

Regional Aviation Data Bank

Australia's Regionals Fighting Decline

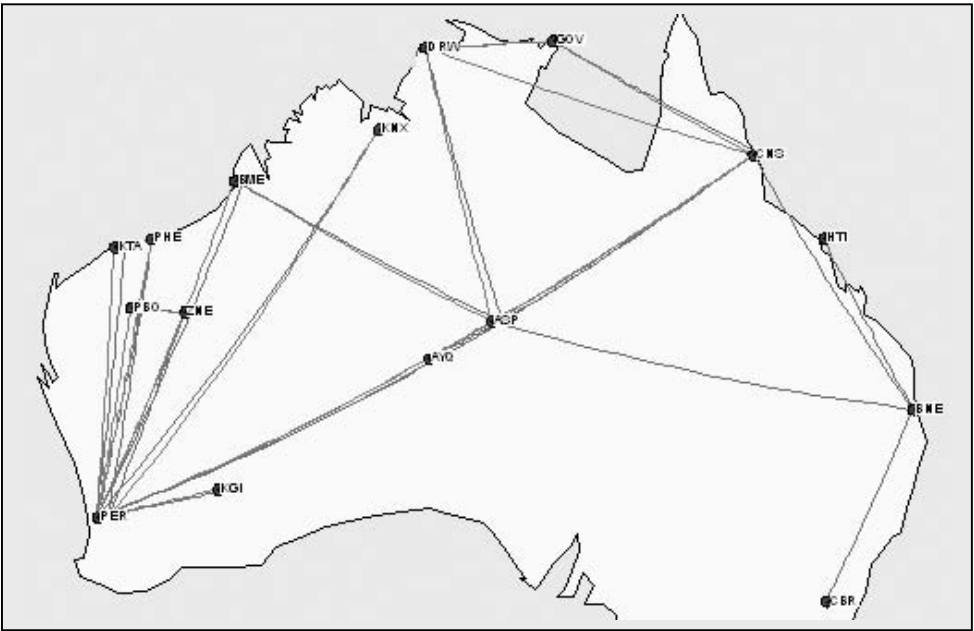
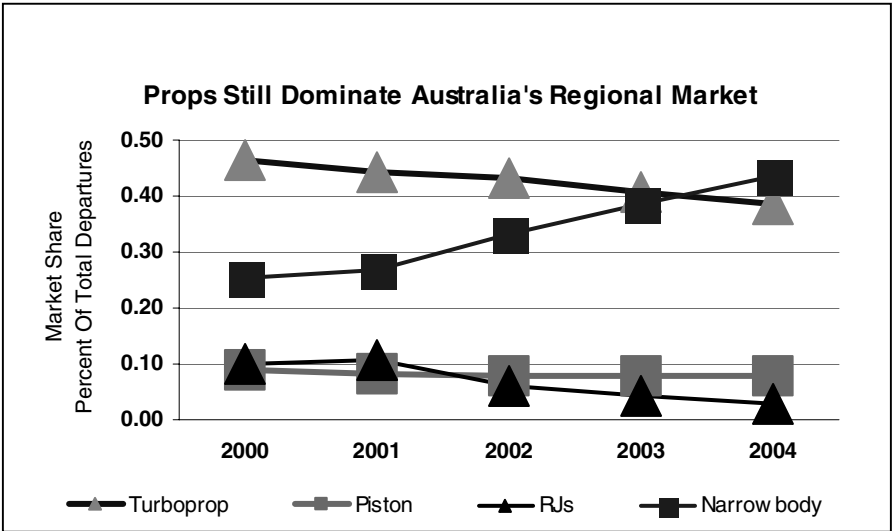
The regional airline industry in Australia is in a state of flux.

The carriers are battling airport owners and Parliament, seeking tax relief and new depreciation rates.

The geography of the continent-wide nation has stymied the growth of regional jets while prolonging the useful life of turboprops, and even piston-driven aircraft. With a land mass slightly smaller than the lower 48, but a population of only 20 million, Australia's air network is much smaller than its U.S. counterpart. Only about 7 percent of the nation's land mass is considered arable, thus the bulk of the population is clustered along its coasts.

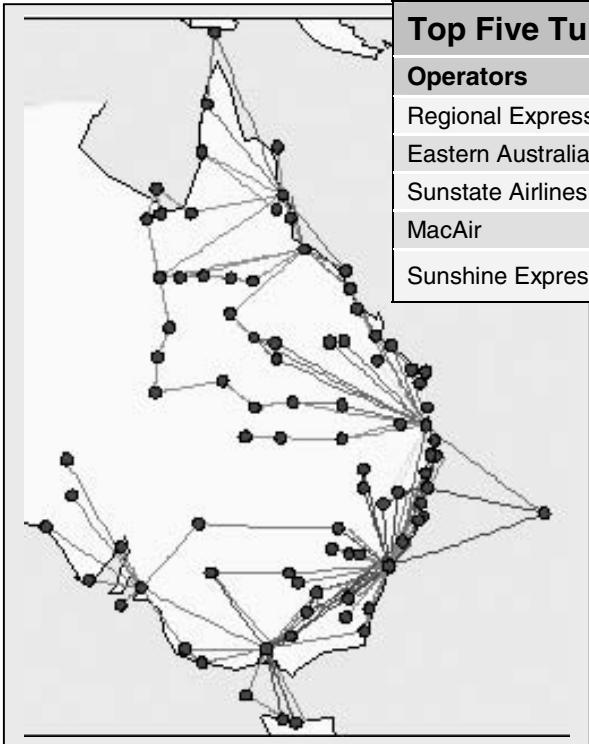
The settlement pattern continues to support short hops by carriers still flying 18-year-old Metro IIIs and 12-year-old Saab 340s. According to research provided by **BACK Aviation Solutions**, 46 percent of the Australian domestic flights this year will be flown by prop-driven aircraft compared to 44 percent flown by narrow-body aircraft. RJs will be flown on only 8 percent of the nation's flights this year. And, the bulk of the RJs that are flown in Australia are BAe 146s that on the average are 15 years old. East-west, and in many cases north-south, travel between many communities is limited to mainline jets because of the great distances between population centers.

Qantas, a former national carrier, dominates the domestic and
(Continued on next page)



Top Australian RJ Operators	
Operators/	2004 Departures
Australian Airlink/	9,600
National Jet Systems/	3,971
<i>*Both carriers fly for Qantas</i>	

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Top Five Turboprop Operators	
Operators	2004 Departures
Regional Express	55,087
Eastern Australia	52,351
Sunstate Airlines	29,680
MacAir	11,550
Sunshine Express	8,657

international traffic. A low-fare competitor, **Virgin Blue**, part of Richard Branson's **Virgin Group**, has made headway in acquiring a substantial share of the narrow-body traffic.

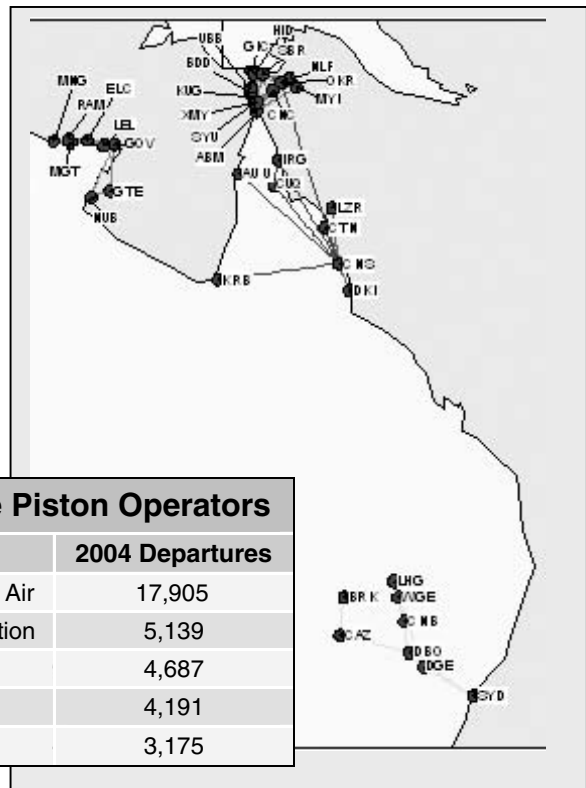
According to BACK Aviation Solutions, there are just two major regional carriers that are flying RJs, and both have code-share relationships with Qantas.

According to the **Regional Aviation Association of Australia (RAAA)**, 100 regional communities have lost regular air service over the last 15 years. According to an Australian government report for 2001, "there were 32 regional airlines operating regional service to 194 regional centers over 444 separate air routes." The total number of passengers flown between regional centers has declined from 6.2 million in 2001 to 4.1 million in 2003. Part of the drop has been attributed to an increased willingness of passengers to drive longer distances rather than spend time in a typical small regional aircraft.

With more cities losing all air service, those communities with competing airlines are thriving. A study released this month by the **National Institute of Economic and Industry Research** found that in the past three years, regional communities serviced by Qantas or Virgin Blue and a regional airline had increased their annual population growth rates by 42 percent, over the growth rate from 1996 to 2001.

Earlier this month, a regional aviation summit was held in part to draft a strategy to hold onto favorable airport facilities. To make way for better gates for Virgin Blue, the Sydney airport wants to move **Regional Express** to a less favorable location. The assembled airline industry leaders are calling upon the federal government to create an aviation ombudsman to protect the regionals from having their facilities inside airports arbitrarily moved. The 1996 legislation that privatized the airports only protected the landing slots for regional carriers.

The airlines are continuing to lobby for the adoption of a 2003 Parliamentary report, which called for change in the



Top Five Piston Operators	
Operators	2004 Departures
Aero Tropics Air	17,905
Mission Aviation	5,139
Air Link	4,687
Skytrans	4,191
MacAir	3,175

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tax structure. Airlines operating on small routes pay 11 different taxes to local, state and federal governments. The tax bills add between 20 and 45 percent more to the price of a ticket on a regional carrier.

The industry also wants the government to adopt new depreciation laws so that the carriers can afford to invest in new aircraft. Instead of new equipment being placed in service, RAAA said older planes that are being pulled from service in countries with “enlightened” investment structures are now sent to Australia. → >>Contact: John Weber and Frederick Roe, BACK Aviation Solution, (203) 752-2000; RAAA, www.raaa.com.au; Australian Local Government Association, www.alga.asn.au.<<

The Fleets Of Australia’s Regional Operators							
Airline	Aircraft	Stored	On Lease	Own	Leased	Total	On Order
Australia Airlink <i>Total fleet: 10</i>	Beech 1900D		0	0	1	1	0
	BAe 146-100		1	0	1	3	0
	BAe 146-200		0	0	4	4	0
	BAe 146-300		3	0	2	2	0
Eastern Australia Airlines <i>Total fleet: 21</i>	Dash 8/300		0	8	0	8	0
	Dash 8/200		0	2	1	3	0
	Dash 8/100		0	10	0	10	0
MacAir Airlines <i>Total fleet: 13</i>	Saab 340A		0	0	1	1	0
	Saab 340B		0	0	1	1	0
	Metro III		0	2	0	2	0
	Metro 23		0	7	1	8	0
	Cessna Grand Caravan		0	0	1	1	0
National Jet Systems <i>Total fleet: 11</i>	Dash 8/300		0	1	0	1	0
	Dash 8/200		3	1	0	1	0
	Dash 8/100		0	0	1	1	0
	BAe 146-RJ70		0	0	1	1	0
	BAe 146-300QT		2	0	0	0	0
	BAe 146-300		2	0	0	0	0
	BAe 146-200	Y	0	2	0	2	0
	BAe 146-200		4	0	0	0	0
	BAe 146-100QT		1	0	0	0	0
	BAe 146-100		3	1	3	4	0
	BAe 146-100	Y	0	0	1	1	0
	Boeing 727-200 Stage 3		4	0	0	0	0
	Boeing 727-200		1	0	0	0	0
SkyTrans <i>Total fleet: 3</i>	BN-2 Islander		0	0	2	2	0
	B200		0	0	1	1	0
Sunshine Express <i>Total fleet: 5</i>	Metro III		0	2	0	2	0
	Metro 23		0	1	0	1	0
	SD3-60		0	2	0	2	0
Sunstate Airlines <i>Total fleet: 12</i>	Dash 8/300		0	4	3	7	0
	Dash 8/200		0	1	1	2	0
	Dash 8/100		0	0	3	3	0

Fleets as of Oct. 31, 2004