



Costello gives all clear for Qantas takeover bid

**BEN RUSE
CANNBERRA**

The Federal Government will not stand in the way of an \$11 billion private equity takeover of Qantas after receiving guarantees that Treasurer Peter Costello said would guarantee Qantas' status as an "Australian icon".

Mr Costello said Qantas' potential new owners, the Airlines Partners Australia consortium, had agreed to strict conditions, including: keeping its operations in Australia, not cutting regional routes and continuing to provide emergency assistance to Australians in times of emergency.

However, APA has not given any guarantees that it will not cut jobs and has only guaranteed to fly regional routes that are "in line with market needs".

Mr Costello said that if any of the conditions in the deed were breached the Government would be able to take out a court injunction against the company.

APA has signed the legally enforceable deed of undertaking voluntarily and Mr Costello said the Government had not made any concessions to secure its agreement.

The Government would not hesitate to enforce the deed.

He admitted there was nothing in the deed to stop Qantas shifting its operations to subsidiaries, but there was nothing under current law to stop it, either.

Qantas shareholders will now have the final say on the takeover, but the Qantas board has already recommended that they support it.

Under the terms of the deed, APA will have to keep the Qantas name and ensure that no more than 49 per cent of its shares are foreign-owned. Two-thirds of the Qantas board must be Australian.

Former deputy prime minister John Anderson and Nationals Senator Barnaby Joyce have raised concerns that the takeover will burden Qantas with such a huge debt that it will have to cut services or raise prices.

Senator Joyce said yesterday that he applauded the tough conditions in the deed but warned there could be a long "battle of wills" over the future of Qantas.

WA Senator Alan Eggleston said

the deed had eased some of his concerns that Qantas could cut regional routes, but there were still worries about services to remote parts of Australia.

"When Ansett collapsed in 2001, Qantas immediately cut services and increased fares in the North-West. They are pretty focused on their bottom line," he said.

The Senate will hold an inquiry into the Qantas takeover and whether it is likely to lead to jobs going offshore.

Family First Senator Steve Fielding wants an amendment to ensure that the laws which stop Qantas moving jobs offshore will also apply to its subsidiaries.

Senator Fielding said yesterday that by announcing the decision before the inquiry had started Mr Costello had shown contempt for the Senate and the public.

APA is a consortium made up of Macquarie Bank, Allco, Texas Pacific and Onex, which has been structured to be 51 per cent Australian-owned.



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THE SALE CONDITIONS

- Qantas and Jetstar brands will continue to operate separately, locally and internationally
- Qantas will buy new aircraft in line with market needs
- Qantas will support regional routes and the improvement of its domestic network
- Qantas customers will continue to have access to a competitive loyalty program and the (sale of Qantas) will not result in any loss of frequent flyer points for members of the Qantas Frequent Flyer Program
- Qantas' practical assistance to Australians in times of emergency, such as evacuations from foreign emergencies, will continue

