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QANTAS AIRWAYS LIMITED (LOAN GUARANTEE) AMENDMENT BILL 1978

Date Introduced: 16 November 1978
House: House of Representatives

Short Digest of Bill

Purpose

To amend the Qantas Airways Limited (Loan Guarantee) Act 1978 to allow the Treasurer to guarantee an overseas borrowing by Qantas to recoup money already used for the purpose described in the Act.

Background

The Qantas Airways Limited (Loan Guarantee) Act 1978 authorised the Treasurer, on behalf of the Commonwealth, to guarantee overseas borrowings by Qantas to the extent of $U.S.80 million or its equivalent to finance the purchase of two Boeing 747 series aircraft.

Qantas was not able to finalise the terms for the proposed borrowing before taking delivery of the aircraft and so funds temporarily available from other sources were used to make the payments owing on the aircraft in anticipation of these funds being recouped in due course from the proceeds of the $U.S.80 million loan. When Qantas sought the Treasurer's guarantee for a borrowing for this purpose there was some doubt as to whether such a guarantee could be given under the circumstance where the loan was a recoup to Qantas for a previous purchase. The Bill is designed to put this beyond doubt, allowing the guarantee to be given.

To ensure that the Act provides for the giving of the guarantee in circumstances where money is only being recouped by Qantas on the purchase of the aircraft and not for the actual payment for the aircraft the original Act will be amended by this Bill.

Main Provision

Clause 3 omits the words "for expenditure" and substitutes "not exceeding its expenditure" in paragraph (a) of sub-section (1) to section 4 of the original Act. The paragraph will then read that the Treasurer may, on behalf
of the Commonwealth, and subject to the conditions required by the Act, guarantee "the repayment by Qantas Airways Limited of amounts borrowed by it not exceeding its expenditure in connection with the purchase by it of 2 Boeing 747 aircraft and related spare parts and equipment".

22 November 1978

Finance, Industries, Trade & Development Group
LEGISLATIVE RESEARCH SERVICE