INDIA AVIATION PROFILE

Understanding how Indian 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

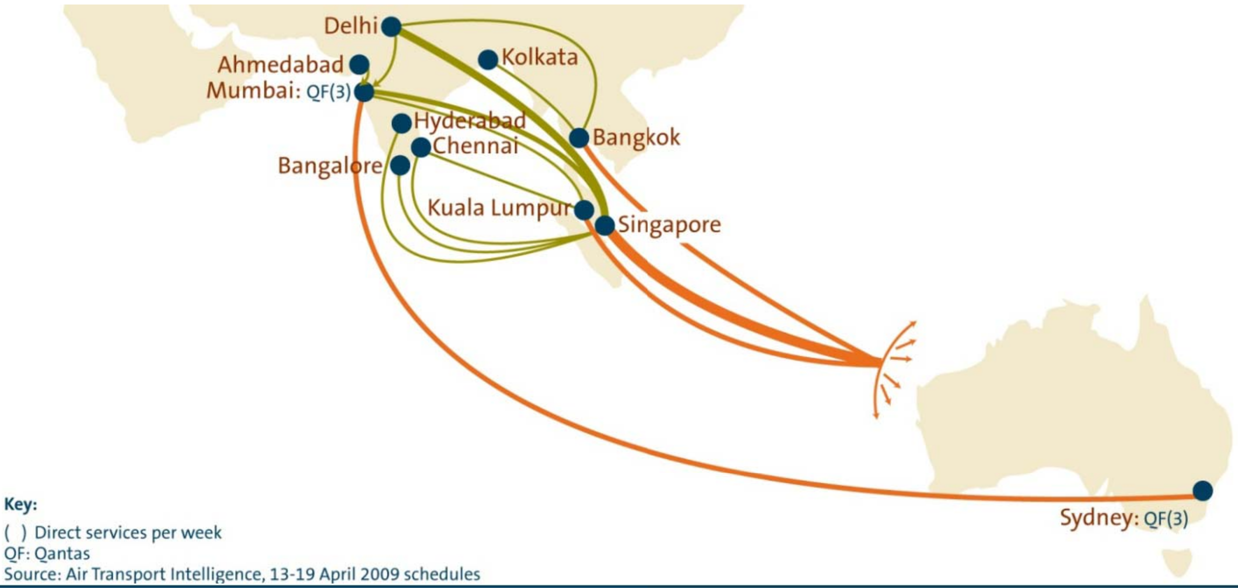
Arrivals Growth	Direct Seats	Load Factors	Major Carriers	Seasonal Peaks	Aus. Ports Serviced	Origin Traffic
2008 +22% 2009(F) +14% 2010(F) +20%	2008 0.04mil % ch -9% Rank 28th	2007 88% 2008 88% Nat. Av. 77%	SQ 34% Qantas 25%	May, December	1 / 8	95% High proportion of traffic is Indian residents

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

India is one of Australia's fastest growing inbound markets but direct aviation access to Australia remains a challenge. In June 2009, Qantas withdraws the only non-stop services between the two countries, but will continue to service the market via Singapore. Tourists will need to travel via South East Asian and Hong Kong hubs which is not seen as a major issue as long as connections both ways are convenient. In addition, Indians like to take advantage of the stop-overs to undertake shopping. The key aviation related challenge for Australia's inbound tourism industry is to ensure that there is continued connecting capacity via these hubs. Another key challenge is to continue to encourage Indian carriers to launch direct services to Australia, and for Qantas to reinstate non-stop services when demand returns. While direct capacity remains on the agenda for Indian carriers, international expansion plans (and aircraft deliveries) have recently been deferred as Indian carriers face financial difficulties.

Coming into Australia

Mumbai-Sydney is the busiest route with a quarter of all Indians travelling directly to Australia. The remaining 75 per cent travel via intermediate ports, like Singapore.



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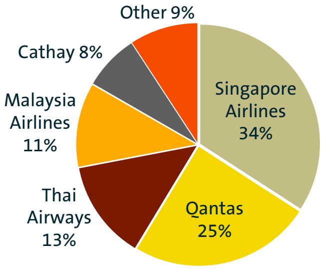
Airlines on the Route

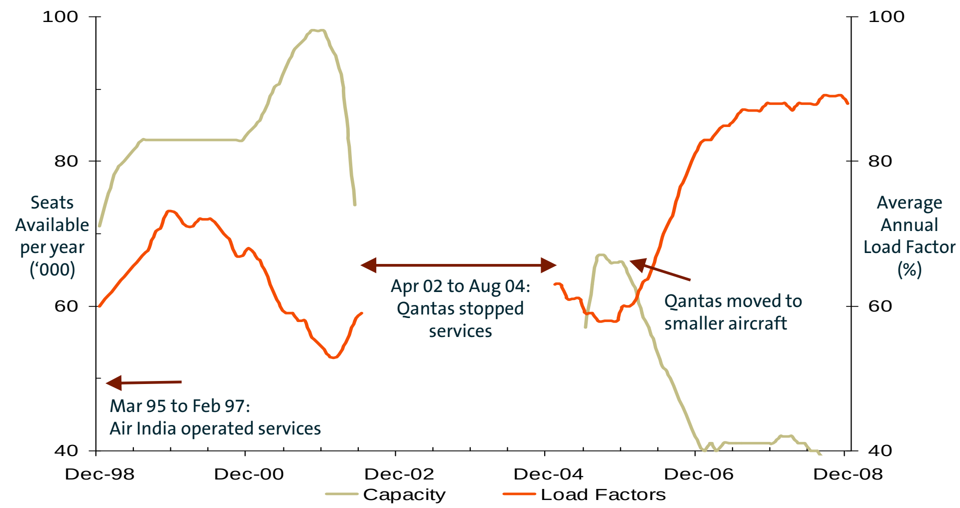
connections to Indian cities beyond Mumbai and has gained market share in recent years.

Share of Passengers



Airline	2004	2005	2006	2007	2008
Singapore Airlines	23%	30%	31%	30%	34%
Qantas	38%	37%	32%	29%	25%
Thai Airways	11%	9%	9%	17`%	13%
Malaysia Airlines	10%	11%	15%	14%	11%
Cathay Pacific	5%	3%	3%	2%	8%
Other	13%	9%	11%	8%	9%
Total	100%	100%	100%	100%	100%

Direct Capacity: India to Australia



In 2008, direct capacity on the India-Australia route fell 9% year-on-year as Qantas reduced capacity. Load factors remained relatively constant during the period.

There is little seasonality in direct services from India to Australia compared to other source markets. March and December are the peak periods for Indian arrivals to Australia.

Bilateral Capacity Restrictions: There are currently no binding bilateral capacity constraints between India and Australia. Under the current air services agreement, there is approval for 6,500 seats per week with Australian carriers using 11 per cent of their available capacity allocation and Indian carriers using none. The agreement was expanded in January 2006, to include enhanced code share arrangements on international and domestic services. The regional package was offered to India at 2004 bilateral talks but the package was rejected. There are no bilateral talks scheduled for the remainder of 2009.

Looking Ahead

• On 2 June 2009, Qantas will withdrew the only non-stop service (i.e. thrice weekly Mumbai-Sydney) between India and Australia but still service this market via Singapore. As a result travellers will increasingly rely on indirect seat capacity via Singapore, Kuala Lumpur, Bangkok and Hong Kong. While Singapore Airlines recently decreased its presence in the Indian market (e.g. in March 2009 the airline reduced services from Singapore to Ahmedabad, Hyderabad, Delhi and Mumbai), Malaysia Airlines increased its presence in Bangalore, Chennai, Delhi, Hyderabad and Mumbai through a code share agreement signed with Jet Airways in February 2009, and added a Delhi service in October 2008. Thai Airways also increased services to Delhi (four weekly in May 2008) and Mumbai (three weekly in October 2008), while Cathay Pacific added 20 weekly flights to India in the first half of 2008 following an expansion of their bilateral agreements. Furthermore, the recently (May 2009) announced Qantas and Jetstar Asia interline agreement could be potentially used to increase the groups presence in the Indian market (via Singapore). Qantas also code shares with Jet Airways on the route (also via Singapore) .

• On 16 May 2009, the Indian National Congress party was returned to power with its strongest election performance in two decades. As a result, policy should be passed more easily, reducing delays and consequently improving business/investor confidence in India. This is essential in the aviation industry as there are a number of key challenges that still exist (e.g. Air India's future, development of Mumbai's second airport) despite historic achievements in the past five years (e.g. A merger of two national carriers, allowing domestic airlines to operate internationally, investment in airports/fleet orders). Air India is likely to be the initial focus of the administration, and as a consequence, the Indian Airlines' (now merged with Air India) plans to operate services to Australia have been indefinitely postponed.

• Jet Airways and Kingfisher are the two most likely Indian carriers to launch Australian services but have recently slowed expansion plans. Both Jet Airways and Kingfisher are considering code sharing on domestic and international services.

• AirAsia X is reportedly considering launching services to Sth India (Trichy) by end of 2009, but this is more focussed on VFR traffic between India and Malaysia.   Going forward if they were to expand to other ports in India they could potentially connect to its Australian services (via Kuala Lumpur), effectively increasing India-Australia aviation capacity.

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