



3 February 2012

Committee Secretary
Senate Standing Committee on Rural Affairs and Transport
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Parliament House
Canberra ACT 2600

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Dear Committee Secretary

AMENDMENTS: AIR NAVIGATION AND CIVIL AVIATION AMENDMENT (AIRCRAFT CREW) BILL 2011; QANTAS SALE AMENDMENT (STILL CALL AUSTRALIA HOME) BILL 2011

Qantas welcomes the opportunity to comment on draft amendments to the Air Navigation and Civil Aviation Amendment (Aircraft Crew) Bill 2011 and the Qantas Sale Amendment (Still Call Australia Home) Bill 2011. These comments supplement our previous submission to the Committee.

Qantas remains concerned that the proposed amendments, taken together, will have a negative effect on the Qantas Group; the national economy and the long term future of the aviation industry in Australia.

The Qantas Sale Act was passed in 1992 simply to put into place a legislative and administrative framework to enable the transfer of Qantas from public to private ownership. It established conditions with which Qantas fully complies. It was the clear intention of the Parliament to privatise Qantas and, beyond the specific conditions set down in the Act, no other provision was made which could infer in any manner that the Parliament intended to intervene in future decisions taken by the Board on behalf of shareholders. That the privatisation of Qantas was regarded as a stand alone and unique event is demonstrated clearly by the fact that all other Australian carriers, including Group airlines other than Qantas, have been considered by successive Australian Governments to be subject to the provisions of the Air Navigation Act 1947.

The amendments to the Air Navigation Act 1920 are proposed exclusively for airlines in the Qantas Group and for no other Australian airline. As such, it would place the Qantas Group at a trading disadvantage relative to its major competitors; negatively impact market share, and affect our ability to raise operating capital.

To suggest now that decisions and practices which have successfully guided public policy and investment decisions measured in billions of dollars over the last twenty years should be overturned by the proposed amendments is without merit.

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The Government's strategy of providing open skies access to regional Australia has not succeeded in attracting new or sustained international air services by foreign carriers. Consequently services provided by the Qantas Group are critical to maintaining and growing direct international services to regional centres. The proposed amendments would force the Qantas Group to withdraw from services connecting Darwin and Cairns to the tourism and trade markets of Asia and Europe. Dependent Australian industries would be severely disadvantaged. The impact on regional tourism and development would be immediate and negative, resulting in loss of employment and investment in regional Australia. If the intent of the proposed amendments is to protect Australian jobs and encourage investment in the Australian economy demonstrably it fails.

The Senate should be under no illusions that the Qantas Group is immune to the challenges facing the global aviation industry. In addition to the rapidly deteriorating global financial situation, the Qantas Group is also under sustained pressure from foreign airlines with significantly lower costs of labour, capital and taxation. Many of these carriers are instruments of national policy and operate under the explicit protection of their Governments. Under Australian Government policy these same airlines can establish and operate as domestic airlines in Australia. If we are unable to compete on equal terms the future of Qantas is highly problematic.

For the Parliament to consciously seek out the Qantas Group, a wholly publically owned Australian business trading on the Australian Stock Exchange, and deny it and it alone the opportunity to address challenges which face the global aviation industry and to undermine the development of strategically important international air services supporting the struggling regional Australian economy would, in our view, be an extraordinary failure of public policy.

Yours sincerely

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