AIRLINE EQUIPMENT (LOAN GUARANTEE) BILL 1978

DateIntroduced: 6 April 1978
House: House of Representatives

Short Digest of Bill

Purpose

To authorise the Treasurer, on behalf of the Commonwealth, to guarantee loans raised by Ansett Transport Industries (Operations) Pty. Ltd. to finance the purchase of a Boeing 727-200 series aircraft.

Background

It has been government practice for some time to guarantee loans sought by Ansett for the purchase of aircraft on similar conditions to those in this Bill. For example, the Airline Equipment (Loan Guarantee) Act 1977 authorised the Treasurer to guarantee loans of up to $US9 million for Ansett for the purchase of a Boeing 727-200 aircraft.

In this instance, the proposed government guarantee will be limited to an amount of $US10.3 million or its equivalent. This amount represents 80% of the total cost of the aircraft and associated equipment.

In the case of Ansett's competitor, the Australian National Airlines Commission (TAA), the normal practice has been for the Treasurer to borrow the money and to then on-lend it to the airline. However, according to a TAA spokesman, the Commission has been informed that it will have to undertake any future borrowings on its own behalf, subject to consultations with the Treasurer on the terms and conditions of the loan.

Main Provisions

Sub-clause 4(1) enables the Treasurer, on behalf of the Commonwealth, to guarantee borrowings by Ansett for the purchase of a Boeing 727-200 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
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 for the protection of the aircraft, spare parts and equipment to which the borrowing relates.

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.