



6 May 2013

Ms. Marlene Tucker  
Executive Director  
International Air Services Commission  
PO Box 630  
Canberra ACT 2601

*Marlene*  
Dear ~~Ms.~~ Tucker,

**Application for Freight Capacity Allocation – New Caledonia Route**

**Additional Information per Minister's Policy Statement Para. 5**

Pacific Air Express (PAE) has acquired extensive experience over a 20 year period in the pioneering of dedicated freighter services in the south west Pacific region. We have a very good understanding of this regional grouping of island economies and its associated air and sea trade routes, and an intimate knowledge of the regional air freight market.

In our view of the current market for air freight on the Australia-New Caledonia route is generally well covered by Aircalin/Qantas code-shared scheduled passenger wide body A330 services from Sydney and Melbourne to Noumea. A large percentage of the airfreight carried on these services comprises transhipped freight from Europe and Asia.

Aircalin/Qantas also operate a code-shared scheduled passenger narrow body A320 service from Brisbane to Noumea. The A320 utilises small AKH containers designed primarily for baggage and has limited freight capacity.

PAE proposes operating a weekly B737F service Brisbane-Noumea. We note Pionair/Skyforce's application did not specify their proposed route(s), however in our view the CV580 and BAe146-200QC aircraft would not be operationally suited to operate Sydney-Noumea so we have assumed Pionair intends to operate Brisbane-Noumea also.

We believe the airfreight market for a dedicated freighter service operating Brisbane-Noumea would be generally limited to:

- a) cargo aircraft only dangerous goods (CAO DGs);
- b) oversize goods (mining & construction equipment & materials);
- c) some small perishables/pharmaceuticals consignments
- d) consignments which cannot be transported to Sydney within time constraints;
- e) seasonal peak period 'overflow' freight redirected from Sydney/Melbourne.

It is our considered view that the present airfreight market would not support a 'stand alone' Brisbane-Noumea freighter service unless operated only on a seasonal 'peak period' basis. In our view commercially viable load factors will only be achievable on



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this route over a full year when combined with the market share held by Aircalin.

Additionally, we believe the Commission should recognize that establishing a new air service in the Pacific region has its own unique political and bureaucratic challenges, which are often best negotiated in union with the local airline if a successful outcome is desired within a commercially acceptable timeframe.

### **Public Benefit**

We believe the Minister's policy statement emphasises the *primary* public benefit is the long term sustainability of an air service – the need to provide a regular and reliable service to the public. This is the foundational expectation from the Australian public towards any new air service.

PAE's proposed code-shared freighter service with Aircalin using a B737-300F aircraft will have the necessary capacity to achieve commercially viable combined freight loads in a predominantly one-way market.

We believe the PE/SB code-shared freighter service will be sustainable throughout the year because of the wider marketing ability and combined customer base of both airlines for Brisbane-Noumea freight, and the addition of PAE's existing Brisbane-Port Vila freight which will also contribute to achieving the operating revenues required to guarantee a regular service at an affordable cost to the public.

Yours sincerely,

Gary Clifford  
Managing Director  
Pacific Air Express Australia Pty Limited