CHAPTER 48

An Act to enable schemes made with a view to eliminating excess capacity in the cotton industry to provide for paying compensation for any such elimination and for raising the sums required for that and other purposes by levies on the industry; to enable the Board of Trade to make contributions towards any such compensation and to make grants for the re-equipment of the industry; and for purposes connected therewith.

[9th July, 1959]

BE it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Schemes in connection with elimination of excess capacity.

1.—(1) The Cotton Board, with a view to promoting the efficiency of the industry by the elimination of excess capacity, may, in consultation with such bodies as appear to them to represent (so far as practicable) the interests of those carrying on business and of those employed in any section of the industry, prepare for that section a scheme providing for the payment by the Cotton Board, for the elimination of excess capacity, of compensation which, except in so far as the circumstances of the section make it desirable in the opinion of the Cotton Board to relate the compensation to other factors, shall be related to the number of machines of any specified description eliminated.

(2) Any scheme prepared by the Cotton Board under this section (in this Act referred to as a "reorganisation scheme") shall be submitted by them to the Board of Trade; and if the Board of Trade are satisfied—

(*a*) that the reorganisation scheme makes adequate provision (in point of time as well as in point of quantity) to the end of eliminating excess capacity in that section of the industry; and

(*b*) that arrangements have been made within the section for the payment of compensation in respect of loss of employment due to the elimination of the excess capacity; and

(*c*) that bodies representing the interests of a majority of the persons employed in the section have agreed to those arrangements so far as they relate to persons whose interests are represented by those bodies;

then subject to subsection (9) of this section the Board of Trade may by order confirm the scheme and thereupon the scheme shall have effect.

(3) The Board of Trade may pay to the Cotton Board two-thirds of the amounts required by the Cotton Board for making the compensation payments provided for by a reorganisation scheme under subsection (1) of this section, but excluding payments of any description if the scheme provides for them to be wholly defrayed out of sums raised under the scheme.

(4) The amounts required by the Cotton Board to defray—

(*a*) any compensation payments provided for by a reorganisation scheme relating to any section of the industry, so far as not defrayed out of the sums paid by the Board of Trade under subsection (3) of this section; and

(*b*) any other expenses incurred by them under this Act in relation to any section of the industry for which a reorganisation scheme is brought into force;

shall be raised by means of charges to be imposed under the reorganisation scheme relating to that section on persons registered with the Cotton Board as carrying on business in the section, and that scheme may include provision for the disposal (including disposal for the purpose of advancing research in the cotton industry) of any sums raised under this subsection and not required for the purpose for which they were raised.

(5) Provision may also be made by the reorganisation scheme relating to any section of the industry—

(*a*) for raising by means of charges to be imposed as aforesaid the amounts required for compensating persons employed in the section under any arrangements made within the section with reference to the elimination of excess capacity or to the re-equipment of businesses in the section, being arrangements made in contemplation of or in connection with the passing or operation of this Act; and

(*b*) for the payment by the Cotton Board of the sums so raised to the persons responsible under the arrangements for the distribution of those sums.

(6) An order of the Board of Trade confirming a reorganisation scheme may provide for the recovery by the Cotton Board of any charges imposed under the scheme, and may for the purposes of the scheme include any such supplementary provisions as, by virtue of subsection (4) of section four of the Industrial Organisation and Development Act, 1947, may for the purposes of a

10 & 11 Geo. 6. c. 40.

development council order be included in that order; and sections five and six of that Act (which relate to the disclosure of information obtained under, and to the enforcement of, the powers of that Act) shall apply as if any order under this section containing any such supplementary provisions were a development council order, and as if those provisions were included by virtue of the said subsection (4).

(7) Any reorganisation scheme may be varied or revoked by a subsequent reorganisation scheme, and any provisions contained in an order of the Board of Trade by virtue of subsection (6) of this section may be varied or revoked by a subsequent order of the Board of Trade.

(8) The Board of Trade may (subject to subsection (9) of this section) by order revoke a reorganisation scheme if it appears to them, after consultation with such bodies as appear to them to represent (so far as practicable) the interests of those carrying on business and of those employed in the section of the industry and with the Cotton Board, that the scheme is not serving the purposes for which it was made, or that the continued operation of the scheme would be contrary to the public interest; but the revocation may be made subject to any savings or other transitional or consequential provisions, and shall be without prejudice to anything previously done under the scheme or the making, submission or confirmation of a new scheme.

(9) Any power of the Board of Trade to make orders under this section shall be exercisable by statutory instrument, but the Board shall not make any such order unless a draft of it has been laid before Parliament and approved by resolution of each House.

(10) A reorganisation scheme may contain provisions relating to excess capacity eliminated before as well as after the coming into force of the scheme (but not before the twenty-fourth day of April, nineteen hundred and fifty-nine); and any question as to excess capacity, if the question arises in the preparation of a reorganisation scheme at a time more than a year after the commencement of this Act, shall be determined as at the end of that year.

(11) In this Act, the " Cotton Board " means the development council of that name established under the Industrial Organisation and Development Act, 1947, and " the industry " means the activities included in that term in the development council orders relating to the Cotton Board, as those orders have effect at the commencement of this Act; and any part of the industry may be treated as a section of it for any purpose of this Act, whether or not it constitutes a section for the purposes of any such order, and where a part not constituting a section for the purpose of

registration with the Cotton Board is treated as a section under this Act, any reference in this Act to a person registered as carrying on business in the section shall apply to persons registered with the Cotton Board in respect of any business comprising activities within that part of the industry.

Re-equipment grants.

2.—(1) Where a reorganisation scheme has been brought into force for any section of the industry and it appears expedient to the Board of Trade to make for that section such grants as are hereby authorised, then subject to the provisions of this section the Board of Trade may make to any person in respect of any qualifying expenditure incurred or to be incurred in re-equipping a business carried on by him in that section of the industry a re-equipment grant not exceeding one quarter of that expenditure.

(2) The expenditure qualifying for a re-equipment grant shall be expenditure incurred in the purchase and installation of machinery or equipment, or in the modernisation of machinery or equipment, and satisfying such conditions as the Board of Trade may from time to time require.

(3) A re-equipment grant may be made in respect of expenditure incurred before the coming into force of the reorganisation scheme for the relevant section of the industry, but not in respect of expenditure incurred before the twenty-fourth day of April, nineteen hundred and fifty-nine, or of expenditure incurred for the replacement or modernisation of machinery or equipment which was not in use in the business before that day.

(4) No payment shall be made by way of re-equipment grant in respect of any machinery or equipment unless the following conditions are complied with:—

(*a*) an applicant for a grant or for a payment under a grant must supply the Board of Trade with the information which they think necessary for the purpose of determining whether the grant or payment should be made, and (if so required by them) must verify or permit them to verify to their satisfaction any information supplied to them for that purpose; and

(*b*) an application for a grant must be made, and the information required in connection with that application must be supplied, not later than three years from the commencement of this Act; and

(*c*) the purchase and installation, or the modernisation, of the machinery or equipment must be completed not later than five years from the commencement of this Act or within such further period as the Board of Trade may for special reasons allow.

(5) It shall be the duty of the Cotton Board to act as agent for the Board of Trade for such purposes of this section as the Board of Trade may require.

11 & 12 Geo. 6. c. 31.

(6) The following provisions of the Cotton Spinning (Re-equipment Subsidy) Act, 1948, that is to say,—

(*a*) section two (which prohibits the sale of machinery or equipment subsidised under that Act); and

(*b*) section four (which restricts the disclosure of information obtained under or by virtue of that Act); and

(*c*) section five (which provides for the punishment of persons supplying false information for the purposes of that Act);

shall apply for the purposes of this section as they apply for the purposes of that Act (any reference to an application for a grant under that Act being construed as a reference to an application for a re-equipment grant or for a payment by way of re-equipment grant, and any other reference to that Act or to section one of it being construed as a reference to this section).

Discharge of functions of Cotton Board.

3.—(1) Subject to subsection (7) of this section, the functions under this Act of the Cotton Board shall be discharged by a committee of the Board consisting of the independent members; and an independent member or two independent members may be appointed to the Cotton Board to act solely on that committee, in addition to the number provided for by the development council orders for the time being in force.

(2) The committee may act notwithstanding any vacancy among the members of the committee, and the following provisions shall have effect with respect to its proceedings, that is to say,—

(*a*) at any meeting of the committee two or such greater number as the committee shall determine shall be the quorum;

(*b*) if at any meeting of the committee the votes are equally divided on any question, the person acting as chairman of the meeting shall have a second or casting vote;

(*c*) minutes shall be kept of the proceedings of the committee and any such minutes shall, if signed by any person purporting to have acted as chairman of the meeting or at a meeting at which they were read, be evidence of the proceedings at the first-mentioned meeting, and a meeting to which any such minutes relate shall, unless the contrary is proved, be taken to have been regularly convened and constituted;

(*d*) subject to the foregoing, the committee shall have power to regulate its own procedure.

(3) For the purpose of discharging the functions of the Cotton Board under this Act, the committee may, subject to the next following subsection, exercise any incidental powers of the Cotton Board, and in particular—

(*a*) for the purposes of section one of this Act, may exercise any powers conferred on the Cotton Board by virtue of subsection (2) of section three of the Industrial Organisation and Development Act, 1947 (which relates to obtaining returns and information); and

(*b*) for the purpose of meeting any expenses under this Act, may exercise any power of the Cotton Board to borrow money temporarily.

(4) The powers exercisable by the committee by virtue of subsection (3) of this section shall not include any power to impose charges; and the sums borrowed for the purpose of the functions of the Cotton Board under this Act—

(*a*) shall be in addition to the total amount of the borrowings permitted for other purposes; and

(*b*) so far as they are borrowed to meet expenses which fall to be defrayed out of charges to be imposed under a reorganisation scheme shall be charged on the moneys held by or payable to the Cotton Board for the purposes of that scheme, and shall be repayable (together with any interest thereon) out of those moneys and not otherwise.

(5) The Cotton Board shall keep separate accounts in such form as the Board of Trade may require with respect to their functions under this Act, and shall deal separately with those functions in their annual report and statement of accounts under section seven of the Industrial Organisation and Development Act, 1947; and the Board of Trade may require those accounts and the statement so far as it relates to them to be separately audited and certified by persons who shall be nominated by and shall report to the Board of Trade.

(6) Anything which before the passing of this Act has been done by or on behalf of the independent members of the Cotton Board or any of them in or with a view to the preparation of a reorganisation scheme, and in particular any consultation undertaken in that behalf with any such bodies as are referred to in subsection (1) of section one of this Act, shall be as effective for the purposes of this Act as if it had been done after the commencement of this Act and the members in question had been acting as members of the committee provided for by this section; and this subsection shall apply in relation to any person designated by the Board of Trade for appointment under subsection (1) of this section as an independent member of the Cotton Board as it applies in relation to such a member.

(7) When it appears to the Board of Trade that the committee provided for by this section has no remaining functions to discharge, or that its remaining functions can properly be discharged by the Cotton Board otherwise than through that committee, the Board of Trade may by order made by statutory instrument direct that subsection (1) of this section shall cease to apply:

Provided that no such order shall be made unless a draft of it has been laid before Parliament and approved by resolution of each House.

General provisions.

4.—(1) There shall be defrayed out of moneys provided by Parliament any expenses of the Board of Trade in making the payments provided for by sections one and two of this Act, and any administrative expenses incurred by them for the purposes of this Act.

(2) Anything required or authorised by or under this Act to be done by, to or before the Board of Trade may be done by, to or before the President of the Board, any Minister of State with duties concerning the affairs of the Board, any secretary, under secretary or assistant secretary of the Board, or any person authorised in that behalf by the President.

(3) Where an offence which has been committed by a body corporate, being either—

(*a*) an offence under section two or section five of the Cotton Spinning (Re-equipment Subsidy) Act, 1948, as applied by section two of this Act; or

(*b*) an offence under any development council order committed by making a false statement in connection with an application for such a compensation payment as is provided for by subsection (1) of section one of this Act;

is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary or other similar officer of the body corporate, he as well as the body corporate shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Short title and extent.

5.—(1) This Act may be cited as the Cotton Industry Act, 1959.

(2) This Act shall not extend to Northern Ireland.