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February 3 2003

Mr. Tim Grimwade
General Manager, Adjudication
Australian Competition & Consumer Commission
PO Box 1199
DICKSON ACT 2602

Trade Practices Act 1974
Applications for authorisation lodged by Qantas Airways Limited and Air New Zealand Limited

Dear Sir,

DHL offer this response to the proposed strategic alliance and equity transactions of Qantas Airways and Air New Zealand (the parties).

While the submission and various appendices from the parties go to great lengths to justify the authorisation pursuant to sub-sections 88(1) and 88(9) of the Trade Practices Act 1974 (TPA), we do not feel fully convinced that the 'Undertakings' will address our fears surrounding the issue of price.

Given this, we would urge the ACCC to strengthen the wording of the 'Undertakings', in particular Section 2 - Removal of Threat of Misuse of Market Power. The current wording would imply that the parties will not reduce capacity to increase prices. However, the wording does not exclude price increases unrelated to capacity to exploit the position of already dominant players on any one sector. This point is covered by Section 46A of the TPA and we urge the ACCC to take this into account when considering the submission.

Our feeling is that this strategic alliance and equity issue will probably go ahead given Air New Zealand's precarious situation. If the transactions were not to be completed, Qantas would acquire a complete monopoly by default after the failure of Air New Zealand. This is something that should be avoided in the interests of consumers on both sides of the Tasman.

We give our reserved support for the alliance but once again urge the ACCC to ensure that the 'Undertakings' given by the parties fully address the objective of Section 45 (and 46, 46A) of the TPA.

Yours truly,

Tim Scadden

Oceania Customs & Regulatory Affairs Manager