OIL AGREEMENT.

**No. 13 of 1920.**

AnAct to approve the Agreement made between His Majesty’s Government of the Commonwealth of Australia and the Anglo-Persian Oil Company Limited.

[Assented to 29th May, 1920.]

BE it enacted by the King’s Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:—

**Short title.**

**1.** This Act may be cited as the *Oil Agreement Act* 1920.

**Approval of Agreement.**

**2.** The Agreement made between His Majesty’s Government of the Commonwealth of Australia and the Anglo-Persian Oil Company Limited (a copy of which Agreement is set forth in the Schedule to this Act) is approved.

THE SCHEDULE.

Agreement made this fourteenth day of May One thousand nine hundred and twenty between The Commonwealth of Australia (hereinafter called the “Commonwealth”) of the one part and The Anglo-Persian Oil Company Limited of London England (hereinafter called “the Oil Company”) of the other part whereby it is agreed as follows:—

1. This Agreement shall have no force or effect and shall not be binding on either party unless and until it is approved by the Parliament of the Commonwealth of Australia.

2. This Agreement shall commence and come into full force and effect upon the date upon which it is so approved by the Parliament of the Commonwealth of Australia.

3. The Oil Company shall take all necessary steps to form and register a Refinery Company with limited liability and subject to the following conditions:—

(*a*) The Refinery Company shall have a capital of Five hundred thousand pounds (£500,000) in shares of One pound (£1) each;

(*b*) The Commonwealth shall subscribe for and be allotted Two hundred and fifty thousand and one (250,001) shares; the Oil Company shall subscribe for and be allotted Two hundred and forty-nine thousand nine hundred and ninety-six (249,996) shares; and nominees of the Oil Company shall subscribe for and be allotted Three (3) shares in the Refinery Company;

(*c*) The Refinery Company shall be incorporated and registered in the State of Victoria within ninety (90) days after the date of commencement to this Agreement;

The Schedule—*continued.*

(*d*)The Memorandum and Articles of Association of the Refinery Company and any alteration thereof shall be subject to the approval of the Commonwealth and shall, provide (*inter alia*) :*—*

(i) the manner in which and the times when capital may be called up;

(ii) that on any increase of capital the Commonwealth shall be entitled to subscribe so much capital and be allotted so many shares that at all times the Commonwealth will hold a majority in number and value of the shares in the Refinery Company;

(iii) that of the total number of Directors of the Refinery Company (including the Managing Director if he has a vote) three-sevenths in number shall be nominated by and represent the Commonwealth and four-sevenths shall be nominated by and represent the Oil Company;

(iv) that no action or question or decision relating to or affecting—

(1) the policy of the Commonwealth in connexion with Naval or Military or External affairs; or

(2) any proposed sale or disposition of the Refinery Company’s business or any part thereof; or

(3) any proposed change in the status powers business or constitution of the Refinery Company; or

(4) any proposed sale of refined products to aliens or for export from the Commonwealth: or

(5) any proposed sale of refined products on long contracts or under circumstances which might endanger the ability of the Refinery Company to meet requirements for consumption within Australia;

shall be taken determined or made without the consent of the Commonwealth as expressed through its representatives on the Board of Directors;

(v) that the Refinery Company shall not enter into or be in any way concerned in or a party to or act in concert with any commercial Trust or Combine but shall always be and remain an independent British business;

(vi) that other things being equal the Refinery Company shall give preference to goods manufactured in the Commonwealth when purchasing machinery plant and supplies; and

(vii) any other matters and things necessary or expedient to protect the interests of the Commonwealth under this Agreement.

4. The objects of the Refinery Company shall be—

(*a*) the creation and development in Australia of the industry of refining mineral oil;

(*b*) the erection equipment and operation of a modern refinery or refineries in Australia for refining mineral oil;

(*c*) the sale and disposal of the products of refining mineral oil; and

(*d*)such other objects necessary or incidental to or expedient for the aforesaid objects as shall be approved by the Commonwealth and the Oil Company and set forth in the Articles of Association.

5. The technical and commercial management of the Refinery Company shall be left entirely in the hands of the Refinery Company.

6. The Refinery Company shall forthwith after registration erect equip and operate in Australia a modern refinery.

The Oil Company will, until the Refinery is in operation, use its best endeavours to secure adequate supplies of oil products to Australia at reasonable prices.

7. For the purposes of this Agreement the term “indigenous oil” shall mean crude mineral oil obtained in the Commonwealth of Australia or in any Territory of or under the authority of the Commonwealth or in any place over which the Commonwealth has a mandate.

8. The Commonwealth shall supply to the Refinery Company indigenous oil for refining up to Two hundred thousand (200,000) tons per annum as it becomes available to the Commonwealth.

The Schedule—*continued.*

9. Until indigenous oil is available to the Commonwealth the Oil Company shall supply the Refinery Company with such quantity of crude mineral oil as it requires for refining but not exceeding Two hundred thousand (200,000) tons in any one year.

10. After indigenous oil is available to the Commonwealth if the supply thereof is less than Two hundred thousand (200,000) tons per annum the Oil Company shall supply the Refinery Company with such quantity of crude mineral oil as it requires for refining to make up a total of Two hundred thousand (200,000) tons for refining per annum.

11. The price payable by the Refinery Company to the Commonwealth and to the Oil Company respectively for indigenous oil and for crude mineral oil shall from time to time be fixed by agreement between the Commonwealth and the Oil Company and shall be based upon the contents of the oil.

12. The price payable by the Refinery Company for crude mineral oil shall be a price f.o.b. at the port of shipment and the price paid to the Oil Company for crude mineral oil shall not exceed the price f.o.b. paid by the British Government to the Oil Company for crude mineral oil. The Oil Company shall make all arrangements for freight at current rates to the port of discharge in Australia in respect of crude oil supplied by the Oil Company, provided that the Commonwealth shall have the option of making the freight arrangements if it can do so at a lower rate, and the Commonwealth shall make all arrangements for freight at current rates in respect of indigenous oil.

13. (*a*)The price payable by the Refinery Company for crude mineral oil shall whenever fixed as aforesaid continue at that fixed rate for a period of two years.

(*b*) The price for the first period of two years shall be fixed at least three months before the estimated date of completion of the first refinery.

(*c*) The price for each subsequent period of two years shall be fixed at least three months before the expiration of the then current period of two years.

13a. The Refinery Company shall sell its oil products at such prices as are fair and reasonable.

14. In order to insure the full success and development of the oil-refining industry in Australia the Commonwealth will so long as the prices charged by the Refinery Company for products of refining are considered by the Commonwealth fair and reasonable but not further or otherwise—

(*a*) exercise or cause to be exercised such statutory and administrative powers as it deems advisable to prevent dumping and unfair competition by importers of refined oil from other countries;

(*b*) refund to the Refinery Company any Customs duty paid by the Refinery Company upon the importation into Australia of crude mineral oil purchased from the Oil Company and refined in Australia by the Refinery Company; and

(*c*) cause to be introduced into the Parliament of the Commonwealth and supported as a Government measure a Bill providing for the imposition of Customs duties on crude mineral oil whenever in its opinion such action is necessary’ or advisable to prevent unfair competition with the products of crude oil refined in Australia by the Refinery Company.

15.—(*a*) Neither the Commonwealth nor the Oil Company shall sell or pledge or in any manner whatsoever dispose of or traffic in its interest or holding in the Refinery Company or any part thereof without the previous consent in writing of the other nor shall either the Commonwealth or the Oil Company sell or dispose of any portion of its interest or holding in the Refinery Company without first giving to the other full particulars in writing of the interest or holding affected and the full terms of the proposed transaction.

(*b*) If the proposed transaction is a sale for cash, the Oil Company or the Commonwealth, as the case may be, shall have the option of purchasing from the other at the proposed sale price the interest or holding proposed to be sold.

(c) If the proposed transaction is a disposition other than a sale for cash, the Oil Company or the Commonwealth, as the case may be, shall have the option of purchasing from the other at a valuation made in accordance with clause (16.) (*c*) of these presents, the interest or holding proposed to be disposed of.

(*d*) Theoption given by this clause must be exercised within one calendar month from the date upon which particulars of the proposed transaction are given as provided in paragraph (*a*) of this clause.

The Schedule—*continued.*

16.—(*a*) The Commonwealth shall have the option of purchasing the whole of the Oil Company’s interest or holding in the Refinery Company at the expiration of fifteen (15) years from the completion of the first refinery. Two years’ previous notice in writing of intention to exercise this option shall be given by the Commonwealth to the Oil Company.

(*b*) If any steps are taken to liquidate or wind up or reconstruct the Oil Company notice of such steps shall be given forthwith by the Oil Company to the Commonwealth and the Commonwealth shall have the option of purchasing the whole of the Oil Company’s interest or holding in the Refinery Company within one calendar month from the date upon which such notice is given.

(*c*) The purchase price for the Oil Company’s interest or holding under this clause shall be determined by a valuation made by two independent valuers one appointed by the Commonwealth and the other by the Oil Company and such valuers shall have power in case of disagreement to appoint an umpire approved by the Commonwealth and the Oil Company and the umpire’s decision shall be final and conclusive.

(*d*) The obligations of the Oil Company under clauses (9.) and (10.) of these presents to supply crude oil to the Refinery Company shall cease and determine as from the date upon which the Commonwealth pursuant to this clause purchases and becomes the owner of the whole of the Oil Company’s interests and holding in the Refinery Company but without prejudice to any then existing right of either party.

(*e*) Should the Commonwealth not exercise the option conferred upon it by sub-clause (*a*) of this clause the Oil Company may at any time after the expiration of fifteen years from the completion of the first refinery give to the Commonwealth two years’ notice in writing of its desire to be relieved from the obligations imposed upon it by clauses (9.) and (10.) of these presents and upon the expiration of the two years specified in the notice the obligations of the Oil Company under the said clauses (9.) and (10.) to supply crude oil to the Refinery Company shall cease and determine.

17. The Oil Company shall be appointed, and shall (so long as the Oil Company retains its full interest in the Refinery Company) act as marketing agent of the Refinery Company for the sale outside the Commonwealth and its territories of products of the Refinery Company and shall be paid by the Refinery Company a commission of ten per centum (10%) on the gross sales.

18. The Oil Company shall—

(*a*) forthwith register itself as a company doing business in Australia; and

(*b*) at all times have and maintain a registered office and a representative in Australia to receive service on behalf of the Oil Company of legal process and of notices and other communications under these presents; and

(c) from time to time notify the Commonwealth in writing of the address of its registered office and of the name of its representative and of any change of its address or representative.

19. Any notice communication opinion agreement approval or other matter or thing to be given made expressed or done by the Commonwealth under these presents shall be deemed to have been duly given made expressed or done if given made expressed or done in writing signed on behalf of the Commonwealth by or on behalf of the Prime Minister of the Commonwealth and delivered to or posted by prepaid post addressed to the Oil Company at the address of its registered office in Australia.

20. Any notice communication agreement approval or other matter or thing to be given made expressed or done by the Oil Company under these presents shall be deemed to have been duly given made expressed or done if given made expressed or done in writing signed on behalf of the Oil Company by its representative in Australia and delivered to or posted by prepaid post addressed to the Prime Minister at his official address at the Seat of Government of the Commonwealth.

21. Any delay or disability in the carrying out of this Agreement arising directly from the act of God, war, restraints of Princes, strikes or locks-out of workmen, or other industrial disturbances, shall not entitle any party to damages or to a cancellation of this Agreement, but this Agreement shall, to the extent of such delay or disability, be deemed to be suspended and shall forthwith come into full force and effect when such delay or disability shall have ceased.

The Schedule—*continued.*

22. In the event of any disagreement between the Commonwealth and the Oil Company as to the meaning of any clause hereof or touching any matter arising out of the same or connected therewith (other than the purchase price to be paid by the Commonwealth for any interest or holding of the Oil Company in the Refinery Company) the matter in dispute shall be referred to one arbitrator mutually selected or failing mutual selection shall be determined by arbitration under the *Arbitration Act* 1915 of the State of Victoria or any amendment thereof for the time being in force.

In witness whereof the parties hereto have executed these presents the day and year first above-mentioned.

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| Signed sealed and delivered by William Morris Hughes the Prime Minister of the Commonwealth of Australia for and on behalf of the said Commonwealth in the presence of— | W. M. HUGHES (L.S.) |
| R. R. GARRAN. |
| Signed sealed and delivered by Major Walter Loraine Wilberforce Bird the Attorney under Power of the Anglo - Persian Oil Company Limited for and on behalf of the said Company’ in the presence of— | W. L. W. BIRD (LS) |
| T. J. GREENWAY. |