

BUSINESS

US investors bid for Ansett

Two high-profile US investors have joined the take-over bid for bankrupt Australian airline Ansett.

Chairman of low-cost Irish carrier Ryanair and Continental Airlines director David Bonderman, along with former America West Airlines chief executive Bill Franke, will buy between 35% and 49% of the Ansett take-over vehicle, Tesna Holdings, owned by Australian entrepreneurs Lindsay Fox and Solomon Lew. The take-over is set for 31 January.

Bonderman led the rescue of Continental in 1993, while Franke, who managed America West out of bankruptcy in 1994, now chairs the international aircraft financier Airplanes Group.

Ansett's administrators have conditionally sold Ansett's mainline operations to Tesna, with the deal expected to be endorsed by a creditors' meeting in January, although it is being contested by Virgin Blue and Lang, which had made a counter-offer for Ansett assets.

■ Qantas chief executive Geoff Dixon says the carrier plans a major boost to competition on Air New Zealand's domestic routes.

"We'll be gearing up to have a much bigger international and domestic operation out of New Zealand, and that will happen very early in the new year," Dixon said last month, following a meeting with NZ finance minister Michael Cullen and transport minister Mark Gosche.

"We have a proposal that hasn't been approved as yet by our board to get some aircraft specifically for New Zealand," said Dixon.

Qantas says that a new NZ air operator certificate is one option being considered, while another would be to use Qantas subsidiary Impulse Airlines as a vehicle for New Zealand domestic expansion.

BUSINESS GRAHAM WARWICK / WASHINGTON DC

Aloha and Hawaiian unite as competition fears fade

Merger to create 10th biggest US airline follows coming together of Colombia's big two

Airline mergers are moving ahead as competition concerns take second place to survival instincts amid the financial crisis following 11 September. Just days after Colombia cleared the way for its two largest carriers, ACES and Avianca, to combine, Aloha Airlines and Hawaiian Airlines announced their plan to merge.

The motivation is the same in both cases – the desire to create a single viable airline in the face of dramatically reduced traffic. Aloha and Hawaiian expect antitrust approval for their merger in the first half of the year, although it will eliminate competition in the vital inter-island market.

The merger of privately-held Aloha and publicly-traded Hawaiian will create a carrier with annual revenues of around \$1 billion,

making it the 10th largest US airline.

Former Continental Airlines president Greg Brenneman will head the new company, Aloha Holdings, which will be publicly traded as Hawaiian Airlines.

"The merger will create a flagship carrier for Hawaii that will not only allow continuation of inter-island services, but also provide the financial muscle and staying power needed to bring more visitors to Hawaii," Brenneman says. Both carriers say there has been a dramatic reduction in visitors to Hawaii since 11 September.

Brenneman's Texas-based private equity firm TurnWorks will hold 20% of the new carrier, while Airline Investors Partnership, which owns 53% of Hawaii, will hold 28%.

Aloha's owners will also hold around 28%, with the remaining 24% of the combined carrier being held by Hawaiian's public shareholders.

The merger is expected to generate savings of around \$90 million a year from the consolidation of operations and elimination of excess aircraft.

Arguing that it has become uneconomical to maintain dual inter-island operations, the carriers have made commitments on inter-island fare-pricing in a bid to win government approval.

ACES and Avianca, meanwhile, plan to begin combining operations later this month, after finally receiving authorisation from the Colombian civil aviation authority, Aerocivil, almost a year after they first announced plans to merge.



AIR TRANSPORT

A330 joins Air France

Air France has introduced into service the first of eight Airbus A330-200s it has on order, initially on flights from Paris to Boston and Toronto. The General Electric CF6-80E1-powered aircraft features new seats, a lounge area and equipment for disabled passengers. The 211-seat twinjets are replacing Air France's Airbus A310s and Boeing 767-300ERs.

BUSINESS & GENERAL AVIATION

Industry suggests ID checks for pilots

A coalition of industry associations has presented several recommendations on improving general aviation (GA) security to the new US Transport Security Administration (TSA).

The move is aimed at positively identifying pilots and passengers and preventing unauthorised use of private aircraft.

The recommendations are the results of a vulnerability assessment performed on behalf of the Aircraft Owners and Pilots Association,

Experimental Aircraft Association, the General Aviation Manufacturers Association, Helicopter Association International and the National Business Aviation Association.

The associations recommend the identity of individuals renting or purchasing an aircraft, or joining a flying club, be validated against a government-issued photo identity card and suggest the TSA creates a system to check names electronically against the govern-

ment's terrorist watch list.

The TSA should also develop and distribute a profile to identify individuals requiring additional scrutiny.

In the wake of 11 September, the US GA industry was hit hard by airspace restrictions which lingered long after commercial operations were allowed to resume.

One reason some airspace has remained closed to private aircraft has been the difficulty of preventing their unauthorised use.