

Australian air Express INTERNATIONAL

Australian Air Express
Pty Limited
A.C.N. 054 307 336

PO Box 1115
Tullamarine
Victoria
Australia
3043

Telephone 03 280 4568
Facsimile 03 280 4240
Telex 30109
SITA MELFB1N
Telegrams
Transair Melbourne

7th February 1997

Mr. E. Willett
Executive Director
National Competition Council
G.P.O. Box 250B
Melbourne, Vic. 3001



Dear Mr. Willett,

We refer to the application received by the National Competition Council to recommend that particular services be declared at Sydney and Melbourne Airports.

Australian air Express is equally owned by Qantas and Australia Post, and is contracted to supply cargo handling services (CTO activities) to international Carriers in seven airport locations throughout Australia including Sydney and Melbourne. We are an independent CTO and compete vigorously with other operators, supplying cargo handling services to 16 Carriers in Sydney and 14 Carriers in Melbourne.

The company has an interest in the process of assessing the applications for FAC services, and any subsequent applications for declaring services at Sydney and Melbourne Airports.

Our position in relation to the A.C.T.O. application is that we have no objection to competition, either "on" or "off" the airport, providing the success or otherwise of the operation is determined purely on a commercial basis.

There are some assertions in the A.C.T.O. application that are worthy of comment, and in particular, we object strongly to the implications of collusion between Qantas and AaE. These allegations are unfounded and inflammatory.

Reviewing the contents of the A.C.T.O. application, we express the following views for consideration by Council:

Capacity Constrained

- The company is yet to reject business on the basis of inadequate capacity
- Service Standards offered to customer airlines are consistently exceeded

Manpower Constrained

- The activities performed by AaE are resourced appropriately to service the needs of our customers in an effective and efficient manner

Strategically Constrained

- Cargo Handling activities is our core business and therefore our only priority is servicing the needs of customers. We are not an airline, and consequently are focussed on supplying a high quality Cargo Handling service.

-2-

In response to the observation of ramp control, AaE deals effectively with the three (3) existing ramp operators at Sydney and Melbourne Airports. The interfaces and co-operation are satisfactory, although as with most processes, there is scope for improvement.

The company is planning to relocate to new terminals in Sydney and Melbourne during 1998 - 1999. There has been a considerably delay with the FAC inquiry into freight management at Mascot Airport, but we understand the report will be released within the next 2 - 3 weeks.

Australian air Express will invest millions of dollars into these new facilities which will be purpose built to meet the needs of customers. Our commitment to staff training and continuous improvement is embraced through the company's Quality Certification to ISO 9002 Standard.

The company is customer focussed and intends to expand and develop business in accordance with its strategic plan and commercial considerations.

We trust these comments can be used constructively in the Councils assessment of A.C.T.O.'s submission to have services declared at Sydney and Melbourne Airports. The company will prepare a formal submission in response to the questions raised by the Council, in the issues paper during the next stage when Council is considering the applications for declaring the services of Qantas and Ansett.

We would appreciate advice when the process will move to the next stage so a written submission can be lodged with Council.

Yours sincerely



Wayne Dunne
General Manager - International Services