



Air Corporations Act 1969

CHAPTER 43

ARRANGEMENT OF SECTIONS

Section

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ELIZABETH II



1969 CHAPTER 43

An Act to make new provision in relation to the finances of the British European Airways Corporation; and to amend the provisions of the Air Corporations Act 1967 relating to members of the corporations in order to prevent conflicts of interest. [25th July 1969]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1.—(1) As from 1st April 1968—

- (a) all outstanding liabilities of the British European Airways Corporation in respect of advances made before that date under section 42 of the Finance Act 1956 or section 8 of the Air Corporations Act 1967 (or any enactment repealed by that Act) shall be extinguished; and
- (b) all rights and liabilities which under the terms of issue of any stock issued under section 9 of the Air Corporations Act 1949 (or any enactment repealed by that Act) were immediately before that date rights and liabilities of the Corporation shall be rights and liabilities of the Treasury.

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1956 c. 54.
1967 c. 33.

1949 c. 91.

(2) As from the said 1st April, the Corporation shall assume a debt due to the Board of Trade of £91,585,714 4s. 0d. (which is £25 million less than the total of the advances and stock in respect of which the Corporation are relieved of liability by subsection (1) of this section); and the debt so assumed by the Corporation shall be paid off at such times and by such methods, and interest thereon shall be paid at such rates and at such times, as the Board may with the approval of the Treasury from time to time direct.

(3) The sum of £25 million (representing the amount by which the indebtedness of the Corporation is reduced as aforesaid) shall be carried to a special account of the Corporation and transferred from it, by instalments specified in directions given by the Board, to the credit of the Corporation's revenue accounts for the four years ending with 31st March 1972.

(4) The Board may by order made by statutory instrument extinguish the liabilities of the Corporation which are outstanding on 1st April 1972 in respect of such amount (not exceeding £12½ million) of the debt assumed by the Corporation under subsection (2) of this section as may be specified in the order; and, if such an order is made, subsection (3) of this section shall apply to the amount specified in the order and to the three years ending with 31st March 1975 as it applies to the sum specified in that subsection and to the four years there mentioned.

1967 c. 33.

(5) Subsections (5) and (6) of section 8 of the Air Corporations Act 1967 (ancillary provisions relating to sums received as repayment of and interest on advances under that section) shall apply to sums received by the Board under subsection (2) of this section as they apply to sums received by them under that section; and subsection (7) of that section (which relates to advances in respect of which liability is extinguished by subsection (1) of this section) is hereby repealed.

(6) No directions shall be given under subsection (3) of this section except after consultation with the Corporation and with the approval of the Treasury; and any directions specifying the sum to be transferred under that subsection in respect of any year may (after the like consultation and with the like approval) be revoked or varied at any time before the beginning of that year.

(7) An order may be made under subsection (4) of this section before, on or after 1st April 1972, but no such order shall be made except with the approval of the Treasury and unless a draft of it has been laid before the Commons House of Parliament on or before 31st March 1973 and has been approved by a resolution of that House.

(8) The transitional provisions contained in Schedule 1 to this Act shall have effect in relation to subsection (1) of this section.

2.—(1) The Board of Trade may by order made by statutory instrument direct that as from such date, not being earlier than 1st April 1972, as may be specified in the order, the following provisions of the Air Corporations Act 1967, that is to say—

(a) section 14 (which provides for the investment of public dividend capital in B.O.A.C.); and

Power to provide for investment of public dividend capital in B.E.A.

(b) section 17 (which imposes on B.O.A.C. a financial duty related to the said section 14),

shall have effect as if any reference in those provisions to the British Overseas Airways Corporation included a reference to the British European Airways Corporation.

(2) On the date on which an order under this section comes into force—

(a) section 20 of the said Act of 1967 (which lays down the existing financial duty of B.E.A.); and

(b) section 21 of that Act (which enables the Board to give directions as to the application of any revenue surplus of B.E.A.),

shall cease to apply to the British European Airways Corporation except as respects any direction already given under the said section 21; and as from that date section 22 of that Act (which lays down the borrowing limits for B.E.A.) shall have effect as if the amount to which the limit under that section applies included the aggregate amount of any sums paid to the Corporation under section 14 of that Act (but not any sum treated as so paid by virtue of subsection (3)(b) of the said section 14).

(3) In the application of section 14 of the said Act of 1967 to the British European Airways Corporation by virtue of an order under this section—

(a) subsection (1) shall have effect as if the reference therein to section 16 of that Act were a reference to section 22 of that Act; and

(b) subsection (3)(a) shall have effect as if the reference therein to the financial year ending on 31st March 1966 were a reference to the financial year in which the order comes into force.

(4) No order shall be made under this section—

(a) except after consultation with the Corporation and with the approval of the Treasury; and

(b) unless a draft of it has been laid before, and approved by a resolution of, the Commons House of Parliament.

3.—(1) In section 18 of the Air Corporations Act 1967 (power of Board of Trade to require sums in reserve fund of B.O.A.C. to be paid into the Consolidated Fund if surplus to the requirements of the Corporation) the reference to the British Overseas Airways Corporation shall include a reference to the British European Airways Corporation but in relation to that Corporation the powers conferred by that section shall be exercisable only as from 1st April 1972.

Consequential financial provisions.
1967 c. 33.

(2) The Board may, after consultation with the British European Airways Corporation and with the approval of the Treasury, direct that any sum in respect of which the Board have power to give a direction under section 18 of the said Act of 1967 as applied to that Corporation by the foregoing subsection shall be treated as if it had been borrowed by the Corporation and were an advance to them by the Board under section 8 of that Act.

(3) The expiry of the provisions of sections 14, 17 and 18 of the said Act of 1967 by virtue of section 19 of that Act (which provides for the temporary duration of those provisions) shall not affect their application to the British European Airways Corporation by virtue of section 2 of this Act or of subsection (1) of this section; and accordingly in the said section 19 references to the expiry of those provisions shall be construed as references to their expiry in relation to the British Overseas Airways Corporation only.

(4) The fact that sections 20 and 21 of the said Act of 1967 cease to apply to the British European Airways Corporation in consequence of section 2(2) of this Act shall not affect the application of those sections to the British Overseas Airways Corporation by virtue of section 19(3)(b) of that Act.

(5) In section 22(1) of the said Act of 1967 (which, as amended by section 1(1) of the Air Corporations Act 1968, restricts borrowing by B.E.A. to a limit of £210 million or such greater sum not exceeding £240 million as the Board of Trade may from time to time by order specify) for the references to £210 million and £240 million there shall be substituted respectively references to £200 million and £230 million; and the amount to which the limit imposed by the said section 22(1) applies—

- (a) shall include the amount for the time being outstanding in respect of the principal of the debt assumed by the Corporation under section 1(2) of this Act; but
- (b) shall not include the amount for the time being outstanding in respect of the principal of any sum which by virtue of a direction under subsection (2) of this section is treated as if it had been borrowed by the Corporation.

(6) The Air Corporations Act 1968 (which amends the said section 22(1) as aforesaid and also enables B.E.A. to borrow from the Board of Trade for the purpose of financing accumulated deficits on revenue account) is hereby repealed.

4. Schedule 1 to the Air Corporations Act 1967 (which contains provisions relating to the members of B.E.A. and B.O.A.C. and with respect to certain other matters affecting those Corporations) shall be amended by the insertion, after paragraph 6, of the paragraph set out in Schedule 2 to this Act.

1968 c. 30.

Conflicts of interest in case of members of air corporations.
1967 c. 33.

5.—(1) This Act may be cited as the Air Corporations Act 1969. Short title, citation and interpretation. 1967 c. 33.

(2) The Air Corporations Act 1967 and this Act may be cited together as the Air Corporations Acts 1967 and 1969.

(3) Except where the context otherwise requires, any reference in this Act to any enactment is a reference to that enactment as amended by any other enactment, including this Act.

SCHEDULES

SCHEDULE 1

TRANSITIONAL PROVISIONS

PART I

EXTINGUISHMENT OF LIABILITIES IN RESPECT OF ADVANCES

1. As soon as may be after the commencement of this Act there shall be made between the Treasury and the Corporation all such adjustments in respect of the period beginning with 1st April 1968 and ending with the commencement of this Act as may be required for carrying section 1(1)(a) of this Act into effect, including in particular provisions for dealing with sums paid by the Corporation during that period in discharge of liabilities which are retrospectively extinguished by the said section 1(1)(a), whether by repayment of the sums out of the National Loans Fund, by crediting them against other liabilities of the Corporation to the Board of Trade or partly one and partly the other.

PART II

TRANSFERRED STOCK

Renaming of stock

2. As from 1st April 1968 (in this Part of this Schedule referred to as "the date of transfer") the following stock, that is to say—

(a) the 4½ per cent. British European Airways Guaranteed Stock 1972-1977; and

(b) the 3 per cent. British European Airways Guaranteed Stock 1980-1983,

(being the issues comprised in the stock to which section 1(1)(b) of this Act applies) shall each be renamed by omitting the word "Guaranteed".

Application of provisions applicable to government stock

3. As from the date of transfer, the stock to which section 1(1)(b) of this Act applies (in this Part of this Schedule referred to as "the stock") shall be deemed for all purposes, but subject to the rights and liabilities mentioned in the said section 1(1)(b), to have been created and issued under the National Loans Act 1968, and that Act and any other enactment, regulation or rule relating to securities issued under that Act shall apply accordingly to the stock.

4. As from the date of transfer, the Airways Corporations Stock Regulations 1947 and the Airways Corporations Stock Regulations 1948 shall be deemed not to have applied to the stock, but this paragraph shall not affect the validity of any thing done under or for the purposes of any provision of those regulations before the commencement of this Act, and any such thing shall continue to have effect after the commencement of this Act in relation to the

Section 1.

1968 c. 13.

S.I. 1947/99.
S.I. 1948/2858.

stock and shall be deemed to have been done under or for the purposes of the corresponding enactment, regulation or rule for the time being applicable to the stock.

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Payments of interest

5. In relation to the person entitled to any payment of interest in respect of the stock before the commencement of this Act, any payment of such interest made by the British European Airways Corporation on or after the date of transfer shall have effect as if made by the Treasury.

Transitional adjustments

6. As soon as may be after the commencement of this Act there shall be made between the Treasury and the said Corporation all such adjustments in respect of the period beginning with the date of transfer and ending with the commencement of this Act as may be required for carrying section 1(1)(b) of this Act into effect, including in particular payments by the Treasury out of the National Loans Fund for reimbursing to the Corporation interest paid by them in respect of the stock during that period.

SCHEDULE 2

Section 4.

PARAGRAPH INSERTED IN SCHEDULE 1 TO AIR CORPORATIONS
ACT 1967

1967 c. 33.

6A.—(1) Before appointing a person to be a member of the corporation the Board shall satisfy themselves that that person will have no such financial or other interest as is likely to affect prejudicially the discharge by him of his functions as a member of the corporation, and the Board shall also satisfy themselves from time to time with respect to every member of the corporation that he has no such interest; and any person who is, or whom the Board propose to appoint to be, a member of the corporation shall, whenever requested by the Board so to do, furnish to the Board such information as the Board consider necessary for the performance by the Board of their duties under this paragraph.

(2) A member of the corporation who is in any way directly or indirectly interested in a contract made or proposed to be made by the corporation shall disclose the nature of his interest at a meeting of the corporation; and the disclosure shall be recorded in the minutes of the corporation, and the member shall not take any part in any deliberation or decision of the corporation with respect to that contract.

(3) For the purposes of the last foregoing sub-paragraph a general notice given at a meeting of the corporation by a member of the corporation to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with the company or firm, shall be regarded as a sufficient disclosure of his interest in relation to any contract so made.

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(4) A member of the corporation need not attend in person at a meeting of the corporation in order to make any disclosure which he is required to make under this paragraph if he takes reasonable steps to secure that the disclosure is made by a notice which is brought up and read at the meeting.

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