



INDONESIA AIRASIA X COULD BE GROUNDED, STRANDING BALI TRAVELLERS

News / Airlines



Indonesia AirAsia X, which sells cheap flights from Melbourne and Sydney to Bali, is in danger of being grounded by Indonesian authorities next month for not meeting a regulatory requirement to have at least 10 [aircraft](#) in its fleet.

The move would be a blow to Australian holidaymakers and to the airline, which already damaged its reputation by selling flights from Melbourne to Bali last year before it had received a licence to operate from Australian authorities.

However, it would be positive news for rivals Virgin Australia, Tigerair Australia, Jetstar and Garuda Indonesia, which compete against Indonesia AirAsia X on the cut-throat Australia-Bali route.

From December to when it finally received the licence to fly from Melbourne to Bali in March, Indonesia AirAsia X was forced to refund angry travellers or to fly them through Malaysian affiliate AirAsia X's hub in Kuala Lumpur, adding nearly half a day to the flying time. Many customers were upset by long delays in receiving refunds, which attracted the attention of the Australian Consumer

and Competition Commission.

During a visit to Sydney last month to announce it would launch five weekly return Sydney-Bali flights from October 17, Indonesia AirAsia X chief executive Dendy Kurniawan admitted the licensing delays had led to brand damage in Australia. But he said the Melbourne-Bali route had recovered, with 80 percent of seats filled in June and July.

Indonesia's Ministry of Transport said last week it would suspend the flight permits of eight airlines for the month of October if they did not own at least five aircraft and lease another five by that time. The authorities said if the month passed without a solution, the permits would be revoked. All airlines were supposed to meet the requirements by June 30.

Indonesia AirAsia X, which was among those listed by Indonesian authorities as being in danger of losing its flight permits, has just two A330 aircraft after slowing down its initial growth plans. However, it plans to add as many as three aircraft next year when it expands to China and potentially other Australian destinations.

In response to the Ministry of Transport's announcement, Mr Kurniawan said the airline was in the process of making the necessary arrangements to comply with the requirements and would be in active discussions with regulatory authorities throughout the process.

"It has always been Indonesia AirAsia X's intention to work closely with Indonesia's government to drive international arrivals into the country," he said. "It is our sincere hope that Indonesia's Ministry of Transport would extend its full support to airlines for the betterment of Indonesia's aviation industry."

Indonesian authorities have a reputation within business circles for issuing decrees and then changing their minds later, so it is possible Indonesia AirAsia X will be able to continue operating as normal despite only having two aircraft at present.

Indonesia AirAsia X is part of the larger AirAsia Group. Its short-haul sister airline, Indonesia AirAsia, also came under regulatory scrutiny in Indonesia last year after the crash of flight 8501 from Surabaya to Singapore in December, which killed all 162 passengers and crew on board the A320 aircraft.

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