

1985

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

QANTAS AIRWAYS LIMITED (LOAN GUARANTEE) BILL 1985

EXPLANATORY MEMORANDUM

Circulated by authority of the Minister for Aviation

QANTAS AIRWAYS LIMITED (LOAN GUARANTEE) BILL 1985

OUTLINE

The purpose of the Qantas Airways Limited (Loan Guarantee) Bill 1985 is to authorize the Treasurer, on behalf of the Commonwealth to guarantee borrowings raised by Qantas Airways Limited to finance the purchase by the Company of a Boeing 747-300 Extended Upper Deck aircraft and related spare parts and equipment. The guarantee is limited to an aggregate of \$US115 million or its equivalent in other currencies.

FINANCIAL IMPACT STATEMENT

The measures contained in this Bill have no direct financial implications; the loan guarantee proposed only involves a contingent liability for the Commonwealth.

NOTES ON CLAUSES

Clauses 1 and 2

1. The first two clauses of the Bill provide for the short title and commencement of the legislation. The provisions of the Bill will come into effect on the day on which it receives the Royal Assent.

Clause 3

2. Borrowing, for the purposes of the Bill, includes the provision of credit.

Sub-clause 4(1)(a)

3. The Bill is to guarantee the repayment of amounts borrowed by Qantas Airways Limited for the purpose of a Boeing 747-300 Extended Upper Deck aircraft and related spare parts and equipment.

Sub-clause 4(1)(b)

4. The Bill is also to guarantee the payment of interest (including any interest on that interest) on amounts so borrowed.

Sub-clause 4(2) and 4(4)

5. The Bill sets down a loan guarantee limit of \$US115 million or its equivalent in other currencies.

Sub-clause 4(3)

6. This sub-clause enables the Treasurer to carry out proceedings under the guarantee in courts outside Australia, and waive the Commonwealth's immunity from suit in such court proceedings.

Clause 5

7. The Treasurer shall not give a guarantee unless:
- (a) the terms and conditions of the borrowing are considered by the Treasurer to be reasonable;
 - (b) proper security is given to the Commonwealth by Qantas, to the satisfaction of the Treasurer, and the value of Qantas' interest in property offered as security is such that 85% of that value immediately before the giving of security is not less than the amount borrowed by Qantas;
 - (c) undertakings are given to the satisfaction of the Treasurer that:

- (i) the items provided as security for the Commonwealth's contingent liability are kept insured against all customary risks;
- (ii) the security of the Commonwealth will be protected against the sale, mortgage or consignment to a place outside of Australia of these items;
- (d) such other conditions thought necessary by the Treasurer are fulfilled.

Clause 6

8. The Treasurer may delegate any of his powers or functions except this power of delegation to another Minister or to officers of the Department of the Treasury.