



CARBIDE INDUSTRY DEVELOPMENT

No. 89 of 1976

ANALYSIS

1. Short title.
2. Interpretation.
3. Ratification of agreement.
4. Loan to firm to purchase anthracite coal.
5. Guarantee of repayment of principal moneys.
6. Guarantee of payment of interest.
7. Company to give security to the Minister.
8. Payments to lenders under guarantee.

AN ACT to approve and ratify an agreement related to the development of the carbide industry in this State, to provide for the making of a loan by the Government of this State, and to guarantee loans made for the purpose of the development of the carbide industry in this State and for matters incidental thereto.

[15 December 1976]

BE it enacted by His Excellency the Governor of Tasmania, by and with the advice and consent of the Legislative Council and House of Assembly, in Parliament assembled, as follows:—

1 This Act may be cited as the *Carbide Industry Development Act* 1976. Short title.

Interpretation.

2 In this Act, unless the contrary intention appears—

“carbide undertaking” means all the plant, works, real estate and wharf structures forming the whole or part of the works known as the carbide works in the municipality of Kingborough;

“firm” means the partnership known as “Tasmanian Carbide Products” being a firm registered under the *Limited Partnerships Act* 1908.

Ratification of agreement.

3 The agreement set out in the schedule is ratified and approved.

Loan to firm to purchase anthracite coal.

4—(1) Subject to this section the Minister may lend to the firm the sum of \$300 000 or any lesser sum for the purchase of anthracite coal.

(2) Before the loan referred to in subsection (1) is made or at any time while it is outstanding the firm shall at the request of the Minister execute to the satisfaction of the Minister charges over the firm’s real property and other assets in favour of the Minister.

(3) The loan referred to in subsection (1) shall be repaid together with interest within the period of 6 months after it is made and, if it is not so repaid, the Minister may, in his discretion, proceed to recover the sum of the loan by realizing the assets referred to in subsection (2).

(4) The interest payable in respect of the loan referred to in subsection (1) shall be calculated day to day on the balance at a rate equal to the rate payable in respect of Commonwealth securities, that rate being the long term bond rate, at the time when the loan is made, plus one half of one per cent.

(5) The Treasurer may make advances for the purpose of the loan referred to in subsection (1) out of the money available in the Loan Fund for the purpose.

Guarantee of repayment of principal moneys.

5—(1) Subject to this section, the Minister may guarantee the repayment by the firm to the lender or lenders, being an Australian or foreign bank or banks approved by the Minister, of moneys proposed to be borrowed by the firm that the Minister is satisfied will be applied for the purpose of providing capital for carrying on the carbide undertaking.

(2) This section does not authorize the guarantee of the repayment of principal moneys in excess of \$5 500 000.

6 The power of the Minister under this Act to guarantee the repayment of the principal moneys proposed to be borrowed by the firm shall be deemed to include a power to guarantee the payment of the interest payable in respect of those moneys.

Guarantee of payment of interest.

7 Before a guarantee is given by the Minister under this Act the firm shall give to the Minister such security (if any) as the Minister may require and shall execute all such instruments as may be necessary for the purpose.

Company to give security to the Minister.

8—(1) If the Minister is called on to make a payment to a lender in consequence of giving a guarantee under this Act, the Minister shall, on the demand of the lender, and without any authority other than this section, make the payment to the lender and such payment shall be made out of the Consolidated Revenue (which, to the necessary extent, is appropriated accordingly).

Payments to lenders under guarantee.

(2) Where, in pursuance of a guarantee given under this Act, the Minister is required under subsection (1) to make a payment to a lender, the firm shall, on demand being made on it by the Minister, pay to the Minister any amount so paid by him to the lender, together with interest thereon at the same rate of interest as the rate payable by the firm to the lender in respect of the principal moneys lent to the firm by that lender.

(3) Any amount received by the Minister as provided by subsection (2) shall be paid by the Minister into the Consolidated Revenue.

THE SCHEDULE

(Section 3)

THIS AGREEMENT is made the 9th day of April One thousand nine hundred and seventy six BETWEEN WILLIAM ARTHUR NEILSON being and as Premier and Treasurer for the time being of the State of Tasmania (hereinafter called "the Treasurer") of the first part STEWART CHARLES HILTON FROST being and as the Minister for the time being administering the Industrial Development Act 1954 (hereinafter called "the Minister") of the second part ELECTRONA CARBIDE INDUSTRIES PTY. LTD. being a Company incorporated in Tasmania having its registered Office situate at 30 Davey Street Hobart in Tasmania (hereinafter called "the Company") of the third part and BENDERS SPREADING SERVICES (1964) PTY. LIMITED a Company incorporated in Tasmania (hereinafter called "Benders") of the fourth part WHEREAS some time since CONSOLIDATED GOLDFIELDS AUSTRALIA LIMITED, SOUTHERN ALLOYS VENTURE PTY. LTD. and KEMERTON PTY. LIMITED (hereinafter called "the Owners") stated their intention to close down the operation of

the Electrona Carbide Works and all works ancillary thereto (hereinafter called "the Undertaking") by the Thirtieth (30th) day of April One thousand nine hundred and seventy six in the absence of a prior agreement for the Sale of such Undertaking AND WHEREAS the Minister at the behest of the Government has since concluded negotiations with the Owners as to the terms and conditions upon which the Government would purchase the Undertaking (the same consisting of all freehold and leasehold lands mining leases and licences plant and equipment at Electrona and/or Lune River and/or Ida Bay) at or for the price of FIVE HUNDRED AND EIGHTY FOUR THOUSAND DOLLARS (\$584,000.00) TOGETHER WITH an additional sum of FIFTEEN THOUSAND FIVE HUNDRED AND TWENTY EIGHT DOLLARS (\$15,528.00) making in all FIVE HUNDRED AND NINETY NINE THOUSAND FIVE HUNDRED AND TWENTY EIGHT DOLLARS (\$599,528.00) AND TOGETHER WITH all stocks (other than Stocks of Manufactured Product) stores raw materials and spare parts the purchase price of which being ascertained or ascertainable at the date upon which the Owners hand over the same from the Owners' books of account AND WHEREAS it has since been determined that in the absence of a specific legislative enactment the Minister has no authority to bind the Crown to the purchase of the Undertaking and has accordingly negotiated with the Owners for the right to nominate as the Purchaser of the Undertaking (or component parts thereof) some other person(s) firm(s) or body (bodies) corporate AND WHEREAS the Company is to be the General Partner in a Limited Partnership to be formed (and registered as such under the Limited Partnership Act of 1908) between it and the Wives of the Shareholders therein and Subject to the execution of these presents the Company has on behalf of the aforesaid Limited Partnership evidenced a desire intention and capacity to purchase from the Owners that part of the Undertaking consisting of ALL THOSE freehold and (if any) leasehold lands at Electrona and the Plant and Equipment now used thereat by the Owners or one or more of them TOGETHER WITH the Stocks (other than Stocks of Manufactured Product) Stores and raw materials as aforesaid in an endeavour to ensure the continued production of Carbide and in result the employment of at least the major part of the work force as now employed in the Undertaking but under the Style or Firm name of "Tasmanian Carbide Products" AND WHEREAS the Government by Letters dated the 15th, 16th and 23rd days of January, 1976, (copies of which are attached hereto) agreed with Benders for the consideration and upon the conditions therein set forth to nominate Benders as the Purchaser from the Owners (or one or more of them) of that part of the Undertaking known as the Ida Bay and/or Lune River Quarry (consisting of all those freehold and leasehold lands and all Mining leases and licences used or enjoyed by the Owners (or one or more of them) at Ida Bay/Lune River AND WHEREAS in the desire to avoid the necessity of seeking the aforementioned specific legislative enactment the Minister has with the consent and approbation of the Treasurer agreed with the Company and Benders certain Guarantees Loans and Concessions would be provided to the Company and/or Benders AND WHEREAS some time since the Treasurer did make available in the name of Benders certain loan moneys required for the purchase of Anthracite Coal upon terms and conditions set forth in an agreement signed by the Treasurer and dated the Second day of March One thousand nine hundred and seventy six (a copy of which is

attached hereto and called hereafter "The Coal Agreement") AND WHEREAS since the date of the Coal Agreement it has been established that the Company is unable to purchase the Shares in Kemerton Pty. Ltd. and in result (inter alia) be called upon to pay ad. valorum Stamp Duty on the Transfers Conveyances and other assurances from the Owners AND WHEREAS it has also been established that the Company is not pursuant to the negotiations with the Minister or howsoever otherwise obliged to pay the aforementioned additional sum of FIFTEEN THOUSAND FIVE HUNDRED AND TWENTY EIGHT DOLLARS (\$15,528.00) but to facilitate the reaching of direct agreement with the Owners for the purchase of the Undertaking, the Company will assume such obligation AND WHEREAS it has also been established that the Company will encounter difficulties in negotiations with its Banker (hereunder referred to as "the Bank") with respect to working Capital if the loan moneys are repayable according to the existing provisions contained in the Coal Agreement AND WHEREAS upon the execution hereof and for the purpose of the Coal Agreement the Company will adopt the same as though it had been the original addressee thereof AND WHEREAS as a consequence of the matters above recited variations in the terms and conditions of the Coal Agreement have been agreed upon between the Company and the Minister AND WHEREAS it is deemed necessary to reduce into writing such variations and all other agreements so reached as to Guarantees Loans and Concessions in order that the Company and/or Benders might in reliance thereon forthwith enter into a direct agreement with the Owners for the purchase of the Undertaking NOW IT IS HEREBY AGREED AND DECLARED THAT—

1. (a) THE interest at 10.7% per annum on the amount of loan moneys found to be repayable under the Coal Agreement shall accrue as from six months next following the completion of the unloading at Electrona.
- (b) THE principal of the loan moneys found to be repayable shall be repayable on the First day of January One thousand nine hundred and seventy seven TOGETHER WITH the interest accrued due thereon as aforesaid.
- (c) THE principal of the loan moneys howsoever otherwise found to be repayable shall be reduced by the aforementioned additional sum of Fifteen thousand five hundred and twenty eight dollars (\$15,528.00) (or such lesser sum as the Company may pursuant to current negotiations between the Minister and the Owners be so called upon to pay) TOGETHER WITH interest thereon (or on such lesser sum) at the rate of 10 per centum per annum calculated from the Twenty eighth day of March One thousand nine hundred and seventy six down to the date upon which the Company shall repay such loan moneys.
- (d) As security for the repayment of the loan moneys the Treasurer shall be entitled to a Charge (in the form or forms agreed upon between the Treasurer and the Company) over the Company's Manufactured Product from time to time BUT SUBJECT To any prior charge or charges thereover as may be required by the Bank and/or the Owners for any moneys owed from time to time by

the Company to the Bank and/or to the Owners AND/OR any Charge thereover to be given to the Treasurer pursuant to Clause (2) hereunder written.

- (e) THE Coal Agreement shall be read and construed with the variations aforesaid and except as so varied is hereby confirmed.
2. PENDING the date upon which the Owners (or those of them holding Title) shall transfer to the Company the unencumbered Fee Simple to the lands forming part of the Undertaking the Treasurer shall upon request being made therefor by the Company forthwith thereafter give to the A.N.Z. Banking Group Limited (or such other Bank as the Company shall nominate from time to time) a Guarantee or Guarantees in the form or forms agreed upon by the Bank and the Government to secure payment by the Treasurer to the Bank (in the event of default being made by the Company) of such moneys (not exceeding Five hundred thousand dollars (\$500,000·00) as the Bank may hereafter provide to the Company on current account or on overdraft howsoever otherwise for working Capital AND as security to the Treasurer the Company will forthwith give a Charge over its Manufactured Product (in the form or forms agreed upon between the Treasurer and the Company) but Subject to the provisions of paragraph 1 (d) hereof TOGETHER WITH (if required and if the Owners do not stipulate against any such assignment) an assignment to the Treasurer of the agreement for the purchase of that part of the Undertaking as is to be purchased by the Company.
3. UPON the transfer or Conveyance by the Owners (or those of them holding title) to the Company of the Fee Simple to that part of the Undertaking as is to be purchased by it and provided that the said Bank has on or before the date thereof surrendered or released to the Treasurer the aforementioned Guarantee or Guarantees the Treasurer will advance to the Company on loan the sum of Four hundred thousand dollars (\$400,000·00) to be secured by way of first mortgage over all the freehold lands of the Company at Electrona other than those over lands comprised and described in Certificate of Title Registered Volume 2443 Folio 46 AND to be secured by a Collateral second Mortgage over the lands in Certificate of Title Registered Volume 2443 Folio 46 (behind a First Mortgage to the Bank securing overdraft advances on current Account not exceeding Five hundred thousand dollars (\$500,000·00)) and such Mortgages shall be upon the following terms and conditions:
- (a) INTEREST at Commonwealth Government Bond rate obtaining at the commencement of each three years of the term (presently 10·2% per annum) plus in each case one-half of one per centum per annum such interest being payable annually at the end of each year of the term the same to be calculated upon the amount owing at the commencement of that year of the term.
- (b) PRINCIPAL to be repaid by TEN regular yearly instalments each of Forty thousand dollars (\$40,000·00) the first of such instalments to be paid at the end of the fourth year after the Company shall receive the said loan and each subsequent

instalment to be paid yearly thereafter. (The Company shall have the right to pay further amounts on account or principal from time to time and interest shall abate forthwith upon any such moneys so paid).

- (c) ALL principal and interest due thereon shall notwithstanding sub-clause (b) aforesaid be repayable upon the expiration of twelve months next following the date upon which the Minister notifies the Company in writing that he is satisfied that the Company has ceased to use the lands at Electrona for the purposes of manufacturing Carbide thereat and that he is satisfied the Company has neither the intention of developing nor the capacity to develop some other industry upon that site or any part thereof.
 - (d) UNTIL the expiration of the period of twelve months referred to in sub-clause (c) aforesaid (or clause 5 hereunder) the Government shall neither acquire nor take any steps towards the acquisition of the lands (or any of them) the Subject of the aforementioned Mortgages OTHER THAN by way of purchase at a price established by reference to the Owner being a willing seller and the Government a willing purchaser.
 - (e) SHOULD the Company wish (for the purpose of rationalization or perfecting security or howsoever otherwise) to subdivide its lands at Electrona the Government will use its best endeavours to facilitate acceptance by the Recorder of Titles of any plan or plans of subdivision prepared by or on behalf and at the expense of the Company.
4. CONTEMPORANEOUSLY with the advance by the Treasurer to the Company as aforesaid the Treasurer will advance to Benders the sum of One hundred thousand dollars (\$100,000·00) to be secured by a Mortgage over the freehold lands purchased by Benders under the said Agreement with the Owners such moneys to be advanced upon the same terms and conditions as in 3 (a) (b) (c) (d) and (e) as aforesaid (EXCEPT THAT IN RELATION TO 3 (b) THE YEARLY INSTALMENTS SHALL BE EACH OF TEN THOUSAND DOLLARS (\$10,000·00)).
 5. IN the event that the loan moneys be not advanced by the Treasurer prior to the date whereon the Director gives the notice referred to the clause 3 (c) aforesaid then the said period of twelve months shall not commence to run either against the Company or against Benders until the date upon which the loan moneys are so advanced AND the Treasurer undertakes with the Company and Benders (and each of them) that the loan moneys will remain available to be so advanced to the Company and Benders until all freehold Titles of the Undertaking become capable of transfer (or other assurance) and are so transferred (and assured).
 6. THE Minister to the intent that the Company enters upon the purchase of part of the Undertaking in faith hereof covenants and warrants that he will use his best endeavours on its behalf—
 - (i) TO negotiate an agreement with the Hydro Electric Commission that all accounts rendered by it for the consumption of

Power by the Undertaking on and from the Twenty eighth day of March One thousand nine hundred and seventy six shall be rendered monthly for payment at the end of each month and without any increase in the present rate or rates per unit of power.

(ii) TO negotiate with the Tasmanian Government Insurance Office that all accounts rendered by it with respect to Insurance Cover effected for the Undertaking on and from the Twenty eighth day of March One thousand nine hundred and seventy six shall be rendered for payment quarterly at the end of each quarter and without any increase in the rate or rates for like "Cover" which is at the date hereof being charged by the Tasmanian Government Insurance Office.

7. THE Government will on request being made to it by the Company and/or Benders (at or subsequent to the date whereon the same are transferred to the Company and/or Benders) grant to the Company and/or Benders extensions of all leases and licences which are presently held by the Owners (or any of them) so that (Subject to then existing legislation relative thereto) no lease or licence when transferred to the Company and/or Benders (the registration of such transfers the Minister being and as the Minister presently administering the Mining Act 1929 undertakes to effect) shall expire or fail for renewal before the end of the year One thousand nine hundred and ninety one.
8. NOTWITHSTANDING anything hereinbefore mentioned the execution by the Company and Benders of these presents shall not oblige the Company and/or Benders to do other than use their best endeavours to negotiate an Agreement with the Owners for the purchase of the Undertaking. Forthwith upon the signing of such Agreement the foregoing provisions shall ipso facto obtain notwithstanding the fact that Benders may not be directly included as a contracting party to such Agreement.

IN WITNESS whereof the parties hereto have hereunto set their hands and seals the day and year first hereinbefore written.

SIGNED SEALED AND DELIVERED by the said
WILLIAM ARTHUR NEILSON in the presence of: } W. A. NEILSON

P. M. SINCLAIR

SIGNED SEALED AND DELIVERED by the said
STEWART CHARLES HILTON FROST in the presence of: } S. FROST

P. M. SINCLAIR

THE COMMON SEAL of ELECTRONA CARBIDE
INDUSTRIES PTY. LTD. was hereunto affixed in
the presence of: } J. LAWRENCE Director
RAY BENDER Director

THE COMMON SEAL of BENDERS' SPREADING
SERVICES (1964) PROPRIETARY LIMITED was
hereunto affixed in the presence of: } RAY BENDER Director
A. W. HAWKINS Director

The Minister for Industrial Development,
Macquarie Street,
HOBART.

23rd January, 1976

Dear Sir,

Re: "*The Electrona Carbide Works*"

We refer to the Agreement evidenced herein by our letter to you of the 15th instant and of the letter from the Minister to us of the 16th instant.

We confirm that our client has this notwithstanding latterly agreed to increase the consideration from the stated \$100,000·00 to \$140,000·00.

We further confirm the agreement made with Mr. Bender this day that with respect to "1965 International—DROTT Front-End Loader" referred to on page 4 of our earlier letter, that notwithstanding the condition it might now be in, the same is excluded from the exception made in paragraph (f) of our letter:—in other words the item is to pass directly to our clients as an asset ancillary to the Quarry and as part of that purchased in the sum of \$140,000·00 and is not included in the *option* to purchase plant machinery and tools referred to in clause (7) of our letter.

Our client was concerned to learn from you this day that notwithstanding agreement having been reached between Government and Kemerton as to the basic terms and conditions for sale and purchase of the Carbide Works and Quarry, the contractual situation is held in abeyance pending the obtaining of Parliamentary approval: and that the 30th of April is the nominated date by which such approval is to be obtained. It would thus appear that Government has but an option to purchase and in default of our client taking direct action with Kemerton relative to its outstanding "right of first refusal". Bender's position is entirely dependant upon the Government's option being exercised.

Assuming that the Government negotiations are, however, successful in all respects, our client would wish it placed on record that its conditional withdrawal from the advantageous position of having the "right of first refusal" and its agreement to the above stated increase in the consideration were done in the sincere endeavour to assist the Government in bringing about a continuation of the Electrona Carbide Industry, not only for the sake of the continued demand for Limestone by Electrona but also for the sake of the employees of the Carbide Works.

Furthermore and in regard to any "publicity" attending the Government's negotiations, Mr. Bender would wish to first peruse any release which might contain reference, direct or indirect, to the involvement of his Company therewith. (The same could also be said for E.Z. Industries for whom we also are acting in this matter).

Mr. Bender would also hope that your Department, in its endeavour to secure another operator for the Carbide Works, will take cognisance of the fact that his Company is manifestly interested in being considered for any "transport" as may be a ancillary to those works.

Yours faithfully,
BUTLER MCINTYRE & BUTLER

Per: P. GRAVES for J. MUNNINGS

P.S. We are, since dictating the above, in receipt of advice that Kemerton will, by letter addressed to Mr. Bender, confirm a telephoned undertaking given Mr Barker to the effect that Bender's right of first refusal " will not be prejudiced by the passing of time until the Government's position is confirmed by Parliament (or otherwise).

The Director of Industrial Development,
10 Murray Street,
HOBART,

15th January, 1976

Dear Sir,

re: "*The Electrona Carbide Works*".

We write on behalf of Benders Spreading Services (1964) Pty. Limited. That company has an option to purchase (in a form often called a "right of first refusal") those assets at Ida Bay owned by Kemerton Pty. Limited and which may be conveniently called the quarry. The option held by "Benders" requires that "Kemerton" before it sells the quarry elsewhere, shall first offer the same to Benders at the price at which it is prepared to sell elsewhere.

Benders understands that Kemerton is offering to sell all the carbide-works-assets (including the quarry) to the Government. However, Kemerton has failed to inform Benders of this offer to the Government, and has failed to fulfil its obligations to give to Benders first refusal of the quarry. Benders has not in any way relinquished its option and in fact would if necessary insist on Kemerton honouring the same.

It is recorded that on the afternoon of the 13th instant we delivered to your offices a copy of the agreement with Kemerton and others dated the 5th December 1975, under which Benders' abovementioned option arises.

As discussed in the "without prejudice" conference with you yesterday afternoon; and which conference was with the General-Manager of the Electrolytic Zinc Company of A/sia Limited at Risdon; Mr. R. T. Bender the Chairman of Directors of "Benders"; our Mr. J. A. Munnings, and the writer; the following proposal is made by Benders:—

1. In the event that the Government should finalise an agreement with Kemerton for the purchase of the 'Carbide works' (including the quarry), then Benders will not seek in any way to enforce its option, but will release its option abovementioned to permit completion of that agreement.
2. Any agreement for the purchase by the Government from Kemerton shall, at least so far as it relates to the quarry entitle the Government to nominate another to complete and take the quarry.
3. Upon completion of the agreement to purchase from Kemerton, the Government will nominate Benders to take the quarry, and Benders will on completion take the quarry and will pay therefor the sum of one hundred thousand dollars (\$100,000).
4. The Government will on completion by Benders of its purchase of the quarry, grant extensions to Benders of all leases and licences which are at present held by Kemerton, so that no lease or licence shall expire or fall for renewal before the end of the year 1991.
5. Benders will on completion by it of its purchase of the quarry:—
 - (i) Grant to the Government or to the person which may take over and operate as such the carbide works at Electrona, the right to quarry and take away limestone from the quarry-site at Ida Bay in consideration of a payment by Government or

by the person operating the works (as the case may be) of fifty cents (50c.) for every tonne of limestone so quarried. The payment of 50c. to be subject to adjusting by increase or decrease of one-half of a cent for every one dollar by which the "total weekly rate of pay" (as defined in clause 3.1 (b) (ii) of the agreement dated 5th December 1975) for a quarryman shall increase or decrease above or below the total weekly rate of pay effective on 30th June 1974.

- (ii) Agree to crush for the Government or for the person for the time being operating the carbide works as such, lime-stone extracted by Government or by that person from the quarry-site for the price of \$1 per tonne; that price to be subject to adjustment in accordance with provisions the same as those set out in clause 3.2 (b) (i) and (ii) of the Agreement abovementioned and dated 5th December 1975. The lime-stone under this clause to be crushed by Benders to be suitable in size for crushing in a 30-inch by 42-inch primary crusher, and shall be delivered to Benders into the feeding bins of the crusher and shall be crushed to a size which will pass a 7" mesh screen but will not pass a 4" mesh screen; and the deliveries of lime-stone for such crushing shall each working day be as nearly as possible equal.
6. Government will agree (and if it passes the carbide works to another, will do so on the basis that that other enters into a similar agreement) to deliver to Benders at its crusher-bins such quantities of lime-stone, free of clay, soil, roots, and other extraneous matter as Benders may require for use of or sale by Benders; such lime-stone to be of a size similar to that abovementioned; and Benders shall pay for each tonne of such lime-stone so delivered at the rate of \$2:00 subject to adjustment by increase or decrease of 2 cents per tonne for each one dollar (\$1:00) by which the "total weekly rate of pay" (which phrase shall be defined as in clause 3.1 (b) (ii) of the agreement dated 5th December 1975) for a quarry-man shall increase or decrease above or below the total weekly rate of pay effective on 30th June 1974.
7. The undermentioned plant machinery tools and equipment to be available to the operator of the Electrona works; and on completion the Government will give to Benders an option to purchase the mobile and fixed plant machinery tools and equipment used for quarrying, the option to be exercisable within sixty days thereafter in the event that the Electrona works should cease to operate or in the event that those works no longer require lime-stone from Ida Bay; the option-price to be \$100; and the same to be maintained to a reasonable standard in the meantime. Should Government pass the Electrona works including the abovementioned plant machinery tools and equipment to another then it will do so *subject* to the option to purchase in Benders.

In this letter the word "quarry" when used as a noun shall mean—

- (a) All freehold property owned by Kemerton at (or near) Ida Bay; including

44 ac. 3 r. 21 pers in Certificate of Title 2146-25
 4 ac. 1r. 34·6 pers in Certificate of Title 2605-70
 4 ac. 3 r. in Certificate of Title 3221-15
 29 ac. 3 r. 30 pers in Certificate of Title 2724-60
 11 ac. 1 r. 36 pers in Certificate of Title 2567-74
 9 ac. 3 r. 32 pers Conveyance by the Public Trustee on 21st August 1952 to ACCC Ltd.
 46 ac. 2 r. 2 pers the subject of a Crown Lands Contract for sale dated 24th December 1947 to ACCC Ltd.
 16 ac. 1 r. 6 pers in Certificate of Title 2495-93.

- (b) All leasehold lands; including 2 ac. 1 r. 8 pers. held under Crown Lease dated 5th December 1967.

- (c) All leases, licences and rights held under the Mining Act; including

Lease: 11/7/1961
 Lease: 12/6/1962
 Lease: 30/8/1963
 Lease: 18/3/1974
 Licence 2714W (with tramway licence).
 Licence 2208W (with tramway licence)
 Licence 6W/50
 Licence 2209W (with tramway licence)
 Licence 4W69
 Licence 10W70
 Lease 12W71 (quarry road)

- (d) The rights and benefits under Agreement 16th December 1971 between H.E.C. and ACCC Ltd, supplemental to Agreement 28th March 1969 as amended by agreement 16th June 1969.

(It is recognised that Government can only join with Benders in seeking a reasonable agreement with the H.E.C. It is not anticipated that any difficulty will arise here, but it is to be understood that in the event of Benders making the request then Government *will* join with Benders in efforts to obtain a reasonable agreement).

- (e) All of the assets to be free of encumbrances charges or liabilities. Rates and taxes to be adjusted in the usual manner on completion. All licence-fees and rents to be paid at completion so that there be nothing then overdue.
- (f) The intention is that all assets and rights whatsoever relating to or used as ancilliary to the Ida Bay limestone quarry, excepting only the quarrying machinery, plant and equipment as to which there shall be an option to purchase, be taken by Benders notwithstanding that any of the same may not be listed herein and that any description in clause (c) above may be inaccurate.

- (g) The option to purchase the plant machinery tools and equipment referred to in clause 7 above. The following is a list of the plant machinery tools and equipment:—

Toyo Waggon Drill—TYW3—1971 Model

Compressor—Broomwade

Compressor—Twin Cylinder

Motor 5 h.p.

Workshop—Quarry Tools

—Carpenters Tools

Rock Drills

Hammers

1965—International—Drott Front-end Loader

1955—International Truck with Fowler Dumper

1969—International Truck (labour transport)

191 —International Tip Truck with Rock Body.

1975—Toyota Mini Bus

In this letter any reference to assets owned by Kemerton shall include the same assets whether standing in the name of “Kemerton” or in the name of “ACCC LIMITED” or in any other name.

If the proposals herein are acceptable, then kindly let us have a letter so agreeing and in faith of the contract so entered into Government will be free to negotiate for purchase of the “works” free of Benders’ option.

Yours faithfully,

BUTLER McINTYRE & BUTLER

P.S. The rights to quarry under clause 5 (1) above, and to have crushed under clause 5 (2) above, are to be limited to limestone quarried and crushed for use in the operation of the **carbide works**.

Messrs Butler, McIntyre & Butler,
Barristers & Solicitors,
20, Murray Street,
HOBART

16th January, 1976

Dear Sirs,

The Electrona Carbide Works

I advise that the proposals by you, on behalf of Benders Spreading Services (1964) Pty. Limited, in your letter of the 15th January, 1976 to the Director of Industrial Development, are acceptable.

I note that upon your receipt of this letter and in faith of the contract so entered into, the Government would be free to negotiate for purchase of the "Works" free of Bender's option.

Yours faithfully,

S. C. H. FROST, Minister for Industrial Development

Attention:
Mr. R. T. Bender.

2nd March, 1976.

Dear Sir,

In furtherance of your desire to assume control of the Electrona Carbide Works the Government is prepared to lend to you, pursuant to the provisions of the Industrial Development Act, 1954, a sum equivalent to the cost of 6,000 tons of Anthracite Coal F.I.S. Electrona, such moneys to be used subject to Treasury direction in the purchase of such Anthracite Coal for use in the production of Carbide at Electrona Works.

The Security for this loan will be the Coal so purchased which you agree to deliver to the Government on demand and until demand to become the Bailee thereof for the Government, for which the Government will pay you the sum of \$10·00 per month as reward for such bailment. In the event of demand being so made the obligation to repay the loan as hereunder shall thereupon abate.

You agree to repay the loan by eight (8) equal monthly instalments the first instalment being payable three (3) months next following the date of completion of unloading the Coal at Electrona.

You will pay interest on that balance of the loan moneys which shall be repayable by you, pursuant to the provisions hereunder set forth, at the rate of \$10·7% p.a. calculated on the amount outstanding from month to month, such interest to accrue as from six (6) months next following the aforesaid completion of unloading the Coal at Electrona provided that if the transfer of control of the Carbide Works proceeds by way of "shares" that period shall be reduced to three (3) months.

The principal of the loan shall be reduced by the amount of Loss of Profits incurred by you during the period of nine (9) months from the aforesaid date of completion of unloading the Coal at Electrona or during the period within which the amount of Anthracite so unloaded is exhausted whichever is the lesser which Loss shall be calculated by allowing to you the total of (inter alia) the following factors:

1. A purchase price paid by you for carbon in excess of \$50·00 per tonne f.i.s. Electrona.
2. Operating losses incurred by you which have been caused by the failure of the Anthracite to be completely unloaded at Electrona by 28th April, 1976.
3. Losses resulting from delay in the making of Sales of finished products to the present major Customers of the present operators of the Carbide Works i.e. to C.I.G. Ltd., Liquidair Australia Pty. Ltd. and I.C.I.A.N.Z. Ltd.

In the event of disagreement between you and the Government as to the method of calculation of the losses incurred by you by reason of these factors, the difference will be arbitrated by the President of the Institute of Chartered Accountants in Hobart, or his nominee, whose decision shall be final and binding on you and the Government.

It is agreed that you are entitled to nominate, as the recipient of the said loan moneys, a person, firm or Body Corporate approved of by and acceptable to the Government. The approval of such nomination shall exonerate you from any liability hereunder and constitute such nominee from this date as the addressee of this Letter of Intent.

Yours faithfully,

W. A. NEILSON, Premier

Benders Spreading Services (1964) Pty. Ltd.,
123 Albert Road,
MOONAH. Tas. 7009.

