

Submission to the Qantas enquiry

There is now only one way of ensuring Qantas continues as an Australian airline: returning it to public ownership as existed before Keating's 1993 privatisation. Qantas is an integral part of the Australian economy employing 32,000 and indirectly responsible for the employment of many thousands servicing its operations. Qantas has been part of the Australian ethos for generations and an Australian icon throughout the world.

Its current and previous board and CEOs have driven the company into its present quagmire through outsourcing much critical maintenance, abandoning key overseas destinations thus narrowing its clientele, diverting international passengers flying to a European destination other than London to a foreign airline in Dubai, closing down the airline in 2011 "to stand up to the unions" and stranding scores of thousands of passengers, establishing several Asian Jetstar airlines which have incurred substantial losses, loading Qantas with much of the cost of servicing Jetstar, and entering into cut-throat competition with Virgin causing substantial excess capacity on competing routes.

Should the Government stand aside while Qantas now sacks 5,000 workers? To return it to public ownership, as is the norm in many developed economies, would cost taxpayers a pittance— much less than the taxpayer cost of its current downsizing, let alone its possible demise, through the inevitable unemployment and social service payments. The Government could readily borrow to purchase Qantas' current \$2 billion share capital— close to its lowest ever price. With interest rates also at an all-time low the annual interest cost would be under \$80 million and become part of Qantas' cost structure. A new competent Board and CEO, combined with a less accommodating government policy to foreign subsidised airlines, could soon return Qantas to profitability. This occurred in New Zealand after their national carrier was renationalised. It would then be appropriate to spell out the important role of our national airline.

Harold Levien

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