



AN BILLE UM FHORBAIRT TIONSAIL, 1976
INDUSTRIAL DEVELOPMENT BILL, 1976

EXPLANATORY MEMORANDUM

1. The principal legislative provisions concerning the promotion of industrial development are set out in the Industrial Development Acts, 1969 to 1975. The present Bill extends and amends those Acts. The main object of the Bill is to provide two new industrial incentives to assist in the promotion of individual enterprise and the promotion of sectoral re-structuring. The proposed new incentives are to be administered by the Industrial Development Authority. The Bill also provides for some technical changes to the existing legislation, especially in the matter of limits on certain incentives, and empowers the Authority to provide technical assistance to developing countries.

2. The Bill proposes to

- extend existing provisions to enable the Industrial Development Authority to introduce an Enterprise Development Programme and a Programme for Sectoral Re-Structuring;
- empower the Authority to provide technical assistance to developing countries;
- provide limits for training grants and equity participations over which Government approval shall be necessary;
- modify the existing limits regarding research grants;
- modify the sealing requirements of the Authority.

3. Section 1 defines terms which are of general application throughout the Bill.

4. Section 2 provides that the Authority may, in the case of the acquisition by one firm of another firm or in the case of the amalgamation of two or more firms, give financial assistance in the form of interest subsidies and loan guarantees for moneys borrowed for those purposes. This power will be in addition to existing grant-giving powers and is for the purpose of encouraging the re-structuring of industry. The approval of the Government will be sought in cases where it is intended to give an individual loan guarantee in excess of £500,000.

5. Section 3 provides that the Authority may, for the purpose of encouraging the establishment of industrial undertakings by persons with entrepreneurial qualities but lacking capital, give financial assistance by way of interest subsidies and loan guarantees in respect of moneys borrowed for working capital. Existing grants towards the cost of fixed assets will continue to be available in this situation. Government approval will be sought when the sum of the principal guaranteed and the interest subsidy granted exceeds £150,000.

6. Section 4 enables the Authority, with the Minister's approval, to afford assistance of a technical and advisory nature to developing countries.

7. Section 5 provides that interest subsidies and loan guarantees (in respect of principal) given under the two new schemes shall reckon towards the appropriate ceilings in the existing legislation. In addition expenditure on equity is also brought within the scope of the present ceiling for grants. Under existing legislation the aggregate amount of Exchequer moneys which may be advanced to and expended by the Authority by way of grants and certain other payments of a capital nature (excluding payments against guarantees) may not exceed £400 million. Similarly, the aggregate amount of moneys guaranteed by the Authority (in respect of principal) and still outstanding and of payments made by the Authority on foot of guarantees shall not exceed £100 million. Subsection (1) provides that the cost of shares purchased by the Authority in eligible undertakings and grants paid by the Authority under Sections 2 and 3 of this Act will be reckoned towards the aggregate amount governed by the £400 million limit. Subsection (2) and (3) provide that guarantees given and payments made on foot of guarantees given under Sections 2 and 3 of this Act will be brought within the ambit of the £100 million limit.

8. Section 6 amends Section 20 of the Principal Act which allowed the Authority to borrow money temporarily. Subsection (2) is intended to make explicit that the term "current expenditure" covers expenditure by the Authority on any facet of its operations, whether of a capital or administrative nature.

9. Sections 7, 8 and 9 provide that Government approval will be sought before the Authority may

- (i) give a training grant in excess of £850,000 to an undertaking;
- (ii) give a grant in excess of £50,000 towards the cost of a research and development project;
- (iii) purchase shares costing in excess of £1,000,000 in an enterprise.

No specific legislative limits existed previously for training grants and share purchases and the previous limit for research grants was £15,000.

10. Section 10 enables the common seal of the Authority, when applied to a document, to be attested to by the signatures of two officers of the Authority authorised to do so. Under existing legislation, the signature of two members of the Authority or of a member and an authorised officer is required.

11. Section 11 sets out the short title, construction and collective citation.

*An Roinn Tionscail agus Tráchtála,
Samhain, 1976.*