

SESSION II.
1912.
NEW ZEALAND.

OCEAN MAIL-SERVICES :

CONTRACT WITH THE UNION STEAM SHIP COMPANY FOR CONVEYANCE OF OCEAN MAILS.

Return to an Order of the House of Representatives dated the 2nd July, 1912.

Ordered, "That there be laid before the House of Representatives the agreement entered into between the Union Steam Ship Company and the Government of New Zealand in connection with the granting of a subsidy for the Canadian - New Zealand service."—(Mr. OKEY.)

CONTRACT FOR CONVEYANCE OF OCEAN MAILS.

VANCOUVER.

AGREEMENT BETWEEN THE UNION STEAM SHIP COMPANY OF NEW ZEALAND (LIMITED) AND THE POSTMASTER-GENERAL OF NEW ZEALAND.

MEMORANDUM of agreement made this ninth day of July, in the year of our Lord one thousand nine hundred and twelve, between the Honourable the Postmaster-General of the Dominion of New Zealand (hereinafter referred to as "the Minister," which expression shall include the Postmaster-General of the said Dominion for the time being), acting for and on behalf of His Majesty, of the one part, and the Union Steam Ship Company of New Zealand (Limited), an incorporated company carrying on business in the Dominion of New Zealand and in the Commonwealth of Australia and elsewhere (hereinafter referred to as "the Contractor"), of the other part, witnesseth that for and in consideration of the covenants, agreements, stipulations, and reservations hereinafter contained on the part of His Majesty, the Contractor, for itself and its successors or assigns, doth covenant and agree to and with His Majesty, his heirs and successors, in manner and form and to the effect following, that is to say :—

Route.

1. The Contractor will provide, establish, maintain, continue, and carry on during a period required for the completion of sixty-eight round voyages calculated as begun on the fourth day of August, one thousand nine hundred and eleven, in the manner hereinafter set forth, a regular steamship service between the City of Auckland, in the Dominion of New Zealand, and the City of Vancouver, in the Province of British Columbia, calling at Suva, in the Fiji Islands, and Honolulu, in the Sandwich Islands, and at the outer wharf in the City of Victoria, in the said Province of British Columbia, on both outward and homeward voyages from Auckland to Vancouver and from Vancouver to Auckland : Provided, however, that if so required by the Minister each voyage from Canada to New Zealand shall be extended to a port or ports in Australia ; but the Minister shall not be entitled to make such requisition unless a binding contract shall have been entered into between the Contractor and the Commonwealth of Australia with regard to the extension of any such voyage to such port or ports : Provided further that in the event of the Commonwealth of Australia not entering into such a contract nothing herein contained shall be deemed to prevent the Contractor, if it shall consider it expedient to do so, from itself extending any voyage to a port or ports in Australia, and in any such case the Contractor shall be entitled to collect from the Government of the Commonwealth of Australia and retain all payments for the carriage of mails from Australia to Vancouver, and the Minister shall pay the Contractor at gratuity rates for the carriage of mails originating in New Zealand from New Zealand to Australia by the vessel employed in any such extended voyage.

Steamships.

2. The steamships "Makura," "Marama," "Zealandia," or such other steamships of not less than an equal number of tons gross tonnage to be approved by the Minister for the purpose, shall be regularly and continuously employed in the said service. Each of the said steamships is warranted to

have the most approved triple-expansion machinery refrigerators for the ship's use, duplicate electric-light engines, special ventilation for tropical voyages, ample saloon and cabin accommodation for at least one hundred and thirty passengers, and to be provided with every comfort and convenience that is to be found in the best Atlantic liners of its size. Each of the said steamships is further warranted to be of the highest class at Lloyd's or British Corporation, and to comply in every respect with the requirements of the shipping laws and regulations of New Zealand; and each of the said steamships shall during the continuance of the agreement be at all times tight, sound, staunch, and strong, and well and sufficiently manned, victualled, and equipped, and in every respect seaworthy, and shall further at all times during the continuance of this agreement retain the qualification and class which it is hereinbefore warranted to possess; and the vessels aforesaid and every other vessel used under this contract shall be fitted with cool-storage chambers in which fish-ova, dead meat, or other natural products may be conveyed, and such cool-storage chambers shall be fitted with all necessary appliances and machinery for working and keeping the same effective.

Voyages.

3. The round trip for each of the said steamships shall begin and end at Auckland, in New Zealand, calling as aforesaid at Suva, Honolulu, and the outer wharf in the City of Victoria on each and every voyage as aforesaid. The first voyage in performance of this agreement shall commence and be made from Auckland on the fourth day of August, one thousand nine hundred and eleven, and subsequent voyages after the first shall commence and be made from Auckland aforesaid on dates and at times to be from time to time appointed for that purpose by the Minister. The duration of each voyage from Auckland to Vancouver and from Vancouver to Auckland shall not exceed nineteen days, including one day's detention at Honolulu on each voyage both outward and homeward.

Service to be Four-weekly.

4. The said service shall be four-weekly, and the said steamships shall leave the said ports of Auckland and Vancouver on the days and at the times to be from time to time appointed for that purpose by the Minister after consultation with the Minister of Trade and Commerce of the Dominion of Canada. Each voyage shall be deemed to commence as soon after the completion of the embarkation of the mails intended to be thereby conveyed as, having regard to practical considerations, the anchor of such vessels can be weighed or the vessel can be loosed from its moorings, and each such voyage shall be deemed to be completed when the vessel has arrived and been anchored or moored at some position in the port of destination from which the mails can be conveniently disembarked; and the times of the commencement and completion of every voyage shall be ascertained and recorded by the officers of the Minister in pursuance of arrangements to be made from time to time by him for such purpose, and the decision of the Minister as to all questions relating to any such times or periods shall be final and conclusive.

Foreign Ports.

5. The said steamships shall not during the continuance of this contract call at any port in or of the United States of America (Honolulu only excepted).

Freight and Passenger Rates.

6. The said steamships shall each according to its capacity carry both outward and homeward all the freights and passengers which may be reasonably offered and obtained, and at tariff rate both as to passengers and freights not exceeding the rates hereinafter set forth, that is to say:—

Passenger Rates from Auckland.

To Suva.—Saloon—single £10, return £15; second class—single £7, return £10 10s.; third class—single £4 10s., return £9.
 To Honolulu.—Saloon—single £30, return £45; second class—single £20, return £30; third class—single £12 10s., return £22 10s.
 To Victoria and Vancouver.—Saloon—single £40, return £60; second-class—single £25, return £40; third class—single £16, return £30.

Freight from Auckland.

To Honolulu, Victoria, and Vancouver, not to exceed—For general cargo, 50s. to 60s. per ton of 40 cubic feet; skins, dumped, 50s. per 3,000 lb.; butter in refrigerator, 1d. per pound gross; meats in refrigerator, 3d. per pound gross; wool, greasy, 1½d. per pound dumped; wool, scoured, 5d. per pound dumped; phormium-fibre, 60s. per ton of 2,240 lb. dumped.

If the Contractor is required by shippers to carry cargo from or to any other main port in New Zealand than Auckland, an additional rate to include expenses of transshipment at Auckland, and not exceeding 12s. 6d. per ton weight or measurement at Contractor's option, may be charged for such carriage. The rates of passages above mentioned are applicable to the vessel's ordinary accommodations only, and the rates of freights, except where specifically mentioned, do not provide for cool or other special storage; and the Minister, if of opinion that any disturbance of normal conditions has increased the expense of running vessels used for services under this contract, may authorize a percentage increase of the foregoing fares and freights.

No Discrimination.

7. No discrimination shall be made as regards tariff rates for either freights or passengers in any manner directly or indirectly against any New Zealand ports, or against any New Zealand railways, or against New Zealand merchants or shippers; but New Zealand merchants and shippers shall at all times have preference for the carriage of their goods over other merchants and shippers as far as regards the New Zealand connection, save as herein otherwise provided.

Mails.

8. During the continuance of this agreement the said steamships shall, at the cost and expense of the said Contractor, receive and carry on each and every voyage all such mails as shall or may be tendered for conveyance to the said steamships, or to the masters or any officers on board of the same, at the port of Auckland aforesaid by or on behalf of under the direction of the Minister for the time being, his officers, agents, or servants, and shall deliver such mails at their proper ports of destination upon the sailing route of the said steamships as herein indicated; and in order to the due and proper performance of this covenant the said steamships shall each be provided with sufficient and convenient accommodation and protection for all such mails to the satisfaction of the Minister for the time being; and the Contractor shall further take all reasonable and necessary precautions for the protection of such mails while upon the said steamships from loss, damage, or injury in any way, and shall be responsible for any loss or damage thereto caused by the negligence or want of proper care or accommodation on the part of the Contractor or its agents or servants, or on the part of the officers or employees or crew on board of the said steamships.

Accommodation for sorting Mails.

9. The Contractor shall provide to the satisfaction of the Minister all the necessary and suitable accommodation, including lights, for the purpose of sorting and making up the mails on board the several vessels employed under this agreement; and on being required to do so by the Minister shall at its own cost erect or set apart in each of the said vessels on the spar deck a separate and convenient room for such purposes, and all the furniture, lamps, fittings, and other conveniences in and about such room shall be from time to time cleaned and kept in repair, and the oil for the lamps supplied, by the servants and at the cost of the Contractor. The master or commander of each of the said vessels shall also if required provide assistance for conveying the mails between the mail-room and the sorting-room, and also render such other assistance as may from time to time be needed without charge.

Custody of Mails.

10. If the Minister shall think fit to intrust the charge and custody of the mails to the master or commander of any vessel to be employed under this agreement, and in all cases where the officer or other person appointed to have charge of the mails shall be absent to the knowledge of the master or commander of such vessel, such master or commander shall without any charge take due care of, and the Contractor shall be responsible for the receipt, safe custody, and delivery of, the said mails at the several appointed places on shore in the respective ports as part of the services hereby contracted to be rendered. The master or commander shall also make the usual Post Office declaration, and furnish such journal returns and other information and perform such other services as the Minister or his officers shall from time to time reasonably require.

Landing of Mails.

11. The Contractor and all commanding and other officers in charge of the vessels employed under this agreement shall at all times punctually attend to the orders and directions of the Minister or his officers or agents as to the mode, time, and place of landing, transhipping, delivering, and receiving the mails subject to the special provisions herein contained, and so far as such orders and directions are reasonable and consistent with the safety of the vessels.

Government Official.

12. The Contractor shall provide suitable first-class accommodation, including a cabin or state-room, for the exclusive use of an officer or agent of the Minister, and for one or, if necessary, two assistants to the aforesaid officer or agent, on board each of the vessels employed under this agreement, who shall be at liberty to use such accommodation as may be required; and such officer or agent and assistant shall be victualled by the Contractor as chief-cabin passengers, without charge either for their passage or victualling; and whilst the vessel stays at any port, excepting the ports of Vancouver and Auckland, to and from which the mails are conveyed such officer, agent, and assistant shall be allowed to remain on board and shall be victualled as aforesaid.

Recognition of Government Official as Minister's Agent.

13. Every such officer or agent and assistant shall be recognized and treated by the Contractor, its officers and agents, as the agents of the Minister and as having full authority in all cases to require a due and strict performance of this agreement: Provided that no such officer, agent, or assistant shall have power to control or interfere with any master, commander, or officer in the performance of his duty; and every such officer, agent, and assistant shall be subject to all general orders issued by the master or commander for the good order, health, and comfort of the passengers and crew and safety of the said vessels.

Expense of conveying Mails.

14. The Contractor at its own expense shall deliver and take the mails to and from the steamers and the post-office or other convenient place as the Minister appoints at the terminal or other ports from and to which the mails are to be conveyed, and the officer having charge of them, in suitable boats furnished with suitable coverings for the mails and properly equipped and manned, and shall from time to time convey the officers or agents of the Minister to and from the steamers and the shore at any of the said ports as often as may be necessary in the execution of their duties.

Minister may delay Sailings.

15. The Minister, by letter addressed to the commander of the vessel delivered to him or to any person appearing to be in charge of the vessel, or left for him at the office of the Contractor in the port or on board the vessel three hours at least before the time appointed for departure, shall in case of need, and for the purpose of duly forwarding such mails as may be required, have the right to delay the sailing of any of the said steamships for the space of twenty-four hours: Provided always that in the case of any vessel being delayed at the port of Auckland in pursuance of this clause the Minister shall pay demurrage to the Contractor at the rate of five pounds (£5) per hour for every hour during which the vessel is delayed after the first six hours.

Definition of "Mails."

16. The expression "mails" for the purpose of this agreement shall be deemed to mean and include all boxes, bags, or packets of letters, post-cards, newspapers, parcels, books, or printed matter, and all other articles which under the Post and Telegraph Act and Postal Regulations of New Zealand for the time being in force are transmissible by post in New Zealand, without regard to place either of origin or destination, and also all empty bags, empty boxes, and other receptacles, stores, and articles used or to be used in carrying on the Post Office service or which shall ordinarily be sent by or to or from the Post Office.

Conveyance of Letters other than H.M. Mails.

17. The Contractor shall not, nor shall the master or officers of any of the said steamships, receive or permit to be received on board of any of such steamships at any New Zealand port any letters for conveyance other than those contained in His Majesty's mails, or which are or may be privileged by the law, nor the mails of any other country except such as may be specified by the Minister for the time being; and the said Contractor shall in all respects be subject to all the postal laws of New Zealand and all the regulations lawfully made thereunder.

Explosives.

18. The Contractor shall not convey in any steamship employed by them under this agreement any nitro-glycerine or any other article which shall have been proclaimed as an explosive or explosive substance, or shall have been legally declared specially dangerous, or shall be so declared by the Minister by notice in writing.

Assignment.

19. This agreement shall not, nor shall any right or interest therein, be assigned, underlet, or otherwise disposed of without the consent in writing of the Minister to such assignment having been first obtained.

Traffic Returns.

20. The Contractor shall from time to time furnish to the Minister full and complete copies of the manifests of the cargoes and lists of the passengers carried by each of the said steamships on its outward and its homeward voyages, certified by the proper Customs officials, and also such other documents, information, and evidence as may be reasonably required by the Minister to show the volume, extent, and value of the trade carried on by the said steamships, and such other Customs certificates, documents, and evidence as may be necessary or as may be reasonably required by the Minister to prove the performance of the service herein contracted for, and to enable the Minister to judge as to whether this agreement is being properly and faithfully carried out and performed; and the furnishing of such certificates, documents, information, and other evidence as hereinbefore specified shall be a condition precedent to the payment of the subsidy hereinafter provided, or any portion thereof.

British Subjects.

21. It is further understood and agreed by the Contractor that two-thirds of the total number of officers, engineers, stewards, crew, or other employees whatsoever upon the steamships engaged in the performance of the service herein contracted for shall be British subjects; but the non-observance of this clause shall not constitute a violation of this contract in such individual cases as may from time to time be approved by the Minister in writing.

Subsidy.

22. The Minister shall pay to the Contractor, subject to its faithful performance of all covenants, agreements, and stipulations to be performed on their part pursuant to this agreement, a subsidy of twenty thousand pounds (£20,000) per annum in proportionate instalments for each and every round trip performed by each of the said steamships in accordance with the intention of this agreement: Provided, however, that no amount of instalments of subsidy shall be payable at any time unless it appears to the satisfaction of the Minister that up to the time of such payment there has been no breach on the part of the Contractor of any of the covenants, provisions, or stipulations of this agreement;

and provided also that the Contractor shall be entitled to receive such subsidy as the Governments of Canada and Fiji might pay towards the service, and also the Government of Australia should the service be extended to a port or ports in the said Commonwealth.

Penalty.

23. If from any cause whatever at any time or times hereafter one of the vessels for this service shall not be at the port of Auckland ready to put to sea in time to perform the services hereby contracted to be performed, or if at any time or times the mails required to be conveyed by the Contractor under this agreement between Auckland and Vancouver and *vice versa* shall not be conveyed from Auckland to Vancouver or from Vancouver to Auckland within the respective periods of transit hereinbefore prescribed in that behalf, then and so often as the same shall happen there shall be deducted from the subsidy which but for this provision would be payable to the Contractor a sum of thirty pounds (£30) for every complete period of twenty-four hours by which the actual time of putting to sea is behind the appointed time for putting to sea, or by which time actually occupied in the conveyance of such mails from Auckland to Vancouver or Vancouver to Auckland, as the case may be, shall have exceeded the period of transit hereinbefore prescribed in that behalf, whether the vessel in delay be one of the aforesaid vessels or any other vessel employed hereinafter: Provided always that no deduction shall be made from the said subsidy by reason of any such default or failure as in this clause mentioned which may be proved to the satisfaction of the Minister to have arisen wholly or in part from any cause or causes altogether beyond the control of the Contractors.

Penalty.

24. Each of the deductions hereinbefore mentioned and hereby agreed to be made shall be made, and the subsidy be reduced accordingly, although no damage or loss shall have been sustained by reason of or in connection with such default, and (except in such cases as in the last preceding clause hereof expressly provided) from whatever cause or causes any such failure or default shall have arisen, and no such deduction shall in any case be deemed to be a penalty or in the nature of a penalty; and the payment by the Minister of what shall from time to time remain due in respect of the said subsidy, after making any such deductions as aforesaid, shall in no case prejudice the right of the Minister to treat the failure of the Contractor to provide an appropriate vessel at any appointed place or time, or to perform any service at or within the appointed period, as a breach of this agreement.

Duration of Contract.

25. This agreement shall remain in force until the completion of the sixty-eighth round voyage in terms of the contract: Provided that the Minister shall have the right at any time, by giving notice in writing under his hand, to determine this agreement and every matter and thing herein contained, if it shall appear to him that there has been any material breach on the part of the said Contractor of any of the covenants, stipulations, agreements, or provisions herein contained and entered into on the part of the Contractor. And it is hereby declared and agreed that the Minister shall at all times be the sole and final judge as to whether there has been any such breach, and his determination shall be final and conclusive.

Wreck or Disablement.

26. Provided, however, and it is the true intent and meaning of these presents, that if the said steamships, any or either of them, or any steamship replacing either of such steamships, under this proviso shall be by the perils of the sea or other unavoidable casualty lost, destroyed, or temporarily disabled from performing their voyages according to the true intent and meaning of the agreements, stipulations, and provisions herein contained, such loss or disability shall not be deemed to be a breach of these presents or any matter or thing herein contained; but the said Contractor shall in such case, as soon as reasonably may be having regard to the circumstances, replace the said steamships or steamship so lost or destroyed by others or another of equal class, speed, equipment, character, and capacity, to the satisfaction and approval of the Minister, or to the like satisfaction and approval repair the damage done in case the said steamship has been only temporarily disabled, and continue the said service herein contracted for with such substituted or repaired steamship with as little loss of time as possible under all the circumstances: Provided always that there shall be no payment of any subsidy in respect of any voyage not actually and fully performed: Provided further that the Minister shall be the sole judge and have the final right of determination as to whether any suspension or temporary discontinuance of or delay in the said regular four-weekly service has been actually caused by the perils of the sea or other unavoidable casualties within the meaning of this proviso, and his finding and determination thereon shall be conclusive.

Notices to Contractors.

27. All notices or directions which the Minister, his officers, agents, or others are hereby authorized to give to the Contractor, its officers, servants, or agents, other than any notice of the termination of this agreement, may at the option of the Minister, his officers, agents, or others, either be delivered or sent by post to the master of any of the said vessels or any other officer or agent of the Contractor in the charge or management of any vessel employed in the performance of this agreement, or left for the Contractor at or sent by post to the office or house of business of the agents of the Contractor in Auckland or any other place, and any directions or notices so given, left, or sent by post shall be binding on the Contractor: Provided always that any notice

of termination of this agreement shall be left for the Contractor at the office or last known office of its agents in Wellington or sent by post to such office: Provided further that the Minister may by writing under his hand at any time and from time to time delegate all or any of the powers vested in him by virtue of this contract to such person or persons as he may think fit.

28. So long as no subsidy is paid by the Commonwealth of Australia the Contractor shall give to New Zealand shippers the first refusal of all space for freights in the vessels used under this contract, and in each year the whole of the cold-storage space shall be available to New Zealand shippers until the first day of September for New Zealand shipments to be made up till the thirty-first day of August of the following year. After the first day of September the Contractor shall reserve any balance remaining up to five thousand cubic feet in the steamship "Zealandia" and ten thousand cubic feet in other steamers, such space to be open to allotment at any time on or after the second day of September each year until fifty-six days before the vessel is appointed to leave Sydney, and if not then all booked the remaining space up to two thousand five hundred cubic feet in the steamship "Zealandia" and five thousand cubic feet in other steamers to be reserved for allotment to New Zealand shippers during the ensuing twenty-eight days. Contractor to be at liberty to allot to other shippers all space not engaged by New Zealand shippers in accordance with this clause. If, however, during the term of the contract the Commonwealth of Australia subsidizes the service an adjustment of the division of the space shall be made on an equitable basis: Provided always that the Contractor shall not give undue preference to individual New Zealand shippers to the exclusion of other New Zealand shippers.

29. During the continuance of this contract and so long as the same shall be faithfully carried out by the Contractor every vessel whilst employed under this contract in carrying mails from Auckland to Vancouver and *vice versa* shall be exempt from harbour, dock, and other dues and rates at the port of Auckland made or levied under the Harbours Act, 1908, or any amendment thereof.

30. If any dispute, question, or difference shall arise between the Minister and the Contractor upon any matter herein provided for, or touching or concerning the construction, operation, or effect of these presents, as to which by these presents it is not provided that the same shall be determined and settled by the Minister, then and in every such case the matter in difference shall be referred to the arbitration of two arbitrators, one to be appointed by the Contractor and one by the Minister; and this provision shall be deemed to be a submission to arbitration under and subject to the provisions of the Arbitration Act, 1908, and any arbitration hereunder shall, unless the Minister otherwise agrees, be held and conducted in Wellington.

In witness whereof these presents have been executed the day and year first above written.

Signed by Robert Heaton Rhodes, the said Minister,
in the presence of—

R. HEATON RHODES.

W. CROW,

Private Secretary to the Postmaster-General.

The common seal of the Union Steam Ship Company
of New Zealand (Limited) was hereunto affixed
in the presence of—

[SEAL.]

JOHN ROBERTS,
A. LEE SMITH, | Directors.

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