

the islands to New Zealand to call at Auckland, Manukau, Napier, Taranaki, Nelson, Wellington, Lyttelton, and Port Chalmers, as may from time to time be required by the Government, having due regard to the requirements of trade and the interests of the Company.

- (4.) To establish manufactories in New Zealand to utilize the products of the islands, and to prepare supplies and merchandise for export to the islands.
- (5.) To establish within five years such a manufactory in Otago, Canterbury, Wellington, and Auckland in the order those several places are named.

7. In consideration of the foregoing, the Government of New Zealand will guarantee interest after the rate of five pounds per centum per annum on the paid-up capital of the Company, not exceeding £1,000,000, for fifty years, and will provide for the regular payment of such interest half-yearly, irrespective of the state of the accounts between the Government and the Company, and notwithstanding the Government and General Assembly may exercise the powers hereinafter provided for.

8. Such interest and all sums paid by the Government in respect of the guarantee shall be a first charge on the profits of the Company, and no dividends shall be paid by the Company until all sums advanced by the Government have been repaid.

9. If at any time the business of the Company is not carried on, in the opinion of the Governor in Council, with sufficient vigour or prudence, or in accordance with the intentions of this agreement, or if at any time after the expiration of three years there shall be due by the Company to the Government in respect of the guarantee a sum exceeding £100,000, it shall be lawful for the Government to suspend the powers and functions of the Company and of the Directors by notice to be published in the *New Zealand Gazette*.

10. In such case the business of the Company shall, until the General Assembly shall otherwise provide, be managed by a Commissioner, to be appointed by the Government, who shall have and may exercise all the functions and powers vested in the Directors; and

11. It shall be lawful for the General Assembly to deal with the Company and its business and property in such manner as the General Assembly may think fit: Provided that nothing be done to prejudice the payment of the guaranteed interest, which, under any event, shall be duly and punctually paid by the Government at the times and for the term herein mentioned: Provided also that any Bill affecting the powers, functions, or interests of the Company, shall be reserved for the signification of Her Majesty's pleasure thereon.

12. There shall be two Managing Directors, one in New Zealand and one in England, and those officers shall be appointed and may be removed by the Government.

13. The amount of salary of each Managing Director shall be fixed by the Government, but shall not exceed £1,800 per annum for the first year, with an annual increase of £100, till a maximum of £2,500 is reached. Such salaries to be paid by the Company.

14. The especial duty of the Managing Directors shall be to see that the agreement with the Government is faithfully carried out; to report all matters to the Government which they may deem of sufficient importance; and to furnish from the Company's books, and otherwise, all such information as the Government may from time to time require; and no business or plantation shall be purchased without the consent of the Managing Director in New Zealand.

15. Subject to the foregoing, the Managing Directors to carry out the instructions of the Company.

16. The Directors, general and local, to be paid a reasonable remuneration for their services.

17. The Promoters shall not receive any promotion, money, or shares.

18. The agreement to be drawn up in accordance with these heads to be submitted to the General Assembly for ratification, and to be of no force until such ratification is obtained. If it be refused, such refusal to form no ground for compensation on any account whatever.

No. 6.

THE FIJI ISLANDS.

THREE years ago the Colony of New South Wales was allowed to understand that Her Majesty's Government would not be averse to the Colony making an offer to annex Fiji. In a Memorandum by the Attorney-General of New South Wales to His Excellency the Governor, under date 8th August, 1871, there occurred the following passage:—"We are aware, from unofficial but reliable sources, that Her Majesty's Ministers in England are anxious to have the Fijian question settled in some way or other without delay. We have been informed that powers would in all probability be conferred upon this Colony, if we desired it, to annex Fiji, or take it under our protection." The Attorney-General's Memorandum was forwarded to the Secretary of State for the Colonies, who, in commenting on the passage quoted, wrote as follows, under date 3rd November, 1871:—"Sir James Martin adverts to the suggestion that the Fijis might be annexed to New South Wales; and if the Colony were willing to undertake the responsibility of providing for the government of the islands, Her Majesty's Government would not refuse to entertain such a proposal, if it met with the concurrence of the native chiefs."

That Colony did not favourably respond to the suggestion. The Premier thinks that if New