



Speech by

# Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard 13 September 2001

## MINISTERIAL STATEMENT

### Ansett Airlines

**Hon. P. D. BEATTIE** (Brisbane Central—ALP) (Premier and Minister for Trade) (9.40 a.m.), by leave: The Queensland government has been closely monitoring developments relating to the future ownership and management of Ansett. Ansett was last night put into voluntary administration, and the board of Air New Zealand indicated that they were negotiating with a number of potential buyers who have recently expressed interest. This follows Qantas yesterday declining to take up the offer to buy Ansett.

Under voluntary administration Ansett will be able to continue trading in the short term, providing breathing space for negotiations with alternative buyers. What is still uncertain is the extent to which the federal government will be called upon to maintain this arrangement. In my view Air New Zealand need to accept some responsibility to deliver a smooth transition, rather than just rely on taxpayers to pay for their mistakes. This is preferable to immediate liquidation, which would have seen the loss of jobs and a 40 per cent reduction in air services in Queensland.

Yesterday I spoke to the Acting Prime Minister and I also wrote to him, because he is the Minister for Transport, highlighting the key outcomes that Queensland would like to see in any new arrangements for Ansett. I seek to incorporate a copy of that letter in *Hansard* because of its importance.

Leave granted.

12 SEP 2001

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

Dear John

I wrote to you yesterday expressing to you my concerns about current developments within the Australian airline industry.

As I explained to you in that letter, the future of this industry is critical to the future economic development and social amenity of Queensland and Queenslanders. Ansett, as you are aware, is responsible for 40% of Queensland's aviation capacity, carrying nearly 1.4 million passengers each year to a broad range of Queensland cities and towns.

In these circumstances, it is vital that any new arrangements for the provision of air services preserves existing service capacity, Queenslanders jobs and fair and open competition on Queensland's aviation routes.

It is to this end that I wanted to provide you with more detailed information on those routes that we would wish to see maintained and those jobs that we would wish to see preserved.

#### Maintenance of Routes

I attach for your information, specific details of the routes that are currently serviced by Ansett. These fall into two broad categories:

1. Regional Queensland routes away from the main coastal routes which are mainly covered by the former Flight West operation. These routes are important from the point of view of both tourism and community access to air travel. They are detailed at Attachment A;
2. Coastal routes within Queensland and into Queensland. These are mainly flown by Ansett itself and regional allies and subsidiaries such as Sunshine Express, Kendells and Hazeltons. They are detailed at Attachment B and C. These routes are important as infrastructure to sustain the State's growing tourism industry as well as providing affordable access for business travellers.

#### Maintenance of Jobs

Currently Ansett employs some 1,600 staff in the following categories of operation:

1. Ansett's Brisbane call centre (150 seats);
2. Ansett's engineering and maintenance staff (225 jobs);
3. Queensland jobs directly associated with the operation of Ansett's main coastal routes (about 1100 jobs);.
4. The former Flight West operation which is still operating under the Ansett brand but with equipment leased from the receivers (217 jobs).

I appreciate that there are a range of ways by which these objectives could be achieved. In the interests of offering constructive suggestions, however, I would like to volunteer the following thoughts on some of the elements that might be incorporated into any plan that involves Qantas taking over the main part of Ansett's existing operations and Virgin Blue acquiring a larger role in the airline industry than they currently play:

The non-coastal routes and many of the related jobs could be protected by ensuring that Flight West is preserved as a viable, autonomous business. This company is known to be the most profitable regional operation in Australia with new staff agreements and a strong staff commitment to its success;

The significant Brisbane based jobs could be preserved by ensuring that Virgin Blue gains access to some key Ansett assets such as the existing call centre in Brisbane (150 seats) and the Ansett line maintenance shed at Brisbane Airport which could be converted by Virgin Blue to become its heavy maintenance centre for its 737 aircraft. This would preserve the existing Ansett workforce at Brisbane Airport;

Additional jobs could be preserved and services maintained by ensuring access for Virgin Blue to some of Ansett's 737 fleet which it could deploy to the main trunk routes, not only in Queensland, but in other States as well;

Further jobs could be protected and services maintained by ensuring that under any agreement with Qantas, it is obliged to use some of Ansett's equipment and staff in maintaining capacity on the key trunk routes into Queensland, eg Gold Coast, Brisbane, Townsville and Cairns.

It is expected that much of this could be achieved through conditions placed by the Commonwealth on any agreement for Qantas to proceed with a takeover of the Ansett assets. However, the Commonwealth may need to provide some limited financial support to parties associated with the maintenance of Flight West Airlines as a going concern. Options might include a management buy out in association with anchor investors. Alternatively, Virgin Blue may be interested in partnering the operation in some way. In addition, there may be a need to provide some financial assistance to Virgin Blue for the upgrade of the Ansett maintenance facility at Brisbane Airport.

I would request that you take the above points into account in your negotiations with Qantas and I would appreciate any feedback that you may have on these suggestions.

I wish you every success in helping to resolve this difficult situation.

Yours sincerely

(signed)

Peter Beattie MP

Premier and Minister for Trade

Flight West routes to Regional Queensland (Attachment A)

Flight West

Bamaga	Cairns	Mo We Th Sa Su	EM2
Brisbane	Rck Mck Twn	M-F	EM2
Brisbane	Mt Isa	Sun	100
Brisbane	Proserpine	Sa Su	F24
Brisbane	Hayman island	Daily	Varies
Brisbane	Gladstone	Daily	EM2
Cairns	Townsville	Daily	EM2
Cairns	Townsville	Sun	F24
Gladstone	Rockhampton	M-F	EM2
Gladstone	Mackay	M-F	EM2
Mackay	Rockhampton	M-F	EM2
Mt Isa	Brisbane	Fri	100
Townsville	Cairns	Sa Su	F24
Townsville	Mt isa	Daily	EM2
Townsville	Mt Isa	Fri	F24
Brisbane	Emerald	M-F, 1Sat 1Sun	F100
Townsville	Century Mine	Daily	
Townsville	Qld Phosphate Mine	Daily	
Cairns	Gove-Darwin	Varied	
Cairns	Alice Springs	Varied	
Cairns	Weipa	Daily	100

Existing Ansett Coastal routes (Attachment B)

Ansett

Brisbane	Townsville	Daily	B737
Brisbane	Townsville	Daily	737
Brisbane	Townsville	Daily	A320
Brisbane	Cairns	Daily	A320
Brisbane	Cairns	Daily	320
Brisbane	Cairns	Daily	B737
Brisbane	Cairns	Sa	BAE146
Brisbane	Cairns	Daily	143
Brisbane	Cairns	Daily	737
Brisbane	Cairns	Sun	100

Brisbane	Cairns	M-F	EM2
Brisbane	Mt Isa	Daily	A320
Brisbane	Hamilton Island	Daily	BAE146
Brisbane	Hamilton Island	Daily	143
Kendells/Hazelton			
Brisbane	Rockhampton	Daily	CRJ200
Brisbane	Mackay	Daily	CRJ201
Brisbane	Hamilton Island	M-F	CRJ200
Brisbane	Gold Coast	Sa	SF3
Sunshine Express (On Wet Lease to Ansett)			
Brisbane	Bundaberg	Daily	EMB
Brisbane	Sunshine Coast	Daily	SH6
Brisbane	Sunshine Coast	Mo Tu	EMB
Brisbane	Thangool	M-F Sun	Varies
Bundaberg	Brisbane	Tu We	SH6

#### Attachment C

Analysis of Weekly Inbound Seat Capacity Share from Sydney and Melbourne to: Brisbane, Cairns, Coolangatta, Hamilton Island, Maroochydore and Townsville

From	Airline	Number of Flights/Wk	Inbound Seats/Wk	Seat Capacity Share
Sydney	Ansett Total	211	31,381	38%
Sydney	Qantas Total	272	42,975	52%
Sydney	Impulse Total	0	0	0%
Sydney	Virgin Total	54	8,748	11%
Sydney Total		537	83,104	100%
Melbourne	Ansett Total	124	16,865	45%
Melbourne	Qantas Total	130	15,232	40%
Melbourne	Impulse Total	0	0	0%
Melbourne	Virgin Total	35	5,670	15%
Melbourne Total		289	37,767	100%
TOTAL—From Sydney and Melbourne into QLD				
Combined	Ansett Total	335	48,246	40%
Combined	Qantas Total	402	58,207	48%
Combined	Impulse Total	0	0	0%
Combined	Virgin Total	89	14,418	12%
TOTAL		826	120,871	100%

**Mr BEATTIE:** I emphasised the importance of maintaining the Ansett services to and within Queensland, which carry some 40,000 passengers each week and employ 1,400 Queenslanders. Ansett has a heavy maintenance facility in Brisbane with 200 staff and a call centre operation employing 190 people. Flight West was also recently taken on by Ansett, and the future of that airline and its important services to regional Queensland are also paramount.

A task force has been established under the Director-General of State Development and includes representatives from a number of government agencies and, of course, in particular Transport. The task force is working closely with the voluntary administrator, all airlines and the federal Transport Department to work out a solution that saves jobs, saves services and maintains a healthy, competitive aviation sector. In particular, we are working hard to ensure the future of the Queensland operations I mentioned earlier, but are also planning for the full range of possible scenarios.