

Skyforce Aviation Pty Ltd
Hangar 14 Airport Ave, Bankstown Airport NSW 2200, Australia
PO Box CP101 Condell Park NSW 2200
ACN 152 287 584
Telephone: +61 (0)2 97071117 Fax: +61 (0)2 97071119
enquiries@Skyforce.com.au → Skyforce.com.au

13 May 2013
Via Email

Ms Marlene Tucker
A/g Executive Director
Delegate of the International Air Services Commissioners
GPO Box 630
Canberra ACT 2601

Re: Skyforce Paragraph 5 and PAE Submission Comments

MARLENE

Dear Ms Tucker,

Skyforce Aviation is a dedicated Australian based Operator, specialising in FIFO services, Ad Hoc Charter, ACMI and Air Freight (dangerous, non-dangerous goods, and Perishables). We provide cost effective tailored solutions for all types of air transport requirements both domestically and internationally. With over 20+ years of aviation experience in both passenger and cargo services within Australia, Papua New Guinea, New Zealand, and the South Pacific, Skyforce Aviation has the ability to lower costs and maximise profit whilst remaining competitive within the Australian aviation market place.

New Caledonia Background

Currently there is no dedicated cargo carrier between Australia and New Caledonia. Aircalin/Qantas operate a scheduled wide body A330 passenger service from Sydney and Melbourne to Noumea and a narrow body A320 service between Brisbane and Noumea. Presently the only means to carry oversize cargo between Australia and New Caledonia is either by ship or by a 'charter flight' service. Skyforce proposes the introduction of a BAe146 dedicated cargo aircraft to fill the current void in the market on this route.

Paragraph 5 Additional Information

What sets us apart from the current services to Noumea is that our service will be a fully dedicated cargo freighter, meaning we are able to carry larger and bulkier items, which will benefit all parties concerned. What sets Skyforce apart from PAE is that our experience allows our aircraft to be loaded with a crane or forklift when required which is not allowed by the PAE 'leased' aircraft operation. This severely restricts their ability to load long oversize shipments by conventional means, which is an operational requirement to be able to service the mining sector within New Caledonia. Skyforce as an owner operator of aircraft allows us to compete competitively within the market without the inefficiencies of multiple layers of contractual arrangements of leased charter aircraft. This is a true 'innovative product differentiation'.



Skyforce Aviation Pty Ltd
Hangar 14 Airport Ave, Bankstown Airport NSW 2200, Australia
PO Box CP101 Condell Park NSW 2200
ACN 152 287 584
Telephone: +61 (0)2 97071117 Fax: +61 (0)2 97071119
enquiries@Skyforce.com.au → Skyforce.com.au

Independent Operator to the National Carrier of New Caledonia

The Minister's policy statement Paragraph 5 promotes competition in the market. As competition is key to our submission any joint venture between the national carrier of New Caledonia (Aircalin) and Pacific Air Express (PAE) will undermine any such competition and will essentially restrict the market to a one-price service.

By introducing a new carrier on this route, Skyforce Aviation, one who is not currently aiming at the passenger market, and one whose sole focus will be on providing cost effective freight and cargo solutions, will only further enhance the competitive benefits available on this route. We have the distinct advantage over PAE by being an aircraft operator, owning the aircraft asset, having access to the aircraft 24 hours a day 7 days per week, which allows flexibility on schedule and commitment to the market.

PAE Submission Comments

Referencing comments from the PAE submission dated 6 May 2013, Skyforce agrees that the market is currently covered by Aircalin however we do not agree that the market is well covered in pricing. Like all markets seasonal cargo does increase the capacity requirements to Noumea. We also agree that the New Caledonia market is served by transshipment cargo originating from Europe in belly space of RPT services and dedicated scheduled cargo flights to Australia. Presently the cargo arriving from Europe into Sydney is often restricted to space available due to high load factors. The end result is to channel cargo between Europe and Australia on other routes, predominately to Brisbane or Melbourne.



PAE notes that both PAE's and Aircalin's customer base will be united to fill the B737-300F service between Brisbane and Noumea. I would assume this means taking cargo from the current Aircalin passenger services and re-routing onto the PAE freighter because the market is 'already well covered'. This would then mean that the Aircalin service would be subsidizing the PAE service. I would then presume that PAE cannot support a 'stand alone' service due to their current business model of leased aircraft, making this not financially achievable. I would also presume that the PAE business model is to restrict competition on this route due to their lack of inaction prior to the Skyforce application to the commission for capacity.

PAE's comment that the BAe146 is not a well suited aircraft on the route. The BAe146 is a four engine aircraft, which removed the ETOPS requirements currently in place for two engine aircraft over water, which the B737-300F currently is restricted by. The BAe146 is a well-proven aircraft to operate in remote locations. After all it is the backbone to FIFO services within Australia. On this basis I would strongly disagree with PAE's comment that the BAe146 is not well-suited aircraft on the Brisbane-Noumea route.

Skyforce Aviation Pty Ltd
Hangar 14 Airport Ave, Bankstown Airport NSW 2200, Australia
PO Box CP101 Condell Park NSW 2200
ACN 152 287 584
Telephone: +61 (0)2 97071117 Fax: +61 (0)2 97071119
enquiries@Skyforce.com.au → Skyforce.com.au

Furthermore, the Bae146 has a lesser payload than the Boeing 737, therefore we can operate more economically than PAE's option without the need to dilute Aircalin's existing business. To fill a 17-ton aircraft (PAE 737) with "new business" would be quite a feat, but to fill a 10-ton aircraft (Bae146) with new business is far more realistic proposal.

Conclusion

The commission considers the greatest competition is when there is more than one independent operator on the route. The same is true for consumer benefit with greater consumer choice with the introduction of the Skyforce service. Skyforce Aviation has a proven track record of operating within this region, commitment to the market and taking the 'risk' by buying the first of two BAE146 aircraft. With this view Skyforce is in a unique position to provide a cost effective solution to servicing the Australia-New Caledonia market.

Kind regards,



Michael Lee
General Manager
Skyforce Aviation

