

## CEYLON PETROLEUM CORPORATION

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A CORPORATION TO CARRY ON BUSINESS AS AN IMPORTER, EXPORTER, SELLER, SUPPLIER OR DISTRIBUTOR OF PETROLEUM. AS WELL AS THE BUSINESS OF EXPLORING FOR, OR EXPLOITING OR PRODUCING OR REFINING PETROLEUM, TO ENABLE THE COMPULSORY ACQUISITION OR REQUISITION FOR SUCH CORPORATION OF ANY IMMOVABLE OR MOVABLE PROPERTY REQUIRED" FOR THE PURPOSES OF SUCH CORPORATION AND TO PROVIDE FOR THE ESTABLISHMENT OF A COMPENSATION TRIBUNAL; TO PROVIDE FOR THE REGULATION AND CONTROL OF THE PRICE OF PETROLEUM; AND TO MAKE PROVISION FOR PURPOSES CONNECTED WITH THE MATTERS AFORESAID-

### Law Nos,

50 of 1973

2 of 1976

### Act Nos,

28 of 1961

5 of 1963

18 of 1965

26 of 2003

[ 9<sup>th</sup> September , 2003 ]

[29<sup>th</sup> May , 1961 ]

Short title-

**1.** This Act may be cited as the Ceylon Petroleum Corporation Act.

## PART I

### CONSTITUTION AND POWERS AND DUTIES OF THE CEYLON PETROLEUM CORPORATION AND ITS BOARD OF DIRECTORS

Establishment of Ceylon Petroleum Corporation.

**2.** There shall be established a Corporation which shall be called the " Ceylon Petroleum Corporation" (hereinafter referred to as " the Corporation") and which shall consist of the persons who are for the time being members of the Corporation under section 4.

Seal of the Corporation.

**3.** The Corporation shall, by the name assigned to it by section 2, be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

Members of the Corporation.

**4.** The members of the Board of the Directors shall be the members of the Corporation.

General objects of the Corporation.

**5.** The general objects of the Corporation shall be-

(a) to carry on business as an importer, exporter, seller, supplier or distributor of petroleum;

[3,5 of 1963] (b) to carry on the business of exploring for, and exploiting, producing, and refining of, petroleum; and

[3,5 of 1963] (c) to carry on any such other business as may be incidental or conducive to the attainment of the objects referred to in paragraphs (a) and (b).

Meaning of the expression "appointed date".

### **5A.**

[4, 5 of 1963]

(1) For the purposes of sections 5B, 5D and 5F, the expression " appointed dale " means such date as may be appointed by the Minister, with the approval of the Government, by Order published in the Gazette (being a date prior to January 1, 1964) or the following date, namely, January 1, 1964, whichever of such dates is the earlier date.

(2) An Order made under subsection (1) shall, upon its publication in the Gazette, be deemed to be as valid and effectual as if it were herein enacted.

Exclusive right to import, export, sell, supply or distribute petroleum of certain classes or descriptions vested in the Corporation. (4, 5 of 1963] **5B.**

(1) On and after the appointed date, the right to import, export, sell, supply or distribute-

- (a) petrol;
- (b) kerosene;
- (c) diesel oil, and
- (d) furnace oil,

shall, save as otherwise expressly provided by or under this Act, vest exclusively in the Corporation.

(2) On and after the appointed date, no person, other than the Corporation, shall, save as otherwise expressly provided by or under this Act, import, export, sell, supply or distribute-

- (a) petrol; or
- (b) kerosene; or
- (c) diesel oil; or
- (d) furnace oil.

(3) The sale, supply or distribution by any person of any petrol, kerosene, diesel oil or furnace oil shall be deemed not to be-

- (a) an interference with, or a violation of, the exclusive right vested in the Corporation by subsection (1); or
- (b) a contravention of the provisions of subsection (2),

if, but only if, it is done under the written authority of the Minister or any authorized officer under subsection (4), or of the Board of Directors under section 5E, and in accordance with the terms and conditions subject to which such authority is granted.

(4) The Minister or any authorized officer may grant a written authority to any person to import, export, sell, supply or distribute petroleum of any class or description specified in subsection (1) for the sole purpose only of enabling such person to provide petroleum of that class or description as fuel for marine ships or aircraft.

Power of Minister by Order to vest (he exclusive right in the Corporation to import, export, sell, supply or distribute petroleum of certain classes or descriptions. [4,5 of 1963] **5C.**

(1) The Minister may, from time to time, by Order declare that the right to import, export, sell, supply or distribute petroleum of any such class or description as shall be specified in the Order, not being petroleum of any class or description specified in subsection (!) of section 5B. shall, save as otherwise expressly provided by or under this Act, vest exclusively in the Corporation. Any such Order may be amended, varied or revoked by the Minister by a like Order.

(2) The provisions of subsections (3) to (5), both inclusive, of section 66 shall mutatis mutandis apply to every Order made under subsection (1) of this section in like manner and to the same extent as such provisions apply to an Order made under the said section 66.

(3) So long as an Order made by the Minister under subsection (1) is in force in respect of petroleum of any class or description, no person other than the Corporation shall, save as otherwise expressly provided by or under this Act, import, export, sell, supply or distribute petroleum of that class or description.

(4) The sale, supply or distribution by any person of petroleum of any class or

description in respect of which there is for the time being in force an Order made by the Minister under subsection (1) shall be deemed not to be-

(a) an interference with, or a violation of, the exclusive right vested in the Corporation by that Order; or

(b) a contravention of the provisions of subsection (3),

if, but only if, it is done with the written authority of the Board of Directors under section 5E, and in accordance with the terms and conditions subject to which such authority is granted-

Section 5D was repealed by

[31.26 of 2003]

Power of, Board of Directors to authorize persons to sell, ;c-,petroleum of certain classes or descriptions.

[4,5 of 1963]

Section 5F was repealed by

[31.26 of 2003]

Section 5G was repealed by

[31.26 of 2003]

Special provisions applicable to the power of granting written authorities conferred on the Minister, authorized officers and the Board of Directors.

[4, 5 of 1963]

Meaning of the expression "authorized officer"

[4,5 of 1963]

Special provisions relating to employees of persons who were carrying on business as importer and

## **5D.**

**5E.** Notwithstanding that the exclusive right to sell, supply or distribute petroleum of any class or description is vested in the Corporation by any provision of this Act or any Order made thereunder, the Board of Directors may, from time to time, as respects petroleum of that class or description only grant written authority to any person to sell, supply or distribute petroleum of that class or description subject to such terms and conditions as may be determined by such Board.

## **5F.**

## **5G.**

**5H.** The following provisions shall be applicable in the case of the exercise of the power to grant a written authority conferred on the Minister, any authorized officer or the Board of Directors by any of the sections 5B, 5E, 5F and 5G:-

(1) Such authority may be granted either of his or its own motion or on application in that behalf made by any person.

(2) The Minister, such officer or such Board may, in his or its absolute discretion, decide whether to grant or refuse to grant such authority.

(3) The Minister, such officer or such Board may, in his or its absolute discretion, decide the terms and conditions subject to which such authority should be granted.

(4) The Minister, such officer or such Board may, in his or its absolute discretion, decide at any time to cancel such authority.

(5) The terms or conditions of such authority may be amended, varied or cancelled either of his or its own motion or on application in that behalf made by the person to whom such authority is granted.

(6) The Minister, such officer or such Board may, in his or its absolute discretion, decide whether or not to amend, vary or cancel any term or condition of such authority.

(7) Any decision made by the Minister, such officer or such Board under the preceding provisions of this section shall be final and conclusive, and shall not be called in question in any court whether by way of writ or otherwise.

**5I.** The expression " authorized officer " wherever it occurs in any of the sections 5B to 5H (both inclusive) means any public officer or an officer of the Corporation authorized in that behalf by the Minister.

## **5J.**

(1) No person other than the Corporation who on the 5th day of June, 1963, was carrying on business as an importer and seller, supplier or distributor of

seller, ;c, of  
petroleum.  
[4,5 of 1963]

petroleum of any class or description specified in subsection (1) of section 5B shall terminate the employment of any person (hereafter in this section referred to as an " employee ") employed by him except with the written approval of the Commissioner, or otherwise than in accordance with the terms or conditions subject to which such approval is granted.

A person who was carrying on the business referred to in the preceding provisions of this subsection is hereafter in this section referred to as an " employer ".

(2) The following provisions shall apply in the case of the exercise of the powers conferred on the Commissioner to grant his approval to an employer terminating the employment of any employees :-

(a) Such approval may be granted or refused on application in that behalf made by such employer.

(b) The Commissioner may, in his absolute discretion, decide to grant or refuse such approval.

(c) The Commissioner may, in his absolute discretion, decide the terms and conditions subject to which his approval should be granted, including in particular terms and conditions relating to the payment by such employer to such employee of a gratuity or compensation for the termination of employment-

(d) Any decision made by the Commissioner under the preceding provisions of this subsection shall be final and conclusive, and shall not be called in question in any court, whether by way of writ or otherwise.

(3) Where, on or after June 5, 1963, any employer has granted or grants to any employee, in addition to any benefit such employee was or would be entitled to receive in the ordinary course of his employment, any ex gratia gratuity or compensation or other benefit (hereafter in this subsection referred to as " ex gratia benefits "), then, every person who was an employee of that employer on June 5, 1963, shall be entitled, with the approval of the Commissioner given upon application in that behalf made by such person, to receive the same ex gratia benefits so however that the amount thereof shall be as determined by the Commissioner. The preceding provisions of this subsection shall apply to any person notwithstanding that he ceased or ceases to be an employee of that employer after June 5, 1963, for any reason whatsoever other than misconduct. Any approval or determination of the Commissioner under the preceding provisions of this subsection shall be final and conclusive, and shall not be called in question in any court, whether by way of writ or otherwise.

(4) Where an ex gratia gratuity or compensation or other benefit is granted by any employer to an employee, such employer shall furnish to the Commissioner, within thirty days of the grant thereof, full details of the gratuity, compensation or other benefit so granted. Such details shall be furnished in such form and manner as may be determined by the Commissioner.

(5) In this section, "Commissioner" means the Commissioner of Labour, and includes a Deputy Commissioner of Labour.

[10,5 of 1963]

**5K.** The provisions of section 5A to 5J (both inclusive) shall have effect notwithstanding anything to the contrary in any other provisions of this Act, or in any undertaking, express or implied, given by or on behalf of the Government or the Corporation relating to the business of importing, exporting, selling, supplying or distributing petroleum.

Powers of the  
Corporation.

**6.** The Corporation may exercise all or any of the following powers :-

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

(b) to employ such officers and servants as may be necessary for carrying out the work of the Corporation ;

(c) to do anything for the purpose of advancing the skill of persons employed by the Corporation or the efficiency of the equipment of the Corporation or the

manner in which that equipment is operated, including the provision by the Corporation, and the assistance of the provision by others, of facilities for training persons required to carry out the work of the Corporation;

(d) to establish a provident fund, and provide welfare and recreational facilities, houses, hostels and other like accommodation for persons employed by the Corporation;

(e) to construct, manufacture, purchase, maintain and repair anything required for the purpose of the business of the Corporation;

(f) to make charges for any services rendered by the Corporation in carrying on such businesses;

(g) to purchase such quantities of petroleum as may be necessary for the purpose of the business of the Corporation;

(h) to re-export petroleum;

[2, Law 2 of 1976]

(i) with the approval of the Government, to promote any subsidiary organization in Sri Lanka or abroad which may in the opinion of the Board directly or indirectly promote the interests, or be conducive to the attainment of the objects, of the Corporation;

[2, Law 2 of 1976]

(j) to purchase, charter, build or otherwise acquire, mortgage, sell, exchange and let out on hire or charter or otherwise deal with or dispose of, any tanker, bunker or vessel;

[2, Law 2 of 1976]

(k) to contribute such sums of money as may be determined by the Board with the approval of the Minister given with the concurrence of the Minister in charge of the subject of Finance and the Minister in charge of the subject of Planning, to recognized institutions for the purpose of promoting technological, scientific and industrial research;

[2, Law 2 of 1976]

(l) to give any guarantee, security or indemnity to, and to enter into any agreements with, any bank, Government department, local authority, or any other person in order to obtain any rights, concessions, or privileges that may seem to the Board to be conducive for the purposes of the Corporation;

(m) to delegate to any officer of the Corporation any such function of the Corporation as the Corporation may consider necessary so to delegate for the efficient transaction of business;

(n) to enter into and perform or carry out, whether directly or through any officer or agent authorized in that behalf by the Corporation, all such contracts or agreements as may be necessary for the exercise of the powers of the Corporation;

(o) to make rules in relation to its officers and servants, including their appointment, promotion, remuneration, disciplinary control, conduct and the grant of leave to them;

(p) to make rules in respect of the administration of the affairs of the Corporation; and

(q) to do all other things which, in the opinion of the Corporation, are necessary to facilitate the proper carrying on of its business.

Powers of the Minister in relation to the Corporation. **7.**

(1) The Minister may, after consultation with the Board of Directors, give such Board general or special directions in writing as to the exercise of the powers of the Corporation, and such Board shall give effect to such directions.

(2) The Minister may, from time to time, direct in writing the Board of Directors to furnish to him, in such form as he may require, returns, accounts and other information with respect to the property and business of the Corporation, and such Board shall carry out every such direction.

(3) The Minister may, from time to time, order all or any of the activities of the Corporation to be investigated and reported upon by such person or persons as he may specify, and upon such order being made, the Board of Directors shall afford all such facilities, and furnish all such information, as may be necessary to carry out the order.

Board of Directors. **8.**  
[3, Law 2 of 1976]

(1) The Corporation shall have a Board of Directors consisting of seven members appointed by the Minister, one of whom shall be so appointed in consultation with the Minister in charge of the subject of Finance.  
(2) A person shall be disqualified from being appointed or continuing as a Director and in that event shall ipso facto cease to hold office,

- (a) if he is a Member of Parliament, or
- (b) if he, directly or indirectly, by himself or by any person on his behalf or for his use or benefit, holds or enjoys any right or benefit under any contract other than a contract of employment made by, with or on behalf of the Corporation, or
- (c) if he has any such financial or other interest except as an employee of the Corporation as is likely to affect prejudicially the discharge by him of his functions as a Director.

(3) Where a Director is, by reason of illness, infirmity or absence from Sri Lanka, temporarily unable to perform the duties of his office, the Minister may appoint any person to act in his place-

(4) The Minister may, without assigning a reason, remove any Director from office. The removal of any Director from office by the Minister shall not be called in question in any court.

(5) A Director who is not a public officer may resign the office of Director by letter addressed to the Minister.

(6) Subject to the provisions of subsection (4) and subsection (5), the term of office of the Board of Directors shall be three years:

Provided that a Director appointed in place of a Director who dies or resigns or otherwise vacates office shall, unless he earlier resigns or otherwise vacates office, hold office for the unexpired part of the term of office of the Director whom he succeeds.

Remuneration of Directors.

**9.** All or any of the Directors may be paid such remuneration, out of the funds of the Corporation, as may be determined by the Minister, with the concurrence of the Minister in charge of the subject of Finance.

Director to disclose interest in contract proposed to be made by the Corporation.

**10.** A Director who is directly or indirectly interested in a contract proposed to be made by the Corporation shall disclose the nature of his interest at a meeting of the Board of Directors. The disclosure shall be recorded in the minutes of such Board, and such Director shall not take part in any deliberation or decision of such Board with respect to such contract.

Quorum for any meeting of Board of Directors.

**11.** The quorum for any meeting of the Board of Directors shall be three.

Chairman of any meeting of the Board of Directors to have a casting vote.

**12.** The Chairman of any meeting of the Board of Directors shall, in addition to his Own vote, have a casting vote.

Regulation of Procedure.

**13.** Subject to the other provisions of this Act, the Board of Directors may regulate the procedure in regard to the meetings of such Board and the transaction of business at such meetings.

The Board of Directors may act despite vacancy.

**14.** The Board of Directors may act notwithstanding a vacancy among the members thereof.

General control of the corporation.

**15.** The general supervision, control and administration of the affairs and business of the Corporation shall be vested in the Board of Directors of the Corporation.

Delegation of powers and duties of Board

**16.**

(1) The Board of Directors may delegate to any Director or employee of such Board any of its powers or duties. of Directors.

(2) Every delegate appointed under subsection (!) shall exercise or perform the power or duty delegated to him subject to the general or special directions of

Chairman of the Board of Directors and Managing Director.  
**17.**  
[4, Law 2 of 1976]

the Board of Directors.

- (1) The Minister shall appoint a Chairman of the Board of Directors from among the Directors and may at any time appoint one of the Directors as the Managing Director of the Corporation. The Chairman of the Board of Directors shall be as the Managing eligible for appointment Director,
- (2) The Managing Director of the Corporation shall be eligible for appointment as the Chairman of the Board of Directors.
- (3) The terms and conditions of the appointment of the Managing Director of the Corporation shall be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.
- (4) The Managing Director's term of office, his remuneration, his resignation or removal from or vacation of office, and his eligibility for reappointment on vacation of office shall notwithstanding anything in subsection (6) of section 8 be in accordance with the terms and conditions of his appointment.

Appointment of public officers and officers and servants of the Local Government Service and of any local authority to the staff of the Corporation.  
**19.**

- (1) At the request of the Board of Directors, any officer in the public service may, with the consent of that officer and of the Secretary to the Ministry charged with the subject of Public Administration, be temporarily appointed to the staff of the Corporation for such period as may be determined by the Board with like consent or be permanently appointed to such staff.
- (2) Where any officer in the public service is temporarily appointed to the staff of the Corporation, the provisions of subsection (2) of section 9 of the Motor Transport Act, No. 48 of 1957,) shall, mutatis mutandis, apply to and in relation to him.
- (3) Where any officer in the public service is permanently appointed to the staff of the Corporation, the provisions of subsection (3) of section 9 of the Motor Transport Act, No. 48 of 1957,1 shall, mutatis mutandis^ apply to and in relation to him.
- (4) Where the Corporation employs any person who has entered into a contract with the Government by which he has agreed to serve the Government for a specified period, any period of service to the Corporation by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such contract.
- (5) At the request of the Board of Directors, any officer or servant of the Local Government Service or any local authority may, with the consent of that officer or servant and of the Local Government Service Advisory Board or that authority, as the case may be, be temporarily appointed to the staff of the Corporation for such period as may be determined by that Board with like consent, or be permanently appointed to the staff, on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by that Board and that Advisory Board or that authority.
- (6) Where any officer or servant of the Local Government Service or of any local authority is temporarily appointed to the staff of the Corporation, he shall be subject to the same disciplinary control as any other member of such staff.[\* Section 18 is repealed by Law No. 2 of 1976]

Officers and servants of the Corporation deemed to be public servants.

**20.** All officers and servants of the Corporation shall be deemed to be public servants within the meaning and for the purpose of the Penal Code.

The Corporation deemed to be a scheduled institution within the meaning of the Bribery Act-

**21.** The Corporation shall be deemed to be a scheduled institution within the meaning of the Bribery Act, and the provisions of that Act shall be construed accordingly.

Application and custody of the seal of the Corporation. **22.**

(1) The seal of the Corporation shall be in the custody of the Board of Directors.

(2) The seal of the Corporation may be altered in such manner as may be determined by the Board of Directors.

[6, Law 2 of 1976]

(3) The seal of the Corporation shall not be affixed to any instrument or document except in the presence of two Directors both of whom shall sign the instrument or document in token of their presence.

## **PART II FINANCE**

Capital of the Corporation. **23.**

(1) The initial capital of the Corporation shall be ten million rupees.

(2) The amount of the initial capital of the Corporation shall be paid to the Corporation out of the Consolidated Fund in such installments as the Minister in charge of the subject of Finance may, after consultation with the Minister, determine.

(3) The capital of the Corporation may be increased, from time to time, by such amount as may be determined by the Corporation with the approval of the Minister given with the concurrence of the Minister in charge of the subject of Finance.

Borrowing powers of the Board of Directors. **24.**

(1) The Board of Directors may, with the consent of the Minister, or in accordance with the terms of any general authority given by him, borrow temporarily, by way of overdraft or otherwise, such sums as the Board may require for meeting the obligations of the Corporation:

Provided that the aggregate of the amounts outstanding in respect of any temporary loans raised by the Board of Directors under this subsection shall not at any time exceed such sum as may be determined by the Minister in consultation with the Minister in charge of the subject of Finance.

(2) The Board of Directors may, with the consent of the Minister given with the concurrence of the Minister in charge of the subject of Finance, borrow money, otherwise than by way of a temporary loan under subsection (1), for all or any of the following purposes:-

(a) the provision of working capital;

(b) the provision of money for meeting any expenses incurred in connexion with any permanent work or other thing the cost of which is properly chargeable to capital;

(c) the provision of money required for the payment of any compensation under this Act which is payable in cash by the Corporation ;

(d) the redemption of any stock issued or any loan raised by the Board of Directors ; and

(e) any other purpose for which capital moneys are properly applicable, including the repayment of any money temporarily borrowed under subsection (1).

(3) The Board of Directors may, with the consent of the Minister given with the concurrence of the Minister in charge of the subject of Finance, borrow money for any of the purposes mentioned in subsection (2) by the issue of stock under section 26 or in any other manner whatsoever.



Investments of the funds of the Corporation.

**25.** Any funds of the Corporation which are not immediately required for purposes of the business of the Corporation may be invested by the Board of Directors in such manner as such Board may determine with the approval of the Minister.

Petroleum Corporation stock.

**26.**

(1) The Board of Directors-

(a) may create and issue any stock required for the purpose of exercising the powers of the Board under subsection (3) of section 24, and

(b) shall create and issue such stock as is required for the purpose of satisfying any right as to compensation under this Act which is to be satisfied by the issue of stock,

and the stock so created and issued is in this Act referred to as "Petroleum Corporation Stock".

(2) Petroleum Corporation Stock shall be issued, transferred, dealt with, redeemed and cancelled in accordance with such terms as may be determined by the Board of Directors with the approval of the Minister given with the concurrence of the Minister in charge of the subject of Finance.

Government guarantee-

**27.**

(1) The Minister in charge of the subject of Finance shall guarantee the repayment of the principal of, and the payment of the interest on, any Petroleum Corporation Stock created and issued under section 26 (1) (b), and may, with the concurrence of the Minister, guarantee the repayment of the principal of, and the payment of the interest on, any Petroleum Corporation Stock created and issued under section 26 (1) (a).

(2) Any sum required for the fulfillment of a guarantee provided under subsection (1) may, with the prior approval of Parliament, be paid out of the Consolidated Fund.

(3) Any sum paid out of the Consolidated Fund in fulfillment of a guarantee provided under subsection (1) shall be repaid, together with interest thereon, at such rate as the Minister in charge of the subject of Finance may determine with the concurrence of the Minister, by the Corporation in such manner and over such period as the Minister in charge of the subject of Finance may with such concurrence determine.

(4) Immediately after a guarantee is given under subsection (1), the Minister in charge of the subject of Finance shall lay a statement of the guarantee before Parliament.

(5) Where any sum is paid out of the Consolidated Fund in fulfillment of a guarantee provided under subsection (1), the Minister in charge of the subject of Finance shall forthwith lay before Parliament a statement that such sum has been so paid.

Application of the revenue of the Corporation

**28.** The revenue of the Corporation in any year shall be applied in defraying the following charges in the order of priority set out hereunder:-

(a) the working and establishment expenses (including allocations to the insurance reserve and depreciation reserve), in connexion with the exercise and performance of the powers of the Corporation, properly chargeable to revenue account;

(b) the interest on any temporary loan raised by the Corporation ;

(c) any sums required to be transferred to any sinking fund or redemption fund; and

(d) the interest on and the repayment of the principal of any Government loan to the Corporation.

Reserves.

**29.**

(1) The Board of Directors-

(a) may establish and maintain an insurance reserve to cover the insurance of the movable and immovable property of the Corporation and liabilities arising under the Workmen's Compensation Ordinance; and

(b) shall establish and maintain-

(i) a depreciation reserve to cover the depreciation of the movable and immovable property of the Corporation, and

(ii) a general reserve not exceeding such amount as may from time to time be determined by the Minister.

(2) Such amount out of the surplus of the revenue of the Corporation in any year remaining after the charges mentioned in section 28 have been satisfied as can be paid to the general reserve without causing it to exceed the amount determined by the Minister under paragraph (b) (ii) of subsection (1) shall be paid to that reserve and the balance, if any, of such surplus shall be paid to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund.

Accounts.

**30.**

(1) The Corporation shall cause its accounts to be kept in such form and in such manner as may be prescribed.

(2) The books and the accounts of the Corporation shall be kept at the head office, of the Corporation.

(3) The Corporation shall cause its books to be balanced as on the thirty-first day of December in each year and shall, as soon as may be thereafter, cause to be prepared a profit and loss account and a balance sheet containing a summary of the assets and liabilities of the Corporation made up to date aforesaid. The aforesaid accounts and the balance sheet shall be signed by the officer responsible for the preparation of such accounts and balance sheet.

Audit of accounts.

**31.**

The Corporation shall have its accounts for each year audited before the thirtieth day of June of the succeeding year by an auditor appointed by the Minister in consultation with the Auditor-General. The auditor shall receive such remuneration from the funds of the Corporation as the Minister may in consultation with the Corporation determine.

Auditor's report and transmission of report and balance sheet, :c, to the Minister

**32.**

(1) The auditor appointed under section 31 shall examine the accounts of the Corporation and ascertain the correctness of the balance sheet and furnish a report stating-

(a) whether he has or has not obtained all the information and explanations required by him, and

(b) whether the balance sheet and accounts referred to in the report are properly drawn up so as to exhibit a true and fair view of the Corporation's affairs.

(2) The report of the auditor shall be transmitted to the Auditor-General and to the Corporation.

[23,38 of 1971]

(3) The Corporation shall, on receipt of the auditor's report and the Auditor-Generals comments, if any, thereon in each year, transmit such report together with the profit and loss account and the balance sheet to which the report relates, and a statement by the Corporation of its activities during the financial

year to which such report relates, and of the activities (if any) which are likely to be undertaken by the Corporation in the next financial year, to the Minister who shall before the thirty first day of December of the same year cause copies thereof to be laid before Parliament for approval.

Exemption from taxes.  
[57, 18 of 1965]

**33.** The Personal Tax Act, No. 14 of 1959,\* shall not apply to the Corporation. [\* See list of Enactments omitted from the Revised Edition]

### PART III

#### ACQUISITION, REQUISITION, AND USE OF PROPERTY FOR OR BY THE CORPORATION

Notice of claim or disclaimer in respect of property required for the purposes of the Corporation.  
[7,2 of 1976]

**34.**

(1) Any officer of the Corporation authorized by the Minister may, by notice (hereafter in this Act referred to as a " notice of claim ") published in the Gazette, declare that any movable or immovable property, other than money, which had been or is being or is or was intended to be used for-

- (a) the importation, exportation, storage, sale, supply or distribution of petroleum; or
- (b) oil exploration or sitting of new distribution outlets of petroleum; or
- (c) the carrying on of such other business as may be incidental or conducive to the purposes referred to in paragraph (a) or paragraph (A),

is required for the purposes of the Corporation. Such property is hereafter in this Act referred to as " notified property ".

(2) When a notice of claim is published under subsection (1) any property contained in or found on such notified property shall be deemed to have been included in the notice of claim.

(3) The publication of a notice of claim made under subsection (1) in respect of any property shall be conclusive proof that such property is required for the purposes of the Corporation.

(4) Where a notice of claim is published under subsection (1), any officer of the Corporation authorized by the Minister may from time to time, by notice (hereafter in this Act referred to as a " notice of disclaimer") published in the Gazette, disclaim the need, for the purposes of the Corporation, of the whole or any part of the property included in the notice of claim and specified in the notice of disclaimer.

(5) No person shall lease, hypothecate, alienate, transfer or dispose of in any manner whatsoever to any person other than the Corporation the whole or any part of-

- (a) any property which is included in a notice of claim and is not disclaimed by a notice of disclaimer, or
- (b) any right or interest in respect of or incidental to the property specified in paragraph (a).

(6) Any lease, hypothecation, alienation, transfer or disposal made or effected in contravention of the provisions of subsection (5) shall be null and void.

(7) Any person shall, if requested by any officer authorized by the Minister, furnish to such person as shall be specified in the request information with regard to any movable or immovable property included in a notice of claim as shall be so specified.

(8) Any person who-

- (a) leases, hypothecates, transfers or disposes of any notified property in contravention of subsection (5); or
- (b) fails to furnish willfully the information referred to in A in subsection (7), or who willfully withholds all or any part of such information, or who furnishes information knowing such information to be false; or
- (c) willfully or negligently destroys or damages or causes to be destroyed or damaged any notified property; or
- (d) removes, changes the situation, or alters the character or causes such removal, change or alteration of any notified property,

shall be guilty of an offence under this Act.

(9) Regulations may be made under this Act-

- (a) empowering any person authorized in that behalf by the Corporation to inspect any notified property, and requiring the persons in whose possession or custody such property is to allow and assist the inspection thereof,
- (b) providing that a report as to the condition of any notified property may be made, and may be subsequently amended, by or under the authority of the Corporation ;
- (c) providing for the service of copies of such report or any amendment thereof on persons having an interest in the property to which the report relates;
- (d) requiring persons on whom copies of the report or any amendment thereof have been served to notify the Corporation whether or not they are in agreement with such report or amendment, and, if they are not in agreement, to specify any objections they may have and the grounds of such objections and to produce all documents relied on by them in support of such objections;
- (e) prohibiting the making of any improvements or alterations to any notified property without the prior approval of the Corporation ; and
- (f) providing for all matters connected with or incidental to the matters aforesaid.

Section 34A was repealed by

[31.26 of 2003]

Compulsory transfer to the Corporation of certain property.

**34A** .

**35**.

(1) The Minister may, by Order (hereafter in this Act referred to as a "vesting Order") published in the Gazette, vest in the Corporation, with effect from such date as shall be specified in the Order, any such notified property as has not been disclaimed by a notice of disclaimer or any right, interest or benefit in such notified, property derived under the terms of any arrangement, agreement (formal or informal), lease or notarially executed instrument subsisting on the date of publication of the notice of claim.

(2) Before a vesting Order takes effect, the Minister may from time to time alter, by Order published in the Gazette, the date on which such vesting Order takes effect.

(3) A vesting Order shall have the effect of giving the Corporation absolute title to any property specified in the Order with effect from the date specified therein and free from all encumbrances :

Provided however, where any right, interest or benefit in any notified property is vested in the Corporation, a vesting Order shall have the effect of giving the Corporation such right, interest or benefit with effect from the date specified in the Order.

Requisition of  
rolified property and **36.**  
compulsory  
acquisition of  
requisitioned  
property.

[9, Law 2 of  
1976]

(1) The Minister may, by Order (hereafter in this Act referred to as a "requisitioning Order") published in the Gazette, requisition, with effect from such date as shall be specified in the Order, any notified property as is immovable property, in order that it may be temporarily used by the Corporation for the purposes of its business.

(2) Before a requisitioning Order takes effect, the Minister may from time to time alter, by Order published in the Gazette, the date on which such requisitioning Order takes effect.

(3) A requisitioning Order shall have the effect of authorizing the Corporation, with effect from the date specified in the Order, to take possession of the property specified in the Order and to use such property temporarily for the purpose of the business of the Corporation in any manner whatsoever.

(4) Where any property is requisitioned by a requisitioning Order, the Minister may, by Order (hereafter in this Act referred to as "derequisitioning Order") published in the Gazette, derequisition with effect from such date as shall be specified in the derequisitioning Order, such property or such part of the property as shall be specified therein

(5) Before a derequisitioning Order takes effect, the Minister may from time to time alter, by Order published in the Gazette, the date on which such derequisitioning Order takes effect.

(6) Where, immediately before the date on which any property is requisitioned under this Act, a person, other than the owner of such property, was entitled to possession of or any other right, title or interest in such property under the terms of any arrangement, agreement (formal or informal), lease or notarially executed instrument that arrangement, agreement (formal or informal), lease or notarially executed instrument shall be deemed for all purposes to have expired on that date.

(7) Where any property is derequisitioned by a derequisitioning Order such Order shall be deemed to have the effect of reviving any arrangement, agreement (formal or informal), lease or notarially executed instrument subsisting on the date on which the property was requisitioned, and any question which may arise as to any right, title or interest, in or over that property shall be determined accordingly.

(8) Notwithstanding anything to the contrary in this Act or in any other law the provisions of subsection (7) shall not apply to any arrangement, agreement (formal or informal), lease or notarially executed instrument affecting any movable or immovable property of the State subsisting on the date on which the property was requisitioned.

(9) Where any property requisitioned for the Corporation is permanently required for the purpose of the business of the Corporation, such property may be vested in the Corporation by a vesting Order.

Revocation of  
vesting Order. **37.**  
[10, Law 2 of 1976]

[10 Law 2 of  
1976]

(1) Notwithstanding that any movable or immovable property has vested in the Corporation by virtue of a vesting Order, the Minister may at any time before an award as to compensation is made in respect of that property under section 65, by subsequent Order published in the Gazette (hereafter in this section referred to as a "divesting Order") revoke that vesting Order in respect of that property or such part of that property as shall be specified in that divesting Order.

(2) The following provisions shall apply in any case where a vesting Order in respect of any movable or immovable property is revoked by a divesting Order:-

(a) that property or the specified part of that property, as the case

may be, shall be deemed never to have vested in the Corporation by virtue of that vesting Order, and shall cease to be notified property, and any question which may arise as to any right, title or interest, in or over that property or the specified part of that property, as the case may be, shall be determined accordingly;

(b) that property or the specified part of that property, as the case may be, shall be deemed to have been and to be property which was requisitioned by a requisitioning Order with effect from the date on which that vesting Order took effect and was derequisitioned by a derequisitioning Order with effect from the date of the revocation of that vesting Order;

(c) all claims made under this Act to the compensation payable in respect of that property and all proceedings taken under this Act in regard to such claims before that vesting Order was revoked shall be deemed to be null and void, and fresh claims to compensation in respect of that property or the specified part of that property may be made under this Act and fresh proceedings in regard to such fresh claims may be taken under this Act.

Provided that nothing in the preceding provisions of this subsection shall be deemed to revive any arrangement, agreement (formal or informal), lease or notarially executed instrument entered into in respect of that property by any foreign-owned petroleum company and subsisting on the date on which that property was vested.

(3) The preceding provisions of this section shall have effect notwithstanding anything in any other provisions of this Act or in any other written law.

Copies of Gazettes containing vesting Orders and divesting Orders to be transmitted to the Registrar of Lands who shall duly register them.

[11, Law 2 of 1976]

Taking possession of property vested in or requisitioned for the Corporation.

**37A.** Where a vesting Order under section 35 or a divesting Order under section 37 in respect of any land or part thereof is published in the Gazette, the Corporation shall cause a copy of such Gazette, to be transmitted to the Registrar of Lands of the district in which the land or part thereof is situated, and such Registrar shall duly register such copy under the Registration of Documents Ordinance as an instrument affecting land.

**38.**

(1) Any person specially or generally authorized in that behalf by the Minister or the Chairman of the Board of Directors may take possession of any property vested in or requisitioned for the Corporation.

(2) Any officer of the Corporation authorized in that behalf by the Chairman of the Board of Directors shall, by notice given to the person in occupation or in possession of any property vested in or requisitioned for the Corporation or exhibited in some conspicuous place on or in the vicinity of such property-

(a) inform that such authorized officer intends to take possession of such property for and on behalf of the Corporation on such date and at such time and place as shall be specified in the notice, and

(b) require any person interested or his authorized agent to be present on the date and at the time and place so specified, and to allow and assist such authorized officer to take possession of such property for and on behalf of the Corporation.

Where such property is a motor vehicle, the notice aforesaid may be given to the registered owner of that vehicle within the meaning of the Motor Traffic Act instead of being given to the person in possession of that motor vehicle.

(3) Any notice required to be given to any person under the preceding provisions of this section shall be deemed to be given to him if such notice is sent to him by registered letter through the post.

Provisions of sections 38 and 39 to apply mutatis mutandis to taking possession of property belonging to the Corporation on termination of agreement of hire or lease

[12.2 of 1976]

### **38A.**

(4) Any person who contravenes any requirement of any notice given to him under this section shall be guilty of an offence under this Act.

(1) The provisions of sections 38 and 39 shall, mutatis mutandis, apply to the taking of possession of any property belonging to the Corporation on the termination of any agreement under which such property was let or leased for the purpose of being used as a distribution outlet of petroleum.

(2) Where an agreement under which any property belonging to the Corporation was let or leased for the purpose of being used as a distribution outlet of petroleum is terminated, the person in occupation of such property shall remove or cause to be removed from such property any fixture or movable property belonging to him and hand over vacant possession of such property to the authorized officer on or before the date specified in the notice given under section 38-

(3) Any person who fails to comply with the requirements of subsection (2) shall be guilty of an offence and shall, on conviction after trial before a Magistrate, be liable to imprisonment of either description for a term not exceeding six months or to a fine not exceeding one thousand rupees, and in the case of a continuing offence to an additional fine not exceeding fifty rupees for each day during which such offence is continued after conviction thereof.

Prevention of or obstruction to taking possession of property for or on behalf of the Corporation.

### **39.**

(1) Every person who-

(a) prevents, obstructs or resists, or

(b) directly or indirectly causes anyone to prevent, obstruct or resist,

any person from or in taking possession, under section 38, of any property for and on behalf of the Corporation shall be guilty of an offence under this Act.

(2) Where an officer authorized by the Minister or the Chairman of the Board of Directors under section 38 to take possession of any property for and on behalf of the Corporation is unable or apprehends that he will be unable to take possession of such property because of any obstruction or resistance that has been or is likely to be offered, on his making an application in that behalf to the Magistrate's Court having jurisdiction over the place where that property is kept or situated, the Magistrate shall issue an order of the Court directing the Fiscal to deliver possession of that property to him for and on behalf of the Corporation,

(3) Where an order under subsection (2) is issued to the Fiscal by a Magistrate's Court, he shall forthwith execute that order and shall in writing report to the Court the manner in which that order was executed.

(4) Where an order under subsection (2) is issued to the Fiscal by a Magistrate, the execution of such order shall not be stayed in any manner by reason of any steps taken or proposed to be commenced in any court with a view to questioning, varying or setting aside such order.

(5) For the purpose of executing an order issued by a Magistrate's Court under subsection (2), the Fiscal or any person acting under his direction may use such force as may be necessary to enter any place where any movable property to which that order relates is kept and seize such movable property, or to enter any land, building, structure or other immovable property to which that order relates and to eject any person in occupation thereof, and to deliver possession of such movable property, land, building, structure or other immovable property to the person who is authorized to take possession thereof for and on behalf of the Corporation.

Acquisition of immovable property under the Land Acquisition Act for the Corporation. **40.**

(1) Where any immovable property, other than any notified property, is required to be acquired for the purpose of the business of the Corporation and the Minister, by Order published in the Gazette, approves of the proposed acquisition, that property shall be deemed to be required for a public purpose and may accordingly be acquired compulsorily under the Land Acquisition Act and be transferred to the Corporation.

(2) Any sum payable for the acquisition of any immovable property under the Land Acquisition Act, for the Corporation, shall be paid by the Corporation.

Special grant or lease of State property to the Corporation.

**41.** Where any immovable property of the State is required for the purpose of the business of the Corporation, such purpose shall be deemed to be a purpose for which a special grant or lease of such property may be made under section 6 of the State Lands Ordinance, and accordingly the provisions of that Ordinance shall apply to a special grant or lease of such property to the Corporation.

Power to require information and to inspect. **42.**

(1) The Chairman of the Board of Directors or any person authorized in that behalf by such Chairman may-

(a) inspect any movable or immovable property which had been, or is being or is or was intended to be, used for the importation, exportation, storage, sale, supply or distribution of petroleum; or

[5, 5 of 1963] (b) inspect any movable or immovable property which had been, or is being or is or was intended to be, used for the carrying on of such other business as may be incidental or conducive to the purposes referred to in paragraph (a);

[5, 5 of 1963] (c) request any person to furnish information with regard to any matter within his knowledge relating to any movable or immovable property referred to in paragraph (a) or paragraph (b); and

[5, 5 of 1963] (d) request any person to furnish information with regard to any matter within his knowledge relating to the business of importation, exportation, storage, sale, supply or distribution of petroleum, whether carried on by himself or any other person, and the persons employed for the purposes of such business including details of their salaries, gratuities, compensation, or other benefits accruing to them.

[5, 5 of 1963] (2) Any person who fails, without reasonable cause, to comply with the reasonable cause, to comply with the provisions of subsection (1) (c) or subsection (1) (d) or who furnishes information knowing such information to be false or obstructs any person in the exercise of the powers conferred on him by subsection (1) (a) or subsection (1)(c); shall be guilty of an offence under this Act.

Power of Corporation to make use of equipment and facilities of other persons. **43.**

(1) Any person who carries on business as an importer, exporter, seller, supplier, or distributor of petroleum shall, if a written request in that behalf is made to him by the Corporation, make available for use by the Corporation any equipment or facilities maintained by him for the purpose of that business subject to such terms and conditions (including terms as to the charges to be made for such use) as may be determined by agreement between that person and the Corporation or, in the absence of such agreement, by arbitration as hereinafter provided.

(2) Where the terms and conditions subject to which any equipment or facilities of any person referred to in subsection (1) is or safe to be used by the



Corporation have to be determined by arbitration, the arbitration shall be conducted-

(a) by a single arbitrator nominated by agreement between that person and the Corporation; or

(b) in default of such agreement, by two arbitrators nominated respectively by that person and the Corporation.

(3) Where in any case referred to in paragraph (b) of subsection (2) there is a difference of opinion among the two arbitrators in respect of any matter, the matter shall be referred for decision by an umpire chosen by them, and, if they are unable to agree, by an umpire appointed for the purpose by the District Court of Colombo on application made by any party to the arbitration proceedings.

No stamp duty shall be payable in respect of any application under this subsection.

Each party shall be liable to pay in equal-shares the amount of the fee payable to an umpire chosen or appointed under this subsection.

(4) The decision of a single arbitrator or where there are two arbitrators their agreed decision, or in any case referred to in subsection (3) the decision of an umpire, shall be final and conclusive for the purposes of this section and shall be binding on the Corporation and on the person whose equipment or facilities is or are to be used by the Corporation.

(5) Regulations may be made in respect of all matters relating to or connected with the conduct of proceedings upon arbitration under this section.

#### PART IV

#### COMPENSATION

Notice to persons entitled to make claims to the compensation payable under this Act in respect of any property vested in or requisitioned for the Corporation.

**44.** Where any property is vested in or requisitioned for the Corporation, the Chairman of the Board of Directors shall, by notice published in the Gazette and in such other manner as may be determined by him, direct every person who was interested in such property immediately before the date on which such property was so vested or requisitioned to make, within a period of one month reckoned from the date specified in the notice, a written claim to the whole or any part of the compensation payable under this Act in respect of such property, and to specify in the claim-

(a) his name and address,

(b) the nature of his interest in such property,

(c) the particulars of his claim, and

(d) how much of such compensation is claimed by him.

Provisions to be complied with by the Chairman on the receipt of claims to compensation.

**45.** Upon the receipt of any claim made under section 44 to the compensation payable under this Act in respect of any property vested in or requisitioned for the Corporation, the Chairman of the Board of Directors shall cause the following documents to be sent to the claimant by registered letter through the post:-

(a) a copy of any such report in regard to the condition of the aforesaid property as has been made by or under the authority of the Corporation under any regulation made under this Act, if a copy of that report has not already been served on the claimant;

(b) a copy of any such assessment of the compensation payable under this Act in respect of the aforesaid property as has been made by or under the authority of the Corporation;

(c) a notice requiring the claimant, within the time specified in the notice :-

- (i) to furnish to the Corporation a written statement setting out whether or not he agrees with the report referred to in the preceding paragraph (a) and the assessment referred to in the preceding paragraph (b) and, if he does not so agree, any objections that he may have to such report and assessment, and the grounds of such objections; and
- (ii) to produce to the Corporation all documents, and in particular the document in regard to the condition of the aforesaid property, relied on by him in support of any such objection.

Reference to the Compensation Tribunal for an award as to compensation in respect of any property vested in or requisitioned for the Corporation. **46.**

(1) The Chairman of the Corporation shall refer to the Compensation Tribunal for determination the amount of the compensation payable in respect of any property vested in or requisitioned for the Corporation and shall transmit to the Tribunal all claims made to such compensation, together with all documents furnished by the claimants in support of their claims, and all documents copies of which have been served on or transmitted to the claimants by the Corporation.

(2) A reference made under subsection (1) to the Compensation Tribunal is hereafter in this Act referred to as a " reference for an award as to compensation ".

Compensation in respect of properties vested in the Corporation. **47.**

(1) The amount of compensation to be paid under this Act in respect of any property vested on any date in the Corporation shall be the actual price paid by the owner for the purchase of such property and an additional sum which is equal to the reasonable value of any additions and improvements made to such property by any person who was interested, or if such purchase price is not ascertain able, be an amount equal to the price which such property would have fetched if it had been sold in the open market on the day on which the property was vested in the Corporation ;

Provided that where such property consists of movable property or anything attached to the earth or permanently fastened to anything attached to the earth, a reasonable amount for depreciation shall be deducted from the amount which represents the price actually paid for its purchase by the person entitled to the compensation payable in respect of such property, if such compensation is based on such price;

[2, Law 50 of 1973]

Provided, further, that where such property consists of land or buildings, the amount of compensation to be paid shall be an amount equal to the price which such land or buildings would have fetched if such land or buildings had been sold in the open market on the day on which such land or buildings was or were vested in the Corporation.

(2) Where any right, interest or benefit in any movable or immovable property derived under the terms of any arrangement, agreement (formal or informal), lease or notarially executed instrument is vested in the Corporation, the amount of compensation to be paid under this Act shall be the actual price paid by the holder for the acquisition of such right, interest or benefit: Provided that a proportionate amount shall be deducted on account of the period for which the holder has enjoyed such right, interest or benefit.

Compensation in respect of property requisitioned for the Corporation. **48.**

(1) The amount of compensation to be paid in respect of any property requisitioned for the Corporation shall be a sum equal to the rent which might reasonably be expected to be payable by a tenant in occupation of such property, during the period of the requisition, under a lease granted

immediately before the beginning of that period whereby the tenant undertakes to pay all usual rates and taxes and to bear the cost of the repairs and insurance and the other expenses, if any, necessary to maintain such property in a state to command that rent.

(2) The compensation under subsection (1) in respect of any property shall be considered as accruing due from day to day during the period of the requisitioning of such property and shall be apportionable in respect of time accordingly.

In determining compensation, certain buildings not to be taken into account and certain deductions to be made.

**48A.** In determining compensation payable in respect of any land vested in, or requisitioned for, the Corporation,-

[3, Law 50 of 1973]

(i) where any building had been constructed on, or any other improvements had been effected to, such land, on any date prior to the date on which such land was so vested or requisitioned, by any foreign-owned petroleum company, no account shall be taken of such building or improvements in the computation of the market value of such land under section 47 or if the rent payable under section 48, as the case may be, and

(ii) any sum which had been paid in advance to the owner of such land as rent for any period after the date on which such land was so vested, or requisitioned, as the case may be, shall be deducted from the amount of the compensation.

Proportionate payment of compensation, and interest on compensation, until date of payment.

**49.**

(1) The amount of compensation to be paid to any person in respect of any property requisitioned for or vested in the Corporation shall be proportionate to the interest such person had in such property on the date on which the property was requisitioned for or vested in the Corporation:

Provided, however, where property requisitioned is subsequently vested in the Corporation, the apportionment of the compensation in respect of such property shall be proportionate to the interest any person had in such property on the date on which such property was requisitioned for the Corporation.

(2) Any compensation payable under this Act shall carry interest, as from the date on which it accrues due until payment, at such rate as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

When compensation in respect of vested property accrues due.

**50.** The compensation payable in respect of any property vested in the Corporation shall be considered as accruing due from the date on which that property was so vested.

Right to compensation,

**51.** No compensation in respect of any property vested in or requisitioned for the Corporation shall be paid to any person under this Act unless such person is entitled to such compensation according to an award (hereafter in this Act referred to as an "award as to compensation") made by the Compensation Tribunal under this Act.

Deductions from compensation.

**52.** The following provisions shall apply in any case where a person is entitled to compensation in respect of any property vested in or requisitioned for the Corporation:-

(a) where any sum has been certified under the hand of the Commissioner-General of Inland Revenue to the Corporation to be due from such person as tax on income or profits, or as personal tax, then, from the amount of the compensation to which such person is entitled, the Corporation shall pay the sum so specified to the Commissioner-General of Inland Revenue, or

[6,5 of 1963]

(aa) where any sum has been certified under the hand of the Commissioner of Labour to the Corporation to be due from such person as a gratuity or other monetary benefit to any other person whose employment has been terminated under the provisions of section 5J, then, from the amount of such compensation, the Corporation shall pay the sum so specified to the

[6,5 of 1963] Commissioner of Labour for the payment of such gratuity or other benefit, or (b) where the amount of such compensation has been applied in payment of any sum referred to in the preceding paragraphs (a) and (aa), the balance if any, of that amount remaining after it has been so applied shall be paid by the Corporation to the person or persons entitled thereto.

Mode of payment of compensation. **53.** The mode and manner of payment of compensation under this Act shall be determined by the Minister in consultation with the Minister in charge of the subject of Finance.

Provision for cases where compensation is not accepted, ;c. [4,50 of 1973] **54.** Where any compensation payable to any person under this Act is not accepted by him when it is tendered to him or where such person is dead or not in existence or not known, it shall be paid to any District Court or Primary Court, according as the amount of the compensation exceeds or does not exceed one thousand five hundred rupees, to be drawn by the person or persons entitled thereto.

Compensation payable in respect of property vested in or requisitioned for the Corporation on or after August 1,1970- [5,50 of 1973] **54A.** Notwithstanding anything to the contrary in this Act. or in any other written law, the Corporation may pay to any person as compensation in respect of property vested in, or requisitioned for, the Corporation under this Act, where such vesting or requisitioning is made on or after the first day of August, 1970, such amount as the Minister may, pursuant to any agreement reached between the Minister and such person in respect of the amount of compensation for such property, direct the Corporation to pay.

Power of the Chairman of the Board of Directors to pay advances on account of compensation. [5, Law 50 of 1973]

### **54B.**

(1) The Chairman of the Board of Directors may before the determination of a claim for compensation under this Act pay to a person whom he considers entitled to such compensation an advance, And any sum so paid shall be deducted from the amount of the compensation awarded to him.

(2) Where any sum is paid after the date of commencement of this Act to any person as an advance on account of compensation to be paid to such person under this Act in respect of any land vested in or requisitioned for the Corporation, such payment shall be deemed to have been paid under subsection (1) and accordingly such sum shall be deducted from the amount of the compensation awarded to such person.

Finality as to payment of compensation. [5, Law 50 of 1973]

**54C.** Where compensation under this Act has been paid in respect of any land in accordance with the provisions of this Act, no further claim against the Corporation either by the person to whom such compensation was paid or by any other person shall be allowed and no action shall be instituted against the Corporation in any court in respect of such further claim.

## **PART V**

### **COMPENSATION TRIBUNAL**

Constitution of the Compensation Tribunal. [6,50 of 1973] **55.**

(1) There shall be established for the purposes of this Act, a Compensation Tribunal (hereinafter referred to as the " Tribunal"), consisting of five members appointed by the President of whom at least three shall be persons with judicial or legal experience.

(2) A person shall be disqualified for being appointed or being a member of the Tribunal if he is a Member of Parliament or a member of the Corporation.

(3) A member of the Tribunal with judicial or legal experience shall be appointed to be the Chairman, and another member with similar experience shall be appointed to be the Vice-Chairman, of the Tribunal by the President.

(4) Every member of the Tribunal shall, unless he earlier vacates office or is removed therefrom by the President, hold office for a period of three years. Any member of the Tribunal who vacates office by effluxion of time shall be eligible for reappointment.

Remuneration of members of the **56.**

Tribunal and expenses of the Tribunal.  
[7, Law 50 of 1973]

- (1) The members of the Tribunal shall be remunerated at such rates as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.
- (2) The remuneration of the members of the Tribunal and other expenses of the Tribunal shall be paid by the Secretary to the Ministry out of the funds provided for the purpose by the Corporation.

Meetings of the Tribunal  
[8, Law 50 of 1973] **57.**

- (1) The Chairman shall convene meetings of the Tribunal for the consideration and determination of references for awards as to compensation made to the Tribunal.
- (2) Three members of the Tribunal, one of whom shall be the Chairman or Vice- Chairman, shall be summoned to a meeting of the Tribunal. The members to be summoned shall be determined by the Chairman.
- (3) Where the Chairman or the Vice- Chairman is summoned to a meeting of the Tribunal, the Chairman or Vice-Chairman. as the case may be, shall preside at that meeting,
- (4) A member of the Tribunal who is interested in any matter which is a subject of a reference for an award as to compensation or who has been consulted as an attorney- at-law or in any other capacity in regard to that matter by or on behalf of any person interested therein shall not participate in any proceedings of a meeting of the Tribunal on such reference.
- (5) A meeting of the Tribunal may from time to time be postponed or adjourned.

Proceedings before Tribunal.  
[ 9, Law 50 of 1973] **58.**

- (1) Every reference for an award as to compensation shall be considered and determined at a meeting of the Tribunal. Tribunal.
- (2) The Chairman shall fix a date, time and place for the consideration and determination by the Tribunal of each reference for an award as to compensation.

Power to summon witnesses, ;c.  
[10, Law 50 of 1973] **59.**

- (l) The Chairman or the Vice-Chairman of the Tribunal shall, for the purposes of the consideration and determination of any reference for an award as to compensation, have all the powers of a District Court-

- (a) to summon and compel the attendance of witnesses,
- (b) to compel the production of documents; and
- (c) to administer any oath or affirmation to witnesses.

- (2) Every person who attends a meeting of the Tribunal as a witness shall be paid as travelling and other expenses such sum as shall be determined by the Chairman or in his absence the Vice-Chairman of the Tribunal.

Persons giving evidence bound to state the truth.  
Determination of the Tribunal. **60.**  
**61.**

**60.** Every person giving evidence on any matter before a meeting of the Tribunal shall be bound to state the truth on such matter.

- (1) The determination made at a meeting of the Tribunal on any matter considered at that meeting shall be deemed to be the determination of the Tribunal on that matter.
- (2) Where the members of the Tribunal who consider any matter disagree with regard to the determination on that matter, the determination of the majority of

them shall be the determination of the Tribunal on that matter, and, where the members are equally divided in their opinion, the determination supported by the Chairman of the meeting by which that matter is considered shall be the determination of the Tribunal on that matter.

(3) Every determination of the Tribunal shall contain the reasons therefor.

Tribunal may regulate its procedure at meetings.

**62.** Subject to the provisions of this Act in respect of procedure, the Tribunal may lay down the procedure to be observed at meetings of the Tribunal.

Chairman of the Board of Directors and claimants to compensation to be given an opportunity of being heard before the making of an award. Provision in regard to evidence.

**63.** Where a reference for an award as to compensation is made to the Tribunal, the Tribunal shall, before making such award give the Chairman of the Board of Directors and every person who has made a claim to compensation an opportunity of being heard either in person or by an agent authorized in that behalf.

**64.**

(1) Where a copy of any report made by or under the authority of the Corporation in regard to the condition of any property vested in or requisitioned for the Corporation is served on any claimant to compensation in respect of such property, then, in so far as that claimant is concerned, that report shall, in any proceedings relating to the claim of the claimant before the Tribunal, be prima facie evidence of the facts stated therein until the contrary is proved.

(2) Where a copy of the Corporation's assessment of compensation in respect of any property is served on any claimant to such compensation, that assessment shall, in any proceedings relating to the claim of the claimant before that Tribunal, be prima facie evidence of the facts stated therein until the contrary is proved.

(3) Where a report in regard to the condition of any property vested in or requisitioned for the Corporation, or the Corporation's assessment of any compensation, is prima facie evidence of the facts stated therein under the preceding provisions of this section in any proceedings relating to a claim to compensation before the Tribunal, then, the claimant shall not be entitled to produce in those proceedings any document in support of any objection to such report OF assessment unless that document had been produced to the Corporation as required by or under this Act.

An award as to compensation by the Tribunal on a reference

**65.**

(1) Where a reference for an award as to compensation is made to the Tribunal in respect of any property vested in or requisitioned for the Corporation, the Tribunal shall, after considering all such matters and hearing all such witnesses as may be necessary for the purpose and after complying with the provisions of section 63 and section 64, make, save as otherwise provided in subsection (2), an award determining-

(a) whether or not each person who has made a claim to compensation is a person entitled to compensation, and if so, the capacity in which he is so entitled,

(b) the amount of the compensation payable in respect of such property in accordance with the provisions of this Act, and

(c) the apportionment of the compensation among the persons entitled to compensation:

Provided that where there is a dispute as to the persons entitled to such compensation or as to the apportionment of such compensation among the

persons entitled to such compensation, the Tribunal shall defer making an award and shall refer the dispute for decision to the District Court within whose local jurisdiction such property, being immovable property, is situate, or being movable property, was kept at the time it was so vested, and shall, after such Court makes its decision on such dispute, make an award in accordance with such decision.

(2) Where no person makes a claim to compensation in respect of any property vested in or requisitioned for the Corporation, it shall not be necessary to determine in the award under this section the matters specified in paragraphs (a) and (c) of subsection (1) and to comply with the provisions of subsection (3) relating to the giving of notice of the award to claimants to compensation.

(3) The Tribunal shall cause written notice of its award to be given to the Chairman of the Board of Directors and the claimants to compensation.

(4) An award of the Tribunal shall be final and shall not be called in question in any court.

## PART VI GENERAL

(1) The Minister may, with the concurrence of the Minister in charge of the subject of Finance, by a Petroleum Price Order (hereafter referred to as an "Order"), in respect of petroleum of any class or description referred to in the Order, specify or determine any one or more of the following matters:-

- (a) the maximum spot price or rate,
- (b) the minimum spot price or rate,
- (c) the spot price or rate,
- (d) the maximum amount or percentage of discount or rebate,
- (e) the formula fixing the price,

at which such petroleum shall be sold, supplied or delivered.

(2) Any Order under subsection (1) may-

- (a) be limited in operation to petroleum sold, supplied or delivered by the Corporation, or
- (b) be made applicable to any petroleum sold, supplied or delivered whether by the Corporation or any other person,
- (c) be limited in operation to any particular place or area and in duration for any specified time or period,
- (d) prescribe the conditions of sale, supply or delivery of any petroleum.

(3) Every Order under this section shall come into operation when such Order is made and signed by the Minister or on such later date as may be specified in the Order.

(4) After an Order has been signed by the Minister, public notice thereof shall forthwith be given-

- (a) by publication of the Order in the Gazette; and
- (b) in such other manner as may be prescribed.

(5) An Order under this section, upon publication in the Gazette, shall be deemed to be as valid and effectual as if it were herein enacted.

(6) Any Order under subsection (1) may be altered, varied, modified or revoked by the Minister, with the concurrence of the Minister in charge of the subject of Finance.

(7) Any Order under this section may provide that any such provisions of the Control of Prices Act or any regulations made thereunder, as may be specified in the Order shall, with such modifications as may be so specified, apply in relation to that Order.

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

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

(a) any matter required by this Act to be prescribed or in respect of which regulations are authorized by this Act to be made ;

(b) the establishment and administration of a Reward Fund for such purposes as may be prescribed;

(c) the prevention of the theft of, or a damage to, or the commission of nuisance on, any property used by the Corporation, and the imposition of penalties on, and the recovery of compensation from, persons responsible for such theft, damage or nuisance;

(d) any matter regarding the assessment and payment of compensation under this Act,

(3) Every regulation made by the Minister shall be published in the Gazette and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(4) Every regulation made by the Minister shall, as soon as convenient after its publication in the Gazette, be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything previously done thereunder.

(5) Notification of the date on which any regulation made by the Minister is so deemed to be rescinded shall be published in the Gazette.

(6) Any regulation made by the Minister shall, when approved by Parliament, be as valid and effectual as if it were herein enacted. Notification of such approval shall be published in the Gazette. [• Section 67 is repealed by Law No. 2 of 1976]

(1) Every person who-

(a) contravenes or fails to comply with any section or provision of this Act or any regulations made thereunder or any order or directions lawfully given under this Act or any regulations made thereunder shall be guilty of an offence under this Act;

(b) aids or abets any person or persons in the commission of an offence under this Act shall be guilty of an offence under this Act

[9,5 of 1963] (bb) contravenes or fails to comply with the provisions of any Order made by the Minister under section 5c snail be guilty of an offence under this Act;

[14, Law 2 of 1976] (bbb) sells, alienates or disposes of any equipment of the Corporation without the prior authority of the Corporation, or causes willful damage to or defaces any such equipment or contaminates any petroleum product, or sells or is concerned in



the sale of any petroleum product, having reason to believe that it is contaminated, shall be guilty of an offence under this Act.

(c) attempts to commit or does any act preparatory to or in furtherance of the commission of an offence under this Act shall be guilty of an offence under this Act.

(2) Every person who commits an offence under this Act shall, on conviction after summary trial before a Magistrate-

(a) for the first offence be liable to imprisonment of either description for a period not exceeding one year or a fine not exceeding one thousand rupees, or both such imprisonment and fine;

(b) for a subsequent offence, be punished with imprisonment of either description for a term not exceeding two years, and shall, in addition, be liable to a fine not exceeding two thousand rupees.

(3) Notwithstanding anything to the contrary, every offence under this Act shall be a cognizable offence within the meaning and for the purposes of the Code of Criminal Procedure Act.

Power of Board of Directors to compound claims.

**70.** The Board of Directors may compound any claim or demand made against the Corporation by any person for such sum or other compensation as the Board may deem sufficient.

Corporation exempted from the provisions of the Prescription Ordinance.

**70A.**

(1) The claims of the Corporation against any person whomsoever, for the recovery of any sum of money which is due to the Corporation, shall not be held to be barred, limited or prejudiced by any provisions of the Prescription Ordinance.

(2) The provisions of subsection (1) of this section shall-

(a) be deemed for all purposes to have come into operation on May 29, 1961 ;

(b) not apply to any sum of money which shall be or become due to the Corporation on or after the date of commencement of this Act, and

(c) have effect notwithstanding anything to the contrary in any other written law.

Liability of directors and certain officers of a body corporate for offence committed by that body.

**71.** When an offence under this Act is committed by a body corporate, every person who at the time of the commission of the offence was a director, general manager, secretary or other similar officer of the body corporate shall be deemed to be guilty of that offence unless he proves that that offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of that offence as he ought to have exercised having regard to the nature of his functions and in all the circumstances.

Provisions in regard to mortgage and leases.

**72.**

(1) Where any property is subject to a mortgage or lease at the time when that property is vested in the Corporation under leases this Act, the rights of the mortgagee or of the purchaser of the mortgaged property under a mortgage decree, or of the lessee, shall, notwithstanding the provisions of section 35 (3), be limited to any sum paid under this Act as compensation in respect of such property.

(2) Nothing in this Act shall affect the right of a mortgagee to have recourse to any property or security other than that vested in the Corporation under this Act for the recovery of the debt secured by the mortgage.

(3) Where any property is subject to an arrangement, agreement (formal or informal), lease, or notarially executed instrument at the time when that property is requisitioned for the Corporation under this Act, the rights of the

parties to such arrangement, agreement, lease or instrument shall, notwithstanding the provisions of section 36 (6), be limited to any sum paid under this Act as compensation in respect of that property.

Power of companies, ;c, to enter into contracts with the Corporation,  
Protection for action taken under this Act or on the direction of the Board of Directors.

**73.** Any company or other body of persons may, notwithstanding anything to the contrary in any written law or instrument relating to its functions, enter into and perform or carry out all such contracts and agreements with the Corporation as may be necessary for the exercise of the powers of the Corporation.

**74.**

(1) No Suit or prosecution shall lie-

- (a) against any Minister for any act which in good faith is done or purports to be done by him under this Act; or
- (b) against the Corporation for any act which in good faith is done or purports to be done by the Corporation under this Act; or
- (c) against any member, officer, servant or agent of the Corporation for any act which in good faith is done or purports to be done by him under this Act or on the direction of the Board of Directors.

(2) Any expense incurred by the Corporation in any suit or prosecution brought by or against the Corporation before any court shall be paid out of the funds of the Corporation, and any costs paid to, or recovered by, the Corporation in any such suit or prosecution shall be credited to the funds of the Corporation.

(3) Any expense incurred by any such person as is referred to in paragraph (c) of subsection (1) in any sue or prosecution brought against him before any court in respect of any act which is done or purports to be done by him under this Act or on the direction of the Board of Directors shall, if the court holds that such act was done in good faith, be paid out of the funds of the Corporation, unless such expense is recovered by him in such suit or prosecution.

No writ to issue against person or property of a member of the Corporation.

**75.** No writ against person or property shall be issued against a member of the Corporation in any action brought against the Corporation.

This Act to prevail over other written laws.

**76.** The provisions of this Act shall have effect notwithstanding anything contained in any other written law, and accordingly in the event of any conflict or inconsistency between the provisions of this Act and such other law, the provisions of this Act shall prevail.

Rectification of failures and omissions.

**77.** Where, in the exercise of their powers, performance of their functions or the discharge of their duties, under this Act, it is found that there has been, at any stage, a failure or omission on the part of the Minister, the Chairman of the Board of Directors, the Corporation or any officer authorized by anyone of the aforementioned to comply with any provisions of this Act or regulations made thereunder, such person may rectify such failure or omission at any time and thereupon any such person shall be deemed for all purposes to have complied with the provisions of this Act or the regulations made thereunder.

Interpretation,

**78.** In this Act, unless the context otherwise requires-

" Board of Directors " means the Board of Directors constituted under this Act;

"Compensation Tribunal" means the Compensation Tribunal established under this Act;

" Director" means a member of the Board of Directors;

[, Law 50 of 1973]

"foreign-owned petroleum company" means any foreign-owned petroleum company within the meaning of the definition of " foreign-owned petroleum companies" in the Ceylon Petroleum (Foreign Claims) Compensation Act, No. 19 of 1965.\* [\* See List of Enactments omitted from the Revised Edition]

"formula " means the principles or the basis on which prices shall be calculated and includes any specified method of calculation of such prices ;

"immovable property " means land and includes any interest in, or any benefit to arise out of any land, and any leasehold or other interest held by any person in any State land, and also

things attached to the earth or permanently fastened to anything attached to the earth ;  
"motor vehicle " has the same meaning as in the Motor Traffic Act;

" person who was interested " (a) in relation to any immovable property vested in or requisitioned for the Corporation, means a person who, immediately before the date on which such property was so vested or requisitioned, had an interest in such property as owner, co-owner, mortgagee, lessee or otherwise, whether absolutely for himself or in trust for any other person; and (b) in relation to any movable property vested in the Corporation, means any person who, immediately before the date on which such property was so vested, had an interest in such property as owner, co-owner, mortgagee, pledgee, hirer or otherwise, whether absolutely for himself or in trust for any other person;

[16, Law 2 of 1976]

"petroleum" means petroleum and includes any product, or byproduct, which may be derived, purchased, prepared, developed, compounded, made, or manufactured, from hydro-carbons or hydro-carbon compounds, and any inorganic and natural or synthetic organic compound or mixture which has been used or is being used or is intended to be used as agricultural chemicals of whatever description for the purpose of destroying or inhibiting or controlling the action of plant or animal pest and fungus growth and to increase the productivity and quality of plant life.

"property requisitioned for the Corporation" means property requisitioned for the Corporation by virtue of a requisitioning Order, and any cognate expression shall be construed accordingly; and

"property vested in the Corporation" means property vested in the Corporation by virtue of a vesting Order, and any cognate expression shall be construed accordingly.