

1. INTERNATIONAL AVIATION

BACKGROUND

- In 2005-06, international passenger numbers at Melbourne Airport increased by just 2 per cent, compared to Australian international passenger growth of 4.8 per cent.
- Travellers want direct, same plane international services to major destinations. International seat availability is vital in terms of attracting tourists, business travellers and corporate head offices.
- Between 2004 and 2006, seats into Melbourne (northern hemisphere winter schedule) fell from 73,683 to 66,088.
- Coincident with poor recent international passenger growth, the number of international overnight visitors to regional Victoria decreased by 9 per cent for the year ending March 2006, compared to the same period in the previous year.

KEY ISSUES

- The availability of direct international flights has a major impact on the number of international visitors to Victoria. This is particularly the case for business travellers and the growing north Asian holiday market that typically has a shorter stay in Australia.
- Qantas has reduced its group's seats (Qantas, Australian, Jetstar) by 6.5 per cent since 2000. Over the same period, foreign carriers have increased their seat capacity by 30 per cent.
- Several foreign airlines want to fly to Melbourne, either as newcomers or as providers of additional flights, but Air Service Agreements have not yet been reached between the Federal Government and their country of domicile.

POLICY POSITION

- Federal and State Governments should actively encourage an increase in direct international flights into Melbourne.
- The Federal Government should act with some urgency to negotiate Air Service Agreements with the Governments of those foreign airlines who wish to commence or increase direct flights into Melbourne.
- The Federal Government's aviation policies should be closely aligned with tourism growth objectives.

POLICY DEVELOPED: AUGUST 2006