AIR TRANSPORT

Highland
looks for

rescue
PRESTWICK

Highland Express went into
liquidation only five months
after it started revenue service
from Prestwick, Scotland, to
the USA and Canada. A
package which will resurrect
the airline and pay some of
the creditors was being
assembled by Randolph
Fields, the airline's former
chief executive.

The airline was originally
incorporated in July 1984.
After a number of false
starts, including a decision
by the UK Civil Aviation
Authority that the airline
was undercapitalised, the
airline launched its first
commercial flight on June 30,
1987 (Flight, July 18, 1987,
page 4).
At the Highland Express
creditors' meeting the liqui-
dators, Touche Ross, outlined
five aspects which led to the
collapse of the airline with
debts of about £8-4 million,
including the trading loss of
£6 million accrued between
March 31, 1987, and Decem-
ber 11, 1987:
• Commercial operations
were delayed by the with-
drawal of GATX from an
agreement to supply a Boeing
747 on lease.
• A 747 leased by Citicorp
was delivered late because of
technical problems resulting
from the fact that the aircraft
was in a worse condition than
expected. The directors may
try and take action against
Citicorp.
• The loss of credibility in
the market.
• The loss of revenues owing
to the delay in revenue flights
starting service.
• The subsequent loss in
projected cash flow from
advance ticket sales.
The liquidators are now
trying to secure the best inter-
est of the creditors. Collecting
the money on 4,000 advance
bookings is one such task. It
has also been considering the
idea put forward by Randolph
Fields, of resurrecting the
airline through another com-
pany. Touche Ross partner
Robin Wilson suggests that

Highland Express needs a rescue package to get it airborne again

the consortium should "over
the next few weeks try and
raise extra capital and not
consider flying again until the
spring".
Fields blames the airline's
liquidation on the failure of
promised funding to material-
ise to see the airline through
the winter months. It has
been suggested that the
world's stockmarket crash on
"Black Monday" has led to
a liquidity problem through-
out the world, and that High-
land has been one of the
victims.

Highland's sole 747 has
been at Sabena's maintenance
plant since the liquidation. It
was there on a routine check,
but Sabena has not released
the aircraft because of the
money it is owed. Fields tells
Flight that it would have cost
about £1 • 3 million to get the
aircraft in service again after
its check at Sabena.
The airline was solvent at
the end of November, and on
direct operating costs was
making money from Septem-
ber 1, 1987. The Christmas
bookings were also set, with a
70 per cent load factor at the
time of liquidation, Fields
said. Since October load
factors had been about 70 per
cent, according to Fields, but
the airline could no longer
settle its debts, and thus had
to cease trading. Highland
said it needed a 60 per
cent load factor over one
year to break even. Fields
claims that the airline's
projections were on target
from October.

The delayed start had badly
hit its early projections. About
£2-5 million was the esti-
mated loss planned for the
winter period, he said.
Fields was confident that

his consortium would be able
to raise £5 million to resurrect
the airline in 1988. He would,
however, play a subordinate
role in the operations. High-
land has been looking for a
managing director from the
aviation industry to run the
new airline. It was planned
to return with charter
operations in January and
scheduled services in March,
ready for the Easter holiday
traffic.
Fields said that the rescue
would need the support of a
number of parties including
the CAA, creditors, its
customers, and employees.
Citicorp told Highland that it
was willing to help in its
resurrection, and indicated to
Fields that it is willing to give
a grace period on the lease
during the winter.

Patcos may
be rehired
WASHINGTON D.C.

US politician Guy Molinari
has introduced a new Bill to
require the Federal Aviation
Administration to rehire at
least some of the air traffic
controllers it fired in 1981.
Representative Molinari's
new Bill would bring back 500
of the "best qualified" former
controllers in each of the next
two years.
Controllers who engaged in
criminal activity or took
actions that resulted in
personal injury or property
damage would not be rehired.
The controllers would have to
complete a probationary work
period. The Bill would also
protect present controllers

from any adverse employment
effects of the addition of
reinstated controllers.
The potential legislation
has been approved by the
House Post Office and Civil
Service Committee. A similar
Bill was passed two years ago
by both houses, but it was
vetoed by President Reagan.

SIA hunts

new pilots
SINGAPORE ~

Singapore Airlines is head-
hunting at least 170 pilots in
anticipation of fleet expan-
sion and more services. The
carrier has bought two Airbus
A310-300S which are due this
month, and a Boeing 747-200
freighter is duo for delivery
next year. It has also ordered
20 747-400S.
The carrier needs 66
captains, 52 first officers, and
20 second officers, primarily
for the 747, 310, and 757 fleet,
the company says. These are
in addition to 36 cadets
recruited each year by SIA.
Response to the current
recruitment drive is said to be
better than in previous years,
but "one problem we face,
along with all other airlines, is
that there is a shortage of
pilots internationally," SIA
says.
In addition to its new
aircraft, SIA is expanding
services. It added Istanbul,
Kathmandu, and Port
Moresby this year, and plans
to operate to Darwin and
Fukuoka next year. The
longer-haul routes will require
dual crews, adding to the
strain on the current roster of
584 pilots.

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