QANTAS AIRWAYS LIMITED (LOAN GUARANTEE) BILL 1979

Date Introduced: 10 May 1979
House: House of Representatives

Purpose

To authorise the Treasurer, on behalf of the Commonwealth, to guarantee loans raised by Qantas Airways Limited to finance the purchase of its eighteenth and nineteenth Boeing 747 series aircraft.

Background

It is Government practice to guarantee loans sought by both Qantas and our major national airlines Ansett and TAA. For example, two similar Acts guaranteed loans for purchases by Ansett in 1978.

Qantas plans to use both aircraft between Australia and the USA, as well as other routes. Aircraft eighteen, which will carry a combination of passengers and cargo, is designed to enable Qantas to offer an improved air cargo service between Germany and Australia, while aircraft nineteen, in the normal passenger configuration is required to cope with an anticipated peak summer traffic to the UK/ Europe as well as the USA in 1980-81. The aircraft are scheduled for delivery in November 1979.

The introduction of new low advance purchase excursion fares to the UK, USA and Europe since 1978 has led to a large increase in bookings on these routes and increased capacity on these routes provided by these two aircraft will be needed to cope with the future anticipated traffic.

Qantas also has plans to increase by 455 the number of salable seats on its present Boeing 747 fleet after modifications to interiors and engines. The additional capacity will be more economical than the purchase of another B747.

The proposed Government guarantee will be limited to 80% of the total purchase price of the aircraft, spare parts and associated equipment, representing $US 94 million
or its equivalent in other currencies. The limited guarantee is similar to those provided in the past.

Main Provisions

Sub-clause 4(1) enables the Treasurer, on behalf of the Commonwealth, to guarantee borrowings by Qantas for the purchase of two Boeing 747 aircraft and related spare parts and equipment, together with interest payments on the amounts borrowed.

Sub-clause 4(2) limits the amount of any such guarantee to $US 94 million.

Clause 5 sets out the conditions associated with the guarantee, the main ones being-

(a) that the moneys are borrowed on terms and conditions that the Treasurer is satisfied are reasonable; and

(b) that adequate provisions, to the satisfaction of the Treasurer, are taken to insure the aircraft, spare parts and equipment to which the borrowings relate, and that the Commonwealth is to be given over-riding security over this borrowing in respect of the guarantee.

Clause 6 enables the Treasurer to delegate to an officer of the Department of the Treasury any of his powers or functions under this Act, other than this power of delegation.

Finance, Industries, Trade & Development Group
LEGISLATIVE RESEARCH SERVICE

15 May 1979