AIRLINE EQUIPMENT (LOAN GUARANTEE) BILL 1977

Date Introduced: 27 October 1977  
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 to guarantee borrowing by Ansett Transport Industries Limited to finance the purchase of one Boeing 727–200 series aircraft.

Main Provisions
Ansett will be able to borrow up to $9 million in U.S. dollars or its equivalent in other currencies to finance the purchase of one Boeing 727–200 series aircraft, with the Treasurer’s guarantee (clause 4). The conditions to which the guarantee will be subject include:

a) that the Treasurer be satisfied with the terms and conditions of the loan (paragraph 5 (a));

b) that the Commonwealth is given proper security over the aircraft (paragraph 5 (b));

c) that undertakings are given that the aircraft will be insured, that it will not be sold or mortgaged and that it will not be taken out of Australia without arrangements being made to guarantee the Commonwealth’s interest (paragraph 5 (c));

d) that officers of the Australian Public Service are allowed access if authorized by the Minister for Transport to the financial accounts of Ansett and other companies controlled by Ansett (paragraph 5(d)).

Background
Ansett’s purchase of this aircraft will bring its fleet of Boeing 727–200 aircraft to eight. TAA is also purchasing a similar aircraft but will be using internal funds to purchase the aircraft. These purchases of 727–200 aircraft are based on the recovery in airline traffic in 1977 and the airline’s program for retiring their Boeing 727–100 aircraft.

It has been Government practice for many years to guarantee loans sought by Ansett, for the purchase of aircraft on similar conditions to those in this Bill.
Both Qantas and TAA have received funds for the purchase of aircraft in the past. These funds have been borrowed by the Treasurer and on-lent to the airlines. However, Qantas was allowed to borrow on its own behalf with Government guarantee for the first time in November 1976.