



**ANSETT AUSTRALIA**

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07 February 1997

Mr Ed Willett  
Executive Director  
National Competition Council  
GPO Box 250B  
Melbourne VIC 3001

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Dear Mr Willett,

**Re: Australian Cargo Terminal Operators Pty Ltd.: Application for Declaration of Airport Services.**

This letter responds to the call for written submissions regarding the above matter.

In the Council's "Issues Paper" with respect to the matters it is stated that it is intended that the applications will be dealt with "through a staged process with the applications in relation to the FAC services dealt with first". We therefore confine ourselves in this response to making some comments upon ACTO's applications with respect to FAC services and reserve our position on all and every aspect of the application with respect to the applications with respect to Ansett's services.

As we see the application with respect to the FAC's services, ACTO's submissions raise issues resulting from its unsuccessful negotiations to date with the FAC. We see these as matters to be addressed, at this stage, by ACTO and the FAC.

However, in their submissions ACTO make statements which could lead to the Council misunderstanding the nature of Ansett's relationship with the FAC and the basis of our presence on the airports.

These statements are of two types:

- that Ansett (and Qantas) have "exclusive rights" to operate on the airport ramp apron as Ramp Operators and CTO's.  
We wish it to be absolutely understood that Ansett has no exclusive rights in this regard. Our presence in these locations to undertake the CTO activity is the result of commercial arrangements between ourselves and the FAC reflected in leases at each of the airports, negotiated on an arm's length basis. In no sense, do these leases entitle us to the exclusion of others who wish to undertake similar activities. Of course, we would expect other operators would need

to negotiate similar arrangements which would reflect, inter alia, the value of the facilities that would be used for their activities.

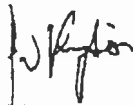
- that Ansett (and Qantas) might not pay for access to aprons and access roads.

Again, we wish to make clear that, as a result of the arm's length negotiations referred to above, Ansett pays substantial rents and outgoings for the facilities provided by the airport owner and their use and entitlements otherwise provided by its leases. These are over and above the landing charge and aircraft parking charges paid pursuant to the FAC's aeronautical charges regime. It can thus not be said that there is a "sweetheart deal" for our use of the nominated facilities.

We offer one further comment. While not agreeing with any of the comments made as to our commercial performance, we point out that uncertainties as to the FAC's future plans and requirements for air freight at each of Sydney and Melbourne have made it difficult to us to determine what would be the most appropriate basis for future development of our air freight facilities.

We trust that the foregoing is of assistance. We would be happy to outline the details of our tenancy arrangements with respect to air freight at each of the airports, on a confidential basis, if that would assist.

Yours sincerely,



J.V. Kimpton  
Manager, Aviation Policy