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25th March 2013

Via Email

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

Re: Application for Capacity on PNG Route

Dear Ms Tucker,

Allocation Sought

Pionair Australia Pty Ltd (ABN 21 102 715 506) trading as Skyforce Aviation respectively requests 18 tonnes of cargo capacity each way on the PNG route originating Cairns. We seek allocation for a period of 5 years.

Designation Status and Background

Pionair is a holder of an Australian High Capacity Passenger and Cargo AOC. We also hold a PNG FAOC in support of our application on this route. Pionair's intention is to provide to the public cargo capacity options between Australia and Papua New Guinea. In parallel Pionair will be seeking an International Airline License via the Department of Infrastructure and regional services.

Aircraft Type and Competition

Pionair currently operates the Convair 580 all cargo aircraft specializing in oversize cargo with a payload capacity of 6,000kg. To increase our capacity we expect delivery in addition to the Convair our first of two BAe146-200QC aircraft in April 2013 with a payload capacity of 12,000kg. This particular type of aircraft can be configured in either a full cargo or full passenger main deck arrangement. We have had particular interest from the public, particularly mining and fisheries.

I note from the commission the letter dated 18th January 2012 a review of the PNG unutilized capacity [2009] IASC 117, and [2011] IASC 111, which allocates 16.5 tonnes and 22.5 tonnes of freight capacity respectively. This unutilized capacity has left a void in competition on the PNG route.

Legislative and Policy Considerations

It is acknowledged that is application should be considered again the general criteria for assessing the benefit to the public Paragraph 4 of the Minsters Policy Statement and paragraph 7 Start Up Phase. Pionair Australia contends that its use of the allocated capacity will clearly provide a benefit to the public, and address the criteria stipulated in the Minster's Policy Statement.

Yours sincerely,

Michael Lee General Manager

Skyforce Aviation Pty Ltd