Date Introduced: 26 October 1978
House: House of Representatives
Presented by: The Honourable P.J. Nixon, M.P., Minister for Transport

Short Digest of Bill

Purpose

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

Background

It has been government practice for some years 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 1978 authorized the Treasurer to guarantee loans of up to $US10.3 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 $US11.12 million or its equivalent. This amount represents 80% of the estimated total cost of the aircraft and associated equipment.

Ansett's competition, the Australian National Airlines Commission (TAA), has indicated that it will not require a Commonwealth loan guarantee to finance its tenth Boeing 727-200 aircraft since it intends to purchase it from internal funds.

Main Provisions

Sub-clause 5(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 5(2) limits the amount of any such guarantee to $US11.12 million.
Clause 6 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 7 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.