

# TFI Initial Draft Note: Review of Australian Aviation Traffic for Airservices Australia

October 2023

## Issues

Tourism Futures International (TFI) has prepared annual passenger forecasts covering FY24 to FY27 for Airservices Australia (ASA). The forecasts were produced over April and May 2023 based on data from earlier in the year.

Significant changes in the business environment since earlier in 2023 include:

- A reduction in annual economic growth forecasts for Australia and many countries including China. Higher interest rates in Australia and many developed countries are contributing to a reduction in discretionary incomes.
- Potentially higher airfares as oil prices have increased substantially over recent months.
- Notwithstanding the reduced economic expectations, the recovery in international capacity and growth has exceeded the forecasts published in TFI's June report. A detailed review and update may be warranted.
- Reduced expectations for recovery and growth in domestic airline capacity over FY24 and into FY25.

These factors are developed further in following sections of this note.

## Economic Environment

The latest forecasts for annual GDP growth are provided in **Table 1** along with the forecasts provided in the June 2023 Report. Outcomes for FY23 were generally better than previously forecast. However there are reductions in forecasts over the FY24 and FY25 period for several countries shown.

**Table 1: Economic Growth Projections (Annual Change in GDP)**

	Australia	OECD	NZ	USA	China	Japan	India	SE Asia
Latest								
FY 2023	3.3%	1.3%	1.1%	2.1%	5.0%	2.0%	6.3%	4.2%
FY 2024	1.0%	1.1%	1.0%	1.5%	4.2%	1.0%	6.3%	4.5%
FY 2025	1.8%	1.6%	2.1%	1.8%	4.1%	0.7%	6.3%	4.5%
FY 2026	2.5%	1.7%	2.2%	2.1%	4.1%	0.5%	6.3%	4.6%
FY 2027	2.7%	1.6%	2.4%	2.1%	3.7%	0.4%	6.3%	4.5%
June 2023 Report								
FY 2023	3.3%	0.7%	1.1%	1.6%	5.2%	1.3%	5.9%	4.5%
FY 2024	1.5%	1.4%	0.8%	1.1%	4.5%	1.0%	6.3%	4.6%
FY 2025	2.0%	1.7%	2.4%	1.8%	4.1%	0.6%	6.2%	4.6%
FY 2026	2.0%	1.7%	2.4%	2.1%	4.0%	0.5%	6.1%	4.6%
FY 2027	2.5%	1.6%	2.5%	2.1%	3.6%	0.4%	6.0%	4.5%

Note: Years to June for Australia, December for other countries. Source: IMF Global Outlook October 2023, RBA Monetary Statement August 2023, Deloitte Access Economics

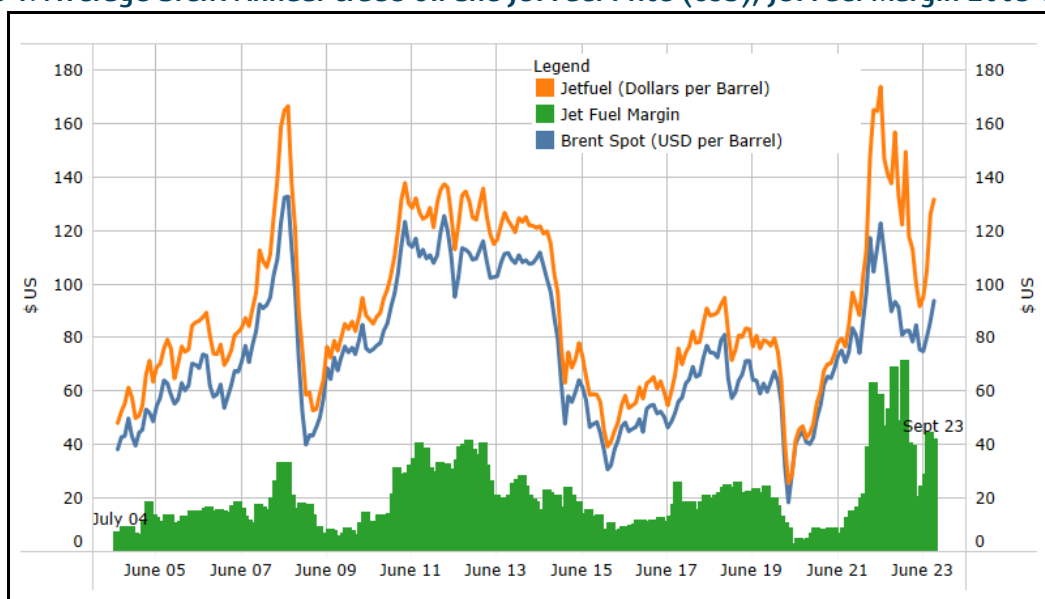
A summary of the latest economic forecasts and assessments:

- In its October 2023 outlook the International Monetary Fund (IMF) suggests that a full recovery toward pre-pandemic trends appears increasingly out of reach. According to the latest projections:
  - Global growth will slow from 3.5% in 2022 to 3% this year and 2.9% next year, a 0.1 percentage point downgrade for 2024 in the IMF's July projections. This remains well below the historical average (2000–19) average of 3.8%.
  - For advanced economies, the expected slowdown is from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024 (stronger-than-expected US momentum but weaker-than-expected growth in the euro area). Whilst the slowdown is more pronounced in advanced economies than in emerging and developing markets, the exception is China with its real estate crisis and weakening confidence.
  - While some of the extreme risks have moderated since earlier this year, the IMF continues to consider that the balance remains tilted to the downside. Contributing to this view are the risks for China (and the flow-on globally), a potential for commodity prices to become more volatile under renewed geopolitical tensions, the potential for inflation to remain high and disruptions linked to climate change.
- In its latest published outlook (September 2023) the OECD projects the world economy to remain sub-par in 2023 and 2024, growing by 3.0% in 2023 and slowing further to 2.7% in 2024, down from 3.3% in 2022. The OECD points to the impact of tighter monetary policy becoming increasingly visible, business and consumer confidence turning down and a weaker-than-expected recovery in China. While inflation is projected to moderate gradually over 2023 and 2024 it will remain above central bank objectives in most economies. Risks to the outlook continue to be tilted to the downside. These include:
  - Inflation proving even more persistent than anticipated, with further disruptions to energy and food markets still possible.
  - The adverse effects of higher interest rates could prove stronger than expected, and greater inflation persistence would require additional policy tightening that might expose financial vulnerabilities.
  - A sharper-than-expected slowdown in China would drag on growth around the world even further. Scenarios suggest that an unanticipated one-year decline of 3 percentage points in China's domestic demand growth could directly lower global GDP growth by 0.6 percentage points, and potentially by over 1 percentage point in the event of a significant tightening of global financial conditions.
- The Australian economy grew by 3.4% during FY23, above the 10-year pre-pandemic average of 2.6%. The ABS indicates a strong recovery in demand following the COVID-19 lockdowns in the September quarter FY22. June 2023 quarter GDP rose 0.4%, the seventh consecutive increase, with exports and investment the primary contributors to growth. Outlooks for coming years include:
  - The Australian Government, in its May 2023 Budget 2023-24, has forecast real GDP growth to slow to 1.5% in FY24 (with high inflation and the rise in interest rates impacting households and weighing on dwelling investment) before strengthening to 2.25% in FY25 (as inflation returns to target, positive real wage growth continues and population growth recovers). Domestic inflation has begun to moderate after peaking at 7.8% in the December quarter of 2022 and is expected to return to the inflation target in FY25. However oil prices remain above pre-COVID levels and market rents are expected to remain elevated. The Government also notes significant risks to its outlook including a further tightening in global monetary policy, ongoing impacts of Russia/Ukraine conflict, more persistent domestic inflation, and a possible softening in consumer spending.
  - The Reserve Bank has responded to high inflation by increasing interest rates - in Jun-23 the cash rate target was increased by 25 basis points to 4.1% (since maintained), the twelfth monthly increase since May last year after 18 months of maintaining the cash rate

target at 0.10%. In its August 2023 outlook RBA forecast inflation to continue to decline (from 6% at that time) to around 3.25% at end-2024 and 2.75% by end-2025. The economy is still expected to grow as inflation reduces, but at just 1.75% over 2024 and a little over 2% in 2025. The RBA notes significant sources of domestic uncertainty including the outlook for household consumption, more persistent inflation and the Chinese recovery path.

- The OECD, in its September 2023 outlook update, projected Australian economic growth to slow to 1.8% in 2023 and 1.3% in 2024.
- The IMF, in its October 2023 Outlook, projected Australian economic growth to slow from 3.7% in 2022 to 1.8% in 2023 and 1.2% in 2024. Over the medium term, 2025 to 2028, growth is expected to average 2.2%, below the historical (2000-2019) average of 2.9%.
- Oil prices had been falling from a Jun-22 peak until May-23 (**Figure 1**). Brent spot prices are now up 25% on May-23 with Jet Fuel prices up 44% over this period. Airlines, including Qantas, have begun to announce fare increases as a result.

**Figure 1: Average Brent Annual Crude Oil and Jet Fuel Price (USD), Jet Fuel Margin 2005 to 2023**

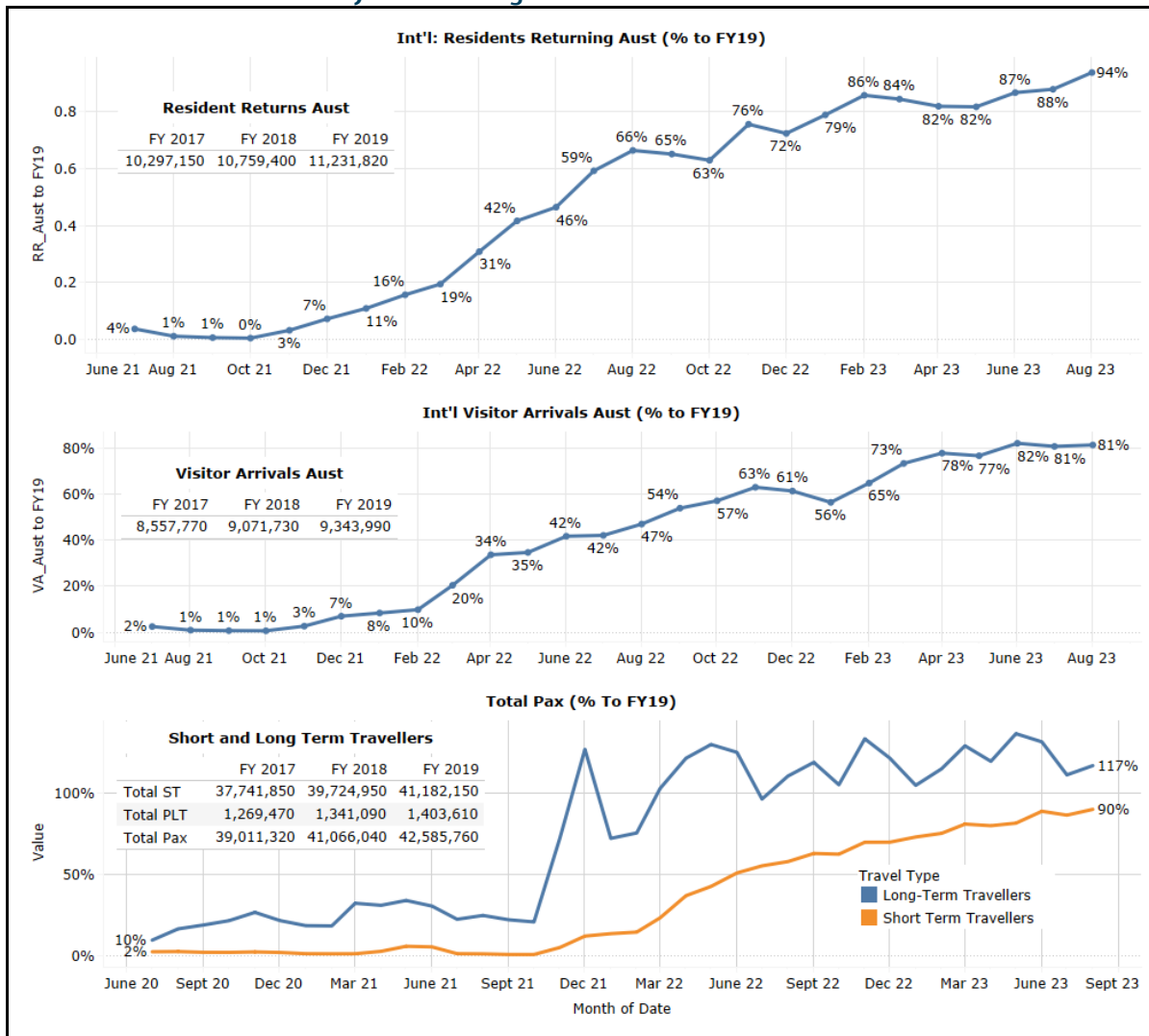


Source: Source: TFI based on US Energy Information Administration, October 2023.

## International Air Service Developments

The Australian international passenger market is recovering strongly. Australian residents returning from overseas (for short-term travel of less than 12 months) is back to 94% of pre-COVID levels with international visitors (short-term travel) at 81%. Permanent and long-term travel quickly recovered above pre-COVID levels (117% in Aug-23). The outcome for FY23 amounted to 10% above TFI's estimate (5% above for Australian residents and 21% for visitors reflecting the strong recovery).

**Figure 2: Recovery in Australian International Passenger Volumes by Market Type, Jun-21 to Aug-23 Over FY19 Volumes**



Source: TFI based on ABS data.

TFI notes recent changes in expectations for Australian international aviation capacity:

- During FY23 Qantas Group International capacity (in ASKs, excluding Jetstar Asia) averaged 70% of pre-COVID FY19 levels (Qantas 65%, Jetstar 89%), up from 17% during FY22 but below the 75% expected a year earlier:
  - As at 25 September 2023 new aircraft deliveries and wet-leasing arrangements were expected to boost Qantas and Jetstar international capacity by 12 percentage points by calendar year end, representing an increase of almost 50 additional flights a week.
  - Over the first half of FY24 recovery is expected to amount to 89% of pre-COVID levels, and then to exceed pre-COVID levels during the 4Q (averaging 103% with Qantas at 95%

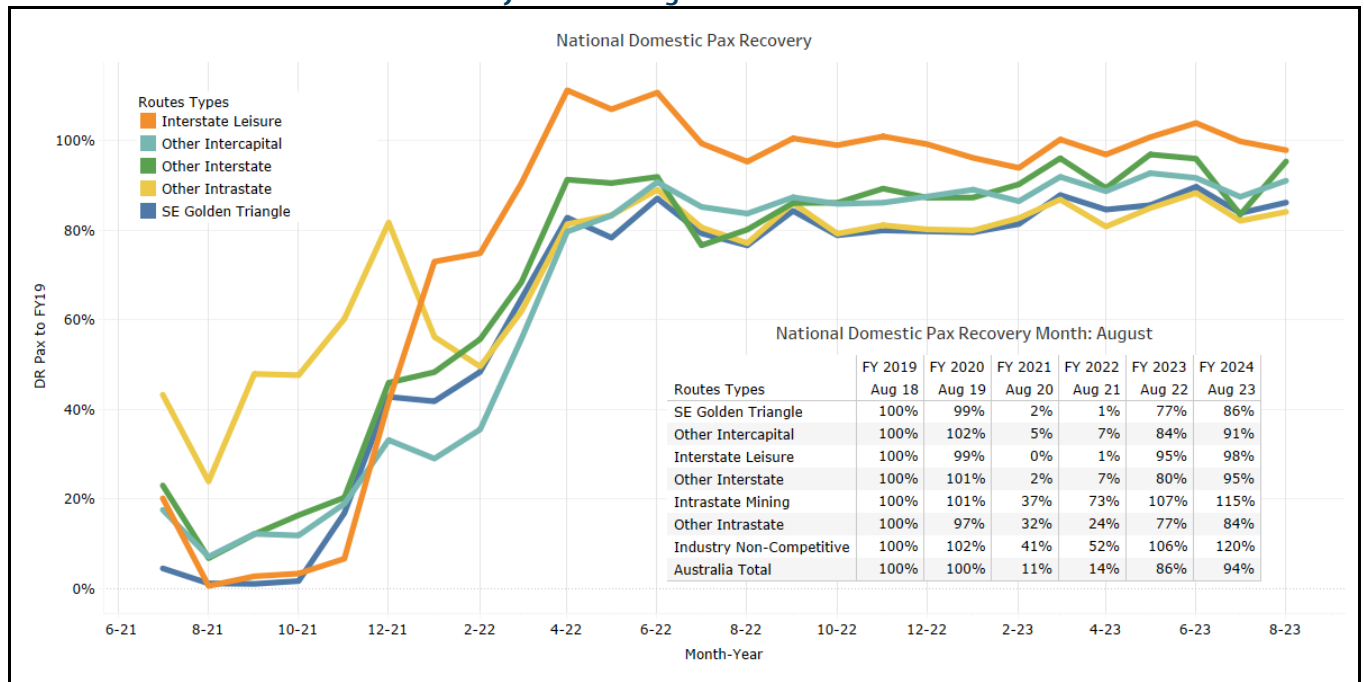
and Jetstar at 130%). Over the full financial year to 30 June 2024 recovery is expected to average 95%, on par with that expected six months earlier.

- By the end-CY22 services to 28 international ports had commenced since Australia's borders reopened, increasing to 31 as at June 2023. By July 2023 the last of the 14 B787-9s previously ordered had been delivered, and a 7th A380 returned to service (all ten are expected to be in service from July 2024). Two wet-leased A330s are to be added in FY24.
- A new wide-body order was announced in August 2023 for four B787-9s, eight B787-10s and 12 A350-1000s with deliveries from FY27 to replace A330s, and with purchase right options to FY37 to provide flexibility for future growth and replacement of A380s from FY32.
- Qantas is to receive its first A350-1000ULR during FY26 for Project Sunrise long-haul non-stop flights, with all 12 on order expected to be delivered by FY29.
- The A321XLRs and A220s arriving for Qantas narrow-body replacement are capable of short/medium-haul international flying enabling new direct routes using the domestic fleet.
- Jetstar received four A321LRs during FY23 for international services, supporting growth in short haul key markets such as Bali (allowing redeployment of the B787s to new longer-range markets eg Seoul), plus supporting new growth opportunities. Jetstar operated 32 international routes in FY23, up from 26 in FY22. The first three A321XLRs for Jetstar (with a range to operate on medium range international routes) are to arrive in FY26 with 15 in total to be delivered by FY29.
- Virgin Australia resumed limited B737-800 short-haul international services from late 2021, with Tokyo recently added to the network map:
  - Arrival of the MAX's adds flexibility and capacity. First MAX 8 arrived June 2023 and will operate Cairns/Tokyo; all 8 on order are expected by Q1 2024. Virgin reports that it will grow international capacity by 50% from FY23 to FY24.
  - First delivery of the 25 MAX 10s on order is expected from late-2024, with all to be delivered over the next four to five years.
  - During 2022 new strategic partnerships commenced with Qatar and United, and codeshare flights resumed with Singapore Airlines. The ACCC granted authorisation for Virgin to enter into codeshare pricing arrangements with its international airline partners on long-haul international routes for a five-year period through to September 2027. More recently Virgin announced a significantly expanded partnership with ANA.

## Domestic Air Service Recovery and Developments

The Australian domestic passenger market recovered quickly once interstate travel restrictions were removed. **Figure 3** shows a recovery of passenger volumes to 90% of pre-COVID levels by Apr-22. However since that time the recovery has flat-lined achieving 94% recovery by Aug-23. In the case of the leisure routes the market recovered to 111% of pre-COVID levels in Apr-22 but has since fallen back to 98%. The passenger outcome for FY23 was around 1% above TFI's estimate.

**Figure 3: Recovery in the Australian Domestic Passenger Market by Route Type, Jun-21 to Aug-23 Over FY19**



Source: TFI based on BITRE data.

TFI notes several recent changes in expectations for Australian domestic aviation capacity:

- Qantas Group Domestic capacity during FY23 averaged 96% of FY19 pre-COVID levels (Qantas 96%, Jetstar 97%), up from 63% during FY22 but below the 101% expected a year earlier:
  - Recovery stood at 103% as at June 2023 and is expected to be maintained at that level for both 1H FY24 (below the 109% expected six months earlier) and 2H FY24.
  - Qantas domestic narrow body jet fleet replacement is underway with 20 A321XLRs and 29 A220-300s to arrive as the B737s/717s are gradually retired (with increased seat capacity and increased range). The first A220s are expected to arrive by end-CY23 (B717 retirement had commenced May 2023) and all 29 by FY29. The first A321XLRs are to arrive from FY25 with all 20 delivered by FY29. By FY27 over half of domestic narrow body RPT ASKs are expected to be operated by new fleet. The order includes 85 remaining purchase right options for delivery through to at least 2034.
  - Jetstar domestic passenger growth was boosted by the redeployment of A320s from Jetstar Asia and Japan, and temporarily by the reactivation of B787-8s for domestic use (now all returned to international services). Jetstar received four A321LRs during FY23 for domestic services and another 15 are to be delivered over FY24-FY26 (for domestic and international services). The A321LR/XLRs are expected to operate over 50% of Jetstar narrow body capacity by FY27.
  - More A320s have been transferred from Jetstar to QantasLink to support resources sector demand growth, increasing its fleet to 15 by July 2023 (up from three at December



- 2019). A commitment for five mid-life A319s from FY24 for the WA resources market has been announced.
- Up to 30 E190s are now available to Qantas on a capacity hire arrangement with Alliance Aviation. 18 were operating at June 2023; 22 are scheduled by December 2023. The ACCC recently announced that it will oppose the proposed acquisition of Alliance by Qantas on the grounds that it is likely to substantially lessen competition in markets for the supply of air transport services to resource industry customers in WA and Queensland.
  - Virgin Australia reported January 2023 business bookings at more than 110% of pre-COVID levels. The ACCC reports that in April 2023 Virgin flew 96% of its pre-COVID (April 2019 excluding Tigerair) domestic capacity; 62 routes operated compared with 70 routes pre-COVID:
    - By December 2022 the B737 fleet had increased to 81 (with the addition of four more B737-700s for the regional fleet) and to 85 by July 2023 (with the addition of three more B737-700s and one MAX 8), up from 58 at the November 2020 re-launch. By early 2024 the total B737 fleet is expected to reach 92 (B737-700/800s and MAX 8s).
    - The Group had maintained a regional and charter fleet of F100s and A320s for resource sector and contract flying operations. The F100 fleet (reduced from 14 as at June 2019 to 10 by December 2022 and eight by July 2023) is being gradually transitioned out and replaced by B737-700s; seven were secured with all received by July 2023 (adding to the two already in the mainline fleet). The A320 fleet had increased from four at June 2019 to seven by June 2022.
    - Virgin and Alliance had applied to the ACCC for an extension of a May 2017 Charter Alliance Agreement which provided for the joint tender and supply of services to corporate customers, principally FIFO. The ACCC has recently issued a draft determination denying authorisation. Alliance had noted that the determination would not impact on the wet lease services it performs on behalf of Virgin.
  - Regional Express (Rex) reported strong growth in domestic jet passenger numbers and revenue from September 2022 to January 2023 (the jet network had resumed full schedule in February 2022):
    - A 7th B737-800NG was received at end August 2022 to add additional capacity on the 'Golden Triangle' services. An 8th arrived in July 2023 and a 9th in September. Rex reports that it intends to add another two B737-800s aircraft to its domestic fleet before end-FY24 (based on aircraft availability) taking potential fleet to 11. Nine routes are currently in the domestic jet network with Sydney/Adelaide and Melbourne/Hobart the latest to be added. A 10th route is scheduled to commence late October 2023 operating Adelaide/Brisbane.
    - Rex operates its regional RPT network with a fleet of 57 Saab 340 aircraft (30-36 seats). From May 2023 flights on nine regional routes were reduced and one route suspended, with the airline indicating impacts from a shortage of airline professionals and a disruption in the supply chain of aircraft and engine parts. Reductions on another seven routes and two suspensions were announced in September 2023. All changes are to continue until at least end March 2024.
    - In September 2022 Rex completed its purchase of National Jet Express (NJE), the regional services arm of Cobham Aviation Services Australia focusing on charters and FIFO flights for the mining and resources sector. Included in the purchase were eight Q400 turboprops and six E190s used by NJE to provide services in Western and South Australia. In July 2023 one Q400 was deployed to a new Brisbane base. A 9th Q400 is to join the fleet and enter Queensland service in October this year.
  - Alliance reported that 96% of the Groups flying activity in FY23 was operated for long term contract charter in the resource sector (using mainly Fokkers) or for wet lease clients (using E190s and Fokkers). Ad hoc charter and RPT hours continue to reduce:

- Alliance's initial 33 E190s had all been delivered by June 2023 with 31 in service, including three on dry lease (up from 19 in service at June 2022, including two on dry lease).
- In February 2023 Alliance announced had an additional 30 E190s to be delivered from September 2023 through January 2026 (purchased one at a time over a two-year period). Up to 11 of these aircraft may be disassembled and used for parts, taking the potential total fleet to between 52 and 63 by January 2026. More recently Alliance entered into a contract to acquire four E190 airframes and is planning to utilise spare engines from disassembled aircraft to bring these four into operation between November 2023 and March 2024.
- The number of wet lease aircraft options available to Qantas was increased from 18 to 30 in February 2023 (with the term of the wet lease of each aircraft extended from three to seven years, with two-by-two-year extension options). 18 E190s were operating on contracted wet lease routes at June 2023, with four more called up in May 2023 to commence operations in FY24. Eight options remain.
- In April 2023 the ACCC announced it would oppose the proposed acquisition of Alliance by Qantas, and in May denied re-authorisation of the existing airline charter alliance with Virgin.
- The launch into the Australian domestic market of Bonza (a new independent, low cost airline) took place at end January 2023 (delayed from 2022 as the company awaited regulatory approval):
  - Four leased B737-8 MAX aircraft with 186 seats in an all-economy layout were delivered and services on 27 routes to 17 destinations commenced over February/May 2023. 13 of these routes operated from the Sunshine Coast, another eight from Melbourne.
  - In July 2023 Bonza announced the cancellation of five routes, with the route map reduced to 22 routes and 16 destinations.
  - A third base has since been added with fourteen Gold Coast routes to commence from November 2023.
  - Two wet-leased aircraft are to be based at the Gold Coast, taking total fleet to six. Bonza had originally announced plans to grow the fleet to eight aircraft.
  - With two other new routes (to the NT) scheduled to commence late-23 the route map will increase to 38 routes to 21 destinations.

The latest Qantas Group, Virgin Australia, Regional Express and Alliance fleet plans are shown in the Appendix (**Tables A1-A4**).



## Appendix: Airline Fleet Plans

Tables A1-A4 below summarise the passenger fleet plans of Qantas, Virgin Australia, Regional Express and Alliance Airlines as at June 2023.

Table A1: Qantas Group Passenger Fleet

Aircraft Type	Fleet at Jun-23 <sup>(a)</sup>	Fleet at Jun-22 <sup>(a)</sup>	Orders Jun/Aug-23 <sup>(a)</sup>	Target Deliveries to FY29 <sup>(b)</sup>
<b>Qantas -</b>				
A380 <sup>(c)</sup>	10	10		
B787-9 <sup>(d) (g)</sup>	13	11	5	5 <sup>(d)</sup>
A330-300 <sup>(e)</sup>	10	10		
A330-200 <sup>(e)</sup>	18	18		
A350-1000ULR <sup>(f)</sup>			12	12
A350-1000LR <sup>(g)</sup>			12	8
B787-10 <sup>(g)</sup>			8	
B737-800NG <sup>(h)</sup>	75	75		
A321neo-XLR <sup>(h)</sup>			20	20
<b>QantasLink:</b>				
B717-200 <sup>(i)</sup>	20	20		
A220-300 <sup>(i)</sup>			29	29
Q400	31	31		
Q200/300	19	19		
F100	18	18		
A320-200 <sup>(j)</sup>	13	11		
E190 <sup>(k)</sup>	18	12		
<b>Jetstar Aust/NZ:</b>				
B787-8 <sup>(l)</sup>	11	11		
A320-200 <sup>(m)</sup>	56	59		
A321-200 <sup>(n)</sup>	6	6		
A320neo <sup>(o)</sup>			45	12
A321neo <sup>(p)(q)</sup>			56	
A321neo-LR <sup>(p)</sup>	8			23
A321neo-XLR <sup>(q)</sup>				15
<b>Total Pax Aircraft<sup>(a)</sup></b>	<b>326</b>	<b>311</b>	<b>187</b>	<b>124</b>

Notes:

(a) Operational passenger fleet - includes purchased and leased, and aircraft temporarily stored or parked. Incl's Jetstar Asia fleet (7), excl's Jetstar Japan A320s repositioned to Australia. Incl's wet-leased E190s. Orders are those unfilled at Jun-23 plus Aug-23 firm order announcements.

(b) Targeted new aircraft delivery profile - Plus up to 12 more wet-lease E190s available, two wet lease A330s arriving FY24 and five mid-life A319/320s from FY24. Less up to 46 retirements across FY24-FY26 (excl wet lease capacity exits) and A330 retirements from FY27.

(c) Ten in fleet (two had been removed during FY21), seven in operation as at Jun-23, up from five at Dec-22; returns to service delayed due to MRO slot availability. To be retired starting from FY32, replaced by A350s.

(d) Two B787-9s delivered during FY23 and last on initial order in Jul-23 (previously all scheduled to arrive by Dec-20); new firm order for four more placed Aug-23 for delivery from FY27 to replace A330s. Note: four of the -9s included here for delivery by FY29 may instead be -10s.

(e) Two wet lease -300s to be added in FY24 (convert to dry lease in FY26); conversion of two -200s into freighters to be finalised in 1H FY24. A330s to be retired starting from FY27; replaced by B787s/A350s.

(f) First three "ultra-long range" A350s to arrive in FY26 for Project Sunrise, all 12 by FY29.

(g) Aug-23 wide-body firm order to replace A330s from FY27 and A380s from FY32. Incl's 12 A350s with deliveries from FY28, and eight B787-10s and four B787-9s with deliveries from FY27.

(h) Narrow-body domestic fleet to be renewed - first A321XLRs delivered from FY25 (all 20 by FY29) to replace gradual retirement of B737s.

(i) B717s retirement process commenced May-23; to be replaced by A220s with 18 delivered by FY26 and all 29 by FY29.

(j) Two transferred in from Jetstar and two more in Jul-23 taking fleet to 15 (up from just 3 as at Dec-19). Commitment for five mid-life A319s for WA resources flying, from FY24.

(k) Operated in capacity hire arrangement with Alliance Airlines; another four to join fleet by Dec-23; options for another eight to take total to 30. Filling a gap where B717 was slightly too large and limited by range.

(l) All 11 back in international fleet (as at 30 Jun-22 two were still in domestic fleet; all had been parked during COVID and re-activated for domestic use from mid-2021; first international service from Dec-21).

(m) Two transferred to QantasLink for resources market and one returned to lessor. Includes JQ Aus domestic and international fleets, NZ domestic fleet (5) and JQ Asia fleet (7). Excludes Jetstar Japan A320s repositioned to Australia to provide additional temporary capacity.

(n) All in Australian domestic fleet.

(o) Five A320 neos to arrive FY25; total of 12 by FY29; part of existing order prior to May-22 fleet renewal announcements.

(p) Four A321LRs received for JQ Aust domestic and 4 for international; a 9th was delivered Jul-23 with 14 more to arrive over FY24-FY26.

(q) First three XLRs for Jetstar to arrive in FY26, 15 in total by FY29.

Source: Qantas, CASA, Airbus, Boeing

**Table A2: Virgin Australia Fleet**

Aircraft Type	Fleet at Jun-23 <sup>(a)</sup>	Fleet at Jun-22 <sup>(a)</sup>	Planned additions
<b>Virgin Aust</b>			
B737-700 <sup>(b)(c)</sup>	9	2	
B737-800 <sup>(b)(d)</sup>	74	75	
B737 MAX 8 <sup>(b)(e)</sup>	1		7
B737 MAX 10 <sup>(f)</sup>			25
	<b>84</b>	<b>77</b>	<b>32</b>
<b>VARA</b>			
F100 <sup>(g)</sup>	8	10	-8
A320 <sup>(h)</sup>	7	7	
<b>Total Group</b>	<b>99</b>	<b>94</b>	<b>24</b>

Notes:

(a) Fleet as sourced from CASA Register (may include aircraft parked and not currently in the operating fleet) and Virgin announcements. In Aug-20 Virgin announced the end of the Tigerair brand and removal of its fleet (6 B737s & 9 A320s). Total wide-body fleet (6 A330s & 5 B777s) was removed with suspension of long-haul flying during 2020; future fleet is under review. Fleet of 8 ATR-72s had been returned to lessors by Sep-20.

(b) Virgin has stated a broader growth strategy of bringing total B737 fleet to 92 (comprising 84 B737-700/800s and 8 MAX 8s), up from 58 at Nov-20 relaunch.

(c) An additional seven B737-700s secured for the regional fleet; received over Oct-22 to May-23; to replace retiring F100s; currently economy class only, business class coming.

(d) Compared with pre-COVID Group fleet of 83 B737-800s (incl 6 in Tigerair fleet); but up from 56 at Nov-20 relaunch.

(e) First MAX 8 (leased) was delivered Jun-23 and registered Jul-23; the first of 33 MAX family aircraft which will arrive over the next five years. A previous order for 23 MAX 8s was cancelled in Dec-20.

(f) First of 25 MAX 10's on order expected 2024 (previously delayed from Jul-21 to mid-2023). Original MAX order was made in 2012 with delivery planned over 2019-2021.

(g) F100 fleet (reduced from 14 as at Jun-19) is to be gradually transitioned out and replaced by seven B737-700s from early-2023.

(h) Tigerair A320 fleet had been reduced to nine by Dec-19 (from 14), with four moving to Virgin Australia Regional (taking its fleet to six). By Apr-21 the last Tigerair A320 had left the fleet, along with one Regional A320. Two more leased A320s were added to the Regional fleet in Mar-22, taking the current fleet to seven.

Source: CASA, Virgin Australia, Boeing

**Table A3: Regional Express Fleet**

Aircraft Type	Fleet at Jun-23 <sup>(a)</sup>	Fleet at Jun-22 <sup>(a)</sup>	Announced additions
SAAB 340 <sup>(b)</sup>	57	57	
B737-800 <sup>(c)</sup>	7	6	2
	<b>64</b>	<b>63</b>	<b>2</b>
<b>National Jet Express fleet<sup>(d)</sup></b>			
Dash 8-400 <sup>(e)</sup>	8		1
E190	6		
	<b>14</b>		<b>1</b>

Notes:

(a) Excludes subsidiary Pel-Air Aviation. May include aircraft parked/in storage.

(b) 58th SAAB 340 for Rex was delivered in Jul-22; one left the fleet in Jun-23 returning fleet to 57. Excludes Pel-Air fleet (three at Jun-22; one at Jun-23).

(c) 7th B737 entered service in early Sep-22; an 8th arrived Jul-23 and a 9th in Sep-23. Possibly two more to be added before end-FY24, which would increase fleet to 11.

(d) Acquired as part of Sep-22 purchase of National Jet Express.

(e) A 9th Dash 8-400 NextGen (NG) aircraft is to enter service in Oct-23.

Source: Regional Express, CASA

**Table A4: Alliance Aviation Fleet**

Aircraft Type	In service Jun-23	In service Jun-22	Planned Changes
F100 <sup>(a)</sup>	24	24	
F70 <sup>(a)</sup>	13	13	
E190 <sup>(b)</sup>	31	19	21-32
<b>Pax Aircraft</b>	<b>68</b>	<b>56</b>	<b>21-32</b>

Notes:

(a) Fokker fleet at Jun-23 comprises 24 100-seat F100s and 13 80-seat F70s; excludes five F50s in operating fleet at Jun-21 which have been retired.

(b) Up from five as at Jun-21. Incls 3 on dry lease to Airnorth. First of 33 94-100 seat E190s was delivered Sep-20; all 33 by Jun-23. 30 more acquired with 16 to be delivered in FY24, 10 in FY25, 4 in FY26 (includes up to 11 to be used for parts, taking potential total to between 52 and 63 by Jan-26).

Source: Alliance, CASA

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1. The business environment is uncertain and that forecasting provides a guide only in respect of the planning for passenger and cargo growth and aircraft movements for international, domestic and regional aviation. Forecasts are based on a number of economic and other assumptions and must be interpreted in the context of these assumptions;
2. TFI disclaims all and any liability to any person in respect of anything and of the consequences of anything done or omitted to be done by any such person in reliance, whether whole or partial, upon the whole or any part of the Forecasts;
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