



# British Telecommunications Act 1981

## 1981 CHAPTER 38

### PART I

#### NEW CORPORATION FOR THE PROVISION OF TELECOMMUNICATION AND DATA PROCESSING SERVICES

##### *Powers and duties of the Corporation*

## **2 Powers of the Corporation**

- (1) The Corporation shall have power—
- (a) to provide telecommunication and data processing services;
  - (b) to perform services for the Post Office or any subsidiary of the Post Office;
  - (c) to perform services for Her Majesty's Government in the United Kingdom, Her Majesty's Government in Northern Ireland or the government of a country or territory outside the United Kingdom ; and
  - (d) to perform services for local authorities or national health service authorities.
- (2) The powers conferred on the Corporation by subsection (1) shall include power—
- (a) to construct, manufacture, produce, purchase, take on hire or hire-purchase, install, maintain and repair anything required for the purposes of its business or the business of any of its subsidiaries;
  - (b) to construct, manufacture, produce or purchase for supply to the Post Office or any subsidiary of the Post Office anything required for the purposes of the business of the Post Office or the subsidiary and to install, maintain, repair and test for the Post Office or any subsidiary of the Post Office anything so required ;
  - (c) to construct, manufacture, produce or purchase for supply to outside persons any articles a function of which necessarily involves the use of telecommunications, and to install, maintain, repair and test for such persons articles of such a kind;

and for the purposes of paragraph (c) two or more articles constructed, manufactured, produced or purchased for supply as one unit shall be treated as one article.

- (3) The Corporation shall have power, for the purpose of securing the effective exercise of any of the powers conferred on it by the foregoing subsections, or in connection with or in consequence of an exercise thereof, to do anything that appears to the Corporation to be requisite, advantageous or convenient for it to do, including in particular (but without prejudice to the generality of the foregoing words) power—
- (a) to provide others with the services of persons employed by it for the purpose of undertaking for them tasks of a kind which, in the course of the provision or performance by it of any service falling within subsection (1), are undertaken by persons so employed;
  - (b) to provide, for the benefit of others, consultancy and advisory services concerning anything that it does in exercise of its powers or has power to do and facilities for the training of persons for any purpose connected with anything that it so does or has power to do;
  - (c) to construct, manufacture, produce or purchase for supply to outside persons any articles of a kind similar to any required as mentioned in subsection (2) (a) or (b), and to install, maintain, repair and test for such persons articles of such a kind;
  - (d) to enter into and carry out agreements with any person for the carrying on by him, whether as its agent or otherwise, of any of the activities which itself may carry on or for the carrying on jointly by him and it of any of those activities ;
  - (e) to acquire land which is required by it for, or in connection with, the exercise of its powers or as to which it can reasonably be foreseen that it will be so required;
  - (f) to dispose (whether absolutely or for a term of years) of any part of its undertaking or any property which in its opinion is not required by it for or in connection with the exercise of its powers and, in particular, to dispose of an interest in, or right over, any property which, subject to the interest or right, is retained by it;
  - (g) for the purposes of its business, to subscribe for or acquire any securities of an incorporated company or other body corporate, to procure its admission to membership of an incorporated company limited by guarantee and not having a share capital, to promote the formation of an incorporated company or participate in the promotion of such a company or to acquire an undertaking or part of an undertaking;
  - (h) to give or lend money to, or give a guarantee for the benefit of, any person with whom it has entered into an agreement by virtue of paragraph (d) for the purpose of enabling him to carry out the agreement and, for the purposes of its business, to give or lend money to, or give a guarantee for the benefit of, any other person for the purposes of an undertaking carried on by him or, where that person is a body corporate, an undertaking carried on by a subsidiary of that person;
  - (i) to do anything for the purpose of advancing the skill of persons employed by it or that of persons who, though not so employed, are engaging themselves, or have it in contemplation to engage themselves, in work of a kind in the case of which it has or may have a direct or indirect concern in the products thereof;
  - (j) to promote (either by prosecuting it itself or by its promoting it by others) research into matters which affect, or arise out of, the carrying on of its business, or other matters which, though not such as aforesaid, are such as to

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*Status: This is the original version (as it was originally enacted).*

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which it appears to it that advantage will or may accrue to it as a consequence of research's being prosecuted into them;

- (k) to promote the doing of such work as is requisite to enable there to be turned to account—
  - (i) the results of research (whether promoted by it or not) into matters affecting, or arising out of, the carrying on of its business;
  - (ii) the results of research promoted by it into other matters;
- (l) to provide assistance (including financial assistance) to, or promote the activities of, any institution or person if, in its opinion, the consequences of doing so will enure for its benefit;
- (m) to provide houses, hostels and other like accommodation for persons engaged in its business;
- (n) to make loans to persons employed by it (including in particular, loans to assist them to acquire housing accommodation) and to guarantee loans made to persons so employed (including, in particular, loans made by building societies and other bodies for housing purposes);
- (o) to promote recreational activities for, and activities conducing to the welfare of, persons who are, or have been, employed by it, have been engaged in the business of the Post Office or have been officers, servants or agents of the Postmaster General and the families of such persons and to assist the promotion by others of such activities;

and may turn its resources to account so far as not required for the purposes of its business.

- (4) The Corporation shall have power to furnish any authority or person outside the United Kingdom with assistance (whether financial, technical or of any other nature) if, in its opinion, the consequences of doing so will enure for its benefit.
- (5) The Corporation may, with the consent of the Secretary of State, promote, and may, without any such consent, oppose, Bills in Parliament, proposed Measures in the Northern Ireland Assembly and orders under the Private Legislation Procedure (Scotland) Act 1936.
- (6) For the avoidance of doubt, it is hereby declared that the foregoing provisions of this section relate only to the capacity of the Corporation as a statutory corporation, and nothing in those provisions shall be construed as authorising the disregard by it of any enactment or rule of law.
- (7) The provisions of this section shall not be construed as limiting any power of the Corporation conferred by or under any subsequent provision of this Act.
- (8) Nothing in this section shall be taken to confine the exercise of the powers thereby conferred on the Corporation to the British Islands.

### **3 General duty of the Corporation**

- (1) It shall be the duty of the Corporation (consistently with any directions given to it under the following provisions of this Part) so to exercise its powers as to provide throughout the British Islands (save in so far as they are provided by other persons or the provision thereof is, in its opinion, impracticable or not reasonably practicable) such telephone services as satisfy all reasonable demands for them.
- (2) It shall also be the duty of the Corporation, in exercising its powers, to have regard to—

- (a) efficiency and economy;
  - (b) the social, industrial and commercial needs of the British Islands with respect to matters that are subserved by its powers;
  - (c) the desirability of improving and developing its operating systems; and
  - (d) developments in the fields of telecommunications and data processing.
- (3) Subsection (1) shall not be taken to preclude the interruption, suspension or restriction, in the case of emergency, of any telephone service provided by the Corporation.
- (4) Nothing in this section shall be construed as imposing upon the Corporation, either directly or indirectly, any form of duty or liability enforceable by proceedings before any court.
- (5) References in this section to the provision of telephone services do not include references to the supply to any subscriber, for use in connection with such services, of any apparatus apart from a single telephone instrument.

#### **4 Redistribution of property, rights and liabilities among wholly owned subsidiaries**

- (1) Subject to subsection (5), the Corporation may make schemes—
- (a) for the reorganisation, amalgamation or dissolution of any of its wholly owned subsidiaries;
  - (b) for the transfer, between the Corporation and any such subsidiary or between one such subsidiary and another, of any specified property, rights or liabilities, or of all property, rights and liabilities comprised in a specified part of the transferor's undertaking.
- (2) A scheme under subsection (1) may contain such supplementary, incidental and consequential provisions as may appear to the Corporation to be necessary or expedient.
- (3) Without prejudice to the generality of subsection (2), a scheme under subsection (1) (b) which transfers to a subsidiary property, rights and liabilities comprised in a part of the transferor's undertaking concerned with the provision of services which, by virtue of the provisions of this Part, the Corporation has the exclusive privilege of providing may provide that such enactments relating to the provision of those services as may be specified in the scheme shall apply in relation to the subsidiary (but only so long as it remains a wholly owned subsidiary of the Corporation) as they apply in relation to the Corporation.
- (4) Without prejudice to any power conferred on it by any other provision of this Part, the Corporation may establish subsidiaries for the purpose of schemes under subsection (1)(b).
- (5) A scheme under subsection (1) shall not come into force unless it has been approved by the Secretary of State or until such date as the Secretary of State may in giving his approval specify; and the Secretary of State may approve a scheme either without modifications or with such modifications as, after consultation with the Corporation, he thinks fit.
- (6) Notice of the coming into force of a scheme under subsection (1)(b) which contains such provision as is mentioned in subsection (3) shall be published by the Corporation—

- (a) if the scheme relates in whole or in part to England and Wales, in the London Gazette;
  - (b) if the scheme relates in whole or in part to Scotland, in the Edinburgh Gazette; and
  - (c) if the scheme relates in whole or in part to Northern Ireland, in the Belfast Gazette.
- (7) Subject to subsection (8), in the case of any scheme under subsection (1)(b) the property, rights and liabilities in question shall on the date of the coming into force of the scheme be transferred, and by virtue of the scheme vest, in accordance with the scheme.
- (8) Schedule 2 shall apply to any transfer under subsection (7) subject to any reference in that Schedule to a transfer by or a vesting by virtue of this Act being construed as a reference to a transfer by or a vesting by virtue of the scheme in question, and that subsection shall have effect subject to the provisions of that Schedule.

## **5 Control of wholly owned subsidiaries**

- (1) As regards any wholly owned subsidiary of the Corporation, the Corporation shall so exercise the rights conferred on it by the holding of its interest therein as to secure that no person is elected chairman of the board of directors of the subsidiary except after consultation with the Secretary of State as to his suitability for election.
- (2) As regards any wholly owned subsidiary of the Corporation, the Corporation shall secure that, notwithstanding anything in the subsidiary's memorandum or articles of association, the subsidiary does not—
- (a) engage in any activity which the Corporation itself has no power to engage in or has power to engage in only with the consent of the Secretary of State;
  - (b) issue any of its shares, stock or debentures to a person other than—
    - (i) the Corporation or another wholly owned subsidiary of the Corporation; or
    - (ii) a person who is to hold them as a nominee of the Corporation or of a wholly owned subsidiary of the Corporation; or
  - (c) transfer any interest of the subsidiary in another wholly owned subsidiary of the Corporation to a person not within paragraph (b)(i) or (ii),
- except with the consent of, or in accordance with the terms of any general authority given by, the Secretary of State.
- (3) As regards any wholly owned subsidiary of the Corporation, the Corporation shall not transfer any of its interest therein to a person other than—
- (a) another wholly owned subsidiary of the Corporation; or
  - (b) a person who is to hold it as a nominee of the Corporation or of a wholly owned subsidiary of the Corporation,
- except with the consent of, or in accordance with the terms of any general authority given by, the Secretary of State.
- (4) As regards any wholly owned subsidiary of the Corporation, the Corporation shall secure that the subsidiary seeks consultation with any organisation appearing to the subsidiary to be appropriate with a view to the conclusion between it 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 of terms and conditions of employment of persons employed by the subsidiary;
- (b) the promotion and encouragement of measures affecting efficiency in the carrying on by the subsidiary of its activities, including, in particular, the promotion and encouragement of the training of persons employed by the subsidiary; and
- (c) the promotion and encouragement of measures affecting the safety, health and welfare of persons employed by the subsidiary.