



Commonwealth Development Corporation Act 1999

1999 CHAPTER 20

Financial assistance by Government

8 Old loans, advances and guarantees

- (1) This section applies to—
 - (a) loans made under section 9(1A) of the Commonwealth Development Corporation Act 1978 (borrowing powers of Corporation),
 - (b) advances made under section 10 of that Act (advances by Secretary of State), and
 - (c) guarantees given under section 11 of that Act (guarantees by Treasury and Secretary of State).
- (2) Any determination or direction made before registration by the Secretary of State under section 9(1B) or 12 of the 1978 Act (payments in respect of loans, advances and guarantees)—
 - (a) shall continue to have effect after registration notwithstanding section 5(2) of this Act, and
 - (b) in the case of directions under section 12, may after registration be varied by the Secretary of State with the consent of the Corporation.
- (3) The Secretary of State shall lay before each House of Parliament a statement of any payment required by virtue of subsection (2) which is not made as required.
- (4) Notwithstanding section 5(2), section 9(3A) of the 1978 Act (loans: accounts) shall continue to have effect in relation to a financial year during which any determination under section 9(1B) continues to have effect.
- (5) Section 5(2) shall not prevent any guarantee given under section 11(1) or (1A) of the 1978 Act from continuing to have effect after registration; and section 11(3), (3A) and (4) of the 1978 Act shall continue to have effect in relation to a guarantee given under section 11(1) or (1A).

9 New loans

- (1) The Secretary of State may make loans of money provided under subsection (2) to—
 - (a) the Corporation, or
 - (b) a company associated with the Corporation,at any time while the Corporation is wholly owned by the Crown.
- (2) The Treasury may issue to the Secretary of State out of the National Loans Fund sums required for loans under this section.
- (3) Loans under this section shall be made on terms which require repayment to the Secretary of State—
 - (a) at such times,
 - (b) by such methods, and
 - (c) with interest paid at such rates and at such times,as the Secretary of State shall determine from time to time.
- (4) Sums received by the Secretary of State by virtue of subsection (3) shall be paid into the National Loans Fund.

10 New guarantees

- (1) The Treasury may guarantee the discharge of any financial obligation incurred by the Corporation (before or after registration).
- (2) Subsection (1) does not apply to obligations in connection with sums borrowed from—
 - (a) the Secretary of State, or
 - (b) a company which is associated with the Corporation.
- (3) The Secretary of State may guarantee the discharge of any financial obligation incurred (before or after registration) by a company which is associated with the Corporation.
- (4) Subsection (3) does not apply to obligations in connection with sums borrowed from—
 - (a) the Corporation, or
 - (b) a company which is associated with the Corporation.
- (5) A guarantee under subsection (1) or (3) may be given only while the Corporation is wholly owned by the Crown (although it may continue to have effect when the Corporation is not wholly owned by the Crown).
- (6) A guarantee under subsection (1) or (3) may be given on such terms and in such manner as the Treasury or the Secretary of State may determine.
- (7) A guarantee under subsection (1) or (3) may not be given unless the Treasury or the Secretary of State has entered into arrangements under which the Corporation or an associated company will be liable to make payments (including payments of interest) in respect of sums issued in fulfilment of the guarantee.

11 Guarantees: supplemental

- (1) Sums required by the Treasury for fulfilling a guarantee under section 10 shall be charged on and issued out of the Consolidated Fund.

- (2) Expenditure of the Secretary of State in fulfilling a guarantee under section 10 shall be paid out of money provided by Parliament.
- (3) Sums received by virtue of section 10(7) shall be paid into the Consolidated Fund.
- (4) As soon as practicable after giving a guarantee under section 10 the Treasury shall lay before each House of Parliament a statement of the guarantee.
- (5) If the Treasury issues a sum in fulfilment of a guarantee under section 10—
 - (a) it shall lay a statement relating to the sum before each House of Parliament as soon as practicable after the end of the financial year in which the sum was issued, and
 - (b) it shall lay a statement before each House of Parliament as soon as practicable after the end of any subsequent financial year in which there is an outstanding liability in relation to the obligation which is the subject of the guarantee.
- (6) As soon as practicable after—
 - (a) giving a guarantee under section 10, or
 - (b) issuing a sum in fulfilment of a guarantee under that section,the Secretary of State shall lay before each House of Parliament a statement of the guarantee or a statement relating to the sum.
- (7) The Treasury or the Secretary of State shall lay before each House of Parliament a statement of any payment required by virtue of section 10(7) which is not made as required.

12 Other assistance

Section 1(9) of the Overseas Development and Co-operation Act 1980 (no assistance to be given to the Corporation) shall cease to have effect on registration.

13 Accounts

- (1) The Secretary of State shall prepare in respect of each financial year, in such form as the Treasury may direct—
 - (a) an account of sums (if there are any) issued to him under section 9(2),
 - (b) an account of sums (if there are any) received by him by virtue of section 9(3), and
 - (c) an account of the disposal of the sums mentioned in paragraph (b).
- (2) An account under subsection (1) shall be sent to the Comptroller and Auditor General not later than the end of the November following the financial year to which it relates.
- (3) The Comptroller and Auditor General shall—
 - (a) examine, certify and report on each account, and
 - (b) lay copies of the account and of his report before each House of Parliament.

14 Waiver of payments

- (1) This section applies while the Corporation is wholly owned by the Crown.
- (2) The Secretary of State may extinguish any liability of the Corporation or a company associated with the Corporation to pay a sum due—

- (a) pursuant to any direction under section 12 of the Commonwealth Development Corporation Act 1978 (payments in respect of advances and guarantees), or
- (b) by virtue of section 10(7) of this Act.

15 Limit on government assistance

- (1) The Secretary of State shall exercise his powers under or by virtue of this Act so as to ensure that the Crown's assistance to the Corporation and its associated companies does not at any time exceed £1,500 million.
- (2) For the purposes of subsection (1) the Crown's assistance to the Corporation and its associated companies is the aggregate of—
 - (a) amounts outstanding in respect of the principal of loans under section 9(1A) of the Commonwealth Development Corporation Act 1978,
 - (b) amounts outstanding in respect of advances under section 10 of that Act,
 - (c) amounts outstanding in respect of the principal of loans under section 9 of this Act,
 - (d) liabilities extinguished under section 14, and
 - (e) sums paid by or on behalf of the Secretary of State in respect of the issue of securities under section 16 or the acquisition of securities or rights under section 17.
- (3) For the purposes of this section equivalents in sterling shall be calculated as determined by the Secretary of State.