on each flight stage, by the distance in kilometres between the ports. The distances used are Great Circle Distances.
BITRE	Bureau of Infrastructure, Transport and Regional Economics.
Cancellation	A flight that is cancelled or rescheduled within seven days of its scheduled departure time.
CASA	Civil Aviation Safety Authority.
City pair	The ports shown make up the city pair route. Passenger movements shown for a city pair reflect total traffic in both directions.
Domestic airline	An airline performing regular public transport services primarily between capital cities and major tourist centres.
Flight stage	The operation of an aircraft from take-off to landing.
Great circle distance	The shortest distance between any two points on the globe as measured over the earth's surface.
Load factor	The proportion of total aircraft seats that are filled by paying passengers.
On time arrival	A flight arrival that arrives at the gate within 15 minutes of the scheduled arrival time shown in the carrier's schedule.
On time departure	A flight departure that departs the gate within 15 minutes of the scheduled departure time shown in the carrier's schedule.
On time performance	Measured as the number of flights operating on time as a percentage of the number of flights operated on any particular sector.
Regional airline	An airline performing regular public transport services primarily to regional centres.
Revenue Passengers	All passengers paying any fare. Frequent flyer redemption travellers are regarded as revenue passengers.
Revenue Passenger Kilometres (RPKs)	Calculated by multiplying the number of revenue passengers travelling on each flight stage, by the distance in kilometres between the ports. The distances used are Great Circle Distances.
Regular Public Transport (RPT)	Aircraft transport available to the public and operated to fixed schedules and between specified fixed terminals.
Short-term resident arrivals	Overseas visitors arriving in Australia for stays of up to 12 months.
Short-term visitor departures	Australian residents departing for periods of up to 12 months.

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