

CONFIDENTIAL

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Communications on this subject should
be addressed to

THE LEGAL SECRETARY
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

CABINET OFFICE	
A	5985
1 AUG 1984	
FILING INSTRUCTIONS	
FILE No.	

~~cc - Mr. Gregson
Mr. Buckley~~

Miss D Nichols
Private Secretary to the Secretary
of State for Transport
2 Marsham Street
London SW1

1 August 1984

Dear Miss Nichols,

CIVIL AVIATION AUTHORITY REVIEW

1. I refer to ~~the~~ C(84)21 which may be considered tomorrow at Cabinet. There is a point which I think I should raise without being able to give any firm view on it.
2. Paragraph 14 of the Memorandum indicates that one way of effecting transfers of routes would be for the Government to use its powers as sole shareholder to instruct BA's Directors to release the route licences.
3. There may be a risk that such an instruction could conflict with the obligations of the Directors, particularly, for example, those owed to future shareholders and employees. The Directors might, therefore, be legally impeded from complying with the instruction if they could not in good faith conclude that to do so would be in compliance with their fiduciary duties. There might be grounds for a Director or employee to seek a declaration from the courts that the instructions were not proper.
4. I have not been able to make contact with the Department of Transport lawyers advising on this. Not knowing in detail what consideration has been given to this aspect of the matter, I have not consulted the Attorney General but would suggest that appropriate steps be taken to ensure that this point is not overlooked.
5. I am copying this to McCarthy (PS/Secretary of State DTI) and to Hatfield (PS/Sir Robert Armstrong).

Yours sincerely,

R K Gardiner

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