

no mention of either statutes or regulations; and accordingly it was supposed that the Council was at liberty to choose its own mode of apportioning the expenditure. If, however, under the Act as it now stands, the assent of the Government is required before any payment can be made, I think an amendment is imperatively required in the direction of allowing to the Council a much larger discretion, so as to put it on a footing at least not inferior to that of a Road Board and other bodies of the same nature.

In the meantime I will carefully attend to your suggestion, and not deal further with the funds than is absolutely necessary to provide for engagements already entered into by the Council.

With regard to the announcements published under the authority of the Council, relating to the establishment of professorships and scholarships, I have to make the following explanations:—It must be understood, in the first place, that these announcements were intended merely as preliminary notices, to those interested, of the intentions of the Council; definite arrangements being reserved for future consideration. There is nothing to lead to the inference that the Council does not contemplate supplementing, by statute or regulation, or otherwise, as may be necessary, whatever may appear best calculated to give effect to its views. On the face of it, some further action must be taken in the case of the professorships, and this is in the contemplation of the Council. For this reason no definite arrangements have been come to, either for the appointment of professors or for the payment of their stipends. All that has been done as yet is the appropriation of a gross sum for these purposes.

With regard to the scholarships, two objections, as I understand, are made to the proceedings of the Council.

1. That the Council has neglected to pass any statute or regulation on this subject for the approval of the Governor.

2. That such scholarships cannot, as proposed by the Council, be held in an affiliated institution, but must be held in the University itself; and *a fortiori* they cannot, in any case, be held in non-affiliated institutions such as the University of Otago.

As regards the first of these points, so far as the objection relates to the necessity of establishing scholarships by statute or regulation, the Council has complied with this requirement. It will be seen that the terms upon which candidates are invited to compete are headed "Regulations for Scholarships." Some little ambiguity may have arisen from a verbal error in the terms of the advertisement, in which it is announced that these scholarships are offered under "resolutions" of the Council. The word "resolutions" should have properly been "regulations." As a matter of fact, these "regulations," as well as those relating to conditions of affiliation, and to the establishment of professorships, though proposed originally in the shape of resolutions by a committee appointed to consider the subjects to which they relate, were finally adopted by the Council as regulations. From this you will perceive that you have been under a misapprehension as to the mode of proceeding adopted by the Council. The mistake was only natural, and likely to arise from the terms in which the advertisement was drawn up. Should the Government accede to my request to publish these advertisements in the Government *Gazette*, I would suggest that this verbal error be corrected, so as to make the announcement more exactly represent the action of the Council.

But the further question is raised, whether the Council is competent to pass regulations without the approval of the Governor; or, rather, perhaps, whether regulations of the Council have any force or effect before receiving such approval, or before the seal of the University has been affixed to them, according to the provisions of the 12th clause of the Act; and you point out that whereas the Council has submitted, for the approval of the Governor, regulations on other subjects, it has not considered it necessary to submit the regulations for scholarships and professorships. In explanation of this apparent inconsistency, I may state that it is my impression that the Council considered that these regulations, affecting, as they do, exclusively the objects for which the University was established, were so peculiarly within its own province as not to require confirmation from without.

With regard to the competency of the Council to give a force to its regulations, independently of the approval of the Governor, it has been argued that the 10th clause, which gives power to the Council to make regulations and statutes, gives that power absolutely, so far as it is not modified by the terms of the 12th clause; and that the approval of the Governor gives to these statutes and regulations force only for a particular purpose, viz.:—To make them binding on all members of the University, and on candidates for degrees. Taking this view of the case, it is said, inasmuch as the establishment of professorships and scholarships do not require to be made binding on all the members of the University, or on candidates for degrees, the regulations adopted for these subjects do not require, in order to give them force, the Governor's approval.

The proviso in clause 10, to the effect that as soon as the Senate is constituted no statute, &c., shall be of any force until approved of by that body, appears to strengthen this view of the case, because it implies, that in the absence of a Senate the regulations, &c., of the Council alone have some force.

As regards the second point, that scholarships must be held in the University, and not in affiliated institutions, I can only say that, as I understand, the Council acted on the assumption that affiliated institutions formed a part of the University. It is possible that the wording of the Act does not admit of this interpretation; if so, it is very important that it should be amended so as to allow of scholarships being held in affiliated institutions. I have every reason to believe that great disappointment and dissatisfaction would be felt among those interested in the establishment of scholarships if the tenure of University scholarships were restricted to one particular institution. Many of the most promising youths would be shut out from competition if they became aware that a large portion, in some cases perhaps the whole, of the proceeds of their scholarships would be required for defraying the expense to be incurred by them in travelling to and from the site of the University.

If the interpretation put upon the law by the Government is the correct one, and if this prohibition is retained, the only means that I can perceive of diminishing the serious evil, to which I have referred, appears to be to fix the site of the University at the most central place in the Colony, so as to offer inducements to compete for scholarships to the largest number of competitors.