



Open route to LA if Qantas bid succeeds: Libs

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COALITION MPs are broadening their demands over the Qantas takeover bid, calling for the profitable Los Angeles route to be opened to competition if the airline falls into the foreign-Australian consortium's hands.

Peter Costello yesterday pinned the future of the airline with the Foreign Investment Review Board, which will consider whether the \$11 billion Airline Partners Australia bid gives too much control over the airline to foreigners.

The Treasurer pledged to protect the airline from majority foreign ownership, even though Australian law already makes that impossible, and the \$11 billion bid proposes less than 39 per cent foreign ownership.

The consortium yesterday voluntarily referred its bid to the FIRB, amid growing pressure from Government backbenchers and widespread public calls for conditions to be imposed on the sale over issues such as retaining regional routes and jobs.

West Australian Liberal senator

Alan Eggleston said he would like to see regional routes protected, after seeing the devastation of some West Australian services in the wake of the Ansett collapse. But he also called for Qantas's protection on the profitable Los Angeles route to be reviewed if the sale to private equity interests went ahead.

"If they're going to be a private company they should be competing across the Pacific," Senator Eggleston said, "rather than being a company operating under Government protection."

He said that if Qantas was in private hands, the interests of consumers and Australia's tourist industry had to be put first, and added that Qantas was able to get away with 40 per cent higher fares per kilometre on the US route because of reduced competition.

Liberal MP Geoff Prosser backed the call for the Pacific route — which has been the subject of keen interest from Singapore Airlines in recent years — to be opened up.

"I don't see the reason to protect Qantas," he said. "They're just another airline."

Mr Costello said the FIRB would carefully scrutinise the bid to determine whether or not it fell outside the national interest.

"The scrutiny will be very rigorous," he said, with the statutory period allowed for the process only 30 days. The Government would require "that the airline continue to serve important domestic and regional routes".

But John Howard pointed out that the foreign investment law only applied if there was a potential increase in foreign ownership levels and, from what he had read to date, he said that was not occurring.

The Prime Minister said the "open skies" debate was "never closed" and could be reviewed in the future. He also warned against governments falling into the trap of trying to pick the identities of owners behind companies.

"It may seem attractive in a particular case but as a general rule it's far better to have a situation where markets and owners of shares determine what happens to the companies rather than government," he said.