



# Industrial Development Act 1982

## 1982 CHAPTER 52

### PART III

#### FINANCIAL ASSISTANCE FOR INDUSTRY

#### **7 Selective financial assistance for industry in assisted areas**

- (1) For the purposes set out in the following provisions of this section the Secretary of State may, with the consent of the Treasury, provide financial assistance where, in his opinion—
  - (a) the financial assistance is likely to provide, maintain or safeguard employment in any part of the assisted areas ; and
  - (b) the undertakings for which the assistance is provided are or will be wholly or mainly in the assisted areas.
- (2) The purposes mentioned in subsection (1) above are—
  - (a) to promote the development or modernisation of an industry;
  - (b) to promote the efficiency of an industry;
  - (c) to create, expand or sustain productive capacity in an industry, or in undertakings in an industry;
  - (d) to promote the reconstruction, reorganisation or conversion of an industry or of undertakings in an industry;
  - (e) to encourage the growth of, or the proper distribution of undertakings in, an industry ;
  - (f) to encourage arrangements for ensuring that any contraction of an industry proceeds in an orderly way.
- (3) Subject to the following provisions of this section, financial assistance under this section may be given on any terms or conditions, and by any description of investment or lending or guarantee, or by making grants, and may, in particular, be—
  - (a) investment by acquisition of loan or share capital in any company, including an acquisition effected by the Secretary of State through another company,

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- being a company formed for the purpose of giving financial assistance under this Part of this Act or Part II of the Industry Act 1972,
- (b) investment by the acquisition of any undertaking or of any assets,
  - (c) a loan, whether secured or unsecured, and whether or not carrying interest, or interest at a commercial rate,
  - (d) any form of insurance or guarantee to meet any contingency, and in particular to meet default on payment of a loan, or of interest on a loan, or non-fulfilment of a contract.
- (4) Financial assistance shall not be given under this section in the way described in subsection (3)(a) above unless the Secretary of State is satisfied that it cannot, or cannot appropriately, be so given in any other way; and the Secretary of State, in giving financial assistance in the way so described, shall not acquire any shares or stock in a company without the consent of that company.
- (5) In this section "industry", unless the context otherwise requires, includes any description of commercial activity, and references to an industry include references to any section of an industry.
- (6) In this section " the assisted areas " means the development areas, the intermediate areas and Northern Ireland.

## **8 Selective financial assistance: general powers**

- (1) For the purposes set out in subsection (2) of section 7 above the Secretary of State may, with the consent of the Treasury, provide financial assistance where, in his opinion—
- (a) the financial assistance is likely to benefit the economy of the United Kingdom, or of any part or area of the United Kingdom; and
  - (b) it is in the national interest that the financial assistance should be provided on the scale, and in the form and manner, proposed; and
  - (c) the financial assistance cannot, or cannot appropriately, be so provided otherwise than by the Secretary of State.
- (2) Financial assistance under this section may, subject to the following provisions of this section, be given in any of the ways set out in subsection (3) of section 7 above; but the Secretary of State shall not under this section use any money for the acquisition or assistance of banks or insurance companies.
- (3) Financial assistance shall not be given under this section in the way described in subsection (3)(a) of section 7 above unless the Secretary of State is satisfied that it cannot, or cannot appropriately, be so given in any other way; and the Secretary of State, in giving financial assistance in the way so described, shall not acquire any shares or stock in a company without the consent of that company.
- (4) The aggregate of—
- (a) the sums paid by the Secretary of State under this section or section 8 of the Industry Act 1972, other than sums paid in respect of foreign currency guarantees, and
  - (b) the liabilities of the Secretary of State under any guarantees given by him under this section or that section, (exclusive of any liability in respect of interest on a principal sum so guaranteed and of any liability under a foreign currency guarantee),

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less any sum received by the Secretary of State by way of repayment of loans under this section or that section, or repayment of principal sums paid to meet a guarantee under this section or that section (other than a foreign currency guarantee), shall not at any time exceed the limit specified in subsection (5) below.

(5) The said limit shall be £1,900 million, but the Secretary of State may, on not more than four occasions, by order made with the consent of the Treasury increase or further increase that limit by a sum specified in the order, being a sum not exceeding £200 million.

(6) Subject to section 9 below, the aggregate of—

- (a) the liabilities of the Secretary of State under foreign currency guarantees (exclusive of any liability in respect of interest on a principal sum guaranteed by him under this section or section 8 of the Industry Act 1972), and
- (b) any sums paid by the Secretary of State in respect of foreign currency guarantees,

less any sums received by the Secretary of State by way of repayment of principal sums paid to meet foreign currency guarantees, shall not at any time exceed the limit specified in subsection (7) below.

(7) The said limit shall be 1,000 million special drawing rights, but the Secretary of State may, on not more than four occasions, by order made with the consent of the Treasury increase or further increase that limit by an amount specified in the order, being an amount not exceeding 500 million special drawing rights.

(8) Subject to subsection (9) below, the sums which the Secretary of State pays or undertakes to pay by way of financial assistance under this section in respect of any one project, excluding sums paid or to be paid in respect of foreign currency guarantees, shall not exceed £10 million, except so far as any excess over the said sum of £10 million has been authorised by a resolution of the Commons House of Parliament.

(9) Subsection (8) above shall not apply where the Secretary of State is satisfied that the payment or undertaking is urgently needed at a time when it is impracticable to obtain the approval of the Commons House of Parliament; and in that case the Secretary of State shall lay a statement concerning the financial assistance before each House of Parliament.

(10) An order under subsection (5) or (7) above 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.

(11) In this section—

"foreign currency" means any currency other than sterling, including special drawing rights;

"foreign currency guarantee" means a guarantee given under this section or section 8 of the Industry Act 1972 by the Secretary of State under which his liability is measured in a foreign currency, whether or not it is to be discharged in a foreign currency, and for this purpose—

- (a) a liability measured in sterling but expressed to be subject to a limit in a foreign currency shall be taken to be measured in foreign currency, and
- (b) a liability measured in foreign currency but expressed to be subject to a limit in sterling shall be taken to be measured in sterling;

"guarantee" includes any form of insurance.

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## **9 Limit on foreign currency liabilities: supplementary provisions**

- (1) The amount to be taken into account under section 8(6) above at any time in respect of a liability of the Secretary of State shall, if the amount of the liability is not expressed in special drawing rights, be the equivalent at that time in special drawing rights of the amount of the liability.
- (2) The equivalent in special drawing rights of the amount of a liability shall be determined by the Secretary of State—
  - (a) by reference to the day on which the guarantee is given, and
  - (b) by reference to the last day of each quarter at the end of which the guarantee remains in force,and shall be so determined having regard to what appears to him to be the appropriate rate of exchange.
- (3) A determination made under subsection (2) (a) above shall take effect as from the day by reference to which it is made and (unless it ceases to be required at an earlier date) shall remain in force until the end of the quarter in which the guarantee is given.
- (4) A determination made by reference to the last day of the quarter under subsection (2) (b) above shall take effect as from the end of that quarter and (unless it ceases to be required at an earlier date) shall remain in force throughout the next succeeding quarter.
- (5) The amount to be taken into account under section 8(6) above in respect of a sum paid or received by the Secretary of State otherwise than in special drawing rights shall be an amount determined by him, by reference to the day of payment or receipt and having regard to what appears to him to be the appropriate rate of exchange, as being the equivalent in special drawing rights of that sum.
- (6) The limit imposed by section 8(6) above may be exceeded if the excess is attributable only to, or to a combination of—
  - (a) a quarterly revaluation ;
  - (b) the Secretary of State's liability under a guarantee given in pursuance of a previous undertaking of his, so far as the amount to be taken into account for the purposes of the limit in respect of the liability exceeds what it would have been if determined by reference to the day on which the undertaking was given;
  - (c) a payment made by the Secretary of State under a guarantee, so far as the amount to be taken into account for the purposes of the limit in respect of the payment exceeds what it would have been if determined by reference to the day on which the guarantee was given.
- (7) In this section—
  - " guarantee " has the same meaning as in section 8 above ;
  - " quarter" means a quarter ending with 31st March, 30th June, 30th September or 31st December in any year;
  - " quarterly revaluation " means a determination made, or (in relation to any time in the quarter current at the commencement of this Act) having effect as if made, under subsection (2) (b) above.

## **10 Industrial Development Advisory Board**

- (1) There shall continue to be a board called the Industrial Development Advisory Board appointed by the Secretary of State to advise him with respect to the exercise of his functions under sections 7 and 8 above.
- (2) The Board shall consist of a chairman and not less than six nor more than twelve other members.
- (3) The members of the Board shall include persons who appear to the Secretary of State to have wide experience of, and to have shown capacity in, industry, banking, accounting and finance.
- (4) If the Board make a recommendation with respect to any matter at the request of the Secretary of State and the Secretary of State exercises his functions under sections 7 and 8 above contrary to their recommendation, he shall, if the Board so request, lay a statement as to the matter before Parliament.