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Government must rule out Qantas bailout

“The Abbott government should immediately rule out a bailout of Qantas. Any proposal for Qantas to be subsidised in order to remain competitive would be an enormous waste of taxpayer funds, and would set a terrible precedent for other large businesses in Australia,” said Aaron Lane, Research Fellow with the free market think tank the Institute of Public Affairs.

“Suggestions that the government is considering subsidising Qantas are particularly disappointing following today's decision to reject a \$3.4 billion takeover of GrainCorp by Archer Daniels Midland,” said Mr Lane.

“Subsidies to Qantas will hurt the airline industry in the long run. Subsidies will make Qantas dependent on corporate welfare and ensure that it suffers the same fate as Ford and Holden. The only way for Qantas to remain globally competitive is for it to stand on its own two feet.

“Millions of taxpayer dollars should not be spent propping up one company, particularly when government debt is at record levels. The Treasurer can't complain of a budget emergency in one breath, and hint at subsidies for Qantas in the next.

“Some in the Coalition are reportedly concerned about insufficient competition in some segments of the retail industry, and want the government to take action to reduce their market share. At the same time, the government appears to be considering spending taxpayers' money to shore-up Qantas' 65 per cent share of the domestic airline travel market.

“The government should encourage greater foreign investment by repealing the limits on Qantas' foreign shareholding. Ultimately, allowing increased foreign investment will benefit Qantas' employees, shareholders and passengers.

“An outdated industrial relations system is also hurting Qantas. Instead of wasting taxpayers' money on a bailout, the Abbott government should focus on fixing our anti-competitive industrial relations laws,” said Aaron Lane.

For further information and comment:

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