Qantas Airways Limited (Loan Guarantee) Bill 1976

Introduced by the Minister for Transport, Hon. P.J. Nixon
House of Representatives 2 November 1976.

Purpose
The purpose of the Bill is to seek authority for the Treasurer to guarantee, on behalf of the Commonwealth the repayment of loans raised by Qantas Airways Limited to finance the purchase of 3 Boeing 747 series aircraft. (clause 4(1))

Summary
It is proposed that Qantas will negotiate the loans on its own name with the backing of a Government guarantee. The negotiations will be subject to consultations with the Treasurer on the borrowing arrangements. The airline will also be required to satisfy the Treasurer that adequate and proper security and insurance is given to the 3 aircraft. (clause 5).

The proposed Government guarantee will be limited to an amount of $US 117 million or its equivalent. (clause 4 (2)).

Relevant Information
$US117 million represents 80% of the present total cost of the three aircraft and related equipment. Qantas wishes to take advantage of the favourable terms of purchase offered by the aircraft manufacturer at present. It has been estimated that the terms of purchase currently available to Qantas would result in a saving for each aircraft of $US7.8 million if delivered in 1977 rather than 1978.

The aircraft financed under this Bill will comprise the thirteenth, fourteenth and fifteenth Boeing 747’s operated by Qantas. The airline is progressively replacing its smaller 747 series.

Change in policy
Contrary to past practice, this Bill seeks authority to provide a Government guarantee to overseas loans raised by Qantas in its own name. Previously, (for example, in the Loans (Qantas Airways Limited) Act No. 21 of 1976) the Commonwealth Government had taken out loans itself on behalf of Qantas.

Finance, Industries, Trade and Development
8 November 1976.