

CHAPTER 176
INDUSTRIAL DEVELOPMENT CORPORATION

ARRANGEMENT OF SECTIONS

SECTION

PART I

PRELIMINARY

1. SHORT TITLE
2. INTERPRETATION

PART II

ESTABLISHMENT OF THE CORPORATION, OBJECTS, DUTIES AND POWERS

3. ESTABLISHMENT OF THE CORPORATION
4. ESTABLISHMENT OF BOARD OF DIRECTORS
5. OBJECTS, AND DUTIES OF THE CORPORATION
6. POWERS OF THE BOARD
7. OPERATING PRINCIPLES
8. POWERS OF THE MINISTER TO ISSUE GENERAL DIRECTIONS ON MATTERS OF POLICY

PART III

FINANCIAL

9. SHARE CAPITAL AND INCREASE
10. REDUCTION OF SHARE CAPITAL
11. ISSUE OF SHARES
12. DISPOSAL OF SHARES
13. RECORD OF OWNERSHIP OF SHARES
14. LIABILITY
15. DIVIDENDS
16. ANNUAL ESTIMATES
17. FUNDS AND RESOURCES OF THE CORPORATION

18. INVESTMENTS
19. LOANS OR OVERDRAFTS
20. BORROWING FROM INTERNATIONAL OR FOREIGN ORGANISATIONS

PART IV
LOANS AND RECOVERIES

21. POWER OF CORPORATION TO MAKE LOANS
22. INTEREST ON LOANS MADE BY THE CORPORATION
23. REPAYMENT OF LOANS MADE BY THE CORPORATION
24. SUSPENSION OF PAYMENT OF PRINCIPAL AND INTEREST AND POWER TO EXTEND TIME, COMPOUND OR RELEASE
25. PAYMENT OF LOAN BEFORE DUE DATE
26. ANNUAL REPORT
27. ACCOUNTS AND AUDIT

PART V
LOAN ADMINISTRATION

28. EXAMINATION AS TO APPLICATION OF MONEYS LENT
29. ORDER OF CORPORATION UPON SUCH EXAMINATION
30. EXEMPTION FROM TAXATION AND STAMP DUTY

PART VI
MISCELLANEOUS

31. OFFENCES IN RESPECT OF LOANS
32. SECRECY
33. REGULATIONS
FIRST SCHEDULE
SECOND SCHEDULE

CHAPTER 176
INDUSTRIAL DEVELOPMENT CORPORATION

AN ACT TO ESTABLISH AN INDUSTRIAL DEVELOPMENT CORPORATION IN SOLOMON 2 of 1991

ISLANDS; TO VEST IN THE SAID CORPORATION POWERS NECESSARY TO ASSIST, ENCOURAGE AND DEVELOP INDUSTRIES IN SOLOMON ISLANDS; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

[1st March 1996]

PART I
PRELIMINARY

1. This Act may be cited as the Industrial Development Corporation Act. Short title

2. In this Act, unless the context otherwise requires- Interpretation

"Board" means the Board of Directors of the Corporation;

"financial year" in relation to the Corporation means a calendar year;

"local authority" includes any Provincial Government and the Honiara Town Council;
and

"Minister" means the Minister for the time being charged with responsibility for Finance.

PART II

ESTABLISHMENT OF THE CORPORATION, OBJECTS, DUTIES AND POWERS

3.-(1) There shall be established for the purposes of this Act, a body to be known as the Industrial Development Corporation of Solomon Islands (hereinafter referred to as "the Corporation") which shall be a body corporate to which the provisions of Part VII of the Interpretation and General Provisions Act shall apply. Establishment of the Corporation
Cap. 85

(2) The provisions of the First Schedule shall have effect as to the constitution of the Corporation and otherwise in relation thereto. First Schedule

4.-(1) There shall be established for the purposes of this Act a Board of Directors of the Corporation which shall, subject to the provisions of this Act, be responsible for the policy and general administration of the affairs of the Corporation. Establishment of Board of Directors

(2) The provisions of the Second Schedule shall have effect as to the constitution of the Board and otherwise in relation thereto.

Second Schedule

5.-(1) The objects of the Corporation shall be to stimulate, facilitate and encourage the development of industries in Solomon Islands.

Objects and duties of the Corporation

(2) For the purpose of fulfilling the objects of the Corporation, it shall be the duty of the Board-

(a) to promote, assist and encourage local private sector industrial growth and development by providing financial assistance in the form of risk and venture capital;

(b) to implement Government policy with regard to private sector participation in industrial ventures or investments;

(c) to assist in the proper co-ordination and in the inter-related growth of all industrial undertakings in the private and public sectors of the economy of Solomon Islands;

(d) to foster industrial research with the objects of utilising the natural resources of Solomon Islands, improving the technical processes and methods used in industries and developing appropriate technologies and equipment for local industries, and discovering processes and methods for the better utilisation of waste products;

(e) to foster the export of local industrial products to overseas markets;

(f) to promote and assist financially, commercially viable export oriented industries and industries designed to substitute imports;

(g) to assist in such measures in the field of international trade and regional co-operation as are necessary or conducive to industrial development;

(h) to provide for services and facilities of every description required by or in connection with any industrial undertaking or industrial establishment in Solomon Islands, including the provision of capital, credit, marketing, managerial and technical facilities; and

(i) to take all such measures as may be necessary for, or conducive to, the

attainment of the objects specified in this section.

6.-(1) The Board shall have the power to do all such acts and take all such steps as may be necessary for or conducive to facilitate the discharge of its duty under section 5.

(2) Without prejudice to the generality of the powers conferred by subsection (1), the Board shall have power-

(a) to establish, maintain and carry on industrial estates in Solomon Islands;

(b) to establish and maintain reserve funds to meet contingencies and for such other purposes as it thinks fit;

(c) to acquire, hold, take or give on lease, mortgage or hire, pledge or sell or otherwise dispose of, any movable or immovable property;

(d) to enter into agreements or arrangements with any person or institution, local or foreign organisation in providing participation, assistance or co-operation with its activities;

(e) to assist financially by way of loans or otherwise any local industry, local authority, corporation or any person or body in the purchase of industrial machinery or raw materials, or in the provision of any other facilities or in the doing of any act or thing necessary for or conducive to the attainment of the objects of the Board;

(f) to train, or assist financially the training of persons to do work which is wholly or mainly connected with the attainment of the objects of the Board;

(g) to participate in the business of any industrial undertaking or activities related to industrial development in such manner as the Board may determine;

(h) to levy fees or other charges for services performed or moneys lent or facilities or equipment provided by the Board;

(i) to raise finance in local or overseas capital markets, issue securities including guarantees, debentures, stock, bonds, bills or other promissory notes;

(j) to issue shares;

(k) to borrow funds for the purposes of the business of the Corporation from

sources either in Solomon Islands or abroad and give security for any loans obtained; and

(l) to do all other acts which, in the opinion of the Board are necessary to facilitate the proper carrying out of its objects or the performance of its duties.

7. In the exercise of its functions and powers, the Corporation shall have regard to the highest principles of prudence and probity in its stewardship of all funds.

Operating principles

8. The Minister may, after consultation with the Chairman give to the Board such directions of a general character as to the policy to be followed by the Board in the performance of its functions as appear to the Minister to be necessary and the Board shall give effect thereto.

Powers of the Minister to issue general directions on matters of policy

PART III FINANCIAL

9.-(1) The authorised capital of the Corporation shall be one hundred million dollars shares of one dollar each.

Share capital and increase

(2) The Board may from time to time with prior approval of the Minister, by resolution of the shareholders, increase the share capital of the Corporation by new shares of such amount as the Board thinks expedient.

10. The Board may subject to the approval of the Minister, elect to reduce the share capital on issue provided, the repurchase of shares from all shareholders in proportion to their shareholding are made at face value.

Reduction of share capital

11. Subject to the provisions of this section, the Board may allot the share capital of the Corporation-

Issue of shares

(a) to the Government, in shares equivalent to the Government's contribution not being less than fifty-one *per centum* of the capital of the Corporation; and

(b) with the prior approval of the Minister to-

- (i) any body corporate established by law in Solomon Islands;
- (ii) any overseas financial institution;
- (iii) any local authority; or
- (iv) any local private sector organisation which in the discharge of its functions provide venture capital.

12. Shares may be sold or otherwise disposed of with the approval of the Minister, at face value, or in accordance with any written agreement made at the time of acquiring such shares. Disposal of shares

13. The Managing Director shall at all times maintain a record of shares and shall notify the Minister and the Board of any change in the ownership of shares. Record of ownership of shares

14. The liability of a shareholder of share capital shall be limited to the amount unpaid on the shares held by him. Liability

15.-(1) Subject to the provisions of subsection (2), the Board may, unless the Minister otherwise directs, distribute by way of dividends not more than half the Corporations' operating surplus from any financial year, so however, that the Board may not distribute surpluses whilst losses from previous years remain unrecouped. Dividends

(2) Where the Board is satisfied that it could distribute profits in excess of half the previous years' surplus, it shall submit a proposal to the Minister for his approval and any such distribution shall be in such manner and on conditions as the Minister thinks fit.

16.-(1) The Corporation shall in each financial year, on or before three months of the commencement of the next financial year submit to the Minister for his approval its estimates of revenue and expenditure for the ensuing financial year. Annual estimates

(2) The estimates submitted to the Minister pursuant to subsection (1) shall as far as practicable include details of domestic and overseas borrowing requirements in relation to all enterprises of the Corporation for the ensuing financial year.

(3) The Minister may either approve such estimates subject to such reservations, if any, as he may consider necessary, or reject such estimates.

(4) Where the Minister rejects or does not approve the estimates submitted to him before the commencement of the next financial year, the Corporation may continue its recurrent operations at the same level as the previous year and continue ongoing borrowing and lending programmes, so however, that it shall not increase levels of expenditure, or undertake any new lendings or borrowings until such time as the estimates are approved by the Minister.

17. The funds and resources of the Corporation shall consist of-

Funds and resources of the Corporation

(a) such sums as may be from time to time be provided by Parliament out of the Consolidated Fund;

(b) such sums as may be raised from time to time in the exercise of its powers under section 6;

(c) all sums from time to time received by or falling due to the Corporation in respect of the repayment of any loan made by the Corporation and the interest payable in respect of any such loan;

(d) all moneys received from investments made under section 18; and

(e) such moneys borrowed by way of loans or overdrafts under sections 19 and 20.

18. Moneys standing to the credit of the Corporation may from time to time be invested in securities approved either generally or specifically by the Minister.

Investments

19. The Corporation may borrow by way of temporary loan or overdraft such sums of money as it deems fit not exceeding an amount approved by the Minister.

Loans or overdrafts

20.-(1) The Government may guarantee on such terms and conditions as it may determine, loans raised by the Corporation from any international or foreign organisation approved by the Government.

Government guarantees on borrowing from international or foreign organisation

(2) All sums payable by the Government under any guarantee given under

subsection (1) are hereby charged on the Consolidated Fund.

PART IV
LOANS AND RECOVERIES

21. Subject to such conditions as the Corporation may deem fit to impose in particular cases, the Corporation may grant loans for the purpose of carrying out its objects or in the exercise, discharge or performance of its powers, functions and duties under this Act.

Power of Corporation to make loans

22. In making loans under the provisions of this Act, the Corporation may charge such rate of interest as it deems fit in any particular case.

Interest on loans made by the Corporation

23. Subject to the provisions of sections 24 and 25 every loan shall be repaid to the Corporation in accordance with the terms and conditions under which such loan was made and the moneys so paid shall thereupon be taken into the accounts of the Corporation.

Repayment of loans made by the Corporation

24. The Corporation, with the approval of the Minister, may, subject to such terms and conditions it deems fit-

Suspension of payment of principal and interest and power to extend time, compound or release

(a) postpone, for any time not exceeding five years, the payment of any sum due as principal and interest or for either principal or interest in respect of a loan made; or

(b) from time to time extend the period for the repayment of any loan, or compound or release any loan or part thereof.

25. The Corporation may at any time accept payment of the whole or any part of the amount representing the principal of a loan and interest thereon, before the time when such payment is due, upon such terms and conditions as it thinks fit.

Payment of loan before due date

26. The Corporation shall in each year submit to the Minister a report of its activities during the previous year, and the Minister shall lay before Parliament a copy of the annual report.

Annual report

27.-(1) The Corporation shall keep accounts and other records in relation to its business and shall prepare annually a statement of accounts in conformity with established accounting principles and in a form satisfactory to the Minister.

Accounts and audit

(2) The accounts of the Corporation shall be audited annually by an auditor appointed by the Corporation and approved by the Auditor-General.

(3) The Corporation shall submit to the Minister a copy of the audited statement of accounts together with any report made by the auditor.

(4) The Minister shall cause a copy of the annual statement of accounts together with the auditor's report to be laid before Parliament.

(5) The Board shall cause a copy of the audited annual statement of accounts together with the auditor's report to be distributed to all shareholders.

PART V LOAN ADMINISTRATION

28.-(1) Where the Corporation has made a loan under the provisions of this Act, it may-

Examination as to application of moneys lent

(a) from time to time, make or cause to be made such examination as may be necessary to ensure that the loan is being applied to the purposes for which it was made; or

(b) require the borrower to give on request or periodically such information as the Corporation may require in respect of the application of the moneys borrowed and such person or body shall comply with such request.

(2) The Corporation may authorise in writing any of its officers to make such examination, and the person or body in receipt of the loan shall produce to such officer or person all the relevant information necessary for the purposes of the examination.

29. Where upon any examination made pursuant to section 28, it appears to the Corporation that any sum being the whole or part of the loan has not been applied for the purposes for which the loan was made it may order that any such sum be, within the time mentioned in the order, applied to such purposes or that such sum together with any interest due thereon on the date of the order be repaid to the Corporation within the time mentioned in the order, and any sum with the interest thereon so

Order of Corporation upon examination

ordered to be repaid to the Corporation shall thereupon become a debt due to the Corporation.

30.-(1) The income and revenue of the Corporation shall not be subject to taxation under any law.

Exemption from taxation and stamp duty

(2) All instruments executed by or on behalf of the Corporation shall be exempt from stamp duty.

PART VI
MISCELLANEOUS

31. Any person who-

Offences in respect of loans

(a) obtains a loan from the Corporation under the provisions of this Act by means of any false representation; or

(b) wilfully applies any loan made to him by the Corporation under the provisions of this Act to any purpose other than the purpose for which the loan was made,

shall be guilty of an offence and liable to a fine of one thousand dollars or to imprisonment for one year or to both such fine and imprisonment.

32.-(1) All members of the Board and employees of the Corporation shall not either directly or indirectly except in the performance of a duty under or in connection with this Act, divulge or communicate to any person, any information concerning the affairs of the Corporation.

Secrecy

(2) Any member of the Board or employee of the Corporation who contravenes the provisions of this section shall be guilty of an offence and on conviction be liable to a fine not exceeding one thousand dollars or to a term of imprisonment not exceeding six months.

33.-(1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Act.

Regulations

(2) In particular and without prejudice to the generality of the powers conferred by subsection (1), the Minister may make regulations in respect of the following matters-

(a) the manner of making application for shares of the Corporation, the registration of holders of such shares, the issue and renewal of share certificates, the transfer of shares and any other matter connected with or incidental to the aforesaid matters relating to shares;

(b) the form of debentures, the rate of interest payable thereon, the time or times at which and the manner in which debentures are to be redeemed, the transfer of debentures, and any other matter connected with, or incidental to the aforesaid matters relating to debentures;

(c) prescribing the form of bonds or promissory notes and the terms and conditions, including maturities and interest rates;

(d) prescribing the procedure for conducting shareholders' meetings and matters related thereto; and

(e) prescribing any other matter or anything which may be, or is required by this Act to be prescribed.

FIRST SCHEDULE

(Section 3)

THE INDUSTRIAL DEVELOPMENT CORPORATION OF SOLOMON ISLANDS

1.-(1) The seal of the Corporation shall be authenticated by the signature of the Chairman or a member of the Board authorised to act in that behalf and an officer of the Corporation so authorised.

Authentication of seal and documents

(2) All documents other than those required by law to be under seal, made by, and all decisions of the Corporation may be signified under the hand of the Chairman or the Deputy Chairman or any member of the Board authorised to act in that behalf or an officer of the Corporation so authorised.

2. The Corporation may appoint and employ at such remuneration and on such terms and conditions as it thinks fit, a Managing Director of the Corporation and such other officers, agents and servants as it thinks necessary for the proper carrying out of its functions.

Power to appoint officers and servants

3. The expenses of the Corporation (including remuneration of the staff thereof, members of the Board, the Chairman and directors) shall be defrayed out of the income of the Corporation.

Expenses of the Corporation

- | | |
|--|--|
| <p>4. The Corporation shall keep proper accounts and other records in relation to its business and prepare annual statements of account and reports as set out in Part IV of this Act.</p> | <p>Accounts and other records</p> |
| <p>5. The Corporation shall furnish the Minister with such returns, accounts and other information as he requires with respect to its activities, and shall afford to him the facilities for verifying such information in such manner and at such times as he may reasonably require.</p> | <p>Powers of the Minister to require returns</p> |
| <p>6. The Corporation shall in each financial year submit to the Minister for his approval its estimates of revenue and expenditure for the ensuing financial year in the manner prescribed by section 16.</p> | <p>Estimates of revenue and expenditure</p> |
| <p>7. At the end of each financial year, the Minister shall review the operations of the Corporation with a view to determining-</p> <p style="margin-left: 40px;">(a) whether the Corporation has operated in accordance with the annual estimates and any approved operating plan; and</p> <p style="margin-left: 40px;">(b) whether the assets of the Corporation are sufficient to meet the liabilities of the Corporation having regard to any claims or liabilities which may arise during the next ensuing year.</p> | <p>Minister to review operations</p> |

SECOND SCHEDULE

(Section 4)

THE BOARD OF DIRECTORS OF THE CORPORATION

- | | |
|--|-------------------------|
| <p>1.-(1) The Board shall consist of-</p> <p style="margin-left: 40px;">(a) four members appointed by the Minister (exclusive of the Chairman); and</p> <p style="margin-left: 40px;">(b) such number of additional directors appointed by any body or institution holding twenty per cent or more of the shares (excluding the Government).</p> <p>(2) Each member appointed pursuant to paragraph (1), shall nominate an alternate member to act on his behalf, with full powers of proxy, if for any reason the member is unable to act.</p> | <p>Board membership</p> |
| <p>2.-(1) The Minister shall appoint one of the members of the Board to be Chairman and another to be Deputy Chairman.</p> | <p>Chairman</p> |

(2) In the case of the absence or inability to act of the Chairman and the Deputy Chairman, the Minister may appoint any other person to perform the functions of the Chairman.

3.-(1) The appointment of every member shall be evidenced by instrument in writing, and such instrument shall state the period of office of the member, which shall not exceed two years. Tenure

(2) Every member of the Board shall be eligible for reappointment.

(3) The Minister may at any time revoke the appointment of any member of the Board appointed by him.

4.-(1) Any member of the Board other than the Chairman, may at any time resign his office by instrument in writing addressed to the Minister and transmitted through the Chairman, and from the date of the receipt by the Minister of such instrument such member and any alternate member nominated by him, shall cease to be a member of the Board. Resignation

(2) The Chairman may at any time resign his office by instrument in writing addressed to the Minister and such resignation shall take effect as from the date of receipt of such instrument.

5. The names of all the members of the Board as first constituted and every change in the membership thereof shall be published in the Gazette. Publication

6. Any member of the Board who- Vacation of office

(a) is declared a bankrupt; or

(b) is sentenced to imprisonment for three months or more for a criminal offence; or

(c) fails to attend three consecutive meetings of the Board or appoint an alternate member; or

(d) is in breach of section 32,

shall be immediately removed from the Board by the Minister.

7.-(1) The Board shall meet at such times as may be necessary or expedient for the transaction of its business, so however, that it shall not be less than four meetings in any calendar year. Procedure, quorum and meetings

(2) The Chairman may at any time call a special meeting of the Board and shall call a special meeting to be held within seven days of a written request for that purpose addressed to him by two or more members of the Board.

(3) The Chairman or the Deputy Chairman shall preside at all meetings of the Board and in the case of absence of both the Chairman and the Deputy Chairman from any meeting, subject to sub-paragraph (2) of paragraph 2, the members present and forming a quorum shall elect one of their number to preside at the meeting.

(4) The decision of the Board shall be by a majority of votes, and in addition to an original vote, the Chairman or any other person presiding at a meeting shall have a casting vote in any case in which the vote is equal.

(5) Minutes in proper form of each meeting of the Board shall be kept.

(6) The quorum for any Board meeting shall be four and no business shall be transacted at any meeting unless a quorum of members is present at a time when the meeting proceeds to business in a particular meeting.

(7) The validity of any proceedings of the Board shall not be affected by any vacancy amongst the members thereof or by any defect in the appointment of a member thereof.

8. There shall be paid to the Chairman and other members of the Board, such remuneration (whether by way of salary, honorarium, or fees) and such allowances as the Minister may determine.

Remuneration of members

9. No action, suit or prosecution or other proceedings shall be brought against any member of the Board in respect of any act done bona fide in pursuance or execution or intended execution of the provisions of this Act.

Protection of members

10. The office of the Chairman or other member of the Board shall not be a public office for the purposes of Chapter XIII of the Constitution of Solomon Islands.

Offices not public offices

(No Subsidiary Legislation.)