Commonwealth Borrowing Levy Amendment Bill 1988

Date Introduced: 18 February 1988
House: House of Representatives
Presented by: The Hon. Paul Keating, M.P., Treasurer

Digest of Bill

Purpose
To ensure that the Commonwealth Borrowing Levy Act 1987 (the Principal Act) continues to apply to Australian Airlines after its conversion to a public company.

Background
The Principal Act provides that certain semi-government authorities pay a charge to the government for the use of a Commonwealth guarantee when borrowing funds. The charge is based on the fact that a Commonwealth guarantee enables the authorities to borrow at the most favourable rates. This occurs as the guarantee means that the lender is virtually certain of repayment and the lower risk is reflected in the interest rates. The Principal Act applies to Australian Airlines. It is planned to convert Australian Airlines to a public company, and the Australian Airlines (Conversion to Public Company) Bill 1987 will achieve this aim. At this stage, the public company will be wholly government-owned and will be able to use a Commonwealth guarantee when borrowing. It is therefore considered appropriate that the charge continue to apply to the public company.

Main Provisions
Clause 3 will amend the Schedule to the Principal Act to ensure that the charge applies to the public company.

For further information, if required, contact the Law and Government Group.

24 March 1988

Bills Digest Service
Legislative Research Service

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