

3. The minimum quantity of ammunition which the Governor shall buy from the Company shall during each year of the term of this contract be four million three hundred thousand (4,300,000) rounds of .303 service ball ammunition, and two hundred and fifty thousand (250,000) rounds of .303 blank ammunition, and the Company binds itself to supply the same in the manner and subject to the conditions of these presents: Provided that if during the term of this contract the Governor intends to make any change in the calibre of the arm with which the New Zealand Defence Forces are now equipped (being the arm for which the aforesaid ammunition is to be supplied) he shall give to the Company eighteen calendar months' notice of such intention, in order to enable the Company to prepare machinery and tools for the manufacture of the same quantity of ammunition per annum for the new arm; and from the date of the expiry of such notice, or from such other date as the parties hereto may by memorandum in writing appoint, the ammunition to be supplied by the Company during the residue of the term of this contract shall be ammunition for the new arm as specified in such notice, in lieu of ammunition for the present arm as hereinbefore specified, and the provisions of this contract shall operate and be construed accordingly: Provided further that such notice shall not be given after the expiry of the second year of the said term.

4. The Company agrees to purchase and take from the Governor, and the Governor agrees to supply to the Company from time to time as reasonably required, all powder, cordite, and other explosives required for the manufacture of all ammunition under this contract at the actual cost thereof to the Government, delivered at the Mount Eden Magazine, near Auckland; and the Company shall bear and pay all costs and all loss and risks by damage or deterioration in respect of the said powder, cordite, and other explosives (except destruction by explosion) whilst stored by the said Government prior to the delivery as aforesaid.

5. Before the Governor shall be required to accept the final delivery of any ammunition under this contract he shall be entitled to have the same tested by a Government official appointed by him from time to time for that purpose, and the Governor shall be deemed to have taken final delivery of any instalment or portion of the said ammunition when (but not until) the required tests have been carried out and the ammunition has been finally approved by a certificate in writing to that effect from the said official: such tests to be carried out and completed within reasonable time after delivery of the ammunition to the Government Magazine at Mount Eden, near Auckland.

6. All ammunition to be supplied under this contract, and the materials employed in the manufacture thereof, shall be according to the specifications for the time being issued by His Majesty's War Office for the same class of ammunition, and shall be subject to the same tests as ammunition being supplied to the British Government by contractors for the use of His Majesty's Imperial Forces.

7. All tests of ammunition to be supplied under this contract shall be carried out in Auckland.

8. The Governor shall bear the expense of all aforesaid tests of ammunition, except in respect of such tests as result in the rejection of any lot of ammunition.

9. The official representing the Governor as aforesaid shall have the power to reject any ammunition which shall be found not to comply with the specifications aforesaid for such class of ammunition, or not to satisfactorily fulfil the aforesaid tests, and ammunition so rejected shall not be paid for.

10. The Company shall be entitled to be represented by a duly authorized official of the Company when ammunition is being examined or tested as hereinbefore provided, and the said testing official shall and will for this purpose give due notice to the Company or its representatives in New Zealand of the intention to hold such examination and testing from time to time.

11. In case the ammunition supplied or any part thereof aforesaid is rejected, and is not replaced with ammunition fulfilling the required tests and conditions within a period of three months from the service of notice in this behalf on the Company or its representatives in New Zealand, the Governor shall have the right of purchasing the same quantity of ammunition elsewhere, and any extra cost or expense thereby incurred shall be paid by the Company.

12. The ammunition shall be made up in packages containing ten rounds each, and the Company shall mark all cartridges, and the wrappers or boxes or cases in which such cartridges are packed, in any manner that may be required by the Governor.

13. The Governor or any person duly appointed by him shall at all times have the right of entry to the Company's works to view the ammunition in the course of manufacture, and also the plant, machinery, and material used in the manufacture of the said ammunition.

14. The Company shall not nor will assign or sublet this contract or any part thereof without the consent in writing of the Governor first had and obtained.

15. In case the Company fails to execute any order for ammunition at the time and in the manner provided for by this contract (whether ordinary supply under the foregoing provisions hereof or special supply under clause twenty (20) hereof), or in case the Company assigns or sublets this contract or any part thereof without the consent in writing of the Governor first being obtained, or in case the Company fails in the observance or performance of any of the provisions or conditions to be observed or performed by the Company contained in clauses four (4) and eleven (11) of this contract, or in case an order is made or an effective resolution passed for the winding-up of the Company, then and in any such case it shall be lawful for the Governor, by writing under his hand, to cancel this contract, and thereupon this contract shall be cancelled and all sums of money then due or accruing to the Company from the Government under this contract shall be forfeited: Provided always that if such failure is proved to the satisfaction of the Governor to have been caused by unforeseen circumstances over which the Company could have no control, the Governor may rescind such notice of cancellation if given, or withhold the giving of such notice, upon such terms as he thinks just and equitable: Provided further that if the Company commits any breach of any provision or condition of this contract other than those in this clause hereinbefore specifically mentioned, then the Company shall pay to the Governor as liquidated damages for the first breach of any such provision or condition the