


# Air Corporations Act 1967

## 1967 CHAPTER 33

An Act to consolidate, with certain exceptions, the provisions of the Air Corporations Acts 1949 to 1966.
[10th May 1967]

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:—

*Constitution and functions of the corporations*

The Air Corporations.

**1.**—(1) There shall continue to be two corporations known as the British Overseas Airways Corporation and the British European Airways Corporation.

(2) The corporations mentioned in the preceding subsection are hereinafter referred to as " the corporations ".

Constitution.

**2.**—(1) Each of the corporations shall consist of a chairman, a deputy chairman and such number of other members as the Board of Trade (hereinafter referred to as " the Board ") may from time to time determine:

Provided that—

(*a*) the total number of members of each corporation shall not be less than five nor more than eleven;

(*b*) two deputy chairmen of the British Overseas Airways Corporation may be appointed.

(2) The members of each of the corporations shall be appointed by the Board, who shall also appoint the chairman and deputy chairman or deputy chairmen of each corporation from among its members.

(3) The supplementary provisions contained in Schedule 1 to this Act shall have effect in relation to each of the corporations.

Functions.

**3.**—(1) Each of the corporations shall, subject to the provisions of this Act, have power to provide air transport services and to carry out all other forms of aerial work, and may provide such services and carry out such work, whether on charter terms or otherwise, in any part of the world; and it shall be the duty of each of the corporations to exercise those powers so as to secure that the air services which they may provide are developed to the best advantage, and, in particular, to exercise those powers so as to secure that the services provided by the corporation are provided at reasonable charges.

(2) Each of the corporations shall have power, subject as hereinafter provided, to do anything which is calculated to facilitate the discharge of their functions under the preceding subsection, or of any other functions conferred or imposed on the corporation by or under this Act, or is incidental or conducive to the discharge of any such functions.

(3) The Board may, by an order relating to either of the corporations, define the powers conferred upon the corporation by the preceding provisions of this section so far as they think it desirable so to do for the purpose of securing that the public are properly informed as to the general nature and scope of the activities in which the corporation may engage; but nothing in any such order shall prejudice the generality of the powers conferred by the preceding provisions of this section.

Save as may be expressly provided by an order made under this subsection, neither of the corporations shall have power to manufacture air-frames or aero-engines or airscrews.

(4) Without prejudice to the generality of the powers conferred by the preceding provisions of this section, each of the corporations shall in particular have power, subject as hereinafter provided—

(*a*) to acquire any undertaking constituted for the purpose of providing air transport services or of engaging in any other activities of a kind which the corporation have power to carry on, or to acquire, hold or have any shares or stock in, or any financial interest in, any such undertaking;

(*b*) to promote the formation of any such undertaking as is mentioned in the preceding paragraph; and

(*c*) to lend money to, or enter into guarantees for the benefit of, any such undertaking as aforesaid.

(5) The Board may, by an order relating to either of the corporations, limit the powers of the corporation to such extent as they think desirable in the public interest, by providing that any power of the corporation specified in the order shall not be exercisable except in accordance with a general or special authority given by the Board.

(6) Any statutory instrument containing an order made under this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.

General directions.

**4.** The Board may, after consultation with either of the corporations, give to that corporation directions of a general character as to the exercise and performance by that corporation of their functions in relation to matters appearing to the Board to affect the national interest; and the corporation concerned shall give effect to any such directions.

Use of aircraft registered in Her Majesty's dominions.

**5.** Without prejudice to their general duty to comply with directions given by the Board under this Act, each of the corporations shall in particular comply with such directions as may from time to time be given by the Board, after consultation with the corporation, for securing that, to such extent and in such cases as may be specified in the directions, aircraft used by the corporation in connection with any service operated by them shall be registered in some part of Her Majesty's dominions.

Corporations not to be exempt from taxation, etc.

**6.**—(1) It is hereby declared that nothing in this Act exempts either of the corporations from liability for any tax, duty, rate, levy or other charge whatsoever, whether general or local.

(2) It is hereby declared that no provision of this Act conferring any power or imposing any duty upon either of the corporations authorises the disregard by the corporation of any rule of law, whether having effect by virtue of any enactment or otherwise.

*General financial provisions*

Borrowing powers.

**7.**—(1) Subject to the limits imposed by sections 16 and 22 of this Act, each of the corporations, with the consent of the Board and the approval of the Treasury, or in accordance with the terms of any general authority issued by the Board with the approval of the Treasury, may borrow temporarily, by way of overdraft or otherwise, such sums as the corporation may require for meeting their obligations or discharging their functions.

(2) Subject to those limits, each of the corporations may borrow from the Board, or, with the consent of the Board

and the approval of the Treasury, may borrow by the issue of stock, such sums as the corporation may require for all or any of the following purposes, that is to say—

(*a*) the provision of working capital;

(*b*) the promotion of other undertakings, the acquisition of other undertakings or of shares or stock in other undertakings, and the making of loans to, and the fulfilment of guarantees given for the benefit of, other undertakings;

(*c*) the redemption of any stock which the corporation are required or entitled to redeem; and

(*d*) any other expenditure properly chargeable to capital account, including the repayment of any money borrowed by the corporation for defraying expenditure properly so chargeable.

(3) Subject to those limits, each of the corporations may borrow, from such persons and on such terms as the Board may with the approval of the Treasury from time to time specify, any sums of foreign currency required by the corporation for defraying expenditure properly chargeable to capital account, including the repayment of any money borrowed by the corporation for defraying expenditure properly so chargeable.

Exchequer loans.

**8.**—(1) The Board may with the approval of the Treasury advance to either of the corporations any sums which, within the limits imposed by sections 16 and 22 of this Act, the corporation have power to borrow under section 7(2) of this Act.

(2) Any advances made by the Board under this section shall be repaid to them at such times and by such methods, and interest thereon shall be paid to them at such rates and at such times, as they may with the approval of the Treasury from time to time direct.

(3) The Treasury may issue out of the Consolidated Fund to the Board such sums as are necessary to enable them to make advances under subsection (1) of this section.

(4) For the purpose of providing sums to be issued under the last preceding subsection, or of providing for the replacement of sums so issued, the Treasury may at any time, if they think fit, raise money in any manner in which they are authorised to raise money under the National Loans Act 1939; and any securities created and issued to raise money under this subsection shall be deemed for all purposes to have been created and issued under that Act.

1939 c. 117.

(5) Any sums received by the Board under subsection (2) of this section shall be paid into the Exchequer, and shall be

issued out of the Consolidated Fund at such times as the Treasury may direct, and shall be applied by the Treasury as follows, that is to say—

(*a*) so much thereof as represents principal shall be applied in redeeming or paying off debt of such description as the Treasury think fit, and

(*b*) so much thereof as represents interest shall be applied towards meeting such part of the annual charges for the National Debt as represents interest.

(6) The Board shall, in respect of each financial year, prepare, in such form and manner as the Treasury may direct, an account of sums issued to them under this section and of the sums to be paid into the Exchequer under subsection (5) of this section and of the disposal by them of those sums respectively, and shall send it to the Comptroller and Auditor General not later than the end of November following that financial year; and the Comptroller and Auditor General shall examine, certify and report on the account and lay copies of it, together with his report, before each House of Parliament.

(7) The reference in subsection (2) of this section to advances made by the Board under this section shall include a reference to advances made to the British European Airways Corporation under section 42 of the Finance Act 1956 (any direction given under that section having effect as if given under the said subsection (2)) and subsections (5) and (6) of this section shall have effect accordingly.

1956 c. 54.

Stock.

**9.**—(1) Each of the corporations may create and issue any stock required for the purpose of exercising their powers under section 7(2) of this Act, and may also, with the consent of the Board and the approval of the Treasury, create and issue stock which is to be allotted as consideration for the acquisition of other undertakings or of shares or stock in other undertakings.

(2) Stock issued by either of the corporations and the interest thereon shall be charged on the undertaking and all property and revenues of that corporation.

(3) Subject to the provisions of this Act, the stock of each of the corporations shall be issued, transferred, dealt with and redeemed upon such terms and in accordance with such regulations as the Board, with the approval of the Treasury, may prescribe, and any such regulations may, in relation to any such stock, apply with or without modifications any provisions of the Local Loans Act 1875 or of any enactment relating to stock issued by a local authority.

1875 c. 83.

(4) The approval of the Board shall be required for naming or changing the name of stock issued by the British Overseas Airways Corporation.

Treasury guarantees.

**10.**—(1) The Treasury may guarantee, in such manner and on such conditions as they think fit—

(*a*) the redemption or repayment of, and the payment of any interest on, any stock issued, or temporary loan raised, by either of the corporations;

(*b*) the repayment of, and the payment of any interest on and any other charges in respect of, any loan raised by either of the corporations under section 7(3) of this Act;

(*c*) the payment by either of the corporations of any debt incurred by the corporation, being a debt which is to be discharged in foreign currency and is not a debt in respect of any such loan as is mentioned in the last preceding paragraph.

(2) Any sums required by the Treasury for fulfilling a guarantee given under this section shall be charged on and issued out of the Consolidated Fund, and any sums received by way of repayment of any sums so issued or by way of interest thereon, shall be paid into the Exchequer.

(3) The undertaking and all property and revenues of the corporation concerned shall be charged with the repayment of any sums so issued out of the Consolidated Fund, including interest thereon at such rates as the Treasury may determine; and any such charge shall rank—

(*a*) where the charge is a charge for the repayment of sums issued out of the Consolidated Fund in respect of stock, next after the principal and interest of the stock and any sums which the corporation are bound to set aside towards the redemption of the stock, and in priority to any other charge not existing at the date of the issue of the stock;

(*b*) where the charge is a charge for the repayment of sums issued out of the Consolidated Fund in respect of a temporary loan, next after the principal and interest of the loan (in so far as that principal or interest are charged upon the undertaking, property or revenues of the corporation), and in priority to any other charge not existing at the date of the raising of the loan;

(*c*) where the charge is a charge for the repayment of sums issued out of the Consolidated Fund in respect of a loan raised under section 7(3) of this Act, next after the principal and interest of the loan and other charges

in respect thereof (in so far as that principal or interest or those charges are charged upon the undertaking, property or revenues of the corporation), and in priority to any other charge not existing at the date of the raising of the loan; and

(*d*) where the charge is a charge for the repayment of sums issued out of the Consolidated Fund in respect of such a debt as is mentioned in subsection (1)(*c*) of this section, next after that debt (in so far as that debt is charged upon the undertaking, property or revenues of the corporation), and in priority to any other charge not existing at the date when the debt was incurred.

(4) Immediately after any guarantee is given under this section, the Treasury shall lay a statement of the guarantee before each House of Parliament.

(5) Where any sum is issued out of the Consolidated Fund under this section, the Treasury shall, as soon as possible after the end of each financial year beginning with that in which the sum is issued and ending with that in which all liability in respect of the principal of the sum and in respect of interest thereon is finally discharged, lay before each House of Parliament an account of that sum and of any payments made, during the financial year to which the account relates, by way of repayment of that sum or by way of interest thereon.

Transfers of guaranteed stock to be free of stamp duty.

**11.** Where the payment of principal and interest on any stock issued by either of the corporations is guaranteed by the Treasury, transfers of the stock shall be exempt from all stamp duties.

Reserve funds.

**12.**—(1) Each of the corporations shall have a reserve fund.

(2) The management of the said fund, the sums to be carried from time to time to the credit thereof, and the application thereof, shall be as the corporation concerned may determine;

Provided that—

(*a*) subject to section 18 of this Act, no part of the said fund shall be applied otherwise than for the purposes of the corporation; and

(*b*) the power of the Board to give directions to the corporation shall extend to the giving to them, with the approval of the Treasury, of directions as to any matter relating to the establishment or management of the said fund, the carrying of sums to the credit thereof, or the application thereof, notwithstanding that the directions may be of a specific character.

**13.** Each of the corporations, in framing and carrying out proposals involving substantial outlay on capital account by the corporation, or by a subsidiary of the corporation, shall act on lines settled from time to time with the approval of the Board. Capital expenditure.

*Financial provisions applying to B.O.A.C.*

**14.**—(1) Subject to the limit imposed by section 16 of this Act, the Board may with the approval of the Treasury pay to the British Overseas Airways Corporation such sums as the Board think fit. Exchequer investment otherwise than by way of loan.

(2) In consideration of receiving sums under this section, the corporation shall, as respects each financial year, make to the Board out of any funds available for that purpose payments of such amount as may be proposed by the corporation and approved by the Board with the consent of the Treasury, or of such other amount as the Board may, with the approval of the Treasury and after consultation with the corporation, determine.

(3) The funds available for the purpose of making a payment under subsection (2) of this section shall be—

(*a*) any profits of the corporation for any financial year not earlier than the financial year ending on 31st March 1966, after deducting any sums out of those profits carried to the credit of the reserve fund of the corporation; and

(*b*) any sums standing to the credit of that fund other than any such sum which the Board may, with the approval of the Treasury and after consultation with the corporation, direct to be treated as if it were a sum which had been paid by the Board to the corporation under this section.

(4) Any sums required by the Board for making payments under this section shall be defrayed out of moneys provided by Parliament; and any sums received by the Board under subsection (2) of this section shall be paid into the Exchequer.

(5) The account required to be prepared by the Board under section 8(6) of this Act shall include particulars of any sums paid by them to the corporation under this section and of any sums to be paid into the Exchequer under subsection (4) of this section.

(6) In this section "profits" as respects any financial year means the excess of the revenue of the corporation for that year over the sums properly chargeable by them to revenue account for that year.

Sums treated as lent to, or invested in, corporation.

**15.** The sum of £31 million shall be deemed to have been borrowed by the British Overseas Airways Corporation from the Board on 1st April 1965 and to have been then advanced by the Board to the corporation under section 8 of this Act, and the sum of £35 million shall be deemed to have been paid by the Board to the corporation under section 14 of this Act.

Limit on borrowing by, and investment in, corporation.

**16.**—(1) Subject to the following provisions of this section, the aggregate of the following, that is to say—

(*a*) the amount outstanding in respect of the principal of any moneys borrowed by the British Overseas Airways Corporation, including in such moneys the sum deemed to have been borrowed by the corporation by virtue of section 15 of this Act; and

(*b*) any sums paid to the corporation under section 14 of this Act, including the sum deemed to have been so paid by virtue of the said section 15 but not any sum treated as so paid by virtue of subsection (3)(*b*) of the said section 14,

shall not at any time exceed £90 million, or such greater sum, not exceeding £120 million, as the Board may from time to time by order specify.

(2) An order under this section shall not be made unless a draft of the order has been approved by a resolution of the Commons House of Parliament.

(3) Nothing in this section shall prevent the corporation from borrowing in excess of the limit imposed by virtue of the preceding provisions of this section for the purpose of redeeming any stock of the corporation which they are required or entitled to redeem, or of paying off any loan.

Financial duty.

**17.**—(1) The Board shall from time to time determine with the approval of the Treasury and after consultation with the British Overseas Airways Corporation, as respects such period as the Board may so determine, the rate of return on net assets which the Board consider, having regard to their rights under section 14(2) of this Act, it is reasonable for the corporation to achieve in that period; and the Board may, with the like approval and after such consultation as aforesaid, vary a determination under this section in respect of any period by a further determination.

(2) In subsection (1) of this section the reference to the rate of return on net assets is a reference to the amount of profits for the period in question (as defined for the purposes of section 14 of this Act, but before deducting interest on moneys borrowed by the corporation) expressed as a percentage of the total assets of the corporation after deducting liabilities of a current nature.

(3) The Board shall give notice to the corporation of any determination under subsection (1) of this section.

(4) The corporation shall conduct their affairs during any period in respect of which a determination has been made under subsection (1) of this section with a view to achieving a rate of return in that period not less than that specified by the determination as for the time being in force.

(5) The corporation shall from time to time during any such period as aforesaid review the financial results of their operations during the preceding part of the period, and if it appears to the corporation that those results have been such that, unless special measures are taken, the corporation are unlikely to be able to perform their obligation under subsection (4) of this section, the corporation shall forthwith inform the Board of that fact and consider what special measures can be taken, and the corporation shall inform the Board of the special measures which they propose should be taken.

(6) The Board may by order—

(*a*) substitute for the duty imposed by subsection (4) of this section a financial duty expressed otherwise than by reference to a rate of return on net assets; and

(*b*) for that purpose, direct that the preceding provisions of this section shall have effect subject to such modifications as may be specified in the order and make such other incidental and transitional provisions as appear to the Board to be necessary or expedient;

but no such order shall be made unless a draft of the order has been approved by a resolution of each House of Parliament.

Board's power in relation to reserves.

**18.**—(1) As from 31st March 1969 the Board's power under this Act to give directions to the British Overseas Airways Corporation as to the application of any sums standing to the credit of the corporation's reserve fund shall, notwithstanding paragraph (*a*) of the proviso to section 12(2) of this Act, include power to direct the payment of any such sum (not being a sum in respect of which a direction has been given under section 14(3)(*b*) of this Act) into the Exchequer if it appears to the Board, after consultation with the corporation, that that sum is surplus to the requirements of the corporation.

(2) The account required to be prepared by the Board under section 8(6) of this Act shall include particulars of any sums directed to be paid into the Exchequer under this section.

Duration of ss. 14, 17 and 18.

**19.**—(1) Subject to subsection (2) of this section, the provisions of sections 14, 17 and 18 of this Act, and of section 16(1) of this Act so far as it relates to the said section 14, shall continue in force until 31st March 1971 and then expire.

(2) The Board may by order direct that the said provisions—

(*a*) shall continue in force permanently after the date on which they would otherwise expire; or

(*b*) shall continue in force after that date for such period as may be specified in the order and then expire;

but no such order shall be made unless a draft of the order has been approved by a resolution of each House of Parliament.

(3) Upon the expiry of the provisions mentioned in subsection (1) of this section—

(*a*) any sums which have been paid by the Board to the British Overseas Airways Corporation under section 14 of this Act, including any sums deemed to have been or treated as having been so paid by virtue of any of the preceding provisions of this Act, shall be deemed to have been borrowed by the corporation from the Board on the date of such expiry and to have been then advanced by the Board to the corporation under section 8 of this Act (but not so as to subject to the limit imposed by section 16(1) of this Act any sums in respect of which a direction may have been given under section 14(3)(*b*) of this Act);

(*b*) sections 20 and 21 of this Act shall apply to the corporation as they apply to the British European Airways Corporation;

1889 c. 63. and section 38(2) of the Interpretation Act 1889 (effect of repeals) shall apply as if the said provisions had been then repealed by another Act.

*Financial provisions applying to B.E.A.*

Financial duty. **20.** The British European Airways Corporation shall so conduct their affairs as to secure that their revenue is not less than sufficient for making provision for the meeting of charges properly chargeable to revenue, taking one year with another.

Application of revenues. **21.**—(1) Any excess of the revenue of the British European Airways Corporation for any financial year over the total sums properly chargeable by the corporation to revenue account for that year shall be applied by the corporation in such manner as the Board, with the approval of the Treasury and after consultation with the corporation, may direct; and any such direction may require the whole or any part of any such moneys to be paid into the Exchequer if it appears to the Board, after such consultation as aforesaid, to be surplus to the requirements of the corporation.

(2) The account required to be prepared by the Board under section 8(6) of this Act shall include particulars of any sums directed to be paid into the Exchequer under this section.

Limit on borrowing.

**22.**—(1) Subject to the following provisions of this section, the aggregate amount outstanding in respect of the principal of any moneys borrowed by the British European Airways Corporation shall not at any time exceed £110 million, or such greater sum, not exceeding £125 million, as the Board may from time to time by order specify.

(2) An order under this section shall not be made unless a draft of the order has been approved by a resolution of the Commons House of Parliament.

(3) Nothing in this section shall prevent the corporation from borrowing in excess of the limit imposed by virtue of the preceding provisions of this section for the purpose of redeeming any stock of the corporation which they are required or entitled to redeem, or of paying off any loan.

*Staff, wages, pensions, etc.*

Terms and conditions of employment.

**23.**—(1) It shall be the duty of each of the corporations, except in so far as the corporation are satisfied that adequate machinery exists for achieving the purposes of this subsection, to seek consultation with any organisation appearing to the corporation to be appropriate with a view to the conclusion between the corporation and that organisation of such agreements as appear to the parties to be desirable with respect to the establishment and maintenance of machinery for—

(*a*) the settlement by negotiation of terms and conditions of employment of persons employed by the corporation, with provision for reference to arbitration in default of such settlement in such cases as may be determined by or under the agreements; and

(*b*) the discussion of matters affecting the safety, health and welfare of persons employed by the corporation, and of other matters of mutual interest to the corporation and such persons, including efficiency in the operation of the corporation's services.

(2) Where either of the corporations conclude such an agreement as is mentioned in the preceding subsection, or any variation is made in such an agreement, the corporation concerned shall forthwith transmit particulars of the agreement or the variation to the Board and the Minister of Labour.

(3) In relation to any agreement affecting employment in Northern Ireland, the reference in the last preceding subsection

to the Minister of Labour shall be construed as including a reference to the Ministry of Health and Social Services for Northern Ireland.

Pensions.

**24.**—(1) In this section "relevant employees" means—

(*a*) employees of either of the corporations (hereafter in this section referred to as "corporation employees");

(*b*) employees of any such undertaking as may be specified in regulations under this section, being—

(i) an undertaking which is a subsidiary of either of the corporations, or

(ii) any other undertaking which would be a subsidiary of one of the corporations if there were held by that corporation any share capital, or power to appoint directors, of the undertaking which is held (directly or indirectly) by the other corporation;

(*c*) employees of the management trustees of the pension scheme established and maintained by virtue of regulations under this section;

(*d*) employees of the board of trustees of the joint medical service of the corporations;

and "employing authority" means any of the corporations, undertakings or bodies of trustees mentioned in paragraphs (*a*) to (*d*) of this subsection.

(2) The Board shall by regulations provide for the establishment and maintenance of one or more pension schemes for the purpose of providing pensions and other similar benefits in respect of the service of corporation employees of such classes as may be specified in the regulations, and the Board shall by such regulations in particular provide for securing benefits in the case of injury or death.

(3) The Board may by regulations make, in respect of the service of relevant employees other than corporation employees, any provision which under the last preceding subsection they have power to make in respect of the service of corporation employees.

(4) Regulations made under this section may, for the purpose of providing funds from which benefits are to be paid, provide for the payment of contributions by the employing authority concerned or by employees of that authority, or both by that authority and by such employees, and may in particular provide for the payment of such contributions in respect of service as an employee of an employing authority before the coming into force of the regulations, and for the payment of benefits in respect of any such service.

(5) Regulations made under this section may make provision for securing that service with any undertaking other than an employing authority may, in such cases, upon such terms and subject to such conditions as may be specified in the regulations, be reckoned for the purposes of the payment of benefits under the regulations.

(6) Regulations made under this section may make provision for securing that where a relevant employee, being an employee in respect of whose service benefits are provided by a pension scheme established under this section, becomes—

(*a*) a member of either of the corporations; or

(*b*) a director of any such undertaking as is mentioned in subsection (1)(*b*) of this section,

his service as such a member or director (whether before or after the passing of this Act) shall be treated for the purposes of the scheme as if it were service as an employee of the employing authority in whose employment he was when he became such a member or director.

(7) Before making—

(*a*) any regulations under this section in respect of relevant employees other than corporation employees; or

(*b*) regulations by virtue of subsection (6)(*b*) of this section in respect of corporation employees,

the Board shall consult with each of the corporations and with any organisation representative of the employees to whom the regulations will relate which appears to the Board to be appropriate.

*Accounts, reports and information*

Accounts and audit.

**25.**—(1) Each of the corporations shall keep proper accounts and proper records in relation thereto, and shall prepare in respect of each financial year a statement of accounts in such form as the Board may, with the approval of the Treasury, direct, being a form which shall conform with the best commercial standards and which shall distinguish between the provision of air transport facilities upon scheduled journeys, the provision of air transport facilities otherwise than upon such journeys, and the carrying out of aerial work which does not consist of the provision of air transport facilities.

(2) The statement of accounts prepared in respect of any financial year by each of the corporations shall contain such particulars with respect to any undertaking which at any time during that year was a subsidiary of the corporation as the Board may direct.

(3) The accounts of each of the corporations shall be audited by auditors appointed annually by the Board.

(4) As soon as the accounts of either of the corporations for any financial year have been audited, the corporation shall send to the Board a copy of the statement of accounts prepared by them for that year in accordance with this section, together with a copy of any report made by the auditors on that statement or on the accounts of the corporation.

(5) The Board shall lay a copy of every such statement and report before each House of Parliament.

Annual reports.

**26.**—(1) Each of the corporations shall, as soon as possible after the end of each financial year, make to the Board a report dealing with the operations of the corporation during that year.

(2) The Board shall lay a copy of every such report before each House of Parliament.

(3) The report for any year shall set out any direction given by the Board to the corporation under section 4 of this Act during that year unless the Board have notified to the corporation their opinion that it is against the national interest so to do.

Returns and information.

**27.**—(1) Each of the corporations shall at such times as the Board may from time to time determine, and in respect of any period so determined, submit to the Board—

(*a*) a programme of the air transport services which the corporation propose to provide during that period and of the other activities in which the corporation propose to engage during that period; and

(*b*) an estimate of the receipts of the corporation during that period, and of the expenditure, whether on revenue account or on capital account, to be incurred by the corporation during that period.

(2) Without prejudice to their duties under the preceding provisions of this Act, each of the corporations shall provide the Board with such information relating to the property, financial position, activities or proposed activities of the corporation or of any subsidiary of the corporation as the Board may from time to time require:

Provided that no such requirement shall impose upon either of the corporations the duty of providing the Board with information which the corporation do not possess and cannot reasonably be expected to obtain.

(3) For the purpose of providing the Board with any information which they may require in accordance with the provisions of the last preceding subsection, each of the corporations shall permit any person authorised by the Board

in that behalf to inspect and make copies of the accounts, books, documents or papers of the corporation, and shall afford such explanation thereof as that person or the Board may reasonably require.

(4) In this section—

(*a*) the expression "receipts" does not include any sum paid by the Board under section 14 of this Act; and

(*b*) the expression "expenditure", in relation to any estimate, includes any sum thereby proposed to be set aside or allocated for any purpose.

*Special powers in case of emergency*

Board's power in emergency.

**28.**—(1) In time of war whether actual or imminent, or of great national emergency, the Board may by order require that the whole or any part of the undertaking of, or of any property or rights of, or under the control of, either of the corporations shall be placed at the disposal of the Board, or of such persons as may be provided by the order.

(2) So long as any such order is in force, a corporation shall comply with any directions which may be given to them by or under the direction of the Board.

(3) An order under this section may make, for the purposes of the order, such provision as an Order in Council under section 8 of the Civil Aviation Act 1949 may make for the purpose of securing compliance with provisions thereof having effect by virtue of subsection (2)(*l*) of that section. 1949 c. 67.

(4) Section 58 of the said Act of 1949 (which authorises any order under the enactments specified therein to provide for the detention of aircraft to secure compliance with the order) shall have effect as if any reference therein to an order under an enactment to which Part VI of that Act applies included a reference to an order made under this section, but this provision shall be without prejudice to the provisions of the last preceding subsection.

(5) Any person who suffers direct injury or loss owing to the operation of an order of the Board under this section shall be entitled to receive compensation from the Board, the amount thereof to be fixed, in default of agreement, by the appropriate tribunal; and the principles of the Land Compensation Act shall, with the necessary modifications, apply where possession is taken of any land.

(6) In this section—

(*a*) in relation to England and Wales, "the appropriate tribunal" means the Lands Tribunal and "the Land

1961 c. 33.

Compensation Act" means the Land Compensation Act 1961;

(*b*) in relation to Scotland, "the appropriate tribunal" means the Lands Tribunal for Scotland, except that until the coming into force in Scotland of the Lands Tribunal Act 1949, it means an official arbiter appointed under section 2 of the Land Compensation (Scotland) Act 1963 (the arbiter being selected in accordance with rules made by the Reference Committee under the said section 2), and "the Land Compensation Act" means the said Act of 1963;

1949 c. 42.

1963 c. 51.

(*c*) in relation to Northern Ireland, "the appropriate tribunal" means an official arbitrator appointed under section 1 of the Acquisition of Land (Assessment of Compensation) Act 1919 (the arbitrator being selected in accordance with rules made by the Reference Committee under the said section 1), and "the Land Compensation Act" means the said Act of 1919.

1919 c. 57.

(7) Any expense incurred by the Board in the exercise of their powers under this section shall be paid out of moneys provided by Parliament.

*Transitory provisions*

Undertakings merged with B.O.A.C.

**29.** The provisions of Schedule 2 to this Act shall have effect in relation to the matters there dealt with, being transitional matters arising out of the merger of the British South American Airways Corporation with the British Overseas Airways Corporation on 30th July 1949 and the transfer to the British Overseas Airways Corporation on 1st April 1940 of the undertakings of Imperial Airways Limited and British Airways Limited.

Superannuation schemes established by B.O.A.C. before 1st August 1946.

**30.**—(1) No person shall be a member of any pension, superannuation or other benefit fund or scheme established by the British Overseas Airways Corporation before 1st August 1946 for the benefit of persons employed by the corporation unless he was a member of that fund or scheme before that date.

(2) The Board may by regulations make such provision as they think necessary for enabling any person who is a member of any fund or scheme so established, or who is for the time being participating in any such scheme as is mentioned in paragraph 7 or 8 of Schedule 2 to this Act, to withdraw from that fund or scheme in consideration of being admitted, upon such terms as may be provided for by the regulations, to any scheme established under section 24 of this Act.

*Supplemental*

Regulations and orders.

**31.**—(1) Any power conferred by this Act on the Board to make orders or regulations shall be exercisable by statutory instrument.

(2) Any power conferred by this Act to make an Order in Council, and any power conferred by any provision of this Act other than section 19(2) to make an order, shall be construed as including a power, exercisable in like manner and subject to the like conditions, if any, to vary the Order in Council or order or, in the case of an order under section 17(6) of this Act, to vary or revoke it.

Exercise of Board's powers.

**32.** Anything to be done by, to or before the Board by virtue of this Act may be done by, to or before the President of the Board, any Minister of State with duties concerning the affairs of the Board, any secretary, under-secretary or assistant secretary of the Board, or any person authorised in that behalf by the President of the Board.

Interpretation.

**33.**—(1) In this Act, except where the context otherwise requires, the following expressions have the meanings hereby respectively assigned to them, that is to say—

"air transport service" means a service for the carriage by air of passengers, mails or other freight;

"Consolidated Fund" means the Consolidated Fund of the United Kingdom;

"director" includes any person occupying the position of director, by whatever name called;

"financial year" in relation to either of the corporations, means a period of twelve months beginning on 1st April;

"foreign currency" means any currency other than sterling;

"remuneration" includes reasonable allowances in respect of expenses properly incurred in the pursuance of the duties of any office;

"scheduled journey" means one of a series of journeys which are undertaken between the same two places and which together amount to a systematic service operated in such a manner that the benefits thereof are available to members of the public from time to time seeking to take advantage of it;

"subsidiary", in relation to either of the corporations, means any undertaking more than one half of the issued share capital whereof is held directly or through a nominee by the corporation, and any undertaking in

relation to which the corporation have power directly or indirectly to appoint the majority of the directors;

" the Board " means the Board of Trade;

" the corporations " means the British Overseas Airways Corporation and the British European Airways Corporation.

(2) References in this Act to any enactment shall be construed as including references to that enactment as amended by or under any other enactment.

Northern Ireland.

**34.** The following provisions shall, in addition to any express provision for the application to Northern Ireland of any provision of this Act, have effect for the general application of this Act to Northern Ireland, that is to say—

(*a*) any reference to any enactment shall be construed as a reference to that enactment as it has effect in Northern Ireland;

(*b*) any reference to an Act of Parliament shall be construed as including a reference to an Act of the Parliament of Northern Ireland, and " enactment " includes an enactment of that Parliament.

Channel Islands and Isle of Man.

**35.**—(1) Her Majesty may by Order in Council direct that any of the provisions of this Act shall extend, with such exceptions, modifications and adaptations, if any, as may be specified in the Order, to any of the Channel Islands or to the Isle of Man:

Provided that this subsection shall not apply to—

(*a*) sections 7(1) and (2), 9 and 10(1)(*a*) (and the other provisions of section 10 relating to guarantees given under section 10(1)(*a*)) so far as they relate to the British Overseas Airways Corporation;

(*b*) sections 7(3), 8, 10(1)(*b*) (and the other provisions of section 10 relating to guarantees given under section 10(1)(*b*)), 11, 13 to 15, 17 to 21 and 28 to 30, paragraphs 8 and 9 of Schedule 1, and Schedule 2.

(2) Any such Order in Council may provide for the payment of sums out of moneys provided by Parliament for any purpose for which sums are required to be so paid in consequence of the exercise of the powers conferred by the preceding subsection.

Repeals and savings.

**36.**—(1) The enactments mentioned in Schedule 3 to this Act are hereby repealed to the extent specified in the third column of that Schedule:

1889 c. 63.

Provided that, without prejudice to the provisions of the Interpretation Act 1889, this subsection shall have effect subject to the following provisions of this section.

(2) Nothing in this repeal shall affect any instrument made or any other thing whatsoever done under any enactment repealed by this Act and every such instrument or thing shall continue in force and shall, so far as it could have been made or done under this Act, have effect as if made or done under the corresponding enactment of this Act.

(3) Nothing in this repeal shall affect the terms and conditions on and subject to which any person held office or served immediately before the commencement of this Act.

(4) Any document referring to any Act or enactment repealed by this Act shall, if and so far as the context permits, be construed as referring to this Act or the corresponding enactment in this Act.

**37.** This Act may be cited as the Air Corporations Act 1967. **Short title.**

# SCHEDULES

Section 2.

## SCHEDULE 1

### SUPPLEMENTARY PROVISIONS AS TO THE CORPORATIONS

*Tenure and vacation of office*

1. Subject as hereinafter provided, a member of the corporation shall hold and vacate office as such in accordance with the terms of the instrument appointing him to be a member:

Provided that—

(*a*) where a member becomes or ceases to be chairman or deputy chairman of the corporation, the Board may vary the terms of the instrument appointing him to be a member of the corporation, so far as they relate to the date on which he is to vacate office as such; and

(*b*) a member of the corporation may at any time, by notice in writing under his hand addressed to the Board, resign his membership.

2. Subject as hereinafter provided, the chairman of the corporation and the deputy chairman of the corporation shall hold and vacate office as such in accordance with the instruments respectively appointing them:

Provided that the chairman or deputy chairman may at any time, by notice in writing under his hand addressed to the Board, resign his office as such.

3. If the chairman or deputy chairman of the corporation ceases to be a member of the corporation, he shall cease to be chairman or deputy chairman, as the case may be.

4. If the Board are satisfied that a member of the corporation—

(*a*) has been absent from meetings of the corporation for a period longer than three consecutive months without the permission of the corporation; or

(*b*) has become bankrupt or made an arrangement with his creditors; or

(*c*) is incapacitated by physical or mental illness; or

(*d*) is otherwise unable or unfit to discharge the functions of a member;

the Board may declare his office as a member of the corporation to be vacant and shall notify the fact in such manner as the Board think fit; and thereupon the office shall become vacant.

5. A member of the corporation who ceases to be a member shall be eligible for re-appointment.

6. The validity of any proceeding of the corporation shall not be affected by any vacancy amongst the members thereof or by any defect in the appointment of a member thereof.

*Remuneration, pensions etc.* SCH. 1

7. The corporation shall pay to each member thereof such remuneration, whether in respect of his office as such or otherwise, as the Board may with the consent of the Treasury determine.

8.—(1) The corporation shall make such provision for the payment of pensions to or in respect of such members of the corporation as the Board may with the approval of the Treasury determine, but no provision shall be made under this paragraph in the case of a member if provision may be made under section 24(6)(*a*) of this Act for treating his service as such a member as if it were service as an employee of either of the corporations.

(2) The Board shall as soon as possible lay before each House of Parliament a statement of such provision for the payment of pensions to or in respect of members of the corporation as the Board with the approval of the Treasury have determined.

9. Where a person ceases, or has at any time after 20th December 1962 ceased, to be a member of the corporation otherwise than on the expiry of his term of office, and it appears to the Board that there are special circumstances which make it right that that person should receive compensation, the Board may with the approval of the Treasury require the corporation to make to that person a payment of such amount as may be determined by the Board with the approval of the Treasury.

*Meetings and proceedings*

10. The quorum of the corporation and the arrangements relating to meetings thereof shall be such as the corporation may determine.

*The common seal*

11. The corporation shall have a common seal, and the fixing of the seal shall be authenticated by the signature of—

(*a*) the chairman of the corporation, or some other member thereof authorised either generally or specially by the corporation to act in his stead for that purpose; and

(*b*) some other person, authorised by the corporation, either generally or specially, to act for that purpose.

*Instruments of the corporation*

12. Any contract or instrument which, if entered into or executed by a person not being a body corporate, would not be required to be under seal, may be entered into or executed on behalf of the corporation by any person generally or specially authorised by them for that purpose.

13. Any document purporting to be a document duly executed under the seal of the corporation shall be received in evidence and shall, unless the contrary is proved, be deemed to be a document so executed.

Section 29.

## SCHEDULE 2

### TRANSITORY PROVISIONS

### PART I

### BRITISH SOUTH AMERICAN AIRWAYS CORPORATION

*Stock and loans*

1. The three per cent. British South American Airways Stock 1980-1983 shall be deemed to be stock issued by the British Overseas Airways Corporation and as from 16th February 1950 that stock shall be deemed to be of the same issue as the three per cent. Airways Stock 1980-1983 and shall be subject to the terms and conditions applicable to the last-mentioned stock; and section 1(1)(*b*) of the Air Corporations Act 1966 (which transfers liabilities in respect of the last-mentioned stock to the Treasury) shall have effect accordingly.

1966 c. 11.

2. For the purposes of section 16(1) of this Act temporary loans raised by the British South American Airways Corporation and not repaid before 30th July 1949 shall be treated as moneys borrowed by the British Overseas Airways Corporation.

*Construction of enactments etc.*

3. On and after 1st July 1952 references to the British South American Airways Corporation in any enactment, order, rule, regulation or other instrument shall be construed as references to the British Overseas Airways Corporation:

Provided that this paragraph shall not apply to any such references as aforesaid in the Civil Aviation Act 1949 or this Act or in any regulation made under sections 36, 55 or 56 of that Act or section 9 or 24 of this Act.

1949 c. 67.

4. All deeds, bonds, agreements and instruments which were subsisting immediately before the said 1st July and affected the British South American Airways Corporation shall on and after that date be of as full force and effect against or in favour of the British Overseas Airways Corporation and enforceable as fully and effectually as if, instead of the British South American Airways Corporation, the British Overseas Airways Corporation had been named therein or had been a party thereto.

### PART II

### IMPERIAL AIRWAYS LIMITED AND BRITISH AIRWAYS LIMITED

*Interpretation*

5. In this Part of this Schedule—

"the transfer date" means 1st April 1940 (being the date on which the undertakings of the vendor companies were under section 9 of the British Overseas Airways Act 1939 transferred to the corporation):

1939 c. 61.

" the vendor companies " means Imperial Airways Limited and British Airways Limited ; and

" the corporation " means the British Overseas Airways Corporation.

*Construction of instruments etc.*

6. All deeds, bonds, agreements, instruments and working arrangements which were subsisting immediately before the transfer date and affected either of the vendor companies shall, in so far as they relate to the undertaking of that company, be of as full force and effect against or in favour of the corporation, and enforceable as fully and effectually as if, instead of the company, the corporation had been named therein or had been a party thereto.

*Pensions scheme of Imperial Airways Limited*

7.—(1) In this paragraph—

(*a*) the expression " the company " means Imperial Airways Limited ;

(*b*) the expression " the scheme " means the pension scheme established for the benefit of the employees of the company by a Trust Deed dated 23rd October 1936 and made between the company of the first part, Sidney Albert Dismore and Arthur Joseph Quin-Harkin of the second part, and Leslie Alan Walters and Rankin Lorimer Weir of the third part ;

(*c*) references to the scheme shall be construed as including references to the said Trust Deed.

(2) The scheme shall continue in operation subject to the following provisions of this paragraph which shall have effect for the purposes of regulating the continued operation of the scheme.

(3) No person who was not, immediately before the transfer date, participating in the scheme shall be eligible to participate therein unless—

(*a*) he was, immediately before the transfer date, in the service of the company ;

(*b*) he was then not eligible to participate in the scheme by reason only of the fact that he had not been in the service of the company for a sufficient length of time or was a labourer or a member of the staff locally engaged overseas ; and

(*c*) he has entered the service of the corporation ;

and no person shall be eligible to participate in the scheme except in accordance with the provisions of the scheme as regulated by the provisions of this paragraph.

(4) Any person who was, immediately before the transfer date in the service of the company and has not entered the service of the corporation shall—

(*a*) if he was, immediately before the transfer date, less than fifty-five years of age be treated as if he were then discharged from the service of the company for reasons other than misconduct ;

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(*b*) if he was, immediately before the transfer date, fifty-five years or more but had not then attained the age of sixty years be treated, at his option, either as if he had then retired on pension before attaining the age of sixty years with the permission of the board of the company, or as if he had then been discharged from the service of the company for reasons other than misconduct; or

(*c*) if he was, immediately before the transfer date, sixty years of age or more, be treated as having then retired from the service of the company.

(5) Subject to the provisions of this paragraph, the scheme shall have effect as if—

(*a*) the corporation had been in existence on the date of the execution of the said Trust Deed and had executed that document in the place of the company; and

(*b*) for any reference (by whatever form of words) in the scheme to the company, or to the board of the company, there were substituted a reference to the corporation; and

(*c*) the service or employment under or by the company of any person had been service or employment under or by the corporation; and

(*d*) anything done, permitted or omitted by or on behalf of the company (including anything which is by virtue of the preceding provisions of this paragraph to be deemed to have been permitted by the company or by the board of the company) had been done, permitted or omitted, as the case may be, by the corporation.

(6) Nothing contained in this paragraph shall prejudice or affect any power of altering, amending, adding to or cancelling the scheme in accordance with the provisions thereof.

*Superannuation scheme of British Airways Limited*

8.—(1) In this paragraph—

(*a*) the expression "the company" means British Airways Limited;

(*b*) the expression "the Trust Deed" means the Trust Deed (relating to the provisions of superannuation benefits for the employees and salaried directors of the company and its associated or subsidiary companies by means of a Superannuation Scheme under which endowment assurances are to be effected with the Sun Life Assurance Society) dated 17th March 1939, and made between the company of the one part, and John Ronald McCrindle, Walter Cyril Tomlinson, David Smillie Smith Macdowall, and John Vincent Wood of the other part;

(*c*) the expression "the regulations" means the regulations contained in the First Schedule to the Trust Deed;

(*d*) the expression "the scheme" includes both the Trust Deed and the Superannuation Scheme to which it relates as existing immediately before the transfer date; and

(*e*) the expression "Trustees' Assurance" and "Employee's Assurance" have the same meanings respectively as in the regulations.

(2) The scheme shall continue in operation subject to the following provisions of this paragraph which shall have effect for the purpose of regulating the continued operation of the scheme.

(3) No person who was not immediately before the transfer date participating in the scheme shall be eligible to participate in the scheme unless—

(*a*) he was, immediately before the transfer date, an employee as defined by the regulations; or

(*b*) he had, immediately before the transfer date, been in the service of the company for a period of less than three months; and

(*c*) in either case, he has entered the service of the corporation;

and no person shall be eligible to participate in the scheme except in accordance with the provisions of the scheme as regulated by the provisions of this paragraph.

(4) Any person who was, immediately before the transfer date, an employee as defined by the regulations, and has not entered the service of the corporation, shall be deemed to have retired immediately before the transfer date from the service of the company with the consent of the company, and, for the purposes of any provisions of the regulations relating to any Trustees' Assurance, shall be deemed to have so retired during the period of ten years preceding the date of the maturity of that Assurance.

(5) Subject to the provisions of this paragraph the scheme shall have effect as if—

(*a*) the corporation had been in existence on the date of the execution of the Trust Deed and had executed that document in place of the company; and

(*b*) the corporation had been a party to the Superannuation Scheme to which the Trust Deed relates, and to any agreement relating to that Superannuation Scheme, in place of the company; and

(*c*) for any reference (by whatever form of words) in the scheme to the company there were substituted a reference to the corporation; and

(*d*) references to associated or subsidiary companies were omitted from the scheme; and

(*e*) the service or employment under or by the company of any person had been service or employment under or by the corporation; and

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(*f*) any act or thing done, permitted or omitted by or on behalf of the company (including anything which is by virtue of the preceding provisions of this paragraph to be deemed to have been permitted by the company) had been done, permitted or omitted, as the case may be, by the corporation.

(6) Anything required or authorised by the scheme to be done by the secretary or a director of the company may be done by such member or officer of the corporation as the corporation may appoint for the purpose.

(7) Nothing contained in this paragraph shall prejudice or affect any power of altering, cancelling or modifying all or any of the provisions of the Trust Deed or of the regulations in accordance with the provisions of the Trust Deed, or of determining the trusts created under the Trust Deed in accordance with the provisions of the regulations, or any power of terminating or modifying the Superannuation Scheme to which the Trust Deed relates, or any agreement relating to the Superannuation Scheme, in accordance with the terms of that Scheme or agreement.

Section 36.

## SCHEDULE 3

### REPEALS

| Chapter | Short Title | Extent of Repeal |
|---|---|---|
| 12, 13 & 14 Geo. 6. c. 91. | The Air Corporations Act 1949. | The whole Act. |
| 2 & 3 Eliz. 2. c. 7. | The Air Corporations Act 1953. | The whole Act. |
| 11 & 12 Eliz. 2. c. 5. | The Air Corporations Act 1962. | The whole Act. |
| 1966 c. 11. | The Air Corporations Act 1966. | In section 1, subsections (1)(*a*), (2) and (3).<br>Sections 2 to 8.<br>In section 9, in subsection (1) the words from " and the principal Act " to the end, and subsections (2) and (4).<br>Schedule 2. |