

UNITED KINGDOM AVIATION PROFILE

Understanding how UK tourists travel to Australia

This briefing has been prepared by the Tourism Australia Industry & Strategic Insight Team, but was significantly assisted by the research of the Centre for Asia Pacific Aviation and data from Air Transport Intelligence, Bureau of Infrastructure, Transport and Regional Economics and Department of Immigration and Citizenship.

At a Glance

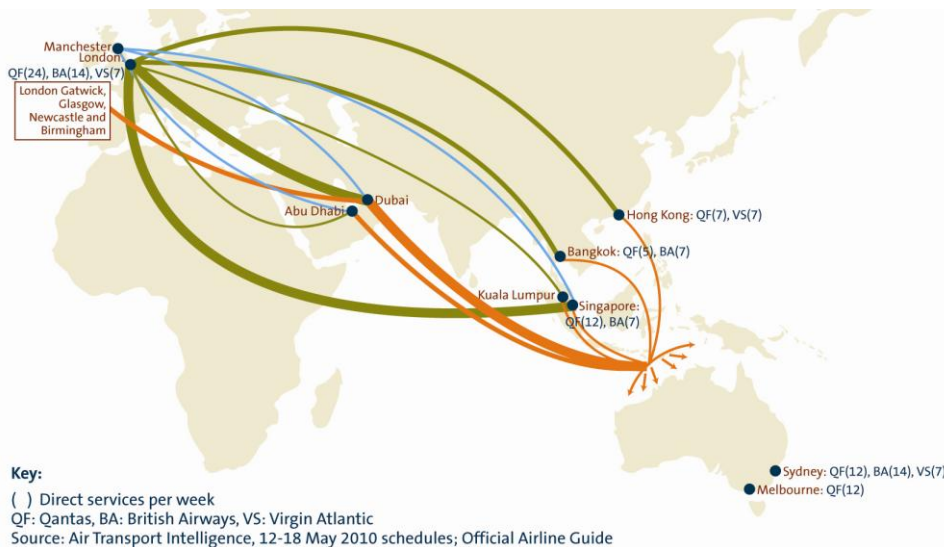
Arrivals Growth	End-point carriers ¹			Major Carriers	Seasonal Peaks	Origin Traffic ²
	Direct Seats	Load Factors	Aus. Ports			
2009	-1%	2008 0.82mil	2008 86%	Qantas 28%	December to March	Only 40% of traffic are UK residents. UK is a key hub for European markets with limited direct access to Australia
2010(F)	+3%	% ch -3%	2009 85%	Emirates 21%		
2011(F)	+3%	Rank 8 th	Nat. Av. 75%	SQ 12%		

(F) Forecast. Source: Tourism Forecasting Committee, 2009 Issue 2

The Kangaroo route (UK-Australia) is highly competitive with a number of airlines offering a range of different routes and airfares to all Australian capital cities. New opportunities continue to emerge on this route as bilateral agreements are expanded (e.g. United Arab Emirates-Australia in February 2010), new product is introduced (e.g. Qantas/Singapore/Emirates A380 upgrades plus AirAsia X's business class flat beds), new markets serviced (e.g. Emirates' regional UK ports) and collaboration continues (e.g. the renewal of the Qantas/British Airways Joint Service Agreement). There are however risks that are emerging and require monitoring (e.g. rising fuel prices, UK Government policy on aviation and volcano's closing airspaces).

Coming into Australia

London-Singapore-Sydney is the busiest route with just under half of all direct flights from UK to Australia operated on this route (hence the thickest line in the map below). Middle Eastern hubs (e.g. Dubai) are emerging as key competitors to the traditional hubs in South East Asia (e.g. Singapore)



Key Airlines on the route	Airports serviced in UK (times per week)	Airports served in Australia (times per week)
End point carriers* (Qantas, British Airways, Virgin Atlantic)	London Heathrow (47) via Singapore, Bangkok and Hong Kong	Sydney, Melbourne, (total 47)
Emirates	London Heathrow (35), London Gatwick (21), Manchester (14), Glasgow (7), Newcastle (7), Birmingham (14) via Dubai	Sydney, Melbourne, Brisbane, Perth (total 70)
Singapore Airlines	London Heathrow (21), Manchester (5) via Kuala Lumpur via Singapore	Sydney, Melbourne, Brisbane, Perth, Adelaide, Cairns (total 92)
Cathay Pacific	London Heathrow (28) via Hong Kong	Sydney, Melbourne, Brisbane, Perth, Adelaide, Cairns (total 59)
Malaysia Airlines	London Heathrow (14) via Kuala Lumpur	Sydney, Melbourne, Brisbane, Perth, Adelaide (total 42)
Thai Airways	London Heathrow (14) via Bangkok	Sydney, Melbourne, Brisbane and Perth (total 45)
Etihad	London Heathrow (21), Manchester (7)	Sydney, Brisbane and Melbourne (21)

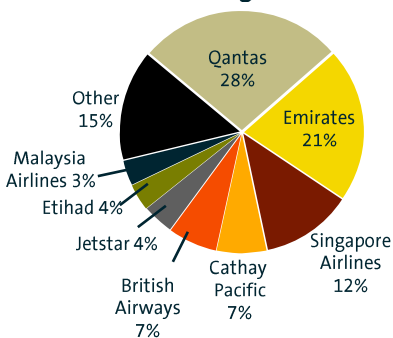
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Airlines on the Route

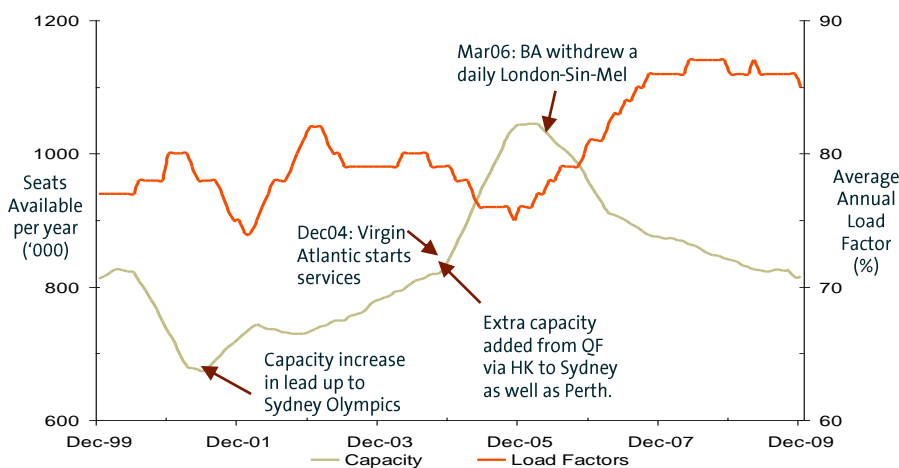
Qantas is the primary carrier on the route with 28% of all UK tourists entering Australia on Qantas in 2009. Emirates and Singapore Airlines are also valuable carriers providing good connections beyond London Heathrow. In recent years, Middle Eastern carriers have gained market share.

Share of Passengers - 2009



Airline	2005	2006	2007	2008	2009
Qantas	31%	31%	31%	29%	28%
Emirates	15%	17%	19%	18%	21%
Singapore Airlines	14%	15%	14%	15%	12%
Cathay Pacific	4%	5%	5%	7%	7%
British Airways	9%	7%	7%	6%	7%
Jetstar International	2%	2%	4%	4%	4%
Ethiad	0%	0%	1%	2%	4%
Malaysia Airlines	8%	7%	5%	3%	3%
Other	19%	16%	15%	16%	15%

Direct Capacity: UK to Australia



In 2009, direct capacity by end-point carriers¹ on the UK-Australia route fell 3% year-on-year. During this Qantas' capacity fell 5%. In reality, total capacity on the route has grown with an increasing number of indirect services from Middle East and Asian carriers.

Bilateral Capacity Restrictions: Capacity constraints under the UK-Australia bilateral air services agreement were removed in July 2006. Previously end point carriers from both Australia and the UK were limited to 28 frequencies per week to Sydney, Melbourne, Brisbane and Perth. The agreement still prohibits flights via China. There are no bilateral talks scheduled for the remainder of 2010 and this agreement will be superseded by an EU-Australia agreement.

Looking Ahead

Tourism Australia forecasts aviation capacity on the UK-Australia route will continue to grow in 2010 and 2011. Key changes include:

- Qatar Airways operates more than 40 services per week from the UK to Doha. The daily Melbourne-Doha services introduced by Qatar Airways in January 2010 added to the wide-ranging options available for UK travellers to enter Australia.
- Emirates has extensive connections to major UK cities other than London (such as Newcastle, Birmingham, Manchester and Glasgow). Emirates plans to add an additional A380 aircraft on its London Heathrow schedule from 1 July 2010 and plans to introduce the A380 on its daily Manchester-Dubai services from 1 September 2010.
- Ethiad provides thrice daily services between Abu Dhabi and Heathrow. In February 2010 the airline increased capacity between Manchester and Abu Dhabi by replacing A330s with B777s on the route, effectively increasing capacity by 2,100 seats per week.
- Qantas introduced the A380 aircraft on daily Heathrow-Singapore-Sydney services in January 2010.
- British Airways plans to reduce Heathrow-Singapore-Sydney services over April, May and June 2010.
- China Eastern resumed four weekly London-Shanghai services on 28 March 2010.
- China Airlines launched three weekly London Heathrow-Taipei services on 28 March 2010.
- AirAsia X's London Stansted-Kuala Lumpur services are performing well (+80% load factors). The airline has started to introduce business class flatbeds on the UK-Australia routes (resulting in slightly fewer seats).

In April 2010 the Joint Service Agreement between Qantas and British Airways was approved by the Australian Competition and Consumer Commission (ACCC). This agreement has been in place for 14 years and is expected to provide passengers with access to lower fares and a broader range of scheduled operations.

While airfares remain competitive on the UK-Australia route, there is a risk that rising oil prices and government taxes (along with the strength of the Australian dollar) will reduce Australia's price competitiveness. In recent years, the UK passenger duty on long haul flights, such as Australia, has increased dramatically. The new UK Government plans to change this duty to a per aircraft charge and has also rejected plans to build extra runways at London Heathrow, Stansted and Gatwick airports.

¹End-point carriers in this report are defined as carriers who retain the same flight number on all sectors of the UK-Australia flight (i.e. Qantas, British Airways and Virgin Atlantic). Intermediate carriers are all other carriers whose flight numbers change when an aircraft typically reaches its home country (e.g. when Singapore Airlines flies through Singapore).
²Origin traffic analyses passengers on the UK-Australia aviation route by their country of residence (including Australian residents returning to Australia).