



Report to the Commonwealth
made under
Section 24 of the
*Air Passenger Ticket Levy
(Collection) Act 2001*

For the period
1 October 2001 to 31 March 2002

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Introduction

This report has been prepared in accordance with the requirements of section 24 of the *Air Passenger Ticket Levy (Collection) Act 2001* (the Act).

Section 24 of the Act requires the Workplace Relations Minister to table a report on the following matters:

- payments authorised under section 22 of the Act;
- the activities to which those payments relate.

This is the first such report and it covers the period 1 October 2001 to 31 March 2002.

In summary, payments made under s.22 of the Act during the reporting period were:

- \$8.0 million paid to a private sector entity (SEES Pty Ltd) to meet repayment obligations of a loan facility established for the Special Employee Entitlements Scheme for Ansett group employees (SEESA).

This report also provides other relevant information, including:

- \$283.3 million advanced from the loan facility to the Ansett Administrators for payment of employee entitlements under the provisions of SEESA;
- \$1.7 million expenses incurred by the Commonwealth in collecting the ticket levy and administering SEESA;
- \$1.25 million drawn down from the loan facility as fees charged by SEES Pty Ltd for services provided in connection with SEESA.

Background

On 12 September 2001, the Ansett group of companies was placed under external Administration and the estimated 15 000 employees in the Ansett group of companies were faced with possible retrenchment.

SEESA was established by the Federal Government to provide a safety net arrangement for staff of the Ansett group of companies who were terminated on or after 12 September 2001 due to their employer's insolvency. The Department of Employment and Workplace Relations (DEWR) is responsible for administering SEESA.

A special appropriation of \$500 million was created within consolidated revenue to meet costs associated with SEESA.

A \$10 levy was imposed on air passenger tickets purchased on or after 1 October 2001 to fund the costs being met by the special appropriation. The Act provides for the collection of the levy. The Department of Transport and Regional Services (DoTARS) is responsible for administering the ticket levy.

SEESA was established through a Determination made under s.22 of the Act and signed by the Workplace Relations Minister on 9 October 2001. The Determination specifies:

- the companies covered by SEESA;
- the entitlements covered by SEESA;
- the terms on which payments under SEESA are made.

The Act provides, under s.22, for payments in connection with SEESA, namely:

- payments to an entity for the purpose of helping the entity to meet payment obligations in respect of money borrowed for the purpose of making payments in connection with the Scheme;
- payments by the Commonwealth under a guarantee given by a Minister on behalf of the Commonwealth in connection with the borrowing referred to above.

The Act also provides, under s.22, for payments to meet costs incurred by the Commonwealth in connection with:

- the collection or administration of the levy;
- the establishment or operation of the SEESA.

On 17 December 2001 a private sector entity, SEES Pty Ltd, was contracted by the Commonwealth to secure a loan for the purpose of advancing funds to the Ansett Administrators in respect of unpaid employee entitlements and to assist in the administration of SEESA. A \$350 million loan facility was secured by SEES Pty Ltd. This approach was taken to meet the need to provide an estimated \$350 million for employee entitlements as soon as possible, recognising that the forecast levy receipt rate was \$8 million to \$10 million per month.

As at 31 March 2002, the Commonwealth had authorised the draw down of \$283.3 million from the loan facility for advance to the Ansett Administrators for payment to 11 419 former employees of the Ansett group of companies.

During the reporting period the Commonwealth also authorised draw down of \$1.252 million by SEES Pty Ltd for services provided by SEES Pty Ltd under the contract between the Commonwealth and SEES Pty Ltd. SEES Pty Ltd is required under the contract to secure an appropriate loan facility, verify claims for SEESA funds, advance SEESA funds to the Ansett Administrators in respect of unpaid employee entitlements, report to the Commonwealth on advances of SEESA funds made to the Ansett Administrators and to assist in the administration of SEESA.

As at 31 March 2002 no payments had been made to meet the costs incurred by DEWR or DoTARS in the establishment and operation of SEESA or the administration and collection of the ticket levy.

During the reporting period DEWR has incurred costs of \$1.15 million; payment from the Consolidated Revenue Fund to meet that cost will be made during future reporting periods.

During the reporting period DoTARS incurred costs of \$0.55 million; payment from the Consolidated Revenue Fund to meet that cost will be made during future reporting periods.

Report in detail

1. Section 22(3)(a)(i) - 'Payments to an entity for the purpose of helping the entity to meet payment obligations in respect of money borrowed for the purpose of making payments in connection with the Scheme'

During the reporting period payment of \$8 million was made to SEES Pty Ltd.

2. Section 22(3)(a)(ii) - 'Payments by the Commonwealth under a guarantee given by a Minister on behalf of the Commonwealth in connection with a borrowing referred to in sub-paragraph (i)'

During the reporting period no payments were authorised under section 22(3)(a)(ii) of the Act.

3. Section 22(3)(b)(i) - 'Payments to meet the costs incurred by the Commonwealth in connection with the collection or administration of the levy'

During the reporting period no payments were authorised under section 22(3)(b)(i) of the Act.

It should be noted that costs were incurred by DoTARS totalling \$0.55 million.

Payments from the Consolidated Revenue Fund to meet those costs will be made in future reporting periods.

4. Section 22(3)(b)(ii) - 'Payments to meet the costs incurred by the Commonwealth in the establishment or operation of the Scheme'

During the reporting period no payments were authorised under section 22(3)(b)(ii) of the Act.

It should be noted that costs were incurred by DEWR totalling \$1.15 million.

Payments from the Consolidated Revenue Fund to meet those costs will be made during future reporting periods.