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Airlines PNG Expands Fleet & Commences ATR Operation for Lihir Gold

Airlines PNG announced today an expansion to its fleet with a state-of-the art ATR 72-500 aircraft which later this week will commence charter operations for Lihir Gold Limited (**Lihir Gold**), one of PNG's leading resource companies.

The ATR aircraft has been acquired on wet lease from Malaysian carrier Berjaya Air Bdn Shd (**Berjaya Air**) for a minimum two year period and will eventually operate with Airlines PNG flight crew who have undergone extensive training on this new aircraft type.

“In a Papua New Guinea first, the ATR 72-500 will operate charter flights exclusively for Lihir Gold ferrying staff and freight between Cairns and its mine site on Lihir Island in the New Ireland province of Papua New Guinea,” said an Airlines PNG spokesman.

Commencement of ATR operations represents the culmination of months of effort in rolling out a custom designed solution for Lihir Gold.

“We knew Lihir Gold was seeking alternative options to the Dash 8 capacity which Airlines PNG currently provides, so we decided to investigate the larger ATR 72-500 as a possibility,” said an Airlines PNG spokesman.

The ATR 72-500 is the stretched version of the latest generation ATR aircraft family normally with capacity for up to 74 passengers.

However, with specific configuration changes requested by Lihir Gold to provide enhanced passenger comfort and freight capability, the Airlines PNG ATR 72-500 will operate with a capacity of 44 passengers and two tonnes of freight and baggage.

“Introducing this new aircraft type into PNG and particularly the Cairns – Lihir Island route has not been without its challenges. Thankfully these have now been overcome through the collaborative efforts of numerous stakeholders including Airlines PNG, Berjaya Air, Lihir Gold, ATR and relevant regulatory authorities.”

Introduction of the ATR 72-500 comes amid other capacity enhancements to the Airlines PNG fleet in 2010.

“By the end of August Airlines PNG expects to have increased its fleet size by 40% over the previous 12 month period. This not only includes the ATR 72-500, but also the addition of two Twin Otter aircraft (one unit purchased from Air Vanuatu in June and the other unit coming back on line following an overhaul and restoration), and another three Dash 8 aircraft which have been on lease to Skytrans and will be returned ahead of schedule,” said the Airlines PNG spokesman.

In January 2009, the Airlines PNG Group had entered into agreements with Skytrans Pty Ltd (an Australian airline wholly owned by the family interests of Simon Wild, Airlines PNG Chairman) for the lease of three Dash 8 aircraft each for a two year term. While all transactions were independently assessed and subsequently approved by the Airlines PNG Board as representing fair value to the company, due to the increased capacity requirements Airlines PNG is experiencing, it has negotiated the early return of each aircraft to meet the demand. The last of which is expected to arrive in late August.

The Airlines PNG spokesman concluded, “With the level of market opportunities currently presenting themselves in PNG, capacity remains a significant challenge for the airline and will continue to be as such well into 2011 and beyond.”

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