

1925.

NEW ZEALAND.

SMALL-ARMS AMMUNITION

(AGREEMENT BETWEEN THE NEW ZEALAND GOVERNMENT AND THE COLONIAL AMMUNITION COMPANY (N.Z.), LIMITED, FOR SUPPLY OF).

Laid on the table of the House in pursuance of Section 87 (c) Defence Act, 1909.

AGREEMENT made the thirty-first day of December One thousand nine hundred and twenty-four between HIS EXCELLENCY THE GOVERNOR-GENERAL of the Dominion of New Zealand (hereinafter with his successors in office called "the Governor-General") of the one part and the COLONIAL AMMUNITION COMPANY N.Z. LIMITED a duly incorporated Company carrying on business in the Dominion of New Zealand as manufacturers of small-arms ammunition having its registered office at Auckland (hereinafter with its successors and permitted assigns called "the Company") of the other part WHEREAS by Memorandum of Agreement dated the fifth day of April One thousand nine hundred and twenty-two the Governor-General acting under the provisions of the Defence Act 1909 as amended by the Defence Act 1914 entered into a contract with the Company for the supply by the Company of Five million rounds of service ammunition per annum for the first five years of the said contract and of Six million rounds of service ammunition for the last ten years of the said contract AND WHEREAS the Governor-General has requested the Company to cancel the said contract and to enter into a new contract for the supply of Three million rounds of service ammunition per annum for a period of fifteen years from the first day of January 1925 which the Company has agreed to do upon certain terms and conditions which have been mutually agreed upon NOW THEREFORE THIS AGREEMENT WITNESSETH as follows that is to say:—

1. The said contract of the fifth day of April One thousand nine hundred and twenty-two shall be cancelled by mutual consent as from the thirty-first day of December One thousand nine hundred and twenty-four and these presents shall come into operation as soon as the said contract is cancelled.

2. The Company hereby agrees with the Governor-General that the Company will manufacture small-arms ammunition within the Dominion of New Zealand in such annual quantities as specified in clause 4 of this contract during a period of fifteen years computed from the first day of January One thousand nine hundred and twenty-five (being the term of this contract) PROVIDED that the Company shall not be bound to maintain a monthly supply after the thirty-first day of December One thousand nine hundred and twenty-four of more than Two hundred and fifty thousand (250,000) rounds of service ball ammunition and Twenty thousand eight hundred and thirty-three (20,833) rounds of service blank ammunition Whenever any small-bore-rifle ammunition such as .22 is required by the Governor-General he shall and will during the term of this Contract place all orders for such ammunition with the Company and the Company shall supply such ammunition at a price which shall be calculated by ascertaining the full landed cost of

the said ammunition and adding thereto a sum equal to seven and one-half per cent. of such landed cost. The provisions of clause 6 hereof shall apply to all small-bore ammunition supplied under this clause and the Governor-General shall not be obliged to pay for any such ammunition until the Company has produced a full statement showing the landed cost of same and all invoices received by the Company in connection therewith and the Company undertakes that it will purchase all such ammunition in the best market and at the most reasonable rate procurable.

3. The Governor-General shall pay to the Company for all service ammunition finally delivered under this contract a price equal to the current War Office cost meaning thereby the current price for the time being paid by His Majesty's War Office to contractors for similar ammunition in England plus the ordinary Imperial departmental charges upon the same as packed and delivered at Woolwich increased by a sum at the rate of Fifteen pounds (£15) per centum of the aforesaid current War Office cost to cover the expense of freight insurance wharfage and general charges of delivery in New Zealand and further increased by a sum at the rate of Seven pounds ten shillings (£7 10s.) per centum to enable the Company to make a profit on the reduced supply of ammunition to the Government under these presents and again increased by the sum of One pound (£1) per one thousand rounds of service ball ammunition as part compensation for the loss by the Company of half the orders under the contract dated the fifth day of April one thousand nine hundred and twenty-two. The aforesaid current War Office cost shall be ascertained annually in London as during the month of January One thousand nine hundred and twenty-five and as in the month of January in each year thereafter during the term of this contract by the High Commissioner in consultation with an expert such expert being the Inspector of Warlike Stores or some other officer appointed by the High Commissioner in that behalf and the Company's Representative in London or some other person appointed by or on behalf of the Company and the current War Office cost so ascertained (increased in the manner hereinbefore provided) shall be and be taken to be the price (hereinafter called the "Company's price") to be paid by the Governor-General to the Company for such ammunition during the ensuing twelve months PROVIDED that in the event of war being declared or commenced between Great Britain and any foreign Power then during its continuance the High Commissioner for the Dominion of New Zealand in London or such expert as may be appointed by him in that behalf acting in conjunction with any person appointed in that behalf by the Company shall fix and determine a special price (being not less than the then current Company's price) per thousand rounds and state the time during which such special price shall continue to be paid and the special price so fixed and determined shall for the time being be in substitution for the Company's price which but for this proviso would be payable. It is further provided that in the event of His Majesty's War Office not calling for tenders from contractors for any service ammunition during any one or more years during the term of this contract and a war price not having been fixed to cover that period or periods the cost of service ammunition as being made at Woolwich be ascertained during January by the High Commissioner for the Dominion of New Zealand in London but if no service ammunition is being made by Woolwich then the cost of materials for making same be ascertained by the High Commissioner and compared with the cost of materials which were taken as a basis to fix the current contract price for service ammunition for the year One thousand nine hundred and twenty-four and thereafter during each preceding year. The High Commissioner for New Zealand shall then call a conference of a military expert appointed as hereinbefore provided and the Company's representative in London who shall fix a price to be paid to the Company based on the Woolwich ascertained cost of ammunition or on the ascertained cost of material used in manufacture and the price so fixed (increased in the manner hereinbefore provided) shall be taken to be the current contract price that shall be paid to the Company for that current year's supply. When Great Britain is not engaged in war and when tenders are again being called by the War Office for supplies from English contractors then the fixing of the price shall revert back to the first paragraph of clause 3 of this contract.

4. The minimum quantity of ammunition which the Governor-General shall buy from the Company each and every year during the term of this contract shall be Three million (3,000,000) rounds service ball and Two hundred and fifty

thousand (250,000) rounds service blank ammunition and the Company binds itself to supply the ammunition in the manner and subject to the conditions of these presents PROVIDED that if during the term of this contract the Governor-General intends to make any change in the cartridge or 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 one year's 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 fourteenth year of the said term of fifteen years PROVIDED FURTHER that if in any one year the Company shall fail to supply and deliver the minimum quantity hereinbefore stipulated for that year then the Company shall not have any right to compel the Governor-General to accept delivery in the next or any subsequent year of the amount short-delivered in the previous year unless the Governor-General shall request the Company so to do and the price shall be the price fixed for the year in which delivery is actually made.

5. The Company agrees to purchase and take from the Governor-General and the Governor-General agrees to supply to the Company from time to time as reasonably required all powder nitro-cellulose 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 all such explosives shall be purchased by the Governor-General from the Hercules Powder Company for loading service ammunition under the terms of this contract. Samples from each batch of powder to be supplied shall be sent by the New Zealand Government to the Woolwich Arsenal at the makers' expense to undergo proof. Samples from each batch when ready for proof shall be taken by a Representative of the New Zealand Government and the whole batch duly sealed by him and samples forwarded to Woolwich at the makers' expense. The powder must not be shipped by the Hercules Powder Company until the proof has been completed and the Government has duly notified the Hercules Powder Company in writing or by cable that the powder is according to specification and of satisfactory quality PROVIDED that in the event of any batch of the explosives from Hercules Powder Company failing to pass proof the Governor-General may purchase elsewhere the quantity required at that time. Should the Governor-General decide to adopt cordite as the propellant for service ammunition the Governor-General shall not be bound to purchase supplies of cordite from the Hercules Powder Company unless the said company can supply cordite in the quantities and of the quality required at a cheaper price than that at which the supply can be produced elsewhere. The Company shall pay for each lot of explosives so delivered hereunder within one month from the date of such delivery.

6. Before the Governor-General shall be required to accept 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 such purpose and the Governor-General 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 a reasonable time after delivery of the ammunition to the Government Magazine at Mount Eden near Auckland.

7. 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 Imperial Forces.

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

9. The Governor-General shall bear the expense of all aforesaid tests of ammunition and the Company shall bear the expense in respect of such tests as result in the rejection of any lot of ammunition.

10. The Official representing the Governor-General 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.

11. 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 Official representing the Governor-General shall and will for this purpose give due notice to the Company or its representatives at Auckland of the intention to hold such examination and testing from time to time.

12. 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 the Governor-General 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.

13. The ammunition shall be made up in packages containing ten rounds each and the company shall mark the base of all the cartridges with the Company's trade-mark and R.L. mark of cartridges *i.e.* Mark VII unless a change in ammunition is made during the term of the contract in which case the mark of the new cartridge shall be substituted for Mark VII. The wrappers or boxes or cases in which such cartridges are packed shall be marked in any manner that may be required by the Governor-General. As soon as the present stock of boxes in use shall have been exhausted the Company shall make boxes of a pattern and design to be first submitted to and approved by the Governor-General.

14. The Governor-General or an officer duly appointed by him shall during working-hours have the right of entry to the Company's works and the right to inspect the finished component parts and any ammunition ready for delivery.

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

16. 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 21 hereof) or in case the Company assigns or sublets this contract or any part thereof without the consent in writing of the Governor-General being first 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 five (5) and twelve (12) 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-General 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-General to have been caused by unforeseen circumstances over which the Company could have no control the Governor-General 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 the clauses hereinbefore specifically mentioned then the Company shall pay to the Governor-General as liquidated damages for the first breach of any such provision or condition the sum of two hundred and fifty pounds (£250) and should the Company commit any second breach of such provision or condition the sum of One thousand pounds (£1,000) and should the Company commit a further breach then the Governor-General may cancel this contract in manner hereinbefore provided.

17. The Governor-General shall pay for each lot of ammunition delivered under this contract within one month from the date of such delivery but not until a pass certificate has been given to the Company by the Government Proof Officer that the ammunition has passed proof and can be taken on charge as serviceable PROVIDED however that the Governor-General shall be at liberty to deduct from any payment any moneys due and owing by the Company to the Governor-General.

18. The Company shall during the continuance of this contract be allowed free of charge the use of any empty boxes or cases which in the opinion of the Honourable the Minister of Defence may at any time be available in the Magazine or Stores of the Defence Department of New Zealand suitable for the delivery of ball or blank cartridges under this contract such boxes or cases to be forwarded by the Defence Department from time to time to the Works of the Company at Auckland as "Returned empties" and the Company shall pay to the Governor-General one shilling per box for each and every box so delivered to the Company's Works to cover transport freight, &c.

19. The New Zealand Customs duty paid by the Company during the continuance of this contract on machinery and stores *bona fide* imported into New Zealand by the Company for use in the manufacture of ammunition under this contract shall on application be refunded to the Company by the Governor-General. When applying for a refund the Company must submit the Collector of Customs official receipt for all and any duty paid by the Company.

20. The Company may import any fast-running machinery or plant it may deem necessary to further reduce the cost of wages during manufacture of ammunition under this contract PROVIDED that the Company shall not import into New Zealand or erect in its Works any such machinery or plant without the written consent of the Governor-General first had and obtained.

21. If at any time or times during the continuance of this contract the Governor-General requires any special supply of small-arms service ammunition in excess of the quantity which under the foregoing provisions the Company would be bound to supply he shall give an order to the Company specifying the quantity required and the time within which the same is to be delivered. If within seven days after receipt of such order the Company gives written notice to the Governor-General that it is able to execute the order within the required time the Company shall be deemed to have accepted the same and shall be bound to supply the ammunition in terms of the order at the same price subject to the same conditions in all respects as in the case of ammunition to be supplied under the other provisions of this contract. If such notice is not duly given as aforesaid the Company shall be deemed to have declined the order and the Governor-General shall have the right to procure the special supply from the Imperial Military Authorities in such manner and on such terms as he thinks fit or to invite tenders from other sources for the same the Company being in the latter case allowed at the same time to submit its tender.

22. The Governor-General on his part will at all times during the continuance of this contract keep a reserve store of powder cordite nitro-cellulose and other explosives sufficient to enable the Company to commence and continue to manufacture Three million (3,000,000) rounds of service ball ammunition and will (in terms of clause five (5) hereof) supply such explosive or explosives to the Company from time to time so as to enable it to perform its part of the contract and the Company on its part will at all times during the continuance of this contract store and keep in stock a sufficient quantity of all other materials necessary to enable it to commence and continue to manufacture Three million (3,000,000) rounds PROVIDED that if the Governor-General desires to change the pattern of the cartridges to be supplied by the Company to the Governor-General under this contract the Governor-General shall give to the Company one year's notice in writing of such intended change before the Company shall be required to deliver to the Governor-General under this contract cartridges of such new pattern and if such change of pattern will in the opinion of the Company render useless or unsuitable the materials which the Company has in compliance with this clause to keep in stock to manufacture the said Three

million (3,000,000) rounds as aforesaid then the Company may during the last six months of such notice (but no longer) reduce the quantity of such materials it has so to keep in stock to an amount sufficient to manufacture Two million (2,000,000) rounds PROVIDED FURTHER that after the expiration of the said last six months the quantity of materials to be kept in stock shall be as hereinbefore provided and shall apply to material for the cartridges of the new pattern. It is further provided that in the event of a national emergency and on the request of the Governor-General the Company agrees to order whatever extra material other than the explosives over and above the quantities named in this clause which the Governor-General may consider necessary for increasing and continuing the manufacture and output of service ball ammunition PROVIDED that the Governor-General shall pay to the Company from time to time as the material so ordered arrives in New Zealand the full landed cost thereof as delivered in the Company's Works at Auckland. Such sums shall be paid to the Company as soon as the bill of lading and invoices reach the Company at Auckland or if no documents arrive as soon as the goods reach Auckland and the Company shall use up the material so imported from time to time before purchasing further normal supplies of material for the manufacture of ammunition and the material so imported shall be used in the manufacture of ammunition for the Governor-General and the Company shall refund to the Governor-General from time to time the full landed cost of each shipment as used each month. For the purpose of such refund the Company shall so long as any such material so imported is held in stock make a return on the first day of each month of the amount used during the previous month and in any event the Company shall refund to the Governor-General the full landed cost of all such material within twelve months from such date as the Governor-General may declare that a state of national emergency no longer exists.

23. The Company shall at its Works in New Zealand maintain a plant and machinery in good order sufficient to manufacture double the minimum ordinary supply of service ammunition per annum as specified in clause 4 during the term of this contract.

24. Upon giving six calendar months' previous notice to the Company of his intention so to do the Governor-General may at any time during the term of this contract purchase as a going concern the whole of the works plant and stock-in-trade of the Company in New Zealand including also the Company's estate and interest in the land on which the Factory or Works are erected (all of which are hereinafter referred to as "the Company's Works") at the fair value thereof to be ascertained by arbitration under the provisions of the Arbitration Act 1908 PROVIDED ALWAYS that the reference shall be deemed to be to two Arbitrators (one to be appointed by the Governor-General and the other by the Company) and an Umpire to be appointed by the Arbitrators before proceeding with the reference and PROVIDED FURTHER that if in the course of arbitration proceedings any question arises as to what is or is not included in the Company's Works either party may require the same to be settled by the Supreme Court. In ascertaining the value as aforesaid of the Company's Works the value of the Company's buildings and erections shall be included but not the value of any leasehold interest then held by the Company from the Crown in the land in which such buildings and erections stand.

25. If the aforesaid right of purchase is exercised the Company shall also sell and the Governor-General shall buy at a fair value to be fixed by arbitration as aforesaid the whole stock of ammunition and raw materials and all materials in process of manufacture then on the Company's Works or actually at sea or in transit thereto and belonging to the Company.

26. If the aforesaid right of purchase is exercised then on the completion of the purchase this contract shall be deemed to be determined and in the meantime the Company shall at all times keep and maintain its buildings machinery plant and appliances in good and substantial order repair and condition and carry on its manufactory works and business in a proper and businesslike manner as a going concern.

27. The Governor-General will as far as possible and as permissible by law give preference to the Company in entering into a new contract at or before the expiration of the term of this contract by effluxion of time.

28. The term of this contract shall be for fifteen years from the first day of January One thousand nine hundred and twenty-five being the limit of time fixed by section 87 of the Defence Act 1909 as amended by the Defence Amendment Act 1914 under which this contract is entered into.

29. As part compensation to the Company for cancelling the contract dated the fifth day of April One thousand nine hundred and twenty-two and agreeing to enter into these presents the Governor-General shall and will upon the termination of this contract pay to the Company the sum of Fifteen thousand pounds (£15,000) PROVIDED that if on the expiration of this contract a new contract shall have been entered into between the Company and the Governor-General for the supply of at least Two million (2,000,000) rounds of service ammunition at such price and upon such terms as may be mutually agreed on then the Company shall not require payment from the Governor-General of the said sum of Fifteen thousand pounds (£15,000).

30. The term "Governor-General" where used herein shall mean His Excellency the Governor-General of the Dominion of New Zealand for the time being appointed and includes any acting or Deputy Governor-General temporarily appointed or acting during the Governor-General's absence and the term "Company" shall include the successors and permitted assigns of the Company.

31. The term "small-arms ammunition" or "ammunition" shall mean and include all ammunition for rifles and carbines and machine guns of rifle calibre and other small-bore rifles either to be made in New Zealand by the Company or to be imported by the Company for the Government.

32. All or any of the powers conferred on the Governor-General or on the Government by these presents may be exercised by the Honourable the Minister of Defence for the time being.

IN WITNESS WHEREOF these presents have been executed by the parties hereto the day and year first before written.

[SEAL.]

CHARLES FERGUSSON.

Signed by His Excellency the Governor-General for and on behalf of His Majesty the King and sealed with the Public Seal of New Zealand in the presence of—

A. CECIL DAY,
Official Secretary,
Government House, New Zealand.

The Common Seal of the said Colonial Ammunition Company N.Z. Limited was hereby affixed in the presence of—

[SEAL.]

JOHN WHITNEY, }
C. A. WHITNEY, } Directors.

STANLEY G. CHAMBERS, Secretary.

Approximate Cost of Paper.—Preparation, not given; printing (475 copies), £5 17s. 6d.

By Authority: W. A. G. SKINNER, Government Printer, Wellington.—1925.

Price 6d.]

27. The Governor-General will be far from likely to be influenced by law
the treatment of the company in connection with a new, forward of the
the result of this matter to the Governor-General.

[illegible]

1. The first step in the process of the investigation is the identification of the problem. This is done by the investigator who is responsible for the study. The next step is to collect data. This is done by the investigator who is responsible for the study. The next step is to analyze the data. This is done by the investigator who is responsible for the study. The next step is to interpret the results. This is done by the investigator who is responsible for the study. The next step is to draw conclusions. This is done by the investigator who is responsible for the study. The next step is to report the findings. This is done by the investigator who is responsible for the study. The next step is to discuss the implications. This is done by the investigator who is responsible for the study. The next step is to recommend further research. This is done by the investigator who is responsible for the study. The next step is to conclude the study. This is done by the investigator who is responsible for the study.


...the supply of 25 tons of ...
...the supply of 25 tons of ...
...the supply of 25 tons of ...

and sum of fifteen thousand pounds (\$22,500).

shall include the successors and permitted assigns of the Grantor.

1. The Committee has received information from the Department of the Interior, Bureau of Indian Affairs, that the Bureau is conducting a study of the Indian population in the United States, and that the study is being conducted in cooperation with the Bureau of the Census.

Charles Lindbergh



11-11-57 6200H 11-11-57

14-00000

SECRETARY

CONFIDENTIAL

