



3 December 2009

Mr Michael Bird
Executive Director
International Air Services Commission
PO Box 630
Canberra ACT 2601

Mike
Dear Sir,

Application for Freight Capacity Allocation – Papua New Guinea Route

We note the recent return by Qantas of 17,500kg allocated freight capacity on the Australia-PNG route, and wish to apply for a full allocation of the available 17,500kg freight capacity. The capacity would be utilized on a weekly B737-300F service BNE-POM-BNE.

PAE currently uses a B737-300F on scheduled freighter services to the Solomon Islands and Vanuatu. PAE's aircraft operator Airwork Flight Operations Limited (NZ) holds a valid PNG foreign air operator certificate for the Australia-PNG route.

Existing customers have indicated they have considerable freight requirements on the Australia-PNG route, which gives our company a very high level of confidence in the commercial success of a weekly service.

Presently one other dedicated freight airline services the Australia-PNG route using B727-100F equipment. Our B737-300F weekly service would introduce competition within the dedicated freighter segment of this route, which is a primary objective of the IASC's freight capacity allocation system.

Allocation Sought

Pacific Air Express seeks an allocation of 17,500kg per week on the PNG Route on the following basis:

- the allocation is requested for a period of five years;
- the capacity will be fully used by 31 March 2010.

IASC Act and Policy Statement Considerations

PAE believes this application meets the general criteria for assessing the benefit to the public in paragraph 4 of the Minister's statement.

An allocation would introduce competition in the dedicated freighter segment of the PNG air freight market by a long established freight airline with considerable



2.

experience in the south west Pacific region, and an extensive customer base with existing commercial interests in PNG.

We would be pleased to provide any further information in support of this application if requested.

Yours sincerely,

Gary Clifford
Managing Director
Pacific Air Express Australia Pty Limited