

# PHILIP T. MAY

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TO: Productivity Commission.

Attn. Dr Geraldine Gentle  
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Dear Dr Gentle

## Armchair View of Australia's Aviation International Air Services

Over the past five years I have been absorbing information passed on to me from all sorts of people who work in aviation with their perceptions of Australia's Aviation Industry.

For many industry observers, Australian aviation has stagnated, since the privatization of Qantas, and frankly it appears, ineffectual aviation policies from both political sides of the fence, showed little understanding of the business, or were just disinterested in aviation in general. It is widely viewed that in the days of government ownership, Qantas has always had the final say in the outcome of Australia's aviation policies, generally in its favor to suit its route structure and competition levels. As a market, Australia is still described as; "closed shop" "defensive" "protective" and even "Geographically insecure about competition."

Some in the aviation press, could not believe how cheap BA purchased its 25 % share of Qantas, one saying "The Australian Government at the time got their pounds and dollars mixed up, 600 million dollars or just over 300 million pounds at the time, is chicken feed for an airline the quality of Qantas, with well over 100 aircraft in its inventory. "That's the price of two jumbos plus barely a spare engine and a new paint job!"

As a proud Australian living in London I work closely with the European community promoting Australian product in Europe. Within the European aviation industry, Australia is highly regarded as a world class aviation nation, but a laughing stock when it comes to negotiating Air Service agreements with other countries.

We are seen as "**passive**" in obtaining our fair share of beyond traffic rights for a country with a huge geographic disadvantage compared to Europe and the Americas with regards to aviation. It's my view, Australia is too small as a market to protect, open skies for all who wish to compete is the only rational conclusion. This would benefit Qantas and Ansett, not hinder them, as both airlines are considered in the top 20 great airlines in the entire world, the Australian government must review its Air Services Agreements before " chronic downsize syndrome " really set's into Australia.

Some views expressed to me in the last 5 years from the European perspective:

*Qantas showed little interest in China until a new startup was announced and guess what, Ansett and Qantas fly to China today. Qantas is seen as very slow of the mark in finding obvious new markets. It feels like they now only do things if BA sanction it. It is felt BA has far too much of a European influence over the Australian airline which is not in the best interests of the Australian market in general.*

*The growth of Singapore airlines is alarming compared to Qantas in the last five years particularly since the Singapore government adopted their liberal open skies policy.*

*In Australia, we hear bleating from some aviation circles, crying how small the Australian market is, Singapore, a total population of three million, has one of the world's top profit making airlines comparable in size to Qantas. It has been reported SIA already exercises more liberal ASA's with other countries than Australia contributing to SIA's spectacular growth.*

*Qantas is hell bent to beat up Ansett domestically but reluctant to compete on the world stage and forge new opportunities other than its traditional safe routes, sad considering that it is so highly respected worldwide.*

*Australians in 1998 still can not fly either way to Europe (via the U.S.A) on an Australian airline, which prompts the feeling that we do not regard our own country as center of the world but still an outpost in aviation terms.*

*It is common knowledge that since Qantas dropped the Sydney San Francisco route United have made a killing by upgrading its services to seven days a week to fill the gap. They should have an even better time come the Olympics.*

*The Sydney/L.A. route, BA and American share the load of the Qantas passengers who want to fly onwards to east coast America and Europe. America & U.K. benefits Australia loses millions. It is also common knowledge that the American aviation industry knows Qantas is highly regarded by the American public in general and would steal a lot of business if it were allowed to fly L.A. New York and on to London. It is almost criminal that the Australian national carrier only serves one US mainland city. Roll on Open Skies policy between these three nations as a matter of urgency and fairness to all Australians.*

***In view of the Asian meltdown, it is the Australian Government's job and duty to both Qantas and Ansett International, and provide them with every tool to access high yield currency markets ASAP.***

I believe the above perceptions reveal deeper problems, in the sense that our diplomats and/or government agencies responsible for obtaining air service agreements have let

us down over the past 10 years. Australia should have open skies agreements with the UK and USA in place today, after all, we are all like minded countries.

The Australian airlines are deemed as inactive rather than proactive in gaining new business in untapped markets, the middle east is a fine example, you only have to look at the success of the Gulf state airlines in recent years serving Australia on what was always classed by Qantas as "too thin to be viable" I think the jargon goes.

It is my view that airlines and governments obsessed with cost cutting, destroy staff moral, take their eye of the ball and generally "miss the flight" when opportunities go begging to create new business. Australian aviation has been stuck in a rut for some time, much to the delight of the expansionist airlines like SIA United KLM & BA .

Unlike Australia, European tourist have many visa free destinations to choose from. Australia's perception, reflected by some of the travel agents is that, tourists are under the impression that Australia is a hard country to obtain a visa, still in 1998 requiring you to go to the Australian Embassy and Que I know some travel agents in London promote over the counter visas but as a general rule many tourists pick a visa free destination. I know this is not a matter for your inquiry directly but I believe is related and must be addressed at the same time.

If we are to have open skies, it is essential that we also have *a six month no visa open door policy* with like minded countries, the nice guy's downunder approach or just simply... welcome.

Picture this, ... It's the year 2000; standing at the flight information board, JFK New York Airport the first two flight details read:

- 1) QF 86 LON/BKK/SYD 08.00 ON TIME
- 2) AN 007 LAX / SYD /ADL 08.10 ON TIME

Now that's international open skies, like minded country styled Air Service Agreements.

It's my view, this **positive** approach is the goal for all the Australian aviation industry, a true global airline nation, nothing less.

yours sincerely,

Philip T. May