



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard 11 September 2001

MINISTERIAL STATEMENT

Member for Nicklin; Ansett Airlines; Virgin Airlines

Hon. P. D. BEATTIE (Brisbane Central—ALP) (Premier and Minister for Trade) (9.37 a.m.), by leave: Before I make my ministerial statement, I want to say on behalf of the government that it is great to see the member for Nicklin, Peter Wellington, back in this chamber. I have to tell you, Mr Deputy Speaker, that when guts were handed out he got more than his share. He has been a great member and we all wish him well. He seems to have a bit of an excuse to be sitting there side-saddle. Good luck. It is good to have him back.

The Queensland government is concerned about the current Ansett crisis as it directly threatens jobs and services in this state. Ansett services all major Queensland centres. I am advised that Ansett provides 60 per cent of seats to the Gold Coast and also exclusively services Hamilton Island. There are 1,400 Ansett employees in Queensland and thousands more in supporting industries. These Queenslanders do a great job for Ansett and they do not deserve to lose their jobs because of managerial incompetence.

More than any other state Queensland needs sustainable, competitive air services. Because Queensland is the state with the largest population living outside the capital city and because tourism is our second biggest industry employing 150,000 Queenslanders, we need competition in air services. There are great distances between important centres, making air travel critical to economic integration with the rest of the state and, indeed, the nation. It is vitally important to ensure maintenance and expansion of regional services into the future. It is also critical to maintain downward pressure on air fares. The future of our tourism industry depends on it. We need a solution that saves jobs and services but does not return us to the bad old days of expensive air fares.

Queenslanders and all Australians have responded strongly to the availability of cheaper air travel. In the last year the number of air travellers has increased by 34 per cent. Air travellers cannot afford to surrender the gains that have been made. The current situation is very fluid, but it appears possible that some amalgamation of domestic carriers might occur. If concentration of the market does eventuate, it is essential that effective safeguards are immediately put in place. This is the main point I wanted to make to the House today. Those safeguards should include strict prices oversight to control dominant players and keep fares down and maintenance of service networks to ensure continued access to air travel for regional Australians, particularly in Queensland. This may require a special aviation market regulator either within the ACCC or separately. It is important that any amalgamation is made conditional upon long-term commitments to the service network and employment.

Today I have written to the Acting Prime Minister to communicate the importance Queensland places on these issues. I seek to incorporate a copy of my letter to the Deputy Prime Minister, as well as a detailed statement in relation to some of the recent dealings with regard to Virgin Airlines. I have assured the Deputy Prime Minister that Queensland stands ready to work with the Commonwealth, other governments and the private sector to ensure that a sustainable and affordable aviation sector is maintained in this country. I seek leave to incorporate my letter to John Anderson and a further statement in relation to Virgin Airlines.

Leave granted.

Queensland Government
Premier of Queensland

11 September 2001

The Hon John Anderson MP
Acting Prime Minister
Minister for Transport and Regional Services
Parliament House
CANBERRA ACT 2600

Dear John

I am writing to you about the situation that currently confronts the Australian Airline Industry.

As you will no doubt be aware last week I wrote, in a different set of circumstances, to the Prime Minister expressing my concern about the prospect of the Australian airline industry reverting to a duopoly. In the event, that particular threat to fair competition in the airline market place did not ultimately eventuate. It is an unfortunate irony that less than a week later it appears almost certain that Australia's second domestic carrier seems likely to either vacate the market or be subsumed by QANTAS—or a combination of QANTAS and other smaller players in the airline industry.

I appreciate the difficult challenges that this set of conditions presents to your government. From the Queensland Government's perspective there are a range of issues that we would wish to see addressed in any resolution. Of paramount significance are the protection of the many jobs that are at risk and the maintenance of air services that are accessible to the people of regional and metropolitan Australia.

Queensland, perhaps more than any other state, relies upon the availability of sustainable and competitive air services. It is, as you know, the state with the largest population living outside the Capital City and tyrannical distances between key regional centres results in air travel being critical to the integration of isolated communities into the state and national economy and society. Prominent amongst the industries that rely upon the availability of competitively priced airfares is, of course, the tourism industry which is the lifeblood of many of our provincial towns and cities.

All of us realise that there are no easy solutions to the dilemma that the nation confronts. I wish, however, to express to you my strong belief that it is not in the medium or long-term interests of Australia for any one player to assume an effective, unfettered monopoly position in the market. Nor can any effective solution involve the loss of the significant gains that have been achieved in recent times in making air travel accessible to a large proportion of the Australian community.

I am therefore proposing that if your government is to support an outcome that does result in a concentration of market-share in the hands of any one player that specific measures are taken to introduce effective safeguards to protect fair competition for smaller players. This could involve, for example, the introduction of a Special Regulator for the aviation market who would provide strict oversight of pricing to limit predatory behaviour of any dominant player, and to also ensure continued affordability of air travel. In addition, the Special Regulator would ensure that service networks for regional Australians are maintained. It is important that any amalgamation, if it is to occur, is conditional upon long-term commitments to the service network and the maintenance of the highest achievable level of employment.

I wish to assure you that provided these principles are protected my government stands ready to work with yours, my counterparts in other states and the private sector to ensure sustainable and affordable air services remain available to all Australians.

Yours sincerely

(sgd) P Beattie

Peter Beattie MP
Premier and Minister for Trade

MINISTERIAL STATEMENT BY THE PREMIER ON VIRGIN

Mr Speaker, today I would like to say thank you to Richard Branson, for his decision to reject a quarter billion dollar offer for his airline, Virgin Blue.

Mr Branson's decision on September 4 to reject the offer from Air New Zealand is the best result for travellers and for Queensland tourism.

I met with and talked with Mr Branson throughout the preceding days—and I congratulate him.

Australia needs competition in the domestic air travel market.

Virgin Blue's entry into the domestic air market has seen airfares fall dramatically.

Virgin Blue has virtually halved the cost of air fares in Australia, enabling hundreds of thousands of Australians to visit friends and family by air for the first time in their lives.

Cheap fares have resulted in about four million extra airline seats being sold in Australia in the last 12 months.

And since Virgin Blue started its Adelaide-Brisbane route the number of passengers has more than doubled.

Mr Speaker, I also want to see the Commonwealth change competition regulations so that start-up companies entering the market place are given adequate protection against major players trying to keep the market to themselves.

I have written to Prime Minister John Howard urging him to take immediate action.

I am also writing to all other state and territory governments urging them to join the fight.

We should never forget that there have been three other attempts in the last 10 years to launch airlines with cheaper fares, and three times those attempts were defeated by aggressive and anti-competitive behaviour.

I want to emphasise that any company should be free to restructure its financial circumstances to enable it to compete successfully and governments should minimise interference in the market place.

However, the public interest should also be protected.

I am urging Australians to campaign for this change because unless they put pressure on the Federal Government to act, they risk losing cheap air fares for ever.
