



Industry Act 1972

1972 CHAPTER 63

PART III

CREDITS AND GRANTS FOR CONSTRUCTION OF SHIPS AND OFFSHORE INSTALLATIONS

10 Construction credits.

- (1) Subject to the provisions of this section, the Secretary of State may, with the consent of the Treasury, guarantee the payment by any person who is an individual resident in, or a body corporate incorporated under the law of any part of, the United Kingdom, any of the Channel Islands or the Isle of Man of any sum payable by that person in respect of principal or interest under arrangements (whether by way of loan or otherwise) entered into by that person for the purpose of financing the construction to the order of that person [^{F1}in any Member State] of a ship or mobile offshore installation of the qualifying size, and its equipment to his order.
- (2) The aggregate of the liability at any time of the Secretary of State under guarantees given by him under this section and section 7 of the ^{M1}Shipbuilding Industry Act 1967 (which is superseded by this section) shall not exceed the limit specified in subsection (3) below less the amount of any sums which have been paid by the Secretary of State to meet a liability falling within subsection (1) [^{F2}or (7A)] of this section or the said section 7 and have not been repaid to him.
- (3) The said limit shall be £1,000 million, but the Secretary of State may by order made with the consent of the Treasury increase or further increase that limit to any sum not exceeding [^{F3}£1,800 million].
- (4) An order under this section shall be contained in a statutory instrument, and such an order shall not be made unless a draft of the order has been approved by a resolution of the Commons House of Parliament.
- (5) The Secretary of State may make a loan to any person who is the creditor in respect of a sum the payment of which has been guaranteed by the Secretary of State under this section or section 7 of the ^{M2}Shipbuilding Industry Act 1967.

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- (6) The aggregate amount of loans outstanding under subsection (5) above shall not at any time exceed the aggregate of the liability of the Secretary of State at that time in respect of guarantees given under this section and section 7 of the ^{M3}Shipbuilding Industry Act 1967 less the amount of any sums which have been paid by the Secretary of State to meet a liability falling within subsection (1) [^{F2}or (7A)] of this section or the said section 7 and have not been repaid to him.
- (7) A guarantee or loan under this section shall be given or made on such terms and conditions as may, with the approval of the Treasury, be specified in any relevant agreement.
- [^{F4}(7A) The Secretary of State, with the consent of the Treasury, may renew—
- (a) any guarantee given under section 7 of the ^{M4} Shipbuilding Industry Act 1967, and
 - (b) any guarantee given under this section, including a guarantee previously renewed by virtue of this subsection,
- on the transfer of any liability to which it relates, or of part of any such liability, from a body corporate such as is mentioned in subsection (1) above to another such body corporate in the same group.
- (7B) Two bodies corporate are in the same group for the purposes of subsection (7A) above if one is the other's holding company or both are subsidiaries of a third body corporate.]
- (8) References in this section to the liabilities of the Secretary of State do not include any liability in respect of interest on any principal moneys the payment of which is the subject of any guarantee given under this section or section 7 of the ^{M5}Shipbuilding Industry Act 1967.
- (9) In this section “construction” includes the completion of a partially constructed ship or installation [^{F5}and the alteration of a ship or installation and of a partially constructed ship or installation][^{F6}and “holding company” and “subsidiary” have the meanings assigned to them [^{F7}by section 1159 of the Companies Act 2006].]

Subordinate Legislation Made

P1 S. 19: for exercise of this power before 1.2.1991 see Index to Government Orders

Textual Amendments

- F1** Words substituted by [S.I. 1987/1807](#) art. 2
- F2** Words inserted by [Industry Act 1975 \(c. 68\)](#) , **s. 24(1)**
- F3** Words substituted by [Industry Act 1975 \(c. 68\)](#) , **s. 23**
- F4** S. 10(7A)(7B) inserted by [Industry Act 1975 \(c. 68\)](#) , **s. 24(2)**
- F5** Words inserted by [Shipbuilding Act 1979 \(c. 59, SIF 64\)](#) , **s. 2**
- F6** Words added by [Industry Act 1975 \(c. 68\)](#) , **s. 24(3)**
- F7** Words in s. 10(9) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009 \(S.I. 2009/1941\)](#) , art. 1(2) , **Sch. 1 para. 24** (with art. 10)

Modifications etc. (not altering text)

C1 S. 10 : Functions transferred (1.7.1999) by virtue of [1998 c. 46](#) , **ss. 53** , 56(1)(f) (with s. 126(3)-(11)); [S.I. 1998/3178](#) , **art. 3** .

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Marginal Citations

- M1 1967 c. 40 .
- M2 1967 c. 40 .
- M3 1967 c. 40 .
- M4 1967 c. 40 .
- M5 1967 c. 40 .

[^{F8}10A Interest grants.

The Secretary of State, with the consent of the Treasury, may make a grant, on such terms and conditions as he may determine, to any person who is or has been a creditor in respect of principal money the payment of which has been guaranteed under section 10 above or section 7 of the ^{M6}Shipbuilding Industry Act 1967, for the purpose of supplementing the interest receivable or received by him on that principal money (including interest for periods before the coming into force of this Act).]

Textual Amendments

- F8 S. 10A inserted by [Industry Act 1975 \(c. 68\), s. 25](#)

Modifications etc. (not altering text)

- C2 S. 10A: Functions transferred (1.7.1999) by virtue of [1998 c. 46, ss. 53, 56\(1\)\(f\)](#) (with [s. 126\(3\)-\(11\)](#)); [S.I. 1998/3178, art. 2\(1\)](#).

Marginal Citations

- M6 1967 c. 40.

11 Construction grants.

- (1) Subject to the provisions of this section, the Secretary of State may make a grant to any person who has entered into a contract to construct a ship or mobile offshore installation in the United Kingdom and to equip it, if in the opinion of the Secretary of State—
 - (a) it has been constructed in the United Kingdom;
 - (b) its construction on the berth commenced before 1st January 1975;
 - (c) it has been delivered on or after 1st January 1972 by the person who contracted to construct it to the person entitled to receive it under the contract;
 - (d) it is of the qualifying size.
- (2) For the purpose of calculating the amount of grant under subsection (1) above in respect of a ship or installation, the interval between the commencement of construction on the berth and the date of delivery shall be divided, subject to subsection (4) below, into five equal periods, and the contract price shall be treated as if it had been payable in the following percentages on the following dates, namely—
 - (a) on the date of commencement of construction on the berth, 10 per cent.;
 - (b) on the date on which the four successive periods respectively commence, the following percentages, namely—
 - (i) 15 per cent.;
 - (ii) 20 per cent.;

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- (iii) 25 per cent.;
 - (iv) 20 per cent.;
 - (c) on the date of delivery, 10 per cent.
- (3) Grant may be paid where any percentage of the contract price of a ship or installation falls to be treated under subsection (2) above as payable in 1972, 1973 or 1974, and the rate of grant shall be the following percentages of the sum so treated, namely—
- (a) if the relevant year is 1972, 10 per cent.;
 - (b) if the relevant year is 1973, 4 per cent.;
 - (c) if the relevant year is 1974, 3 per cent.
- (4) In any case where the interval between the commencement of construction on the berth and the date of delivery is not a number of days which is a multiple of five, the reference to five equal periods in subsection (2) above shall be taken to be a reference to five periods each consisting of a whole number of days determined by the Secretary of State, and of equal length so far as possible.
- (5) In calculating the amount of grant the Secretary of State may deduct from the contract price any such amount as in his opinion is attributable to equipment for the ship or installation in respect of which he considers (for any reason) that grant ought not to be paid.
- (6) The Secretary of State may make payments on account of grant under this section to a person who has entered into a contract to construct a ship or installation in the United Kingdom and to equip it, if construction on the berth has commenced and it appears to the Secretary of State that grant will ultimately be payable under this section in respect of it.
- (7) The references in subsections (1) and (6) above to a person who has entered into a contract to construct a ship or installation include references to a person who has entered into a contract to complete a partially constructed ship or installation, but in relation to such a ship or installation the Secretary of State may determine the amount of the grant in such manner as is in his opinion appropriate in all the circumstances.
- (8) The Secretary of State may make the payment of a grant subject to such conditions as he thinks fit, and may impose a condition for repayment of all or any part of a grant in any circumstances; and Schedule 1 to this Act shall have effect for supplementing this subsection.
- (9) No grant shall be paid under this section—
- (a) in respect of any ship which on its delivery forms part of Her Majesty's Navy in the right of Her Government in the United Kingdom or is held by any person on behalf of or for the benefit of Her Majesty in that right;
 - (b) to an undischarged bankrupt or his trustee, or to a company in respect of which a winding up order has been made or a resolution for winding up has been passed.
- (10) An application for grant shall be made within such time and in such form or manner, and shall contain such particulars, and be accompanied by such documents, as the Secretary of State may direct.
- (11) In this section, in relation to a ship or installation—
- “commencement of construction on the berth” means commencement of construction on the berth or in any other place from which it is launched;

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“contract price” means the price payable under the contract for its construction and equipment;
and any question as to what constitutes the commencement of construction on the berth or what is the contract price shall be determined by the Secretary of State.

Modifications etc. (not altering text)

- C3 S. 11: Functions transferred (1.7.1999) by virtue of 1998 c. 46, ss. 53, 56(1)(f) (with s. 126(3)-(11)); S.I. 1998/3178, art. 2(1).

12 Interpretation of Part III.

(1) In this Part of this Act—

“equipment”, in relation to a ship or installation, means the installation on or in it, or the provision for it, of fixed or movable equipment, or apparatus or furnishings of any kind;

“mobile offshore installation” means any installation which is intended for underwater exploitation of mineral resources or exploration with a view to such exploitation and can move by water from place to place without major dismantling or modification, whether or not it has its own motive power;

“ship” includes every description of vessel used in navigation.

(2) For the purposes of this Part of this Act—

- (a) a ship other than a tug is of the qualifying size if its gross tonnage, ascertained in accordance with regulations under section [F9]19 of the Merchant Shipping Act 1995], is not less than 100 tons;
- (b) a tug is of the qualifying size if it is of not less than 500 brake horsepower;
- (c) an installation is of the qualifying size if it weighs not less than 100 tons excluding fuel and water.

Textual Amendments

- F9 Words in s. 12(2) substituted (1.1.1996) by 1995 c. 21, ss. 314(2), 316(2), Sch. 13 para. 47 (with s. 312(1)).

Modifications etc. (not altering text)

- C4 S. 12: Functions transferred (1.7.1999) by virtue of 1998 c. 46, ss. 53, 56(1)(f) (with s. 126(3)-(11)); S.I. 1998/3178, art. 2(1).

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