CHAPTER 54.

An Act to make provision for the better organisation of the cotton industry and certain industries related thereto; and for purposes connected with the matter aforesaid. [4th August 1939.]

BE it enacted by the King'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:—

Constitution of certain bodies with executive and advisory functions.

The Cotton Industry Board.

1.—(1) There shall be constituted a Board, to be called "the Cotton Industry Board", consisting of persons appointed by the Board of Trade in accordance with the First Schedule to this Act; and the Cotton Industry Board shall have such functions in relation to sectional schemes submitted to that Board under this Act, and such other functions, as are entrusted to that Board by, or by virtue of, the subsequent provisions of this Act.

(2) The Cotton Industry Board shall exercise and perform their powers and duties in such manner as they think best for promoting the interests of the industry.

(3) The provisions of the First Schedule to this Act shall have effect with respect to the constitution and procedure of the Cotton Industry Board.

The Cotton Industry Advisory Committee.

2.—(1) There shall be constituted a Committee to be called "the Cotton Industry Advisory Committee" consisting of three members appointed by the Board of Trade as being independent persons; and the said Committee shall be charged with the duty of advising and assisting the Board of Trade in matters relating to the industry, and shall have such other functions as are entrusted to them by the subsequent provisions of this Act.

(2) The Cotton Industry Board shall pay such remuneration to the members of the Cotton Industry Advisory Committee as the Board of Trade may from time to time determine, and shall defray such expenses of the Committee as the Board of Trade may approve.

(3) The incidental provisions contained in the Second Schedule to this Act shall have effect in relation to the Cotton Industry Advisory Committee.

The Representative Advisory Council.

3.—(1) The Joint Committee of Cotton Trade Organisations shall, before the expiration of six months after the commencement of this Act, after consultation with such bodies, if any, as appear to them to be representative of the interests of persons carrying on business in the industry, of operatives employed therein, of merchants and of persons carrying on in the United Kingdom the business of manufacturing rayon fibre, prepare and submit to the Board of Trade proposals for the constitution of a council (hereinafter referred to as "the Representative Advisory Council"), and may include therein proposals for the payment by the Cotton Industry Board of the amounts necessary to defray the expenses of the Council or the members thereof.

(2) After considering proposals submitted to them under the preceding subsection, the Board of Trade may, after making such modifications, if any, in the proposals as they think proper, make an order for giving effect to the proposals, and the order shall have effect from such date as may be specified in the order.

(3) The Representative Advisory Council shall, if requested by the Cotton Industry Board so to do, advise them as to the expediency of the exercise by the Cotton Industry Board of any of their powers in any circumstances, or as to the manner in which any of their powers should be exercised.

The Export Development Committee.

4.—(1) The Cotton Industry Board shall appoint a committee (hereinafter referred to as "the Export Development Committee"), which shall have the duty of making to the Cotton Industry Board recommendations for promoting the development of export trade in products of the industry.

(2) The Export Development Committee shall consist of—

(*a*) one of the members of the Cotton Industry Board appointed thereto under paragraph 1 of the First Schedule to this Act as being independent persons, who shall be chairman of the committee;

(*b*) four members selected from the members of the Cotton Industry Board appointed thereto in accordance with sub-paragraphs (*a*) to (*h*) of paragraph 2 of the said Schedule, of whom two shall be persons appearing to that Board to have special knowledge of the business of spinning yarn from staple rayon fibre, weaving rayon yarn or finishing fabrics woven from rayon yarn;

(*c*) the member of the Cotton Industry Board appointed thereto in accordance with sub-paragraph (*i*) of the said paragraph 2;

(*d*) two additional members being persons who appear to the Cotton Industry Board to have special knowledge of the business of selling fabrics woven from rayon yarn; and

(*e*) four other additional members.

(3) The appointment of the additional members of the Export Development Committee shall be made after consultation—

(*a*) in respect of four members (including the two members to be appointed in accordance with paragraph (*d*) of the last preceding subsection) with such bodies, if any, as appear to the Cotton Industry Board to be representative of the interests of merchants engaged in the export trade, and

(*b*) in respect of two members, with such bodies, if any, as appear to the said Board to be representative of the interests of persons carrying on in the United Kingdom the business of manufacturing rayon fibre.

(4) The appointment of a member of the Export Development Committee shall be for such term as may be determined by the Cotton Industry Board before his appointment, and shall be subject to such conditions as may be so determined.

(5) For the purpose of advising them in matters relating to the exportation of products of the industry to particular countries, or the exportation of particular products of the industry, the Export Development Committee may appoint such sub-committees as they think requisite; and a sub-committee appointed under this subsection may include persons who are not members of the Committee.

(6) Before making a recommendation to the Cotton Industry Board, the Export Development Committee shall have regard—

(*a*) to any representations with respect to the matter under consideration made to them by any person for the time being registered in the register kept under the next following section, and

(*b*) to the result of any relevant research, experiment or investigation which, by virtue of the subsequent provisions of this Act, has been conducted by, or with the assistance of, the said Board.

General provision for registration of persons by the Cotton Industry Board.

Registration of persons carrying on business in the industry and of merchants.

5.—(1) The Cotton Industry Board shall keep a register (in this Act referred to as " the general register ") of persons carrying on business in the industry and of merchants; and, subject to the following provisions of this Act, the said Board, on application made by any person to be registered in the general register as a person carrying on business in the industry or as a merchant, and on payment of the fee which, under the following provisions of this Act, is payable on such application, shall register him in the said register as so carrying on business or as a merchant, as the case may be.

(2) After the expiration of the period of two months beginning at the commencement of this Act, no person

shall carry on business in the industry unless he is registered in the general register as so carrying on business, or an application to be so registered has been duly made by him and is under consideration; and any person who contravenes this subsection shall, on summary conviction, be liable—

(*a*) in the case of the first conviction, to a fine not exceeding one hundred pounds and also to a fine not exceeding twenty pounds for every day on which the contravention has continued, or

(*b*) in the case of a second or any subsequent conviction, to a fine not exceeding two hundred pounds and also to a fine not exceeding forty pounds for every day on which the contravention has continued since the last conviction.

(3) The general register shall be so kept as to show, in relation to each person registered therein, the several premises in the United Kingdom at which for the time being he carries on business in the industry or as a merchant, and the class of business which he carries on at each of them and, if the business which he so carries on at any of those premises involves doing anything in relation to cotton waste, linen, rayon fibre or any product of the industry manufactured wholly or partly from cotton waste, linen or rayon fibre, that fact shall be recorded in the said register.

(4) The Cotton Industry Board, upon application in that behalf made by any person whose name is entered in the general register as carrying on business in the industry or as a merchant, shall delete the entry registering him in the said register as carrying on business in the industry or as a merchant, as the case may be.

(5) A person shall, on making application to be registered in the general register, and also on demand made by the Cotton Industry Board at any time while his name appears in that register, furnish to the said Board such information as they may require for the purpose of performing their duties under this section.

(6) The general register shall be kept at the office of the Cotton Industry Board; and any person shall, on payment of a fee of one shilling, be entitled to inspect the said register during usual business hours and take a copy of any entry therein or to be supplied with a copy of any entry in the said register.

Sectional schemes.

Purposes of sectional schemes.

6.—(1) Provision may be made as hereinafter provided for giving statutory effect to a scheme submitted to the Cotton Industry Board by a body or bodies appearing to the said Board to be substantially representative of the interests of persons carrying on business in any section of the industry, being a section defined in the scheme by reference to activities carried on or products manufactured.

A scheme so submitted is in this Act referred to as a " sectional scheme ".

(2) A sectional scheme shall be either—

(*a*) a scheme, in accordance with the following provisions of this Act, for the elimination or reduction of redundant plant (hereinafter referred to as " a redundancy scheme "), or

(*b*) a scheme, in accordance with the following provisions of this Act, for the determination of prices or charges or both, in connection with the sale of products of the industry or the subjection of such products or the raw materials thereof to processes (hereinafter referred to as " a price scheme ").

Constitution of boards to administer redundancy schemes.

7.—(1) A redundancy scheme shall provide for the administration of the scheme by a board consisting of not less than three nor more than five persons appointed by the Board of Trade as being independent persons.

(2) Every member of the board administering a redundancy scheme shall hold and vacate office in accordance with the terms of the instrument under which he is appointed, and that board shall pay to the members thereof such remuneration as may be determined by or under the scheme.

(3) It shall be the duty of the Board of Trade to satisfy themselves, with respect to any person whom they propose to appoint to be a member of the board administering a redundancy scheme, that that person will have no such financial or commercial interest as is likely to affect him in the discharge of his functions as a member of the board, and also to satisfy themselves from time to time, with respect to any person who is a member of

the board, that he has no such interest as aforesaid; and any such person shall, whenever requested by the Board of Trade so to do, furnish to them such information as they consider necessary for the performance of their duty under this subsection.

Provisions as to redundancy schemes.

8.—(1) A redundancy scheme may contain provisions empowering the board administering the scheme, subject to any restrictions and conditions imposed by the scheme,—

(*a*) to acquire by agreement such plant in a cotton mill, being plant used or appropriated for use in the section of the industry to which the scheme relates, as that board consider it expedient to acquire with a view to the elimination or reduction of redundant plant in that section of the industry, and

(*b*) (in a case where the board acquire all the plant in a cotton mill, being plant used or appropriated for use in the section of the industry to which the scheme relates and it appears to the board that the purpose or principal purpose for which the mill is used or appropriated is the carrying on of business in that section of the industry) to acquire by agreement the cotton mill and any other plant therein, any estate or interest in land, or rights in respect of land, being land used or appropriated or rights enjoyed for the purposes of, or in connection with, the mill, and any chattels so used or appropriated,

and empowering the board to dismantle and break up any plant acquired by them as aforesaid, to sell or otherwise dispose of any property, rights or interests so acquired by them, and to maintain and repair any such property if and so far as it appears to them to be necessary so to do for the purpose of disposing of it:

Provided that the board administering a redundancy scheme shall not cause any plant acquired by them by virtue of the scheme to be removed from the United Kingdom, and shall not dispose of any such plant unless they have satisfied themselves, so far as they reasonably can, that the plant will not be removed from the United Kingdom.

The powers conferred by such provisions of a redundancy scheme as are authorised by this subsection are hereafter in this Act referred to as "purchasing powers."

(2) The powers of the board administering a redundancy scheme to acquire plant shall not be exercisable after the expiration of the period of three years beginning with the day on which the scheme comes into operation, but the Board of Trade, at any time during that period, may by order extend it by such period not exceeding two years as may be specified in the order, if the result of a poll of owners of mills to which the scheme applies, taken in accordance with the provisions of the scheme, shows that the majority prescribed by the scheme is in favour of the extension.

(3) A redundancy scheme—

(*a*) shall provide for the constitution of a committee consisting of six members appointed by the Board of Trade after consultation—

(i) in respect of four members, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of persons carrying on business in the section of the industry to which the scheme relates,

(ii) in respect of one member, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of operatives employed in that section of the industry, and

(iii) in respect of one member, with the Representative Advisory Council;

and shall impose on the said committee the duty of giving advice and assistance to the board administering the scheme and any such other duties as may be specified in the scheme;

(*b*) may contain provision for the making of payments by the board administering the scheme to persons of any class specified in the scheme who, having been employed in or about a mill to which the scheme applies or applied, have lost that employment, if the loss of

employment appears to that board to be ascribable to the operation of the scheme;

(*c*) may empower the board administering the scheme—

(i) to borrow money, to such amount as may be specified in the scheme, and on such terms and conditions as may be approved by the Board of Trade and the Treasury, for the purposes of the exercise of the purchasing powers of the board administering the scheme, and of defraying any expenses by way of payments falling to be made by that board in the exercise of powers conferred on them by such provisions of the scheme as are authorised by the last preceding paragraph, and

(ii) with the approval of the Board of Trade, to borrow money temporarily from bankers or otherwise for any other purposes of the scheme, so, however, that any money so borrowed shall be repaid, together with the interest thereon, not later than eighteen months after the day on which it was borrowed.

(4) No redundancy scheme shall be submitted to the Cotton Industry Board after the expiration of the period of five years beginning at the commencement of this Act:

Provided that the Board of Trade may from time to time by order extend that period so as to expire at any time not later than fifteen years after the commencement of this Act.

(5) An order under the proviso to the last preceding subsection shall be laid before Parliament as soon as may be after it has been made, and shall not take effect unless and until it has been approved by a resolution of each House of Parliament.

Provisions as to price schemes.

9.—(1) A price scheme—

(*a*) shall provide for the administration of the scheme by a board the members whereof shall be elected, in accordance with the scheme, by

persons registered under the scheme as carrying on business in the section of the industry to which the scheme relates;

(*b*) shall contain provisions—

(i) entitling any person who carries on business in the section of the industry to which the scheme relates, on application made by him in that behalf, to be registered by the Cotton Industry Board, in a register kept by them for the purposes of the scheme, as carrying on business in that section of the industry,

(ii) for securing that no person shall carry on business in that section of the industry unless he is so registered or an application to be so registered has been duly made by him and is under consideration, and

(iii) requiring the Cotton Industry Board to cancel the registration as aforesaid of any person who has ceased to carry on business in that section of the industry;

(*c*) shall contain provisions empowering the board administering the scheme to determine from time to time in relation to any product of the industry, being a product of any such description as may be specified in the scheme, either or both of the following things—

(i) the price (hereinafter referred to as " the normal minimum price ") below which that product shall not be sold by persons registered under the scheme,

(ii) the minimum charge (hereinafter referred to as " the normal minimum charge ") that may be made by persons so registered for subjecting that product or the raw materials thereof to any such process used in that section of the industry as may be specified in the scheme;

(*d*) shall contain provisions—

(i) for securing that all such determinations as are mentioned in the last preceding

paragraph, other than determinations lowering prices or charges, shall be of no effect unless the consent of the Cotton Industry Board to the determination has previously been obtained; and

(ii) requiring the Cotton Industry Board, before consenting to the determination of any price or charge, to satisfy themselves that the proposed price or charge does not exceed the amount determined in accordance with the provisions of Part I of the Third Schedule to this Act (hereinafter referred to as " the maximum limit ") and also to consider, in the light of any recommendation made to them by the Export Development Committee, the extent to which, if they consented to that determination, they would in the first instance exercise in relation thereto the powers conferred on them by the provisions of the scheme having effect by virtue of paragraph (*f*) of this subsection;

(*e*) may contain provisions empowering the board administering the scheme to make a determination whereby—

(i) any product in relation to which a normal minimum price is determined under the scheme may be sold on any one occasion at a price which is less than the normal minimum price but does not fall short thereof by more than the amount specified in the determination, or

(ii) any product in relation to which a normal minimum charge is so determined may be subjected to the relevant process on any one occasion for a charge which is less than the normal minimum charge but does not fall short thereof by more than the amount specified in the determination,

if the quantity of the product sold or subjected to the process on that occasion is not less than such quantity as that board may specify in the determination, and may also contain provisions requiring that board to have regard,

in making any such determination, to the saving in costs to a person selling the product or carrying out the process, as the case may be, which is likely to be effected by reason of that quantity of the product being sold or dealt with by him on one occasion;

(*f*) shall empower the Cotton Industry Board, if, after consulting such persons as appear to them to be interested, they are satisfied that it is expedient so to do for the purpose of increasing or maintaining the consumption of products of the industry either generally or in any particular area, to permit, in the case of a product of any description specified in the scheme,—

(i) the sale of that product to persons registered in the general register, whether by allowance of discount or otherwise, at a price less than the price for the time being determined in relation to that product by the board administering the scheme, but not less than the price specified by the Cotton Industry Board, or

(ii) the making to such persons, in respect of the subjection of that product or the raw materials thereof to any particular process, of a charge less than the charge for the time being determined in relation to that process by the board administering the scheme, but not less than the charge specified by the Cotton Industry Board,

and to lay down in accordance with the provisions of the next following section conditions subject to which the permission has effect; and shall contain provisions for securing that any decision taken by the Cotton Industry Board in the exercise of powers conferred on them by any provisions of the scheme having effect by virtue of this paragraph is notified, as soon as may be, to the persons registered under the scheme and to such bodies, if any, as appear to that Board to be representative of the interests of persons registered in the general register as merchants;

(*g*) may contain provisions for securing, with respect to any product of the industry being a product of any such description as may be specified in the scheme, that no person registered under the scheme shall sell that product, or subject it to any specified process, under any contract which does not contain such terms as may be specified in the scheme in relation to that product or which contains any term inconsistent with, or repugnant to, the terms so specified;

(*h*) may contain provisions empowering the Cotton Industry Board, if they are satisfied, after inquiry made by them at the instance of any officer or servant of the board administering the scheme authorised by that board in that behalf, that any person registered under the scheme has contravened or failed to comply with any of the provisions thereof, to impose on, and to recover from, that person monetary penalties not exceeding those specified in the scheme, and to pay to that board any sum recovered by way of such a penalty:

Provided that a scheme conferring on the Cotton Industry Board such powers as are mentioned in paragraph (*f*) of this subsection shall not authorise that Board to exercise those powers in relation to any products the ingredients of which have been subjected outside the United Kingdom to any process used in an activity which, by virtue of this Act, is to be treated as part of the industry.

(2) A price scheme may provide that any determination by the board administering the scheme of the normal minimum price or normal minimum charge in connection with the sale of any particular product or the subjection of any particular product to any particular process shall, in relation to—

(*a*) the sale of that product by persons manufacturing it in any such area in the United Kingdom as may be specified in the scheme, or

(*b*) the subjection of that product to that process within such an area in the United Kingdom as may be so specified,

have effect as if the price or charge specified in the determination were reduced to such extent as may be specified in the scheme.

(3) Any scheme containing such provisions as are authorised by paragraph (*h*) of subsection (1) of this section shall also make provision—

(*a*) for securing that any person registered under the scheme who is aggrieved by any decision of the Cotton Industry Board taken in the exercise of their powers under those provisions may refer the matter to the arbitration of a single arbitrator agreed upon between him and the Cotton Industry Board or, in default of agreement, appointed by the Board of Trade; and

(*b*) for determining the powers of the arbitrator on any such reference.

(4) Any person who contravenes the provisions of a price scheme having effect by virtue of paragraph (*b*) of subsection (1) of this section shall, on summary conviction, be liable—

(*a*) in the case of the first conviction, to a fine not exceeding one hundred pounds and also to a fine not exceeding twenty pounds for every day on which the contravention has continued, or

(*b*) in the case of a second or any subsequent conviction, to a fine not exceeding two hundred pounds and also to a fine not exceeding forty pounds for every day on which the contravention has continued since the last conviction.

Further provisions as to price schemes.

10.—(1) The conditions subject to which any permission may be granted by the Cotton Industry Board in relation to any product in pursuance of the provisions of a scheme having effect by virtue of paragraph (*f*) of subsection (1) of the last preceding section shall be such conditions (if any) as appear to that Board to be necessary for all or any of the following purposes, that is to say—

(*a*) for securing that the quantity of that product which, on any one occasion, is sold or subjected to the relevant process by a person registered under the scheme, at a price or for a charge less than the price or charge for the time being determined in relation to that product by the

board administering the scheme, is not less than that specified by the Cotton Industry Board;

(*b*) for securing that the goods to which the permission relates are sufficiently identifiable and, where the permission is expressed to be granted in relation to the goods as being ingredients of any particular product, that they are in fact used as ingredients of that product;

(*c*) for securing, in the case of a permission expressed to be granted for the purpose of maintaining or increasing the consumption of a product in a particular area, that goods to which the permission relates or goods of any specified description manufactured therefrom, as the case may be, are in fact consigned to that area; and

(*d*) for regulating the prices at which goods to which the permission relates may be sold on any occasion after they have been sold or subjected to the relevant process by a person registered under the scheme.

(2) The terms of contracts specified in a price scheme shall not include any term the effect of which would be to restrict or regulate any sale of goods after they have been sold or subjected to a process by a person registered under the scheme:

Provided that the terms so specified in a scheme containing provisions for the determination of prices in connection with the sale, by persons registered under the scheme, of any product of spinning, doubling or weaving which has not been subjected to any process of finishing, may include terms designed to secure that the price at which that product is sold in the United Kingdom on any occasion after the sale thereof by a person so registered is not less than the price for the time being determined under the scheme, being the price which would have been applicable to the sale of that product on that occasion if the seller were the person so registered.

(3) The provisions of Part II of the Third Schedule to this Act shall have effect for the purpose of authorising the sale of any product or the subjection of any product to any process at a price or for a charge less than the normal minimum price or charge determined in relation thereto under a price scheme and, in relation to

any person who, by virtue of Part II of the said Schedule, is authorised to sell that product or subject it to a process at a price or for a charge lower than the said normal minimum price or charge, any determination made in relation to that product under provisions of the scheme having effect by virtue of paragraph (*e*) of subsection (1) of the last preceding section shall have effect as if any reference in that determination to that normal minimum price or charge were a reference to the said lower price or charge.

(4) If, with respect to any price scheme, it appears at any time to the Cotton Industry Board that a normal minimum price or normal minimum charge for the time being determined under the scheme exceeds the price or charge to the determination of which at that time the Cotton Industry Board could lawfully have consented, the Cotton Industry Board shall forthwith serve on the board administering the scheme a notice in writing specifying the sum which by virtue of Part I of the Third Schedule to this Act would have been the maximum limit in relation to any determination of that normal minimum price or normal minimum charge made at that time, and requiring the last-mentioned board to reduce the normal minimum price or normal minimum charge to an amount not exceeding the sum so specified in the notice; and if, at the expiration of the period of fourteen days beginning with the date of the service of the said notice, the board administering the scheme have not complied with the requirements of the notice, the Cotton Industry Board shall themselves determine a normal minimum price or normal minimum charge in accordance with the said requirements, and that determination shall have effect as a determination of the board administering the scheme.

General provisions as to sectional schemes.

11.—(1) A sectional scheme may provide for all or any of the following matters, that is to say :—

(*a*) for requiring—

(i) in the case of a redundancy scheme, owners of mills to which the scheme applies, or

(ii) in the case of a price scheme, persons registered under the scheme,

to furnish to such officers or servants of the board administering the scheme as may be

specified in the scheme such estimates, returns, accounts and other information as that board consider necessary for the operation of the scheme;

(*b*) for securing that the sums required to defray the expenses incurred under the scheme by the board administering the scheme and any expenses incurred by the Cotton Industry Board in connection with the promotion or operation of the scheme, shall be raised by means of contributions to be made—

(i) in the case of a redundancy scheme, by owners of mills to which the scheme applies, or

(ii) in the case of a price scheme, by persons registered under the scheme,

and for the assessment and recovery of such contributions, and for the apportionment of the amount recovered by way of such contributions between the Cotton Industry Board and the board administering the scheme;

(*c*) for conferring upon the Cotton Industry Board functions in relation to the operation of the scheme;

(*d*) for determining whether any, and if so which, of the provisions of the scheme are to be capable of amendment, and specifying the procedure by means of which any provisions of the scheme capable of amendment may be amended.

(2) Without prejudice to the generality of the powers conferred by paragraph (*b*) of subsection (1) of this section, a redundancy scheme may provide for the assessment of contributions under the scheme in such manner as appears to the Cotton Industry Board to be equitable with a view to securing that no undue advantage from the operation of the scheme is obtained by any person by reason of his having, after the coming into operation of the scheme, either begun to carry on business in the section of the industry to which the scheme relates or increased the capacity of plant in a mill to which the scheme applies.

(3) A sectional scheme providing for the payment of contributions shall contain provisions limiting the amount of the contributions payable under the scheme by any

particular person; but no such limitation shall apply to the assessment of contributions in accordance with any provisions of the scheme authorised by the last preceding subsection.

(4) A sectional scheme shall empower the Cotton Industry Board, where they consider that they can so do without prejudicing the operation of the scheme, to exempt from all or any of the provisions of the scheme such classes of persons, and such activities, as may be specified in the exemption; and shall contain provisions for securing that any such exemption—

(*a*) is published by the Cotton Industry Board in such manner as they think best adapted for bringing it to the notice—

(i) in the case of a redundancy scheme, of owners of mills to which the scheme applies, or

(ii) in the case of a price scheme, of persons registered under the scheme, and

(*b*) may be revoked or varied by the Cotton Industry Board.

(5) A sectional scheme may further provide for such matters as are incidental or supplementary to any of the matters for which provision is made by the scheme by virtue of the preceding provisions of this Act.

(6) The provisions of Part I of the Fourth Schedule to this Act (which relate to the incorporation, registration and winding up of boards administering sectional schemes) shall have effect in relation to any sectional scheme, and the provisions of Part II of that Schedule (which relate to the effect of price schemes on contracts), shall have effect in relation to any price scheme.

Provisions for securing due operation of price schemes in relation to merchants, &c.

12.—(1) The Cotton Industry Board shall not register a person in the general register as a merchant unless he gives to them, in such form as they may prescribe, an undertaking that, so long as he continues to be registered in that register as a merchant, he will perform the obligations imposed upon him under any contract by virtue of a price scheme, and that he will—

(*a*) produce to, and allow to be examined by, officers and servants of the Cotton Industry Board such accounts, books and other documents

in his possession or under his control, and furnish to the Cotton Industry Board such information in his possession, as may reasonably be required by that Board for the purpose of ascertaining whether or not he has performed the said obligations, and

(*b*) permit such officers and servants as aforesaid to have such access to any premises occupied by him for the purposes of his business, and to take such samples of any products of the industry found in the premises, as may reasonably be required by the Cotton Industry Board for that purpose;

and if he fails to carry out that undertaking at any time while he is so registered, then, subject to the provisions of the next following subsection, the Cotton Industry Board may delete the entry in the said register registering him as a merchant and refuse, during such period as they may determine at the time of the deletion of the entry, to register him as a merchant.

(2) Immediately after deciding to exercise their power under the preceding subsection to delete any entry made in the general register in respect of any person, the Cotton Industry Board shall serve a written notice of their decision on that person, and the decision shall not have effect until the expiration of the period of fourteen days beginning with the date of the service of the notice; and if within that period the said person notifies the Cotton Industry Board in writing that he desires the matter to be referred to arbitration, the matter shall be referred to the arbitration of a single arbitrator to be agreed upon between him and the Cotton Industry Board or, in default of agreement, appointed by the Board of Trade.

If the matter is so referred, no further proceedings shall be taken by the Cotton Industry Board otherwise than in, or for the purpose of, the arbitration or to enforce the award of the arbitrator; and the arbitrator may, by his award, either confirm or quash the decision of the Cotton Industry Board, or reduce the period during which they may refuse to register the person concerned as a merchant.

(3) If, with respect to any contract entered into by any person registered under a price scheme for the sale or

supply of any product or for the subjection of a product or raw material to any process, being a contract which could not have lawfully been made otherwise than in accordance with the scheme, the Cotton Industry Board are satisfied that it is necessary for the due operation of the scheme so to do, they may, in the name of that person, enforce any right which he may have under the contract to receive the price or charge payable in respect of the sale or supply of the product or of the subjection of the product or raw material to that process, or to recover any damages payable to him in respect of the non-performance of any obligation under the contract by the other party thereto; and where, by virtue of this subsection, the Cotton Industry Board recover any sum, they shall pay to the person in whose name they recover that sum, the amount, if any, by which the sum recovered exceeds the expenses reasonably incurred by them in connection with the recovery thereof.

Initial poll in relation to a sectional scheme.

13.—(1) The Cotton Industry Board, if satisfied upon the submission to them of a sectional scheme,—

(*a*) that the body or bodies submitting the scheme is or are substantially representative of the interests of persons carrying on business in the section of the industry defined by the scheme in accordance with the preceding provisions of this Act,

(*b*) that the scheme satisfies the requirements of this Act as to the purposes and provisions of a sectional scheme, and

(*c*) in the case of a price scheme specifying terms of contracts for the sale of products or the subjection of products to processes, that adequate consultation with respect to the specified terms has taken place between the body or bodies submitting the scheme and any such body as appears to the Cotton Industry Board to be representative of the interests of merchants,

shall publish, in such manner as the Cotton Industry Board think best adapted for informing persons affected, a notice of the submission of the scheme.

(2) The said notice shall specify, in the terms of the definition thereof by the scheme, the section of the industry to which the scheme relates, and state

that a poll is to be taken on the question whether it is expedient that the scheme should have statutory effect and—

(*a*) in the case of a redundancy scheme, that the persons qualified to vote will be all persons who, at the expiration of the period of one week beginning with the date on which the Cotton Industry Board publish the said notice, are owners of mills to which the scheme applies, or

(*b*) in the case of a price scheme, that the persons qualified to vote will be all persons who at the expiration of the said period are registered in the general register and are carrying on business in the section of the industry to which the scheme relates.

(3) At the expiration of the period of one week beginning with the date on which they publish the notice aforesaid, the Cotton Industry Board shall send a copy of the scheme to each of the persons who, in the opinion of the Cotton Industry Board, are qualified to vote on the poll, and to such bodies, if any, as appear to the Cotton Industry Board to be representative of the interests of persons qualified to vote who are carrying on business in Scotland and in Northern Ireland, of persons for the time being registered in the general register who are not qualified to vote, of operatives employed in the industry and of persons carrying on in the United Kingdom the business of manufacturing rayon fibre, and shall request those bodies to make to the Cotton Industry Board before a specified date any objections or representations which they may desire to make with respect to the scheme.

(4) The Cotton Industry Board shall cause to be taken, in accordance with the following provisions, a poll on the question whether it is expedient that the scheme should have statutory effect,—

(*a*) the Board shall send a voting paper to each of the persons whom the Board consider from the information in their possession to be qualified to vote, and to such other persons as, within the period of twenty-one days beginning with the date on which the notice under subsection (1)

of this section relating to the scheme was published, apply to the Board for such a paper and satisfy the Board that they are qualified to vote;

(*b*) any person to whom such a voting paper is sent may vote, but no voting paper shall be valid unless it is received by the Board before such date after the expiration of the said twenty-one days as may be specified in the said notice;

(*c*) immediately after sending a voting paper to any person, the Board shall enter his name in a list of voters to be kept in relation to the scheme (hereinafter referred to as "the list of qualified voters");

(*d*) the Board shall, during the period beginning with the date on which the notice referred to in paragraph (*a*) of this subsection was published and ending with the date specified in the notice in pursuance of paragraph (*b*) of this subsection (hereinafter referred to as "the relevant period"), permit the said list to be inspected during usual business hours by or on behalf of any person named therein;

(*e*) if, on information supplied during the relevant period by any person named in the list of qualified voters, the Board are satisfied that some other person so named is not or was not qualified to vote, the name of that other person shall be deleted from the list and his vote shall be invalid;

(*f*) as soon as may be after discharging their functions under the last preceding paragraph, the Board shall approve the list of qualified voters, and the said list as so approved shall be conclusive evidence that the persons named therein were qualified to vote and that no other persons were so qualified;

(*g*) as soon as may be after the completion of the poll, the Board shall publish the result thereof.

(5) Subject to the provisions of the last preceding subsection, any such poll shall be taken in such manner as the Board of Trade may direct; and the directions of the Board of Trade shall secure that each voter has a number of votes determined in accordance with the directions, and that in the determination of the said

number there is taken into account the extent (calculated in accordance with the directions by reference to capacity, turnover or some other criterion) to which the voter has been, or is, or is capable of, carrying on business in the section of the industry to which the scheme relates.

The Cotton Industry Board shall give to the Board of Trade such information with respect to the provisions of the scheme as the Board of Trade may require for the purpose of giving such directions as aforesaid.

Proceedings if poll favourable.

14.—(1) If on such a poll as aforesaid a majority of the persons qualified to vote, and voting, vote in the affirmative, and not less than the requisite proportion of the valid votes are given in the affirmative, the Cotton Industry Board shall take into consideration the scheme and any objections or representations with respect thereto made by any such body as is mentioned in subsection (3) of the last preceding section, and shall transmit the scheme to the Board of Trade and to the Cotton Industry Advisory Committee, together with—

(*a*) a report on the scheme containing any modifications therein which the Cotton Industry Board think it desirable to make, particulars of any such objections or representations as aforesaid, and, in the event of any members of the Cotton Industry Board dissenting from the report, the names of those members and the reasons for their so dissenting, and

(*b*) a report on the poll.

In this subsection the expression "the requisite proportion" means, in relation to any poll, two-thirds or such greater proportion as the Board of Trade may direct in relation to that poll.

(2) In considering, under the last preceding subsection, any sectional scheme and any objections or representations with respect thereto, the Cotton Industry Board shall have regard to any directions given to them by the Board of Trade either generally or in relation to that scheme.

(3) If, at the time when a price scheme is under consideration by the Cotton Industry Board, any representation which they are required to take into consideration before transmitting the scheme to the Board of Trade is made to them to the effect that, if the scheme

were then in force, the operation thereof would have the result that persons required to be registered thereunder who carry on business in the industry at a place in the United Kingdom outside the area within which the majority of the persons required to be so registered carry on business in the industry, would be under a disability in respect of their so carrying on business by reason of matters arising on account of the distance of that place from that area, it shall be the duty of the Cotton Industry Board to inquire into the question whether the operation of the scheme would have that result, and to report specially to the Board of Trade their decision on that inquiry; and, if they decide that the operation of the scheme would have that result, they shall specify in the report the modifications, if any, which they think ought to be made in the scheme for the purpose of avoiding the said result.

Consideration of sectional schemes by Cotton Industry Advisory Committee.

15.—(1) When a sectional scheme has been transmitted to them under the last preceding section, it shall be the duty of the Cotton Industry Advisory Committee to take the scheme into consideration and, after affording to persons appearing to the Committee to be likely to be affected by the operation of the scheme and to any bodies appearing to the Committee to be representative of the interests of such persons an opportunity of making any representations which they may desire to make with respect thereto, to forward to the Board of Trade, within such period as the Board of Trade may direct, a report stating the opinion of the Committee on the following questions, that is to say,—

(*a*) whether the scheme would be likely to involve undue hardship to the persons carrying on business in the industry otherwise than in the section thereof to which the scheme relates;

(*b*) whether the scheme is contrary to the interests of operatives employed in the industry otherwise than in the section thereof to which the scheme relates, or of operatives employed in that section;

(*c*) whether the scheme is likely to prejudice such expansion of the industry apart from the section thereof to which the scheme relates, or of that section, as may be expedient in view of increasing demand or technical improvements;

(*d*) whether the scheme is likely to prejudice the needs or development of export trade in the industry; and

(*e*) whether the scheme is contrary to the interests of consumers or to the interests of any industry other than the cotton industry of the United Kingdom.

(2) When a price scheme which contains provisions—

(*a*) for regulating the sale of any of the following commodities, that is to say, coloured furnishings woven from cotton yarn, gabardines so woven, dress fabrics woven from rayon yarn (being fabrics of a width not less than thirty-five inches nor more than thirty-seven inches) or linings so woven (being linings of a width not less than fifty-three inches nor more than fifty-five inches), or

(*b*) for determining the minimum charges that may be made for subjecting such commodities to any process,

has been transmitted to them under the last preceding section, the Cotton Industry Advisory Committee shall request such bodies, if any, as appear to them to be representative of the interests of persons carrying on business in the wool textile industry of the United Kingdom, to make any representations which they may desire to make with respect to the scheme, and shall, when transmitting their report on the scheme to the Board of Trade, transmit therewith a report on any representations so made by any such body as aforesaid.

(3) When a price scheme which contains provisions for regulating the sale of damasks, or for determining the minimum charges that may be made for subjecting damasks to any process, has been transmitted to them under the last preceding section, the Cotton Industry Advisory Committee shall request such bodies, if any, as appear to them to be representative of the interests of persons carrying on business in the linen textile industry of the United Kingdom, to make any representations which they may desire to make with respect to the scheme, and shall, when transmitting their report on the scheme to the Board of Trade, transmit therewith a report on any representations so made by any such body as aforesaid.

(4) In considering, under this section, any sectional scheme and any representations with respect thereto, the Cotton Industry Advisory Committee shall have regard to any directions given to them by the Board of Trade either generally or in relation to that scheme.

The Rayon Committee.

16.—(1) The Cotton Industry Advisory Committee, if, after consulting such bodies, if any, as appear to them to be representative of the interests of persons carrying on in the United Kingdom the following businesses, that is to say—

(*a*) the business of manufacturing rayon fibre;

(*b*) the business of spinning yarn from staple rayon fibre or weaving fabrics from rayon yarn;

(*c*) the business of finishing yarn spun from staple rayon fibre or fabrics woven from rayon yarn; and

(*d*) the business of selling as merchants rayon yarn or fabrics woven from rayon yarn,

they are satisfied, with respect to each of those businesses, that the majority of persons so carrying on that business desire the constitution of a representative committee under this section, may make a recommendation in that behalf to the Board of Trade, and thereupon the Board of Trade may constitute a committee in accordance with the following provisions of this section.

(2) If, upon a motion made in each House of Parliament on behalf of His Majesty's Government at any time after the expiration of the period of one year beginning at the commencement of this Act, that House resolves that a committee should be constituted in accordance with the next following subsection, the Board of Trade shall constitute a committee accordingly, notwithstanding that no recommendation has been made to them under the preceding subsection.

(3) The committee constituted under this section (hereinafter referred to as "the Rayon Committee") shall consist of ten members appointed by the Board of Trade; and the appointments of members of the Rayon Committee shall be made after consultation—

(*a*) in respect of two members, with such bodies, if any, as appear to the Board of Trade to be

representative of the interests of persons carrying on in the United Kingdom the business of manufacturing rayon fibre;

(*b*) in respect of two members, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of persons carrying on in the United Kingdom the business of spinning yarn from staple rayon fibre;

(*c*) in respect of two members, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of persons carrying on in the United Kingdom the business of weaving fabrics from rayon yarn;

(*d*) in respect of two members, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of persons carrying on in the United Kingdom the business of finishing yarn spun from staple rayon fibre or fabrics woven from rayon yarn; and

(*e*) in respect of two members, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of persons carrying on in the United Kingdom the business of selling as merchants rayon yarn or fabrics woven from rayon yarn.

(4) If, at any time when the Cotton Industry Board are required by subsection (3) of section thirteen of this Act to send out copies of a price scheme which contains provisions for regulating the sale of yarn spun from staple rayon fibre or from that fibre and some other textile fibre or fibres, or fabrics woven from rayon yarn or from that yarn mixed with yarn produced by spinning or doubling, or for determining the minimum charges that may be made for subjecting such yarn or fabrics to any process, the Rayon Committee has been constituted—

(*a*) the Cotton Industry Board shall, at the same time, send a copy of the scheme to that Committee, and the said subsection shall have effect as if the reference therein to persons carrying on in the United Kingdom the business of manufacturing rayon fibre were omitted;

(*b*) it shall be the duty of the Committee to take into consideration any scheme a copy of which is

transmitted to them under the preceding paragraph, and to furnish to the Cotton Industry Board, within such period as the Board may direct, a report on the scheme; and

(*c*) the Cotton Industry Board shall, before transmitting the scheme to the Board of Trade and to the Cotton Industry Advisory Committee, take the report of the Rayon Committee into consideration, and, when transmitting the scheme as aforesaid, shall transmit therewith a copy of that report.

(5) The Board of Trade may by order make provision for the payment by the Cotton Industry Board of the amounts necessary to defray such expenses of the Rayon Committee as may be approved by the Cotton Industry Board.

Consideration of sectional schemes by Board of Trade and submission to Parliament.

17.—(1) When a sectional scheme has been transmitted to the Board of Trade, and the Cotton Industry Advisory Committee have furnished the Board of Trade with their report thereon, the Board of Trade shall consider the scheme and the reports made to them in connection therewith under the preceding provisions of this Act and, if they are satisfied that it is expedient that the scheme should have statutory effect, may approve it either as submitted or subject to any modifications appearing to them to be desirable.

(2) When the Board of Trade approve a scheme subject to modifications, they shall notify the modifications to the Cotton Industry Board and—

(*a*) the Cotton Industry Board shall notify the modifications of the scheme to all the persons named in the list of qualified voters as approved by that Board and shall, as soon as may be after so doing, publish, in such manner as they think best adapted for informing persons affected, a notice stating that the Cotton Industry Board will cause a poll to be taken on the question whether it is expedient that the scheme as modified should have statutory effect, if, within the period of seven days beginning with the date of the publication of the notice, a request in that

behalf is made in writing to the said Board by the requisite proportion of persons named in the said list; and

(*b*) if, within the said period of seven days such a request is so made to them, the Cotton Industry Board shall cause a poll of those persons to be taken on that question.

In this subsection the expression "the requisite proportion" means, in relation to the persons named in the list of qualified voters, as approved by the Cotton Industry Board, either more than one-quarter of those persons, or persons so named who together have been, or are, or are capable of, carrying on business in the section of the industry to which the scheme relates to an extent (calculated in accordance with the directions given by the Board of Trade with respect to the poll taken in relation to the scheme before the transmission thereof to the Board of Trade) which is more than one-quarter of the extent (so calculated) to which all the persons named in that list have been, or are, or are capable of, so carrying on business.

(3) On a poll taken under this section in relation to a scheme the directions given by the Board of Trade with respect to the poll taken before the transmission of the scheme to the Board of Trade shall have effect, and if on the poll taken under this section a majority of the persons voting vote in the negative, or not less than the requisite proportion of the valid votes are given in the negative, no further proceedings shall be taken on the scheme.

In this subsection the expression "the requisite proportion" means, in relation to any poll, one-third or such less proportion as the Board of Trade may direct in relation to that poll.

(4) The Cotton Industry Board shall transmit to the Board of Trade a report on any poll taken under this section.

(5) Subject to the preceding provisions of this Act, the Board of Trade may lay before Parliament a draft of a redundancy scheme in the terms in which it has been approved by the Board of Trade, together with a copy of the report made in relation to the scheme by the Cotton Industry Advisory Committee, a copy of the report of the Cotton Industry Board on the poll taken in relation

to the scheme before the transmission thereof to the Board of Trade and, if a poll has been taken under this section in relation to that scheme, a copy of the report of the Cotton Industry Board on that poll, and if each House of Parliament resolves that the scheme should have effect, the Board of Trade shall make an order confirming the scheme in the terms of the draft.

(6) Subject to the preceding provisions of this Act, the Board of Trade may make an order confirming a price scheme in the terms in which the scheme has been approved by the Board of Trade; but the order shall be laid before Parliament as soon as may be after it is made, and shall cease to have effect at the expiration of the period of twenty-eight days beginning with the date on which it is made, unless, before the expiration of that period, it has been approved by a resolution passed by each House of Parliament, without prejudice, however, to the validity of anything previously done under the order.

In reckoning any such period of twenty-eight days as aforesaid, no account shall be taken of any time during which Parliament is dissolved or prorogued, or during which both Houses of Parliament are adjourned for more than four days.

(7) The Board of Trade shall, at the same time as any order confirming a price scheme is laid before Parliament, lay before Parliament a copy of the report made in relation to the scheme by the Cotton Industry Advisory Committee, a copy of the report of the Cotton Industry Board on the poll taken in relation to the scheme before the transmission thereof to the Board of Trade and, if a poll has been taken under this section in relation to that scheme, a copy of the report of the Cotton Industry Board on that poll.

(8) If it appears to the Board of Trade—

(*a*) in the case of a redundancy scheme, that any of the mills to which the scheme applies is situate in Northern Ireland; or

(*b*) in the case of a price scheme, that any of the persons who, if the scheme were in force, would be required to be registered thereunder carries on in Northern Ireland business in the section of the industry to which the scheme relates,

the Board shall, before laying a draft of the scheme before Parliament or making an order confirming the scheme, as the case may be, consult the Minister of Commerce for Northern Ireland.

(9) So much of this section as provides that proceedings on a sectional scheme shall be discontinued or that an order confirming such a scheme shall cease to have effect shall be without prejudice to the submission of a new scheme.

Amendment of price schemes in relation to persons carrying on business in certain parts of the United Kingdom.

18.—(1) If, at any time while a price scheme is in force, it is represented to the Cotton Industry Board by any body appearing to them to be representative of the interests of persons registered under the scheme who carry on business in the industry at a place in the United Kingdom outside the area within which the majority of the persons so registered carry on business in the industry, that the operation of the scheme is having the result that persons so registered who carry on business as aforesaid at that place are under a disability in respect of their so carrying on business by reason of matters arising on account of the distance of that place from that area, it shall be the duty of the Cotton Industry Board to inquire into the question whether the operation of the scheme is having that result, and to report to the Board of Trade their decision on that inquiry; and, if they decide that the operation of the scheme is having that result, they shall specify in the report the amendments (if any) which they think ought to be made in the scheme for the purpose of avoiding the said result.

(2) The Board of Trade shall consider any report made to them under the preceding subsection; and, if it appears from the report that the Cotton Industry Board have decided that the operation of the scheme is having the result mentioned in that subsection, the Board of Trade may lay before Parliament the draft of an order making such amendments in the scheme as they consider necessary for the purpose of avoiding that result.

(3) If each House of Parliament, after a draft of an order is laid before it under the last preceding subsection, resolves that the order should have effect, the Board of Trade shall make an order in the terms of the draft.

Revocation, suspension of operation and expiration of sectional schemes.

19.—(1) If it appears to the Board of Trade, either on a representation in that behalf made to them by the Cotton Industry Board or otherwise, to be expedient that a sectional scheme for the time being in operation should be revoked or that the operation of such a scheme or any provision thereof should be suspended, the Board of Trade may make an order revoking the scheme or suspending the operation of the scheme or of that provision thereof for such period as they think fit:

Provided that, in the case of a redundancy scheme, the Board of Trade shall not make an order under this subsection suspending the operation of any provisions of the scheme other than the provisions empowering the board administering the scheme to acquire plant.

(2) The Cotton Industry Board shall afford to any person who claims to be aggrieved on the ground that a sectional scheme for the time being in operation adversely affects the interests of persons carrying on business in, or of operatives employed in, the industry, an opportunity of making representations to the Cotton Industry Board and, if so required by that person, of being heard by them.

(3) Where the Board of Trade propose to make an order under this section revoking a scheme, they shall lay a draft of the order before Parliament; and if either House of Parliament, before the expiration of the period of twenty-eight days beginning with the day on which the draft of the order was laid before it, resolves that the order shall not be made, no further proceedings shall be taken thereon, but without prejudice to the laying of a new draft order before Parliament.

(4) An order under this section suspending the operation of a scheme or of any provision of a scheme shall be laid before Parliament as soon as may be after it is made; and if either House of Parliament, before the expiration of the period of twenty-eight days beginning with the day on which the order was laid before it, resolves that the order be annulled, it shall forthwith become void, but without prejudice to the validity of anything previously done thereunder or to the making of a new order.

(5) In reckoning, for the purposes of either of the last two preceding subsections, any such period of twenty-eight days as is therein mentioned, no account shall be

taken of any time during which Parliament is dissolved or prorogued or during which both Houses of Parliament are adjourned for more than four days.

(6) Every redundancy scheme shall, unless previously revoked, expire on the fifteenth anniversary of the day on which it came into operation or on such earlier day as may be specified in the scheme; and every price scheme shall, unless previously revoked, expire on the fifth anniversary of the day on which it came into operation or on such earlier day as may be specified in the scheme.

(7) Any redundancy scheme or price scheme may be revoked by a subsequent redundancy scheme or price scheme, as the case may be.

(8) The provisions contained in Part III of the Fourth Schedule to this Act (being incidental provisions with respect to the revocation or expiration of schemes) shall have effect in relation to any sectional scheme.

Power of Cotton Industry Board to perform certain services for benefit of the industry.

Power of Cotton Industry Board to perform services.

20.—(1) The Cotton Industry Board shall have power, where it appears to them that it would be for the benefit of the industry for them so to do, or that it is expedient for them so to do for the purpose of safeguarding, or of promoting the development of, export trade in the industry,—

(*a*) to conduct, and to promote or encourage by financial assistance or otherwise, research and experiments in matters relating to the manufacture of products of the industry,

(*b*) to conduct, and to promote or encourage by financial assistance or otherwise, research and investigation in matters relating to the consumption of products of the industry,

(*c*) to take such measures as the Cotton Industry Board think proper for increasing the consumption of products of the industry, including advertising and the giving of demonstrations and instruction with respect to the use of such products,

(*d*) to collect and publish statistics and other information relating to the industry, and

(*e*) to negotiate with any person in respect of any matter appearing to the Cotton Industry Board to affect, or to be likely to affect the industry.

(2) The expenses of the Cotton Industry Board under paragraphs (*a*) to (*d*) of subsection (1) of this section are hereafter in this Act referred to as " service expenses "; and service expenses under paragraph (*a*), paragraphs (*b*) and (*c*), and paragraph (*d*), of that subsection are hereafter in this Act respectively referred to as " service expenses of the first category," " service expenses of the second category " and " service expenses of the third category ".

Financial Provisions.

Fees and contributions payable to Cotton Industry Board by the industry.

21.—(1) Every person who applies to be registered in the general register as carrying on business in the industry or as a merchant shall pay to the Cotton Industry Board the appropriate fee in respect of his registration.

(2) Every person who, on any first day of January after the date on which he was first registered in the general register as carrying on business in the industry or as a merchant, is a person registered in that register as so carrying on business or as a merchant, as the case may be, shall pay to the Cotton Industry Board the appropriate fee for registration in respect of the year beginning with that day; and every person who, on any first day of January after the date on which he was first registered in the said register as carrying on business in the industry, is a person registered in that register otherwise than as a merchant only, shall pay to the Cotton Industry Board, in respect of the year beginning with that day, the appropriate contribution towards service expenses.

(3) Any fee or contribution payable by a person under the last preceding subsection shall be taken to accrue due from him to the Cotton Industry Board on the thirty-first day of January in the year in respect of which the fee or contribution is payable.

(4) In this section the expression " the appropriate fee " means—

(*a*) in relation to the registration of a person as carrying on business in the industry, a sum

calculated at such rate as may for the time being be fixed by the Cotton Industry Board with the approval of the Board of Trade, but not exceeding in the case of a person carrying on business by way of any of the activities specified in the first column of the Fifth Schedule to this Act, the sum calculated in accordance with the provisions in the second column of that Schedule relating to that activity, or

(*b*) in relation to the registration of a person as a merchant, such sum not exceeding three guineas as may for the time being be fixed by the Cotton Industry Board with the approval of the Board of Trade;

and the expression "the appropriate contribution" means, in relation to a person registered as carrying on business by way of any activity which, by virtue of this Act, is to be treated as part of the industry, a sum calculated at such rate as may for the time being be fixed by the Cotton Industry Board with the approval of the Board of Trade, but not exceeding the sum calculated in such manner as may be prescribed in relation to that activity by an order made by the Board of Trade after consultation with the Cotton Industry Board.

Any order of the Board of Trade under this subsection may be varied or revoked by a subsequent order made in the like manner and after the like consultation.

(5) As soon as may be after determining the rate of the appropriate fee or appropriate contribution for any year, the Cotton Industry Board shall give notice of the determination in such manner as they think best adapted for informing the persons affected.

(6) The rate of any appropriate contribution shall be fixed by reference to the amount estimated to be required for service expenses (regard being had to any actual or anticipated exercise of the powers of the Board of Trade under the next following section), and the notice, given under the last preceding subsection, of the determination of the rate of any such contribution shall include a statement showing the proportions respectively in which the rate is levied for the purposes of defraying service expenses of the first category, service expenses of the second category and service expenses of the third category:

Provided that the said contributions shall be so fixed as to secure, so far as practicable, that in no calendar year are greater sums raised by the contributions in respect of service expenses of the first category, service expenses of the second category and service expenses of the third category than are specified in the second, third and fourth columns of the Sixth Schedule to this Act, respectively, in relation to that year.

(7) If, at the time when the appropriate contribution payable in respect of any year accrues due from any person—

(*a*) he is carrying on business in the United Kingdom in the linen textile industry, the wool textile industry, or the silk industry, as well as in the cotton industry; and

(*b*) he has, since the end of the month of January of the preceding year, paid any sum by way of contribution to an association approved by the Board of Trade, being an association the objects of which are or include research into matters affecting the linen textile industry, the wool textile industry or the silk industry, as the case may be,

the amount payable by him by way of the appropriate contribution in respect of that year shall be reduced by the amount of the sum so paid by him to that association:

Provided that the amount payable by any person by way of the appropriate contribution in respect of any year shall not, by virtue of this subsection, be reduced by more than the amount which, apart from this subsection, would have been so payable by him in respect of that year if the rate of the contribution had been levied for the purpose only of defraying service expenses of the first category.

Exchequer contributions towards certain expenses of Cotton Industry Board.

22. The Board of Trade, with the approval of the Treasury, may, out of moneys provided by Parliament, pay to the Cotton Industry Board in respect of the year nineteen hundred and forty or any of the next four succeeding years, by way of contribution towards service expenses of the second category, such sums as the Board of Trade think fit, not exceeding in the aggregate one-half of such of those expenses for that year as the Board of Trade may approve, or forty thousand pounds, whichever is the less.

Exchequer assistance to boards administering redundancy schemes.

23.—(1) If, with respect to any redundancy scheme which the Board of Trade have decided to lay in draft before Parliament, it appears to the Board—

(*a*) that the scheme makes adequate provision for enabling the board administering the scheme to borrow money, and for securing that sufficient sums to enable that board to meet their liabilities in respect of money which may be borrowed by them, and to defray their other expenses, will be raised by means of contributions payable under the scheme to that board, and

(*b*) that it is expedient that the ability of the board administering the scheme to meet their said liabilities should be further ensured by a system whereby deficits on the revenue and expenditure account of that board are made good by advances from the Board of Trade, which are repayable to the Board of Trade out of surpluses on that account,

the Board of Trade, with the approval of the Treasury, may, at the same time as they lay a draft of the scheme before Parliament, lay before Parliament a draft of an order directing that the provisions contained in the Seventh Schedule to this Act, and any such other provisions being incidental or supplementary to the provisions contained in that Schedule, as may be contained in the order, shall, subject to any modifications of those provisions which may be made by the order, have effect in relation to that scheme.

(2) If each House of Parliament, after a draft of an order has been laid before it under the preceding subsection resolves that the order should have effect, the Board of Trade shall make an order in the terms of the draft.

(3) The Board of Trade shall not make an order under this section in connection with any scheme, if the amount specified in the scheme as the amount up to which the board administering the scheme may borrow for the purposes—

(*a*) of the exercise of their purchasing powers, and

(*b*) of defraying any expenses by way of payments falling to be made by them to persons who lose employment,

together with the amount or amounts so specified in any other redundancy scheme or schemes in connection with which an order or orders under this section has or have already been made, exceeds two million pounds.

(4) The sums required for the making of payments which, by virtue of the Seventh Schedule to this Act or any order under this section, are to be made by the Board of Trade to the board administering a redundancy scheme shall be paid out of moneys provided by Parliament or, if and so far as those sums are not so paid, be charged on, and paid out of, the Consolidated Fund of the United Kingdom or the growing produce thereof; and any sum which, by virtue of that Schedule or any such order as aforesaid, is payable by such a board to the Board of Trade shall, when received by the Board of Trade, be paid into the Exchequer of the United Kingdom.

Amendment of Cotton Spinning Industry Act, 1936.

Amendment of 26 Geo. 5. & 1 Edw. 8. c. 21.

24.—(1) At any time before the fourteenth day of September nineteen hundred and thirty-nine, the Board of Trade may, by order, extend by two years the period during which are exercisable the powers conferred by subsection (1) of section two of the Act of 1936, as amended by order of the Board of Trade under subsection (2) of that section on the board established under that Act (hereinafter referred to as " the Spindles Board ") and, if an order is made under this subsection, subsection (1) of section four of the said Act (which enables the Spindles Board to borrow during a period of three years) shall have effect as if in the last-mentioned subsection for the word " three " there were substituted the word " five ".

(2) The Cotton Industry Board shall have power to act as agents of the Spindles Board for the purpose of the recovery of sums payable to the Spindles Board by way of a levy under the Act of 1936 (hereinafter referred to as " the spindles levy ").

(3) The Board of Trade, if satisfied that they can properly do so without disabling the Spindles Board from discharging and paying all liabilities and expenses (including the expenses of winding up) incurred or likely to be incurred by the Spindles Board, may, with the

consent of the Treasury, make an order directing that subsection (2) of section five of the Act of 1936 (which provides that the spindles levy payable for any year in the case of a cotton mill shall be one and one-sixth pence for each unit which, at the beginning of that year, was comprised in the spindle capacity of the spinning machinery then in the cotton mill) shall, in relation to any year beginning after the date on which the order is made, have effect as if for the reference in that subsection to one and one-sixth pence there were substituted a reference to such less sum as may be specified in the order.

(4) At any time before the last of the four instalments in which the spindles levy for any year is payable under subsection (2) of section five of the Act of 1936 becomes payable, the Board of Trade, if satisfied that they can properly do so without disabling the Spindles Board from discharging and paying all liabilities and expenses (including the expenses of winding up) incurred or likely to be incurred by the Spindles Board may, with the consent of the Treasury, make an order deferring the payment of all or any of the said instalments, being instalments or an instalment, as the case may be, which will become payable after the date of the order.

Any such order may at any time be revoked by a subsequent order made by the Board of Trade.

(5) Where an order deferring the payment of any instalment is made under the last preceding subsection, then, unless and until the order is revoked, the Spindles Board shall, notwithstanding anything in section seventeen of the Act of 1936, have neither the duty nor the power to enforce payment of that instalment.

(6) The Spindles Board may by order direct that the returns of information which owners of cotton mills are required by subsections (1) and (3) of section fourteen of the Act of 1936, to send to the Spindles Board shall be sent instead to the Cotton Industry Board; and, in relation to the period for which any such order remains in force, the said subsections shall have effect subject to the modification that references therein to the Spindles Board shall, except so far as those subsections authorise forms of returns to be prescribed by that board or refer to the purchasing powers of that board, be construed as references to the Cotton Industry Board.

Any such order may be revoked at any time by a subsequent order of the Spindles Board.

(7) It shall be the duty of the Cotton Industry Board to transmit forthwith to the Spindles Board any returns made to the first-mentioned board under section fourteen of the Act of 1936, as amended by this section; and a person shall not be guilty of an offence under this Act by reason only of a disclosure of information made in pursuance of this subsection.

(8) Subsection (4) of section fourteen of the Act of 1936 (which requires the Spindles Board to transmit in the form of general statistics to the advisory committee constituted under the said Act information obtained by the Spindles Board from the returns made to them under subsection (3) of that section) shall have effect as if the reference in the said subsection (4) to the returns made to them under subsection (3) of that section included a reference to any returns transmitted to them under subsection (7) of this section.

(9) The Spindles Board may delegate to the Cotton Industry Board the functions of the Spindles Board under section fifteen of the Act of 1936 (which confers powers of entry and inspection on members and officers of the Spindles Board); and, in relation to any period during which the said functions remain so delegated, that section shall have effect as if references therein to the Spindles Board included references to the Cotton Industry Board.

(10) In this section the expression "the Act of 1936" means the Cotton Spinning Industry Act, 1936, and the expression "year" has the same meaning as in that Act.

26 Geo. 5. & 1 Edw. 8. c. 21.

General and Supplementary Provisions.

Form, publication, validity and commencement of orders confirming sectional schemes.

25.—(1) An order confirming a sectional scheme shall set forth the scheme in a schedule to the order, and the scheme shall come into operation on such date as may be specified in the order confirming it.

(2) As soon as may be after making an order which confirms a sectional scheme or amends a price scheme, the Board of Trade shall cause to be published in the London Gazette, and in such other manner as appears

to the Board of Trade to be best adapted for informing persons affected, a notice stating that the order has been made and specifying the place where copies thereof may be obtained.

(3) The validity of such an order as is mentioned in the last preceding subsection shall not be called in question except in proceedings duly begun during the period of six weeks beginning with the day on which notice of the order having been made is published in accordance with this section; and unless the final decision in proceedings duly begun in the said period is that the order is invalid, the order shall be conclusive evidence that the requirements of this Act have been complied with in relation to the making of the order, and that the order and any scheme confirmed thereby have been duly made and confirmed respectively and are within the powers conferred by this Act.

Power of the Cotton Industry Board and of the Board of Trade to obtain information.

26.—(1) The Cotton Industry Board or the Board of Trade may from time to time serve on any person registered in the general register otherwise than as a merchant only, or, in relation to a redundancy scheme, on any person being the owner of a mill to which the scheme applies, a written notice requiring him to furnish to the Cotton Industry Board or the Board of Trade, as the case may be, such returns and other information, including information with respect to the productive capacity, output, orders, sales, deliveries, stocks and costs of the business carried on by him, as appear to the Cotton Industry Board or to the Board of Trade, as the case may be, to be required for the exercise of any of their functions under this Act or under a sectional scheme, or for the proper consideration of a sectional scheme by the Cotton Industry Advisory Committee.

(2) The Cotton Industry Board or the Board of Trade may from time to time serve on the board administering a sectional scheme a written notice requiring that board to furnish to the Cotton Industry Board or to the Board of Trade, as the case may be, such returns and other information as appear to the Cotton Industry Board or to the Board of Trade, as the case may be, to be required for the proper consideration of the operation of the scheme, or of the question whether the scheme ought to be revoked or whether the operation of the scheme or of any provision thereof ought to be suspended.

(3) Any person required by the Cotton Industry Board or the Board of Trade to furnish returns or other information under this section shall, if required by the Cotton Industry Board or the Board of Trade so to do, furnish to the Cotton Industry Board or the Board of Trade, as the case may be, a certificate issued by a qualified accountant verifying the accuracy of those returns or that information.

Power to enter and inspect premises.

27.—(1) As respects any redundancy scheme, any of the following persons, that is to say,—

(*a*) the members of the Cotton Industry Board appointed thereto as being independent persons,

(*b*) the members of the board administering the scheme, and

(*c*) such officers and servants of the Cotton Industry Board and the board administering the scheme as may be authorised in that behalf by those boards respectively,

may, at all reasonable times, on producing sufficient documentary evidence of his identity or, if he is an officer or servant of a board, his authority, enter any mill to which the scheme applies, and inspect the mill, and may request any person found in the mill who is for the time being in charge thereof or in control of the work carried on therein to produce to the member, officer or servant, and allow him to examine, such accounts, books or other documents, and to furnish to him such information, as he may reasonably require for the purposes of that scheme.

(2) As respects any price scheme, any of the following persons, that is to say,—

(*a*) the members of the Cotton Industry Board appointed thereto as being independent persons, and

(*b*) such officers and servants of the Cotton Industry Board and the board administering the scheme as may be authorised in that behalf by those boards respectively,

may, at all reasonable times, on producing sufficient documentary evidence of his identity or, if he is an officer or servant of a board, his authority, enter any premises occupied for the purposes of his business in the industry

by a person registered under the scheme, and inspect the premises, may request any person found in the premises who is for the time being in charge thereof or in control of the work carried on therein to produce to the member, officer or servant, and allow him to examine, such accounts, books or other documents, and to furnish to him such information, as he may reasonably require for the purposes of that scheme, and may take such samples of any products of the industry found in the premises as he may reasonably require for those purposes.

Restrictions on disclosure of information.

28.—(1) The Cotton Industry Board shall make arrangements for securing that returns or information required under or by virtue of this Act to be furnished to the Cotton Industry Board shall be furnished either to the members of the Board appointed thereto as being independent persons or to the secretary of the Board or to some other officer of the Board specifically authorised to receive such returns or information; and the person to whom the returns or other information are furnished shall not disclose any of the contents thereof to any member of the Board other than those members, except in the form of a summary of similar returns or information furnished by a number of persons, so framed as not to enable particulars relating to the business carried on by any particular person to be ascertained therefrom.

(2) No information with respect to any particular business (including information contained in a voting paper) which has been obtained under or by virtue of this Act shall, without the consent of the person carrying on that business, be disclosed otherwise than in connection with the execution of this Act or of a sectional scheme.

(3) No information supplied to any officer or servant of the board administering a price scheme with respect to any matter shall, in connection with the execution of this Act or of a sectional scheme, be disclosed by him to any member of that board, except in the form of a summary of the information so supplied by a number of persons with respect to that matter, being a summary so framed as not to enable particulars relating to the business carried on by any particular person to be ascertained therefrom.

(4) If any person discloses any information in contravention of this section, he shall be liable, on summary

conviction, to imprisonment for a term not exceeding three months or to a fine not exceeding fifty pounds or to both such imprisonment and such fine, or, on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine not exceeding one hundred pounds or to both such imprisonment and such fine :

Provided that nothing in this subsection shall apply to any disclosure made for the purposes of any proceedings pursuant to this Act (including arbitrations), or any criminal proceedings which may be taken by virtue of this Act or otherwise, or for the purposes of any report of any such proceedings as aforesaid.

Exemption of certain mills.

29.—(1) In this section the expression " exempted mill " means a cotton mill used or appropriated for use for weaving, being a mill the owner whereof possesses a certificate of a qualified accountant that in the preceding calendar year, or, if the mill was not used in that year, in the last calendar year in which the mill was used, not more than one-third of the total quantity (reckoned in square yards) of fabrics produced on looms in the mill consisted of products of the industry.

(2) The board administering a redundancy scheme shall not have power to acquire plant in any exempted mill.

(3) The Cotton Industry Board and the Board of Trade shall not have power to require the owner of an exempted mill to furnish any returns or other information relating to that mill or the output thereof :

Provided that nothing in this subsection shall prevent either the Cotton Industry Board or the Board of Trade requiring the owner of such a mill to furnish, once in respect of each calendar year, a return specifying—

(*a*) the plant in the mill, and

(*b*) the output (reckoned by quantity and value) of products of the industry produced therein in that year,

and such information as is necessary for the proper assessment of any fee or contribution payable by him to the Cotton Industry Board.

(4) In determining whether any, and, if so, what, contributions are payable towards service expenses, exempted mills and the output thereof shall be left out of account.

Special provisions as to persons engaged in certain businesses.

30.—(1) The provisions of this section shall apply to every person who holds a certificate, given by a qualified accountant, that of the value of the total quantity of products of the industry manufactured by the first-mentioned person in the preceding calendar year at least two-thirds was the value of one or more of the following products, that is to say,—

(*a*) sewing thread, Lancaster cloth, American cloth and any such commodities as the Cotton Industry Board, with the approval of the Board of Trade, may from time to time designate for the purposes of this paragraph,

(*b*) surgical dressings, and

(*c*) products which—

(i) in a case where the said person is not a company, have not been sold by that person, and have not been used otherwise than in the manufacture by him of one or more of the following commodities, that is to say, commodities mentioned in paragraph (*a*) of this subsection, surgical dressings (whether products of the industry or not), tyres, rubber hoses and such other commodities as the Cotton Industry Board, with the approval of the Board of Trade, may from time to time designate for the purposes of this sub-paragraph, or

(ii) in a case where the said person is a company, have not been sold by that company otherwise than to a related company for the purpose of being used by that or another related company in the manufacture of one or more of the commodities mentioned in sub-paragraph (i) of this paragraph, and have not been used otherwise than for the purpose of the manufacture, by the first-mentioned company or a related company, of one or more of those commodities.

(2) In the preceding subsection—

(*a*) the expression "surgical dressings" includes any articles designed to be worn on, or applied to, the body for curative, prophylactic or hygienic purposes only, but does not include handkerchiefs; and

(*b*) the expression "related company" means—

(i) a company which is subsidiary to the company in question, or a company to which the company in question is subsidiary; or

(ii) a company subsidiary to a company to which the company in question is also subsidiary or a company subsidiary to a company being itself subsidiary to a company to which the company in question is also subsidiary;

and for the purposes of this paragraph, a company shall be deemed to be subsidiary to another company if, in relation to that other company, it is a subsidiary company as defined by section one hundred and twenty-seven of the Companies Act, 1929.

19 & 20 Geo. 5. c. 23.

(3) The board administering a redundancy scheme shall not have power to acquire any plant in a mill owned by a person to whom this section applies, and nothing in a price scheme shall apply to him in respect of any products, being such commodities and products as are mentioned in paragraphs (*a*), (*b*) and (*c*) of subsection (1) of this section.

(4) The powers of the Cotton Industry Board and the Board of Trade to obtain information shall, in relation to any person to whom this section applies, be confined to requiring that person to furnish, once in respect of each calendar year, a return specifying—

(*a*) what plant in any cotton mill owned by him is capable of being used for carrying on any activity which by virtue of this Act is to be treated as part of the industry, and

(*b*) the output (reckoned by quantity and value) of products of the industry produced in that year in cotton mills owned by him;

and such information as is necessary for the proper assessment of any fee or contribution payable by him to the Cotton Industry Board.

Offences in connection with the making of

31.—(1) If any person fails to produce or furnish to any authority or person any book or other document, or any estimate, return, account or other information, which he is required or requested under or by virtue of this

Act to produce or furnish to that authority or person, he shall be guilty of an offence and liable, on summary conviction, to a fine not exceeding fifty pounds and also to a fine not exceeding ten pounds for every day on which the failure continues, and if, in furnishing any information for the purposes of any of the provisions of this Act or a sectional scheme, any person knowingly or recklessly makes a statement which is false in a material particular, he shall be guilty of an offence and liable on summary conviction to imprisonment for a term not exceeding three months or to a fine not exceeding one hundred pounds or to both such imprisonment and such fine. returns and in connection with obstruction.

(2) Every person who wilfully obstructs any person in the exercise of any powers conferred on him by or under this Act shall be guilty of an offence and liable, on summary conviction, to a fine not exceeding fifty pounds.

32. Where an offence under this Act committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any reckless neglect of duty on the part of, any director, manager, secretary or other 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. Liability of directors &c. of bodies corporate for offences.

33. The Cotton Industry Board shall, as soon as may be after the end of each calendar year, prepare and submit to the Board of Trade a report on the discharge of the functions of the Cotton Industry Board in that year; and the Board of Trade, upon receiving any report submitted to them under this section, shall lay copies of the report before Parliament. Annual reports to be made by Cotton Industry Board.

34.—(1) Any two or more persons jointly carrying on business in the industry or as merchants (whether in partnership or otherwise) shall, in so far as it is material for the purposes of this Act or of any sectional scheme to ascertain the number of votes to which those persons are entitled in connection with any poll, or the amount of any fee or contribution payable by them to the Cotton Industry Board, be treated as constituting together a single person. Registration of partnerships.

(2) Registration in the general register or under a price scheme, in the name or style under which two or

more persons carry on business as aforesaid in partnership, shall operate as the registration of all the partners for the time being.

Incidental provisions as to committees.

35. The Cotton Industry Advisory Committee, the Representative Advisory Council, the Export Development Committee and the Rayon Committee may act notwithstanding a vacancy among the members thereof; and all acts done at any meeting of any such committee or of the said council shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment or qualifications of a person purporting to be a member of the committee or council, be as valid as if that defect had not existed.

Exercise of powers of Board of Trade.

36. 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 of Trade, any secretary, under-secretary or assistant secretary of the Board of Trade, or any person authorised in that behalf by the President.

Administrative expenses of Board of Trade.

37. The administrative expenses incurred for the purposes of this Act by the Board of Trade shall be defrayed out of moneys provided by Parliament.

Definition and classification of the cotton industry.

38.—(1) In this Act the expression " the industry " means the cotton industry of the United Kingdom.

(2) For the purposes of this Act, the industry shall be treated, subject to the provisions of subsection (4) of this section, as consisting of the following activities so far as carried on in the United Kingdom, that is to say :—

(*a*) spinning, that is to say, the production (otherwise than on the condenser woollen system or the worsted system) of single yarn from cotton fibre (including waste from whatever process arising), staple rayon fibre or a mixture of those fibres with other textile fibres not being silk waste; and the subjection of yarn so produced to any of the processes commonly known as gassing, reeling, warping, beaming and winding, unless the process is performed on machinery which forms part of, or is situate in the same cotton mill as,—

(i) plant operated under regulations of the Jute Trade Board, or

(ii) plant used for the production of lace, lace net, lace curtains, embroidery or hosiery;

(*b*) doubling, that is to say, doubling or twisting or both doubling and twisting yarn produced by spinning, converting such yarn into two or more folds, cords or cables, or inserting additional twists or turns in yarn produced by spinning, by doubling, by twisting or by doubling and twisting; and the subjection of such yarn to any of the processes commonly known as gassing, reeling, warping, beaming and winding, except so far as the treatment of yarn in the manner mentioned in this paragraph is performed on machinery which forms part of, or is situate in the same cotton mill as,—

(i) plant used for spinning yarn on the condenser woollen system or the worsted system, or

(ii) plant operated under regulations of the Rope, Twine and Net Trade Board, the Flax and Hemp Trade Board or the Jute Trade Board, or

(iii) plant used for the production of lace, lace net, lace curtains, embroidery or hosiery;

(*c*) weaving, that is to say,—

(i) the production, on looms connected with mechanical power and having reed spaces of not less than eighteen inches, of fabrics (not being ribbons, tapes, lace, lace net, lace curtains, fishing net or embroidery) being fabrics containing not less than eighty-five per cent. by weight of yarn produced by spinning or doubling or continuous filament rayon thread, or a mixture of such yarn and such thread ; and

(ii) the preparation, otherwise than from continuous filament rayon thread, of warp and weft for looms;

(*d*) finishing, that is to say,—

(i) the subjection of the following articles, namely raw cotton, cotton waste, rovings, yarn produced by spinning or doubling or fabrics produced by weaving to any of the processes

commonly known as scouring, bleaching, mercerising, tinting, dyeing, printing, embossing, schreinering, beetling, calendering, raising, stentering, shrinking, cropping, shearing, singeing, filling, pressing, sizing and proofing, or to any other process (except spinning, doubling or weaving) which effects a change in the appearance or characteristics of those articles; and

(ii) the cutting of loops of pile fabrics produced by weaving;

(*e*) making-up and packing, that is to say, the business of doing on behalf of other persons being persons who carry on business by way of spinning, doubling, weaving or finishing, or as merchants, the following things—

(i) making-up, that is to say, the cutting, rolling or manipulation, into different lengths, folds or shapes, of articles produced by spinning, doubling, weaving or finishing, or the ticketing, tying, parcelling, stamping or marking of such articles for dispatch to a wholesale or retail distributor or to a person carrying on business by way of spinning, doubling, weaving or finishing, or for exportation, and

(ii) packing, that is to say, the packing of any such articles as aforesaid, or any articles produced by making-up, into packages suitable for such dispatch as aforesaid or suitable for exportation:

Provided that—

(*a*) the subjection of cotton waste or yarn produced by spinning or doubling to any such process as is mentioned in paragraph (*d*) of this subsection by a person carrying on in the United Kingdom the business of manufacturing wool textiles,

(*b*) the subjection to any such process of any raw cotton or cotton waste which is not subsequently subjected to spinning,

(*c*) the subjection of raw cotton or cotton waste to any such process by a person carrying on

in the United Kingdom the business of manufacturing rayon fibre, and

(*d*) the proofing of articles by means of plant operated under regulations of the Made-up Textiles Trade Board,

shall be deemed not to be finishing, and the doing of anything in relation to yarn for the purpose only of producing wicks for candles shall be deemed not to be doubling.

(3) Any reference in the last preceding subsection to the condenser woollen system shall be construed as a reference to the mechanical system commonly known in the woollen section of the textile industry as the condenser woollen system and not to the mechanical system commonly known in the cotton industry as the condenser system; and any reference in that subsection to the worsted system shall be construed as a reference to the mechanical system commonly known in the worsted section of the textile industry as the worsted system.

(4) The Board of Trade may by order direct that activities other than the activities mentioned in subsection (2) of this section shall be treated for the purposes of this Act as being amongst the activities of which the industry consists, and any such order shall direct that those activities are to be treated for the purposes of this Act as being spinning, doubling, weaving, finishing, making-up or packing:

Provided that the Board of Trade shall not make an order under this subsection—

(*a*) in respect of any activity that is excluded by subsection (2) of this section, or

(*b*) except after consultation with such bodies, if any, as appear to them to be representative of persons who, in the opinion of the Board, would be affected by the order, being persons who carry on business in the industry or carry on in the United Kingdom the business of manufacturing rayon fibre.

(5) Before making an order under this section, the Board of Trade shall lay a draft thereof before Parliament; and if either House of Parliament, before the expiration of the period of twenty-eight days beginning with the day on which the draft was laid before it,

resolves that the order shall not be made, no further proceedings shall be taken thereon, but such a resolution shall not prejudice the making of any subsequent order.

In reckoning any such period of twenty-eight days as aforesaid, no account shall be taken of any period during which Parliament is dissolved or prorogued, or during which both Houses of Parliament are adjourned for more than four days.

(6) An order under this section may be varied or revoked by a subsequent order made in like manner and subject to the like provisions.

Interpretation.

39.—(1) In this Act, unless the context otherwise requires, the following expressions have the meanings hereby assigned to them respectively, that is to say:—

"acquire", in relation to a redundancy scheme, includes take possession or acquire control;

"calendar year" means a year beginning with the first day of January;

"cotton mill" means any premises used, or appropriated for use, by way of trade for spinning, doubling, weaving or finishing or for making-up and packing;

'merchant" means any person who, as principal or agent, carries on in the United Kingdom (otherwise than in the industry) the business of selling products of the industry to wholesale or retail distributors, or for export, or to a person carrying on business by way of any activity which, by virtue of this Act, is to be treated as part of the industry;

"mill to which the scheme applies" means, in relation to a redundancy scheme, a cotton mill any plant in which the board administering the scheme can lawfully acquire, and includes, in relation to any time when the scheme has not yet come into operation, or any time during the continuance in force of the scheme when the provisions of the scheme empowering the board administering it to acquire plant are not in operation, a cotton mill any plant in which that board could lawfully acquire if the scheme or those provisions thereof, as the case may be,

were in operation at that time; and "mill to which the scheme applied" shall be construed accordingly;

"mule spindles" means spindles designed to be used for spinning single yarn on the intermittent spinning machinery commonly known in the industry as the mule;

"product of the industry" means any article produced by spinning, doubling, weaving or finishing or by making-up and packing;

"qualified accountant" means an accountant being a member of any association or society of accountants for the time being approved for the purposes of this Act by the Board of Trade;

"rayon fibre" means continuous filament rayon thread or staple rayon fibre;

"rayon yarn" means continuous filament rayon thread or yarn spun from staple rayon fibre;

"ring spindles" means spindles designed to be used in spinning yarn on a continuous spinning machine with the aid of the mechanism commonly known in the industry as the traveller and ring, or designed to be so used with the aid of the mechanism commonly known in the industry as a flyer;

"spinning", "doubling", "weaving", "finishing" and "making-up and packing" have the meanings respectively assigned to those expressions by subsection (2) of the last preceding section; and

"staple rayon fibre" means staple rayon fibre not exceeding three inches in length.

(2) For the purposes of this Act—

(*a*) the owner of a cotton mill at any particular time shall be taken to be the person who, at that time, is or was carrying on, or entitled to carry on, in the cotton mill business by way of any activity which, by virtue of this Act, is to be treated as part of the industry;

(*b*) the spindle capacity of any spinning machinery at any particular time shall be taken to be a number equal to the total number of mule spindles, or one and a half times the total

number of ring spindles, as the case may be, which the spinning machinery is or was, at that time, capable of accommodating; and

(*c*) the spindle capacity of any doubling machinery at any particular time shall be taken to be a number equal to the total number of spindles which the doubling machinery is or was, at that time, capable of accommodating.

Application to Scotland and Northern Ireland.

40.—(1) This Act shall apply to Scotland subject to the following modifications:—

(*a*) the expression "chattels" means "corporeal moveables";

(*b*) in Part II of the Fourth Schedule for references to the High Court and to the county court there shall be substituted respectively references to the Court of Session and to the sheriff court, and proviso (*b*) to paragraph 4 of the said Part II shall not apply;

(*c*) in the Seventh Schedule for the reference to subsection (1) of section thirty-three of the Bankruptcy Act, 1914, there shall be substituted a reference to subsection (1) of section one hundred and eighteen of the Bankruptcy (Scotland) Act, 1913.

4 & 5 Geo. 5. c. 59.

3 & 4 Geo. 5. c. 20.

(2) This Act shall apply to Northern Ireland subject to the following modifications:—

(*a*) the expression "summary conviction" means conviction subject to, and in accordance with, the Petty Sessions (Ireland) Act, 1851, and any Act (including any Act of the Parliament of Northern Ireland) amending that Act;

14 & 15 Vict. c. 93.

(*b*) in the Fourth Schedule—

(i) for the references to Part X, section three hundred and thirty-eight, and sub-paragraphs (ii) and (iii) of paragraph (*e*) of subsection (1) of section three hundred and thirty-eight of the Companies Act, 1929, there shall be substituted respectively, references to Part X, section two hundred and ninety-three and sub-paragraphs (ii) and (iii) of paragraph (*d*) of subsection (1) of section two hundred and ninety-three of the Companies Act (Northern Ireland), 1932;

(ii) "Statute of Frauds" means the Act passed by the Irish Parliament in the session held in the seventh year of the reign of His Majesty King William the Third, chapter twelve, intituled, an Act for Prevention of Frauds and Perjuries;

(iii) for the reference to section one hundred and eleven of the County Courts Act, 1934, there shall be substituted a reference to section fifty-seven of the County Officers and Courts (Ireland) Act, 1877. 24 & 25 Geo. 5. c. 53. 40 & 41 Vict. c. 56.

(*c*) in the Seventh Schedule for the reference to subsection (1) of section thirty-three of the Bankruptcy Act, 1914, there shall be substituted a reference to subsection (1) of section one of the Preferential Payments in Bankruptcy Act (Northern Ireland), 1933; and for the references to section seventy-eight and subsection (1) of section two hundred and sixty-four of the Companies Act, 1929, there shall be substituted respectively, references to section seventy-six and subsection (1) of section two hundred and thirty-four of the Companies Act (Northern Ireland), 1932.

Short title and commencement.

41.—(1) This Act may be cited as the Cotton Industry (Reorganisation) Act, 1939.

(2) This Act shall come into operation at the expiration of three months from the passing thereof or on such earlier date as the Board of Trade may by order appoint.

SCHEDULES.

Sections 1 and 4.

FIRST SCHEDULE.

CONSTITUTION AND PROCEDURE OF THE COTTON INDUSTRY BOARD.

Membership.

1. The Board shall consist of fifteen members appointed by the Board of Trade; and of the members of the Board, three shall be appointed as being independent persons, of whom two shall be persons appearing to the Board of Trade to have special knowledge of the industry.

One of the three persons so appointed shall be designated by the Board of Trade as chairman of the Board.

2. The appointments aforesaid shall be made after consultation, in the case of the members appointed as being independent persons, with such bodies, if any, as appear to the Board of Trade to be together representative of the interests of persons carrying on business in the industry and operatives employed therein and, in the case of the other members of the Board—

(*a*) in respect of two members, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of persons carrying on business in the industry by way of spinning and doubling,

(*b*) in respect of one member, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of operatives employed in the industry in spinning and doubling,

(*c*) in respect of two members, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of persons carrying on business in the industry by way of weaving,

(*d*) in respect of one member, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of operatives employed in the industry in weaving,

(*e*) in respect of one member, with such bodies, if any, as appear to the Board of Trade to be representative of

the interests of persons carrying on business in the industry by way of finishing as bleachers,

(*f*) in respect of one member, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of persons carrying on business in the industry by way of finishing as dyers,

(*g*) in respect of one member, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of persons carrying on business in the industry by way of finishing as printers,

(*h*) in respect of one member, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of operatives employed in the industry in finishing,

(*i*) in respect of one member, with such bodies, if any, as appear to the Board of Trade to be representative of the interests of merchants engaged in the export trade, and

(*j*) in respect of one member, with such bodies, if any, as appear to the Board of Trade to be representative of the interests either of merchants generally or of merchants engaged in the export trade.

3. The Board of Trade shall so exercise their powers under the last preceding paragraph as to secure—

(*a*) that among the members appointed in accordance with sub-paragraphs (*a*), (*c*), (*e*), (*f*) and (*g*) of that paragraph there are included persons appearing to the Board of Trade to have special knowledge of the business of spinning yarn from staple rayon fibre, weaving rayon yarn or finishing fabrics woven from rayon yarn; and

(*b*) that of the two members appointed in accordance with sub-paragraphs (*i*) and (*j*) of that paragraph, one is a person appearing to the Board of Trade to have special knowledge of the business of selling as a merchant fabrics woven from rayon yarn.

4. The appointment of a member of the Board shall, subject to the provisions of this Schedule, be for a term of five years, and shall be subject to such conditions as may be determined by the Board of Trade before his appointment; and a member of the Board who ceases to hold office shall be eligible for re-appointment.

5. A person shall be disqualified for being appointed or being a member of the Board so long as he is a member of the Commons House of Parliament.

6. It shall be the duty of the Board of Trade to satisfy themselves, with respect to any person whom they propose to appoint to be a member of the Board as being an independent person,

1ST SCH. —*cont.*

that that person will have no such financial or commercial interest as is likely to affect him in the discharge of his functions as a member of the Board, and also to satisfy themselves from time to time, with respect to any member of the Board appointed thereto as being an independent person, that he has no such interest as aforesaid; and any such person shall, whenever requested by the Board of Trade so to do, furnish to them such information as they consider necessary for the performance of their duty under this paragraph.

7. A person who has been a member of the Board appointed thereto as being an independent person shall not, during the period of five years beginning with the date on which he ceases on any occasion to be such a member, carry on business in the industry or as a merchant, or be a director, officer or servant of any undertaking carried on wholly or in part for the purpose of doing anything which by virtue of this Act is to be treated as part of the industry, or for the purpose of the business of a merchant; and if any person contravenes the provisions of this paragraph, he shall be liable on summary conviction to a fine not exceeding one hundred pounds and to a further fine not exceeding twenty pounds for every day on which the contravention continues.

Capacity and proceedings.

8. The Board shall be a body corporate, with a common seal and power to hold land without licence in mortmain.

9. One of the members of the Board appointed thereto as being an independent person shall be present at every meeting of the Board, but subject to the foregoing provisions of this paragraph, the Board may act notwithstanding a vacancy among the members thereof, and at any meeting of the Board three, or such greater number as the Board may determine, shall be the quorum.

10. If at any meeting of the Board the votes are equally divided on any question, the person acting as chairman of the meeting shall have a second or casting vote.

11. For the purpose of discharging any of the functions of the Board, in so far as that function involves the consideration or investigation of any of the affairs of any particular person, and, in particular, for the purpose of discharging any of the following functions of the Board, that is to say,—

(*a*) functions in connection with the taking of any poll,

(*b*) functions in connection with the giving of consent to the determination of prices and charges by the board administering a price scheme,

1ST SCH. —*cont.*

(*c*) any functions under a price scheme in connection with permitting the sale of products, or the subjection of products or raw materials to processes, at prices or for charges less than those determined by the board administering the scheme,

(*d*) the granting of exemptions from all or any of the provisions of a sectional scheme, and

(*e*) functions under subsection (3) of section fourteen or under section eighteen of this Act,

the Board shall be deemed to consist only of the members appointed thereto as being independent persons, the provisions of the two last preceding paragraphs shall not apply, and no decision shall be taken at any meeting of the Board for that purpose unless all those members are present.

12. The Board of Trade shall cause to be constituted a panel of persons suitable to act under the last preceding paragraph instead of a member of the Board appointed thereto as being an independent person, in the event of any such member being unable to act on any particular occasion, and in such an event a person shall, in such manner as the Board of Trade may direct, be selected from the panel so to act, and the person so selected shall be deemed, on that occasion, to be that member of the Board.

13. The Board shall pay to any member of such a panel as aforesaid who is so called upon to act such fee as the Board of Trade may determine.

14. All acts done at any meeting of the Board shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment or qualifications of a person purporting to be a member of the Board, be as valid as if that defect had not existed.

15. Minutes shall be kept of the proceedings of the Board, and any such minutes shall, if signed by any person purporting to have acted as chairman of the meeting to which the minutes relate, or of 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 deemed to have been regularly convened and constituted.

16. Subject to the preceding provisions of this Schedule, the Board shall have power to regulate their own procedure.

Officers and servants, offices and incidental functions.

17. The Board may appoint a secretary and such other officers, agents and servants as the Board may determine, and (without prejudice to any special provisions contained in this Act) constitute such committees consisting wholly or partly of members

1ST SCH. —*cont.*

of the Board, as the Board consider it desirable for the discharge of their functions to constitute.

18. There shall be paid by the Board—

(*a*) to the members of the Board appointed thereto as being independent persons or to any of them, such remuneration (whether by way of salaries or by way of fees), and to all the members of the Board and any members of a committee of the Board who are not members of the Board such allowances for expenses, as the Board of Trade, with the approval of the Treasury, may determine; and

(*b*) to the secretary, officers, agents and servants of the Board, such remuneration, and on the retirement or death of any of them to them or their personal representatives or to their dependants, such gratuities as the Board may determine.

19. The Board shall have an office at which communications and notices will at all times be received, and shall notify to the Board of Trade the address of that office and any change of that address.

20. The Board may, on such terms and conditions as they think fit, place any of their officers, agents and servants at the disposal of the Cotton Industry Advisory Committee, the Representative Advisory Council, the Rayon Committee, or the board administering a sectional scheme, and may permit the Committee and the Council to use the offices of the Board.

21. The Board may, for the purpose of defraying any of their expenses, borrow money temporarily from bankers or otherwise; but any money borrowed under this paragraph shall be repaid by the Board, together with the interest thereon, not later than eighteen months after the day on which the money was borrowed.

22. The Board may enter into such agreements, acquire such property, and do such things as may, in the opinion of the Board, be necessary or desirable for the exercise or performance of any of their powers or duties, and may dispose, as they think fit, of any property acquired by them.

23. The Board shall keep and publish proper accounts in such form and manner as the Board of Trade may direct.

Execution or issue of instruments.

24. The seal of the Board shall be authenticated by the signature of the chairman of the Board or some other member of the Board authorised by the Board to act in that behalf, and of the secretary or some other person authorised by the Board so to act.

25. Any contract or instrument which, if entered into or executed by a person not being a body corporate, would not

require to be under seal, may be entered into or executed on behalf of the Board by any person generally or specially authorised by them for the purpose. 1ST SCH. —*cont.*

26. Every document purporting to be a document duly executed or issued under the seal of the Board or on behalf of the Board, authenticated in the manner provided by this Schedule, or to be signed by the secretary or any person authorised to act in that behalf shall, until the contrary is proved, be deemed to be a document so executed or issued, as the case may be.

SECOND SCHEDULE.

Section 2.

INCIDENTAL PROVISIONS AS TO COTTON INDUSTRY ADVISORY COMMITTEE.

1. Every member of the Cotton Industry Advisory Committee shall hold and vacate office in accordance with the terms of the instrument under which he is appointed.

2. It shall be the duty of the Board of Trade to satisfy themselves, with respect to any person whom they propose to appoint to be a member of the Cotton Industry Advisory Committee, that that person will have no such financial or commercial interest as is likely to affect him in the discharge of his functions as a member of the Committee, and also to satisfy themselves from time to time, with respect to any person who is a member of the Committee, that he has no such interest as aforesaid; and any such person shall, whenever requested by the Board of Trade so to do, furnish to them such information as they consider necessary for the performance of their duty under this paragraph.

3. Subject to any directions which may be given by the Board of Trade, the Committee shall have power to regulate their own procedure.

4. The Board of Trade shall appoint a person to act as secretary of the Committee.

Sections 9 and 10.

THIRD SCHEDULE.

LIMITATIONS ON, AND SPECIAL EXEMPTIONS FROM, DETERMINATION OF NORMAL MINIMUM PRICE OR CHARGE UNDER A PRICE SCHEME.

PART I.

MAXIMUM LIMIT OF NORMAL MINIMUM PRICE OR CHARGE.

1. The maximum limit, in relation to any determination under a price scheme, of a normal minimum price or charge in connection with the sale of any product or the subjection of any product to any process, shall be determined in accordance with the following provisions of this Part of this Schedule.

2. The Cotton Industry Board shall select from among the undertakings engaged in the section of the industry to which the scheme relates, in manufacturing the relevant product or subjecting that product to the relevant process, a group of undertakings which appear to that Board to be the most efficient of all the undertakings so engaged.

3. In relation to each of the undertakings so selected, the Cotton Industry Board shall ascertain the sum equal to the aggregate of the following amounts, that is to say,—

(*a*) the cost to the person carrying on that undertaking of manufacturing the relevant quantity of the relevant product or subjecting the relevant quantity of that product to the relevant process;

(*b*) such amount as may, in relation to plant of the type used for the purposes of that undertaking in manufacturing the relevant product or subjecting it to the relevant process, be specified in the scheme as the amount allowable for depreciation of plant and buildings by reason of the manufacture of the relevant quantity of the relevant product or the subjection of the relevant quantity of that product to the relevant process; and

(*c*) such amount as may be specified in the scheme as the amount allowable for profit in respect of the manufacture of the relevant quantity of the relevant product or the subjection of the relevant quantity of that product to the relevant process;

and the average of the sums ascertained under this paragraph shall be the maximum limit.

4. The amount computed in respect of cost in relation to any undertaking under sub-paragraph (*a*) of the last preceding paragraph shall be computed—

(*a*) by reference to the operation of the undertaking over such past period as the Cotton Industry Board think proper; and

(*b*) on the assumption that the undertaking was carried on on every day of the week except holidays, for the number of hours customary in the section of the industry to which the scheme relates;

and shall include a sum in respect of the cost to the person carrying on the undertaking—

(i) of finding persons with whom to make contracts for the sale of the relevant product or the subjection of that product to the relevant process, and

(ii) of performing such contracts as aforesaid.

PART II.

AUTHORISATION OF PRICE OR CHARGE LESS THAN NORMAL MINIMUM PRICE OR CHARGE.

1. The Cotton Industry Board, whenever they give their consent to a determination under a price scheme of the normal minimum price or charge in connection with the sale of any product or the subjection of any product to any process, shall publish, in such manner as they think best adapted for informing persons registered under the scheme the average of the aggregates of the amounts ascertained in accordance with sub-paragraphs (*a*) and (*b*) of paragraph 3 of Part I of this Schedule in connection with the giving of that consent; and the average so published is hereafter in this Part of this Schedule referred to as " the average allowance for cost and depreciation."

2. Upon application in that behalf made to the Cotton Industry Board by any person registered under the scheme, that Board shall determine, in accordance with the following provisions of this Part of this Schedule, the special allowance for cost and depreciation appropriate to that person in respect of the relevant product.

3. The special allowance for cost and depreciation appropriate to any person in respect of the relevant product shall be the sum equal to the aggregate of the following amounts, that is to say—

(*a*) the amount which the Cotton Industry Board determine to represent the cost to the said person of manufacturing the relevant quantity of the relevant product, or of subjecting the relevant quantity of that product to the relevant process; and

3RD SCH. —*cont.*

(*b*) such amount as may, in relation to plant of the type used by the said person in manufacturing the relevant product or subjecting it to the relevant process, be specified in the scheme as the amount allowable for depreciation of plant and buildings by reason of the manufacture of the relevant quantity of that product or the subjection of the relevant quantity thereof to the relevant process.

4. The amount computed in respect of cost in relation to any person under sub-paragraph (*a*) of the last preceding paragraph shall be computed—

(*a*) by reference to the operation of his undertaking over such past period as the Cotton Industry Board think proper; and

(*b*) (if the remuneration of operatives employed for the purposes of that undertaking in that period was less than that which might reasonably be expected to be normally payable in the section of the industry to which the scheme relates, in the circumstances in which his undertaking was carried on during that period) on the assumption that the said remuneration was that which might reasonably be expected to be so payable;

and shall include a sum in respect of the cost to the said person—

(i) of finding persons with whom to make contracts for the sale of the relevant product or the subjection of that product to the relevant process, and

(ii) of performing such contracts as aforesaid.

5. If the special allowance for cost and depreciation in respect of the relevant product determined in relation to any person is less than the average allowance for cost and depreciation in respect of that product, he may, so long as the normal minimum price or charge remains unchanged, and, if it is changed, during the appropriate period thereafter, sell the relevant product, or subject it to the relevant process, at a price or for a charge which is less than the normal minimum price or charge, but which does not fall short thereof by more than the first-mentioned difference:

Provided that a person shall not by virtue of this paragraph be authorised to sell the revelant product or subject it to any process at a price or for a charge the amount whereof is less than the special allowance for cost and depreciation for the time being determined in his case in respect of that product.

In this paragraph the expression "the appropriate period" means, in relation to any change in the normal minimum price or

charge, the period of fourteen days beginning with the day on which the change is made or, if within that period the person concerned applies under paragraph 2 of this Part of this Schedule for a determination of the special allowance for cost and depreciation in relation to the new normal minimum price or charge, the period beginning with the said day and ending with the day on which the last-mentioned determination is made.

6. Whenever the Cotton Industry Board make a determination of the special allowance for cost and depreciation appropriate to any person in respect of the relevant product, they shall notify to that person the amount which, for the purposes of that determination, they have determined in respect of cost under subparagraph (*a*) of paragraph 3 of this Part of this Schedule; and if within the period of seven days beginning with the date of the notification, that person gives notice in writing to the Cotton Industry Board that he desires that the question whether the said amount has been properly determined should be referred to arbitration, the matter in dispute on that question shall be referred to the arbitration of a single arbitrator agreed upon between the said person and the Cotton Industry Board or, in default of agreement, appointed by the Board of Trade; and the arbitrator may, by his award, vary the said amount, and in that event the determination of the special allowance for cost and depreciation shall have effect accordingly.

7. A determination by the Cotton Industry Board of the special allowance appropriate to any person in respect of the relevant product shall not have effect until the expiration of the period of seven days beginning with the day on which the determination is made.

8. As soon as may be after a determination of the special allowance for cost and depreciation appropriate to any person in respect of the relevant product has been made, the Cotton Industry Board shall notify the determination to the board administering the scheme.

PART III.

INTERPRETATION.

In this Schedule—

(*a*) the expression "the relevant product" means the product in relation to which the normal minimum price or charge is determined;

3RD SCH. —*cont.*

(*b*) the expression "the relevant process" means the process in relation to which the normal minimum price or charge is determined; and

(*c*) the expression "the relevant quantity" means the quantity of the relevant product by reference to which the amount of the normal minimum price or charge is expressed.

Sections 11 and 19.

FOURTH SCHEDULE.

PROVISIONS WITH RESPECT TO SECTIONAL SCHEMES.

PART I.

PROVISIONS WITH RESPECT TO INCORPORATION, REGISTRATION AND WINDING UP OF BOARDS.

1. The board constituted to administer a sectional scheme shall be a body corporate with a common seal and power to hold land without licence in mortmain.

2. The board administering any such scheme shall notify to the Board of Trade the address of the board at which communications and notices will at all times be received, and of any change in that address, and the Board of Trade shall cause a register to be kept showing the address of every such board, and the register shall be open for inspection by the public at such times and at such places as the Board of Trade may direct.

3. Part X of the Companies Act, 1929, shall apply to the board administering a sectional scheme, subject to the following modifications, that is to say:—

(*a*) for the purpose of section three hundred and thirty-eight of that Act, the principal place of business of the board shall be deemed to be the office of the board registered under this Part of this Schedule;

(*b*) sub-paragraph (ii) of paragraph (*e*) of subsection (1) of section three hundred and thirty-eight of that Act shall not apply, and sub-paragraph (iii) of that paragraph shall apply as if the words "or any member thereof as such" were omitted;

(*c*) a petition for winding up a board may be presented by the Board of Trade as well as by any person authorised under the provisions of that Act to present a petition for winding up a company; and

4TH SCH. —*cont.*

(*d*) in the event of the winding up of a board, every person who, at any time during the relevant period—

(i) in the case of a redundancy scheme, was the owner of a mill to which the scheme applied, or

(ii) in the case of a price scheme, was a person registered under the scheme,

shall be liable to contribute to the payment of the debts and liabilities of the board and of the payments of the costs and expenses of the winding up an amount assessed in such manner and subject to such limitations as may be provided by the scheme, but save as aforesaid no person shall be liable to contribute to the assets of the board in the winding up by reason only of his being or having been a member of the board, or such a person as aforesaid.

In this paragraph the expression "the relevant period" means—

(i) in a case where, before the commencement of the winding up, the scheme has been revoked, the year immediately before the revocation of the scheme; or

(ii) in any other case, the year immediately before the commencement of the winding up.

4. Upon the winding up of a board administering a sectional scheme, any assets of the board remaining after the payment of the debts and liabilities of the board and the costs and expenses of the winding up shall, subject to the provisions of the Seventh Schedule to this Act, be paid to the Cotton Industry Board and applied by them for the benefit of the industry in such manner as the Board of Trade direct.

PART II.

EFFECT OF PRICE SCHEMES ON CONTRACTS.

1. Subject as hereinafter provided, a contract of which neither the making nor the performance was, at the time when the contract was made, prohibited by or under any price scheme in force, shall not, unless the terms of the contract otherwise provide, be void or unenforceable by reason that, at the time for the performance of any provision of the contract, the performance thereof is so prohibited:

Provided that, where the performance of any such contract is prohibited by or under any such scheme, this paragraph shall cease to apply to that contract upon the expiration of three months after the prohibition first takes effect, unless the contract is registered under this Part of this Schedule.

4TH SCH. —*cont.*

2. It shall be the duty of the Cotton Industry Board, on the application of any party to such a contract as aforesaid, to register the contract within the period of fourteen days after the application unless—

(*a*) the application is made after the time at which it is provided by the proviso to the preceding paragraph that that paragraph shall cease to apply to the contract; or

(*b*) the Cotton Industry Board are of opinion—

(i) that the contract is unenforceable by any party thereto by virtue of the provisions of section four of the Statute of Frauds or section four of the Sale of Goods Act, 1893; or

29 Car. 2. c. 3. 56 & 57 Vict. c. 71.

(ii) in the case of a contract made during the relevant period, that the contract was made with a view to evading the operation of the scheme;

and if any party to a contract is aggrieved by the omission by the Cotton Industry Board to register the contract within the period aforesaid, he may, within twenty-one days after the expiration of that period, appeal to the court, and, pending the determination of any such appeal, paragraph 1 of this Part of this Schedule shall, notwithstanding anything in the proviso to that paragraph, continue to apply to the contract.

3. On any appeal under the last preceding paragraph, the Cotton Industry Board and any party to the contract may appear and be heard, and if, on the hearing of any such appeal, the court finds—

(*a*) that the application for registration of the contract was made before the time at which it is provided by the proviso to paragraph 1 of this Part of this Schedule that that paragraph shall cease to apply to the contract; and

(*b*) that the contract is not unenforceable by any party thereto by virtue of the provisions of section four of the Statute of Frauds or section four of the Sale of Goods Act, 1893; and

(*c*) in the case of a contract made during the relevant period, that the contract was not made with a view to evading the operation of the scheme;

the court shall by order direct the registration of the contract, and thereupon the contract shall be deemed to be registered as from the date of the order; but where, in the case of a contract made during the relevant period, the court does not direct the registration of the contract, any party to the contract certified by the court to have entered into the contract bona fide without a view to the evasion of the operation of the scheme may recover

the amount of any damage suffered by him by reason of the avoidance of the contract from any party certified by the court to have entered into the contract with a view to such evasion as aforesaid.

4. For the purpose of an appeal under this Part of this Schedule with respect to any contract, the court shall be any county court within the district in which any party to the contract has dwelt or carried on business at any time during the period within which the appeal may be brought:

Provided that—

(*a*) if, before proceedings in respect of any such appeal are commenced in the county court, the Cotton Industry Board and all parties to the contract agree that the appeal should be heard by the High Court, the High Court shall be the court for the purposes of the appeal; and

(*b*) section one hundred and eleven of the County Courts Act, 1934, (which provides for the removal of matters from the county court to the High Court) shall apply with respect to any appeal under this Part of this Schedule as if the appeal were a matter commenced in the county court under that Act.

5. No person shall be liable to any penalty in respect of a contravention of any scheme if he proves that the contravention was necessary for the performance of a contract which, by virtue of this Part of this Schedule, was not, at the time of the contravention, void or unenforceable.

6. The Cotton Industry Board shall furnish to the board administering a price scheme such particulars with respect to contracts registered under this Part of this Schedule as may be necessary to enable that board to enforce the scheme.

7. For the purposes of this Part of this Schedule, the expression "the relevant period" means the period beginning twelve months before the date on which the scheme was submitted to the Cotton Industry Board and ending with the date on which the scheme comes into operation, or, if the contract was made after the last-mentioned date, the period of three months immediately preceding the date of the determination by virtue of which the performance of the contract was prohibited.

PART III.

INCIDENTAL PROVISIONS WITH RESPECT TO REVOCATION OR EXPIRATION OF SECTIONAL SCHEMES.

1. Where a sectional scheme is revoked by a subsequent scheme, the subsequent scheme may provide for the transfer to the new board of the whole or any part of the property, rights

4TH SCH. —*cont.*

and liabilities of the existing board, for the continuance by or against the new board of any legal proceedings instituted by or against the existing board which are pending at the time of the revocation, and for the dissolution without winding up of the existing board.

In this paragraph the expression "the new board" means the board administering the subsequent scheme, and the expression "the existing board" means the board administering the scheme revoked.

2. The Board of Trade shall by order revoke a sectional scheme if an order is made for the winding up of the board administering the scheme.

3. The board administering a sectional scheme shall not be deemed to be dissolved by reason only that the scheme has been revoked or has expired.

4. Where a sectional scheme is revoked or expires, subsection (2) of section thirty-eight of the Interpretation Act, 1889, (which relates to the effect of repeals) shall apply as if the revocation or expiration of the scheme were the repeal by an Act of any other enactment.

52 & 53 Vict. c. 63.

Section 21 (4).

FIFTH SCHEDULE.

MAXIMUM AMOUNTS OF REGISTRATION FEES PAYABLE TO COTTON INDUSTRY BOARD.

Activities.	Maximum amount of fee.
Spinning - - -	The sum produced by multiplying six shillings by the number of units comprised in the spindle capacity of the spinning machinery which, on the date on which the applicant is registered or on the first day of January, is in cotton mills in the United Kingdom then in the ownership of the applicant or the person registered, as the case may be, and dividing the result by one thousand, any fraction of a shilling being disregarded.
Doubling - - -	The sum produced by multiplying three shillings by the number of units comprised in the spindle capacity of the doubling machinery which, on the said date or day, is in cotton mills in the

Activities.	Maximum amount of fee.
	United Kingdom then in such ownership as aforesaid, and dividing the result by one thousand, any fraction of a shilling being disregarded.
Weaving - - -	The sum produced by multiplying one shilling by the number of inches in the reed space of the looms which, on the said date or day, are in cotton mills in the United Kingdom then in such ownership as aforesaid, and dividing the result by one hundred, any fraction of a shilling being disregarded: Provided that, if any of the said cotton mills is an exempted mill as defined by section twenty-nine of this Act, the said sum shall, in relation to that mill, be calculated by reference not to the reed spaces of the looms which, on the said date or day, are in the mill, but to the reed spaces of the looms which were used in the mill in manufacturing products of the industry on that day of the preceding calendar year on which the greatest number of looms were so used in the mill.
Finishing - - -	One two-thousandth of the total sum which has, in the preceding calendar year, become payable to the applicant or the person registered, as the case may be, by way of charges made by him, in the course of the business of finishing, to the persons with whom he has dealt in the course of such business, or, if no sum has in that year become so payable, the sum of ten pounds.
Making-up and packing	One two-thousandth of the total sum which has, in the preceding calendar year, become payable to the applicant or the person registered, as the case may be, by way of charges made by him, in the course of the business of making-up and packing, to persons with whom he has dealt in the course of such business, or, if no sum has in that year become so payable, the sum of five pounds.

5TH SCH. —*cont.*

If in any calendar year a person has, in the course of business carried on by him by way of finishing, done anything to products being his own property, there shall, for the purposes of this Schedule, be deemed to have become payable to him in that year, by way of charges for the doing of that thing, such sum as might reasonably be expected to have become so payable if if had been done by him to products being the property of some other person.

Section 21 (6).

SIXTH SCHEDULE.

LIMITATION ON AGGREGATE CONTRIBUTIONS TO SERVICE EXPENSES.

Year.	Maximum Contributions allowed.		
The year nineteen hundred and forty.	Forty thousand pounds.	Ten thousand pounds.	Ten thousand pounds.
The year nineteen hundred and forty-one.	Forty thousand pounds, or, with the consent of the Representative Advisory Council, fifty thousand pounds.	Twenty thousand pounds.	Ten thousand pounds.
The year nineteen hundred and forty-two.	Forty thousand pounds, or, with the consent of the Representative Advisory Council, fifty thousand pounds.	Thirty thousand pounds.	Ten thousand pounds.
The year nineteen hundred and forty-three and each succeeding year.	Fifty thousand pounds, or, with the consent of the Representative Advisory Council, sixty thousand pounds.	Fifty thousand pounds, or, with the consent of the Representative Advisory Council, seventy-five thousand pounds.	Ten thousand pounds, or, with the consent of the Representative Advisory Council, fifteen thousand pounds.

SEVENTH SCHEDULE.

PROVISIONS FOR EXCHEQUER ASSISTANCE TO BOARDS ADMINISTERING REDUNDANCY SCHEMES.

Section 23.

1. There shall be established under the control and management of the board administering the scheme (hereafter in this Schedule referred to as "the administrative board") a capital purposes fund and a general fund.

2. There shall be paid into the capital purposes fund—

(*a*) all moneys borrowed by the administrative board by way of loans on capital account,

(*b*) all receipts of the administrative board which are specifically attributable to particular transactions entered into by them in the exercise of their purchasing powers (including sums received by them in respect of the insurance of property in which they have an interest by virtue of the exercise of those powers), and

(*c*) all sums (including interests and dividends) realised by the administrative board from the investment of any moneys standing to the credit of the said fund;

and there shall be paid out of the said fund—

(i) all expenses of the administrative board which are specifically attributable to particular transactions entered into by them in the exercise of their purchasing powers (including expenses incurred by them in respect of the insurance of property acquired by them in the exercise of those powers), and

(ii) any expenses by way of payments falling to be made by the administrative board to persons who lose employment.

3. There shall be paid into the general fund—

(*a*) all moneys received by the administrative board by way of contributions under the scheme, and

(*b*) all moneys otherwise received by the administrative board which are not required by the last preceding paragraph to be paid into the capital purposes fund;

7TH SCH. —*cont.*

and there shall be made out of the general fund all payments falling to be made by the administrative board except payments in respect of expenses which are required by the last preceding paragraph to be paid out of the capital purposes fund.

4. If, at any time after the powers of the administrative board to acquire plant have ceased to be exercisable, it appears to the Board of Trade that any moneys of the capital purposes fund are neither required nor likely to be required for the purpose of defraying expenses which, by virtue of the preceding provisions of this Schedule, are to be defrayed out of that fund, the Board of Trade may direct that those moneys be transferred from that fund to the general fund.

Moneys transferred to the general fund in accordance with a direction given under this paragraph by the Board of Trade, shall not, except in the winding up of the administrative board, be applied for any purpose other than the redemption of loans on capital account.

5. The administrative board shall, as soon as may be after the beginning of the initial accounting period, and not later than one month before the beginning of each ordinary accounting period subsequent to the first-mentioned period, prepare and submit to the Board of Trade, in such form as the Board of Trade, with the approval of the Treasury, may prescribe, an estimate of the administrative expenses for that accounting period which are to be defrayed out of the general fund, and of the amount of any payments of moneys of the general fund which the administrative board propose to make in that period to any sinking fund or loan redemption account otherwise than under a contract or arrangement for the borrowing of money, and may subsequently prepare and submit in like manner supplementary estimates of such expenses and payments as aforesaid, and the Board of Trade, with the concurrence of the Treasury, may approve the estimates with or without modifications.

The administrative board shall not incur any such administrative expenses as aforesaid for any accounting period, or make any such payment as aforesaid in any accounting period, except in accordance with the estimates for that period previously approved under this paragraph by the Board of Trade.

6. The administrative board shall keep, in relation to the capital purposes fund and in relation to the general fund, proper accounts in such form and manner as the Board of Trade, with the approval of the Treasury, may direct.

7. Within two months after the end of the initial accounting period and of each ordinary accounting period subsequent to

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the first-mentioned period, the administrative board shall prepare and submit to the Board of Trade, in such form as may be prescribed by the Board of Trade with the approval of the Treasury, such accounts for that accounting period with respect to the capital purposes fund and the general fund (including, in relation to the general fund, a revenue and expenditure account) as may be so prescribed, and the accounts shall be transmitted as soon as may be by the Board of Trade to the Comptroller and Auditor General, who shall examine and certify the accounts and shall lay copies thereof, together with his report thereon, before Parliament:

Provided that this paragraph shall not be construed as requiring the Comptroller and Auditor General to lay copies thereof, and a report on; the accounts of the administrative board before Parliament more often than once a year.

8. No sums shall be written off the accounts of the administrative board without the consent of the Board of Trade, which shall not be given except with the approval of the Treasury.

9. For the purpose of making up the revenue and expenditure account with respect to the general fund for any accounting period—

(*a*) the revenue for that period on account of contributions payable under the scheme shall be taken to be the amount which, in that period, becomes payable by way of such contributions, less so much of that amount as falls to be apportioned to the Cotton Industry Board by virtue of the provisions of the scheme; and

(*b*) the payment of any moneys of the general fund (other than moneys transferred thereto from the capital purposes fund under the direction of the Board of Trade) to a sinking fund or loan redemption account in connection with loans on capital account shall be treated as expenditure.

10. If the revenue and expenditure account with respect to the general fund, as certified for any accounting period by the Comptroller and Auditor General, shows an excess of expenditure over revenue, there shall be paid by the Board of Trade to the administrative board an amount equal to the deficit or, if the said account as so certified for any previous accounting period has shown a balance of revenue over expenditure, the amount, if any, by which the deficits shown by the said account as certified by the Comptroller and Auditor General for the first-mentioned accounting period and any previous accounting periods (less any sums already paid under this paragraph by the Board of Trade) exceed the surpluses so shown (less any sums already paid under this paragraph by the administrative board); but

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if the said account, as certified by the Comptroller and Auditor General for any accounting period subsequent to the first-mentioned accounting period, shows an excess of revenue over expenditure, then, subject to the following provisions of this Schedule, an amount equal to the surplus shall be paid by the administrative board to the Board of Trade within the period of three months beginning with the day on which the account is so certified:

Provided that the administrative board shall not be liable under this paragraph to pay any sum to the Board of Trade if and so far as that sum, together with any sum previously paid under this paragraph by the administrative board to the Board of Trade, exceeds the amount of any sums so paid by the Board of Trade to the administrative board, with the appropriate addition on account of interest.

In this paragraph the expression "the appropriate addition on account of interest" means, in relation to any sum paid under this paragraph by the Board of Trade to the administrative board, the amount which would have accrued in respect of interest on that sum if the payment thereof as aforesaid had been a loan to the administrative board bearing interest at the prescribed rate; and any payment made under this paragraph by the Board of Trade to the administrative board shall be deemed to be such a loan as aforesaid for the purpose of determining whether, and to what extent, any payment subsequently made under this paragraph by the administrative board to the Board of Trade is to be treated as a payment of interest or as a repayment of principal.

11. Where, in relation to any accounting period, any sum is to be paid under the last preceding paragraph by the administrative board to the Board of Trade, then, if the administrative board have, when submitting their accounts for that period to the Board of Trade, given to the Board of Trade, in such form as the Board of Trade may prescribe, a certificate—

(*a*) specifying the amount which has, in that period, become payable to the administrative board by way of contributions under the scheme, but which has neither been received by them in that period nor duly written off their accounts, and

(*b*) stating that the administrative board have taken all reasonably practicable steps for the recovery of that amount,

the Board of Trade, with the approval of the Treasury, may from time to time direct, with respect to the whole or any part of the first-mentioned sum, that the period within which that sum or that part thereof, as the case may be, is to be paid to the Board of Trade, shall be extended by such further period as the Board

of Trade may determine having regard to the resources of the general fund:

Provided that the Board of Trade shall not extend by more than twelve months in all the period fixed by the last preceding paragraph for the payment of any sum which is to be paid under that paragraph to the Board of Trade in relation to any particular accounting period.

12. If at any time the administrative board give to the Board of Trade, in such form as the Board of Trade may prescribe, a certificate—

(*a*) stating that there have been and are being taken all reasonably practicable steps for the recovery of the debts which have become payable to the administrative board by way of contributions under the scheme,

(*b*) specifying all the debts which have become so payable, but which have neither been recovered by the administrative board nor duly written off their accounts,

(*c*) stating that the administrative board are obliged to make, within fourteen days after the day on which the certificate is given, such payment in respect of loans on capital account (including the carrying of sums to any sinking fund or loan redemption account) as may be specified in the certificate, and

(*d*) specifying the amount, if any, by which the resources of the general fund available for the purpose of meeting the said obligation of the administrative board fall short of the sum required for that purpose,

the Board of Trade shall, subject as hereinafter provided, advance to the administrative board the amount of the deficiency specified in the certificate or the amount of the debts so specified, whichever amount is the less:

Provided that the Board of Trade shall not advance any sum under this paragraph in connection with any particular certificate of the administrative board, if, immediately after the advancing of that sum, the total outstanding amount of advances made under this paragraph would exceed the total amount of the debts specified in the said certificate.

13. Any sum advanced under the last preceding paragraph to the administrative board shall be treated as a loan bearing interest at the prescribed rate, which, as to both principal and interest, is charged, in priority to all other debts of the administrative board, whenever incurred, on the debts specified in the certificate of the administrative board in connection with which

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the advance was made; and advances under that paragraph shall be repaid in the following manner, that is to say:—

(*a*) any sums recovered by the administrative board in respect of the debts specified in the certificates of the administrative board in connection with which the advances were made shall, to the extent required to repay the advances with interest, be paid by the administrative board to the Board of Trade as and when received; and

(*b*) if and in so far as it is ultimately found that the amount of the advances and the interest thereon exceeds the amount of the debts aforesaid, the amount of the excess shall become payable forthwith by the administrative board to the Board of Trade.

14. The administrative board shall, whenever requested by the Board of Trade so to do, produce to the Board of Trade, and allow them to inspect, such books and other documents, and furnish to the Board of Trade such information, in the possession of the administrative board, as the Board of Trade consider it necessary for the purposes of the preceding provisions of this Schedule to inspect and obtain.

15. Subsection (1) of section thirty-three of the Bankruptcy Act, 1914, and subsection (1) of section two hundred and sixty-four of the Companies Act, 1929 (which determine what debts shall have priority over other debts in bankruptcy and winding-up), shall have effect as if the references in those subsections to local rates included references to sums due on account of contributions under the scheme, and section seventy-eight of the Companies Act, 1929, shall have effect accordingly.

16. Upon the winding up of the administrative board any assets of the board remaining after the payment of the debts and liabilities of the board and the costs and expenses of the winding up, shall, in the first instance, be applied in paying to the Board of Trade such sum, if any, as would be payable to them by the administrative board if any sum paid by the Board of Trade to the administrative board under paragraph 10 of this Schedule had been paid by way of a loan bearing interest at the prescribed rate.

17. In this Schedule—

(*a*) the expression "loans on capital account" means loans raised by the administrative board for the purposes of the exercise of their purchasing powers, and of defraying any expenses by way of payments falling to be made by them to persons who lose employment;

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(*b*) the expression " accounting period " means the initial accounting period or any ordinary accounting period;

(*c*) the expression " initial accounting period " means the period beginning with the day on which the scheme comes into operation and ending immediately before the first ordinary accounting period which begins later than three months after the beginning of the said day;

(*d*) the expression " ordinary accounting period " means the period of six months beginning with any first day of April or first day of October; and

(*e*) the expression " the prescribed rate " means, in relation to any sum paid by the Board of Trade under paragraph 10 of this Schedule or advanced by the Board of Trade under paragraph 12 of this Schedule, such rate as the Board of Trade, with the approval of the Treasury, may prescribe in relation to that sum at the time when it is so paid or advanced.

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FOR
SIR WILLIAM RICHARD CODLING, C.B., C.V.O., C.B.E., the King's Printer of Acts of Parliament