

INDONESIA AVIATION PROFILE

Understanding how Indonesian 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	+6%	2008	0.52mil	2007	76%	Garuda	30%	June/July,	6 / 8	95% High proportion of origin traffic is Indonesian residents			
2009(F)	-4%	% ch	+30%	2008	77%	SQ	30%	September,					
2010(F)	+5%	Rank	10 th	Nat. Av.	77%	Qantas	26%	December					

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

In the last two years, direct capacity on the Indonesia-Australia route increased strongly as the incumbent carrier (Garuda) continued to grow and new entrants (Jetstar, AirNorth, OzJet and Pacific Blue) launched services, significantly increasing capacity to Perth and opening up new destinations (e.g. Adelaide, Brisbane). This growth however primarily benefits Australians travelling outbound rather than Indonesians travelling to Australia as the majority of the growth is focussed on Bali (rather than Jakarta/Surabaya). Load factors on the route fell slightly in the last quarter of 2008, but load factors for the full year were up suggesting strong demand for these services. Capacity is expected to grow another 40% in 2009. Thus, the key aviation related challenge is to encourage capacity increases to be filled by inbound rather than outbound tourists. Another aviation related challenge is to manage low cost carrier growth (Jetstar, AirAsia and potentially LionAir) while supporting Garuda who has operated services to Australia for 40 years (in November 2009).

Coming into Australia

Bali-Perth is the busiest route with over 40 per cent of all direct flights from Indonesia to Australia operated on this route. Almost 60 per cent of all Indonesian tourists who travel to Australia fly direct and the remainder fly via intermediate points such as Singapore.



Key:

() Direct services per week

GA: Garuda Indonesia, JQ: Jetstar, QF: Qantas, DJ: Pacific Blue, OZ: Oz Jet

*Qantas code shares on these services

Source: Air Transport Intelligence, 13-19 April 2009 schedules

Prepared: May 2009

Feedback or Suggestions?

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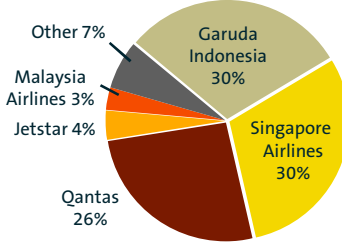
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Airlines on the Route

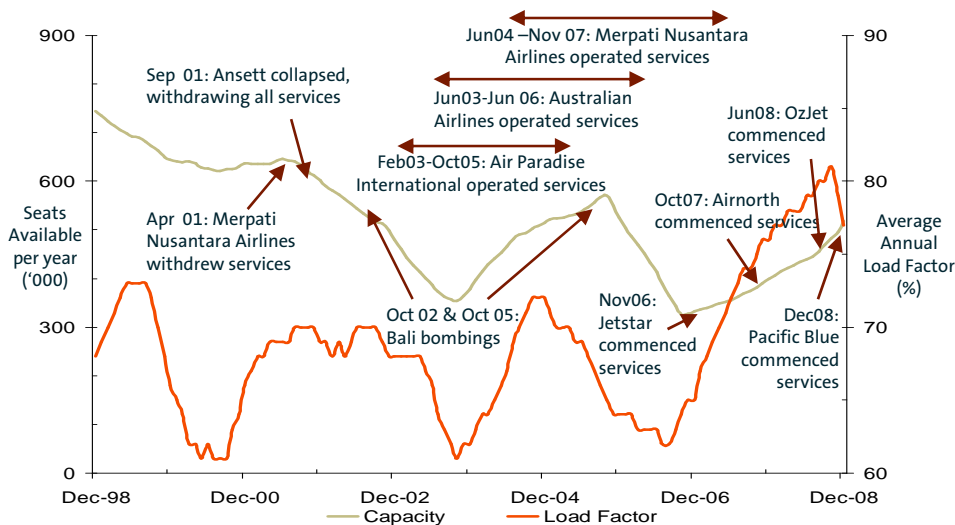
Garuda Indonesia, Singapore Airlines and Qantas are the dominant airlines on the route with 75% of all Indonesian tourists entering Australia on these three airlines. In recent years however Jetstar has gained market share.

Share of Passengers - 2008



Airline	2004	2005	2006	2007	2008
Garuda Indonesia	24%	30%	32%	28%	30%
Singapore Airlines	27%	27%	30%	26%	30%
Qantas	36%	29%	28%	34%	26%
Jetstar	0%	0%	0%	3%	4%
Malaysia Airlines	3%	3%	3%	4%	3%
Other	10%	10%	6%	5%	7%
Total	100%	100%	100%	100%	100%

Direct Capacity: Indonesia to Australia



In 2008, direct capacity on the Indonesia-Australia route increased by 30% year-on-year, driven by strong capacity increases by Garuda Indonesia, Jetstar and Air North as well as new entrants Pacific Blue and OzJet. However capacity is still below 1998 levels and is largely affected by external events. Load factors increased one percentage point in 2008 suggesting strong demand for the services.

This route is highly seasonal, with peak periods in June/July, September and December. Trough periods in April/May and August suggest there are opportunities to stimulate tourism from Indonesia as there will be substantial spare seat capacity during these times.

Bilateral Capacity Restrictions: There are currently no binding capacity constraints between Indonesia and Australia but strong growth means capacity could be restricted in the coming year. Under the current air services agreement, there is approval for 10,800 seats per week with Indonesian carriers using 68 per cent of their available capacity allocation and Australian carriers using 78 per cent. NB. The regional package (i.e. the ability to operate unlimited international services outside Sydney, Melbourne, Brisbane and Perth) is available.

Looking Ahead

The outlook for the Indonesia- Australia aviation market looks positive with very strong growth (+40%) forecast on the route in 2009, following a 30% increase in 2008. A large proportion of this increase is due to substantial capacity increases by Pacific Blue, Jetstar and Garuda in the third and fourth quarter of 2008 and the increases are focussed on Denpasar (Bali). Further details are below:

- From June 2008 to December 2008, Garuda Indonesia added 14 weekly services from Denpasar to Australia (one to Darwin, two to Melbourne, daily to Perth, one to Sydney and three to Brisbane). The airline also recently announced plans to add three weekly services from Jakarta to both Sydney and Melbourne from 1 August 2009 as well as services to Adelaide from mid 2009 with the arrival of the airlines 14 B737s. The airline suspended its three weekly Darwin services in April 2009. Garuda is one of the few airlines who is targeting a strong increase in profits during 2009 (i.e. IDR765 billion or USD69.8 million, up 30% year-on-year) .
- On 27 October 2008, Jetstar launched three weekly Denpasar-Perth services, increasing to four per week on 1 December 2008. On 3 December 2008 the airline launched daily Denpasar-Darwin-Brisbane services and on 7 July 2009 will upgrade these services with the larger A321 aircraft. The airline also added three weekly Jakarta-Perth services from 28 October 2008, which largely replaced Qantas' services ended in December 2008.
- On 1 December 2008 Pacific Blue entered the route, launching services from Denpasar to Adelaide (two per week), Brisbane (five per week) and Perth (four per week, increasing to six in late March 2009 and to eight later in 2009). In June 2009, the airline also plans to launch services from Denpasar to Sydney (two per week) and Melbourne (three per week) and increase Adelaide frequencies (one per week).
- The number of low cost carriers operating services on the route is likely to increase. Indonesia AirAsia plans to launch daily Denpasar-Perth services from 17 July 2009, while Lion Air has also expressed interests in flying services between Indonesia and Australia. LionAir expects to receive six long range B737-900ERs in 2009 which are capable of flying Jakarta-Sydney non-stop.
- OzJet went into administration on 20 May 2009, suspending its three weekly Denpasar-Perth services.

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