

with a condition altering their tenure of office, or, as in the present case, to the diversion of money authorized to be raised by loan for specific services, to a wholly different purpose.

The parliamentary precedent which appears to be most in point is that of the West India Bishops Bill in 1868, reported in *Hansard* (Lords, July 7, 13; Commons, July 27, 28). In that case a charge had been made on the Consolidated Fund, by way of endowment for bishoprics in the West Indies, to the amount of £20,500 a year. It was proposed to rescind such grant, and a Bill for that purpose was sent up to the House of Lords from the House of Commons. An amendment was proposed in the House of Lords, the effect of which was to extend the saving of vested interests to a case not provided for by the Bill, and so to diminish the saving to the Consolidated Fund. The Bill so amended was returned to the Lower House, where the Lords' amendment was taken into consideration, and an amendment was proposed upon the Lords' amendment, the effect of which, if carried, would have been to diminish still further the saving to the Consolidated Fund. Upon this the question was raised whether such proposed amendment ought not to have been previously sanctioned by resolution of the House. A double question, therefore, seems to have presented itself—namely, as to the power of the Upper House to amend the Bill, and the power of the Lower House to amend the Lords' amendment in the way proposed; the effect of which would, it was argued, be practically to make a new grant out of the Consolidated Fund. The Speaker ruled as follows:—

It appears to me, as far as the privileges of the House are concerned, the question turns upon whether there is any new charge upon the Consolidated Fund; and, while the Bill proposes to relieve the Consolidated Fund of £20,000, this amendment would relieve it of £18,000 only. The question of the merits of the Bill is a matter for the consideration of the House. The honourable member for Edinburgh (Mr. McLaren) has asked me whether, in point of form, this amendment can be put. The question is whether it is relevant; and it appears to me that it is relevant to the amendment of the Lords. I do not mean to say it is not a somewhat complicated question. I adhere to the substance of the opinion I gave last night, that, as there is no new charge upon the Consolidated Fund, therefore I think it is a matter more to be decided by the House on its merits than by any opinion from the chair.

The Lords' amendment was agreed to.

There is a special ground in the present case for maintaining the right of the Legislative Council to amend the Bill as they did. It has been pointed out that by "The Immigration and Public Works Loan Act, 1870," it was provided that, in the event of the Imperial Parliament passing an Act to guarantee any loan raised by the Colony of New Zealand, for all or any of the purposes for which the loan thereby authorized might be applied, the Governor or his agents might raise any portion of the loan so authorized, with such guarantee, upon and subject to all or any of the terms, conditions, and stipulations expressed in such Act of the Imperial Parliament. He was also authorized to fix the order of priority which such guaranteed portion of the loan should have over other parts of the loan. By an Act of the Imperial Parliament (1870, chap. 40) the Imperial Treasury was authorized to guarantee, in such manner and form as they might think fit, payment of the principal of all or any part of any loan, not exceeding £1,000,000, raised by the Government of New Zealand for the purpose of the construction of roads, bridges, and communications in that country, and of the introduction of settlers into that country, and payment

of the interest of any such loan at a rate not exceeding 4 per cent.

The Treasury was directed not to give any such guarantee unless and until provision had been made by an Act of the Legislature of New Zealand, or otherwise to the satisfaction of the Treasury—

1. For raising the loan and appropriating the same to the purposes mentioned in the Act.

2. For charging the consolidated revenue of New Zealand with the principal and interest of the loan, immediately after the charges on that fund existing at the time of the passing of the Act.

3. For providing a sinking fund of 2 per cent.

4. For charging the consolidated revenue of New Zealand with any sum issued out of the Consolidated Fund of the United Kingdom under the Act, with interest at 5 per cent., immediately after the sinking fund of the said loan.

5. For rendering an annual abstract of accounts of expenditure of the money raised by means of the said loan, under such heads as the Treasury from time to time desire.

6. For remitting to the Treasury half-yearly the sinking fund, and for its investment and accumulation.

The Treasury were restricted, by the terms of the Act, from guaranteeing more than £200,000 in any one year, and were bound, before guaranteeing any portion other than the first, to satisfy themselves that the portion already guaranteed had been or was being spent for the purposes mentioned in the Act.

It was further provided that every Act passed by the Legislature of New Zealand which in any way impaired the priority of the charge upon the consolidated revenue of New Zealand created by that Legislature in respect of the loan, and the interest and sinking fund thereof, should, so far as affecting such priority, be void unless reserved for Her Majesty's pleasure; and that the Treasury should cause to be prepared and laid before both Houses of Parliament a statement of any guarantee given under the Act, a copy of any accounts received by them respecting the expenditure of the said loan, and an account of all sums issued out of the Consolidated Fund of the United Kingdom for the purposes of the Act.

On the 19th April, 1871, Messrs. Vogel and Julyan, Agents appointed by the Governor for the purpose, intimated to the Treasury the acceptance by the colony of the guarantee offered by the Imperial Government, upon the terms stipulated in the Imperial Act.

The Treasury assented by letter of the 20th May, 1871; and under the arrangement so made debentures to the value of £200,000 have been issued with the Imperial guarantee, and are now held at the disposal of the Colonial Government.

But the claim now made by the House of Representatives, of the right, of its sole authority, "by Act of one session to vary the appropriation or management of money prescribed by Act of a previous session," and by virtue of such right to divert at pleasure the moneys raised under the Loan Act of 1870 to other purposes than those prescribed by such Act, if admitted, might possibly have the effect of subverting the objects of the loan, and might conflict with the conditions imposed by the Imperial Act.

Another distinct question has been raised as to the constitutional powers of the Legislative Council under an Act passed in the year 1865, entitled "The Parliamentary Privileges Act," a copy of which is herewith. The object of this Act was to define more exactly by statute the powers and pri-