

IRELAND AVIATION PROFILE

Understanding how Irish 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*					Seasonal Peaks	Aus. Ports Serviced	Origin Traffic	
		Direct Seats		Load Factors		Aus. Ports				
2008	+1%	2008	na	2007	na	Qantas	35%	December	0 / 8	99% Nearly all traffic is Irish residents
2009(F)	-6%	% ch	na	2008	na					
2010(F)	+1%	Rank	na	Nat. Av.	7%					

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

*End-point carriers in this report are defined as carriers who retain the same flight number on all sectors of the Ireland-Australia flight. There are no end-point carriers on this route, only intermediate carriers whose flight numbers change when the aircraft reaches its home country (e.g. when Etihad flies through Abu Dhabi).

The Gulf region is becoming an increasingly important hub for Ireland-Australia traffic. In July 2007, Etihad launched the first one-stop service from Ireland to Australia, significantly improving the convenience of the journey and reducing travel time by around three hours (compared to the traditional two stops). A key challenge in the Irish market is Australia's reduced price competitiveness due to the concentration of low cost short haul services in Europe, particularly from Ryanair. Also, the current uncertainty over the long-term financial viability of Aer Lingus is a concern for the Ireland-Australia route as the airline provides valuable connections on the Ireland-UK segment and is a key partner of Qantas, the dominant carrier on the Ireland-Australia route.

Coming into Australia

It is becoming easier and quicker to fly from Ireland to Australia with Irish tourists traditionally required to stop twice (normally once in Europe and once in Asia). Dublin-London-Singapore-Sydney is the busiest route (hence the thickest line in below map), with Qantas, Singapore Airlines and British Airways all operating services on this route. This is closely followed by Dublin-Frankfurt-Singapore-Sydney.



Key Airlines on the route	Ireland to UK/Germany	Airports served in UK/Germany (times per week)	Airports served in Australia (times per week)
Qantas/Aer Lingus/British Airways	Majority of services to the UK and Frankfurt are operated by Aer Lingus	London Heathrow (40) Frankfurt (7)	Sydney, Melbourne (total 47)
Singapore Airlines/Lufthansa code share	Services to the UK are operated by Aer Lingus or bmi. Services to Germany are operated by Aer Lingus or Lufthansa	London Heathrow (21) Manchester (3) Frankfurt (21) Munich (5) via Singapore	Sydney, Melbourne (total 47)
Etihad	Non stop services are operated to Abu Dhabi. Services to the UK are largely operated by bmi	Dublin-Abu Dhabi (7) plus services from London Heathrow (21), Manchester (7) via Abu Dhabi	Sydney, Brisbane and Melbourne (21)
Cathay Pacific	Majority of services to the UK and Frankfurt are operated by Aer Lingus	London Heathrow (22) Frankfurt (7) via Hong Kong	Sydney, Melbourne, Brisbane, Perth, Adelaide, Cairns (total 58)
Malaysia Airlines	All services to UK are operated by Aer Lingus or bmi	London Heathrow (14) Frankfurt (4) via Kuala Lumpur	Sydney, Melbourne, Brisbane, Perth, Adelaide (total 39)

There are currently no direct services from Ireland to Australia, only services operated by intermediate carriers like Singapore Airlines and alliance carriers like Qantas/Aer Lingus.

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

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Feedback or Suggestions?

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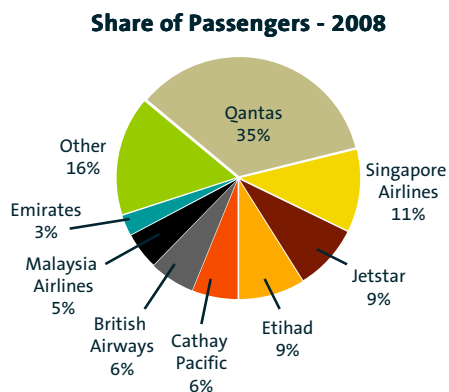
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Airlines on the Route

Qantas is the dominant carrier on the route but in 2008 the carrier lost some market share to Jetstar and Etihad.



Airline	2004	2005	2006	2007	2008
Qantas	36%	35%	35%	38%	35%
Singapore Airlines	14%	14%	13%	14%	11%
Jetstar Int'l	0%	0%	4%	8%	9%
Etihad	0%	0%	0%	5%	9%
Cathay Pacific	3%	4%	5%	5%	6%
British Airways	6%	6%	5%	5%	6%
Malaysia Airlines	17%	13%	14%	7%	5%
Emirates	4%	7%	7%	5%	3%
Other	20%	21%	17%	14%	16%

Direct Capacity: Ireland to Australia

Unfortunately calculation of schedule capacity for Ireland to Australia is complicated by the large number of connection possibilities through European, Asian and Middle Eastern hubs. Qantas, while the dominant airline, does not operate direct services to Ireland. Qantas works with former OneWorld partner, Aer Lingus by allowing Aer Lingus passengers on flights from Ireland to UK/Germany to earn Qantas frequent flyer points.

Bilateral Capacity Restrictions: There are currently no binding capacity constraints between Ireland and Australia. Under the current air services agreement, there is approval for 7 flights per week (2,800 seats) with Australian carriers and Irish carriers using none of their available capacity allocation. This agreement was last updated in August 2005 and it will be superseded by an EU-Australia agreement.

Looking Ahead

- From a capacity perspective, the outlook for 2009 on the Ireland-Australia route is slightly negative with limited growth forecast in 2009 and 2010. This is largely related to the economic downturn in Ireland and the consequent decline in travel demand.
- Etihad is expected to remain a key airline on the Ireland-Australia route in the coming years, as it is the only airline to operate one stop services between the two countries. The airline launched four weekly Dublin-Abu Dhabi services in July 07, increasing to six per week in October 2007 and daily in March 2008. These services also connect to an increasing number of Etihad's Abu Dhabi-Australian services. In addition, Etihad signed a code share arrangement with Aer Araan in January 2009, which is expected to further improve air access to Australia for Irish residing in Cork, Galway and Isle of Man.
- Aer Lingus, the national flag carrier of Ireland, is an important carrier on the Ireland-Australia route providing good connections between Ireland and UK/Germany. While the carrier had planned long haul growth strategies (even ordering six A350-900s and six A330-300s in 2007), the airline is currently experiencing financial difficulties. So far this year, the carrier's stock price has plummeted with the carrier reporting massive declines in passengers and revenue in March quarter 2009, with CEO, Dermot Mannion, stepping down in April 2009. In January 2009, the Irish government rejected Ryanair's second takeover attempt of Aer Lingus. Ryanair has announced that it is unlikely to bid for the airline again.
- Fuel costs affect the operating economics of very long haul routes like Ireland 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.
- In 2009, Australia and the European Union are expected to continue their push towards a more liberalised bilateral agreement. In May 2007, Australia and the EU signed a horizontal agreement removing nationality restrictions in the existing bilateral agreements between EU member states and Australia. According to Jacques Barrot, the European Union's Vice President Transport 'this will pave the way for a comprehensive aviation agreement involving the cooperation in key areas such as competition, safety and the environment'. A comprehensive agreement would be expected to allow any EU Member airline to fly from any EU country to Australia and any Australian carrier to fly anywhere in the EU. Initial talks were held in January 2009 with subsequent rounds of negotiations to take place during the course of the year.