



A MODEST FARMER

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Feather beds take to the air

Some Government-controlled feather beds run on roads (Canberra taxis), some float (shipping conferences) and some fly.

My political eyes were hardly opened when the two-airline policy was born in 1952, but I have a hazy memory that it was introduced to encourage Ansett to take over Australian National Airways, which was getting weak at the knees.

The Liberal-Country Party government of that time was then, as distinct from now, dedicated to the sacred cause of competition, and it was evidently concerned that, if ANA folded, the airline business would fall into the hands of the government airline, TAA.

The main planks in the policy are that the main airline business, passengers and freight, must be shared between Ansett and TAA and the Government must have the final say in fixing passenger and freight charges.

So the airline industry is now a flying feather bed under the control of the Government.

When the two-airline policy was born, the number of airline passengers carried was 1,727 million, and freight weighed 56,400 tonnes. The corresponding figures for 1979 were 10,789 million passengers and 127,460 tonnes.

The question then is: Is the two-airline policy justified now, as it was in 1952?

In May, the Minister for Transport, Mr Hunt, announced the appointment of a committee to examine the question of domestic air fares. There is concern in some states, particularly in WA, that the Government has fixed its airfares unnecessarily high, so that the airline can collect enough fat to enable them to subsidise the airfares to Tasmania where, say the suspicious Perth people, the Government is always prepared to buy votes at the expense of the rest of Australia.

When we heard that this committee was looming, and it loomed for a long time before it was appointed, we thought that it was going to be asked to examine the two-airline policy to see if it was still the right policy for the changed conditions of 1980.

But when its terms of reference were announced, we were disappointed to find that it was a much narrower enquiry, its main task being to find out if there is any cross subsidisation in the air fare structure and, if there is, what should be done about it.

You may remember that, when the Labor Party was in power and the Khemlani scandal raged, I wrote a series of articles comparing the behaviour of the press sleuth hounds then with the behaviour of our pack of rabbit dogs that we kept before myxo.

If these dogs became suspicious that there was a rabbit in a heap of logs, they would work away for hours, sniffing, yapping excitedly and digging furiously.

But sometimes all that the pack found, right at the end, was a poor little mouse, which the very embarrassed pack tried to pretend that they had been looking for all along.

Many people were hoping that this very high-level committee could have a look at the large and powerful two-airline rabbit to see if it was still suited to our changed circumstances. But no, its terms of reference limit it to catching this little mouse of air far cross subsidisation.

This little animal may indeed be worth catching, but it is not nearly as important as the two-airline rabbit. But perhaps this rabbit has now grown so big that the Government is a bit nervous about tackling it.

I suppose that, once the Government moved in to limit competition to the two airlines, it pretty well had to take the next step and insist on its right to approve air fare and freight charges.

But I guess the Government is about as good at this as it was at fixing the cost of growing wheat; or the Government-backed Australian Shippers' Council is at fighting the good fight with the shipping conferences.

When the Government, with all its ability and its dedicated civil servants, was holding down the reputed cost of growing wheat, the value of wheat land continued to increase.

The Government, with similar dedication, has been fixing air fares, but the airline feather bed became so attractive that rougher and ruder competitors were encouraged to elbow their way aboard the bed, so that Sir Reginald had to get out the other side.