

Senate Hansard, Thursday 27 March 2014

**Senator Alex Gallacher** (South Australia): I just want to address two of the recommendations of the report. One is that the government should provide a debt guarantee, but the first recommendation is:

The committee recommends that paragraphs 7(1)(aa) and 7(1)(b) of the Qantas Sale Act 1992 be repealed while leaving the remainder of Part 3 of the Qantas Sale Act 1992 intact ...

So there were two very simple recommendations that came out of this references committee. Quite contrary to the scurrilous allegations of the intent of this committee's deliberations.

In the short time I have I want to say why we should have a debt guarantee. We should have a debt guarantee because of the size of the contribution our airlines make—both in numerical employment terms and in dollars—to the Australian economy. Some figures that were put before this inquiry—Senator Edwards would know about this if he had bothered to read it—show that this sector contributes about 6.1 per cent of GDP: \$75.6 billion. That is on 2011 figures.

There are 149,000 jobs directly supported by the aviation sector and 97,000 jobs indirectly supported by the aviation supply chain. There are 65,000 jobs supported by the spending of the employees of the aviation sector and its supply chain. In addition, there are nearly half a million people connected with this sector in the tourism industry. So it is a big chunk of our economy. The ACTU put it very succinctly: we are an island; we can't drive to another country. Qantas carry 50 million passengers a year. Virgin carry 28 million passengers a year. That is nearly 80 million passengers travelling on an airline. This government must make sure that its citizens can travel freely, with ease, at a respectable price and safely. Qantas and Virgin allow that to happen, but Qantas has come to the government on repeated occasions crying about foreign investment for foreign airlines.

Let's have a think about the last time that a foreign airline invested in Australian airlines—I am talking generically. It was Air New Zealand investing in Ansett. Air New Zealand dropped into Ansett and, on a particular day—Thursday, 30 September 2001—the owner of Ansett airlines announced the write-off of Ansett's book to the value of a dollar. And up to 15,000 people lost their jobs.

That is why this government should look at a debt guarantee. Lo and behold, what happened two days after Ansett collapsed, when there was a dire situation and the citizens of the country could not travel freely? Two days after the Ansett failure the Minister for Workplace Relations, the Hon. Tony Abbott announced a proposal for a levy of \$10 on each air ticket purchased in Australia.

My point is simply that the government cannot walk away from this and say that it is just private sector business. The citizens of this country need to be able to travel freely and safely. In the event of that corporate collapse this Howard government minister, the Hon. Tony Abbott, intervened and whacked on a levy for three years—simply to redress the situation that occurred as a result of failing to act.

The Hon. John Anderson, when approached by Qantas, picked a winner. He backed Qantas and Ansett fell over. It is always the government's responsibility to make sure that we can move around this country freely, safely and efficiently. It was always this government's responsibility to make sure that we maximise employment opportunities for ordinary Australians. This is a vital sector. A debt guarantee would do one very good thing for Qantas; it would back them up and give them a better credit rating. It would allow them to become more competitive on their international routes, where they are operating 1963 technology. They need 787s, and they need them now, but they have deferred that order.

It would bring them back into play. That would allow our airline to be what it is colloquially known as—an Australian airline: Qantas. We would have our people looking at new aircraft instead of old 747s. We would be travelling on new planes. The passenger numbers and profitability would pick up.

My argument is that, if you are not proactive, you will have to be reactive. When 27 million passengers are travelling on Jetstar and 23 million passengers are travelling on Qantas, when the age of Jetstar aircraft is, on average, 5.2 years and the age of Qantas aircraft is 9.8 years, I think the case is well

made. I do not support the current management of Qantas, but I support the survival of a great Australian icon which has pulled this country out of problems since World War II. There have been ample situations where Qantas has simply done the right thing. Qantas evacuated people from Darwin—700 people on a 747—people from Fiji and people from bushfires. This airline always comes to the fore.

We need nothing more to remind us than the tragedy that is unfolding with Malaysia Airlines. People of a nation look to their airline, they want it to be supported by their government and run properly, and a debt guarantee would be a dab good idea.