QANTAS AIRWAYS LIMITED (LOAN GUARANTEE) BILL 1985

Date introduced: 21 August 1985
House: House of Representatives
Presented by: Hon. Peter Morris, M.P., Minister for Aviation

Short Digest of Bill

Purpose

To give the Treasurer authority to guarantee Qantas borrowings for the purchase of a Boeing 747-300 Extended Upper Deck aircraft.

Background

Qantas took delivery of its first Boeing 747 in 1971 and has continued to operate the aircraft since that date. At one stage, Qantas operated an all 747 fleet and by March 1984, it operated 24 of the type. The sale of older models commenced in 1984, and by early this year 6 of the older models had been sold for approximately $100m. Qantas has decided to replace these aircraft with a mixture of Boeing 767s, which are more suited to lower density moderate haul routes, and the new model 747-300s. The 747-300 incorporates an extended upper deck, which increases the length of the upper deck by 7 metres. The new aircraft will carry 424 passengers. The aircraft will be fitted with Rolls-Royce engines which are estimates to be up to 12% more fuel efficient than those in use on older models.

Qantas had originally intended to purchase 3 747-300s for use on the Australia to England run. However, increasing passenger numbers prompted Qantas to purchase a fourth 747-300 to enable it to operate these aircraft to England 7 days a week.

The new aircraft will cost $US115m and Qantas intends to raise this sum through loans. Government guarantee of such loans will not only make it easier for Qantas to raise this sum but will also enable the loan to be secured at lower interest rates.
Outline

The Treasurer will be empowered to guarantee loans for this aircraft up to $US115m. As well, Qantas will be required to provide security for the guarantee.

Main Provisions

The Treasurer is given power to guarantee a loan or loans to a total of $US115m by clause 4.

Clause 5 sets out the conditions that Qantas is required to meet, including the provision of security. The security must be over Qantas property and be such that 85% of its value covers the amount borrowed. As well, the property must be insured and protected against sale or mortgage.

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

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Bills Digest Service
Legislative Research Service

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