

s22

From: s22
Sent: Monday, 25 May 2020 9:03 AM
To: QUIGLEY Janet; s22 DYMOWSKI Jason; DACEY Christine
Subject: RE: DPM Four Corners interview [SEC=OFFICIAL]

OFFICIAL

Brendan asked for a copy of the final briefing – he and Nicholas Moore have got a catch up with the DPM today.

OFFICIAL

From: QUIGLEY Janet <Janet.Quigley@infrastructure.gov.au>
Sent: Saturday, 23 May 2020 9:04 AM
To: s22
 infrastructure.gov.au>; DYMOWSKI Jason <Jason.Dymowski@infrastructure.gov.au>; DACEY Christine <Christine.Dacey@infrastructure.gov.au>
Cc: RICHARDS Oliver <Oliver.RICHARDS@infrastructure.gov.au>
Subject: Re: DPM Four Corners interview [SEC=OFFICIAL]

OFFICIAL

Many thanks s22. We are will include it in the brief.

Cheers

OFFICIAL

From: "s22" <s22@infrastructure.gov.au>
Date: Friday, 22 May 2020 at 6:34:16 pm
To: "QUIGLEY Janet" <Janet.Quigley@infrastructure.gov.au>, "s22" <s22@infrastructure.gov.au>, "DYMOWSKI Jason" <Jason.Dymowski@infrastructure.gov.au>, "DACEY Christine" <Christine.Dacey@infrastructure.gov.au>
Cc: "RICHARDS Oliver" <Oliver.RICHARDS@infrastructure.gov.au>
Subject: RE: DPM Four Corners interview [SEC=OFFICIAL]

OFFICIAL

Wasn't sure who was coordinating s47F briefing request from your end.
 We've pulled together some TPs and Q&As on the Virgin administration process ... just on the off chance that also gets covered in the interview. Cleared by Brendan.

Regards

s22

OFFICIAL

From: s47F
Sent: Thursday, 21 May 2020 4:48 PM
To: MCRANDLE Brendan <Brendan.McRandle@infrastructure.gov.au>; QUIGLEY Janet <Janet.Quigley@infrastructure.gov.au>; s22 @infrastructure.gov.au; DYMOWSKI Jason <Jason.Dymowski@infrastructure.gov.au>; DACEY Christine <Christine.Dacey@infrastructure.gov.au>
Subject: DPM Four Corners interview [SEC=OFFICIAL]

OFFICIAL

Good afternoon all

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Essentially I'd like the boss to have a narrative of the industry-at-large, rather than solely focus on VA. Any insights you can provide would be appreciated.

I am prepping the boss on Monday.

Cheers

s47F

Office of the Hon Michael McCormack MP
Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
Leader of The Nationals
Federal Member for Riverina

s47F

MG41, Parliament House | Canberra ACT 2600
Suite 2, 11-15 Fitzmaurice Street | Wagga Wagga NSW 2650

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s22

From: s22
Sent: Monday, 25 May 2020 9:17 AM
To: REDMOND Ann; s22
Subject: RE: DPM Four Corners interview [SEC=OFFICIAL]

OFFICIAL

Nothing jumps out at me.

This is obviously more of the “good news” side of things in terms of the pre-COVID world so anything in the airports space would tend to run against that

s22

COVID Stakeholder Management Branch

s22

* Please note I may be working flexibly during this period – try my mobile first!

OFFICIAL

From: REDMOND Ann <Ann.Redmond@infrastructure.gov.au>
Sent: Sunday, 24 May 2020 10:50 PM
To: s22 infrastructure.gov.au; s22
 s22
Subject: FW: DPM Four Corners interview [SEC=OFFICIAL]

OFFICIAL

Anything we can add?

OFFICIAL

From: DYMOWSKI Jason <Jason.Dymowski@infrastructure.gov.au>
Sent: Sunday, 24 May 2020 9:46 PM
To: REDMOND Ann <Ann.Redmond@infrastructure.gov.au>; s22
 s22 infrastructure.gov.au; WOLFE Jim <Jim.Wolfe@infrastructure.gov.au>; s22
 s22 infrastructure.gov.au; PHILLIPS Lachlan <Lachlan.Phillips@infrastructure.gov.au>; QUIGLEY Janet <Janet.Quigley@infrastructure.gov.au>
Subject: FW: DPM Four Corners interview [SEC=OFFICIAL]

OFFICIAL

Hi all,

Please see below request from ^{s47}F for some information to support the DPM on Four Corners on Tuesday night.

I've pulled together the attached background from BITRE's 2019 snapshot and the Regional Aviation Issues paper (thanks!). But I haven't tried to add narrative – I'm hoping you can help with that.

^{s47F} is after stats, anecdotes and historical trends in the industry at large, particularly in regional aviation growth.

Can I please get any input by 11am?

Happy to discuss,

Jason

OFFICIAL

From: ^{s47F}
Sent: Thursday, 21 May 2020 4:48 PM
To: MCRANDLE Brendan <Brendan.McRandle@infrastructure.gov.au>; QUIGLEY Janet <Janet.Quigley@infrastructure.gov.au>; ^{s22} @infrastructure.gov.au>; DYMOWSKI Jason <Jason.Dymowski@infrastructure.gov.au>; DACEY Christine <Christine.Dacey@infrastructure.gov.au>
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^{s47F}

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Aviation Industry Snapshot

Overall Snapshot – 2019

- 2019 saw 61.4 million passengers travel on regular public transport flights, an increase of 0.5 per cent compared with the year prior.
- Capacity (available seat kilometers) increased slightly in 2019, with a 0.1 per cent increase over 2018.
- Load factors reached 80.8 per cent in 2019, the highest recorded by the Bureau of Transport and Regional Economics for the Australian domestic Regular Public Transport aviation industry.
- Melbourne – Sydney remained Australia's busiest (RPT) route, with over 9 million (9.18m) passenger in 2019. This was a decrease of 0.6 per cent compared with the previous year.
 - Brisbane – Sydney was the second busiest (RPT) route, with almost 5 million (4.82m) passengers. Passenger numbers were down 0.1 per cent on the previous year.
 - Brisbane – Melbourne was the third busiest (RPT) route, with over 3.5 million (3.61m) passengers, up 1.1 per cent on the previous year.
- The routes with the greatest increase in (RPT) passenger numbers from 2018 to 2019 related to the tourism and resources industries.
 - Newman – Perth, up 13.7 per cent
 - Adelaide – Alice Springs, up 11 per cent
 - Brisbane – Mount Isa, up 8.7 per cent
 - Brisbane – Hamilton Island, up 6.5 per cent.
- Sydney remained Australia's busiest domestic airport in 2019 with over 27 million (27.58m) passenger movements. Melbourne had 26 million passenger movements and Brisbane over 17.5 million (17.58m).
- 25 million passengers travelled through regional airports in 2019, up 0.3 per cent on 2018.
 - Griffith airport saw the strongest growth, up 17.9 per cent on the previous year.
 - Toowoomba Wellcamp airport saw the largest decrease in passenger numbers, down 12.2 per cent on the previous year.

Regional Services

- The number of airlines servicing a regional airport declined from 28 in 2007 to 20 in June 2017.

- Over the decade to 2017, 172 regional airports received a Regular Public Transport (RPT) service at some point, but only 102 have benefited from a continuous service with at least one flight per week.
 - Airports may lose services for a range of reasons including seasonal factors and weather events. However, at least 38 per cent were the direct result of an airline entering administration or receivership.

Regional Passenger numbers

- The number of passengers travelling through regional airports has remained relatively static, only increasing slightly from 24.7 million in 2013 to 24.9 million in 2018 (0.8 per cent)
 - This compares to the increase in overall domestic movements from 115.1 million to 122.2 million (6.1 per cent) over the same period.
- The pace of growth in regional airports has been uneven, with growth driven by factors like activity in the resource sector or broader economic and demographic trends.
 - For example, in 2011 Ballina Byron Gateway Airport had around 310,500 passengers but by 2018 that had grown to over 538,000. By contrast more modest growth has occurred at Kalgoorlie Airport where there were over 266,000 passengers in 2011 and around 289,000 passengers in 2018.

Regional Airfares

- Data from the Bureau of Infrastructure, Transport and Regional Economics (BITRE) suggests airfares can be comparatively expensive on regional routes, however in general, airfares on regional routes have not increased faster than on routes connecting major cities.
- Qantas offers a discounted fares program for residents of selected regional cities in Queensland, Western Australia and Northern Territory.
 - Eligible residents receive discounts starting from 20 per cent off the Qantas-controlled component of fares.
 - A maximum 12 return trips are permitted to be booked per resident each year and are not available on Sale fares or Business Class.
- Regional Express (Rex) offers the Local Fare Scheme which is an airfare discount of up to \$400 for return air travel administered through participating airlines and local councils from selected airports in Cape York, the Gulf of Carpentaria and the Torres Strait.
 - The Scheme originally commenced on 1 July 2015 and has been extended until 30 June 2021.

Export opportunities

- Over recent years, agricultural producers have been able to take advantage of the additional international freight opportunities from our major gateway airports.
- This has been driven by the increase in the number of international passenger flights due to growth in tourism with over 80 per cent of freight carried in the belly hold of passenger services.
- In comparison, 44 per cent of domestic cargo movements are made on dedicated air freighters.

Drones

- A 2016 report on the evolution of drones estimated that the global market for drones (both military and commercial) would be \$100 billion (globally) between 2016 and 2020.
- The commercial market has been calculated at \$14 billion in 2018 and is expected to grow to \$43 billion by 2024.
- These new technologies have important applications for a range of industries, including education and training, agriculture, health and mining – all vital industries in our regions
- Over 1700 commercial drone operators and 14,000 remote pilots are rapidly developing technologies and services that support the larger drone ecosystem.
- Drones also present a substantial opportunity for the training sector with 14,817 remote pilots and over 50 CASA certified remotely piloted aircraft training organisations at December 2019.

Manufacturing

- In 2017–18, Australia's Aircraft Manufacturing and Repair Services industry produced \$3.9 billion worth of aircraft manufacturing product and directly employed over 13,000 people.
- For example, Nowra-based Air Affairs Australia (AAA) is an aviation flight operations and engineering company based in Nowra, NSW, providing specialised airborne and engineering services to Defence Forces, government departments and multinational companies in Australia and around the world.
- AAA owns and operates a fleet of special mission 30 and 60 series Learjet and Kingair aircraft, and maintains an extensive manufacturing and engineering facility, providing a complete design through to manufacture and certification capability. Air Affairs has also developed the Phoenix Jet unmanned aerial vehicle, a high performance aerial target system.
- Austrade has worked with AAA since 2013, supporting the company with its international business development in Indonesia, Korea, India, and the

Czech Republic. AAA is also active in Canada, Germany, Singapore, Sweden and the USA.

- AAA is being supported via Austrade's TradeStart network.

Training

- The shortage of skilled personnel in the aviation sector is a global problem.
- Australia's airlines are responding to this demand with two Qantas training academies in Toowoomba (Wellcamp) and Mackay (QLD), a Virgin Australia training academy proposal in Tamworth (QLD), and Rex's acquisition of the ST Aerospace Academy Australia at Ballarat (VIC) to complement their existing training operations at Wagga Wagga (NSW).
- Other flying training schools operating throughout Australia also cater for domestic and international students.

s22

From: MCRANDLE Brendan
Sent: Monday, 25 May 2020 10:52 AM
To: s47F
Cc: DYMOWSKI Jason; s22 QUIGLEY Janet
Subject: FW: DPM Four Corners interview [SEC=OFFICIAL]
Attachments: Talking Points Virgin - May 2020 Final.docx

OFFICIAL

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From: s22 @infrastructure.gov.au>
Sent: Monday, 25 May 2020 10:47 AM
To: MCRANDLE Brendan <Brendan.McRandle@infrastructure.gov.au>
Subject: FW: DPM Four Corners interview [SEC=OFFICIAL]

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Hi s47F

Here's the TPs on the Virgin voluntary administration aspects. These were shared with Aviation and Airports Division, who are working up some additional points and will send these through separately.

s22 or I are happy to discuss. Nicholas Moore and I will dial in at 1pm to chat with the DPM.

Cheers
 Brendan

From: s47F
Sent: Thursday, 21 May 2020 4:48 PM
To: MCRANDLE Brendan <Brendan.McRandle@infrastructure.gov.au>; QUIGLEY Janet <Janet.Quigley@infrastructure.gov.au>; s22 @infrastructure.gov.au>; DYMOWSKI Jason <Jason.Dymowski@infrastructure.gov.au>; DACEY Christine <Christine.Dacey@infrastructure.gov.au>
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s47F

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VIRGIN AUSTRALIA

NB Details about the Virgin voluntary administration process are Commercial-in-Confidence.

TALKING POINTS

- The Commonwealth is committed to an outcome that sees a strong and competitive airline sector post-COVID.
- The Commonwealth has committed more than \$1.2 billion across a range of initiatives to maintain operations across the sector and support jobs.
- This is on top of the \$130 billion JobKeeper package, which continues to be available to Virgin employees at this time.
- The Commonwealth's key objectives include:
 - To have a second major domestic airline in the sky, with prices down and competition maintained, so our economy recovers strongly on the other side of the coronavirus pandemic.
 - To help keep as many employees as possible in their jobs.
- The Commonwealth's clear preference continues to be for a market-led solution to Virgin Australia's situation. We are working with the administrator to understand their progress towards a successful market-led solution.
 - Nicholas Moore, former Macquarie Group CEO, is leading engagement with the administrator on our behalf.
- We will ensure the ACCC strongly enforces competition laws so airlines are able to compete effectively as the industry rebuilds.

IF ASKED: What didn't the Government support Virgin to keep it out of voluntary administration?

- The Australian Government has and will continue to support the aviation sector, with more than \$1.2 billion committed to maintaining operations across the industry and supporting jobs.
- The Government's preference continues to be for a market-led solution for Virgin.
- The process of voluntary administration will allow Virgin to restructure and finance the business and bring it back as a commercial and competitive airline.
- We are engaging constructively with Virgin Australia's administrator, and have appointed Mr Nicholas Moore to lead our engagement with the administrator.

IF ASKED: Did you not support Virgin because it's foreign owned?

- Foreign investment is vital to Australia's long-term economic success and stability.
- There are no general restrictions on foreign ownership of Australian domestic airlines, beyond those imposed by normal Foreign Investment Review Board processes.

IF ASKED: What is the Commonwealth doing to support regional flights?

- The Commonwealth has put in place a range of measures to support a base network of domestic services including:
 - The \$165 million in support to underwrite Virgin and Qantas on inter-capital and a range of regional routes; and
 - The \$198 million COVID-19 Regional Airline Network Support program (RANS) to underwrite Regular Public Transport airlines to provide a basic level of connectivity across their network of regional routes.
- These will provide important connectivity for essential services and personnel around Australia. These packages are not designed to provide a 'normal' level of access to air services, given COVID restrictions around travel.

IF ASKED: Will the Commonwealth intervene if needed to keep Virgin Australia operating?

- Our focus is on finding a market-led solution for Virgin's situation. We will work with the administrator, as appropriate, to support that outcome.

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- The Commonwealth has not been asked for support from the administrator – if such a request comes forward the Government will consider its merits then.
- The Commonwealth is underwriting the cost of essential flights with Virgin Australia and Qantas on the domestic network during the COVID-19 crisis.
 - The administrator for Virgin Australia has confirmed these arrangements will continue.
 - The Commonwealth also underwrites Virgin Australia to provide the only regular passenger and air freight service to Christmas and Cocos Islands. These flights will also continue.
- The Commonwealth has committed over \$1.2 billion to support the aviation industry through COVID-19 including:
 - \$715 million aviation industry assistance package that waives fuel excise and government charges, backdated to 1 February 2020.
 - Around \$300 million of support for regional airlines, to keep essential flights operating into regional communities.
 - \$165 million to continue key domestic flights over the coming months.

IF ASKED: Why won't the Commonwealth support the proposed funding contribution to Virgin Australia from Queensland?

- We understand states share the Commonwealth's concerns about jobs and the economic recovery, and some state governments are having separate discussions with the administrator.
- The Commonwealth continues to seek a market-led solution for Virgin's situation.

IF ASKED: What policies will the Commonwealth adopt if Virgin Australia ceases operations [cabotage, price regulation, etc]?

- The Government remains committed to a competitive domestic airline sector in Australia. This is important for consumers and for the broader economy.
- Should Virgin Australia cease operations, we will look at the range of policy options to maintain a strong and competitive aviation sector.
- Australia's regulatory regime does not put up unnecessary barriers to new airline entrants, or to the growth of existing airlines.
- Our focus now is on finding a market-led solution to Virgin's situation. The Commonwealth is committed to two commercially viable airlines into the economic recovery from COVID-19.

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BACKGROUND – Administration timeline

21 April 2020	Virgin Australia announces voluntary administration
30 April 2020	First creditors' meeting
15 May 2020	Interested parties submit indicative bids
18 May 2020	Administrator shortlists four bidders
Mid-June 2020	Final bids due
End-June 2020	Binding deal signed with final bidder
July/Aug 2020	Second creditors' meeting

s22

From: WOLFE Jim
Sent: Monday, 25 May 2020 1:12 PM
To: s47F
Cc: s22; QUIGLEY Janet; DYMOWSKI Jason
Subject: Key Points - Australian Aviation [SEC=OFFICIAL:Sensitive]
Attachments: Aviation key points.docx

OFFICIAL:Sensitive

Hi s47F

Points for the DPM's chat attached.
 Let us know if you need anything else.
 Regards
 Jim

Jim Wolfe
 General Manager
 Aviation Industry Policy
 Aviation and Airports Division
 Department of Infrastructure,
 Transport, Regional
 Development and
 Communications
 t: 02 6274 7611 | m: s47F

e:
 jim.wolfe@infrastructure.gov.au
 GPO Box 594, Canberra ACT
 2601



Australian Government

**Department of Infrastructure, Transport,
 Regional Development and Communications**

The department proudly acknowledges the Traditional Owners and Custodians of Australia, and their continuing connections to the land, waters and communities. We pay our respects to them and to their Elders past, present and emerging.

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Overview of Australian Aviation Industry

KEY POINTS

- Aviation is a cyclical industry. While the current crisis is unprecedented, the industry is well practiced at navigating an economic crisis.
- It has survived terrorist attacks, the Global Financial Crisis, the Asian Financial Crisis, SARS and Bird Flu.
- Since economic deregulation in 1990 we have built one of the most open and competitive aviation markets in the world which has sustained strong long term growth and helped underpin our trade and tourism industries.
- From 44 million Australians carried on domestic airlines in 2006 to over 64 million in 2019, we have seen growth of almost 45 per cent.
- With a strong economic framework and support measures taken by the Australian Government, I am confident that a competitive Australian aviation industry will emerge despite the impacts of COVID-19.
- The first part of our aviation industry's recovery will likely occur in domestic aviation.
- As our domestic economy recovers and travel restrictions ease, we expect domestic aviation will rebound as Australians take the opportunity to travel and rediscover our magnificent capital city and regional areas.

Regional Aviation

- Regional Aviation is of critical importance in our vast nation.
- It is essential for connecting regional communities to the global economy, and facilitating vital health and education services.
- But it is recognised that regional aviation is challenging both operationally and financially for the industry with major swings in demand over time.
- For example the number of airlines servicing a regional airport declined by around 30 per cent over the last decade.
- Yet over the same time period we have seen extraordinary growth during the mining boom at some regional airports such as Karratha and Port Hedland and solid growth to regional tourism destinations such as Ballina where passengers grew from 310,000 in 2011 to over 530,000 last year.
- Even before the COVID-19 outbreak, the Government operated a range of programs to maintain essential connectivity and grow regional aviation.

- These included:
 - The \$75.1 million Regional Aviation Access Programme which delivers funding and services to remote airstrips to improve their ability to support aeromedical services. Funding is also provided for landing lights, animal fencing and other critical services.
 - The \$100 million Regional Airports Program provides assistance to allow regional airports to undertake essential works, promoting aviation safety and access for communities.
 - Support through a range of regional and community programs such as the Building Better Regions Fund (BBRF) which has delivered over \$50 million to regional airports over three rounds.
- The Government recognised the importance of regional aviation in the release of a Regional Aviation Policy Issues Paper earlier this year to help inform the development of a future Regional Aviation Policy Statement.
- The development of the Regional Aviation Policy Statement will clearly need to take into account how we best serve regional Australia having regard to the current and post COVID-19 environment.

s22

From: MCCLURE Phil
Sent: Monday, 25 May 2020 2:17 PM
To: WOOD Richard
Subject: Four Corners [SEC=OFFICIAL]

OFFICIAL

Richard,

Not sure if still required, but we have drafted some points below of Rex's RAFA funding:

- Regional Express is receiving funding through the Government's \$100 million Regional Airlines Funding Assistance program, which provides cash flow support to ensure regional airlines can maintain viability during this period of unprecedented downturn in activity.
- The funding is designed to ensure the airlines are in a position to resume critical services to connect regional and remote communities once the COVID-19 pandemic impacts abate.
- The amount of funding is based on the assessment of the regional airlines financial position to determine the minimum cash flow required to remain operational.
- As Regional Express operates by far the largest regional network, it is not unreasonable that its cash flow requirements are significantly higher than other regional airlines.
- Funding to a maximum of \$53.8 million to 30 September 2020, has been agreed, subject to monthly reviews of the company's trading and cash flow position and prevailing conditions within the regional aviation sector.
- Regional Express is also eligible for support under the Government's Regional Airline Network Support program and Australian Airline Financial Relief Package, which are being provided to assist maintain at least baseline services to regional areas.

Regards,

Phil McClure | Assistant Secretary
 COVID Regional Support
 Branch | COVID Aviation Response
 Programs Division

Department of Infrastructure,
 Transport, Regional Development
 and Communications

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e:

phil.mcclure@infrastructure.gov.au

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From: MCRANDLE Brendan <Brendan.McRandle@infrastructure.gov.au>
Sent: Monday, 25 May 2020 11:44 AM
To: s47F
Cc: DYMOWSKI Jason <Jason.Dymowski@infrastructure.gov.au>; s22 <s22@infrastructure.gov.au>;
 QUIGLEY Janet <Janet.Quigley@infrastructure.gov.au>
Subject: Re: DPM Four Corners interview [SEC=OFFICIAL]

OFFICIAL

Thanks s47F

OFFICIAL

From: s47F
Date: Monday, 25 May 2020 at 11:34:42 am
To: "MCRANDLE Brendan" <Brendan.McRandle@infrastructure.gov.au>
Cc: "DYMOWSKI Jason" <Jason.Dymowski@infrastructure.gov.au>, s22 <s22@infrastructure.gov.au>, "QUIGLEY Janet" <Janet.Quigley@infrastructure.gov.au>
Subject: RE: DPM Four Corners interview [SEC=OFFICIAL]

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Speak at 1pm.

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Cc: DYMOWSKI Jason <Jason.Dymowski@infrastructure.gov.au>; s22 <s22@infrastructure.gov.au>;
QUIGLEY Janet <Janet.Quigley@infrastructure.gov.au>

Subject: FW: DPM Four Corners interview [SEC=OFFICIAL]

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From: s22 <s22@infrastructure.gov.au>

Sent: Monday, 25 May 2020 10:47 AM

To: MCRANDLE Brendan <Brendan.McRandle@infrastructure.gov.au>

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From: Media (Infrastructure)
Sent: Tuesday, 26 May 2020 8:11 PM
To: QUIGLEY Janet; MCRANDLE Brendan
Cc: Media (Infrastructure); WOLFE Jim; REDMOND Ann; DYMOWSKI Jason
Subject: Fwd: For Transcript [SEC=OFFICIAL]
Attachments: 3108-3105-MCCORMACK 4 Corners interview TRANSCRIPT.docx

OFFICIAL

Hi all

For awareness, the DPM did a pre record today for 4 Corners.

Not sure when the segment will air but the minister's remarks are attached FYI.

Regards

s22

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From: "Media (Infrastructure)" <media@infrastructure.gov.au>
Date: Tuesday, 26 May 2020 at 7:57:00 pm
To: s47F
Cc: "Media (Infrastructure)" <media@infrastructure.gov.au>
Subject: RE: For Transcript [SEC=OFFICIAL]

OFFICIAL

Evening s47F
 Transcript attached.
 Regards,
 s22

s22

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Australian Government

**Department of Infrastructure, Transport,
 Regional Development and Communications**

The department proudly acknowledges the Traditional Owners and Custodians of Australia, and their continuing connections to the land, waters and communities. We pay our respects to them and to their Elders past, present and emerging.

OFFICIAL

From: s47F
Sent: Tuesday, 26 May 2020 3:59 PM

To: Media (Infrastructure)

Subject: For Transcript [SEC=OFFICIAL]

OFFICIAL

Afternoon,

Please see the attached audio for transcript from the DPM on 4 Corners talking aviation.

Regards,

s47F

Office of the Hon Michael McCormack MP

Deputy Prime Minister

Minister for Infrastructure, Transport and Regional Development

Leader of The Nationals

Federal Member for Riverina

s47F

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The Hon Michael McCormack MP

Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
Leader of The Nationals
Federal Member for Riverina

TRANSCRIPT

INTERVIEW FOUR CORNERS 25 MAY 2020

E&OE

Subjects: Funding for Virgin Australia and Rex, Aviation Industry.

MICHAEL MCCORMACK:

M-i-c-h-a-e-l, the same as you, McCormack M-c-C-o-r-m-a-c-k, Minister for Infrastructure, Transport and Regional Development, Member for Riverina.

MICHAEL BRISSENDEN:

Great. So, Mr McCormack, why did the Government reject Virgin's plea for a cash injection?

MICHAEL MCCORMACK:

What we did was sector-wide assistance. So the whole way along, and, of course, the aviation sector was hit first and hit hardest through COVID-19, but the whole way through we've always made our assistance sector wide, and so Virgin has benefitted from the sector-wide assistance that we have provided.

MICHAEL BRISSENDEN:

But they haven't benefitted - I mean how much are they benefitting, for instance, from the regional airline fund?

MICHAEL MCCORMACK:

They're getting a significant amount of money from the regional fund. They're getting a significant amount of money from the domestic trunk routes that we set up. They're also benefitting from the international air freight mechanism by which we're transporting such things as Victorian lamb to markets overseas, Geraldton lobster and other fruit and vegetables,

The Hon Michael McCormack MP

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sheep meat and beef, etc, through that international set up that we've done and they've also benefitted from repatriating Australians back to Australia from overseas when people were stuck there and the Federal Government, of course, worked, through our DFAT officials, worked with embassies, worked with those Australians stranded overseas when COVID first hit and certainly Virgin came to the rescue of many of those Australians, as did Qantas. So that was good.

MICHAEL BRISENDEN:

Sure. It's not going to keep them afloat, though, is it? We know that they asked for initially \$1.4 billion. They wrote to you a number of times. They reduced that offer down, I think in the end it was \$200 million that they were asking for. You weren't going to entertain that. Why not?

MICHAEL MCCORMACK:

Well, Paul Scurrah said at the time that they went into voluntary administration, that this was the best way forward for them. Of course, he, like us, like everybody, wants to see two commercially viable airlines coming through COVID-19, and I'm sure that with the situation at the moment, as it stands, working through the voluntary administration process that we can achieve just that.

MICHAEL BRISENDEN:

Sure. But he might have got to that point in the end but during that negotiation with you, I think they wrote eight times to you and didn't get a reply to that. They didn't seem to be getting enough engagement is what they're saying.

MICHAEL MCCORMACK:

They certainly got a reply and certainly letters that I have received from Virgin employees, and there's been many, many heartfelt letters, indeed, each and every one of them I've spent considerable amount of time hand signing those letters in response to Virgin employees.

Of course, I want to see two commercially viable airlines. Everybody does in Australia, for competition, for the sake of those 10,000 employees, indeed, for the sake of those 6,000 contractors who operate thanks to Virgin. We want to see those Virgin planes in the sky and I want to see two commercially viable airlines through this process. Any assistance that we have provided has been sector wide, it has been very much right across the aviation industry.

MICHAEL BRISENDEN:

I think you said at the time that you weren't in the business of picking winners, though?

MICHAEL MCCORMACK:

Well, what we wanted to do is make sure that each and every airline, whether they were large or small, could get some benefit from the more than \$1.28 billion of assistance that we put on the table but in a sector-wide way. So what we have done is make sure that we had an essential

but minimal network for regional destinations, indeed from capital city to many of those regional capitals and capital city to capital city, and Virgin has benefitted from that, from that assistance, and we're very pleased that Virgin has also benefitted from some of the international provisions that we've put in place as well.

MICHAEL BRISSENDEN:

Sure, clearly it's not enough to keep them afloat. They went into voluntary administration because of that. One of the problems that you articulated at the time was the foreign ownership of Virgin. Was that an issue?

MICHAEL MCCORMACK:

Well, Virgin also went into COVID-19 with considerable debt and so, of course, that was going to be hard for them, irrespective of the global pandemic. And we've been hit hard by a virus, by a global pandemic which has had such an effect on our economy. Fortunately, we've been able to minimise the number of cases and fortunately we've been able to minimise the number of mortalities, and, of course, our sympathies go out to those 102 families who have lost loved ones but you compare what we've done in Australia with any country you like to look at overseas and we've done very, very well. Thanks to Australians, thanks to Australians for following the health advice given by Professor Brendan Murphy, the Chief Medical Officer, and thanks to, you know, businesses, individuals, people doing the right thing.

But what we've also done, what we've also made sure that whether it was JobKeeper, JobSeeker, any of the aviation things that we put into place, it's been at a sector-wide level. We want all businesses to be able to come through this. Yes, some of them will take harder hits than others, but it's important that we get as many businesses up and running and opening their doors as soon as possible.

The aviation sector has been hit hard and it may well reshape how aviation looks, not just in Australia, but across the world. But there will be an aviation sector coming

through. There's already, even despite the lockdown and the shutdown by States, and indeed, even intra-State, between regions, many of those charter operators are still working 100%. In fact, there's 135 charter operators who are still working at their full capacity, if not even more than what they were doing prior to COVID-19.

MICHAEL BRISSENDEN:

So do you believe without government assistance, Virgin will emerge from this and fly again?

MICHAEL MCCORMACK:

Well, I would like to see, of course, two commercially viable airlines coming through this and Paul Scurrah said right at the very outset of COVID-19 that it was going to always be difficult. They were always going to have to, perhaps restructure, perhaps refinance their business. They had considerable debt coming into COVID-19, reports of around \$5 billion and, of course, when you've got that lead in your saddlebags, it is difficult to continue to operate as a company, any

company, let alone in a company with, you know, in an aviation sector where the margins are always tight at the best of times, always going to be difficult.

I'm sure that, you know, we need absolutely two commercially viable airlines. The mechanism is in place, now, to hopefully get through that process in the best way possible so that we've got competition, so that we've got two commercially viable airlines and looking forward to that process taking its course.

MICHAEL BRISSENDEN:

Okay, we'll come to that in a minute but you did - Virgin asked for money, they were rejected, went into voluntary administration but you did provide money to Rex Airlines. Why did you do that?

MICHAEL MCCORMACK:

We provided money at a regional level, \$100 million to underwrite regional airlines, because regional airports and regional commuters and regional airlines were the most vulnerable. Indeed, Rex flies to 35 destinations that no-one else flies to and at the time we felt it was absolutely imperative that some of those very remote communities, some of those very outback Australians could still receive the frontline medical personnel, indeed the personal protection equipment, and the face masks, and respiratory equipment, and all the rest, that only could be supplied and provided via air travel. So it was most critical for those regional Australians, which were very much left high and dry by the shutdown, by the lockdown, by the downturn, to get that equipment, to get that personnel and that's why we did it.

MICHAEL BRISSENDEN:

But we know they admitted that they were in trouble before COVID-19. It was very clear that they were going to be seeking some sort of assistance. They got to March, they declared that they were essentially on the way to bankruptcy. If it wasn't for the Government injection they would have gone under, and yet, other airlines, Virgin in particular, is also in that position.

MICHAEL MCCORMACK:

Rex were debt free going into COVID. Virgin were not. And, as you say, we weren't about picking winners. We were about providing sector-wide assistance. That's what we did. Virgin were able to benefit from all of the mechanisms put in place, whether it was regional, domestic, freight, international travel, or, indeed, repatriation of Australians back to Australia. They've been able to benefit from all of those provisions, as has Qantas. Rex, they were only able to benefit from the regional provisions that we put into place.

MICHAEL BRISSENDEN:

It is a grant, though, isn't it? I mean, it's not a loan.

MICHAEL MCCORMACK:

It's underwriting to ensure those people who live in regional Australia were still getting services. There are 135 destinations around the country that receive airline - an airline network, and it was important to make sure that those airline networks, as best we could, were still serviced to get the frontline medical personnel, to get the face masks and all the rest of the vital medical equipment. But for that, those areas, those people, may well have been left high and dry.

As the Leader of the National Party and the party that its whole and sole focus is on those regional Australians, and certainly those vulnerable Australians, I wanted to make sure that they were looked after. And I think all Australians would want to make sure that those remote communities, some of them Indigenous communities in the Northern Territory, indeed, some of them that Rex and only Rex services were looked after, and, indeed, they have been.

MICHAEL BRISSENDEN:

You will be aware of, obviously, the charges of cronyism, given that John Sharp is the Rex deputy chairman, he's also former federal treasurer of the National Party. What do you say to those people?

MICHAEL MCCORMACK:

I don't think any inference can be drawn from that.

MICHAEL BRISSENDEN:

None at all?

MICHAEL MCCORMACK:

No.

MICHAEL BRISSENDEN:

Why not? People look at it and say there are connections, they're getting favourable treatment.

MICHAEL MCCORMACK:

I get on well with Paul Scurrah, I get on well with Alan Joyce. I get on well with John Gissing who is from Wagga Wagga, indeed, and he runs Qantas Link. I want to make sure that we've got two commercially viable airlines, flying domestically, flying internationally, and, indeed, I want the best possible regional services that are available coming out the back of COVID-19 for our airline sector, for those people who rely on air to get to where they need to be.

And, of course, many people, of course, getting health treatment, the Royal Flying Doctor Service has also been a beneficiary of some of the assistance that we have provided. I don't think anybody would knock back the RFDS and the valuable service that they provide thanks to the assistance that we have made available sector wide.

MICHAEL BRISSENDEN:

Sure. I mean you will be aware, as well, of the concerns of some in your own party about regional services generally. I mean Virgin flies to a lot of those regional services.

MICHAEL MCCORMACK:

It does.

MICHAEL BRISENDEN:

Particularly in Queensland.

MICHAEL MCCORMACK:

And we thank them for that. We want to see them continue to do that.

MICHAEL BRISENDEN:

But you won't assist them to do it.

MICHAEL MCCORMACK:

Well, we are assisting them to do that. They've been able to take advantage of the \$198 million that we put on the table for those regional air services. They've been able to take advantage of that, and they have. And they've also been able to take advantage of the assistance that we have provided, where we've taken away Air Services Australia fees, security screening fees and the imposts there, and the fuel, air fuel freight charges, they've been able to take advantage of that.

It's been a considerable amount of money, \$715 million initially put on the table, then \$298 million. We have provided more than \$1.28 billion of assistance across the aviation sector but it has been industry wide, it has been sector wide.

MICHAEL BRISENDEN:

Okay, sure. They say they don't get a lot of that, I think \$25 million, it's not enough to keep them in the air. Obviously it's enough to tide them over.

MICHAEL MCCORMACK:

But they've also been able to take advantage of JobKeeper and, of course, that has been a lifeline for so many businesses, Virgin included, and, of course, other airlines, as well, to be able to keep employees connected with the business, so important. JobKeeper, JobSeeker for those who have fallen through the cracks and I appreciate that so many people have fallen through the cracks in the aviation sector.

And it was quite touching to receive a letter from a young fellow by the name of Logan, only 8 years old. He wrote to me, you know, and talked about his aunty. His aunty's airline. It was Virgin, I appreciate that. Susan sent me a collage of all her cabin crew and her in happier times. They're really touching letters and as somebody who, yes, runs the portfolio and anything I do,

of course, has to be transparent, has to be accountable, and it certainly is, they're still heart-warming, heart-touching letters and I've personally hand signed so many letters back to Virgin employees. Hundreds upon hundreds upon hundreds. I've spent the last three weekends doing that and only that.

It's important that I want Virgin employees to know that I want them to have a job out the back end of this. I know what it's like to have lost a job. I lost a job when I was a newspaper editor and it's hard because you don't know what the future might or might not hold. You've got a family to feed, you've got mortgages to pay, you've got, you know, all those sorts of things. You've still got to put bread and butter on the table and it's so, so difficult. So I understand, I empathise with them but that's why all the assistance we have provided has been fair, has been equitable, has been sector wide.

MICHAEL BRISENDEN:

Okay, so foreign ownership then is not an issue?

MICHAEL MCCORMACK:

Well, of course, foreign ownership is an issue on some of the provisions that we've done and, of course, there was the opportunity, of course, for the foreign owners of various airlines to provide assistance, to stump up. It shouldn't be just the taxpayers of Australia. You know, there's a demand and an ask upon those major shareholders, too, to look after those people who have looked after them for many, many years.

MICHAEL BRISENDEN:

Because Rex is obviously, you know, majority foreign ownership?

MICHAEL MCCORMACK:

Richard Branson could have always, you know, dealt some money out from the various sources that he's got. I appreciate he's got a Caribbean island, good on him. Good luck to him. And, you know, there was also a responsibility on Sir Richard, and others, to provide some of the assistance that Virgin needed at the time.

I think Virgin can get through this. I'm very hopeful of the process. I know Nicholas Moore is working with Deloitte, working with the administrators, providing information back to Treasury. Let's let the process take its course.

MICHAEL BRISENDEN:

Well, you've said you want a market-based solution.

MICHAEL MCCORMACK:

We have, indeed.

MICHAEL BRISENDEN:

What role is Nicholas Moore playing then?

MICHAEL MCCORMACK:

Well, he's getting advice from the voluntary administrators and then reporting back to Treasury, as you'd expect. And so, of course, we want to be sure that, you know, there are going - the voluntary administration process is going the way it needs to go but very much at arm's length of government, very much. Has to be, and that is the way it is.

MICHAEL BRISSENDEN:

So a market-led solution but you want to know what's going on?

MICHAEL MCCORMACK:

We need to know what's going on, of course. It's a major carrier. It employs 10,000 people, 6,000 subcontractors. You know, it is a big going concern and it is a going concern. We want it to be up and in the air, as it is at the moment through the various mechanisms we've put into place, but we want to see coming out the back of COVID-19 two very commercial, very viable airlines operating successfully.

MICHAEL BRISSENDEN:

Sure. How far are you prepared to go if Virgin does emerge from this, does want to fly again, has the ability to do so but wants some sort of regulatory help?

MICHAEL MCCORMACK:

We'll look at that at the time. We don't want to upset the regulatory regimes that we've put in place, the slots, all those sorts of things because they've worked very successfully for a very long time. I know a lot of the airports are also investing in their own infrastructure, Brisbane and Melbourne, just two that spring to mind. There's so much investment going on in aviation at the moment. We, for instance, have a considerable amount of money that we're putting on the table for regional airports and air strips and terminals and the like, taxi ways, and we're making sure that we build an aviation sector, not to mention Western Sydney airport, Nancy-Bird Walton International Airport, that we are actually building at the moment. So there's a lot of investment, there's a lot of hope, there's a lot of confidence in the aviation sector and I think that shows what a vibrant sector it can be and, indeed, it will be.

MICHAEL BRISSENDEN:

For instance, I understand Virgin will be asking the Government to regulate the capacity. Now, you would think that the Government would want to make sure that there is fair competition in the airlines. How will you ensure that there is?

MICHAEL MCCORMACK:

Again, we'll look at anything that gets put on the table. And, you know, and I've worked also across the aisle with the Opposition and always had those discussions with the Opposition about

the best way forward for aviation. Because it's not just a partisan thing. We want to see the best possible outcome for aviation, for our nation, and we want to see as many people, there are 250,000 people employed in what was pre-COVID a \$45 billion industry. We want to see that not only survive but, indeed, thrive into the future.

MICHAEL BRISENDEN:

Are you concerned about some of the comments that Qantas has already made? Clearly this pledge of \$19 tickets between Sydney and Melbourne, for instance, Alan Joyce has made no secret of the fact that he's going to be increasing as much capacity as he can to get -

MICHAEL MCCORMACK:

Well, there's been a lot of posturing going on from all sides, from whether it's those immediate players in the aviation sector, indeed, the press gallery, and others. Everybody has got a stake in aviation. Everybody wants to see the best outcome for aviation. But, of course, there's always the ACCC, too, which will, indeed, have a look at anything when it comes to price gouging and the like, the Australian Competition and Consumer Commission will always have a part to play in that.

MICHAEL BRISENDEN:

I mean, these cases can take a long time, I mean, for instance, the last time the ACCC looked into a Virgin complaint I think it took 17 months. Surely the re-emergence of Virgin isn't going to last 17 months if the ACCC takes that long. Are you confident the ACCC can actually guarantee that there is a fair competitive environment?

MICHAEL MCCORMACK:

In one word, yes.

MICHAEL BRISENDEN:

Why do you have that confidence?

MICHAEL MCCORMACK:

Because I know that the ACCC appreciates that there's been a lot going on in the aviation sector and I know that the ACCC, like everybody, wants to see the best outcome for consumers, for flights, for those people, those commuters who need to be able to have, yes, a competitive aviation sector, but not at the expense when one airline is gouging prices over another.

MICHAEL BRISENDEN:

Do you concede perhaps the process is too long then, because if it takes 17 months, as it did last time -

MICHAEL MCCORMACK:

That's just one thing. Obviously we're in a whole new world, a whole new dynamic at the moment and obviously the ACCC has said that they will look at any irregularity, as they should, and act on it quickly.

MICHAEL BRISENDEN:

Right. How quickly should they act? I mean, really, this is going to be a sort of life-and-death situation for a new airline, or struggling airline to try to compete in this market?

MICHAEL MCCORMACK:

We don't want cannibalism, no.

MICHAEL BRISENDEN:

So you would expect them to act?

MICHAEL MCCORMACK:

Absolutely.

MICHAEL BRISENDEN:

I mean what happens if they don't, because -

MICHAEL MCCORMACK:

Well, it's hypothetical, Michael.

MICHAEL BRISENDEN:

Sure, but the ACCC is the last line - last recourse that they have, right? And if it takes that long for them to actually resolve -

MICHAEL MCCORMACK:

Well, we've also got a thing called the Parliament and, of course, we, as the government of the day, we don't want to see any cannibalism in the aviation sector, I'm sure the Opposition doesn't either, and we can work together to bring about the best outcomes. There's been a lot of collaborative cooperation between political, often sparring partners. We've seen that through the National Cabinet process with premiers and chief ministers and the Prime Minister working together. They all don't belong to the one side of politics and what we want to see, as a nation, and certainly I know the aviation sector, as an industry, wants to see the best outcome, not only for itself, but for those workers who rely on that for an income and certainly for the passengers, for the commuters, for the consumers and rely on it so heavily.

Australia needs a vibrant aviation sector, it's been hit so hard. It's not just Australia. Of course, you look anywhere in the world, anywhere in the First World. There's been so many airlines hard hit by COVID-19. It's been a cruel blow on the aviation sector. We want to see it come out

the best way possible, we as a government are working to do just that and we'll continue to, of course, play a part in making sure that we provide the necessary assistance, making sure that we work closely with each and every one of the airlines and making sure that, particularly for those commuters, that they get the best deal possible.

MICHAEL BRISSENDEN

So you're saying Parliament, the Government, could step in and legislate to make sure there is a complete -

MICHAEL MCCORMACK:

Let's see what happens. It's a bit of a hypothetical question but that's what the Parliament's for. It's for to work for and on behalf of the people of Australia. So if that's necessary, then we'll certainly look at it at the time.

MICHAEL BRISSENDEN:

How important is Virgin to the recovery?

MICHAEL MCCORMACK:

It is, of course, it's very important, and, you know, Virgin's important, Qantas is important, regional Express is important, all those firms are important but so, too, is the, you know, little companies like Wagga Wagga Air Centre, those crop dusters. So, too, are the people who employed, whether it's a one-person show or whether it's a 10,000-people show like Virgin is. We want to make sure that they've got the best possible chance of coming out the back of COVID-19 in a viable and sustainable way.

MICHAEL BRISSENDEN:

Are you concerned about all about the future for Qantas?

MICHAEL MCCORMACK:

I'm concerned about the future for all airlines and that's why we've put on the table more than \$1.2 billion of sector-wide assistance.

MICHAEL BRISSENDEN:

I mean, if this goes on for too much longer, I think most analysts think Qantas has probably got enough to get through to the end of the year, but after that they'd be coming to the Government with their hand out too, presumably. What would you say to them?

MCCORMACK:

Well, we'll look at that at the time. Again, it will be sector-wide assistance but that's why it's so important for States to now look at how they've put in place the restrictions and whether or not it's time to ease some of those restrictions based on the best medical advice being provided by

Professor Brendan Murphy. He has said, and he's said right at the very outset, that, you know, airlines is a reasonable, safe way to travel as far as the spread of COVID-19. It's always been a very, very safe way to travel. We haven't seen any instances of somebody actually getting COVID-19 transmissible by flying on a plane, and maybe it's time to also look at holidaying at home. Maybe it's also time for those people in Australia because the international flights, they're going to take a little while to get back up and flying.

And so I think a lot of people this summer will be probably looking at a regional destination, an Australian destination, a domestic situation, to which to fly, to which to holiday, and see a bit of Australia. I think holiday at home, it's a great idea.

MICHAEL BRISENDEN:

So will the answer to Qantas be the same as the answer to Virgin? So it might be different?

MICHAEL MCCORMACK:

I'm a little bit hopeful, I'm a little bit hopeful of the fact that we're going to see restrictions eased in the not-too-distant future. You mentioned at the end of the year, that's a long way off at the moment. I'm hopeful that, you know, by October we'll be seeing footy finals and the Prime Minister will always put a six-month timeline on this. Of course, we've taken the best possible medical advice from the Chief Medical Officer. We've worked through the National Cabinet process. It's worked successfully. We've kept the number of deaths to a minimum. We've kept the cases and we've made the recovery rates very, very good. The envy of the world.

But we'll continue to work through that process and we'll continue to make sure that as best we can, not just the aviation sector, but, indeed, all business because our business has to be at the heart of the economy, jobs is at the very heart of what this job-making government is going to be doing in the future. We need to get Australia back on its feet, economically wise, and that's what we're doing.

MICHAEL BRISENDEN:

Okay, so any future airline requests will be met with the same response, presumably? You will be looking for a market solution?

MICHAEL MCCORMACK:

We'll look at them as they come in. We'll look at the situation because I don't know sitting here on this very day, at this very time, whether there could be a second wave of COVID-19 cases. No-one knows that. Let's hope there's not. Let's hope that, you know, that the curve still continues to flatten. Let's hope that we get the recovery rates at 100%, that like South Australia, like the Northern Territory and like the ACT at the moment where there's absolutely no cases, let's hope that's Australia wide and let's hope we can ease the restrictions, people can start travelling again. They can holiday at home, they can see the sorts of things that they might not have otherwise been doing in Australia because it's a wonderful place to visit, it's a wonderful place to get around.

I think way too often Australians look overseas for - they head off overseas before they actually see their own country. What COVID-19 can do, one of the advantages will be to actually tell people that there are some great holidays to be had right here in our own country.

MICHAEL BRISENDEN:

Okay, just got a couple more quick questions.

MICHAEL MCCORMACK:

Sure.

MICHAEL BRISENDEN:

Does it need to be a full-service competitive Qantas?

MICHAEL MCCORMACK:

You're talking about Virgin.

MICHAEL BRISENDEN:

Yeah.

MICHAEL MCCORMACK:

Well, Virgin will be coming through this what Virgin is. They're going to have to refinance and restructure. Paul Scurrah always made that point clear. Look, they will see what best business model suits them and they will make the decisions, the commercial decisions based on that.

MICHAEL BRISENDEN:

So you don't care really what sort of airline -

MICHAEL MCCORMACK:

I would like to see, of course, two commercially viable airlines flying those trunk routes, flying internationally, providing the competition. People who work for Virgin are proud of those red uniforms, they're proud of doing what they do. I've always been proud to fly on Virgin. They're a great airline. I want to see them come through this just like I want to see

Qantas, just like I want to see the whole aviation sector bounce back from what has been, what has been a very trying and difficult time.

MICHAEL BRISENDEN:

When we come out of this, should there be a more level playing field because one of the concerns that Virgin has had over the years is that Qantas, which has maybe 63%, 65% of the market, has 95% of government business.

MICHAEL MCCORMACK:

Well, Virgin's owners will look at what they do and how they can best do it to turn a profit. That's the whole idea of business. I've run a small business -

MICHAEL BRISENDEN:

Shouldn't the Government -

MICHAEL MCCORMACK:

- albeit it wasn't anywhere as big as an airline but the same principles apply. You run a business to make a profit, to pay your shareholders back, to keep employing as many people as you have, that's the whole idea of business and to provide a service or a good to society.

MICHAEL BRISENDEN:

My question is really about how the Government responds to that, though. Shouldn't the Government be making sure that it gives an equitable distribution of government business?

MICHAEL MCCORMACK:

Well, the government flights are run by an organisation that looks at maximising taxpayers' dollars, making sure that what services are connected to, where we need to go and how we can do it at the best possible of price, that's done at arm's length of Government and I've got every faith in that system.

MICHAEL BRISENDEN:

Okay, clearly Virgin offers cheaper flights to a lot of places -

MICHAEL MCCORMACK:

Well, if they offer cheaper flights and they suit the times being made for those various - it's not just politicians, it's public servants, it's the staff, of course, those decisions will be made at that point in time.

MICHAEL BRISENDEN:

Okay. Have you spoken to Rod Sims about this?

MICHAEL MCCORMACK:

I've spoken to some people within the ACCC but he understands our position and certainly the Treasurer, I know, has reached out. Rod Sims, of course, I've spoken to him many times in the past when I was at Small Business Minister about various provisions within the framework of making sure that consumers get a right and proper and fair deal. I know Rod Sims very well. Like me, he's a Hawthorn supporter. You can see the Hawthorn jersey on the wall and I've got Rod Sims' number. He knows me very well.

If the point comes where Virgin needs to absolutely, or anybody, needs to talk to Government, talk to the ACCC, through the consumers, through the people who are taking tickets on that plane, to make sure that they're getting the best deal, to make sure that there's not one airline leaning too heavily on another airline via unfair means, then that's where the ACCC will play a part, and I know how important the ACCC does have teeth, it does represent fairness and equity for consumers and if they need to play a part in the future in the airline industry, I've got every faith that they will be able to do that.

MICHAEL BRISSENDEN:

We have had a history in this country of a second airline basically failing, haven't we? I mean, we've had numerous examples of that. Why is it so hard for a second airline -

MICHAEL MCCORMACK:

The aviation sector generally is very, very tough. The margins are slim. It's hard, it's tough to ensure that, you know, companies, airlines, make ends meet and come out the other end with, you know, black on their profit and loss statement. It is a difficult industry. There's no question about it. There's so many moving parts. But we want to see two commercially viable airlines. That's why we've provided sector wide assistance, that's why we'll monitor the situation very closely out the back of COVID-19. It's not just aviation, it's all business.

We want to see Australians being able to be their best selves and we want to see businesses to be able to continue to employ Australians, as they have in the past, to continue to have the confidence to back themselves, to finance themselves, to capitalise, and to integrate.

MICHAEL BRISSENDEN:

And you think - you don't think \$200 million, which is what they ended up asking for, was, I mean -

MICHAEL MCCORMACK:

Any assistance that we've given, Michael, has been sector wide.

MICHAEL BRISSENDEN:

Okay. Thanks.

MICHAEL MCCORMACK:

Thank you so much.

MICHAEL BRISSENDEN:

Appreciate it.

MICHAEL MCCORMACK:

Appreciate it, too.

MICHAEL BRISENDEN:

With Rex going forward, what's your view about Rex? Clearly they've got old planes, they're going to need to replace them, they're already talking about flying the main routes. Do you think that they can do it?

MICHAEL MCCORMACK:

Look, I've got every faith that if Rex believes it needs to relook at the planes that they're flying with, that, you know, they've been a company which has been doing a great job since 2002. If they need to revisit their business model, I've got every faith that they will make the right decisions based on a commercial basis, of course. You know, they're good operators, we're lucky to have them in regional Australia, very lucky, and I know my own home town of Wagga Wagga, there's a base there. I know that for many of those outback communities but for Rex they wouldn't have airline services. So, you know, we're lucky to have Rex and we want to make sure that they, like all the other airlines, continue to fly in future.

MICHAEL BRISENDEN:

Sure. If any of those airlines do ask for help in the future, I mean is it a possibility the Government -

MICHAEL MCCORMACK:

We'll look at it on a case-by-case basis.

MICHAEL BRISENDEN:

So there is a possibility the Government -

MICHAEL MCCORMACK:

Well, everything's always on the table when it comes to business and it's not just - COVID-19 has been disastrous for many sectors of the economy. There's a lot of people operating businesses at the moment that don't know whether they will open their doors. They've been very thankful for the JobKeeper payments. They've been very thankful to be able to continue to connect with their employees. But there's a lot of worried people out there at the moment and not just people who operate businesses but those people, indeed, who don't - who never have had the desire to run a business. They just want to be able to work and they want to see for themselves and their families a future coming through COVID-19.

MICHAEL BRISENDEN:

So other airlines shouldn't look at the Virgin, the response Virgin got and think, well, there's no point in asking?

MICHAEL MCCORMACK:

Well, we've always provided sector-wide assistance and we want to see as many businesses successful as there can be but, of course, we always, as a government, as a responsible government, we always look at these things when they're presented to us, whether they're presented to us from back-benchers, ministers, indeed, on either side of the aisle, on either side of parliament, we want to make sure that as many businesses can be viable coming out the back of COVID-19.

MICHAEL BRISSENDEN:

So I take it the Government is open to requests in the future, you're not ruling it out?

MICHAEL MCCORMACK:

Nobody's not going to go to government. People will always put their hand up and cry out for help. Whether or not, you know, that seemed to be something that can be done at that time by the particular government, well, that's a matter for the future. But I want to see a viable aviation industry.

Aviation is not broken and certainly there's a bright future there for it and I'm sure that coming out the back of COVID-19 when flying resumes, hopefully, to almost the same extent, if not even more than what it was pre-COVID-19, I'm sure there will be a bright future for not only the companies but, indeed, for those people who proudly wear the uniforms, whether they're pilots' uniforms, cabin crew, baggage handlers, whatever the case might be, they're proud Australians, they back their own companies, but, moreover, they back the passengers who fly with them.

MICHAEL BRISSENDEN:

Okay, thanks.

Media contacts:

Tess Salmon, 0467 740 017

Dean Shachar, 0418 202 860

s22

From: CALLACHOR Damian
Sent: Monday, 25 May 2020 9:13 PM
To: MCRANDLE Brendan; s47F
Cc: s22
Subject: RE: Public information on Virgin Administration [SEC=OFFICIAL]

OFFICIAL

Many thanks Brendan

Appreciate the background – we will be in touch in the morning if the DPM has any further questions on this process.

Cheers, Damian

OFFICIAL

From: MCRANDLE Brendan
Sent: Monday, 25 May 2020 1:49 PM
To: CALLACHOR Damian ; s47F
Cc: s22
Subject: Public information on Virgin Administration [SEC=OFFICIAL]

OFFICIAL

Hi Damian and s47F

Just to follow up the phone call between the DPM and Nicholas Moore; the public information from Deloitte on the voluntary administration should probably stick to the following points:

- Virgin Australia entered voluntary administration on 20 April this year following a collapse in its revenue brought on by the COVID-19 Pandemic
- Deloitte were appointed as the Voluntary Administered and their role was subsequently confirmed at the first creditors' meeting, held on 30 April 2020.
- Non-binding offers were sought from investors on Friday 15 May, and on 18 May the Administrators issued an ASX release advising that the process to recapitalise the airline had moved to a shortlist of bidders.
- In that release, Mr Strawbridge (Deloitte) advised that; "we cannot comment on who the shortlisted parties are due to confidentiality commitments, but we will be working intensely with them over the next four weeks to enable binding offers by mid-June"

As such, the names of bidding consortia, and precise dates should be avoided in any media comments by the DPM/Government.


Brendan McRandle

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Deputy Secretary, Water Infrastructure

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OFFICIAL

s22

Subject: FW: Four corners points for clearance s47F wants by 1230
Attachments: Talking Points Virgin - May 2020 Final.docx; four corners points.docx

From: s22 @infrastructure.gov.au>
Sent: Monday, 25 May 2020 11:37 AM
To: WOLFE Jim <Jim.Wolfe@infrastructure.gov.au>
Subject: Four corners points for clearance s47F wants by 1230 [SEC=OFFICIAL]

OFFICIAL

Jim – see attached for clearance. I did it as a separate doc since it didn't seem straight forward to integrate in Brendan's doc

OFFICIAL

From: DYMOWSKI Jason <Jason.Dymowski@infrastructure.gov.au>
Sent: Monday, 25 May 2020 11:06 AM
To: WOLFE Jim <Jim.Wolfe@infrastructure.gov.au>; s22 @infrastructure.gov.au>
Subject: FW: Interview notes [SEC=OFFICIAL]

OFFICIAL

Jim and s22

Latest from s47F below.

Brendan has sent her the Virgin element (attached).

Jason

OFFICIAL

From: DYMOWSKI Jason
Sent: Monday, 25 May 2020 10:14 AM
To: s47F MCRANDLE Brendan <Brendan.McRandle@infrastructure.gov.au>
Subject: RE: Interview notes [SEC=OFFICIAL]

OFFICIAL

Hi s47F

Brendan and team have got a doc on the Virgin aspects. My team are working on the broader piece. 12.30 should be doable.

Cheers,

Jason

OFFICIAL

From: s47F
Sent: Monday, 25 May 2020 10:08 AM
To: MCRANDLE Brendan <Brendan.McRandle@infrastructure.gov.au>; DYMOWSKI Jason <Jason.Dymowski@infrastructure.gov.au>
Subject: Interview notes [SEC=OFFICIAL]

OFFICIAL

Good morning gentlemen,

Would it be possible to get a copy of the notes for today's media prep prior to 12:30?
I'd like to run through the detail with the media team in the first instance.

Cheers

s47F

Office of the Hon Michael McCormack MP
Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
Leader of The Nationals
Federal Member for Riverina

s47F

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Suite 2, 11-15 Fitzmaurice Street | Wagga Wagga NSW 2650

OFFICIAL

s22

From: WOOD Richard
Sent: Thursday, 28 May 2020 3:17 PM
To: DACEY Christine; QUIGLEY Janet; CHAPPLE Clare; MCCLURE Phil; MOORE Simon; REDMOND Ann; DYMOWSKI Jason
Subject: Four Corners feedback [SEC=OFFICIAL]

OFFICIAL

Hi all

When talking to s47F today I asked for some feedback on the Four Corners interview. In case you hadn't had separate feedback s47F indicated:

- Interview overall went well and DPM was able to address all questions
 - She particularly valued some of the information we provided on REX- in particular DPM was able to make the case that in the absence of RAFA and RANS services would have ceased to a wide range of regional communities (I understand he gave numbers and examples)- thanks Phil, Clare and s22 DPM particularly liked simple presentation.
- Questions were balanced and wide ranging so she couldn't pick the direction of the story- he was the first person interviewed but interviews will also be held with Virgin/Qantas/Rex
- Most significant questioning was why support Rex and not Virgin- response was around keeping services to regional/remote Australia
- The program won't air until late June. s47F thought things may have moved on by then, I indicated that timing may be just after a Virgin sale or otherwise- so much would depend on the success and scope of that process- and impacts on employees etc.

We await with interest.

Richard

Richard Wood
 First Assistant Secretary
 COVID Aviation Response Programs

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 and Communications
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Australian Government

**Department of Infrastructure, Transport,
 Regional Development and Communications**

The department proudly acknowledges the Traditional Owners and Custodians of Australia, and their continuing connections to the land, waters and communities. We pay our respects to them and to their Elders past, present and emerging.

We value flexible working arrangements. If you have received an email from me outside of normal business hours, I'm sending it at a time that suits my work arrangements. Unless urgent, I'm not expecting you to read or reply until normal business hours.

OFFICIAL