

Fox lashes out over Ansett snub

Jane Boyle and Jason Koutsoukis

Transport magnate Mr Lindsay Fox yesterday accused the Federal Government of trying to kill Ansett Airlines after the Prime Minister, Mr John Howard, had refused to help the Tesna syndicate buy the airline.

In an outburst after briefing Ansett staff in Sydney on his plans for the new airline, Mr Fox also alluded to a link between the Government's decision and the late play for some of Ansett's assets by Lang Corp's chief executive, Mr Chris Corrigan, and Virgin Blue.

"I think ultimately the Government might want Ansett to die," Mr Fox said.

However, after discussions late yesterday, Mr Solomon Lew and Mr Fox said their Tesna syndicate remained "unambiguously committed" to buying Ansett and would seek to finalise the purchase from the administrators by January 31.

This came despite Cabinet rejecting key conditions of the

Tesna bid. The Minister for Transport, Mr John Anderson, said the Government would not strengthen competition laws to protect Ansett from Qantas and it would not agree to Tesna's request that the Government commit a large share of its travel budget to Ansett.

"The Government will not be investing taxpayers' money in Ansett nor will we be providing them with support that skews the market in their favour," Mr Anderson said.

Mr Fox accused the Government

of doing a backflip on the two requests.

"There were two that [the Government] were going to help with, which they believed they could have done Thursday. Today is Tuesday and they've done a backflip.

"There's a combination of the PM and Deputy PM that have been handling this all the way through.

"This was going to be the first thing fixed after the election. Somebody should work out what fixed means or how to spell fixed."

Asked whether he believed the Government's decision was linked to Mr Corrigan's offer to buy Ansett terminals and maintenance assets in an equity deal with Virgin Blue, Mr Fox said: "You said it."

"You've got to look at all the things they've said, and why they have changed, what created the change and what created Mr Corrigan coming into the ring at the last minute," he said.

A spokeswoman for Lang declined to comment.

In a statement last night, Tesna was more conciliatory than Mr Fox's earlier comments, saying it would actively approach government agencies and departments to "understand the practical opportunities offered to Ansett by the

Government in its announcement concerning Government business".

Tesna said it wanted to clarify details of a voluntary industry code of conduct announced by the Government and which is being developed in conjunction with Qantas and the Australian Competition and Consumer Commission.

Tesna had asked the Government to restrict Qantas's market share to 65 per cent.

A Qantas spokesman said yesterday that discussions on the code of conduct were continuing, and it was not focused on market share.

"It's focused on ensuring that in the future, as in the past, Qantas will continue not

to act in an anti-competitive way," he said.

Tesna said its request for a commitment of government business involved a restoration of government business previously held by Ansett, and it was not asking for a subsidy.

"Last year Ansett had \$112 million of government business from a \$290 million travel budget," Tesna said.

Mr Anderson said that if Ansett was able to achieve a market share of about 25 per

cent, as forecast, it should entitle the airline to about 25 per cent of the \$250 million a year spent by Commonwealth agencies on domestic airline fares each year, or about \$65 million.

The Government has also agreed to provide further guarantees for staff entitlements if Tesna's restructured Ansett collapses.

Mr Anderson said it would also help Tesna secure landing slots and negotiate terminal access quickly in Sydney, and had looked after the airline's international arrangements, particularly in relation to Japan.

Mr Fox said there was "no way" Tesna would allow Ansett's administrators let Lang and Virgin inspect financial information about the assets they want to acquire.

"It's been sold, you heard what the administrator said yesterday. They can't have a look because there's technical information that they could use as a competitive advantage to us."

Also yesterday, the New

Zealand Government agreed to inject another \$NZ150 million into Ansett's former parent, Air New Zealand, as part of a rescue package involving the re-nationalisation of the carrier that will now cost the Government \$NZ1.035 billion.

The NZ Government agreed to pay NZ27¢ a share for the second (\$NZ585 million) tranche of the original \$NZ885 million deal, giving it an 82 per cent stake in the airline.

Meanwhile, Australian Workers Union national secretary Mr Bill Shorten said he shared a concern with others in the union movement about an "ideological conspiracy to liquidate Ansett" because a restructured Ansett would have a highly unionised workforce compared with the less unionised Virgin Blue.

Mr Shorten said it appeared that Lang and Virgin were "being opportunistic and trying to bottom-feed off a liquidated Ansett ... and the Government is vaguely giving them hope by doing nothing to help Fox-Lew".

ABSOLUTELY NOT

What Fox/Lew's Tesna syndicate failed to get

- ✗ That Qantas's market share be capped at 65-70%
- ✗ That the Trade Practices Act in relation to the airline industry be strengthened by outlawing actions that have the "effect" or intent of lessening competition and to give the ACCC power to issue "cease and desist" notices
- ✗ That the Government make block purchases of Ansett tickets giving Ansett at least a 50 per cent share of Commonwealth travel
- ✗ Guarantees of loans by Tesna, direct subsidies and equity injections into Tesna
- ✗ That the Government waive its right to be repaid a \$195 million loan as a priority creditor
- ✗ That Tesna be given monopolies on certain routes

What the Government has approved

- ✓ Underwrite tickets sold on Ansett Mark II up to January 31
- ✓ Provide subsidies to Ansett's regional airlines
- ✓ Provide a \$195 million loan to cover early redundancies
- ✓ Extend its guarantee in relation to staff entitlements should Tesna's restructured airline collapse
- ✓ Ensure access to landing slots in Sydney and protect Ansett's international rights

ANSETT AUSTRALIA

