

VIII.

THE STATE DYNAMITE MONOPOLY.

Contract between the Government of the South African Republic and Lambertus Gerardus Vorstman, of Pretoria, concerning the carrying out of the State monopoly for the manufacture, sale, trade, and import and export of gunpowder, ammunition, dynamite, and all other explosives.

The Government of the South African Republic, acting with advice and consent of the Executive Council, in accordance with resolution dated 9th October, 1893, Article 573, being truly and lawfully represented by the Honourable the Acting State Secretary, Mr. Cornelis van Boeschoten, who in its name subscribes the same, and has been authorised to conclude this agreement, by resolution of the Hon. the First Volksraad, dated September, 1893, hereafter to be named the Government, of the one part, and Lambertus Gerardus Vorstman, of Pretoria, of the other part, have agreed as follows:—

ARTICLE 1. The Government appoints the second undersigned, to the exclusion of all other persons, as the sole agent for the carrying out of the monopoly for the manufacture, the importation and exportation, the trade in and the sale of gunpowder, fireworks, ammunition, dynamite, and other explosives of whatsoever nature. The agent shall have the right to establish a company for that purpose.

ARTICLE 2. The duration of this agency shall be for fifteen years from the date of this agreement.

Where nothing is said in this agreement, the regulations laid down by the resolutions of the Hon. the First Volksraad, dated 1st to 5th September, 1893, above-mentioned, and copy of which is annexed, shall be binding.

ARTICLE 3. The Government undertakes that, if it issues permits to persons, as mentioned in Article 2 of the regulations, the following conditions shall be of force:—

- (a.) Permits shall only be issued to persons or companies who have given a declaration in writing that they require the explosives only for their own use, and the quantity shall in no case be greater than for a consumption of three months.
- (b.) No permit shall be of force longer than four months from the day of issue.
- (c.) All explosives under such permits will be subject to a special import duty of 8½d. (eightpence half-penny) per lb. above the ordinary *ad valorem* duty.
- (d.) The Government shall, on application concerning same, nominate to the agent an official who will give him monthly information how many and to whom permits for the importation of dynamite, etc., have been granted, and whether and when such dynamite has been imported, in order to be able to take measures with respect to the quantities required for consumption.

The State Dynamite Monopoly.

ARTICLE 4. The rent of the gunpowder manufactory, as mentioned in Article 5 of the regulations, is hereby fixed at £3,750 per year.

The Government shall have the right to take back the gunpowder manufactory at any time during the continuance of this contract against payment to the agent for the extraordinary improvements that have been effected, and which have been approved of by the Government, provided these are serviceable, and at the value they have at the moment of taking over, wear and tear, etc., being taken into consideration.

In this case the payment of the rent shall only take place to the day of taking over.

ARTICLE 5. The maximum prices, as mentioned in Article 6 of the regulations, which the agent shall be allowed to charge, shall be reckoned as follows:—

For dynamite known as No. 1	...	...	...	£4	15	0
Do.	do.	No. 2	...	...	...	4 5 0
Do.	do.	No. 3	...	...	...	3 15 0

The agent shall, in supplying cartridges to the Government, be held and be obliged to charge no higher price than that for which the same can be imported from Europe, not including the import duties, and the Government reserves to itself the right to supply the burghers of this Republic with such cartridges as it may deem fit, but only for own consumption.

ARTICLE 6. The agent undertakes to erect the manufactories mentioned in Article 10 of the regulations, at such spots or places as the agent shall appoint in consultation with the Government, at the outside within two years and a half from the date of the signing of this contract.

The agent undertakes to pay the rent fixed in Article 11 of the regulations, and the sum of 5s. on each case of dynamite sold, every three months, accompanied by duly certified statements, as well as an amount not exceeding 20 per cent of the surplus. By surplus is understood the balance which remains after deductions of all cost, wear and tear, the usual writings off, and an interest of 8 per cent. (eight per cent.) on the capital.

The agent shall be bound to keep proper books, in commercial style, as is customary in institutions of this nature, and the Government shall have the right at all times to cause these books to be inspected by an official, or person, or a commission of officials or persons to be appointed thereto.

A proper balance sheet shall be made up annually, whereby, in terms of this Article, the surplus shall be shown. Thereafter a certified copy shall be sent to the Government, and the amount due to it shall be paid.

ARTICLE 7. The Government undertakes, with respect to the letters patent mentioned in Article 12 of the regulations, that the following stipulations shall be of force:—

In the event of the Government granting letters patent for any explosive, such letters of patent shall, however, not give the right to anybody else than to the agent, to whom the carrying out of these instructions is entrusted by the Government, to manufacture the material therein mentioned, and to sell the same within the boundaries of the South African Republic.

Should the Government or the agent deem it desirable to apply or bring into use the said invention, and should the Government in that case not be able to come to terms with the owner of, or the person entitled to, that invention with regard to the application of the same, then the parties, (Government and patentee) shall each nominate an arbitrator, whilst the third arbitrator, or umpire, if necessary, shall be appointed by the Chief Justice, whose decision shall be final.

ARTICLE 8. This agreement shall be of force within the territory of the South African Republic, in so far as it now extends or eventually may be extended.

If the territory of the South African Republic should in the future contain districts or provinces in which provision already has been made with respect to the materials or substances which form the subject of the agreement, it will depend upon the Government whether these instructions will also be applied to the new districts or provinces.

ARTICLE 9. Should the agent of the Government, during a defined period, not be able to satisfy the requirements for explosives within the Republic, in consequence of explosions, accidents, calamities, or other superior force and causes arising beyond the control or fault of the agent, the Government may import these materials until the agent shall be able to supply the required materials. In that case the Government gives to the agent the preference for the carrying out of the same. The agent shall be obliged, after any accident, as mentioned in this Article, to place the manufactories again in working order within the shortest possible time.

ARTICLE 10. If the Government imports any explosive, as mentioned in Article 13 of the regulations, it gives the preference to the agent to do such in its name.

ARTICLE 11. All persons employed by the agent are hereby freed from personal military service on commando or in the field, provided their contracts are drawn up with the condition that the Government shall have the right at any time, if deemed necessary, to take over the contracts, and they bind themselves to serve the period of service with the Government.

ARTICLE 12. Should the Government avail itself of Article 15a of the regulations, it shall be bound to buy the explosives required in the country in terms of this contract from the agent, costs of trade deducted.

The period in Article 15f of the regulations is hereby fixed at six months.

Should the agent, by his own interference, fault, negligence, or default, fail to carry out the conditions of this agreement, after having been required in writing to do so, and after having been allowed at the outside a period of six weeks to do so, the Government will have the right to cancel this agreement; if the default or neglect is to be attributed to malice, the Government will have the right to cancel this contract without any notice.

ARTICLE 13.—The agent is entitled to entrust the sale of the articles mentioned in this agreement to one or more persons.

ARTICLE 14.—The agent of the Government is obliged to pay import duties on the machinery and tools required in the carrying out of this agreement.

ARTICLE 15.—The Government may prescribe measures of precaution or safety with reference to the transport and storage of the said materials.

The Government shall not hinder the export of these materials, except for reasons of danger to the State, or other weighty reasons.

ARTICLE 16.—With reference to Article 17 of the regulations, the Government makes the following arrangement with the agent to the exclusion of everybody else :—

- (a). During the time that the manufactories to be erected by the agent are not completed, the Government itself shall import all materials and substances required for the manufacture of dynamite and other explosives in the magazines of the agent, and, according to a tariff of prices, quality and quantity to be approved of by the Government, with this understanding.

The State Dynamite Monopoly.

that this importation shall only continue during the time that the manufactory or manufactories shall not have been completed, and in any case not longer than during a period of two and a half years.

- (b). The Government shall place the said materials and substances at the disposal of the agent for manufacture, trade and sale, according to the conditions above mentioned, and the agent shall manufacture, trade in and sell on the order and for account of Government, under the conditions above mentioned, in so far as they apply here.
- (c). The agent shall send statements to the Government every month, detailing the manufacture, trade and sale, and shall pay to it all moneys received for the sale thereof, from which, after deduction of five shillings per case, and the moneys paid by the Government for the materials imported, the balance shall be handed to the agent.

ARTICLE 17.—The agent shall be obliged, within eight days after the signing of this contract, to give proper security for the due performance of the obligation to erect the manufactories mentioned herein, and the carrying out of the contract until the manufactories shall have been erected and shall be in working order, to an amount of £30,000, for which all his assets in this country shall be available, and proper deeds of hypothecation shall be passed.

ARTICLE 18.—All disputes as to the meaning or reading of this agreement that may arise between the parties shall be decided, to the exclusion of the ordinary judges, by arbitrators as in highest instance, and shall be finally binding on the parties.

Should the parties not be able to come to an amicable arrangement with regard to the interpretation of this agreement, the one party shall give notice in writing to the other, and whatever the questions of dispute arising out of this agreement, they shall submit the same to the decision of the arbitrators.

The parties then shall each nominate an arbitrator, who, together, shall nominate a third. Decisions shall be given at the outside within three months. If one of the parties should not in good time appoint an arbitrator, or in the event of the two arbitrators not agreeing in the choice of a third, then the Chief Justice, or his substitute in the Supreme Court of this Republic, shall make a nomination, the parties having been heard or summoned.

Thus done and contracted at Pretoria, this 25th day of the month of October, 1893, in the presence of the subscribed witnesses.

(Signed) C. VAN BOESCHOTEN,

Acting State Secretary.

(Signed) L. G. VORSTMAN.

Witnesses:

(Signed) W. E. HOLLARD.

(Signed) P. L. A. GOLDMAN.