

## SCHEDULES

### SCHEDULE 4

Section 22.

#### AMENDMENTS TO PART II OF INDUSTRY ACT 1972

##### PART I

###### AMENDMENTS EXTENDING POWERS TO GIVE SELECTIVE FINANCIAL ASSISTANCE UNDER INDUSTRY ACT 1972

- 1 The following provisions of section 7 (selective financial assistance for industry in assisted areas) of the Industry Act 1972 are repealed, namely—
- (a) the words in subsection (4) from the beginning to "and" (which restrict the power to give assistance by means of investment by acquisition of loan or share capital to cases where the Secretary of State is satisfied that financial assistance cannot, or cannot appropriately, be given in any other way); and
  - (b) subsection (5) (which requires the Secretary of State to dispose of shares or stock as soon as, in his opinion, it is reasonably practicable to do so).
- 2 The following provisions of section 8 of that Act (general powers of selective financial assistance) are repealed, namely—
- (a) subsection (1)(c) (which prevents the exercise of the powers conferred by the section unless financial assistance cannot, or cannot appropriately, be provided otherwise than by the Secretary of State);
  - (b) in subsection (3)—
    - (i) the words from the beginning to " and ", in the first place where it occurs, (which correspond to the words in section 7(4) repealed by paragraph 1(a) above); and
    - (ii) paragraph (b) (which prevents the Secretary of State, in exercise of his powers under the section, acquiring more than half, by nominal value, of the equity share capital of any company);
  - (c) subsection (4) (which corresponds to section 7(5)); and
  - (d) subsection (5) (which limits the duration of the Secretary of State's powers' under the section, except so far as relates to the making of a payment in pursuance of an undertaking previously given, to the period ending 31st December 1977).

###### *Minor and consequential amendments to Part II of Industry Act 1972*

- 3 In section 7(4) of that Act (selective financial assistance for industry in assisted areas), for the words " so described" there shall be substituted the words " described in subsection (3)(a) above ".
- 4 In section 8(3) of that Act (selective financial assistance: general powers), for the words " so described " there shall be substituted the words " described in subsection (3)(a) of the last preceding section ".

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*Status: This is the original version (as it was originally enacted).*

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5 The following subsection shall be added at the end of section 9 of that Act (Industrial Development Advisory Board):—

“(5) Any reference in this section to the Secretary of State's functions under sections 7 and 8 of this Act includes a reference to his functions under section 3 of the Industry Act 1975.”

## PART II

PART II OF INDUSTRY ACT 1972 AS AMENDED BY THIS ACT

### “PART II

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) of this section 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, being a company formed for the purpose of giving financial assistance under this Part of this Act,
  - (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) . . . The Secretary of State, in giving financial assistance in the way described in subsection (3)(a) above shall not acquire any shares or stock in a company without the consent of that company.
- (5) . . .
- (6) 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.
- (7) 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 the last preceding 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 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,
  - (c) . . .
- (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 the last preceding section.
- (3) . . . The Secretary of State, in giving financial assistance in the way described in subsection (3)(a) of the last preceding section—
  - (a) shall not acquire any shares or stock in a company without the consent of that company,
  - (b) . . .
- (4) . . .
- (5) . . .
- (6) The aggregate of—
  - (a) the sums paid by the Secretary of State under this section, plus
  - (b) the liabilities of the Secretary of State under any guarantees given by him under this section (exclusive of any liability in respect of interest on a principal sum so guaranteed),less any sum received by the Secretary of State by way of repayment of loans under this section, or repayment of principal sums paid to meet a guarantee under this section, shall not at any time exceed the limit specified in subsection (7) below.
- (7) The said limit shall be £150 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 £100 million.

An order under this subsection 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.

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

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- (8) 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 shall not exceed £5 million, except so far as any excess over the said sum of £5 million has been authorised by a resolution of the Commons House of Parliament:

Provided that this subsection 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.

### **9 Industrial Development Advisory Board.**

- (1) The Secretary of State shall appoint a board, which shall be called the Industrial Development Advisory Board, to advise him with respect to the exercise of his functions under sections 7 and 8 of this Act.
- (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 of this Act contrary to their recommendation, he shall, if the Board so request, lay a statement as to the matter before Parliament.
- (5) Any reference in this section to the Secretary of State's functions under sections 7 and 8 of this Act includes a reference to his functions under section 3 of the Industry Act 1975."