

**WUNDOWIE WORKS
MANAGEMENT AND FOUNDRY
AGREEMENT.**

No. 10 of 1966.

**AN ACT to approve an Agreement made between
The State and A.N.I. Australia Pty. Limited
and for purposes connected therewith.**

[Assented to 5th October, 1966.]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and the Legislative Assembly of Western Australia, in this present Parliament assembled, and by the authority of the same, as follows:—

Short title.

1. This Act may be cited as the *Wundowie Works Management and Foundry Agreement Act, 1966.*

Commence-
ment.

2. This Act shall come into operation on the day the Wood Distillation and Charcoal Iron and Steel Industry Act Amendment Act, 1966, comes into operation.

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3. In this Act, unless the contrary intention appears— Interpre-
tation.

“the Agreement” means the Agreement a copy of which is set forth in the Schedule to this Act, and if the Agreement is amended in accordance with its provisions, includes the Agreement as so amended from time to time;

“the Management Company” has the same meaning as that expression has in the Agreement.

4. The Agreement is approved.

Approval of
Agreement.

5. The Management Company is empowered and shall, subject to the Agreement do all such things as the Agreement provides the Management Company will do. Management
Company
to comply
with
Agreement.

SCHEDULE.

Section 3.

THIS AGREEMENT UNDER SEAL made the 24th day of June One thousand Nine hundred and Sixty-six BETWEEN THE HONOURABLE DAVID BRAND, M.L.A., Premier and Treasurer of the State of Western Australia acting for and on behalf of the said State and Instrumentalities thereof from time to time (hereinafter called “the State”) of the One part AND A.N.I. AUSTRALIA PTY. LIMITED a Company duly incorporated under the Companies Act, 1961 of the State of New South Wales and having its Registered Office and principal place of business in that State at Birnie Avenue, Lidcombe, and being registered as a foreign company in the State of Western Australia and having its registered office in that State at 265 Great Eastern Highway, Rivervale, (hereinafter called “the Company”, which expression includes the successors and permitted assigns of the Company) of the Other part WHEREAS:

- (a) Pursuant to the Wood Distillation and Charcoal Iron and Steel Industry Act, 1943, the State has established maintained and carried on at Wundowie in the said State certain works plant and other undertakings in connection with certain processes of wood distillation and the production of charcoal iron and steel and the sale of products derived from the carrying on of the said works plants and other undertakings

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- (b) At the request of the State the Company has agreed to accept responsibility for the management of the said works on and from the First day of July, One thousand Nine hundred and Sixty-six for the period and subject to the terms and conditions hereinafter appearing
- (c) It is a fundamental term of the arrangement hereby constituted:
 - (i) That the State grants to the Company a lease or leases of land to enable the Company to establish maintain and carry on within the precincts of the Wundowie Works a foundry and other activities having a basic requirement for hot metal upon the terms and subject to the conditions set out in Part III of this Agreement; and
 - (ii) That the State grants to the Company or its nominee an option to purchase the Wundowie Works upon the terms and subject to the conditions set out in Part IV of this Agreement.

NOW THIS AGREEMENT WITNESSETH AND IN CONSIDERATION of the mutual agreements contained herein IT IS HEREBY AGREED AND DECLARED as follows:—

PART I—PRELIMINARY

Interpre-
tation.

1. In this Agreement unless the context shall otherwise require, the following terms shall have the following meanings:—

- “agree” or “agreed” means agree or agreed in writing as the case may be;
- “approval” or “approve” means approval or approve in writing as the case may be;
- “Board” means the Charcoal Iron and Steel Industry Board of Management constituted under and for the purposes of the Steel Act;
- “Companies Act” means the Companies Act, 1961 of the said State;
- “consent” means consent in writing;
- “demised premises” means the land the subject of the special lease or leases to be granted under Part III hereof;
- “finished foundry product” means a casting which is machined or otherwise further processed by the Industry or the Foundry or the Company or any subsidiary of the Company or a casting which is mass produced for sale generally and not exclusively made to the order of a particular customer;

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"Forests Act" means the Forests Act 1918 of the said State;

"Foundry" means the demised premises and all buildings, erections, and works thereon, and all plant and equipment installed in or situate thereon and the business so carried thereon by the Company;

"Industry" means the State's Wundowie works;

"interest at bank rate" or "bank rate" means interest at the rate from time to time payable by the Industry on bank overdraft accommodation or if there is no such interest payable by the Industry means interest at the rate of $6\frac{1}{4}\%$ per annum;

"Land Act" means the Land Act 1933 of the said State;

"Mining Act" means the Mining Act 1904 of the said State;

"Minister" means the Minister for Industrial Development in the Government of the said State, his successors in office or other the Minister for the time being responsible under whatsoever title for the administration of industrial development in the said State;

"Management Company" means the company formed or to be formed by the Company pursuant to Clause 2 hereof to manage the works pursuant to Part II hereof in place of the Company during the transition period;

"Month" means calendar month;

"notice" means notice in writing;

"person or persons" include bodies corporate;

"public authority" means any Minister of the Crown acting in his official capacity as Minister, Department of the Public Service of the said State, State Trading concern, State instrumentality or agency of the Crown in right of the State;

"Ratifying Act" means the Act to ratify this Agreement and referred to in Clause 2 hereof;

"Standard specification" in relation to hot metal means hot metal having the following specification—

Carbon—4.5% max.

Silicon— $\frac{1}{2}\%$ min. to $1\frac{1}{2}\%$ max.

Manganese—1.0% max.

Phosphorus—0.1% max.

Sulphur—0.05% max.

and in relation to pig iron means pig iron of a specification comparable to B.H.P. pig iron grade F.115;

"Steel Act" means the Wood Distillation and Charcoal Iron and Steel Industry Act 1943 of the said State;

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“subsidiary company” means a subsidiary company of the Company within the meaning of Section 6 of the Companies Act;

“this Agreement” “hereof” “hereunder” and “hereto” includes this Agreement as from time to time added to varied or amended;

“the said State” means the State of Western Australia;

“transition period” means the period from the 1st July 1966 to the date of passing as Acts of the Bills referred to in Clause 2 hereof;

“Wundowie Agreement Act” means the Wundowie Charcoal Iron and Steel Industry Agreement Act 1965 of the said State;

“Wundowie Works” means the works plant and undertakings or any part thereof established maintained and carried on under the authority of the Steel Act and the business so carried on in or about those works, plant and undertakings for the purposes therein mentioned and all real and personal property held under the authority of the Steel Act;

Reference in this Agreement to an Act shall include the amendments to such Act for the time being in force and also any Act passed in substitution therefor or in lieu thereof and the regulations for the time being in force thereunder;

marginal notes or headings shall not affect the interpretation or construction hereof;

Formation of
management
company.

2. (1) The Company shall:

(a) prior to 1st July 1966 and in accordance with the Wundowie Agreement Act form and register under the Companies Act a subsidiary company as the Management Company for the purpose of managing the Wundowie Works in place of the Company during the transition period pursuant to this Agreement but otherwise on the terms and conditions set out in Part II hereof.

(b) from time to time to ensure that the Management Company is provided with sufficient funds and staff to enable the Management Company to perform its duties and obligations under this Agreement.

(2) The State shall:

(a) introduce and sponsor in the Parliament of the said State a Bill to ratify this Agreement, and also a Bill to amend the Steel Act to the extent necessary in the opinion of the Minister to give effect to or for the better carrying out of this

Ratification.
Operation
and
obligations
during
transition
period.

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Agreement and in particular to alter the constitution of the Board to a membership of three, one of whom shall be nominated by the Minister and the remaining two of whom shall be nominated by the Company and to provide that the Company shall have power to appoint the Chairman and to appoint deputies in the case of illness inability or absence of any of the Company's nominees to the Board and shall endeavour to secure the passage of such Bills prior to the 31st day of December, 1966;

- (b) during the transition period to the extent reasonably necessary for the purposes of Part III of this Agreement allow the Company to enter upon the land the subject of Reserve No. 22605 and Avon Locations 24008, 24009, 24010, 24011, 24012 and 24013 and survey possible sites for the Foundry and carry out preliminary planning therefor and also carry out such interim development work thereon as the Minister may approve.

(3) Parts III and IV of this Agreement shall be deemed a separate agreement and shall not operate unless and until the Bills referred to in paragraph (a) of subclause (2) of this clause are passed as Acts before the 31st December 1966 or such later date (if any) as the parties hereto may mutually agree upon in writing. If the Bills are not so passed before that date or later date (as the case may be) the remainder of this Agreement will then cease to operate and subject as hereinafter provided neither of the parties hereto will have any claim against the other of them with respect to any matter or thing arising out of done or performed or omitted to be done or performed under this Agreement provided that the Company shall cause the Management Company to account to the State for its management of the Industry under Part II hereof during the transition period and subject thereto the Management Company shall be entitled to a proportionate part of its annual fee for and to be re-imbursed for all out-of-pocket expenses reasonably incurred by it in such management during the transition period, and the State shall compensate the Company for any expenditure incurred by the Company with the consent of the Minister in the development of the Foundry and shall have the benefit of the goods and the result of the services for which such expenditure was incurred.

(4) If the Bills referred to in Clause 2 hereof are passed as Acts before the date or later date (if any) referred to in subclause (3) of this clause the following provisions of this

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clause shall notwithstanding any other Act or law thereupon operate and take effect namely:—

- (a) This Agreement shall operate and take effect according to the tenor thereof as though the same had been brought into force as from the 1st day of July 1966 and had been enacted by the Ratifying Act.
- (b) Subject to paragraph (a) of this subclause the State and the Minister respectively shall have and shall be deemed to have had all the powers discretions and authority necessary or requisite to enable them to enter into this Agreement and exercise carry out and perform the powers discretions authorities and obligations conferred or imposed upon them respectively hereunder.
- (c) Upon the termination of the transition period the management of the Wundowie Works shall vest exclusively in the Company with the rights and obligations thereof and shall be deemed to relate back to and take effect from the first day of July 1966.

PART II—MANAGEMENT.

**Appoint-
ment.**

3. On the terms of this Agreement and subject to Clause 26 hereof and subject to the Minister and under the Board, the Company (which term in this Part shall mean either the Company or the Management Company as the case may be pursuant to this Agreement) shall be appointed by the Board as sole and exclusive manager of the Industry for a term of ten years commencing on the 1st July 1966 and thereafter (subject to the option of renewal hereinafter contained) until either the State or the Company shall terminate the appointment by giving to the other party hereto at least six months notice of its intention so to do.

**Powers of
manager.**

4. (1) Subject to the Minister and under the Board the Company shall have and may exercise all powers of management of the Industry and without in any way limiting or restricting the generality of the foregoing, the Company shall have control in all aspects of management of the Industry and shall have a duty to manage the Industry in a proper and efficient manner and will use its best endeavours to do all things necessary to improve the profitability of the Industry and reduce its losses and shall in addition have and perform the following powers duties and functions, that is to say:

- (a) the management, control and direction of all officers, servants and agents employed or engaged in or by the Industry in the performance of their duties including the

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determination of salaries wages and fees and conditions of employment including the subsidising and/or rationalising of rentals payable for housing.

- (b) the purchase of goods and services for the purposes of the Industry in the name of the Industry for cash or on terms subject however to the provisions of paragraph (h) of this subclause.
- (c) the sale of the Industry's products and services for cash or on terms in any market and the fixing of prices for the Industry's products except that any prices so fixed for sale of Wundowie pig iron to foundries in the said State shall not be less than 90% of the minimum price payable by foundries in the said State for pig iron comparable to B.H.P. pig iron grade F.115.
- (d) the making and entering into contracts in the name of the Industry in connection with the carrying on of the Industry.
- (e) the opening and operating of a bank account or accounts in the name of the Industry.
- (f) the borrowing of money for the purposes of the Industry from any source and the giving of security therefor including the making of arrangements for bank overdraft accommodation on security of the Industry's assets.
- (g) the sale of surplus assets of the Industry for cash or on terms and the fixing of prices for the same provided that the Company shall not without the prior consent of the Minister sell any asset having a written down value exceeding \$10,000.
- (h) the purchase of buildings plant or equipment for the purposes of the Industry for cash or on terms provided that the Company shall not have the power without the prior consent of the Minister to make any such purchase the cost of which exceeds \$40,000 or which is not capable of being financed from funds employed in or available to or generated within the Industry.
- (i) the making and enforcement of claims and demands for the Industry and the defending settling or compromising of claims and demands against the Industry.
- (j) the insuring with the State Government Insurance Office or other Insurance Office approved by the Minister of the Industry's assets and against liability of the Industry in respect to employees, persons and property.

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- (k) the negotiating with public authorities or municipal local or other semi-governmental authority in respect of matters affecting the Industry.
- (l) the incurring in the name of the Industry of expenses necessary in the conduct of the Industry.
- (m) the payment to itself from the funds of the Industry of such moneys as it may be entitled to receive pursuant to this Agreement as management fee.
- (n) the reimbursing of itself from the funds of the Industry for expenditure properly incurred on behalf of the Industry in its performance of this Agreement; and
- (o) the appointing of dealers, distributors and/or agents in the Commonwealth of Australia and throughout the world for the advancement of the Industry and the arranging of their remuneration IT BEING ACKNOWLEDGED by the State that benefits would flow to the Industry by the integration of its marketing activities with the existing selling organisation within the Company and its associated or subsidiary companies and the Company may therefore appoint for such purpose the Company itself or any of its subsidiary or associated companies.

Powers of Board and delegation.

(2) The Board shall be deemed to have all the powers conferred on the Company by the preceding subclause of this clause with authority to delegate the same to the Company for the purposes of this Agreement and the Board is hereby deemed to have delegated such powers to the Company accordingly.

Remuneration of manager.

5. (1) The Company shall be entitled to the following remuneration for its services hereunder, namely—

- (a) for the first year a fee of Thirty-five thousand Dollars (\$35,000) reducing by Seven thousand Dollars (\$7,000) each year thereafter, plus
- (b) twenty per cent. (20%) of the improvement in trading result of each year of the Company's management over the adjusted trading result of the year 1965-66 (hereinafter referred to as the "base year") plus
- (c) the amount by which the remuneration calculated pursuant to paragraphs (a) and (b) of this subclause is less than \$15,000 in any year.

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(d) for the purposes of this clause as soon as possible after the trading result of the base year is ascertained, such result shall be adjusted to the extent necessary to give effect to each of the following:

- (i) The result shall be increased or decreased as the case may be to the extent necessary to bring the amount for depreciation and/or amortisation included therein for assets at 30th June, 1964 of \$3,007,102 (such assets being those listed in the "Plant Schedule" hereafter contained) and of assets purchased after 30th June, 1964 into line with rates which would have been allowed a taxpayer (by prime cost method) by the Federal Commissioner of Taxation (exclusive of any deduction pursuant to Sec. 62AA of the Income Tax Act).
- (ii) The result shall be increased or decreased as the case may be to the extent necessary to bring the amount included therein for interest paid to the State on its Loan Funds (not being interest paid or payable in respect of overdraft accommodation to the Industry's bankers) into line with interest at the rate of $6\frac{1}{4}\%$ p.a. on Funds employed at quarterly rests during the year ended 30th June, 1966, such Funds employed being the sum of Capital Account No. 1, Government Loan, and Industry Provision Account No. 1 (as hereinafter defined) had the Industry Funds been so apportioned at all the relevant dates. For the purposes of this subparagraph and subparagraph (i) of paragraph (a) of Clause 8 hereof the expressions "overdraft accommodation" and "bank overdraft" shall mean the difference between the amount showing in the Industry's accounts as owing by the Industry on its overdrawn banking account with the Treasury of the State and the amount referred to in subparagraph (iv) of paragraph (a) of Clause 8 hereof.
- (iii) The result shall be increased or decreased as the case may be so that it will bear a proper charge for that year in respect of policies to be agreed on for the proper and prudent provision for losses of any nature, expenses, contingencies, liabilities whether incurred or accruing maintenance of Industry assets and without limiting the

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generality thereof shall include the making of provisions for plant maintenance and rebuilding wastage of assets loss in value of stocks and stores due to deterioration, obsolescence or otherwise bad and doubtful debts and accruing or accrued employee benefits and for the giving effect to a policy to be agreed on in regard to the extent and type of expenses (if any) which may be capitalised and if capitalised, the rate of their amortisation.

(e) for the purposes of this clause the trading result (exclusive of any management fee) of any year of the Company's management shall be adjusted to give effect to each of the following:

(i) The result, if a profit, shall be reduced by the amount of depreciation and/or amortisation of the year charged to Industry Provision Account No. 1 and, if a loss, the result shall be increased thereby.

(ii) The result shall be increased or decreased as the case may be to the extent necessary so that the interest paid or payable to the State (not being interest paid or payable on Overdraft Account) is equal to interest at bank rate on the Capital Account No. 1 and Government Loan and Industry Provision Account No. 1 as hereinafter defined.

(iii) The result shall be increased or decreased as the case may be to the extent that proper charges for that year relating to policies agreed on pursuant to sub-paragraph (iii) of paragraph (d) of subclause (1) of this Clause have been over or under provided.

(2) The fee payable pursuant to this clause shall be paid monthly as to one twelfth (1/12th) of the amount provided for in paragraph (a) of sub-clause (1) of this clause or One thousand Two hundred and Fifty Dollars (\$1,250) which ever is the greater amount and the balance of such fees (if any) within three (3) months of the close of the financial year. If the Company's appointment shall terminate during the currency of any year ending the Thirtieth day of June, it shall be entitled to a rateable proportion of the management fee it would have received had the appointment continued for the whole of that year.

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6. The Company shall be entitled to be reimbursed by the Industry for all salaries and other related costs (including superannuation) paid to or incurred in respect of any of its salaried officers who may be engaged from time to time by the Company in the Industry. The Company shall not be entitled to be reimbursed for the services of its Managing Director or any other member of its A.N.I. Management Committee made available to the Industry by the Company, but it shall be entitled to be reimbursed for all reasonable out-of-pocket expenses incurred by it in making available their services. The A.N.I. Management Committee referred to herein includes its Managing Director, its General Managers of Manufacturing, Merchandising and Development, its Company Controller, its Company Secretary and its Personnel Manager.

Reimburse-
ment of
Company.

7. The Company shall cause the Industry to keep proper accounts and records of the Industry and to prepare all Balance Sheets, Profit and Loss Accounts, reports and financial statements necessary for the purposes of this Agreement, the Steel Act and the Auditor-General of the said State as required by the Steel Act. The Profit and Loss Accounts prepared hereunder shall be drawn up in accordance with accepted accounting practices and shall include all income profits, costs and expenses arising in the carrying on of the business or arising pursuant to this Agreement which, without limiting the generality thereof shall include:

Accounts.

- (a) depreciation and/or amortisation of assets of the Industry calculated by prime cost method at rates which would be allowable to a taxpayer by the Federal Commissioner of Taxation (exclusive of any allowance pursuant to S.62AA of the Income Tax Assessment Act or other similar allowance) except that the amount charged against profits for depreciation and/or amortisation of any asset owned by the Industry at 30th June, 1964 and listed in the Plant Schedule hereinafter contained shall not exceed 4/15ths of the amount calculated thereon.
- (b) Interest paid or payable pursuant to paragraph (c) of clause 8 hereof and to clause 11 hereof.
- (c) Proper charges in respect of policies agreed on pursuant to subparagraph (iii) of paragraph (d) of subclause (1) of clause 5 hereof.

8. For the purposes of this Agreement the funds employed by the State in the Industry as at the first day of July One thousand Nine hundred and Sixty-six shall be allocated

Finance.

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between three accounts to be known as and hereinafter referred to as "Capital Account No. 1", "Government Loan" and "Industry Provision Account No. 1" in the following manner:

(a) Capital Account No. 1

Subject to adjustment from time to time as hereinafter provided, the Capital Account No. 1 of the Industry shall be a sum of \$800,000 to be credited to the State in the books of the Industry, which account shall be adjusted by adding thereto or subtracting therefrom (as the case may be) the trading profits or trading losses of the Industry for the years ended 30th June, 1965 and 30th June, 1966. In determining the trading profit or loss for the year ended 30th June, 1965 the stock revaluation loss of \$277,682 shall not be included. The Capital Account No. 1 shall also be adjusted by adding thereto—

- (i) The amount by which interest payments to the State (exclusive of interest paid or payable on bank overdraft) in the years ended 30th June, 1965 and 30th June, 1966 exceed the amounts which would have been payable for interest at 6¼% per annum calculated at quarterly rests on the Government Loan had the funds of the Industry been apportioned pursuant to this clause at all relevant dates.
- (ii) The amounts of depreciation and/or amortisation charged in the accounts of the Industry for the years ended 30th June, 1965 and 30th June, 1966 which are in excess of 4/15th of the depreciation and/or amortisation (calculated by prime cost method) which would have been allowed a taxpayer by the Federal Commissioner of Taxation (not including any allowance pursuant to Sec. 62AA of the Income Tax Assessment Act) in each year on any of the assets owned by the Industry at 30th June, 1964 as listed in the Plant Schedule hereinafter contained.
- (iii) The amounts of depreciation and/or amortisation charged in the accounts of the Industry for the years ended 30th June 1965 and 30th June 1966 which are in excess of depreciation and

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amortisation (calculated by prime cost method) on assets purchased since 30th June, 1964 which would have been allowed a taxpayer by the Federal Commissioner of Taxation (not including any allowance pursuant to Sec. 62AA of the Income Tax Assessment Act) in each year.

- (iv) Cash paid by the State to the Industry for Capital Expenditure subsequent to the 30th June, 1964 which the State acknowledges is approximately the sum of \$400,000.
- (v) Subject to Clause 12 of this Agreement the Capital Account No. 1 shall also be adjusted from time to time hereafter by adding thereto or subtracting therefrom profits or losses (as the case may be) of each financial year hereafter commencing with the financial year 1st July, 1966 to 30th June, 1967. The profits or losses referred to shall be the profits or losses disclosed by the audited Profit and Loss Accounts prepared pursuant to Clause 7 hereof.

(b) Industry Provision Account No. 1

The Industry Provision Account No. 1 to be credited to the State in the books of the Industry shall be \$2,207,102.00 less the excess depreciation referred to in subparagraph (ii) of paragraph (a) of this clause. The Industry Provision Account No. 1 shall be charged from 1st July, 1966 with the balance 11/15ths of depreciation and/or amortisation of any assets at 30th June, 1964 calculated pursuant to paragraph (a) of Clause 7 hereof and not charged against profits.

(c) Government Loan

The Government Loan to be credited as such to the State in the books of the Industry shall be the balance of funds employed by the State in the Industry as at the 30th June, 1966 after deducting the aggregate amounts of the Capital Account No. 1 and the Industry Provision Account No. 1. The amount of the Government Loan shall be deemed a loan to the Industry and shall bear interest payable half yearly at bank rate.

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No with-
drawal of
Government
Loan or
profits or
sale of assets
without
consent.

9. Except with the consent of the Company or as provided for in this Agreement the State shall not withdraw from the Industry the Government Loan or any profits of the Industry which may properly be required for the expansion or maintenance of the Industry or dispose of any of the assets of the Industry.

Increase of
capital.

10. The State shall give due consideration to any request by the Company for the State to increase its Capital Account No. 1 by making further capital moneys available to the Industry to provide funds for capital expenditure proposals not capable of being financed from funds available within the Industry.

Loans by
Company.

11. (1) The Company may from time to time advance and make loans to the Industry which shall bear interest at bank rate payable half yearly provided that contemporaneously with the advancing of such a loan the Industry shall repay to the State an equivalent amount of its Capital Account No. 1. The first of any such loans to the Industry by the Company shall be equivalent to not less than 51% of the Capital Account No. 1.

(2) So long as the Government Loan or any part thereof remains owing by the Industry to the State the Company shall not make a loan to the Industry which of itself would have the effect at the time of reducing the Capital Account No. 1 below \$100,000.

(3) Any loans made by the Company to the Industry shall be repaid forthwith on the termination of the appointment of the Company as manager under Part II of this Agreement.

(4) From the date the Company makes the first loan to the Industry pursuant to this clause Capital Account No. 1 shall bear interest at bank rate payable half yearly.

Capital
Account No.
2 and
Industry
Provision
Account
No. 2.

12. As from the time the Company makes a loan to the Industry there shall be established in the name of the State in the books of the Industry two further accounts to be known as and hereinafter referred to as "Capital Account No. 2" and "Industry Provision Account No. 2" and all profits and losses of the Industry thereafter shall be apportioned between such accounts in the same ratio respectively as the Capital Account No. 1 stands to the amount of loans by the Company to the Industry from time to time.

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13. When surplus funds are available within the Industry, the Industry may with the consent of the Minister and the Company:

Application
of surplus
funds.

- (a) repay either wholly or in part the Government Loan; or
- (b) so as not to affect the ratio of the Capital Account No. 1 of the Industry to the amount of any loan from the Company, repay to the State part of its Capital Account No. 1 and repay to the Company part of its loans.

14. In order to assist profitability and development of the Industry so that it may continue to provide employment for the residents of Wundowie the State shall—

Obligations
of the State.

(a) use reasonable endeavours to ensure continuation of the supply of ore from Koolyanobbing deposits pursuant to Clause 12 of the Broken Hill Proprietary Company's Integrated Steel Works Agreement Act, 1960.

Koolyanob-
bing
deposits.

(b) use reasonable endeavours to ensure continuation of the agreement or arrangement with The Broken Hill Proprietary Company Limited whereby that company undertakes to refrain from selling foundry and superior grades of pig iron in the said State.

Sale
Agreement
with B.H.P.

(c) use reasonable endeavours to reserve for the Industry all its rights titles and interests in land including:

Reservations
for Industry
land.

(i) subject to the Land Act and the Steel Act land at Wundowie dedicated for the purposes of the latter Act and having an area of approximately 460 acres;

(ii) subject to the Forests Act permit areas for sawmilling logs (Sawmilling Permit No. 1441);

Forests Act
permits.

(iii) subject to the Forests Act and the rights of other Licensees from time to time licenses to take firewood in the areas listed in the Forests Department Report dated April 1965 at a royalty of 10 cents per ton or such other royalty (not being discriminatory against the Industry) as may be payable under or pursuant to the Forests Act from time to time but no increase in such

Forests Act
licenses.

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royalty shall be made which is proportionately greater than any increase made from time to time hereafter in the B.H.P. capital city prices for foundry pig iron grade F.115 which at the date of this Agreement is \$45.75 per ton.

- (iv) subject to the Forests Act and the rights of other licensees from time to time licenses to take fallen timber on other Crown land within a radius of 25 miles from the town-site of Wundowie.
- (v) nothing contained in the preceding subparagraphs (iii) and (iv) of this paragraph shall restrict the right of the State to alienate any Crown land (as defined in the Land Act) in the normal course of its land development policy from time to time and on such alienation any license or licenses subsisting over such land shall terminate but before proceeding with the alienation of any such land the State will consult with the Company as regards the economic use by the Industry of any timber thereon.

Sandstone and limestone deposits.

- (d) at the request of the Company and subject to the Mining Act and to the extent considered necessary by the Minister for Mines of the said State set aside areas for the mining of sandstone and limestone by the Industry for reasonable use of the Industry where such deposits exist on Crown land and are not subject to any prior claim.

Wells and dams.

- (e) permit the Industry to sink wells or erect dams on Industry land to obtain water.

Option for Company to renew Part II for further period.

15. Provided the Company gives to the State at any time prior to the expiration of the term of Part II of this Agreement an undertaking in writing that the Company will during the further period of ten years hereinafter referred to exercise the option granted to it pursuant to Part IV hereof and provided the Company has performed and observed all the provisions of this Agreement up to the expiration of the said term of Part II hereof, the Company shall have an option of renewal of Part II for a further period of ten years commencing from the date of expiration of the said term on the same provisions as are herein contained (except this option) and such option shall be exercised by notice given by the Company to the Minister at least twelve months prior to the expiration of the said term.

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PART III—FOUNDRY

16. THE State will grant and the Company will accept a special lease or leases under the Land Act of a piece or parcel of land (being so much of the land the subject of Reserve No. 22605 and Avon Locations 24008, 24009, 24010, 24011, 24012 and 24013) as may reasonably be required by the Company for the purpose of the Foundry from time to time for a term or terms expiring on 30th June 1987 and thereafter from year to year at the yearly rental of one peppercorn if demanded and on such terms and conditions as are reasonably required to give effect to the provisions of this Agreement, for the purpose of establishing maintaining and carrying on within the demised premises a Foundry to use the products of the Industry and to have the benefit of an adjacent source of hot metal supply to the Foundry and for the purpose of carrying on such other activities having a basic requirement for hot metal as the Company shall think fit with power for the Company to discontinue at any time any activity which it is unable to carry on profitably.

Lease for
Foundry.

17. (1) Within a period of five years after the passing as Acts of the Bills referred to in Clause 2 of Part I hereof the Company will construct instal and establish on the demised premises a modern mechanised foundry using predominantly new materials plant and equipment (subject to the next succeeding clause hereof) and complete the same at a total cost of not less than \$600,000 of which the Company will expend the sum of \$150,000 on such construction, installation or establishment, before 30th June, 1968.

Company
to construct
foundry.

(2) All buildings plant and equipment (including the buildings plant and equipment purchased by the Company from the State pursuant to the next succeeding Clause hereof) placed constructed or installed by the Company on the demised premises shall be and remain the property of the Company and shall as between the State and the Company be deemed tenants fixtures and be removeable by the Company.

Buildings,
etc., to be
tenants
fixtures.

18. On the demised premises presently are the buildings plant and equipment described in the Schedule hereto which the State hereby agrees to sell and the Company hereby agrees to purchase for the sum of \$15,000 payable on the passing as Acts of the Bills referred to in Clause 2 hereof.

Purchase
from State.

19. As from the date of completion of the Foundry and during the continuance of this Agreement the Company will use its best endeavours to keep the Foundry in full time operation and production.

To keep
Foundry in
operation.

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To pay rates.

20. The Company will pay all Council rates (on an unimproved value basis) in respect of the demised premises and all charges for water and electricity supplied to the demised premises provided such rates or charges shall not be discriminatory against the Company.

Prices for Industry hot metal supplied to Company.

21. During the continuance of this Agreement the Industry shall supply hot metal to the Company and the Company agrees to pay for the same at the prices hereinafter specified.

- (a) For the manufacture of foundry castings (other than finished foundry products) for sale in the said State—and for the manufacture of pig iron at the price per ton of Industry pig iron to standard specification delivered Perth less cost of cartage and pigging.
- (b) For all other purposes including foundry castings for sale outside the said State and finished Foundry products for sale in the said State and elsewhere, at a price per ton calculated as follows:
 - (i) A basic price of \$34 per ton adjusted for any increase or decrease as the case may be in the overall freight costs (rail or road and rail) which after 1st July, 1966 are payable by the Industry for the carriage of ore from Koolyanobbing to Wundowie plus shaker ladle direct costs if a specification other than the standard specification is required. Such basic price is related to the B.H.P. capital city price for Foundry pig iron grade F.115 (which at the date of this Agreement is \$45.75 per ton) and if such B.H.P. price is increased or decreased hereafter the price per ton payable by the Foundry shall be increased or decreased by the same amount; plus
 - (ii) an additional amount per ton in respect of the hot metal supplied for the purposes specified in this paragraph (b) in any year ending the 30th June which will make the total of the prices paid for all hot metal so supplied during such year equal to the amount calculated by multiplying the number of tons of hot metal so supplied by the basic price per ton payable pursuant to the preceding paragraph of this sub-clause and adding thereto an amount equivalent to 25% of the Foundry net profit (if any) before income tax such not

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profit being calculated on the basis that the amount payable for hot metal supplied by the Industry for the purposes referred to in this sub paragraph is the amount paid pursuant to sub paragraph (i) of this paragraph, except that if the Company's investment in the Foundry's fixed assets at cost exceeds \$600,000 the net profit used for the purpose of the calculation shall be first reduced by an amount which after deducting therefrom income tax at company rates, is equal to 10% of such excess provided that such first reduction of profit does not result in the Industry receiving a lesser sum pursuant to this paragraph than the average of the sums it has so received in the three (3) years immediately prior to such investment exceeding \$600,000 or the average of such sums it has so received since 1st July, 1966 to date of such investment exceeding \$600,000 whichever is the lesser period. For the purposes of this paragraph the Company will as soon as possible after 30th June in each year furnish the Minister with a copy (duly audited) of its Balance Sheet and Profit and Loss Accounts relating to the operations of the Foundry for the previous financial year.

22. The Company may return to the Industry scrap metal arising from its operations at the Foundry and the Industry shall receive the same and pay to the Company for such scrap metal the equivalent of Sixty per cent (60%) of the price payable by the Company for hot metal pursuant to sub-paragraph (i) of paragraph (b) of Clause 21 hereof. Scrap metal.

23. (1) The State shall cause the Industry to supply to the Company at the cost to the Industry such existing services of the Industry as are necessary for the proper operation of the Foundry. Industry to supply services to Foundry at cost.

(2) Overhead expenses solely incurred by or on behalf of the Industry or by or on behalf of the Foundry shall be borne by the Industry or the Company as the case may be. Overhead expenses of a joint nature incurred up to 30th June, 1969 shall be borne by the Industry. After 30th June, 1969 such overhead expenses of a joint nature (other than the management fee payable to the Company as manager of the Industry pursuant to this Agreement) shall be apportioned in the ratio of tonnage of relative metal sales by the Industry to the Foundry pursuant to paragraph (b) of Clause 21 hereof and by the Industry to other purchasers including other sales to the Foundry made Overhead expenses.

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pursuant to paragraph (a) of Clause 21 hereof. For the purposes of this sub clause overhead expenses of a joint nature shall not include any expenses properly apportioned by the Industry to its secondary activities such as sawmilling and chemical manufacturing and such other activities as the parties hereto agree from time to time.

Metal
supplied to
Foundry.

24. (1) Hot metal supplied to the Foundry pursuant to this Agreement shall be ex blast furnace or ex shaker ladle and shall be delivered to the Company's requirements and specifications.

(2) The Company for the purpose of the Foundry shall have the first right at all times of purchase of Industry hot metal except that the Company will not have such right over hot metal equivalent to 40% of the hot metal produced or the average tonnage required in the previous three years for the Industry sales of pig iron made at a premium to buyers outside the Commonwealth of Australia whichever is the lesser without compensating the Industry for any loss. The loss referred to being the net return to be foregone by the Industry over and above the price it will receive for the hot metal pursuant to Clause 21 hereof and any relief from overheads it receives after 30th June 1969 pursuant to subclause (2) of Clause 23 hereof. The compensating of the Industry referred to in this Clause visualizes a loss to the Industry if the Company exercises its prior right to purchase the bulk or all hot metal. Therefore, if such sales made at a premium in the previous period of twelve (12) months and/or the anticipated sales to be made at a premium in the foreseeable future (with which anticipated sales the State agrees) are considerably less than the average referred to above, then the compensation payable to the Industry will be reduced accordingly.

(3) Notwithstanding the preceding subclauses of this Clause the Company shall continue the policy of the Industry to cater for and supply the needs for pig iron of other foundries in the said State provided that the Company shall be entitled to discontinue such policy upon first giving two years notice to the Minister of its intention so to do.

Carrying on
business of
Foundry
through
subsidiary or
partnership.

25. (1) The Company may carry on the business of the Foundry in its own right or at any time or from time to time through a subsidiary company or subsidiary companies or a division or divisions of such company or companies.

(2) The Company shall be entitled if it so decides and provided it retains a majority interest to take in a partner or partners in the business of the Foundry in which event reference to the Company in this Agreement shall be deemed to include such partner or partners.

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26. The State shall have the right to act as follows but:

If State
closes
Industry
down.

(a) (i) In the event of the State closing down the operations of the Industry (of which event and without affecting the obligations of the State under the next succeeding subparagraph at least twelve months notice shall be given to the Company) or in the event of the Company terminating this Agreement pursuant to paragraph (c) of Clause 39 hereof, purchase from the Company such of the assets of the Foundry at their depreciated value for income tax purposes at the date thereof as the Company may require except that if the Industry so ceases its operations because it is unable to carry on without incurring substantial losses the extent to which the Company may require the State to purchase Foundry assets depreciated as aforesaid shall not exceed \$600,000 or such other sum as the Minister may have approved.

(ii) Not close down the operations of the Industry without first giving the Company sufficient notice as will enable the Company to fulfil such of its then existing contracts for the sale of foundry products as are dependant on the continuing operations of the Industry or to fulfil such other contracts necessarily made in the conduct of its foundry provided that the length of notice required to be given by the State under this subparagraph shall be not more than three years unless in the case of a long term contract the Minister has previously agreed in writing to an extension of the period of such notice for the purposes of such contract.

(b) Not sell the Industry or any part thereof to a purchaser other than the Company or its nominee or enter into a partnership with any other person firm or corporation for the carrying on of the Industry without requiring the purchaser or such partnership as the case may be to first purchase the Foundry assets of the Company (if it is desirous of selling the same) at prices to be mutually agreed. Failing agreement or if the Company does not desire to sell the said assets the State shall take such steps as are necessary to protect the interest of the Company to the extent that the Company shall continue to receive the full benefit of this Agreement.

If State
wishes to sell
Industry.

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Housing.

27. (1) Subject to the next succeeding Clause hereof and subject to the Company satisfying the Minister for Housing of the said State as to the need for the same the State will arrange for the Borrowing Authority as defined in the next succeeding Clause hereof to build in the township of Wundowie 80 houses in addition to those which would be built annually in the normal development of the township over a six year period from the first day of January 1967 according to the following programme:—

1st year	....	....	....	....	....	....	....	....	10
2nd year	....	....	....	....	....	....	....	....	10
3rd year	....	....	....	....	....	....	....	....	15
4th year	....	....	....	....	....	....	....	....	15
5th year	....	....	....	....	....	....	....	....	20
6th year	....	....	....	....	....	....	....	....	10

and as and when each new house is completed and ready for occupation and each old house becomes vacant (and on future vacancies occurring) to give a first offer of a tenancy to persons who are employees of the Industry or the Company and who are nominated by the Company.

(2) If a house is not occupied by a tenant within seven days after notice given by the State Housing Commission to the Company that the same is ready for occupation the Company shall be responsible for the rent of same until occupied by a tenant or until the Company by seven days notice to the said Commission informs the said Commission that it does not wish to nominate a tenant for such house.

Funds for housing.

28. (1) The State may in its discretion introduce legislation to enable the Industry or a Trust (to be constituted) or some other authority either existing or to be formed (hereinafter called "the Borrowing Authority" which term shall mean the Industry Trust or other authority as the case may be) to raise loans guaranteed by the State for the purpose of building rental houses at Wundowie. If the Company consents to the terms and conditions of the loans and if the terms and conditions of such loans result in the rent charged or to be charged for such houses exceeding the economic rent which would have been charged by the State Housing Commission for houses built by the said Commission out of its funds the excess shall be paid by the Industry and the Foundry in proportion to the total number from time to time at Wundowie of rental houses (whether built or to be built out of such loans or out of the funds of the said Commission) occupied by tenants employed in the Industry and the total number of tenants of such last mentioned houses employed in the Foundry.

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(2) The houses built out of any loans raised by the Borrowing Authority shall be managed by the said Commission or other authority appointed by the Minister in the same manner and on the same terms and conditions as are applicable to the said Commission's rental houses at Wundowie.

(3) The Company will use its best endeavours to arrange for a lender to make loans to the Borrowing Authority on terms acceptable to the State of sufficient funds to enable the Borrowing Authority to carry out the house building programme mentioned in the next preceding clause hereof. In the event that the Company is unable to arrange such loans the State will use all reasonable endeavours to assist in raising the necessary funds for the purpose aforesaid.

29. The parties hereto acknowledge that one of the purposes of this Agreement is to preserve a decentralised industry and foundry at Wundowie and with that intent the State undertakes to use reasonable endeavours from time to time to compensate the Industry and the Foundry for the disadvantage of decentralisation to the extent considered necessary by the Minister.

Decentralisation.

30. The Company at all times shall be entitled to full and free right of access to and from the demised premises by and through the various roads and means of access through the Industry as may be necessary or convenient for the purposes of the Foundry.

Access.

31. (1) The State ACKNOWLEDGES that it is a fundamental term of the arrangement hereby constituted that the establishment by the Company of the Foundry is to obtain a source of hot metal so that the Company's products may be sold competitively at a profit in all markets and that it will not impose any discriminatory restrictions or prohibitions either express or implied on the Company during the continuance of this Agreement which will affect or prejudice this fundamental term.

Fundamental term.

(2) Subject to the prior approval of the Minister the Company may establish maintain and carry on on its own behalf or with a partner at Wundowie activities not having a basic requirement of hot metal which it can conveniently operate and the Company may discontinue any such activities and subject to the approval of the Minister for Lands of the said State and if so required by the Company the State will grant a special lease under the Land Act of suitable land to the Company for such activity at a reasonable rental and on such terms as are reasonable and usual

Other activities.

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for a lease of such nature and shall supply such services to the extent that they are available and reasonably required by the Company at cost. In the event of the Company establishing such an activity it will bear a reasonable share of the overhead expenses referred to in subclause (2) of Clause 23 of this Agreement PROVIDED HOWEVER that any such activity shall be excluded from the meaning of "Foundry" pursuant to this Agreement.

Effect of termination of appointment of Company as Manager.

32. Except as otherwise provided in this Agreement the termination of the appointment of the Company as the manager of the Industry under Part II of this Agreement shall not affect the remainder of this Agreement or any lease permit or license granted pursuant hereto.

PART IV—OPTIONS OF PURCHASE

Option for Company to purchase Industry.

33. Subject as hereinafter mentioned the State hereby grants to the Company or its nominee an option to purchase the Industry in the manner hereinafter stipulated at any time during the continuance of the term (or renewed term as the case may be) of the Company's management of the Industry pursuant to Part II of this Agreement and such option shall be exercisable by notice to the Minister accompanied by a bank cheque in favour of the State for ten per cent. of the purchase price (as then estimated by the Company) on account of the purchase price. The option to purchase may only be exercised by the Company or its nominee if the Capital Account No. 1 of the Industry as defined in Part II of this Agreement is reduced below One hundred thousand dollars (\$100,000).

34. (1) Upon receipt by the Minister of the notice exercising the option the accounts of the Industry shall be made up to the date of such receipt and the Capital Account No. 1, Capital Account No. 2, Industry Provision Account No. 1 and Industry Provision Account No. 2 as defined in Part II of this Agreement shall be adjusted in accordance therewith and the State will carry into effect the following at the expense of the Company:—

- (a) Incorporate a company (company A) under the Companies Act which shall purchase the Industry in exchange for shares in its capital of a par value equal to the aggregate of the amounts standing to the credit of the said Capital Account No. 1, Capital Account No. 2, Industry Provision Account No. 1 and Industry Provision Account No. 2 adjusted as aforesaid
- (b) Incorporate a company (company B) under the Companies Act which will purchase all the shares in the capital of company A in exchange

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for shares in the capital of company B at a par value equal to the aggregate of the amounts standing to the credit of the said Capital Account No. 1 and the said Capital Account No. 2 adjusted as aforesaid.

(2) (a) Following the completion of the above transactions the Company or its nominee will purchase the whole of the shares in the company B from the State at a price determined in accordance with paragraph (b) of this subclause and the payment of the balance of purchase moneys (with interest at bank rate thereon computed from the date of receipt of the notice exercising the option) shall be made at the expiration of six months from the date of such receipt in exchange for transfers of the shares in company B in favour of the Company and subject to such payment company A shall be deemed to have conducted the Industry for its own benefit and at its own expense as from the date of receipt of the notice exercising the option.

(b) The price to be paid for the shares in the capital of company B shall be their par value or \$800,000 (less any sum which may have been paid to the State out of Capital Account No. 1 during the continuance of this Agreement) whichever is the greater provided that in the event of the State giving notice pursuant to Clause 26 hereof to close down the Industry the price to be paid for the shares shall be their par value.

(c) Simultaneously with payment of the balance of the purchase moneys the Company shall pay to the State the Government Loan and interest at bank rate thereon to date of payment and such payment shall be a condition precedent to delivery by the State to the Company of the shares in company B referred to in paragraph (a) of this Subclause.

(3) Upon incorporation of the company A as hereinbefore provided the State undertakes to assign transfer and/or take such other action as may be necessary to preserve for company A all concessions, rights, exemptions, arrangements and privileges enjoyed by the Industry other than those available or granted to State Instrumentalities and further undertakes to transfer assign and/or take such other action as may be necessary to enable the company A to receive the benefits of any contracts of the Industry.

(4) On completion of the purchase by the Company of the shares in the capital of company B, the State will sell to the Company and the Company will purchase the freehold of the land referred to in subparagraph (i) of paragraph (c) of Clause 14 of this Agreement at a price determined by the Chief Valuer for the time being of the State Taxation Department at Perth.

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Option for
State
to purchase
Foundry.

35. (1) If the Company fails to exercise the option to purchase granted to it by Clause 33 hereof during the continuance of the Company's management of the Industry pursuant to Part II of this Agreement or fails to give the undertaking to exercise such option within the time or in the manner provided for in Clause 15 hereof the State shall have the option exercisable by twelve months' notice given at any time within two years after the expiration of the Company's management of the Industry pursuant to Part II of this Agreement of terminating the lease or leases of the demised premises granted pursuant to Part III of this Agreement and of purchasing the Foundry buildings plant and equipment thereon for a sum equal to their depreciated value for income tax purposes. Such option to be exercised by notice given by the Minister to the Company and payment of the purchase price shall be made in exchange for vacant possession of the land the subject of the lease or leases and of the Foundry buildings plant and equipment so purchased free from all encumbrances on the expiration of the said notice exercising such option. At any time prior to the giving of such notice by the Minister the Company shall at the request of the Minister disclose in writing to the Minister such details of the Foundry buildings plant and equipment and their depreciated values for income tax purposes as the Minister may reasonably require.

(2) If such option is exercised the State undertakes with the Company not within a period of ten years thereafter either to sell the Industry to any other party on terms and conditions more favourable on the whole to the purchaser than those on which the Company could have purchased the same by exercising the option contained in Clause 33 hereof or to conduct the Foundry as a Government instrumentality.

PART V—GENERAL.

Employment
of labour by
Company.

36. (1) The State and the Company hereby undertake and agree to take such steps and do all things as may be reasonable with a view to arranging that all employees of the Industry and the Foundry are engaged under similar statutory and/or award terms and conditions of employment. For this purpose the State undertakes to use reasonable endeavours to complete an agreement or agreements with the Industrial Unions concerned dealing with all matters affecting the service of such employees to the 30th June, 1966 or such later date as may be necessary in the circumstances.

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(2) On such agreement or agreements being completed by the State with the Industrial Unions concerned the Company through its foundry shall employ all labour required for the operations of the Industry and Foundry on such statutory and/or award terms and conditions as the Company would so normally offer to an employee as a private employer of labour in the said State. For the purpose of this subclause if such employment occurs prior to the ratification of the Bills referred to in paragraph (a) of subclause (2) of clause 2 hereof it shall be deemed to have the Minister's approval pursuant to paragraph (b) of subclause (2) of clause 2 hereof.

(3) All expenses and liabilities properly incurred or borne either before or after the 1st day of July, 1966, and whether arising before at the time of or after termination of employment (in this clause referred to as "labour charges") by the Company and/or its foundry by reason of the Company through its foundry employing all labour required for the operations of the Industry shall be charged to the Industry as and when the same are incurred or borne and the Industry will thereupon re-imburse the Company and/or its foundry for such labour charges.

(4) Where any inconsistency arises in any other provisions of this Agreement by reason of the operation of this clause then such other provision shall be deemed to be amended to the extent necessary to give effect to the intentions of the State and the Company as evidenced by this clause.

37. (1) For the better operation of the arrangement constituted by this Agreement the State and the Company hereby mutually agree and declare that in the event of the Company through its foundry employing all labour for the Industry and the Foundry as provided in the preceding clause hereof and so long as the Company continues so to do the Industry shall sell and the Foundry shall purchase all hot metal produced by the Industry at a price calculated in accordance with the provisions of paragraph (a) of clause 21 hereof and the property in such hot metal shall vest in the Foundry as soon as the same is delivered ex blast furnace.

Sale of metal
while
Company
employs
labour.

(2) So long as the Company through its foundry continues to employ for the Industry and the Foundry all labour:

- (a) the Foundry shall sell and the Industry shall purchase all the pig iron produced by the Foundry at a price equal to its cost of production plus one half of one cent per ton together with an additional amount (if any) per ton when ascertained as will result in the Company carrying out its pigging operations without loss.

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- (b) Hot metal supplied by the Industry to the Foundry and re-sold to the Industry as pig iron pursuant to this clause shall not be taken into account for the purposes of Clause 23 hereof.

Assignment.

38. With the consent of the Minister but not otherwise the Company may assign mortgage charge or otherwise dispose of or encumber to any person or corporation all or any part of its rights and obligations under this Agreement and in any lease permit or license granted pursuant hereto subject to the assignee executing a Deed of Covenant in a form approved by the Minister to comply with observe perform and be bound by all the provisions of this Agreement. Provided that no such consent shall be required in the case of a mortgage or charge over the Foundry or any part thereof. Notwithstanding any such assignment or disposition the Company shall at all times during the continuance of this Agreement be and remain liable for the due and punctual performance and observance of all the provisions hereof and of any lease permit or license granted pursuant hereto.

39. Subject to Clause 42 hereof if at any time during the continuance of this Agreement:

**Termination
of Agreement
on breach.**

(a) The Company or the Management Company fails to comply with or carry out any of the obligations on its part contained in Part II of this Agreement or abandons or repudiates its obligations under that Part and fails to remedy the breach within a period of three months or such longer period as may be agreed upon after notice specifying the breach is given by the State to the Company then the State may by notice to the Company terminate Part II of this Agreement. Such termination shall not prejudice or affect the remainder of this Agreement.

(b) the Company fails to comply with or carry out any of the obligations on its part contained in any Part of this Agreement other than Part II) and fails to remedy the breach within a period of three months or such longer period as may be agreed upon after notice specifying the breach is given by the State to the Company then the State may by notice to the Company terminate this Agreement and on such termination all leases licenses and permits granted pursuant hereto shall expire.

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- (c) the State fails to comply with or carry out any of the obligations on its part contained in this Agreement and fails to remedy the breach within a period of three months or such longer period as may be agreed upon after notice specifying the breach is given to the State by the Company then the Company may by notice to the State terminate this Agreement.

40. The Company will indemnify and keep indemnified the State and its servants agents and contractors in respect of all actions suits claims demands or costs of third parties arising out of or in connection with the construction maintenance or use of the Foundry by the Company or its servants agents or contractors. Indemnity.

41. The parties hereto may from time to time by mutual agreement in writing add to cancel or vary all or any of the provisions of this Agreement or of any lease permit license or right granted hereunder or pursuant hereto for the purpose of more efficiently or satisfactorily implementing or facilitating the carrying out of any of the objectives or provisions of this Agreement or for the purpose of facilitating the carrying out of the operations of the Industry or the Company hereunder. Variation.

42. This Agreement shall be deemed to be made subject to any delays in the performance of obligations under this Agreement and to the temporary suspension of continuing obligations hereunder which may be occasioned by or arise from circumstances beyond the power and control of the party responsible for the performance of such obligations including delays or any such temporary suspension as aforesaid caused by or arising from Act of God force majeure floods storms tempests washaways fire act of war act of public enemies riots civil commotions strikes lockout stoppages restraint of labour or other similar acts (whether partial or general) shortage of housing at Wundowie shortages of labour or essential materials reasonable failure to secure contractors delays of contractors and inability (common in the charcoal iron and steel or foundry industry) to profitably sell iron or steel or factors due to overall world economic conditions or factors which could not reasonably have been foreseen PROVIDED ALWAYS that the party whose performance of obligations is affected by any of the said causes shall minimise the effect of the said causes as soon as possible after their occurrence except this proviso shall not operate to compel that party to act imprudently having regard to the circumstances. Delays.

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Power to extend periods.

43. Notwithstanding any provision hereof the Minister may at the request of the Company from time to time extend any period or date referred to in this Agreement for such period or to such later date as the Minister thinks fit and the extended period or later date when advised to the Company by notice from the Minister shall be deemed for all purposes hereof substituted for the period or date so extended.

Arbitration.

44. Any dispute or difference between the parties arising out of or in connection with this Agreement or any agreed amendment or variation thereof or agreed addition thereto or as to the construction of this Agreement or any such amendment variation or addition or as to the rights duties or liabilities of either party thereunder or as to any matter to be agreed upon between the parties under this Agreement shall in default of agreement between the parties and in the absence of any provision in this Agreement to the contrary be referred to and settled by arbitration under the provisions of the Arbitration Act, 1895.

Notices.

45. Any notice consent or other writing authorised or required by this Agreement to be given or sent shall be deemed to have been duly given or sent by the State if signed by the Minister or by any senior officer of the Civil Service of the said State acting by the direction of the Minister and forwarded by prepaid post to the Company at its registered office for the time being in the said State or other address of which such Company has given the State prior notice and by the Company if signed on its behalf by a director manager or secretary of the Company in that behalf or by its solicitors as notified to the State from time to time and forwarded by prepaid post to the Minister and any such notice consent or writing shall be deemed to have been duly given or sent on the day on which it would be delivered in the ordinary course of post.

Exemption from Stamp Duty.

46. The State shall exempt this Agreement and any transfer or conveyance of any property made pursuant hereto from any stamp duty which but for the operation of this clause would or might be chargeable.

Interpretation.

47. This Agreement shall be interpreted according to the law for the time being in force in the said State.

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PLANT SCHEDULE.

BLAST FURNACES PLANT

No. 1 Blast Furnace—6' 6" hearth diameter, 1850 c.f. working volume complete with skipway and primary dustcatcher, cast house and two recuperative stoves of 5000 c.f.m. capacity.

No. 2 Blast Furnace—8' 0" hearth diameter, 2353 c.f. working volume complete with skipway and primary dustcatcher, cast house and two recuperative stoves of 6000 c.f.m. capacity.

Blast Furnace Ancillaries

Raw Materials Storage bins serving both furnaces and including 3 scale cars.

Ore Handling Equipment comprising Tippler, crusher, conveyors and hoppers.

Gas cleaning plant comprising 3 P.A. Venturi scrubbers, gas pipes and 2 settling pits.

Ladles and like equipment.

Desiliconising & Desulphurising Plant comprising Shaking Ladle and Overhead Crane and Quantovac Equipment.

BLOCK FIREWOOD PRODUCING PLANT

Comprising handling equipment for wood, wood storage site at plant, log docking machine and overhead travelling conveyor to retorts, together with ancillary equipment.

SAWMILLS

Comprising Spot mill of 250 c.f. sawn timber per day plus dressing mill, together with auxiliary items applicable and Main Mill of 1000 c.f. of sawn timber per day. Dressing Mill.

WOOD CARBONISING PLANT

Batch Retorts comprising 7 retorts, 6 pre-driers, 13 coolers, together with necessary wood buggies, buggy tippler and transporter.

Lambiotte Retorts comprising 2 continuous retorts of 35 tons per day nominal capacity together with necessary conveyors to raw material bins.

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REFINERY

Wood Distillation plant with a nominal capacity of 450 tons acetic and 200 tons methanol per year. Dilution tanks in Eastern States.

CRUSHING PLANTS

Ore crushing plant at Koolyanobbing of 2500 tons per week capacity. Sandstone crushing plant at Beaconsfield.

WORKSHOPS

Fitters workshop and equipment

Vehicle workshop and equipment

Instrument fitters workshop and equipment

Carpenters workshop.

OFFICES

Wundowie Main Office and equipment

Drawing office and equipment

Fremantle Shipping Office

Northam Timber Office.

POWER & SERVICES SUPPLIES

Power House with 2 boilers of 6500 lbs steam/hour capacity and 2 boilers of 13000 lbs steam/hour capacity, 250 K.W. Turbo-Alternator, 200 K.W. 6 R.K. Diesel Alternator and 3 Turbo-Blowers with necessary electricity distribution system.

Cooling Tower with pumps and recirculation system for cooling water supply.

Compressed Air equipment and air distribution system.

Bulk Oxygen Storage equipment.

Fire Control equipment.

1966.] *Wundowie Works Management* [No. 10.
and Foundry Agreement.

OUTBUILDINGS

Laboratory and equipment
Stores building and equipment
Weighbridge
Three staff houses
Ablution Block
Ambulance Building
Mens Quarters and Mess
Cottages and Huts.

TOWN ASSETS comprising Recreation Hall, General Store, Bakers Shop, Butchers Shop, Greengrocers Shop and Chemist Shop.

LAND PURCHASES

1130 acres portion of Swan Loc. 1317, Lot 1 Diagram 14219
100 acres portion of Avon Loc. 1881, Lot M1822
2827 acres portion of Avon Loc. 1953, Lot M2140
2773 acres portion of Avon Loc. 1953, Lot M2050
4337 acres portion of Avon Loc. 1953, Lots M2137, M2138, M2139
7 acres portion of Avon Loc. P1, Lot 9 Diagram 16395
5 acres portion of Cockburn Sound Loc. 124 and 329, Lot 20 on plan 5777.

VEHICLES AND POWER SAWS

5 Jib Trucks	2 Chamberlain End Loaders
15 Tip Trucks	1 Chamberlain Fork Lift
5 Flat Top Trucks	1 Caterpillar Grader
5 Semi-trailer Trucks	1 International Pay Loader
3 Magnet Cranes and Vehicles	1 Fordson Tractor
2 Fire Trucks	1 Michigan Logger
1 Tar-tank truck	7 Holden Utilities
1 Break-down truck	3 Land Rovers
4 Trailers	1 Ford Fairlane Sedan
1 Diesel Locomotive	1 Holden Sedan
1 R.B. 19 Drag Line	14 Power Saws

CLAUSE 18—SCHEDULE.

FOUNDRY PLANT

(Installed since June, 1964)

Foundry Building 100' x 63' 6" plus 40' x 54'
Monorails and Hoists—2 x 1 ton capacity
Rocking Arc Furnace 500 lb capacity
Sand preparation plant 5 tons per day capacity
Gibson-Redford No. 4D Core Blower
Sand Conveyors and Moulding Stations
Roller Tables 350 ft.
Fettling Equipment including air and pedestal grinders and
Air Hoist
Moulding Boxes—various sizes
Gassing Stations (2)
Equipment for coating moulds—Arnold Devilbiss TW 39
spray painting equipment
Pig Casting Machines

IN WITNESS WHEREOF The Honourable David Brand, M.L.A., has hereunto set his hand and seal and the Common Seal of the Company has hereunto been affixed the day and year first hereinbefore mentioned

SIGNED SEALED AND
DELIVERED by THE
SAID HONOURABLE DAVID
BRAND, M.L.A., in the
presence of—

DAVID BRAND

[L.S.]

C. W. Court,
Minister for Industrial Development.

The Common Seal of A.N.I.
AUSTRALIA PTY. LIMITED.
was hereto affixed by autho-
rity of the Directors in the
presence of—

J. W. DEBENHAM,
Director.

D. W. ALLAN,
Director

[L.S.]

B. E. PERKINS