Qantas Airways Limited (Loan Guarantee) Bill 1989

Date Introduced: 8 March 1989  
House: House of Representatives  
Presented by: Hon. Ralph Willis, M.P., Minister for Transport and Communications

Digest of Bill

Purpose

To guarantee borrowings raised by Qantas Airways Limited (Qantas) to finance the purchase of three Boeing 747 – 400 aircraft.

Background

Qantas, Australia’s international airline, was originally established by private interests in 1920 as Queensland and Northern Territory Aerial Services Limited. In 1934, a new company, Qantas Empire Airways was formed by Qantas and Imperial Airways (later BOAC). In 1946 the Commonwealth purchased the BOAC holding from the British Government. On the 1 August 1967 the name of the company was changed to Qantas Airways Limited.

In 1987 – 88, Qantas and its subsidiaries made an operating profit of $155.4 million. Profit on operations increased by 49% over the 1986 – 87 profit of $104.3 million. Utilisation of seats available throughout the Qantas fleet increased to 69.7% in 1987 – 88 from 67.3% in the previous year. A total of 4.3 million passengers were carried in 1987 – 88, compared with 3.02 million in the previous year. Qantas revenue increased by 51% to $3.9 billion. Foreign currency earnings increased by 52% in 1987 – 88 to $2.5 billion. In 1987 – 88 the Commonwealth will receive a dividend from Qantas of $30 million. In 1987 – 88, Qantas operated a fleet of 25 Boeing 747s and 7 Boeing 767 aircraft, including 15 Boeing 747s under lease arrangements. During the next five years Qantas plans to spend $6 billion on its expansion. One billion dollars will be spent on infrastructure and facilities. Five billion dollars will be spent on the purchase of aircraft, including the Boeing 767 – 300ER and Boeing 747 – 400.1

As part of the re – equipment programme Qantas has ordered eight Boeing 747 – 400 aircraft. Each 400 series aircraft costs approximately $US 125 million. The 400 series will principally be deployed on one stop flights on the Kangaroo Route to London and and the non – stop Australia to Los Angeles/San Francisco routes. The 400 series has a range of approximately 7300 nautical miles. The 400 series is expected to reduce per passenger cost by at least 30% over the present 747SPs. The 400 series will consume around 10% to 12% less fuel per nautical mile than the 747 – 300 series aircraft.
As ordered, the 400 series will be capable of carrying 412 passengers, 71 passengers more than the 747SP. In an all economy configuration the 400 series is capable of carrying more than 600 passengers. The area of most change is in the area of the flight deck. The 400 series flight deck is configured for two-crew operation with digital avionics, resulting in a 60% reduction in the number of instruments and gauges on the 747 flight deck. The Qantas 747-400 will be powered by four Rolls Royce RB211-524D4D engines. Each 524D4D engine is capable of delivering 56,000lbs of thrust. The first of the new Qantas 747-400s, the City of Canberra, is scheduled to enter service in May this year. Qantas is due to receive another five of the planes this year, and has options to take another 17. All of these options are expected to be exercised by 1993.

Main Provisions

The Treasurer will be authorised to guarantee borrowings of $US 385 million raised by Qantas to finance the purchase of 3 Boeing 747-400 aircraft and related equipment (clause 4).

The guarantee is not to be given unless Qantas satisfies such conditions as the Treasurer considers necessary (clause 5).

References


For further information, if required, contact the Economics and Commerce Group.

13 March 1989

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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