



THE DEPARTMENT
OF TRANSPORT



FROM THE SECRETARY OF STATE

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The Rt Hon John Major MP
Chief Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
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My Ref:

Your Ref:

John

20 JUN 1989

CIVIL AVIATION AUTHORITY (CAA): *flat* BORROWING LIMIT

In my letter to you of 27 February I sought policy approval for a Bill in the next Session to increase the CAA's borrowing limit. In my final paragraph I suggested that any further increases in the limit should be made by Order subject to affirmative resolution in the Commons.

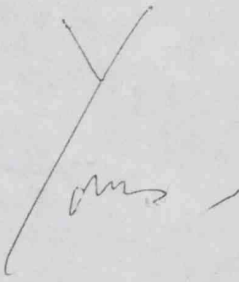
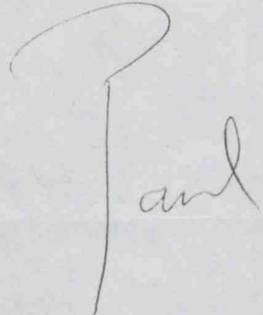
In your reply of 3 March you agreed to all my proposals and commented: "Bearing in mind our annual mountain of legislation, your latter proposal also seems eminently sensible."

In May your officials wrote to mine saying that this proposal would offend against Parliamentary propriety - despite the precedent of the London Regional Transport Act 1984, which allows LRT's borrowing limit to be raised by Order. They suggested that the Bill should follow the standard format of an initial increase in the borrowing limit authorised by the Bill, plus a supplementary limit that could be authorised by Order. Primary legislation would be required again when both limits had been reached.

My proposal would maintain Parliament's control of this financial matter and would provide Members with periodic opportunities to debate the industry's finances. The use of primary legislation simply to substitute one figure for another does seem heavy-handed, especially given the pressures on Parliamentary time.

I should welcome your confirmation that the agreement you gave in your letter of 3 March stands.

I am sending a copy of this letter to members of E(NI), QL, the Lord President and Sir Robin Butler.


PAUL CHANNON 

AEROSPACE Policy P16

