



**Australian
Competition &
Consumer
Commission**

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Our Ref: C2006/722
Your Ref: Matter 80966533
Contact Officer: Gina D'Ettorre
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24 August 2006

Mr Michael Gray
Partner
Freehills
GPO Box 4227
SYDNEY NSW 2001

BY EMAIL

Dear Mr Gray

Qantas and Air New Zealand applications for authorisation A91001 – A91003

I refer to your emails of 21 and 22 August 2006 and attachments. The attachments include an expert consultancy report prepared for Air New Zealand by Dr Michael Tretheway.

Air New Zealand have advised that Dr Tretheway was commissioned to undertake regression analysis of data provided to the ACCC and to provide a review of economic literature in order to offer his opinion of the likely impact of the proposed arrangements. In this regard Dr Tretheway has prepared a lengthy report titled *Evidence on the Impact of Market Structure on Average Airfares in the trans-Tasman Market, 1999-2006* (the Tretheway Report).

As you are aware, the Australian Competition and Consumer Commission (ACCC) was advanced in its consideration of the information provided throughout the process and was expecting to issue a draft determination in respect of this matter imminently.

The ACCC will now consider and assess the Tretheway Report before issuing its draft determination. I also anticipate that further information will be required from the Applicants to assist the ACCC's consideration of the matters raised in the Tretheway Report.

Consequently, the ACCC has revised its indicative timetable and now anticipates issuing a draft determination in or around October 2006, with a final determination not expected to be issued before December 2006.



It is regrettable that the provision of lengthy and complex information by Air New Zealand late in the draft determination process will impact the timing discipline sought to be imposed by the ACCC. I trust the Applicants will respond promptly to further requests for information in order to progress this matter under revised timetables.

The ACCC will write to interested parties advising of the change to the indicative timetable.

A public version of the Tretheway Report (once provided) and this letter will be placed on the ACCC's public register and website.

If you have any queries in respect of this matter please contact Isabelle Arnaud on 02 6243 1049 or Carl Toohey on 03 9290 1480.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Gregson', with a large, sweeping flourish extending to the right.

Scott Gregson
General Manager
Adjudication Branch

cc Mr Aldo Nicotra
Partner
Johnson Winter & Slattery
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264 George Street
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