Commercial viability of international flights in doubt

The current tight international arrival caps often limit passengers to 30 or less per flight. They are unlikely to be commercially sustainable for long-haul international flights and also make it difficult to return Australians home in an orderly manner. The Board of Airline Representatives of Australia (BARA)[1], consistent with the position of the International Civil Aviation Organization (ICAO)[2], wants the mandatory quarantine arrangements for all arriving Australians to be reviewed so a risk-based framework can be established. Greater quarantine capacity that could be used more flexibly would also support Australians to return home and help keep international flights commercially viable.

The industry is stalling and at risk of reducing its connectivity

The tight caps on international arrivals into Australia during COVID-19 have created a large backlog of Australians seeking to return home, currently estimated at about 100,000. The caps are also damaging the commercial viability of the remaining modest network of international flights to and from Australia.

"Fuel, crew and support costs are high for international flights, and a long-haul aircraft generally carries 250–350 passengers plus freight to cover these costs. Reducing available inbound passenger loads to 10–15% of capacity cannot be considered commercially sustainable.

"The current caps fix the total number of international passengers into an airport by day or by week. But reducing the number of inbound flights is not the solution to bring about commercially viable passenger loads, as it will come at the expense of connectivity and in doing so create a new set of difficulties for Australians overseas," Barry Abrams, Executive Director of BARA said.

For Sydney Airport, the 350 per day passenger cap is fully subscribed by international airlines for weeks, leaving little room to accommodate hardship cases as they arise. It has also become necessary for many international airlines to cease selling tickets until the current backlog of passengers is cleared.

"At Brisbane, Perth and Adelaide airports, the small weekly caps (500–525 passengers) can be commercially unviable for international airlines, especially as this small number is intended to be spread out evenly across the week. So it's to be expected these quotas aren't being routinely filled, such that some

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[1] BARA represents 33 airlines, which provide 90% of all international passenger flights and carry most freight to and from Australia.

[2] See https://www.icao.int/covid/cart/Pages/default.aspx

international airlines will suspend their small number of flights into these airports, further reducing the options available for Australians to return home," Mr Abrams said.

A review of international arrival quarantine arrangements
The current international arrivals arrangements require all Australians returning home to mandatorily undergo quarantine for 14 days. This means, for example, Australians returning home from New Zealand have been subject to mandatory quarantine even when the country had no COVID-19 cases.

"Consistent with the position of the International Civil Aviation Organization (ICAO), it would be worthwhile to review the arrangements used to mitigate the risk of cases of COVD-19 from Australians returning home from different overseas countries. A transparent framework for assessing risk and how to reduce it would make conditions clearer and more certain for passengers and industry.

"If risk mitigation options other than mandatory quarantine were acceptable for Australians returning from some countries, this would free up quarantine capacity for passengers returning from countries where COVID-19 risks are higher. This would benefit Australians overseas and provide some improvement to the commercial viability of international flights to Australia," Mr Abrams said.

Quarantine capacity, flexibility and commercial viability
BARA has seen repeated commentary that there is currently no 'roadmap' for opening up Australia's international borders, noting initiatives such as Trans-Tasman and Pacific bubbles remain under development and consideration. Assuming the pandemic will continue to restrict Australia's international travel for many months, it would be worthwhile to have a plan that supports a minimum network of international flights continuing to and from Australia.

"International airlines are operating about 160 flights per week now into Australia, including 26 into Melbourne with no inbound passengers. They need to be able to sustain at least 100 passengers per incoming flight, good freight loads and strong outward passenger volumes to support their commercial viability over the coming months.

"Achieving this will require more quarantine capacity and greater flexibility in how it's applied, together with the risk-based framework BARA and ICAO have advocated. This would support a level of international connectivity for Australia during the pandemic and maintain a foundation of international flights to underpin the industry's future recovery," Mr Abrams said. **[ENDS]**