Qantas Airways Limited (Loan Guarantee) Bill 1988

Date Introduced: 28 September 1988
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 767 – 300ER 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 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.

Qantas operates 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 six billion dollars on 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

In October, November and December of 1988, Qantas took delivery of three Boeing 767 – 300ER (extended range) aircraft. Under the Qantas configuration, the 767 – 300ER will seat 251 passengers and have a range of 4400 nautical miles. They will use General Electric engines and each aircraft will cost approximately $150 million. They will be operated initially on trans-Tasman routes, before being moved onto longer range operations such as Cairns to Tokyo and Perth to Tokyo.
Main Provisions

The Treasurer will be authorised to guarantee borrowings of $US235 million raised by Qantas to finance the purchase of 3 Boeing 767 – 300 Extended Range 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.

18 January 1989

Bills Digest Service

Legislative Research Service

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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