CHAPTER 234

CEYLON SHIPPING CORPORATION

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A SHIPPING CORPORATION TO OPERATE SERVICES FOR THE TRANSPORT OF GOODS, MAILS AND PASSENGERS BY SEA AND TO CARRY ON BUSINESS AS SHIPOWNERS, CHARTERERS OF SHIPS AND VESSELS, SHIP BROKERS, AND SHIPPING AGENTS, TO CARRY OUT THE BUILDING, MAINTENANCE, REPAIR AND OVERHAUL OF SHIPS AND VESSELS, TO VEST IN SUCH CORPORATION THE UNDERTAKING CARRYING ON BUSINESS UNDER THE NAME AND STYLE OF THE CEYLON SHIPPING CORPORATION LIMITED, TO REGULATE THE POWERS AND DUTIES OF SUCH CORPORATION, AND TO MAKE PROVISION FOR PURPOSES CONNECTED WITH THE AFORESAID MATTERS.

[9th March, 1971.]

1. This Act may be cited as the Ceylon Shipping Corporation Act.

2. (1) There shall be established, with effect from such date as may be appointed for the purpose by the Minister by Order published in the Gazette*, a corporation which shall be known as the Ceylon Shipping Corporation (hereafter in this Act referred to as "the Corporation"), and which shall consist of the persons who are for the time being members of the Corporation under section 3.

(2) The Corporation shall, by the name assigned to it by subsection (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

3. The members of the Board of Directors shall be the members of the Corporation.

4. The objects of the Corporation shall be—

(a) to operate services for the transport of goods, mails and passengers by sea;

(b) to carry on business as shipowners, charterers of ships and vessels, ship brokers, shipping agents and other ancillary services; and

(c) to carry out the building, maintenance, repair and overhaul of ships and vessels.

5. (1) The Corporation may exercise all or any of the following powers:

(a) 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 ship or vessel;

(b) to establish, maintain and operate shipping services and all other services ancillary thereto;

(c) to appoint and dismiss such officers and servants as may be necessary for carrying out the work of the Corporation and to determine the terms and conditions of their employment;

(d) to act as agents or sub-agents for any other company, person or persons in Sri Lanka or abroad;

(e) to carry on the business of ship brokers for the purpose of sale or purchase or for the procurement of shipping services;

CEYLON SHIPPING CORPORATION

(f) to carry on business as contractors in respect of shipping and services ancillary thereto;

(g) to carry on all such financial, commercial, trading, technical and other operations for business in connexion with the objects of the Corporation as the Corporation may think fit;

(h) to appoint such agents, whether in Sri Lanka or abroad, as the Corporation may deem necessary and to determine the terms and conditions of their appointment;

(i) to appoint, employ or dismiss professional persons, whether in Sri Lanka or abroad, as the Corporation may deem necessary and to determine the terms and conditions of their appointment;

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

(k) 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;

(l) to establish a provident fund and provide welfare and recreational facilities for persons employed by the Corporation;

(m) to construct, manufacture, purchase, maintain and repair anything required for the purpose of carrying out the objects of the Corporation;

(n) 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;

(o) to enter into and perform all such contracts as may be necessary for the performance of the duties and the exercise of the powers of the Corporation;

(p) 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;

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

(r) to do anything necessary for, or conducive or incidental to, the carrying out of the objects of the Corporation;

(s) to acquire, hold or dispose of shares in any organization in Sri Lanka or abroad, with the approval of the Government;

(t) to promote, with the approval of the Government, any subsidiary organization in Sri Lanka or abroad which may seem or appear directly or indirectly calculated to benefit the Corporation;

(u) to appoint such Advisory Boards or Committees, and such Local Boards or Committees, with such executive or other functions and upon such terms as to remuneration and otherwise, as the Corporation may deem expedient.

(2) The Minister may by Order authorize the Corporation, subject to such conditions as may be specified in the Order, to carry on any undertaking or business or to do any act or thing not mentioned in the preceding provisions of this section, if he is satisfied that it is expedient so to do for purposes connected with the efficient discharge and performance of the powers and duties conferred or imposed on the Corporation by such preceding provisions.

(3) Every Order made under subsection (2) shall be published in the Gazette, and shall come into force on the date of such publication.
(4) Every Order made under subsection (2) shall, as soon as convenient after its publication in the Gazette, be brought before Parliament for approval. Any Order which is not so approved shall be deemed to be revoked as from the date of disapproval, but without prejudice to anything previously done thereunder. Every Order which is not so revoked shall be as valid and effectual as though it were herein enacted.

(5) Nothing in the preceding provisions of this section shall be construed as authorizing the disregard by the Corporation of any law for the time being in force.

6. (1) The Minister may give the Board of Directors general or special directions in writing as to the performance of the duties and 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, to the said person or persons as may be necessary to carry out the order.

7. (1) The Corporation shall have a Board of Directors consisting of five members appointed by the Minister, one of whom shall be an officer of the Ministry charged with the subject of Finance.

(2) A person shall not be qualified for appointment or for continuing as a Director—

(a) if he is a Member of Parliament; or

(b) if he is, under any law in force in Sri Lanka, found or declared to be of unsound mind; or

(c) if he is a person who, having been declared an insolvent or a bankrupt under any law in force in Sri Lanka or in any other country, is an undischarged insolvent or bankrupt; or

(d) if he is convicted of an offence involving moral turpitude and punishable by imprisonment for a term of not less than six months; or

(e) if he has any such financial or other interest 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 or other infirmity or absence from Sri Lanka, temporarily unable to perform the duties of his office, then, the Minister may appoint any person to act in his place.

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

(5) A Director 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 a Director shall be three years:

Provided that—

(a) 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; and

(b) a Director appointed in place of a Director who is temporarily unable to perform the duties of his office shall, unless he earlier resigns or otherwise vacates office, hold office during the absence of the Director in whose place he was appointed.
8. All or any of the Directors may be paid such remuneration as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

9. 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.

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

11. 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.

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

13. The Board of Directors shall administer the affairs, may exercise the powers, and shall perform the duties, of the Corporation.

14. (1) The Board of Directors may delegate to any Director or employee of the Corporation any of the powers and duties of such Board.

(2) Every delegate appointed under subsection (1) shall exercise or perform the power or duty delegated to him subject to the general or special directions of the Board of Directors.

15. (1) The Minister may appoint one of the Directors as the Chairman of the Board of Directors.

(2) If the Chairman of the Board of Directors is, by reason of illness or other infirmity or absence from Sri Lanka, temporarily unable to perform the duties of his office, the Minister may appoint one of the Directors to act in his place.

(3) The Minister may, without assigning a reason, terminate the appointment of the Chairman of the Board of Directors.

(4) The Chairman of the Board of Directors may resign the office of Chairman by letter addressed to the Minister.

(5) Subject to the provisions of subsection (3) and subsection (4), the term of office of the Chairman shall be the period of his membership of the Board of Directors:

Provided that a Director appointed to act as the Chairman of the Board of Directors during the absence of the Chairman of the Board of Directors shall, unless he vacates the office of Chairman earlier, hold such office during such absence.

16. The Board of Directors may, in consultation with the Minister, appoint to the staff of the Corporation a General Manager.

17. (1) The seal of the Corporation shall be in the custody of the Board of Directors, or any officer of the Corporation authorized in that behalf by such Board.

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

(3) The application of the seal of the Corporation shall be authenticated by the signature of the Chairman of the Board of Directors or some other member of the Board authorized by the Board to authenticate the application of such seal, and of the officer of the Corporation, if any, who is designated General Manager or Secretary or some other officer of the Corporation authorized by the Board to act in his stead in that behalf.

18. (1) The initial capital of the Corporation shall be one hundred million rupees and such capital shall consist of grants or loans given or made available by the Government on such terms and conditions as may be determined by the Minister in charge of the subject of Finance.
(2) The capital of the Corporation may be increased from time to time by such amount as may be authorized by any Appropriation Act or by resolution of Parliament, and that amount shall be made available to the Corporation by way of grant or loan on such terms and conditions as may be determined by the Minister in charge of the subject of Finance.

19. The Board of Directors may, with the concurrence of both the Minister and the Minister in charge of the subject of Finance, or in accordance with the terms of any general authority given with like concurrence, borrow, by way of overdraft or otherwise, or negotiate and obtain on credit terms in Sri Lanka or abroad, such sums as the Board may require for meeting the obligations of the Corporation or carrying out its objects:

Provided that the aggregate of the amounts outstanding in respect of any 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 with the concurrence of the Minister in charge of the subject of Finance.

20. All moneys of the Corporation which are not immediately required for the purposes of the business of the Corporation may be invested by the Board of Directors in securities of the Government of Sri Lanka, or in any other form of investment in Sri Lanka or abroad, with the approval of the Minister given with the concurrence of the Minister in charge of the subject of Finance.

21. The revenue of the Corporation in any year consisting of moneys received and accrued in the exercise and performance of the powers and duties of the Corporation including income from sale of capital assets shall be applied in defraying the following charges:

(a) the working and establishment expenses of the Corporation in connexion with the exercise and performance of the powers and duties of the Corporation, properly chargeable to revenue account;

(b) allocations to cover the depreciation of the movable and immovable property of the Corporation;

(c) the interest on any loans raised by the Corporation under the provisions of this Act;

(d) any loss incurred on the sale of capital assets;

(e) income tax.

22. The net surplus for any year, if any, out of the revenue of the Corporation after defraying the charges mentioned in section 21, may be appropriated by the Board of Directors for any or all of the following purposes with the approval of the Minister given with the concurrence of the Minister in charge of the subject of Finance:—

(a) writing off the preliminary expenses incurred in the formation of the Corporation;

(b) writing off any accumulated losses brought forward;

(c) writing off any unproductive expenditure not properly chargeable to revenue;

(d) transfers to the insurance reserve which the Board of Directors is hereby authorized to establish and maintain;

(e) transfers to the assets replacement reserve which the Board of Directors is hereby authorized to establish and maintain;

(f) transfers to the loan redemption reserve which the Board of Directors is hereby authorized to establish and maintain;

(g) transfers to any development reserve which the Board of Directors is hereby authorized to establish and maintain.

23. No debits against or transfers out of the reserves mentioned in section 22 shall be made by the Board of Directors except with
the approval of the Minister given with the concurrence of the Minister in charge of the subject of Finance.

24. All sums remaining out of the net surplus revenue of the Corporation in any year after the appropriations mentioned in section 22 have been satisfied shall be paid to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund.

25. The capital of the Corporation contributed by the Government by way of grants shall not be reduced, except in such manner as may be determined by resolution of Parliament.

26. The Board of Directors shall cause proper accounts of the income and expenditure of the Corporation and of all its other transactions to be kept and shall prepare an annual statement of accounts and statistics relating to the business of the Corporation in such form and containing such particulars as the Minister with the concurrence of the Minister in charge of the subject of Finance may from time to time specify.

The financial year of the Corporation shall be the calendar year.

27. (1) The accounts of the Corporation for each financial year shall be submitted to the Auditor-General for audit within four months of the close of the financial year. For the purposes of assisting him in the audit of such accounts, the Auditor-General may employ the services of any qualified auditor or auditors who shall act under his direction and control.

(2) For the purpose of meeting the expenses incurred by him in the audit of the accounts of the Corporation, the Auditor-General shall be paid by the Corporation such remuneration as the Minister may with the concurrence of the Minister in charge of the subject of Finance determine. Any remuneration received from the Corporation by the Auditor-General shall, after deducting any sums paid by him to any qualified auditor or auditors employed by him for the purposes of such audit, be credited to the Consolidated Fund.

(3) The Auditor-General and any person assisting the Auditor-General in the audit of the accounts of the Corporation shall have access to all such books, deeds, contracts, accounts, vouchers and other documents of the Corporation as the Auditor-General may consider necessary for the purposes of the audit, and shall be furnished by the Board of Directors and officers of the Corporation with such information within their knowledge as may be required for such purposes.

(4) The Auditor-General shall examine the accounts of the Corporation and furnish a report—

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

(b) stating whether the accounts referred to in the report are properly drawn up so as to exhibit a true and fair view of the affairs of the Corporation; and

(c) drawing attention to any item in the accounts which in his opinion may be of interest to Parliament in any examination of the activities and accounts of the Corporation.

(5) The Auditor-General shall transmit his report to the Board of Directors within four months of the receipt of the accounts of the Corporation by him.

(6) For the purposes of this section, the expression "qualified auditor" means

(a) an individual who, being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other Institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such Institute; or

(b) a firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other Institute established by law, possesses a
CEYLON SHIPPING CORPORATION

certificate to practise as an Accountant issued by the Council of such Institute.

(7) The Board of Directors shall, on receipt of the Auditor-General's report in respect of any year, cause a copy of each of the following documents relating to that year to be transmitted to the Minister;—

(a) the Auditor-General's report;

(b) the balance sheet;

(c) the operating and profit and loss accounts;

(d) the statement of accounts and statistics prepared under section 26; and

(e) the report of the Chairman of such Board giving an account of the work of the Corporation.

(8) The Minister shall lay copies of the documents transmitted to him under subsection (7) before Parliament before the end of the year next following the year to which such report and accounts relate.

(9) The Board of Directors shall cause copies of the report and statement referred to in subsection (7) to be printed at the expense of the Corporation and to be made available for purchase by the public at such price as shall be determined by such Board.

28. Contracts on behalf of the Corporation may be made as follows:—

(a) a contract which if made between private persons would be in law be valid although made by parol only and not reduced into writing, may be made by parol on behalf of the Corporation by any person or persons duly authorized thereto by the Corporation.

(c) a contract which if made between private persons would in law be valid although made by parol only and not reduced into writing, may be made by parol on behalf of the Corporation by any person or persons duly authorized thereto by the Corporation.

29. A bill of exchange or promissory note shall be deemed to have been made, executed or endorsed on behalf of the Corporation if made, executed or endorsed in the name of, or on behalf of, or on account of, the Corporation by any person or persons duly authorized thereto.

30. (1) The Corporation may, by writing under its seal, empower any person either generally or in respect of any specific matter, as its attorney, to execute deeds on its behalf in any place not situate in the Island.

(2) A deed signed by such an attorney on behalf of the Corporation and under his signature or seal shall bind the Corporation and have the same effect as if it were under the seal of the Corporation.

31. A receipt signed by two Directors or by any officer authorized in that behalf by the Board of Directors to give receipts shall be an effectual discharge for moneys paid to the Corporation.

32. All officers and servants of the Corporation shall be deemed to be public servants within the meaning and for the purposes of the Penal Code.

33. 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.

X/164
34. (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) The provisions of subsection (2) of section 9 of the Motor Transport Act, No. 48 of 1957*, shall, mutatis mutandis, apply in relation to any officer in the public service who is temporarily appointed to the staff of the Corporation, and the provisions of subsection (3) of the aforesaid section 9 shall, mutatis mutandis, apply in relation to any officer in the public service who is permanently appointed to such staff.

(3) 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 specific 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.

(4) At the request of the Board of Directors, any member of the Local Government Service or any officer or servant of any local authority may, with the consent of such member, officer or servant and 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 the Board with like consent, or be permanently appointed to such staff, on such terms and conditions including those relating to pension or provident fund rights as may be agreed upon by the Board and the Local Government Service Advisory Board or that authority.

(5) Where any member of the Local Government Service or any officer or servant 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.

35. (1) Where any land, other than State land, is required to be acquired for any of the purposes of the Corporation and the Minister, by Order published in the Gazette, approves of the proposed acquisition, the land proposed to be acquired shall, for the purpose of the application of the Land Acquisition Act, be deemed to be required for a public purpose and may be acquired under that Act and transferred to the Corporation.

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

36. (1) The Minister may make Regulations to give effect to the principles and provisions of this Act.

(2) No regulation made by the Minister shall have effect until it is approved by Parliament and notification of such approval is published in the Gazette.

37. Nothing in the Companies Ordinance! or any other written law relating to companies shall apply to the Corporation.

38. In this Act, unless the context otherwise requires,—

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

"Ceylon Shipping Corporation Limited" means the Ceylon Shipping Corporation Limited incorporated under the Companies Ordinance on February 23, 1969;

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

"goods" means any form or kind of cargo carried on a ship or vessel, and includes petroleum products, liquids, gases or other similar articles or substances; and
"local authority" includes any Municipal Council, Urban Council, Town Council or Village Council.

SPECIAL PROVISIONS APPLICABLE TO, AND IN RELATION TO, THE CEYLON SHIPPING CORPORATION LIMITED

39. The succeeding provisions of this Act shall apply to, and in relation to, the Ceylon Shipping Corporation Limited, notwithstanding anything to the contrary in the Companies Ordinance,* or any other written law or other instrument relating to its constitution or functions.

40. (1) On the date of the establishment of the Corporation,—

(a) all the assets and liabilities of the Ceylon Shipping Corporation Limited at their book values as they appear in the audited accounts of the Ceylon Shipping Corporation Limited at that date shall vest in the Corporation and shall be the assets and liabilities of the Corporation; and

(b) the Ceylon Shipping Corporation Limited shall cease to carry on business, and shall be deemed to be dissolved.

(2) For the purposes of this section,

(a) the term "assets" includes property or rights of any kind; and

(b) the term "liabilities" includes contracts, commitments and other obligations.

41. On the date of the establishment of the Corporation,—

(a) every officer or servant holding an appointment under the Ceylon Shipping Corporation Limited on the day immediately preceding that date shall, on that date, be transferred to the employ of the Corporation; and

(b) any officer or servant so transferred shall be employed by the Corporation on terms and conditions which are not less favourable than those which he had enjoyed in the service of the Ceylon Shipping Corporation Limited immediately before the date of his transfer.

42. (1) Compensation in respect of each share of the Ceylon Shipping Corporation Limited, other than any such share held by or on behalf of the Government, shall be paid by the Corporation to the person who was the holder of that share on the day immediately prior to the date of the establishment of the Corporation on the basis of the purchase value of such share, or the par value thereof, whichever is less.

(2) Compensation in respect of the shares of the Ceylon Shipping Corporation Limited, other than any such share held by or on behalf of the Government, shall be payable in cash, or in 6/2 per centum negotiable Government securities, or both in such cash and such securities in such proportion as may be determined by the Minister in charge of the subject of Finance. Such securities shall be issued under the Registered Stock and Securities Ordinance and shall be redeemable by the Government in not less than thirteen years but not more than fifteen years.

(3) Any dispute between the Corporation and any other person as to the amount of compensation payable to that person under this section shall be referred by the Corporation to the Minister in charge of the subject of Finance whose decision thereon shall be final and conclusive.

43. (1) The Ceylon Shipping Corporation Limited shall be deemed never to have been required to summon and hold an annual general meeting of the Ceylon Shipping Corporation Limited for or during the year 1970, and accordingly—

(a) no action or other proceedings, whether by way of writ or otherwise, shall lie before any Court against the Ceylon Shipping Corporation Limited.!
Corporation Limited or any director or officer of the Ceylon Shipping Corporation Limited on account of the omission to summon and hold such meeting; and

(b) any such action or proceedings as is or are pending shall be deemed to have abated.

(2) The provisions of subsection (1) shall be deemed for all purposes to have come into force on January 1, 1970.

44. (1) Where the Ceylon Shipping Corporation Limited has been dissolved by virtue of the operation of the provisions of this Act, the Minister may, by Order,—

(a) make all such provisions as he may deem necessary for the purposes of giving full force and effect to such dissolution in respect of matters for which no provision or no effective or adequate provision is made by this Act and of removing any difficulties which may have arisen in consequence of such dissolution; and

(b) make all such amendments in any written law in its application to such Corporation as may be necessary for the purposes referred to in paragraph (a) of this subsection.

(2) Every Order made under subsection (1) shall be published in the Gazette, and shall come into force on the date of such publication, or on such earlier date as may be specified therein, not being a date earlier than the date of the dissolution of the Ceylon Shipping Corporation Limited.

(3) Every Order made under subsection (1) shall, as soon as convenient after its publication in the Gazette, be brought before Parliament for approval. Any Order which is not so approved shall be deemed to be revoked as on the date of disapproval, but without prejudice to anything previously done thereunder. Every Order which is not so revoked shall be as valid and effectual as though it were herein enacted.