



18 June 2009

Mr Dilip Matthews
Executive Director
International Air Services Commission
PO Box 630
Canberra ACT 2601

Dear Sir,

Application for Freight Capacity Allocation – Papua New Guinea Route

In 2005 Pacific Air Express (PAE) returned its allocated freight capacity on the Australia – PNG route due to ongoing law and order issues at its primary destination (Lae/Nadzab) which compromised security of the aircraft, crew and cargo.

In recent years PAE has sought an opportunity to re-commence a freighter service to PNG. We note the recent return of freight capacity by Qantas, and wish to apply for a full allocation of the available 16,500kg freight capacity. The capacity would be utilized on a weekly B737-300F service BNE-POM-BNE.

PAE already holds an International Airline Licence for the Australia-PNG route, together with a foreign air operator certificate issued by CAA PNG to our aircraft provider Airwork Flight Operations Limited. Accordingly, we are able to commence a weekly freighter service immediately, should the Commission decide to allocate the available freight capacity to our company.

PAE currently uses a B737-300F on the Australia-Solomons 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 on this route, which is a primary objective of the IASC's freight capacity allocation system.

Allocation Sought

Pacific Air Express seeks an allocation of 16,500kg 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 July 2009.

2.

IASC Act and Policy Statement Considerations

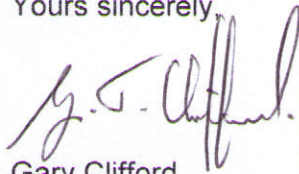
PAE believes this application meets the general criteria for assessing the benefit to the public in paragraph 4 of the Minister's statement.

An allocation would introduce competition on the route by a long established freight airline with considerable experience in the south west Pacific region, and an extensive customer base with existing commercial interests in PNG.

PAE already holds the required international airline licence and PNG foreign air operator certificate for the route, and is able to implement the proposal immediately.

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