GERMANY AVIATION PROFILE

Understanding how German tourists travel to Australia

This briefing has been prepared by the Tourism Australia Aviation & Economics 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

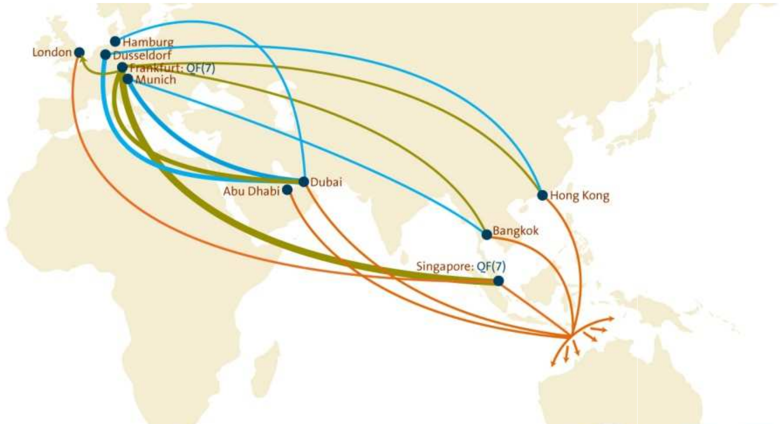
Arrivals Growth	End-point carriers*: Direct Seats	End-point carriers*: Load Factors	End-point carriers*: Aus. Ports	Major Carriers	Seasonal Peaks	Origin Traffic
2008 +6% 2009(F) -5% 2010(F) +6%	2008 0.15mil % ch -2% Rank 18th	2007 94% 2008 94% Nat. Av. 77%	1 / 8 Other ports serviced indirectly	Qantas 34% SQ 15% Emirates 14%	Small peaks in February/March, July, December	90% Nearly all traffic is German residents

(F) Forecast. Source: Tourism Forecasting Committee, 2008 Issue 2

German arrivals to Australia increased strongly (+6%) in 2008 despite record high load factors on direct services from Germany to Australia (Qantas' daily Frankfurt-Sydney flights). A recent decline in fuel prices made the route more attractive, but a number of airlines are constrained by aircraft deliveries. Access to regional German cities (like Munich, Hamburg, Düsseldorf and Berlin) continues to improve as Middle East carriers expand their European and Australia services. Recent discounting on the route is related to the global economic downturn but not expected to be long term. Germans are enthusiastic visitors to regional Australia, including the outback, so a key aviation related challenge is to attract more direct services to secondary Australian airports such as Adelaide, Darwin and Cairns. This will help facilitate more open jaw itineraries – which might involve arriving in Brisbane and departing from Adelaide. Low Cost Carriers, like Tiger Airways, are also likely to facilitate regional dispersal of budget travellers, including Working Holiday Makers.

Coming into Australia

Frankfurt-Singapore-Sydney is the busiest route and the only service that retains the same flight number through their stop (hence the thickest line in the below map). Many routes through intermediate hubs allows visitors to arrive in Australia after only one stop.



Key:
( ) Direct services per week
QF: Qantas
Source: Air Transport Intelligence, 13-19 April 2009 schedules

Key Airlines on the route	Airports serviced in Germany (times per week)	Airports served in Australia (times per week)
End point carriers (Qantas)	Frankfurt (7) via Singapore	Sydney (7)
Singapore Airlines/ Lufthansa code share	Frankfurt (14) on SQ and Frankfurt (7), Munich (5) on Lufthansa via Singapore	Sydney, Melbourne, Brisbane, Perth (total SQ 82)
Emirates	Frankfurt (14), Munich (14), Dusseldorf (14), Hamburg (7) via Dubai	Sydney, Melbourne, Brisbane, Perth (total 63)
Cathay Pacific	Frankfurt (10) via Hong Kong	Sydney, Melbourne, Brisbane, Perth, Adelaide, Cairns (total 66)
Thai Airways	Frankfurt (14), Munich (7)via Bangkok	Sydney, Melbourne, Brisbane and Perth (total 40)

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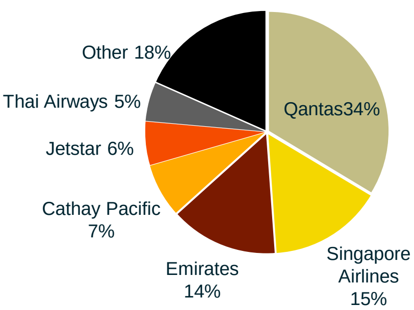
Airlines on the Route

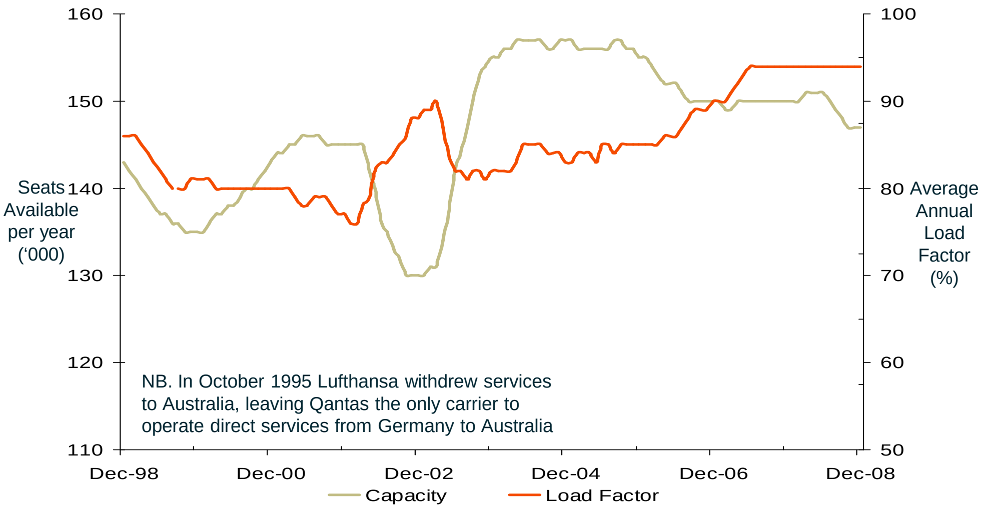
Qantas is the dominant airline on the route with a third of all German tourists entering Australia on the carrier in 2008. Singapore Airlines and Emirates are also important carriers but in 2008 Emirates lost some market share it had gained over the last five years.

Share of Passengers - 2008



Airline	2004	2005	2006	2007	2008
Qantas	34%	35%	35%	33%	34%
Singapore Airlines	14%	12%	13%	12%	15%
Emirates	14%	14%	18%	19%	14%
Cathay Pacific	4%	7%	7%	6%	7%
Jetstar	0%	0%	2%	7%	6%
Thai Airways	5%	5%	4%	5%	5%
Other	29%	28%	22%	17%	18%
Total	100%	100%	100%	100%	100%

Direct Capacity: Germany to Australia



In 2008, direct capacity on the Germany-Australia route fell 2% compared to 2007. Qantas is the only carrier to operate direct services on this route (i.e. daily Frankfurt-Singapore-Sydney). Load factors remained at the record high of 94% in 2008, with some months recording 98% and 99% suggesting a need for additional services.

Germans tend to travel to Australia throughout the entire year, irrespective of seasons or holidays. Consequently, there is relatively little seasonality in direct services from Germany to Australia compared to other source markets. This partly reflects the wide range of destinations visited by Germans in Australia.

Bilateral Capacity Restrictions: The current level of services between Germany and Australia is well below the bilateral capacity constraint. Under the current air services agreement, there is an approval for 25 frequencies (approx 10,000 seats per week) with Australian carriers using only 28 per cent of their available frequencies and German carriers using none. This agreement was last updated in July 2003 and this agreement will be superseded by an EU-Australia agreement.

Looking Ahead

• From a capacity perspective, the outlook for 2009 on Germany-Australia route looks somewhat positive despite a fall forecast in German arrivals in 2009. Qatar is expected to launch services to Sydney and Melbourne in late 2009, which in conjunction with the recently (February 2009) increased Berlin services (from three per week to daily) plus existing daily Munich services and double daily Frankfurt services, will provide Germans with more ways to travel to Australia. There have also been a range of recent and announced changes to German services by Asian carriers. On 29 March 2009 China Airlines added one weekly Frankfurt-Taipei service and three weekly Taipei-Sydney services, and on 1 June 2009 Korean Air plans to launch three weekly Munich-Seoul services. Meanwhile, Thai Airways and Cathay Pacific have recently reduced services to Germany (Frankfurt and Dusseldorf respectively). Furthermore Emirates has indicated that it would like to launch services to Berlin and Stuttgart, but this requires the expansion of the current bilateral agreement between Germany and the United Arab Emirates. The expansion of the bilateral seems unlikely in the short term given Lufthansa's strong opposition to the expansion and consequent pressure on the German government. The Qantas group is also expected to increase capacity to Germany in the coming years but is currently constrained by aircraft deliveries.

• Lufthansa, Germany's National flag carrier, provided some additional capacity on the Germany-Australia route in February 2008 (five weekly Munich-Singapore services with good connections to Singapore Airlines' (code share partner) Australian services) but more recently has focused on increasing capacity to Middle Eastern, Indian and to a lesser extent European destinations. Even when the carrier starts receiving its15 A380s and 20 B747-8 aircraft (which have recently been delayed between three and six months by the manufacturers), the focus will be on North American and Asian destinations over longer haul destinations like Australia.

• Fuel costs affect the operating economics for airlines of very long haul routes like France to Australia. In mid-2008, oil and jet fuel prices peaked to record highs (US$145 and US$181 per barrel respectively) adding around A$400 in fuel surcharges on a return trip from Europe to Australia. Since then fuel prices and associated fuel surcharges have largely fallen (despite a small rebound in 2009). In October 2008, Qantas reduced fuel surcharges from A$420 to A$380 on a return Europe-Australia flight, and further reduced in December 2008 and in May 2009 to A$320 and A$190 respectively.

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