

Fox, Lew find new Ansett backer

Jane Boyle

A powerful international syndicate has thrown its weight behind the bid for Ansett by the Fox-Lew Tesna group, boosting its chances of a successful relaunch of the collapsed airline.

The consortium, led by the chairman of UK budget carrier Ryanair and Continental Airlines director, Mr David Bonderman, and a former

chief executive of America West Airlines, Mr Bill Franke, has agreed to take between 35 per cent and 49 per cent of Tesna and play an active role in the management of the airline.

The deal puts pressure on Sir

Richard Branson's no-frills carrier, Virgin Blue, which is also searching for an equity partner and has held talks with the Texas Pacific Group of Mr Bonderman and Mr Franke, among other potential investors.

It also leaves Singapore Airlines,

which had been discussing a management contract with Tesna and the Ansett administrators, without a direct role in an Australian carrier. However, Tesna is negotiating commercial arrangements with Singapore and other Star Alliance carriers.

"Having looked first hand at Ansett and the overall market in Australia, I am convinced Ansett can be restored to being a great airline, and a great business, of

which employees and the travelling public can be proud," Mr Franke said in a statement yesterday.

Ansett's administrators have conditionally sold the airline's mainline operations to Tesna.

However, the deal requires approval from Ansett's creditors at a meeting in January and is still

being contested by Lang Corporation and Virgin Blue.

The chief executive of the dominant Qantas Airways, Mr Geoff Dixon, acknowledged the experience of Mr Bonderman and Mr Franke in the industry, saying: "These are serious people and we will take them seriously."

Virgin Blue's head of commercial operations, Mr David Huttner, said the carrier had always expected a third competitor and that the deal was "interesting".

"I think they'll find it's a very different operating environment in Australia," he said.

Tesna said that under the heads of agreement, Mr Bonderman's and Mr Franke's Air Partners III Australia would "contribute human resources, intellectual and financial capital and an international network of industry relationships to Ansett".

Mr Franke, who will oversee the investment, would work with Mr Fox and Mr Lew to appoint the senior management team. This is expected to be finalised this week.

There has been speculation

about several candidates for the chief executive role, including former British Midlands executive Mr James Hogan, ex-Continental Airlines executive Mr Greg Brennerman, former Qantas executive turned Singapore consultant Mr Peter Stainlay, Ansett chief operating officer Captain Trevor Jensen and even Brisbane Lord Mayor Mr Jim Soorley.

Meanwhile, the New Zealand Finance Minister, Dr Michael Cullen, yesterday tried to hose down speculation ahead of a meeting with Mr Dixon tomorrow of a fresh bid from Qantas for a stake in Air New Zealand.

Dr Cullen released publicly a letter to Qantas's manager of Government Affairs for New Zealand and Pacific Islands, Mr Brian Lockstone, in which he wrote: "I am not prepared to discuss matters that relate to the finances of Air NZ, or any other matter relating to Air NZ, at this meeting."

However, a spokeswoman for Dr Cullen later admitted that the letter was "intended as much as anything for the media ... to put speculation [about a Qantas-Air New Zealand deal] to rest before the meeting".

"It was in no way intended as a rebuff to Qantas," she said.

Mr Dixon said the meeting was to "catch up". He said it would be "inappropriate" to talk about Air NZ until the airline's ownership and future capital structure was finalised.

Qantas had put forward a proposal three months ago and would have any future discussions about Air NZ "if and when" the NZ Government wanted to.

Meanwhile, Qantas's industrial relations battles continued yesterday, with heated sessions with maintenance unions in the Australian Industrial Relations Commission, and industrial action from workers at its Australian Air Express freight joint venture with Australia Post.

The dispute with maintenance unions deepened over the weekend after most of the union's 2,500 members rejected a revised offer from the company.

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- Virgin Blue's Mr David Huttner