

1896.
NEW ZEALAND.

DESPATCHES

FROM THE GOVERNOR OF NEW ZEALAND TO THE SECRETARY OF STATE FOR THE COLONIES.

Presented to both Houses of the General Assembly by Command of His Excellency.

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No. 1.

(No. 21.)

MY LORD,—

Government House, Wellington, 6th June, 1895.

In reply to your despatch, No. 2, 1895, dated 7th January, concerning ^{A.-2, 1895,} the position of the Resident in the Cook Islands, I have the honour to inform ^{No. 18.} you that I forwarded the same for the consideration of my Ministers, and that they have returned it to me with a memorandum, dated the 9th of May, a copy of which I have the honour to enclose herewith for your information.

As your Lordship is already in possession of my views on the subject, I do not propose to make any remarks on the memorandum in question.

I have, &c.,

GLASGOW.

The Most Hon. the Marquis of Ripon, G.C.M.G., &c.,
Colonial Office, Downing Street.

Enclosure.

MEMORANDUM for HIS EXCELLENCY.

(No. 19.)

Premier's Office, Wellington, 9th May, 1895.

THE Premier returns herewith the despatch, No. 2, of the 7th January, 1895, from the Secretary of State for the Colonies in reference to the position of the British Resident in the Cook Islands.

Paragraph 5 of the despatch shows clearly what was understood to be the position of the Resident, and so far it is satisfactory.

The Premier would ask that instructions should be given, as indicated in paragraph 6, that the High Commissioner should not make any regulations which would extend to the group so long as New Zealand pays the salary of the Resident.

The Premier does not wish the jurisdiction of the High Commissioner's Court to be vested in the Resident by giving him the powers of a Deputy Commissioner, and the distance of the islands from New Zealand and the uncertain communication would render it impossible for the prisons of the colony to be made the receptacle for prisoners from the Cook Islands.

The Premier further respectfully desires His Excellency to intimate to the Secretary of State that, notwithstanding trade relations between the islands and New Zealand have not been as successful as was anticipated, provision will be made on the estimates for the Resident's salary under the existing arrangement, it being the great desire of this Government to extend British influence in the South Pacific, and fearing a withdrawal would militate against such influence.

R. J. SEDDON.

No. 2.

(No. 23.)

MY LORD,—

Government House, Wellington, 25th June, 1895.

In reply to your despatch (New Zealand, No. 22) dated the 19th April, 1895, I have the honour to inform you that my Government have no objection to the proposed approval of the appointment of the Belgian Consul-General to act under section 6 of "The Public Trust Office Acts Amendment Act, 1891," and that such approval has been notified in the *New Zealand Gazette*, under date the 20th June, 1895.

I have, &c.,

The Right Hon. the Secretary of State for
the Colonies.

GLASGOW.

A.-2, 1896,
No. 4.

No. 3.

(No. 25.)

SIR,—

Government House, Wellington, 4th July, 1895.

I have the honour to forward for your information a copy of the proceedings of the British Resident at Rarotonga (Cook Islands) containing certain despatches and copies of the Acts passed by the Federal Parliament of the group during the year 1894, as well as—what I submit is worthy of your attention from the light it throws on the customs of the Polynesian race in the Pacific Islands—a declaration as to the tenure of the land, and the leasing and fencing of the same.

I have only to add that, so far, the experiment of establishing a native legislature in this group has worked on the whole very harmoniously; and I have no hesitation in attributing its success mainly, if not wholly, to the skilful management, tact, and moderation of Mr. Moss, who as Resident has gained both the confidence and respect of chiefs, people, and traders.

The Right Hon. the Secretary of State for
the Colonies.

I have, &c.,

GLASGOW.

A.-3, 1895.

No. 4.

(No. 27.)

SIR,—

Government House, Wellington, 6th July, 1895.

I have the honour to enclose, at the request of my Premier, memorandum with reference to compassionate pensions for old soldiers living in the colonies.

I have, &c.,

The Right Hon. the Secretary of State for
the Colonies.

GLASGOW.

Enclosure.

MEMORANDUM for His Excellency the GOVERNOR.

(No. 27.)

Premier's Office, Wellington, 24th June, 1895.

THE Premier has the honour to ask your Excellency to be good enough to approach the Imperial authorities with reference to the participation by old soldiers living in the colonies in the special compassionate pensions granted to those who have served in campaigns and who are in indigent circumstances. The reasons for my approaching your Excellency in the matter are that many applications for such pensions from ex-soldiers in this colony have been forwarded, and they have all been refused by the authorities of the Royal Hospital, Chelsea, on the grounds that the Commissioners of such hospital are required to give precedence to applicants living in the United Kingdom.

R. J. SEDDON, Premier.

No. 5.

(No. 28.)

SIR,—

Government House, Wellington, 6th July, 1895.

I have the honour to enclose a memorandum from the Land- and Income-tax Department of New Zealand, in which you will find the information requested in your despatch (New Zealand, No. 25) dated the 9th May, 1895.

A.—2, 1896,
No. 5.

I have, &c.,

The Secretary of State for the Colonies.

GLASGOW.

Enclosure.

MEMORANDUM for the Hon. the COLONIAL TREASURER.

Land- and Income-tax Department, Wellington, 28th June, 1895.

THE letter from Messrs. Bottomley and Co. to the Secretary of State has evidently been written under misapprehension, and is couched in similar terms to those in which certain colonial newspapers, both here and in Victoria, discarded on this subject from erroneous and *ex parte* information, supplied by certain representatives of English houses who did not communicate with the department with the view of obtaining correct information, but who elected to form their own conclusions.

The majority of the travellers have, however, called on me and discussed the matter, expressing their own willingness and that of the firms they represent to conform to the requirements of the law whatever they may be.

There is not now, and there never was, any intention of levying tax upon the first return made of the business contracted for without allowing ample time for amending the return if orders are not executed. There is, moreover, no intention of calling into action the penal provisions in the regulations, except in cases where travellers treat the law with contempt. No tax has yet been collected upon the returns made, nor will there be until January next, by which time it will be known whether the orders have been executed or not; and, even if it should be subsequently found that the expected business was not completed, any tax overpaid will be refunded.

The only object in issuing the regulations was to place the English firms doing business in the colony, but having no resident representative, on the same footing as regards income-tax as colonial firms and business houses, and no valid ground for exempting the profits made on business so done has yet been advanced.

The great majority of travellers, while they have told me that they see difficulties in the way of carrying out the regulations, have made returns of the business done, or have asked their principals to complete these returns when they have not been in a position to do so themselves.

JOHN MCGOWAN, Commissioner.

No. 6.

(No. 24.)

SIR,—

Government House, Wellington, 9th July, 1895.

I have the honour to inform you that I opened the second session of the Twelfth Parliament of New Zealand on the 20th June, 1895, and to enclose copy of the Speech that I read on that occasion.

I have also the honour to forward herewith copies of the Addresses in Reply presented to me by the honourable the Legislative Council and the House of Representatives respectively.

I have, &c.,

The Right Hon. the Secretary of State for
the Colonies.

GLASGOW.

No. 7.

(No. 29.)

SIR,—

Government House, Wellington, 11th July, 1895.

I have the honour to forward herewith for your information, at the request of my Government, some correspondence with my Premier with regard to a difference of opinion, as to the propriety of making four more calls to the Council, which has taken place between us.

You will observe, Sir, that my Ministers requested me to refer this difference to you for your decision, but that I was unable to agree to their proposals on the ground that the question was one of a local and not of an Imperial nature.

I must admit that on a former occasion I did so refer a similar case, but it was one of rather a complicated nature, which began during the tenure of office of my predecessor, and which I was requested by my Ministers to consider and decide on two days after my arrival in the colony. Had I had time properly to consider the subject, and to consult precedents, I would probably have taken the course I am now following; but the question had been open for some time, and Parliament was about to meet, I therefore yielded to the arguments of my Ministers to consider the matter without delay, took up the same position as my predecessor, and referred the matter to the Secretary of State for the Colonies.

My memoranda to the Premier, included in this correspondence, will, I trust, make clear to you the grounds on which I felt justified in declining to make these appointments; and you will observe that I expressed the opinion that, as long as the Upper Chamber is unlimited as to numbers, so long will there be a recurrence of similar differences of opinion.

Perhaps I may be allowed to add that as long as no such limit exists, while Ministers may or may not be influenced unconsciously or otherwise when advising appointments by other reasons than the welfare of the Upper Chamber, the Governor ought to have no other object than insuring that that branch of the Legislature shall suffer no detriment from unnecessary interference or from an undue number of appointments by any one party in the colony.

To show that my view is not an original one as to the advantages which would follow some limitation to the Council except on critical occasions, I beg to quote Lord Granville's despatch to Lord Belmore, Governor of New South Wales, 2nd October, 1869, in which he urges "the desirability of some constitutional understanding having in the public eye the form of a valuable though not inflexible precedent limiting the circumstances under which such creations or appointments can take place"; and he goes on to state that such an understanding did, in fact, exist between Sir John Young and his successive Ministers.

I may also add that more than one attempt has been made in this colony to arrive at some such arrangement, and proposals to that effect have been made in Parliament under former Ministries, but they have never come to any result.

With regard to the correspondence enclosed in Part I., the only pertinent memoranda are those which I have marked; in Part II., in No. 30, the last memorandum of the series, the Premier makes some assertions and comments which I cannot admit to be correct or agree with; but I did not wish to prolong the correspondence, which I now submit to you, and I hope in due time to have the honour of hearing from you that my action has your approval.

I have, &c.,

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

GLASGOW.

(Enclosures.)

PART I.

MEMORANDUM for the PREMIER.

7th June, 1893.

IN forwarding the two accompanying despatches* for publication, the Governor thinks it right to state that they were not seen by the late Mr. Ballance.

GLASGOW.

* No. 7, of 17th February, 1893—Secretary of State to Lord Glasgow; and No. 60, of 3rd December, 1892—Lord Glasgow to Secretary of State.

THE Governor has just received from the Colonial Office copies of the return "New Zealand and the Colonies (Upper House)," printed on 2nd May, by order of the House of Commons, which he has forwarded for the information of Ministers.

He observes this return includes all the correspondence on the subject of the Legislative appointments of last session, except the subsidiary correspondence (as the Governor considered it) which was afterwards sent Home, and which was numbered in the papers laid before the General Assembly Nos. 3, 4, 5, 6, 7, and 11.

It also includes the first despatch he wrote on the subject, dated 22nd June, 1892, which was marked "Confidential," and, therefore, not laid before the General Assembly last session. As it has now been printed in this return, the Governor requests that it may be included in the despatches to be laid before Parliament.

He thinks it right to mention that neither the confidential despatch referred to, his despatch of the 3rd December, 1892, nor Lord Ripon's reply of 17th February, 1893, were seen by the late Premier.

He would also request that Lord Onslow's memorandum left for the information of his successor, and seen by the late Premier, be included in the correspondence to be laid before both Houses.

21st June, 1893.

GLASGOW.

22nd June, 1893.

REFERRING to his memorandum of yesterday, the Governor observes he did not mention that Despatch No. 12, page 41, in the return therein alluded to, and which he did not send to the Clerk of the Executive Council for publication, was omitted, because, in the telegram in which Lord Ripon informed him that he was about to lay the correspondence in question on the table of Parliament, he added that he intended to omit the despatch of the 16th August, above alluded to, unless the Governor particularly wished it printed. Having replied that he did not desire its publication, considering it of no importance, he did not expect to see it in this return, and therefore did not send it to the Premier.

GLASGOW.

MEMORANDUM for His Excellency the GOVERNOR.

(No. 8.)

Premier's Office, Wellington, 3rd July, 1893.

THE Premier presents his compliments, and begs to acknowledge the receipt of His Excellency's memorandum of the 7th June. The Premier regrets that, owing to his absence from Wellington and to pressure of business, the memorandum should have remained unanswered until now. As will be remembered, it covered a copy of a despatch, together with enclosures, which His Excellency addressed to the Secretary of State on the 3rd December last, in continuation of the correspondence on the appointment of members to the Legislative Council; it also covered Lord Ripon's reply thereto of the 5th January. These despatches, His Excellency states, he considers it right to say had never been seen by the late Premier.

Ministers take exception to the unusual course pursued in this matter, and are of opinion that it was due to His Excellency's Advisers that the same course should have been followed with respect to the despatch of the 3rd December that was taken in regard to the other correspondence on this subject. They think that before such despatch was sent to the Secretary of State the late Prime Minister and his colleagues should have had an opportunity given them of perusing it, so that, if deemed desirable, an opportunity might have been afforded of commenting thereon. Ministers consider that since the whole of the constitutional question in dispute was thus reopened, the correspondence is all important. His Excellency asked in his despatch to the Secretary of State that conclusions might be drawn from what had occurred in the proceedings in the Legislative Council during the last session of Parliament. Though this could not have affected the question of the appointment of twelve gentlemen to the Council, yet, had the Secretary of State concurred in the views submitted by His Excellency, and held them to be supported by the division-lists annexed to the despatch in question, it might have led to his instructions being varied as regards future appointments.

A striking feature in connection with the matter is that His Excellency's Advisers were unaware of the existence of Despatch No. 16 until it was forwarded to them on the 7th June. Yet the same despatch was ordered by the House of Commons to be printed on the 2nd May, and arrived in the colony only ten days after His Excellency had sent it to his Ministers.

The delay in forwarding such despatch to Ministers is a grave departure from the custom and usage hitherto observed. It is a departure which, if continued, must lead to great inconvenience. In a word, it is an infringement of constitutional practice.

Copies of all despatches, whether confidential or not, are by the Colonial Office Regulations to be deposited in Government House; and in the past all despatches, unless those strictly confidential, have been at all times open to the Governor's Advisers for the time being.

The regulation under which they are to be so deposited is that numbered 186. Regulation 187 provides that when so deposited they are not to be withdrawn. Under subsection (1) of Regulation 188 it is directed that, unless they are marked "Confidential," the Governor is to lay them before his Responsible Advisers or the Executive Council, in default of some special reason to the contrary.

Since by this direction the despatches have to be laid before the Governor's Responsible Advisers for the time being, it is a fair contention that this should be done within a reasonable time, so as to give fair opportunity for comment being made or action being taken thereupon.

Already reference has been made in the House of Representatives to the fact that copies of these despatches, made from the House of Commons records, have come into the hands of members. Yet, owing to the delay before referred to, the General Assembly has not seen them on the table of either House.

His Excellency's Advisers wish to emphasize their opinion that the late Ministry were justified in following clear precedents by referring the difference with the Governor to the Secretary of State. They hold that this was done in accordance with the traditions of constitutional government. They assert that such reference was made by Ministers with His Excellency's concurrence.

Despatch No. 16 states that it was evident that when His Excellency declined to accept Ministers' advice they were not willing to resign. This conclusion of His Excellency has taken Ministers somewhat by surprise. When advice was tendered to His Excellency's predecessor (Lord Onslow) by Sir Harry Atkinson's Administration, Lord Onslow came to no such conclusion. Again, when advice was given him by the late Ministry, it will be seen by his confidential memorandum of the 16th February, 1892, to his successor that Lord Onslow says, "I declined to receive advice such as was proposed, and desired that it might be deferred until your Excellency's arrival, inasmuch as my stay in the colony would not enable me to see the end of consequences which a persistent refusal to accept the advice of my Ministers would entail."

It will thus be seen that Lord Onslow did not express the view to be found in Despatch No. 16; he simply wished the advice to stand over until the arrival of his successor. Had he, in refusing to accept the advice, held the view expressed in Despatch No. 16, or, if that view were correct, and the resignation of Ministers had been tendered, the position would have been an appeal to the people against the decision of Lord Onslow. He would have been absent from the colony, the Acting-Governor would have been in his place, and his successor on the high seas. Previous to the sending of Despatch No. 16 there was no persistent refusal to accept the advice; there was no demur, but a ready acquiescence by His Excellency in referring the matter to the Secretary of State. The question of resigning had not been hinted at; neither is it in accordance with the traditions of representative government that, when such a difference of opinion arises between the Governor and his Advisers, the Advisers should resign unasked. There is no analogous precedent where an appeal to the electors has arisen owing to a similar difference between the Governor and his Advisers.

Upon this point Ministers beg respectfully to draw His Excellency's attention to the following words from the memorandum by Lord Normanby of the 8th November, 1877: "The question as to the extent to which Government are responsible to Parliament for the acts of the Governor is one which cannot possibly be decided in the colony. The Governor has therefore decided to forward the whole case for the consideration and decision of the Secretary of State for the Colonies, by whose decision he is bound to abide."

The constitutional position is for Ministers to act as the defenders of the Governor. To appeal to the electors to say whether the Governor, whom they are bound to defend, is in the right or wrong would place him and them in a most unusual and unenviable position.

It is quite true that the leader of the Opposition, after the correspondence had been closed and sent Home to the Secretary of State, argued that if Ministers thought the case sufficiently important they should resign; but His Excellency's Advisers dissent entirely from the contention that when a Ministry differ with the Governor they should bring pressure upon him through the ballot-box, or, in other words, that a conflict should ensue between the people of New Zealand and the Governor, without every opportunity being first given to the Governor to withdraw from an untenable position.

Ministers venture to submit that the deductions made by His Excellency from the division-lists of the Legislative Council during last session are misleading. It does not follow that, if the twelve appointments had been made, the Government would have been victorious in the divisions indicated. It must be borne in mind that on minor questions, and where no policy is involved, members of the Council vote irrespective of the Ministry appointing them. His Excellency does not show which were policy questions, upon which the Council was divided, and which were questions altogether apart from policy.

His Excellency was also unaware of the fact that there were measures not brought forward at all which his Ministers, knowing the state of the Council, considered it would be hopeless to attempt to pass. Again, important amendments were made by the Legislative Council in several of the policy Bills submitted by the Government—amendments which in some instances so materially altered the measures as to render them useless. In other measures, again, the amendments were such that his Ministers dropped the Bills altogether. Ministers dissent from the statement made that by the twelve appointments they have obtained a majority in the Council. They do, however, express surprise that His Excellency, without giving any reasons therefor, has thought it right to state that he considered it his duty to do what he could to prevent a Ministry, representing the popular will, from gaining a majority in the Upper Chamber.

The situation is exactly as indicated by His Excellency's late Advisers. The results of the session conclusively proved the correctness of their contention that nine appointments would not have been sufficient to give the Government fair or adequate support. Had His Excellency's Despatch No. 16 been submitted to his late Advisers this could have been proved promptly by the records of the Council's proceedings.

An important factor which has escaped His Excellency's attention, and which is of moment, is this: that between the time the rejected advice was tendered and the opening of Parliament, and even during the session, public opinion was freely expressed in support of the step advised. Strong expressions of opinion were also given against the action of the majority of the Council in opposing measures thrown out during the previous session. They may have had an influence with some of the members of the Council, but it is impossible to gauge how far this would tend to the passing of the measures which His Excellency's Advisers considered were required for the good of the country. In some of the divisions on minor matters it may have had an effect, but on larger questions of public policy the division-lists bear out what His Excellency's late Advisers contended for—namely, that the Council was in an inefficient state, and that the Government had not any fair and adequate representation there.

His Excellency's Advisers are pleased to know that His Excellency does not consider his personal position in this matter has in any way been detrimentally affected. In conclusion, they beg to submit that, notwithstanding the view held by His Excellency that his late Advisers should have resigned, the result has amply justified the course taken. The country has been spared a general election. The relative positions of the Governor and his Advisers on this most important question have been defined, and that without affecting the Governor's personal position; whilst at the same time the bond of union between the Mother-country and her self-governing colonies has been strengthened by the decision given by the Secretary of State.

The Premier respectfully requests that a copy of this memorandum may be laid on the table of the House of Representatives and Legislative Council respectively, and that a copy be also sent to the Right Hon. the Secretary for State for the Colonies.

R. J. SEDDON.

MEMORANDUM for His Excellency the GOVERNOR.

(No. 9.)

Premier's Office, Wellington, 3rd July, 1893.

THE Premier acknowledges the receipt of His Excellency's memorandum of the 21st June, intimating that he had just received from the Colonial Office copies of the return, "New Zealand and the Colonies" (Upper House), printed on the 2nd May by order of the House of Commons. The memorandum observes that the return includes all the correspondence on the subject of the Legislative appointments of last session, except the subsidiary correspondence (as His Excellency terms it), which was afterwards sent Home and included in the papers laid before the House of Commons, numbered 3, 4, 5, 6, 7, and 11. It also contains the first despatch, which was written on the 2nd June, 1892, marked "Confidential," and therefore not laid before the General Assembly last session. It further intimates that neither the confidential despatch referred to—the despatch of the 3rd December, 1892—nor Lord Ripon's reply thereto of the 17th February, 1893, was seen by the late Premier. It also requests that the memorandum left by Lord Onslow for the information of His Excellency, and seen by the late Premier, should be included in the correspondence to be laid before both Houses.

In compliance with His Excellency's wish, the despatches in question will be printed and laid before both Houses.

The Premier again respectfully desires to point out the inconvenience that may be caused by the Governor delaying placing despatches before his Advisers. The Premier trusts that in future His Excellency will always take his Ministers into his entire confidence when communicating with the Secretary of State. The Premier would also very respectfully point out the necessity that arises for a complete record being kept of despatches which have been forwarded. Such a record would render it impossible for any inadvertence to occur in future such as that to which his attention has been called—namely, that of an important omission in paragraph 7 of His Excellency's despatch of the 3rd December, 1892; which despatch has been forwarded for the purpose of being printed. If the error had not been discovered by His Excellency, the despatch would have been published, and, on comparison with the original, the omission would have been apparent.

The Premier requests that a copy of this memorandum may be laid on the table of the House of Representatives and Legislative Council respectively, and that a copy be also sent to the Right Hon. the Secretary of State for the Colonies.

R. J. SEDDON.

MEMORANDUM for His Excellency the GOVERNOR.

(No. 10.)

Premier's Office, Wellington, 3rd July, 1893.

THE Premier begs to reply to His Excellency's memorandum of the 22nd ultimo. This memorandum intimates that "His Excellency did not mention that Despatch No. 12, page 41, in the return alluded to in his memorandum of the 21st ultimo, and which he did not send to the Clerk of the Executive Council for publication, was omitted, because, in the telegram in which Lord Ripon informed him that he was about to lay the correspondence in question on the table of Parliament, he added that he intended to omit the despatch of the 16th August unless the Governor particularly wished it printed; and His Excellency, having replied that he did not desire its publication, considering it of no importance, did not expect to see it in this return, and therefore did not send it to the Premier."

The Premier would respectfully point out that in this, as in the other cases, necessity is shown for the usual course being followed, and that all despatches, unless those considered by His Excellency as strictly confidential, should be laid before Ministers or the Executive Council.

It might have happened, had the House met a little earlier, that the despatches in question would have been published with important omissions therefrom, not shown by our parliamentary records. At the same time copies of the same despatches would have been correctly printed in the records of the House of Commons.

The practice of submitting despatches to the Prime Minister has been invariably followed by His Excellency's predecessors. The despatches have always been open to the Prime Minister. The question was raised in 1873. The attached correspondence took place between the then Governor, Sir James Fergusson, and his Advisers, and the resolution which forms part of the papers was passed by both branches of the Legislature.

The Premier would also respectfully draw His Excellency's attention to Nos. 186 and 188 of the Colonial Office Regulations, page 324, which clearly point out the course to be followed respecting despatches to and from the Secretary of State.

The Premier respectfully requests that a copy of this memorandum may be laid on the table of the House of Representatives and Legislative Council respectively, and that a copy be also sent to the Right Hon. the Secretary of State for the Colonies.

R. J. SEDDON.

MEMORANDUM for the Hon. the Premier.

Wellington, 4th July, 1893.

THE Governor has received the Premier's memoranda of the 3rd July—Nos. 8, 9, and 10—which he will be happy to forward to the Secretary of State.

Though it would be easy for him to reply to memorandum No. 8, the Governor does not propose to do so, as he considers that on the adoption by him of the advice of the Secretary of State as to the appointments to the Council the incident was closed: but this did not preclude him from writing freely to the Secretary of State his opinion, which he still holds, on the present situation, and he maintains his right to adopt this course.

In reply to the Premier's reference to paragraph 188 of the Colonial Office Regulations, the Governor considered he had "a special reason" for the course he took as regards his despatch of the 3rd December to Lord Ripon.

The Governor authorises the Premier to lay this memorandum and those above mentioned before both Houses of the General Assembly.

GLASGOW.

MEMORANDUM for His Excellency the GOVERNOR.

(No. 30.)

Premier's Office, Wellington, 12th October, 1893.

THE Premier presents his compliments to His Excellency, and desires to bring under his notice the unsatisfactory condition of affairs in the Legislative Council, and to point out that, as matters stand, it is impossible to get such legislation passed as the Government consider desirable and necessary in the interests of the colony.

As His Excellency is aware, twelve of the Legislative Councillors were, on the recommendation of the late Government, appointed for a period of seven years, the remainder being in the Council for life. That such an anomaly should exist is very questionable, and, as will be seen by the division-lists enclosed herewith, the voting on the several Bills under discussion is most marked, the great majority of the life-members voting for the rejection of the measures, whilst those recently appointed have voted in favour of the passing of the same.

Several important policy measures were amongst the Bills rejected. The Government Railways Bill was rejected by the division on clause 3: Ayes, 15; noes, 20.

The second reading of the Shops and Shop-assistants Bill was refused—Ayes, 11; noes, 25; whilst Part III. of the Rating Bill, which was intended to give relief to settlers by exempting improvements from local rating, was thrown out by nine votes to fifteen.

Then, the Industrial Conciliation and Arbitration Bill was so mutilated that it had to be dropped. The second reading of the Land for Settlements Bill was also rejected, only three of the life-members of the Council voting therefor.

Several of the Bills rejected were before the Council on a previous occasion, after having been passed by large majorities in the House of Representatives.

Under these circumstances the Premier respectfully desires to bring under His Excellency's notice the necessity that exists for bringing the Council into a more efficient state, so that the present Administration may have some reasonable hope of passing such legislation as will, in the opinion of Ministers, promote the well-being of the people and the prosperity of the colony generally.

R. J. SEDDON.

MEMORANDUM for the PREMIER.

THE Governor has received the Premier's memorandum of yesterday's date, drawing his attention to what is, in the Premier's opinion, the unsatisfactory condition of affairs in the Legislative Council.

Under existing circumstances, the Governor reserves his opinion on the questions raised in the memorandum, and begs to assure the Premier that any further communications from him on this subject will receive the Governor's serious consideration.

GLASGOW.

13th October, 1893.

MEMORANDUM for the PREMIER.

THE following memorandum has reference to that of the Premier, dated 12th October last, calling the Governor's notice to "the unsatisfactory condition of affairs in the Legislative Council," and the Premier's conviction "of the necessity that exists for bringing the Council into a more efficient state":—

2. To this the Governor made a merely formal reply at the time; but, as the Premier's memorandum will shortly be laid on the table of the House of Assembly, even if he does not propose to take any action on it, the Governor feels that to leave it altogether unnoticed might cause his motives to be misconstrued.

3. The Council is now nearly as strong numerically as at any stage of its existence; it contains as large a proportion of men of ability, experience, and statesmanlike qualities as any other Second Chamber; it has given to all measures placed before it the full and careful consideration which was their due: the Governor is therefore unable to consider the Council in any way inefficient.

4. It is true that, after full discussion, it amended and even rejected several Government measures; but, under the circumstances in which they were introduced, there is no doubt that the Council acted strictly within its rights under the Constitution of the colony.

5. The Legislative Council has therefore, so far, only done its duty. Since last session a general election has taken place, and the result doubtless expresses the present views of the electorates. Should, therefore, any of the measures it previously rejected be again sent up to the Legislative Council, after receiving the sanction of the House of Representatives, the Governor cannot doubt that the Council will, as before, do its duty, and, in view of the altered circumstances, waive any objections it may still entertain to them.

6. The Premier attributes what he considers the unsatisfactory state of the Council to the "anomaly" of the Councillors being appointed for two different periods of service—the majority being still life-members, and the minority appointed for seven years; but if the Council, as at present composed, were all either life-members or appointed for seven years, the Governor does not see how that would alter their opinions, and, consequently, the measures enumerated by the Premier would have met the fate they did under any circumstances.

7. Neither does the Governor see how the different tenures of office existing in the Legislative Council can be termed an "anomaly." It is the natural result of the Act limiting the duration of future appointments to seven years. It was foreseen when the Act was passed, and must continue to exist until it comes into full operation.

8. Having given careful consideration to the Premier's memorandum, the Governor does not consider that there are any grounds for taking exception to the manner in which the Legislative Council performs its functions.

Auckland, 29th May, 1894.

GLASGOW.

MEMORANDUM for His Excellency the GOVERNOR.

(No. 58.)

25th June, 1894.

THE Premier presents his compliments, and begs to acknowledge the receipt of His Excellency's memorandum of the 29th May, having reference to the Premier's letter of the 12th October last. That letter called His Excellency's attention to the need that exists for bringing the Legislative Council into a more efficient state.

To it the Premier received a reply simply acknowledging the receipt thereof. Since the date of the letter of the 12th October a general election has taken place, and the opinion of the people has been expressed on the several measures which were during the last Parliament rejected by the Legislative Council.

The Premier admits that the Council is strong numerically. It is gratifying to His Excellency's Advisers to know that His Excellency considers that the larger portion of the gentlemen who compose the Chamber have ability and statesmanlike qualities equal to those of the members of any other Second Chamber. In this opinion His Excellency's Advisers concur, and are glad to believe that the selection of Councillors last appointed has in no way caused any deterioration of the Second Chamber.

The Premier, however, while admitting that the Council is strong numerically, desires to bring under the notice of His Excellency that there are a number of very old and infirm Councillors who cannot, on account of their age and infirmities, give that attention to the matters brought before them which would be expected from younger and more active men. Yet they retain their seats, and, whilst maintaining the numerical strength of the Council, are irregular in attendance, and do not, therefore, do their duty. There are at the present time four members of the Legislative Council absent from the colony, who are unlikely to take any part in the proceedings of Parliament during the session. Between, therefore, those who are infirm and those who are away, the Premier does not expect that more than two-thirds of the members will regularly take their seats.

The Premier very respectfully takes exception to the statement made by His Excellency that the Council gave to the measures placed before it that full and careful consideration which was their due. Neither full nor careful consideration was given to several important measures which passed the House of Representatives and were sent to the Legislative Council. The only discussion that took place thereon was a more or less hasty expression of opinion that the same should be read some time during the recess, which, in other words, meant that the Council practically refused to discuss these measures or their merits. Yet the Bills in question dealt with matters which the people of the colony and the House of Representatives thought of paramount importance.

In paragraph 4 of the memorandum under reply His Excellency states that "it is true that after full discussion it amended and even rejected several Government measures; but, under the circumstances in which they were introduced, there is no doubt that the Council acted strictly within its rights under the constitution of the Council."

The Premier is utterly at a loss to understand what meaning His Excellency intended to convey in the words "but under the circumstances in which several Government measures were introduced." All these Bills were introduced in a formal, proper, and constitutional manner, were discussed at length, and were passed by the House of Representatives.

The Premier very respectfully ventures to point out that there were no circumstances in the introduction of any measures sent to the Legislative Council to which exception could be reasonably taken, or which should of themselves have caused its rejection. Some of the measures so rejected had been passed two and three times by the House of Representatives. Even those who maintain the right of a nominated Chamber to reject an important policy measure once have not ventured to claim for it the right of repeating such action.

In paragraph 5 His Excellency states, "The Legislative Council, therefore, has so far only done its duty." The Premier very respectfully takes exception to such a contention. The subject-matters contained in the measures rejected had been before the electorates during the general election held in the year 1890; they were in the interests of the people, and were demanded by the people. The electors of the colony at the last general election for a second time expressed the opinion that the same should be passed into law.

The responsibility, therefore, of repeatedly thwarting the will of the self-governing people of the colony rests with the Legislative Council. The Premier is pleased to know that His Excellency perceives that the electors have declared in favour of these measures, and that he has no doubt, if the Bills are again sent up to the Legislative Council after receiving the sanction of the House of Representatives, that the Council will, as before, do its duty. The duty of the Council is to give effect to the wishes of the people. This it has not always done.

The Premier trusts that His Excellency's conclusions as to its future action may prove to be well founded, and that his hopes may be fully realised. Should, however, the contrary eventuate, it is somewhat assuring to his Advisers to know that, on the Council failing to give effect to the wishes of the people, it will have failed in its duty, and that the necessities of the case will demand its being brought into a more efficient state.

The Premier did not, in his memorandum of the 12th October last, wholly attribute the unsatisfactory state of the Council to the fact that some members were there for life, whilst others were only nominated for seven years. The Premier respectfully submits that it is an anomaly and detrimental to the well-being of the colony that there should be members in the Second Chamber some of whom are life-members and others appointed for a term of years. The Premier regrets that His Excellency does not see the difference between a life-member—one who has been out of touch with the people for years—and a member newly chosen from the people, who will, in the course of a few years, have to come before the people for renomination, or make way for a fresh nominee.

The Premier begs most respectfully to differ with His Excellency's contention that the fact of there being life-members in the Council, and those who are there for a term of years, made no difference in the rejection of the measures. By reference to the division-lists it will be found that, with one exception, the life-members in the Council voted for the rejection of the measures sent up by the House of Representatives. Had the whole of the members of the Council been in touch with the people, or known that, by refusing to give effect to the wishes of the people, their prospects of being again called to the Council would be made remote, the Premier ventures to express the opinion that the Bills would not have met the fate they did. The Premier regrets that His Excellency does not think that the different tenures of office in the Legislative Council can be termed anomalies. In none of the other colonial Legislatures does the same state of things exist; nor does it follow that the present state of affairs must exist until all the life-members have passed away.

In conclusion, the Premier regrets that His Excellency's views, as expressed in paragraph 8, are that there are no grounds for complaint about the manner in which the Legislative Council performs its functions. The Legislative Council has for the last three sessions refused to pass measures which the Premier positively asserts were asked for by the people during the general election held in the year 1890. The people still demand that these measures shall become law; for, as stated by His Excellency in paragraph 5 of the memorandum before referred to, since last session a general election has taken place, and the result doubtless expresses the present views of the electorates.

R. J. SEDDON.

MEMORANDUM for the PREMIER.

Government House, Wellington, 29th June, 1894.

THE Governor has to acknowledge the receipt of the Premier's memorandum of the 26th instant.

2. He is always anxious to give that consideration and respect which is their due to any communications sent him by the first Minister of the colony, and he accordingly replied rather unwillingly, but categorically, and, as he believes, exhaustively, to the Premier's first memorandum on the subject under discussion. To that reply he has nothing to add. But when the Premier renews an attack upon the Legislative Council which the Governor thinks should never have been made he is forced to abandon his attitude of reserve, and the Premier may gather from what follows his opinion of the position he has assumed.

3. Hardly a week has elapsed since it was the Governor's duty, in obedience to time-honoured custom, to grant to the newly-elected Speaker of the House of Representatives, on behalf of that Chamber, all the privileges to which it lays claim, and "especially those of freedom of speech in debate; free access to the Governor whenever occasion requires it; and that the most favourable construction may be placed on all its proceedings."

4. The Legislative Council has a right to claim, and will therefore receive from the Governor, the like consideration and privileges, treatment which he regrets to state it has scarcely obtained from the Premier, who cannot be said to have put the most favourable construction upon its actions.

5. The Governor is accordingly obliged to state that he has perused the Premier's last communication with regret, that he retains the opinions expressed in his first memorandum, and that he sees no necessity for further correspondence on the subject.

GLASGOW.

PART II.

MEMORANDUM for His Excellency the GOVERNOR.

(No. 22).

Premier's Office, Wellington, 25th May, 1895.

THE Premier presents his compliments, and, in reference to the advice tendered in respect to appointing to the Legislative Council the four gentlemen whose names have been submitted, would point out, in view of the vacancies which have been caused by death and resignation, and the inability of some of the Councillors to attend, and to enable the Council to properly discharge its functions, it is necessary to increase the number of members.

The Premier desires, further, to point out that, although the number of members will be thus slightly increased, the actual voting-power is not, for reasons hereinafter set forth, so great as it was in 1892, when it was decided to make the last twelve appointments. A reference to the proceedings of the Council last session will show that, owing to advanced age and paralytic affliction, there is one member incapable of attending to his duties, and who has only attended one meeting in each of the last three sessions, and, presumably, thereafter he has received sick-leave for the rest of the session. There are several other members who, from advanced age, impaired health, the distance of their residence from Wellington, and the nature of their occupations, very seldom

attend. Last session two members were absent in Europe, and from this cause there are members who will not be present during the coming session.

As will be seen from the reports of the division-lists in the proceedings of the Council, the average number voting on divisions is only 28, the highest that voted on any one occasion being 35. Out of 101 divisions, on twenty-eight occasions, never did the number of those voting exceed 30, that number being 7 less than one-half the number of members in the Lower House.

His Excellency's Advisers claim that they have the confidence of the colony, and that there is a necessity for making the Council efficient, and, further, that the present Administration has not up to the present made any recommendation for appointments to the Council.

Under these circumstances, Ministers have therefore advised the appointment to the Council of the four additional members.

R. J. SEDDON.

MEMORANDUM for the PREMIER.

Government House, Wellington, 8th June, 1895.

THE Governor begs to acknowledge the Premier's memorandum of the 28th ultimo, accompanying the Ministerial advice to make four additional appointments to the Legislative Council, the reason for making this recommendation being, he perceives, based on the assumption that it is necessary to reinforce the Council in order to enable it to properly perform its functions.

As any question of additions to the Council has always been considered a matter of the greatest importance, the Governor has given his best attention to the memorandum, and he now makes known to the Premier the conclusion at which he has arrived.

Out of the forty-four Councillors at present on the roll of the Legislative Council there are thirty-seven who may be said to regularly attend its deliberations, except when prevented by illness, while of the remaining seven there are some who attend occasionally. It appears to the Governor, therefore, that an habitual attendance of five-sixths of the Council, as at present constituted, is as large as can be reasonably expected.

The question which remains to be considered is as to the roll of Councillors. Is it reduced by vacancies and resignations, or otherwise, to such an extent that the Council is unable to properly perform its duties, and therefore requires to be increased?

Since the present Representation Act of 1887 came into force the roll of the Legislative Council has numbered annually as follows: In 1888, 45 Councillors; in 1889, 43; in 1890, 39; in 1891, 46; in 1892, 35; in 1893, 46; and in 1894, 44.

The average number since 1887 has thus been 42; therefore, as there are now 44 on the roll, the Council is at present two above the average.

The Premier refers to the small voting-power of the Council, as exemplified by the division-lists for last year, 1894. These lists, however, the Governor considers, can hardly be called tests of voting-power—they are only a list of those who vote under the circumstances of each case; neither are they any test of the Councillors who attend during the session.

In 1894 all, or nearly all, the Government or policy measures were passed by the Council without opposition; and the divisions which took place were to a large extent on local or non-policy measures, which were not of general interest. The rest were, for the most part, on measures in which the Councillors for some reason or other did not feel themselves called upon, as the Governor presumes, to give an opinion. These are adduced as reasons against laying any stress on voting-power as a proof of the strength of the Council.

The Governor, having given his best consideration to the Premier's memorandum, is obliged to state that, in his opinion, no reasons have been advanced to show that the Council requires strengthening; on the contrary, his inquiries have convinced him that the Council is of adequate strength, and well able to perform its duties without reinforcement. He is sure that it is unnecessary for him to assure the Premier of his desire at all times to accord his support to his Ministers whenever he can do so; and if he could conscientiously have complied with the advice he has been considering, he would have gladly given effect to it.

He therefore much regrets that, under the circumstances, he is not able to give his consideration to the names recommended by the Premier in his memorandum of the 25th May.

GLASGOW.

(No. 25.)

MEMORANDUM for His Excellency the GOVERNOR.

THE Premier presents his compliments, and begs to acknowledge the receipt of His Excellency's memorandum of the 8th instant in reply to the Premier's of the 28th ultimo, in which the Premier recommended four additional appointments to the Legislative Council.

The Premier very respectfully desires, inasmuch as Ministers had exercised due moderation, and that the appointments were only for seven years, to express his surprise and concern at the unexpected decision arrived at in His Excellency's refusal to accept the advice of Ministers to fill the vacancies in the Legislative Council caused by death and resignation, and to place the Council in a position to properly perform its functions. More especially is the refusal surprising when compared with the expressed views of His Excellency in the concluding remarks in Despatch No. 14, dated the 8th August, 1892, to the Secretary of State for the Colonies, which were as follows: "Before closing this despatch, I would beg to remark that this unfortunate difference between myself and the Ministers could not have occurred were the appointments to the Legislative Council made on a fixed principle. If the Act for amending the mode of appointing Legislative Councillors were further amended in the following direction, the system would, except in an emergency, be self-adjusting. I would enact that the strength of the Council should bear a fixed proportion to that of the House of Representatives; that it should be increased or decreased *pari passu* with the other

Chamber as occasion may require; vacancies be filled up within three months of their occurrence by the Governor, on the advice of his Ministers; that a clause be inserted giving the Governor power to appoint, on the advice of Ministers, on an emergency, such a number of new Councillors as would bring the Council into harmony with the country."

By this His Excellency expresses the opinion that vacancies should be filled within three months of their occurrence by the Governor on the advice of Ministers. It is over nine months since the last vacancy arose. The refusal to accede to Ministers' advice is therefore inexplicable, for it is notorious that those members who generally support the Liberal party and vote for Liberal measures in the Legislative Council are in a hopeless minority.

His Excellency, evidently ignoring all other considerations, rests his objection solely on the necessity for confining the numerical strength of the Council within a fixed limit. That limit is arbitrarily settled by His Excellency, without even consulting or having the assent of Ministers. The Constitution Act is set aside. The action taken is unsupported by either statute-law or precedent.

Ministers, therefore, very respectfully demur to what appears an inexpedient and unconstitutional attempt to control and curtail the operation of the constitutional law of a self-governing colony, and that in such a way as to place His Excellency's Advisers at a disadvantage.

In accordance with constitutional usage, no right should be claimed by the Governor except in cases where, under the Royal Instructions, he is bound, as an Imperial officer, to act independently of his Ministers. This certainly is not such a case, nor is such independence either expressed or implied in the Royal Instructions. Every precedent is against the course now adopted by His Excellency—a course which, if successful and persisted in, must inevitably curtail the privileges of the electors of this colony, cause irritation, and tend to weaken the bonds of affection between Her Most Gracious Majesty's subjects in New Zealand and the Mother-country.

The Premier does not concur in the statement that there are thirty-seven members of the Council who last session regularly attended the Council's deliberations. As stated in his previous memorandum, at no division last session were there more than thirty-five votes recorded; the average number of votes recorded was only twenty-eight. The fact that sickness counts as attendance, and that still the large sum of £402 10s. was deducted last session for non-attendance of Legislative Councillors during the session, as compared with £139 deducted in the session of 1893, coupled with His Excellency's admission that ten members were not in their places last session, goes far to support the Premier's contention. It proves conclusively that the attendance was small, intermittent, and insufficient.

At the time it was decided by the late Premier to recommend twelve additional members for appointment to the Council, there were then thirty-six members on the roll, and with the twelve additional members the total would be forty-eight. The resignation of the Hon. James Crowe Richmond was accepted on the 7th July, 1892. On the 27th September, 1892, His Excellency agreed to appoint twelve additional members to the Council. These, with those already on the roll, would bring the number at that time up to forty-seven. Since then the resignation of the Hon. Mr. R. Johnson has been accepted (28th November, 1892), and that of the Hon. Mr. J. N. Wilson (10th April, 1893). Subsequent to this, again, there have been two vacancies caused by the deaths of the late Hon. Mr. Hart and the Hon. Mr. P. Dignan. There is one member who, owing to paralytic affliction, was unable to attend to his duties in the session of 1893, neither did he attend in 1894. Indeed, it is well known that he will never again be able to attend to his duties as a Councillor. So that there have been nominally four and practically five vacancies since His Excellency agreed to make the last twelve appointments to the Legislative Council. By these resignations and deaths the Government is weakened both in respect to speaking- and voting-power in the Upper Chamber.

There is no law fixing the limit to the number of Councillors, neither are there any resolutions passed by either branch of the Legislature fixing the maximum number of persons to be appointed to the Council.

In 1885, when the population of this colony was a little over 500,000, there were fifty-four members of the Legislative Council. The population of the colony is now over 700,000, and with the addition of the four appointments recommended the number would be only forty-seven. It must also be remembered that the large questions which are being dealt with by the Legislative Assembly at the present day were not contemplated at the time before referred to, when there were fifty-four members in the Council.

As far back as 1873, when the population was only 295,946, the number of Legislative Councillors was 49, while the number of members of the House of Representatives was 80. In 1879 the number of Councillors was 48; in 1880, 47; in 1881, 47; in 1882, 47; in 1883, 50; in 1884, 49; in 1885, 54; in 1886, 53; in 1887, 47; or an average from 1879 to 1887 of 49 members.

The Premier notes that His Excellency has called attention to the number of Legislative Councillors since the passing of "The Representation Act, 1887." The passing of that Act in no way restricted the number of Councillors; and, though giving this illustration, the Premier does not for a moment admit that the number of Legislative Councillors should be dealt with or regulated on either a general or seven years' average. There are matters of much greater import which would, the Premier hopes, be taken into consideration.

The claim made by His Excellency's Advisers to fill the vacancies caused by death and resignation is reasonable, and cannot in any sense be termed an attempt to swamp the Council.

With a due sense of the responsibility which is cast upon them, answerable as they are to the Legislature and to the colony, and strengthened by the possession of the confidence of the people to a larger extent than any other Ministry ever had in New Zealand, Ministers claim that if the ground upon which the advice tendered had been rejected were admitted, then, as a logical sequence, the inevitable result would be that the rights which belong to the inhabitants of a free and self-governing colony would be jeopardized. They claim also that there is an absence of good and sufficient reason for the objections raised by His Excellency.

The Premier further notes that His Excellency demurs to the division-lists being taken as tests of the voting-power of the Council.

With an experience of consecutive attendance at nineteen sessions of Parliament, the Premier very respectfully urges that the division-lists are a very fair test as to the attendance of members. Considering the measures which were before the Council last session—measures of the last importance to the well-being of the people of the colony—it would be a grave reflection upon the members of the Council to say that they were in the Parliamentary Buildings and would not and did not take sufficient interest in what was going on to record their votes. If contended that such was the case, then it is a very strong argument in favour of placing the Council in a proper position to perform its functions by increasing the number of its members.

The Premier would further very respectfully remind His Excellency that in Despatch I., No. 16, Session 1892, he took the division-lists as his guide as to the relative strength of parties, and gave them as a test thereof; and, further, that the Secretary of State for the Colonies, in his telegram to the Governor of the 26th September, 1892, used these words: "Division-lists should be considered, rather than politics of the Premiers originally nominating members."

The Premier admits that many of the policy measures of the Government were passed by the Council last session; but there were some of great importance which had been passed by the House of Representatives before the general elections which were, in the face of the return of the Government by a large majority, rejected by the Council. There were other measures, again, which had been submitted to the people, and which were so mutilated in the Council that it has since been proved that they were made well-nigh unworkable. Moreover, it must not be lost sight of that, in respect to the measures which were passed, that they were only passed after pressure from the country. Owing to the action of the Council previously, depriving, as it did, the inhabitants of New Zealand of the benefits of the measures of which they had in 1890 approved at the ballot-box, they in 1893 emphatically pronounced upon the action of the members of the Council, and the latter gave way as a matter of course.

His Excellency's Advisers very respectfully urge that it is their duty to place the Council in such a position as to make it efficient and enable it to properly perform its functions.

As stated previously, owing to death and resignations, illness and old age, and the distances from their homes, the attendance of some of the members of the Council is very irregular, and in the case of the life-members this will go on increasing.

Under all the circumstances, Ministers contend that the Council is not of adequate strength, nor is it able to perform its proper functions without reinforcement.

At the present juncture, with Parliament summoned for the 20th June, the Premier would respectfully request His Excellency to give the fullest consideration to the representations made herein, and reconsider his previous decision.

Premier's Office, Wellington, 12th June, 1895.

R. J. SEDDON.

MEMORANDUM for the PREMIER.

Government House, Wellington, 21st June, 1895.

THE Governor has to acknowledge the Premier's further memorandum, No. 25, on the subject of four additional appointments to the Legislative Council. He confesses that he cannot see any cause for the Premier's surprise at the view the Governor takes of the advice tendered to him. From communications which have passed between them he was previously well aware of the Governor's opinion of the present efficiency of the Council in every sense of the word. Had the Ministry of Mr. Ballance accepted the nine appointments then offered by the Governor—which he still thinks, for many reasons, were ample additions to the Council, and sufficient for the purposes for which the appointments were asked—the present Government would now have a plausible pretext for the advice now given; but, for reasons which he will give in this memorandum, he does not think that any appointments are now necessary or advisable.

In the memorandum under reply the Premier again, by implication, describes the Council as inefficient and unable to perform its duties—in face of the fact that the Governor has proved by actual demonstration that the Council at present is above its average strength since 1887. The Governor will endeavour to put this more clearly.

So far from there ever having been any degree of proportion between the population of the colony and the strength of the Council, on the contrary, as the population increased the Legislature came to the conclusion that the country was over-represented, and reduced the Lower House in 1887 from ninety-five to seventy-four. It has always been an axiom that all such changes in the representative Chamber should be practically accompanied by a corresponding change in the other House. It is true that there is no limit, constitutionally speaking, to the number of Councillors, but it cannot be denied that a reduction in the strength of the Legislative Council has practically taken place since the reduction of the number of the popular representatives in 1887. In proof of this the Governor has only to point out that for the seven years previous to the Representation Act, including the year in which it was passed, the average strength of the Council was forty-nine, while in the seven years following the average strength was forty-two. At the present moment its strength is forty-four. If the four appointments were granted, the strength of the Council would be forty-eight, or only one less than was the number of the Council on the average for the seven years before 1887—only one less than its strength on the last year before the reduction of the Lower House.

The Governor, in making this simple statement of facts, is thus fixing no arbitrary number as the proper strength of the Council. On the contrary, by proposing to fill vacancies, it is the Government that is proposing to keep up the Council at an arbitrary strength, without previous arrangement with the Opposition or reference to Parliament. All the Governor has done is to point out, as he is fully justified in doing, that, judging by experience, the Council is of a sufficient

strength; that it is efficient; and that the proposed addition would make the Council almost as large as it was before the Representation Act of 1887.

As to vacancies, the word may have been used when the question of the reinforcement of the Council has been on former occasions considered, but not in its stricter sense. Under the Constitution the Governor is empowered to call to the Legislative Council such persons as he shall think fit, *without any limitation*; it is reasonable to conclude that this right should only be exercised when such appointments are required, but not for the purpose of filling vacancies. The word "vacancy" means "an unoccupied post, position, or office." When no limitation exists to the Council, the removal of certain Councillors cannot, in the strict sense of the word, be said to create vacancies. In such a case the Council would not be imperfect; it would merely be reduced in number. Did the Council consist of a specified number, the resignation or death of any Councillor would cause a vacancy, because the Council would not be complete; and it would be then the duty of the Governor to fill it up. Therefore, as long as there is no specified number, as at present, there can be no claim to fill vacancies, and the question whether the appointments are necessary or not remains to be considered on its merits, according to the requirements of the Council.

As to efficiency, the Governor understands this word to mean the ability of the Council to perform its functions: he is not aware that there ever has been any failure of the Council to do so during the last session or any other—not even when it was much weaker than now. During the session of 1894 he thinks that on one occasion an important Government measure left the representative Chamber in such a shape that, had it not been amended in the Council, it would have been practically inoperative. This, he understands, was done on the initiative of the Council, and speaks well for its efficiency.

With regard to deductions from the honorarium of the Council, there is no doubt but that the unprecedented length of last session tended to increase the total deductions for the past year, and it is a matter of general knowledge that two Councillors were absent during the whole session, while a third, owing to the death of his wife, did not attend except for a short time.

As far as attendance, division-lists, and voting-power are concerned, with regard to the former the Governor ought perhaps to explain that when he stated in his memorandum of 8th June that thirty-seven may be said to attend regularly, he did not mean to infer that they were always present, but that they were always available when required. Under the Standing Orders there is the power to make "a call of the Council" at any time, and the Governor is not aware that it was ever necessary during the last session to do so. There is also a fixed quorum of the Council, and he believes that during the last session there was no "count-out." Further, the Councillors are not accountable to any one as to how often or when they give their votes; and, although not a recognised action, yet it is well known that Councillors do pair when it is inconvenient for them to attend; and were any other appointments made it would cause no difference in the customs of the Council.

Adding these considerations to those in his first memorandum, the Governor does not think that any argument founded on either voting-list, voting-power, or attendance strengthens the Premier's position.

With regard to his claim to fill vacancies, the Premier quotes from the Governor's memorandum of 8th August, 1892. In adhering as he does to the opinions therein expressed the Governor cannot be charged with inconsistency. Had any arrangement been made fixing the strength of the Council—an arrangement which he thinks most advisable—it would be incumbent on the Governor to fill vacancies as they occur; but no such arrangement has been made.

But the most serious objection which the Governor entertains to making the additional appointments has yet to be stated. It is perhaps only natural for Ministers when advising the Governor on this subject to be influenced, perhaps unconsciously, by party considerations; but the Governor is obliged to consider the matter from an entirely neutral point of view, and with reference to the maintenance of the dignity and freedom of the Council as an independent branch of the Legislature, whose constitutional position may by some such means as are now proposed be at any time affected, perhaps unintentionally, by undue interference. Twelve Councillors have already been appointed three years ago in the interests of the party now in power, and it is now asked that four more may be appointed. What the Governor looks forward to with apprehension is, that, should any sudden change come over the feeling of the country, the Opposition might come into power, and, supposing the four new appointments to be made, the new Government would have as much right to demand sixteen Councillors as the present one has had, in which case an undue increase would take place in the Council.

The Governor is glad that no reasons of a party nature have been advanced for giving the advice under consideration. There can be no doubt but that the only true grounds on which the Council should ever be reinforced is the promotion of its efficiency and welfare. The whole character of the Upper Chamber would be changed if the power as to advising as to appointments to the Council were used to make that Chamber a mere means of rewarding supporters by giving them appointments therein, or were it increased at pleasure for the purpose of carrying any measures which the Government of the day wished to be passed. Were such a course adopted, or were the Council to be unnecessarily increased, it would inevitably cause the opponents of the Ministry, if ever they came into power, in their turn to make similar demands, which would result in an abnormally large Council.

The Governor considers that he has clearly proved that no adequate reasons exist for making the appointments under consideration, and that they are unnecessary. He therefore hopes that the Government will see the inadvisability of pressing for an increase of the Legislative Council; and he begs to repeat his unfeigned regret that he is unable to agree with the views of the Government.

GLASGOW.

MEMORANDUM for His Excellency the GOVERNOR.

(No. 28.)

Premier's Office, Wellington, 29th June, 1895.

THE Premier presents his compliments, and begs to acknowledge the receipt of His Excellency's memorandum dated the 21st June. He very respectfully expresses his unfeigned regret at His Excellency's refusal to accede to the reasonable request of his Advisers for the appointment of four Legislative Councillors, whereby vacancies in the Council caused by resignation and death would have been filled.

The Premier is aware that His Excellency, in the early part of the year 1892, offered to the Ballance Ministry to make nine appointments in lieu of the twelve then advised. That Ministry took exception to His Excellency's views. A series of correspondence passed between His Excellency and his then Advisers, and ultimately, on the 4th August, 1892, His Excellency intimated to the late Premier, Mr. Ballance, that he would be prepared to forward Mr. Ballance's memorandum to Her Majesty's Secretary of State for the Colonies. The question was accordingly referred to the Secretary of State, and on his advice His Excellency made the twelve appointments.

The Premier begs to further urge that, constitutionally, there is no recognised limit to the strength of the Council. If the contention is to hold good that a general average of the strength of the Council should be struck and adhered to, then the Premier would point out that His Excellency should include in any calculation the years immediately before 1887 as well as after that date—years wherein the average strength of the Council was forty-nine. Were this done, the advice to make four appointments should be accepted, seeing that with the four additions there would be only forty-seven on the roll of Councillors. To fix a limit or an average based on a period arbitrarily selected is without precedent or logical warrant.

In 1856-66 the number of members of the House of Representatives virtually remained unchanged, whilst the number of members of the Legislative Council was increased from thirteen to twenty-eight. From 1866 to 1873 the number of members of the House of Representatives varied from seventy to eighty, and the number of members of the Council was increased from thirty-six to forty-nine. From 1873 to 1884 the number in both Houses remained almost stationary. In 1885 the number of Councillors was increased to fifty-four, but the strength of the House of Representatives remained unaltered.

In 1890 there were thirty-nine Councillors to ninety-four members of the House of Representatives; in 1891 there were forty-six Councillors and seventy-four members of the House of Representatives. This proves incontestably that there is no limit. At the time the legislation was passed reducing the number of members of the House a Committee of the Council had just reported in favour of reducing the number of Councillors to one-half the number of members of the House of Representatives. Yet the Atkinson Administration, which introduced the measure in the Lower House, and appointed this Committee, did not deem it advisable to press the Council to approve of the report of the Committee. In the same session, 1887, the same Government introduced a Bill to limit the number of members of the Council to one-half that of the House of Representatives, but it was discharged before it reached the second reading. (See memorandum from Earl of Onslow to Lord Knutsford, No. 1, 2nd March, 1891.)

Subsequently, in the session of 1890, a Bill was introduced into the Legislative Council by a private member to reduce the Council's strength to one-half of that of the House of Representatives. It was amended by the Attorney-General to meet the views of the Government, and cordially supported by the Government in the Council, but was rejected by that body; and a new clause, moved by the Hon. Mr. Shrimski, to limit the number of the members to thirty-seven, and make no new appointments until the number of members of the Council was reduced to thirty-five, was rejected by 24 votes to 2.

It is a matter of history that, after the general elections held in 1890, in January, 1891, seven additional Councillors were appointed—thereby increasing the number from thirty-nine to forty-six—at a time when the Atkinson Government had suffered emphatic and unmistakable defeat at the general election, and when there were already thirty-three Legislative Councillors on the roll who supported what is known in New Zealand as the Conservative party, as against six supporting the Liberal party. Moreover, this was done when the number of members of the House of Representatives had just been reduced from ninety-four to seventy-four. It does not follow, therefore, from the latest precedent, that with a reduction in the number of members of the representative Chamber there has been or should be an accompanying and corresponding reduction in the numbers of the Legislative Council.

As stated by the Premier in a previous memorandum, the efficiency of the Council, or its ability to properly perform its functions, does not depend upon its nominal strength, but upon the possession by it of capable members willing to perform their duties. It is well known that many of the life-members, from old age and its accompanying infirmities, are unable to attend, and do not attend. That has been conclusively proved by the division-lists. The average number given as voting has not been that voting upon matters of local import, but upon the policy measures of the Government—measures of great importance to the people of this colony. In their case the voting only averaged twenty-eight; and at no division were there more than thirty-five votes recorded.

The Premier ventures to draw attention to the following words in His Excellency's memorandum now under reply: namely, "by proposing to fill vacancies it is the Government that is proposing to keep up the Council to its arbitrary strength, without previous arrangement with the Opposition or reference to Parliament." From these it may reasonably be inferred that His Excellency suggests that when filling vacancies in the Council the Government should arrange with the Opposition or refer the matter to Parliament. The Premier notices this with surprise and concern. Ministers are charged with the government of the colony, and they are responsible for the proper transaction of parliamentary business.

Ministers claim that, although the Legislature has on several occasions altered the number of members of the House of Representatives, it has never yet directly or by inference limited the number of members of the Legislative Council. Since the latest appointments thereto the number of the colony's electors has been doubled through the extension of the franchise to women. Yet the advice of Ministers, who possess the undoubted confidence of this great electorate, is emphatically rejected.

Once more the Premier very respectfully submits that the advice tendered ought to be acted upon, and that His Excellency's Advisers ought not to have it hinted that their proper course should be to consult the Opposition in matters where the responsibility rests solely upon themselves.

Another incident which should not be lost sight of is the decisive defeat at the polls of the Government which suggested limiting the number of members of the Council—a defeat suffered upon the first occasion thereafter upon which they appealed to and met the people.

The Premier admits that under the Constitution the Governor has power to call to the Legislative Council such persons as he shall think fit, without limitation; but this power can only be exercised on the advice of Ministers. There is no power given under the Constitution Act for the Governor to make any appointment to the Legislative Council unless advised so to do by his Responsible Ministers.

The Premier does not concur in the interpretation placed upon the meaning of the term "vacancy" by His Excellency. Whenever a seat is made vacant the Council accepts a resignation or declares the seat vacated, as the case may be; then there is a vacancy. There are many precedents for filling vacancies. For instance, the Earl of Belmore, Governor of New South Wales, in his Despatch No. 109, 29th September, 1868, paragraph 4, used these words: "Two death-vacancies also have occurred during the recess. These I have filled up by the appointment of Henry Moore, Esq., a merchant, &c., and Alexander Park, Esq., a former member of the Council before its reconstruction." Again, Sir Robert Stout, when Premier, March, 1885, advised vacancies to be filled. (See his memorandum attached.) This advice was accepted, and the appointments were made by the then Governor, Sir William Francis Drummond Jervis. In New Zealand the advice tendered to fill vacancies has never been previously disregarded.

The Premier concurs with His Excellency that appointments to the Council should only be made when necessary, and that each case should be considered on its merits and according to the requirements of the Council. It is owing to the requirements of the Council and the need that exists for its being strengthened and made efficient that Ministers have advised the appointments referred to.

The Premier respectfully submits that the term "efficiency of the Council" has a wide and far-reaching significance. It means that Councillors shall be able and willing to perform the duties cast upon them—that the Council shall examine, discuss, and pass such laws as the necessity of the colony demands—laws the passing of which is required for the well-being and in the interests of our colonists. The Council's failure to do this has been clearly proved by the fact that, prior to the last general election, policy measures which had been introduced by the Government were rejected with but scant consideration. In December, 1893, a general election took place. The people demanded that the rejected Bills should become law; yet these same measures were rejected by the Council last session. Other policy Bills were mutilated and made well-nigh unworkable. The Council also claimed the right to amend money Bills. This was contrary to all well-recognised precedents. The business of the session was delayed. Ultimately, in face of an imminent crisis, the Council made a partial withdrawal, but without prejudice.

In the memorandum under reply His Excellency states that "during the session of 1894 he thinks that on one occasion an important Government measure left the representative Chamber in such a shape that, had it not been amended in the Council, it would have been practically inoperative. This, he understands, was done on the initiative of the Council, and speaks well for its efficiency."

The Premier would, with all respect, take exception to this statement. Facts do not justify it. If accurate, it would discredit Ministers and reflect upon the House of Representatives. Indeed, it verges upon an unintentional infringement of the privileges of the House of Representatives. Ministers, therefore, consider it to be their duty, as the constitutional defenders of His Excellency in the House, to call attention to the matter. In making the statement referred to, the Premier cannot but conclude that His Excellency has taken for his guides the speeches of members of the Council opposed to the Government and to the measure referred to—possibly, also, assertions printed in public journals which support the Opposition. The Premier contends that the facts do not warrant any reflection on those who represent the people in the House of Representatives.

In the Premier's memorandum No. 25 the sums of money deducted from the honoraria due to Councillors were quoted to show the intermittent attendance of members of the Council; but by that body's rules illness counts as attendance, and therefore there were no deductions made from the honorarium of any member absent from that cause. His Excellency's admission that, as the session was so long, members did not attend as regularly as usual, goes far to prove the Premier's contention that, with the strain of a long session, many members of the Council are physically unable to, and do not, attend. This session there is one member away on leave for the whole of the session. Another has intimated that he will not be able to be present, and others through bodily infirmity are physically unable to be in their places. There were only twenty present at the opening of Parliament. On the second day certain needful business could not go on, for the Minister representing the Government in the Council found that, in the absence of the necessary number, the Standing Orders could not be suspended. It has been urged by His Excellency that there was a sufficient number of Councillors who could have attended if necessary. If this contention be correct, then the non-attendance was caused either by indifference or unwillingness to attend: probably the latter more truly represents the position.

It is true that under the Standing Orders there is power to make a call of the Council at any time; but there should at all times be grave reason before this power is exercised. What would be the use of making a call of a Council the weakness of which springs from physical causes? Those members who are unable to attend through failing health, paralytic affliction, &c., would simply send a medical certificate, and their attendance would be necessarily excused. Again, the Minister in the Council representing the Government cannot command the majority necessary to pass the resolution ordering a call to be made; for, as previously stated, the party in the Council which generally support the Government measures are in a hopeless minority there.

His Excellency states that Councillors are not accountable as to how often or when they give their votes. By "The Legislative Council Act, 1891," it is enacted that Councillors appointed after the passing of the said Act are nominated for a period of seven years only. Their conduct while Councillors will come under revision when the time comes for reappointment, and they are therefore answerable to the people of the colony. If they have not performed the functions for which they were placed in the Council, their claim for reappointment, if made, will not be admitted. It is somewhat different, it is true, with regard to the life-members, and His Excellency's remarks can be properly applied to them when he says "they are not accountable to any one as to how often or when they give their votes." Yet their efficiency, or want of efficiency, should, and may be, a matter of concern to those charged with the government of the colony. The Premier would point out that scant attention is discouraging, and impairs the influence the Council should have on the people and public affairs of the colony. He therefore regrets that His Excellency should think that any argument founded on voting-lists, voting-power, or attendance ought not to have weight, when it has been incontestably proved that the Council is not, as at present constituted, efficient and able to perform its functions.

His Excellency states in the memorandum under reply, ". . . the Governor cannot be charged with inconsistency. Had any arrangement been made fixing the strength of the Council—an arrangement which he thinks most advisable—it would be incumbent on the Governor to fill vacancies as they occur; but no such arrangement has been made." Seeing that the number of Councillors on the roll at the time of the agreement to make the twelve appointments was brought up to forty-eight, or one less than would be the case if the advice now tendered, to create four new Councillors, were acted upon, it is not unreasonable to infer that, at the time and for the time-being, a temporary arrangement had been made, and one to which, on the advice of the Secretary of State for the Colonies, His Excellency agreed.

Ministers are not acting unconsciously from party considerations in tendering the advice. Nor would the advice, if acted upon, interfere with the dignity of the Council as an independent branch of the Legislature. It is well known that, after the addition of the twelve Councillors appointed on the advice of the Ballance Government, those members of the Council who generally support Ministerial measures were still in a minority. In proof of this the Premier submits that in the session of 1893, and after the twelve appointments had been made, and the new members had taken their seats, nearly every policy measure of the Government was decisively rejected. Thus the people were denied the advantages of the reforms asked for them, though these were passed by the House of Representatives by emphatic majorities.

The contention, therefore, that, should a change come over the feelings of the country, and the Opposition come into power, the new Government would have as much right to demand sixteen Councillors as Ministers can now have to ask for four, falls to the ground; for should the present vacancies be filled, the Opposition party would still have a majority of some twelve votes, and, consequently, to that extent a preponderance of voting-power in the Council, and any necessity for the Opposition party making further additions would be quite imaginary.

The Premier is pleased to find that His Excellency has not questioned the statement made in the previous memorandum, that the party now in power is notoriously in a minority in the Council, and that its voting- and speaking-power in the Council have been weakened by deaths and resignations. It therefore cannot with reason be urged that in advising the appointment of these four members to the Council Ministers were seeking for a means of rewarding supporters. The only record of such a proceeding in New Zealand is to be found in the memorable episode of January, 1891. Then, after having been defeated at the polls in 1890, the present Opposition party, though already in a large majority in the Council, advised through the Premier the appointment of seven Councillors. This advice was accepted. Its acceptance brought up the voting-power of that party to forty, as against six members who at that time supported the party now in power.

The Premier respectfully submits that the appointment of four Councillors would not interfere with the balance of parties. At present it is difficult to have Government measures fully debated. Nor can the Government be fairly represented on Committees. When measures are before Select Committees they return to the Council mutilated, and thus their chance of passing is prejudiced. The Government before the vacancies occurred were in an appreciable minority; they are now in an even worse position.

The desire of His Excellency's Advisers is that the Legislative Council should be made efficient in the truest and fullest sense of the word; that the feelings of the country should be expressed in both branches of the Legislature; and that the Council should be brought into harmony with public opinion. This the Legislature intended when passing "The Legislative Council Act, 1891," limiting thereby the term of office to seven years, in lieu of life as hitherto.

The Premier again very respectfully submits that the colony has long enjoyed a free Constitution. Never under similar circumstances has there been a refusal to accept advice tendered. Ministers are thus impelled to the conclusion that the confidence which should constitutionally be reposed in them has been withheld. If His Excellency perseveres in disregarding the advice tendered, the privileges of the people of New Zealand will necessarily be curtailed. Irritation must follow, and the ties of affection between Her Most Gracious Majesty's subjects in New Zealand and the Mother-country be weakened.

It has ever been the aim and object of His Excellency's Advisers to strengthen the bond of union between the people of New Zealand and the Mother-country, and for the representative of Her Most Gracious Majesty in this colony to decline to permit the people just opportunity to carry out their wishes would not be conducive to that.

The Premier deeply regrets that His Excellency is unable to agree with the views of his Advisers. Ministers have not previously recommended any calls to the Council, and claim that they are entitled to His Excellency's full confidence. They represent the will of the people, and they have the confidence of a large majority of the men and women of New Zealand. Possessing that confidence, and with a sense of their responsibility, they find it all the more inexplicable that their advice should be disregarded.

Under these circumstances, His Excellency's Advisers respectfully desire that the same course may be followed as was taken in respect to the last appointments to the Legislative Council, and that the matter in dispute, together with all the correspondence which has taken place thereon, may be referred to the Secretary of State for the Colonies.

R. J. SEDDON.

(Enclosure to No. 28.)

MEMORANDUM for HIS EXCELLENCY.

MINISTERS present their respectful compliments to His Excellency.

2. A considerable number of gentlemen have of late years ceased to be members of the Legislative Council, amongst them being Mr. James Paterson, Major Richmond, Mr. Henry Russell, and Mr. J. C. Pharazyn, and three more members are now on leave of absence.

3. Ministers deem it necessary therefore that some more members should be appointed, and, in recommending His Excellency to signify his consent to call to the Council the gentlemen named below, Ministers desire to say that, in making the recommendation, they have considered the public services rendered by those gentlemen.

4. Ministers advise His Excellency to signify his consent to call to the Council Mr. John Bathgate, of Dunedin; Captain C. W. A. T. Kenny, of Picton; Captain Morris, of Tauranga; Mr. Robert Pharazyn, of Rangitikei; Mr. Joseph Shephard, of Nelson; Mr. S. E. Shrimski, of Oamaru; Mr. William Swanson, of Auckland; Mr. Hori Kerei Taiaroa, of Otago; and Mr. Lancelot Walker, of Canterbury.

5. Mr. Bathgate sat as one of the members for Dunedin in the session of 1871. In October, 1872, he was appointed Commissioner of Customs, Minister of Justice, and Commissioner of Stamps. He held the two latter offices until April, 1873, when he resigned them and his seat in the House. For several years he acted as Resident Magistrate and District Judge in Dunedin, and in 1883 he again entered the House as member for Roslyn, for which place he sat until the end of that Parliament.

Captain Kenny was elected for Picton in 1880, and he represented that town until 1881.

Captain Morris was elected in 1875, and has sat in the House since that year. He was also Commissioner of Customs for a short period during 1884.

Mr. Pharazyn was returned for the Rangitikei District in July, 1865; but, the House having been dissolved in 1886, he did not seek re-election. He took an active part in provincial politics, and has always shown great interest in public matters relating to the Wanganui District.

Mr. Shephard entered Parliament as member for the Waimea District in 1871, and sat until the end of the fifth Parliament, in 1875. In 1879 he again took his seat for the same district, and he still represents it.

Mr. Shrimski first took his seat in the House at the beginning of the sixth Parliament, 1876, as member for the Waitaki District. He represented that district until the end of the seventh Parliament, 1881, and since the opening of the session of 1882 he has sat for Oamaru, the chief town of the district.

Mr. Swanson was elected for Newton in 1871, and represented that constituency until the dissolution which took place last year.

Mr. Taiaroa represented the Southern Maori District during the sessions 1871-78 inclusive. In 1879 he was called to the Legislative Council, but was declared disqualified—on the ground of his being a paid Native Assessor—during the session of 1880. He was re-elected by his old constituency in 1881, and he still sits for it.

Mr. Walker was elected for the Ashley District in 1866, but he found it necessary to resign after that session, and did not again enter Parliament. He has long occupied an influential position in Canterbury.

Wellington, 27th March, 1885.

ROBERT STOUT.

MEMORANDUM for the PREMIER.

THE Governor begs to acknowledge the Premier's memorandum of the 29th June. When he was informed of the intention to advise the increase of the Upper Chamber, he awaited the reasons for the proposal with an unbiassed mind, prepared to acquiesce should they approve themselves to him. They were in effect that the Council was inefficient, and therefore required to be increased in order to be able properly to discharge its functions.

With these reasons the Governor was unable to concur. In a former memorandum he had expressed the contrary opinion. Since then, during the whole of the last session, he carefully watched the proceedings of the Legislative Council, and was confirmed in the conclusion that not only was it fully capable of performing its functions, but that it possessed in a very high degree that indispensable attribute of an efficient Upper Chamber—the public spirit and sense of duty which prompted it, while retaining its own opinions, not to oppose any measures on which the colony had unmistakably expressed its wishes.

The Premier further claimed the right to fill vacancies in the Upper Chamber; but, as there are no seats in the Council such as there are in the Lower House, as gentlemen are only called to the Council when necessary, and as their death or resignation merely affects the strength of an unlimited body, the Governor was unable to concur in this view either. No limit has been fixed to the Council, therefore there can be no vacancies; and the Governor takes this opportunity of repeating his conviction that until some such limit is fixed there will be recurrences of similar differences of opinion between the Governor and his Ministers. The Ministerial right of advising appointments is incontestable. What is denied under present circumstances is the right of filling vacancies.

In the memorandum under reply the Premier twice draws inferences to which he is not entitled. In paragraph 9 he concludes that the Governor thinks the Ministry should consult the Opposition in filling vacancies: reference to the Governor's memorandum will show that such is not the case. In paragraph 22 he infers that in 1892 a temporary arrangement was made that vacancies might be filled as they occur: as a matter of fact no such arrangement was ever made or thought of.

The Governor sees no reason for following the Premier into any of the questions he has raised. But with reference to paragraphs 17 and 18, in which he remarks on the Governor's allusions to improvements made by the Council in Bills sent up from the Lower House, the Governor explains he had in his mind the important amendments made in the Land for Settlements Bill. If what is stated is any reflection on his Ministers or the House of Representatives, then any improvements made by the Council on a measure which has passed the Lower House must constitute a breach of privilege.

The weakness of the Premier's case becomes more manifest than before when he attempts to prove that the Council needs reinforcement from the fact that only a small portion of the Council was present at the opening of Parliament. It is notorious that the Council has little employment until far on in the session, and that it had to adjourn last session for want of business to attend to. Such criticisms on an independent Legislative Chamber are unusual, and can only be accounted for by the Premier's anxiety to find some reason for making appointments.

The Governor need not notice the Premier's account of the abortive attempts to limit the number of Councillors, nor the arguments founded on the state of the division-lists. They merely show what he fully admits, the irregular attendance of certain infirm Councillors; but they do not prove any difficulty of obtaining sufficient attendance to carry on the work of the Council, nor that it is not efficiently done.

The Governor does not deny that the Government is in a minority in the Council; but he asserts that the Council is of sufficient strength, and he does decidedly question the statement that the relative position of the Government in the Council has been at all weakened by the deaths, resignations, and absences which have taken place. He must also point out that in asserting that the Council gives scant consideration to Government measures the Premier is not putting that favourable construction on the action of an independent branch of the Legislature which it has a right to expect, and thus he infringes its rights and privileges.

The Premier desires that the matter in dispute may be referred to the Secretary of State for the Colonies. The Governor holds the same opinion which he did in 1892, that such references on matters of local and not Imperial interest are inadvisable. On this occasion he will, if desired, forward the correspondence for the consideration of the Secretary of State, but it will have to be the whole correspondence on the subject since 1892; and the Governor will inform the Secretary of State that he does not concur in the present reference, for he does not see that he possesses any data which could enable him to come to a conclusion. The Governor affirms and the Premier denies the efficiency of the Council. How can the Secretary of State say which is right?

The Governor would suggest that his Ministers should recognise that his opinion is an impartial one, arrived at without prejudice, on the application made to him; and that they should, after considering his arguments, acquiesce in his view that any increase to the Upper Chamber, other than is absolutely necessary, is inadvisable, and that it is at present, as a whole, in a state of absolute efficiency.

Government House, Wellington, 5th July, 1895.

GLASGOW.

MEMORANDUM for His Excellency the GOVERNOR.

(No. 30.)

Premier's Office, Wellington, 9th July, 1895.

THE Premier presents his compliments and begs to acknowledge the receipt of His Excellency's memorandum of the 5th July, in continuation of the correspondence on the vacancies caused by death and resignation in the Legislative Council, and the necessity which Ministers consider exists for strengthening the Council for the efficient performance of its functions.

The Premier frankly and with pleasure accepts the assurance that His Excellency awaited the reasons for the proposal with an unbiassed mind, but deeply regrets that, despite the facts submitted in support of their contentions, and in the face of the powerful and cogent reasons adduced, His Excellency should see fit to disregard the advice tendered.

The Premier very respectfully confesses that, previous to the receipt of the memorandum under reply, he was impelled to believe that His Excellency still adhered to the opinion that nine, and not twelve, Councillors should have been appointed in 1892, and *a fortiori* that more should not now be called. This conclusion forced itself on the Premier, because in several memoranda His Excellency had informed Ministers of his conviction that it was necessary that the numerical strength of the Legislative Council should not exceed a certain limit, quoting in support of this the average from 1887 as a number which should not be exceeded. His Excellency, moreover, had emphasized the action of the Council in tacitly approving of a reduction of its number to one-half the strength of

the House of Representatives—"seeing that a Committee of the Council had reported in favour thereof." It was with a view of showing that such a contention was erroneous that the Premier supplied certain information in his last memorandum. This showed that the Council, subsequent to the report of the Committee, discharged a Bill providing for its numerical reduction before it reached its second reading. Later on the Council rejected a clause to a like effect proposed to be inserted in another Bill by twenty-four votes to two, and finally rejected the Bill itself. This was referred to by His Excellency's predecessor, Lord Onslow, in his memorandum of the 23rd January, 1891, to the Secretary of State for the Colonies, in which memorandum it was stated that the facts therein referred to weighed with him in making the appointment of seven additional Legislative Councillors in January, 1891.

The Premier agrees with His Excellency that the members of the Legislative Council retain their own opinions, but they are opinions opposed to the Government and its measures. The opinions so held are contrary to the convictions and wishes of the great majority of the electors of the colony. The majority of the Councillors referred to have been members of the House of Representatives and active opponents of the Liberal party and their measures. It would, therefore, be unreasonable to expect that their life-long political convictions would be effaced, or in the least subordinated, owing to their appointment to the Legislative Council.

The Legislative Council has ever been stubborn, prejudiced, and factious in spirit, and the calm to which His Excellency refers merely betokens the inevitable storm. Already it has been intimated that on the second reading of a very important Government measure an amendment will be moved, and no doubt carried, "that it be read this day six months."

New Zealand is not exceptionally situated, and events arising in other colonies are object-lessons which no democratic statesman in a self-governing colony should allow to pass unregarded.

The Premier very respectfully submits that he cannot agree with His Excellency's contention that there can be no vacancies in the Legislative Council, for, ever since the colony has had its Constitution, there has always been a roll of the Councillors. As will be seen from the records of the Council, the vacancies have always been recorded. The fact that a death or resignation affects the strength of the body is evidence that it is an act of leaving a vacancy or causing a void. His Excellency, in his memorandum of 22nd June, 1892, to Lord Knutsford, used these words: "I found myself in accord with Lord Onslow, and that I was unable to agree to more than eight appointments, though as soon as a resignation, which has been announced by telegraph, became an accomplished fact, I would agree to fill up the vacancy, making in all nine appointments." Section 4 of "The Legislative Council Act, 1891," enacts as follows: "The seat of any member of the Council, whether appointed thereto before the time of the passing of this Act, or subsequently thereto, shall, *ipso facto*, be vacated." And subsection (5) of the said section enacts that "if any member resigns his seat by writing under his hand, addressed to and accepted by the Governor, his seat shall, *ipso facto*, be vacated." And the first part of section 5 of the said Act is as follows: "Any question which shall arise within the Council as to any vacancy in the Council, or as to the right of any person to sit or vote therein, shall be referred by the Governor to the Council, which shall hear and determine the same."

This being the law, and it being admitted that the Ministerial right to advise appointments is incontestible, that the appointment of four Councillors will not alter the position of parties, that the Government party in the Council, notwithstanding these additions, will still be in a clear and appreciable minority; and, further, that the appointment of Councillors is not a "prerogative right," but a statutory act under "The Legislative Council Act, 1891," it follows that the action of His Excellency is restrictive in character, and prevents the operation of custom and the law. On this and other grounds stated, Ministers are of the opinion that the advice tendered should be acted on. Then, the intention of those who passed the Act of 1891—namely, the bringing of the Council more in touch with the people—would thereby be effected.

The Premier very respectfully took exception to that paragraph in His Excellency's memorandum of the 21st June which was as follows: "During the session of 1894, he thinks that on one occasion an important Government measure left the Representative Chamber in such a shape that, had it not been amended in the Council, it would have been practically inoperative." His Excellency explains that he had in his mind the important amendments made in the Land for Settlements Bill. The House of Representatives did not approve of many of the amendments made by the Council in the Bill; and it does not follow that amendments made improve the measure amended. Many amendments amount to mutilation, and experience has proved that not only this Bill (the Land for Settlements) but others have, by amendment, been made well nigh inoperative and unworkable.

The Premier regrets that His Excellency should be of the opinion that the Premier weakened his case by calling attention to the fact that there was such a small attendance of Councillors at the opening of Parliament, and for the first week thereafter. It is true that in the past the heavy work of the Council has not been done at the commencement of the session, but there are exceptions to every rule. This session there was a very short debate upon the Speech from the Throne. Bills of importance have been already passed by the House, and important Bills have also been introduced into the Council. It was necessary, therefore, that the Select Committees should be set up forthwith—more particularly the Statutes Revision Committee, to which important Bills are referred—and that there should be a fairly full attendance of Councillors. The attendance even now, the third week of the session, is most meagre; many Councillors are still absent, and, owing to their infirmities, it is impossible that some of these can attend. This contention is therefore fair, nor is it unusual. Necessity existed for calling His Excellency's attention to this fact. The Premier conceived it to be his duty so to do, and did so at the commencement of this correspondence.

The Premier regrets that His Excellency should be of the opinion that to call attention to the division-lists was abortive and unnecessary. His Excellency's objection to this is the more

inexplicable because, in Memorandum No. 60, of the 3rd December, 1892, to the Secretary of State, His Excellency laid great stress upon the division lists, as did the Secretary of State in his telegram of the 24th September, 1892. When referring to the appointment of the twelve Councillors recommended he used these words: "It does not appear to be a case of swamping the Council, division-lists should be considered rather than the politics of the Premier originally nominating members." If, therefore, it be admitted that to gauge the strength of parties the division-lists are a safe guide, the Premier fails to appreciate the statement that it is abortive to refer to the division-lists in deciding the strength of the Council itself and the number of Councillors who are able and willing to perform their duties.

The Premier is pleased to find that His Excellency does not deny that the Government is in a minority in the Council, and the remarks of Lord Knutsford, in his telegram of the 10th August, 1892, are pregnant with wisdom when he used these words: "The existence of an Upper House largely disproportionate to what appears to be the present political feeling in the colony may be imperilled unless a more even balance of parties is secured."

The Premier learns with surprise that His Excellency thinks that the position of the Government in the Council has not been during the last two years weakened by deaths, resignations, and absences. It is admitted that the temporary absences of those at present on leave in the ordinary way has not weakened the position of the Government, but the position of the Government has certainly been weakened by deaths, resignations, and absences of those who, from old age and the infirmities consequent thereon, are permanently prevented from attending the meetings of the Council. A reference to the Journals of the Council of last session will prove the correctness of the Premier in saying that scant consideration has been given to Government measures: some of these were rejected on the second reading, without fair debate. From these circumstances the Premier was unable to put a favourable construction on the action of the revising branch of the Legislature. The Premier does not see how a statement of facts can reasonably be construed as an infringement of the rights and privileges of the Legislative Council.

His Excellency, in his memorandum of the 4th August, 1892, intimated that he would be prepared to forward the correspondence between himself and the then Prime Minister to Her Majesty's Secretary of State for the Colonies. The matter in dispute now varies little from the matter at issue in 1892, and is of both Imperial and colonial concern. Such being the case, Ministers desire that the correspondence may be forwarded to Her Majesty's Secretary of State for the Colonies, and it is with pleasure that the Premier acquiesces in the suggestion of His Excellency that the whole of the correspondence which has passed since 1892 between the Governor and his Ministers should be forwarded.

A careful perusal and examination will prove that Ministers desire to have the full confidence of His Excellency, that they have every wish to draw the colony closer to the parent country, and strengthen the union and increase the affection of the people of this colony for England.

The advice tendered is not unreasonable. It is admitted that Ministers have the confidence of the electors. The addition of the four members will not materially alter the position of parties. The Government will still be in a minority. The majority in the Council is hostile to what is admitted to be public feeling in the colony. There is a statute relative to the Legislative Council which was passed to bring the Council more in touch with the people. The refusal to fill vacancies, under existing circumstances, is restrictive, and tends to defeat the expressed wish of the Legislature. It must inevitably cause irritation, and weaken the ties of affection between the people of New Zealand and the Mother-country.

The Premier sincerely regrets that Ministers, with a due and becoming sense of the responsibility that devolves upon them, cannot acquiesce in His Excellency's views that any increase to the Legislative Council is inadvisable. Ministers do not desire any increase other than such as is absolutely necessary. In requesting that the advice tendered should be acted upon, they are not asking for more than the just rights of the inhabitants of a self-governing colony, and the Premier has little fear but that, from the correspondence submitted, Her Majesty's Secretary of State for the Colonies will be enabled to come to a just and satisfactory decision.

B. J. SEDDON.

No. 8.

(No. 30.)

SIR,—

Government House, Wellington, 17th July, 1895.

With reference to your despatch, No. 38, of the 25th July, 1894, and subsequent telegrams, I have the honour to inform you that Mr. John Mowat has been appointed Sheep Inspector for the Falkland Islands for three years at a salary of £400 a year; that first-class passages are to be found for him and his family, and that he leaves this colony by the s.s. "Ionic" on the 25th July to take up his duties there in accordance with your instructions.

In Mr. Mowat I feel persuaded that the Falkland Islands have secured a most capable Inspector.

The Right Hon. the Secretary of State for
the Colonies.

I have, &c.,

GLASGOW.

No. 9.

(No. 31.)

SIR,—

Government House, Wellington, 31st July, 1895.

With reference to your circular despatch of 1st November, 1894, I have the honour to inform you that applicants for pilots' licenses have not up to the present date been required to pass any examination for colour-blindness.

I am, however, informed by my Ministers that it is now proposed to make regulations requiring pilots who may be appointed by the Government to be so examined, and that no doubt is entertained that Harbour Boards will insist on the same qualification.

I have, &c.,

The Right Hon. the Secretary of State for
the Colonies.

GLASGOW.

No. 10.

(No. 34.)

SIR,—

Government House, Wellington, 8th August, 1895.

I have the honour to forward for your information some further correspondence which has passed between my Ministers and myself, which I thought unavoidable, in consequence of the manner in which the Premier had in a former memorandum written about the Legislative Council.

I very much regret that such language should have been used. I indulged in the hope that on further consideration it might have been modified, but in that I have been disappointed. It appeared to me that such expressions on one of the Legislative Chambers for doing what it considered its duty were uncalled for, and I felt that it would not be proper for the Governor to receive such a communication without protest.

I trust that in so doing I have your approval.

I have, &c.,

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

GLASGOW.

Enclosures.

MEMORANDUM for the PREMIER.

Government House, Wellington, 20th July, 1895.

IN the late correspondence on appointments to the Legislative Council the Premier used some expressions with regard to that body which the Governor regrets oblige him to again bring them to the attention of the Premier.

The Premier wrote "that the Legislative Council has ever been stubborn, prejudiced, and factious in spirit, and the calm to which His Excellency alludes merely betokens the approaching storm." By way of illustration, he then went on to state that ". . . already it has been intimated that on the second reading of a very important Government measure an amendment will be moved, and no doubt carried, that it be read that day six months. New Zealand is not exceptionally situated, and events arising in other colonies are object-lessons which no democratic statesman in a self-governing colony should allow to pass unnoticed."

The above are not merely hasty expressions thoughtlessly written. Being embodied in a Ministerial memorandum, they must be held to represent the views of Ministers—views which they thought should be brought under the Governor's notice. The Governor, therefore, feels bound to disassociate himself from such language used with reference to a branch of the Legislature, as otherwise it might be considered that by not doing so he had condoned it.

What has happened is this: The measure to which the Premier alluded above—the Judicial Practice and Procedure Bill—has, since the Premier wrote, been thrown out by the Legislative Council, and Ministers declare, by implication, if not in so many words, that in so doing the Council is "stubborn, prejudiced, and factious in spirit." This language, which would not be permitted to be used in either House of the General Assembly by one member in speaking of another, ought not to find a place in a memorandum addressed to the Governor.

Further, the measure above alluded to has never been before the country at all, and consequently the electorates have never had an opportunity of considering it. It interferes with the discretion of the Judges in charging juries, thus introducing a mode of procedure unknown in Great Britain or in any of her colonies; and it also interferes with the manner in which the Judges carry out their duties in a way which, to say the least of it, deserves the careful consideration of the people of the colony before being passed into law. It is not at all clear what the opinion of the country would be on this question were it asked, and it is certain that this measure has not the undivided support of the Premier's own following, therefore there does not appear to be any reason why Ministers should feel indignant at the action of the Legislative Council in throwing out the Bill.

As regards the action of the Council in this case, Ministers must be aware that the Upper Chamber has identically the same rights under the Constitution, in the first instance, as to the amendment or rejection of all measures sent up to it (except financial measures) as are possessed by the House of Representatives; and, as regards its usual treatment of such measures, the Governor, who has carefully watched the proceedings of both Houses, is able to affirm that on no occasion since he has been in the colony has that Chamber failed to sacrifice its own opinions with regard to any measure when it finds that they do not coincide with those of the electorates.

What the Governor personally deprecates more than anything else is that he, being entirely outside and apart from all party politics, should again and again be forced to appear as if he were the advocate of one of the branches of the Legislature, when he is simply bound from a sense of duty—by defending it from uncalled-for attacks—to uphold the Constitution of the colony. It is far from his wish to take upon himself the rôle of defender of the Constitution, but he must do so if it is in any way infringed; and this is not the first occasion on which Ministers have written as if they believed that it is the duty of the Legislative Council to pass any Government measures sent up to it, simply because they *are* Government measures, ignoring the fact that it is the duty of the Council to oppose all Bills which it conceives to be injurious to the interests of the colony until the people have had an opportunity of giving a deliberate opinion upon them; and when Ministers make such severe strictures on an independent branch of the Legislature, which is acting strictly within its rights, the Governor feels it incumbent on him to enter an emphatic protest.

The Governor would wish to draw the attention of his Ministers to the following “seasonable words of caution,” addressed by Lord John Russell in a despatch to the Governor-General of Canada, on 14th October, 1839: “Every political constitution in which different bodies share the supreme power is only enabled to exist by the forbearance of those among whom this power is distributed; . . . each must exercise a wise moderation.” “These counsels of moderation”—to use the words of Alpheus Todd—“are equally applicable to all parties and public men who are invited to assist in the working of a machine so delicate, so complex, and so carefully balanced as ‘parliamentary government in the colonies’”; and the Governor appeals to his Ministers to exercise this wise forbearance in their future dealings with the Legislative Council.

GLASGOW.

MEMORANDUM for His Excellency the GOVERNOR.

(No. 35.)

Premier's Office, Wellington, 31st July, 1895.

THE Premier presents his compliments, and begs to acknowledge the receipt of His Excellency's memorandum of the 20th July, relative to expressions contained in the Premier's memorandum No. 30, of the 9th July. The latter communication forms part of the correspondence on the subject of appointments to the Legislative Council, which has been forwarded to Her Most Gracious Majesty's Secretary of State for the Colonies.

In the memorandum above referred to the Premier wrote, “The Legislative Council has ever been stubborn, prejudiced, and factious in spirit.” He admits that His Excellency's view, that these words were not thoughtlessly written, is correct. The action of the majority in the Legislative Council has caused Ministers grave anxiety and concern; and the language used, forcible as it was, expressed their conscientious convictions—convictions based on fact and forced upon Ministers. Their feeling is the result of many years' experience of the actions of the Legislative Council. Again and again has that body denied to the people that which they have emphatically asked for through their representatives in a constitutional manner.

The Premier very respectfully desires to point out that Ministers' expressed opinions refer to the past actions of the Council, some of which took place prior to His Excellency's arrival in New Zealand, and had no reference to the action of the Council in respect to the Judicial Practice and Procedure Bill. This Bill, at the time the expressions were used, was simply on the Order Paper for its second reading, the debate was then proceeding, and it was thrown out, by twenty-two votes to twelve, some ten days after the Premier's memorandum of the 9th July had been written. The Premier merely gave as an illustration, *en passant*, that already it was known that a destructive amendment would be moved on the second reading of a very important measure, and no doubt carried. In mentioning this incidentally the Premier was not unmindful of precedents, in reference to noticing matters in agitation or debate, for the Crown is only known to Parliament through its Ministers.

The Premier very respectfully states that his continuous experience of Parliament has extended through the last twenty-one sessions, and his colleagues have also sat in the General Assembly for many years. Ministers are, therefore, able to speak with some degree of certainty in respect to the past actions of the Legislative Council, and its treatment, time after time, of measures which have been sent to it for consideration by the popular Chamber.

Its action in connection with land-law reform, as far back as 1882, more particularly as to the perpetual leasing of land, and the Conference held with regard thereto, its attitude towards franchise reform, labour legislation, the Criminal Code Bill, and the Conferences held in reference thereto, and generally towards legislation for the improvement of the social condition of the people, has led Ministers to form the opinions to which his Excellency has taken exception.

His Excellency states that the language under notice would not be permitted to be used in either House of the General Assembly by one member in speaking to another, and that it ought not to find a place in a memorandum addressed to the Governor.

The Premier at all times upholds the dignity of the General Assembly. Its tone is good, and its members do not use objectionable language. He therefore, very respectfully, demurs to the correctness of His Excellency's contention; and it is in no way lowering the status of either branch of the Legislature when the Premier respectfully submits that the language used was not unparliamentary, for it is not unusual to hear it stated that there is “stubborn, prejudiced, and factious

spirit" collectively evinced. These expressions have been used, and will no doubt be used again, and would be held to be admissible in debate.

His Excellency has been pleased, when referring in the memorandum under reply to the Judicial Practice and Procedure Bill, to state that "therefore there does not appear to be any reason why Ministers should feel indignant at the action of the Legislative Council in throwing out the Bill." The Premier would point out that the Bill was only thrown out on the 17th July. It was, therefore, impossible for Ministers to feel indignant about an event which had not taken place, and which occurred eight days after the Premier's memorandum had been written. The Premier wrote: ". . . the calm to which His Excellency refers merely betokens the inevitable storm." The rejection of this Bill was the first gust of that storm. Other Government measures have been treated in a similar manner, and the Premier's predictions have, he is sorry to say, so far been verified.

His Excellency is pleased to observe further "That Ministers must be aware that the Upper Chamber has identically the same rights under the Constitution in the first instance, as to the amendment or rejection of all measures sent up to it—except financial measures—as are possessed by the House of Representatives." Technically, and when the Constitution was first granted, such a contention might reasonably have been contended to hold good, and would, literally construed, apply even to financial measures. But established precedents unquestionably and largely limit the powers of the Legislative Council. The Council is only partially representative in character. The large majority of its members represents property only. On many occasions it has asserted itself as paramount to the national will, and constituted itself sole judge on vital points of public policy. It must also not be forgotten that last session, against all constitutional precedent, the Legislative Council attempted to encroach on the privileges of the Representative Chamber by asserting its right to amend money Bills, and this in the face of the decision of the House of Lords, supported as it was by the highest authority extant—the Imperial Crown law officers—to the effect that the right of dealing with the public moneys belongs solely to the popular Chamber. That it did thus attempt to dominate is a matter of grave concern: and the Premier, with due and becoming deference to His Excellency, submits that the Council has in numerous instances been far from self-sacrificing in its opinions as regards measures which have been approved by the electorates.

Amongst the many Bills which have been rejected, and one amongst others which the Premier had in view when writing Memorandum No. 30, and to which he now more particularly refers, is the Bill for rating lands for local purposes on the unimproved value. This principle was contained in the Rating Bill of the session of 1893, which was passed in the House of Representatives in the session of 1893, and prior to the general elections. It was prominently brought forward during the general election held in December, 1893. The House of Representatives in the session of 1894 carried the second reading by 37 votes to 4. Those opposed to the Bill did not demand a division on a third reading. The Bill was referred to the Legislative Council and rejected. The Premier therefore regrets that this, with other measures which have been rejected by the Legislative Council, although approved by the electorates, should have inadvertently escaped His Excellency's attention. A similar Bill is now before the Legislature for the third time, and the Premier refrains from further expressing any opinion thereupon.

The Premier also very respectfully submits that other measures, which had been approved by the electorates, and which were sent to the Legislative Council in the way and manner which met the wishes of the people and their representatives, were so mutilated as to make them well nigh unworkable. Prominent amongst these was the Shops and Shop-assistants Bill.

His Excellency's Advisers are responsible for bringing before Parliament such measures as they believe desirable in the best interests of the people, and very respectfully submit that in asking to strengthen the Council, and put it in a position to efficiently and properly perform its duties, Ministers were acting strictly within their constitutional rights. His Excellency having refused the advice tendered to make four appointments, Ministers were in duty bound to justify their action, and to show cause why the advice should not be disregarded. Under the circumstances, it was impossible to avoid unfavourable reference to the action of the Council with regard to measures which had been from time to time referred to it from the popular Chamber, and Ministers respectfully and at the same time emphatically deny having made uncalled for attacks upon the Legislative Council.

His Excellency's Advisers respectfully submit that, after a careful and searching perusal of the correspondence, they have failed to find therein an expressed belief that the Council should abrogate its functions and should pass each and every measure sent up to it simply because the same were Government measures. They have asked that mature, careful, and unbiassed consideration should be given to measures introduced by them. Ministers are charged with the government of the colony. They are responsible for the proper transaction of parliamentary business; and it would be contrary to precedent and against the well-being of the colony if the Council were to ignore this and only to pass such measures as the people may have had an opportunity of giving an opinion upon. If such a contention was to hold good, then the Council might reject each Government measure referred to it by the House of Representatives, and would await the passing of any laws until after an election had taken place. The logical sequence of such a situation would be the passing of a Referendum Act, the reference of important Bills direct to the electorates, and the abolition altogether of a second or revisory Chamber.

The Premier has perused with pleasure the paragraph contained in Lord John Russell's despatch to the Governor-General of Canada, of the 14th October, 1839, and very respectfully submits that His Excellency's Advisers have exercised a moderation and forbearance, under very trying circumstances, to an extent which they hope may commend itself to every well-wisher of the colony. The words uttered at a more recent date by one of England's greatest philanthropists and statesmen, Mr. Bright, were eloquently true when he said "a nation dwells in its cottages." His Excellency's Advisers only desire that the wishes and aspirations of the electorates may be given

effect to. But a small number of the members of the Legislative Council are under any democratic influence. The greater majority represent property, and have been appointed for life. They have no constituents, and no controlling power save their own will. The advice of Ministers to fill the vacancies, thus bringing the Council more in touch with the people, as intended by "The Legislative Council Act, 1891," has been disregarded; and His Excellency's Advisers are of the opinion that serious friction, which they have conscientiously done their best to avert, is near.

As the correspondence on the subject of the appointments to the Council has been referred to Her Most Gracious Majesty's Secretary of State for the Colonies, the Premier hopes he rightly construes His Excellency's pleasure, in forwarding the memorandum under reply, to mean that the Governor takes exception to the expressions mentioned having been used, and that he felt bound to disassociate himself from the language, or otherwise it might be considered he had identified himself therewith, and had condoned it. Believing this to be the construction His Excellency intended, the Premier has confined his reply to such matters only as were referred to in the memorandum under reply, the main question and correspondence having, in the meantime, been referred to Her Most Gracious Majesty's Secretary of State for the Colonies.

R. J. SEDDON.

MEMORANDUM for the PREMIER.

Government House, Wellington, 5th August, 1895.

THE Governor has to acknowledge the Premier's reply, dated the 31st, to his memorandum of the 20th ultimo, regarding certain expressions which the Premier had used towards the Legislative Council in a former communication.

In the memorandum under reply the Premier takes occasion to remark that it would be contrary to precedent were the Council to ignore the responsibility of Ministers, and only to pass such measures as the people may have had an opportunity for giving an opinion on. The Governor is not aware that such an idea has ever been entertained. The Council has its own duties to perform, and they are *not* to throw out all such measures, but to exercise its own independent judgment on them, quite irrespective of the responsibility of Ministers.

Had it not been for the necessity of supplying the Premier with a more accurate definition of the functions of the Legislative Council, the Governor would not have prolonged this correspondence. He cannot follow the Premier into the other subjects touched on by him in his memorandum of the 31st; but, with respect to the assumption that the correspondence concerning appointments has been referred to the Secretary of State, he would direct the Premier's attention to the penultimate paragraph of the Governor's memorandum of the 5th July.

GLASGOW.

No. 11.

(No. 36.)

SIR,—

Government House, Wellington, 20th August, 1895.

With reference to your despatch (New Zealand, No. 17) dated 16th March, 1895, respecting the Act entitled "An Act further to amend the Laws relating to Shipping and Seamen," I have the honour to inform you that a Bill has been prepared, and will shortly be introduced by my Government, repealing section 25 of the Act to which you refer. A.-2, 1896,
No. 2.

This will meet the objection taken by the Board of Trade to the Act of 1894.

I have, &c.,
GLASGOW.

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

No. 12.

(No. 38.)

SIR,—

Government House, Wellington, 4th September, 1895.

You may have become aware by the public prints through the telegraphic agencies that further legislation has just taken place in the General Assembly in order to strengthen the position of the Bank of New Zealand; and as the question is one of considerable public interest I have the honour to address you on the subject.

When the State intervened last year in the bank's affairs by guaranteeing 4-per-cent. stocks to the extent of two millions, the true position of the bank, as it now turns out, had not been fully disclosed. But, in providing for the guarantee, the colony provided also for a complete change in the directorate and management, and the Government took power at the same time to nominate the President of the bank, to whom was given the power of veto.

Under the direction of the lately-appointed President, the new directors, all men of known ability and probity, having carefully gone into the position of the bank, found the position so much worse than they had been led to expect that they felt themselves obliged to inform the Government that further assistance was absolutely necessary.

A Joint Committee of both Legislative Chambers was set up to inquire into the position of the bank's affairs, and, after an impartial and exhaustive inquiry, came unanimously to the conclusion that the New Zealand Bank, the New Zealand Estates Company, and the Auckland Agricultural Company are all one concern, and that an ascertained loss of £1,350,000 between them must be written off at once. There was a further discrepancy of £855,000 between the book-value of the existing assets and the recent valuation, and this amount the Committee considered was somewhat understated.

It was recommended that the present remaining capital of the bank, amounting to £900,000, and the proceeds of the last call, £450,000, should be written off to cover the £1,350,000 of ascertained loss. There then remained the £855,000 of deficit on the assets, to cover which there only remained the £1,000,000 reserved liability of the shareholders.

The £2,000,000 of stock guaranteed last year was intact, but it was shown that the provision then made in the necessary legislation requiring the bank to keep £1,000,000 in liquid securities involved a heavy loss to the bank, which had raised the money at 4 per cent.

The Committee, therefore, came to the conclusion that such a catastrophe as the closing of the doors of the bank at the present time, considering the financial position in New Zealand and the neighbouring colonies, should, if possible, be avoided, as the ruin that would thus be caused would be widespread, and the extent of the disaster would be difficult if not impossible to estimate, while the loss to the State and the injury to the colony would be certain and heavy; for, although the bank was shown to be just solvent, after absorbing everything in the shape of capital and reserved liability to cover losses, yet, if there were a forced liquidation, there would be a very large deficit, which would for some time to come make property unsaleable all over the colony, and would also be certain to affect the stability of other banks, and their power to give such immediate assistance to agriculture and commerce as would in all probability be urgently required.

It was also thought that liquidation would mean the loss to the Government at once of a million of money; and the loss to the colony generally will be understood when it is remembered that the Bank of New Zealand does a far larger business all over the colony than any other bank. The deposits amount to over £7,000,000, the bank's advances to about the same amount; there are accounts open in 115 branches amounting to £2,850,000, and many branches are in districts where other banks have but a slight business.

The locking up of deposits at a time when prices are low, and every interest, therefore, in a state of depression, would ruin a large part of the farming interest, whose capital is mostly locked up in land and stock, and who have mostly lost money during the last two years.

But the Committee felt no assistance to the bank would be advisable unless it promised a fair chance of success, and that it would be better to face the worst than only to meet it half-way in a half-hearted spirit. They therefore decided to recommend,—

1. To create a new capital to replace that just written off;
2. To separate entirely the Assets Company from the bank;
3. To remove all restrictions which would fetter the working and the earning-power of the bank; and the following scheme was adopted to meet these requirements:—

(1.) A new capital of £1,000,000 to be created—

(a.) By calling up £500,000 reserved liability of shareholders;

(b.) By £500,000 preference shares, bearing 3½ per cent. interest, subscribed by Government, and paid for in stock bearing the same interest.

(2.) An Assets Realisation Board to be constituted, to buy the assets from the bank at the book-value of £2,734,000, so as to clear the bank. The Realisation Board to issue bonds at $3\frac{1}{2}$ per cent. to pay for these assets, the State to guarantee any deficiency there may be on these bonds after the realisation of the Estates Company's properties. This deficiency is estimated at £855,000—the difference between the book-values, £2,734,000, and the recent valuation, £1,879,000; but the Committee thought it safe to make further allowance for depreciation. The liability under this head may be put down at, say, £1,000,000, so that this amount and the stock issued for preference shares (£500,000) shows the further liability incurred by the colony on account of the bank.

These further liabilities are secured as follows, on—

- (a.) The net proceeds from realisation of assets;
- (b.) The proceeds of the second £500,000 call;
- (c.) The remaining reserve liability of shareholders, amounting to £500,000 more;
- (d.) A cumulative sum of £50,000 a year to be paid by the bank as a first charge on bank profits to the Realisation Board;
- (e.) Whatever further profits there may be after paying 5 per cent. to ordinary shareholders. (Note that payments under (d) and (e) are to continue until the deficit is provided for.)

(3.) In order to increase the earning-power of the bank after the provision of new capital, the restriction on the use of the second million of A stock, which was placed on it in the legislation of last year, by obliging the bank to keep it in liquid securities, is withdrawn, and the bank is also further empowered to purchase other banking business, which is necessary to further increase its business, as it will now have sufficient capital to increase its present business, and it is understood that negotiations are pending between the Bank of New Zealand and the Colonial Bank. This proposal has been looked upon with great jealousy by a considerable part of the Legislature and also by other banks, on account of the preponderating position which it will give to the reconstructed bank. But after inquiry the Committee saw no reason to prevent a business transaction which was looked on with favour by the new directorate of the bank—who have nothing to do with its past and are only concerned for its future—as long as it is subject to certain safeguards, among which I believe is the consent of Parliament.

The bank expresses its confidence under these new conditions in its power to make large earnings, and there can be no doubt but that its credit is now placed in a very strong position—too strong in the opinion of the rival banks, as I have already stated. Still, until the realisation of the assets in a satisfactory manner there will be an uneasiness on account of the State liability.

If the promise of better market is fulfilled, it is considered probable that the bank will survive its difficulties and become a very strong bank. The opinion of the Committee, which has been accepted by the Legislature, was that there was sufficient prospect of a satisfactory result to justify the action taken, and that, while the position, owing to the safeguards taken, could hardly be worse in the future than it is at present, there is a reasonable hope that the colony may emerge from the present ordeal without any ultimate loss, and thus a widespread catastrophe may be averted—one which would not be felt in this colony alone.

I have been obliged to trouble you with such a lengthy despatch as it was hardly possible to give you an adequate idea of what has taken place within a smaller compass, and I trust you will find the statement I have made sufficiently clear to enable you to form a just estimate of the position from which the colony has been saved by the action of my Government in the able recommendation of the Joint Committee appointed by both Chambers of the Legislature.

I have, &c.,
GLASGOW.

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

No. 13.

(No. 39.)

SIR,— Government House, Wellington, 5th September, 1895.

I have the honour to inform you that under the special circumstances which have necessitated the passing of the measure through the Legislature, I have taken upon myself the responsibility of assenting in Her Majesty's name to an Act entitled "An Act to make certain Provisions in connection with the Affairs of the Bank of New Zealand, to further amend 'The New Zealand Bank Act, 1861,' and the Bank's Deed of Settlement, and to otherwise amend the Law relating to Banks."

By the 56th clause of this Act "The Bank-note Issue Act, 1893," which has just expired, is renewed, and will continue in force until the 2nd September, 1896; and as this clause, as affecting the currency, brings this Bill under the description of Acts which ought to be reserved for Her Majesty's pleasure, I have the honour to inform you by the earliest opportunity of the step I have felt it incumbent on me to take.

As, however, my action last year in assenting, under almost precisely similar circumstances, to the Bank Issue Act received the approval of Her Majesty's Government, I have thought myself justified in assenting to its extension on the present occasion, and I trust that in doing so I shall meet your approval. I have the honour to enclose a copy of the Act in question.

In my despatch, No. 38, dated the 4th instant, I have explained the position which appeared to my Government to make further legislation on behalf of the Bank of New Zealand imperative, and I have now to inform you that both Chambers of the Legislature passed the measure by large majorities.

I have, &c.,

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

GLASGOW.

No. 14.

(No. 40.)

SIR,— Government House, Wellington, 5th September, 1895.

With reference to my despatches, Nos. 38 and 39, concerning the affairs of the Bank of New Zealand, I have the honour to report that, on the 28th of August, in Executive Council, I issued a Proclamation under the Bank Issue Act proclaiming notes of the New Zealand Bank good and legal tender until the 2nd day of September, 1896, as set forth in the *New Zealand Gazette* Extraordinary enclosed.

I have, &c.,

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

GLASGOW.

(For enclosure see *New Zealand Gazette* Extraordinary, 28th August, 1895.)

No. 15.

(No. 45.)

SIR,— Government House, Wellington, 28th October, 1895.

In reply to your despatch dated 17th July, 1895, and circular dated 10th June, 1893, with reference to "coasting service," and the definition of the term, I have the honour to inform you that my Government are of opinion that this matter concerns the Australian Colonies more than New Zealand.

In this colony the practice is to regard all service between ports in the colony as "coasting service," and all beyond New Zealand as "foreign service." There has been correspondence between my Government and the Australian Colonies, but they have not as yet arrived at any definite conclusion.

I have, &c.,

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

GLASGOW.

(No. 48.)

No. 16.

SIR,—

Government House, Wellington, 7th November, 1895.

I have the honour to inform you that on the 1st November I prorogued by Proclamation the second session of the Twelfth Parliament of New Zealand.

I have, &c.,

The Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

GLASGOW.

(No. 49.)

No. 17.

SIR,—

Government House, Wellington, 7th November, 1895.

With reference to my despatch of the 11th July last, forwarding correspondence with my Premier relating to a difference between my Ministers and myself as to non-appointments to the Council, I have to inform you that, another vacancy having occurred in the Council, through the death of the Hon. Walter B. D. Mantell, I felt it advisable to reopen the question. No. 7.

I felt from the first that the situation could not be indefinitely prolonged, and therefore, seeing that the nominal strength of the Council had been still further reduced, I intimated to the Premier that, having indicated in an unmistakable manner my reluctance to grant any more appointments than absolutely necessary, I felt that I had gone as far as I was justified in doing so in opposing the advice I had received, and that I was now prepared to accept the Ministerial advice to appoint four additional Councillors which I received on the 25th May.

The incident may therefore be considered as closed.

I have, &c.,

The Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

GLASGOW.

No. 18.

(No. 50.)

SIR,—

Government House, Wellington, 21st November, 1895.

With reference to your predecessor's despatch, No. 17, dated 16th March, 1895, I have the honour to forward herewith, at the request of my Government, two copies of "The Shipping and Seamen's Amendment Act, 1895." A.-2, 1896,
No. 2.

In section 6, subsection (2), will be found an amendment to section 25 of the Act of 1894, which will remove the objection to Her Majesty being advised not to disallow that Act.

I have, &c.,

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

GLASGOW.

No. 19.

(No. 51.)

SIR,—

Government House, Wellington, 21st November, 1895.

I have the honour to forward herewith a synopsis of the Acts passed by the General Assembly of New Zealand in the session of Parliament held in the year 1895, with copies of the said Acts.

I have, &c.,

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

GLASGOW.

Enclosures.

MEMORANDUM for His Excellency the GOVERNOR.

Premier's Office, Wellington, 19th November, 1895.

THE Premier has the honour to forward, for transmission to the Right Honourable the Secretary of State for the Colonies, a synopsis, prepared by the Law Officers, of the Acts passed at the second session of the Twelfth Parliament of New Zealand.

P. A. BUCKLEY,
For the Premier.

SYNOPSIS of the ACTS PASSED by the GENERAL ASSEMBLY of NEW ZEALAND in the Session of Parliament held in the Year 1895.

The Public General Statutes.

No. 1. The Imprest Supply Act authorises an advance of £302,000 out of the public and other accounts for the service of the year ending 31st March, 1896, the money to be charged in the manner expressed in the Appropriation Acts of the session.

No. 2. The Imprest Supply Act (No. 2) authorises a further advance of £302,000 in the same manner as stated in the above-mentioned Imprest Supply Act (No. 1).

No. 3. The Uniforms Act regulates and restricts the wearing of naval and military uniforms, and is of similar effect to the Imperial Act 57 and 58 Vict., c. 45.

No. 4. The Dog Registration Act Amendment Act makes provision for excluding the Chatham Islands from the operation of the principal Act.

No. 5. The Industrial Schools Act Amendment Act amends the principal Act with respect to the administration of the property of inmates by the Public Trustee, and also makes further provision as to the recovery of maintenance moneys.

No. 6. The Cemeteries Act 1882 Amendment (Cremation) Act provides that the trustees of any cemetery may make provision for cremation, and may erect a crematorium.

No. 7. The New Zealand Institute of Journalists Act incorporates an association of journalists of that name, and provides for the Government of the body corporate.

No. 8. The Adoption of Children Act consolidates and amends the law relating to the adoption of children, and repeals the prior law.

No. 9. The Criminal Code Act Amendment Act gives to Louis Chemis, a prisoner, who had been convicted of murder, a right to apply to the Court of Appeal for a new trial.

No. 10. The Evidence Further Amendment Act makes provision for obtaining the evidence of witnesses in prison, provides for an indemnity to witnesses in certain cases, allows medical men to give evidence in criminal cases of communications made to them, makes further provision for the protection of witnesses, and alters the law as to evidence in poisoning cases, and as to confessions.

No. 11. The Property Law Consolidation Act 1883 Amendment Act authorises the Colonial Treasurer to receive mortgage-money when mortgagee absent from the colony as under the Land Transfer Act, and otherwise amends the principal Act.

No. 12. The Native Townships Act authorises the setting apart of sites for townships on Native lands, vests streets and reserves in Her Majesty, and provides for leasing of allotments and division of rents received amongst the Native owners.

No. 13. The Animals Protection Act Amendment Act prohibits the introduction into the colony of any animal, bird, insect, or reptile without the consent of the Minister of Agriculture, and makes further provision for the protection of game.

No. 14. The River Boards Act Amendment Act makes provision for the representation of the Borough of Kaitangata on the Clutha River Board.

No. 15. The Threshing-machine Owners' Lien Act secures to threshing-machine owners a preference claim for the cost of threshing grain or seeds.

No. 16. The Imprest Supply Act (No. 3) authorises a further advance of £319,000 in the same manner as stated in the above-mentioned Imprest Supply Act (No. 1).

No. 17. The Bank of New Zealand and Banking Act authorises the bank to write off all its paid-up capital, and to raise new capital by the issue to the Queen of preferred shares for £500,000, and by calling up a further one-third of the reserve capital. An Assets Board is constituted to whom all the assets of the Bank of New Zealand Estates Company (Limited), of all of whose shares the bank is the beneficial owner, are to be sold for realisation, the payment of the principal and interest secured by the debentures created by the Assets Board for such purchase being guaranteed by the colony. Power is given to the bank to buy the business and assets of any other bank. "The Bank of New Zealand Share Guarantee Act, 1894," is amended, and the operation of Part II. of "The Bank-Note Issue Act, 1893," is extended for a further period of twelve months.

No. 18. The Adulteration Prevention Acts Amendment Act makes further provision to secure that bread shall be of the proper weight when sold, and exempts defendant from liability when adulterated goods purchased by him with a warranty.

No. 19. The Counties Act 1886 Amendment Act removes a doubt whether abolished road districts were merged in the substituted counties, and provides that counties may alter their boundaries by agreement.

No. 20. The Family Homes Protection Act empowers any owner of land not exceeding £1,500 in value to settle such land as a family home, and upon registration of such home the same is not to be affected by any bankruptcy, assignment, alienation, or other disposition, but the estate of the settlor and his family therein is to continue absolute and indefeasible until the period of distribution.

No. 21. The Servants' Registry-offices Act is in substitution of the Act of 1892, and transfers the administration thereof from the local authorities to the Inspectors of Factories.

No. 22. The Wages Attachment Act exempts wages not exceeding £2 per week from attachment.

No. 23. The Sale of Goods Act is similar to the Imperial Act, 56 and 57 Vict., c. 71.

No. 24. The Reprint of Statutes Act provides for the appointment of Commissioners to prepare and arrange for publication an edition of all the Public General Acts.

No. 25. The Mining Companies Act Amendment Act authorises the directors of any mining company to sell the whole of its rights, privileges, property, and effects to any person, upon complying with certain conditions.

No. 26. The Coal-mines Act Amendment Act authorises the Governor to reserve any Crown lands subject to a coal-mining lease as a reserve for railway purposes and to deal with the land reserved.

No. 27. The Margarine Act regulates the manufacture and sale of margarine.

No. 28. The Poisons Importation and Carriage Act makes provision to secure that arsenic and cyanide of potassium shall be carried apart from goods suitable for food, whether within the colony or imported in any ship.

No. 29. The Imprest Supply Act (No. 4) authorises a further advance of £155,500 in the same manner as stated in the above-mentioned Imprest Supply Act (No. 1).

No. 30. The Industrial Conciliation and Arbitration Act Amendment Act reduces the number of persons necessary to constitute an industrial union of employers, and makes further provision as to the hearing of industrial disputes.

No. 31. The Corrupt Practices Prevention Amendment Act provides that all payments for election expenses are to be made by the candidate, limits the sum that may be expended, and requires a return thereof to be made.

No. 32. The Fencing Act consolidates and amends the law relating to fences, brings rabbit-proof fences under the general law, and declares that Native lands, of which the title has been determined or which are leased for the benefit of the Native owners shall be subject to its provisions.

No. 33. The Customs and Excise Duties Act imposes certain new duties of Customs in lieu of those heretofore in force, and amends the Customs laws in sundry particulars.

No. 34. The Public Domains Act 1881 Amendment Act declares certain lands at Christchurch to be subject to the provisions of the principal Act.

No. 35. The Water-supply Act Amendment Act authorises the payment of travelling-expenses to members of Boards, and the supply of water outside a district.

No. 36. The Unclassified Societies Registration Act authorises the registration of societies unable to register under any other enactment, so as to protect their funds and property.

No. 37. The Foreign Insurance Companies' Deposits Amendment Act alters the terms under which the Public Trustee is to grant his certificate to fire and marine insurance companies, and leaves the rate of interest on deposits to be fixed by the Governor in Council.

No. 38. The Stock Act Amendment Act empowers inspectors to examine dead stock, provides what compensation payable for destruction of stock, and amends the principal Act as to dipping and branding sheep, besides other minor matters.

No. 39. The Sea-fisheries Act Amendment Act gives power to search for fish or oysters without a warrant, and makes further provision for the protection of oysters during the close season.

No. 40. The Rating Act Amendment Act authorises the rating of Native lands vested in the Public Trustee under "The West Coast Settlement Reserves Act, 1892," makes the mode of rating similar all over the colony by repealing all provisions of other Acts inconsistent with the provisions of the principal Act, and also amends the principal Act in sundry particulars.

No. 41. The Land for Settlements Amendment Act authorises the appointment of a Land-purchase Inspector and additional members of the Board, and provides that the owner of land acquired under the principal Act may obtain a lease in perpetuity of his homestead site.

No. 42. The Government Advances to Settlers Act Amendment Act reconstitutes the general Board, and adds several additional classes of land upon which advances may be made.

No. 43. The Agricultural and Pastoral Statistics Act authorises the annual collection of statistical information relating to the agricultural and pastoral industries of the colony, and supersedes similar provisions in "The Census Act, 1877."

No. 44. The Pastoral Tenants' Relief Act authorises the granting of relief, by the remission of rent or sheep-rates, or otherwise, to pastoral tenants of the Crown, and others who have suffered great loss of live-stock during the late severe winter.

No. 45. The Alcoholic Liquors Sale Control Act Amendment Act makes amended provision with regard to local option, fixes the number of votes required to carry each issue, and provides the mode of taking a poll for the restoration of licenses in a district. Further provision is also made to secure the efficient administration of the licensing laws with regard to cost of elections and meetings, powers of the Committees, sales of liquor to Natives, and in districts where vote for "no license" carried. Agreements binding licensees to purchase liquors only from a particular person are declared void.

No. 46. The Public Reserves Vesting and Sale Amendment Act enables John Colvin to bring an action to assert his title to portion of an endowment vested in the Corporation of the City of Dunedin by "The Public Reserves Vesting and Sale Act, 1892."

No. 47. The Public Works and Government Railways Acts Amendment Act amends both of the said Acts in various minor particulars, and authorises the classification of vehicles using public roads, and provides the penalty where the quantity or weight of goods delivered for carriage on a railway is understated.

No. 48. The Public-school Teachers Incorporation and Court of Appeal Act authorises the incorporation of societies of school-teachers, and establishes a Court to hear appeals by such teachers against dismissal or suspension.

No. 49. The Manual and Technical Elementary Instruction Act authorises any Education Board to establish classes for manual or technical instruction, and provides for payments out of the Treasury at certain rates towards the cost of such classes.

No. 50. The Bank of New Zealand and Banking Act Amendment Act amends the Act of the present session by confirming the contract for the purchase of the business of the Colonial Bank of New Zealand, notwithstanding the absence of certain lists and books referred to in such contract, and provides that such lists need not be produced in evidence at any time. The principal Act, No. 17 of this session, is modified accordingly.

No. 51. The Shipping and Seamen's Act Amendment Act requires crews to be exercised in boat-drill monthly, alters the classes of engineers' certificates, and amends the Act of 1894 by providing that modifications in the tables as to the marking of load-lines must be sanctioned by the Board of Trade instead of the Minister.

No. 52. The Native Land Laws Amendment Act amends "The Native Land Court Act, 1894," so as to allow the sale of Native lands of certain classes, makes further provision with regard to dealings with Native lands, the powers of the Native Appellate Court, and the procedure and jurisdiction of the Native Land Court. Various other Acts dealing with Native lands are also amended.

No. 53. The Native Reserves Act Amendment Act restricts the jurisdiction of the Native Land Court over reserves vested in the Public Trustee, defines the powers of disposal of the Public Trustee, and authorises him to grant new leases of certain lands now leased.

No. 54. The Native Land Claims Adjustment Act authorises the Native Land Court to inquire into certain claims and disputes as to various blocks of Native land and amend the titles thereto accordingly.

No. 55. The Westland and Nelson Native Reserves Act Amendment Act authorises payments by the Public Trustee to Native beneficiaries over the age of sixteen years, and also payment of compensation received by the Public Trustee to owners of Arahura Reserve.

No. 56. The Lunatics Act Amendment Act confers larger and extended powers on the Public Trustee with regard to the administration of lunatics' estates of which he is the committee, and also requires other committees to render to the Public Trustee a statement showing their administration of the estate of which they are the committee.

No. 57. The Local Authorities' Loans Conversion Act authorises local authorities to convert and consolidate their loans, and also provides the machinery for such purpose.

No. 58. The Land Act Amendment Act amends the principal Act with regard to applications, mortgages, dealings with estates subject to encumbrances, improvements, and various other matters.

No. 59. The Shops and Shop-Assistants Act Amendment Act gives power to alter the day for closing shops, requires shops conducted by one person and formerly exempt to observe a weekly half-holiday, and removes various defects in the principal Act.

No. 60. The Mining Act Amendment Act authorises the issue of extended prospecting and tunnel licenses in districts difficult of access, makes amended provision with respect to forfeiture of claims by operation of law, and requires foreign companies to keep a Colonial Register for the registration in the colony of transfer of shares, &c., and to appoint an attorney for such purpose, besides amending the principal Act in sundry other particulars.

No. 61. The Public Trust Office Consolidation Act Amendment Act authorises the Public Trustee to dispose of property not exceeding £500 in value without obtaining an order of a Judge of the Supreme Court, and allows investments on real estate up to three-fifths of the value thereof.

No. 62. The Kaihu Valley Railway Extension Act authorises the construction by the Crown of an extension of the Kaihu Valley Railway.

No. 63. The Fernhill Railway Purchasing Act authorises the purchase on behalf of Her Majesty of a small branch line from the Waitaki-Bluff Railway to the Fernhill Colliery.

No. 64. The Chattels Transfer Act Amendment Act declares that the term "chattels" in "The Chattels Transfer Act, 1889," shall include "book and other debts," and thus brings them within the provisions of that Act. Power is also given to sell a mortgagor's interest in any chattels.

No. 65. The Reserves Disposal and Exchange Act authorises the sale, exchange, or other disposition of certain reserves and other lands described therein, and which could not be effected without the special authority of Parliament.

No. 66. The Abattoirs and Slaughterhouses Act Amendment Act authorises the Corporation of the City of Dunedin to erect an abattoir on land owned by the Corporation in another borough with the consent of the local authority, and amends the principal Act in various particulars.

No. 67. The Stamp Acts Amendment Act amends the Stamp Acts with regard to policies of sea insurance and duty on leases, requires agents for accident, fidelity guarantee, live-stock, or plate-glass insurance to pay a license-fee, and further extends the definition of "deeds of gift," besides making amended provision for the payment of duty thereon.

No. 68. The Public Securities Act makes fuller provision for the safe custody of the securities belonging to public offices and departments, and also as to the mode in which such securities may be transmitted to or from London, or inscribed, converted, or otherwise disposed of.

No. 69. The Public Revenues Act Amendment Act provides the mode in which public moneys are to be issued when required for investment on any securities authorised by law.

No. 70. The Land and Income Assessment Acts Amendment Act requires every non-resident agent to obtain a license to carry on business in lieu of paying income-tax, and makes Native land occupied by other than a Maori, and also mortgages held by Maoris, liable to the ordinary duties of land-tax.

No. 71. The Land-tax and Income-tax Act fixes the amount of the land-tax and the income-tax to be levied, and the mode of collecting the same, in respect of the financial year commencing on the 1st April, 1895.

No. 72. The Public Works Appropriation Act appropriates out of the unexpended balance of loan, and from other sources, a total sum of £477,023 for the construction of public works and other purposes for the year ending the 31st March, 1896.

No. 73. The Appropriation Act—the annual Appropriation Act. Amounts appropriated total £2,810,967.

Act reserved.

No. 74. The Customs Duties Reciprocity Act ratifies, with modifications, the agreement entered into with South Australia for reciprocal admission of the products and manufactures of either colony,

either free of duty or at reduced rates, and also empowers the Colonial Treasurer to enter into similar agreements with New South Wales or any other of the Australasian Colonies, subject to ratification by Parliament and approval by the Governor, or Her Majesty if the Governor thinks fit to reserve such agreement.

This Act is reserved for the signification of Her Majesty's pleasure thereon.

The Local and Personal Acts.

No. 1. The Hikutaia No. 1 Block Boundary Act authorises the grant of certain land to the original Native owners of this block in order to finally settle disputes as to its boundaries.

No. 2. The Patea Foreshore Vesting Act vests part of the estuary of the Patea River in the Patea Harbour Board for harbour purposes.

No. 3. The Auckland and Parnell Endowment Lands Act withdraws certain endowment lands of the Borough of the City of Auckland and of the Borough of Parnell respectively from the operation of "The Land Act, 1885," subject to the rights of the present lessees.

No. 4. The Auckland Harbour Board and Devonport Borough Exchange of Land Act authorises the said Board and borough to exchange certain lands in the Borough of Devonport.

No. 5. The Hawksbury Borough Council Reserve Vesting Act vests a certain recreation reserve in the Corporation of the borough.

No. 6. The Puniu Reserves Sale Act authorises the sale of certain reserves near Te Awamutu, which are unsuitable for a recreation-ground, and the purchase of a more suitable ground with the proceeds.

No. 7. The Wellington (City) Suburbs Water-supply Act declares those portions of the adjacent districts which were included in the boundaries of the City of Wellington for sanitation purposes shall also be included for water-supply purposes.

No. 8. The Otago Dock Act Amendment Act authorises the Dock Trust to borrow money by way of overdraft, empowers it to create a special fund, and otherwise extends the powers of the Trust.

No. 9. The Waimate Municipal Reserves Act authorises the Borough Council to purchase certain lands which have been dealt with by it in error as if part of its endowments.

No. 10. The Invercargill Corporation Reserve Exchange Act empowers the Corporation to exchange a reserve for certain other lands to be held for the same purpose.

No. 11. The Dunedin Drainage and Sewerage Act makes further provision for the carrying out of an effectual system of drainage for the city, and also confers extended powers on the Dunedin City Council in relation thereto.

No. 12. The Timaru Public Park and Garden Domain Reserve and Otupua Domain Reserve Vesting Act provides that certain reserves now held by the Corporation of the Borough of Timaru as a Domain Board, under two separate names, shall vest in the Corporation as places of public recreation.

No. 13. The Masterton Trust Lands Trust Empowering Act authorises the Masterton Trust Lands trustees to borrow £2,500 for the purpose of erecting a Town Hall.

No. 14. The Wilson Land Act releases a section of land granted to James George Wilson, a survivor of the Poverty Bay massacre, from all the restrictions imposed by "The Walsh and Others Pension Act, 1869."

No. 15. The Dunedin Loans Consolidation Act authorises the conversion and consolidation by the City of Dunedin of its outstanding loans into a consolidated loan by the issue of debentures, and also provides for the creation of a sinking fund for their redemption. Power is given to suspend operations under "The Dunedin Loans Conversion Act, 1894."

No. 16. The Horowhenua Block Act renders certain portions of this block inalienable until after the next session of Parliament, and directs the appointment of a Royal Commission to inquire into all sales by Natives of portions of this block.

No. 17. The Gisborne High School Act 1885 Amendment Act authorises the Governors of the Gisborne High School to make grants of money to the Education Board in aid of secondary education in the district until the permanent establishment of a high school.

No. 18. The Wellington Corporation and Hospital Contributors Exchange Act authorises the Corporation of the City of Wellington and the Wellington Hospital contributors to exchange certain lands.

Private Act.

No. 1. The Hamilton Gasworks Act authorises Henry Atkinson to establish gasworks for the supply of gas to the Town of Hamilton, Auckland District, and defines his powers, rights, and liabilities in respect thereto. Power is given to the Hamilton Borough Council to purchase after the expiration of twelve years.

No. 20.

(No. 52.)

SIR,—

Government House, Wellington, 22nd November, 1895.

I have the honour, at the request of my Government, to forward to you the accompanying papers, and in explanation to inform you that they relate to a person of American nationality now residing at Christchurch, Arthur Bentley Worthington, who has there founded a *quasi*-religious sect called the "Students of Truth," to the detriment, as is believed by my Government, of public morality

and well-being, for whom he has erected a building for worship. If all or even a part of what is alleged against him be true, it is the opinion of my Government that he should be brought to justice.

If the statements set forth in the accompanying pamphlet, which I enclose, are to be relied on, the man is a notorious bigamist and forger, and he has as recently as August last in Christchurch gone through the form of marriage, before the Registrar of Marriages in that city, with one of his followers.

The Attorney-General has advised me to forward the accompanying papers to you, and I have the honour to request that representation should be made to the United States Government, and that it be urged that the necessary steps be taken for the extradition of this person from the colony, and I accordingly request you to be good enough to do so.

I have only to add that in July, 1894, the attention of the American Consul at Auckland was called to this matter, and that he communicated with his Government; but up to this no reply has been received.

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

I have, &c.,
GLASGOW.

No. 21.

(No. 53.)

SIR,— Government House, Wellington, 23rd November, 1895.

A.-2, 1896,
No. 19.

In reply to your despatch (New Zealand, No. 41), dated 12th July, 1895, I have the honour to forward a memorandum received from my Government, expressing their opinion that there was nothing unusual in the proposals made by them. An amended Act (of which two copies are enclosed) has now been passed, to charge an annual license-fee, which is to be fixed by Order in Council at £50 (fifty pounds).

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

I have, &c.,
GLASGOW.

Enclosure.

MEMORANDUM for the Hon. the COLONIAL TREASURER.

Land- and Income-Tax Department, Wellington, 24th August, 1895.

IN reference to the attached despatches from the Secretary of State to His Excellency the Governor on the system adopted in this colony for taxing foreign traders, I have to say this matter has already been reported on by me, in the case of the communication received by the Secretary of State from Messrs. Bottomley and Co. In that report I pointed out that the object in issuing the regulations was to place English firms doing business in the colony, but having no representative here, on the same footing as regards income-tax as colonial firms who are taxed in the colony. The Secretary for Inland Revenue, in his letter to the Under-Secretary of State dated 6th July, last paragraph, states that in England agents are bound to make returns of the profits and gains of their principals; and that in a recent case in the Court of Appeal their liability to income-tax was affirmed. I may say that section 19 of "The Land- and Income-tax Assessment Act, 1892," contains a similar provision to that cited by the Secretary for Inland Revenue in England. If agents had conformed to the requirements of the above section there would be no necessity for the introduction of the regulations which are now complained of. Travelling agents of Home firms, however, stated their inability to make returns of the profits accruing to their principals; consequently it has become necessary to issue the regulations. Had these agents been able to furnish returns of such profits, the department would have been quite satisfied, and the system of taxing foreign traders in this colony would have been exactly on the same lines as that indicated in the last paragraphs of the letter from the Secretary of Inland Revenue. There is even now no necessity for putting these regulations into force in any case where the agent makes returns on behalf of his principals in the ordinary way.

You intimated in your Budget speech your intention of considering whether an annual license-fee would not meet the requirements better. Nearly the whole of the representatives of the firms concerned agree that this would be preferable. Our present plan is the same as the Tasmanian, except that they charge tax there on an arbitrary 5-per-cent. profit. In Canada, Cape Colony, Orange Free State, Transvaal, Newfoundland, &c., the tax takes the form of an annual license-fee of varying amounts. According to your instructions received since the above was written, a provision will be inserted in the amending Bill now before Parliament to give effect to this.

JOHN MCGOWAN, Commissioner.

No. 22.

(No. 57.)
 SIR,— Government House, Wellington, 10th December, 1895.
 With reference to your despatch, No. 55, of the 25th September, 1895, ^{A.-2, 1896,} ^{No. 26.} requesting me to inform my Government that the High Commissioner has been instructed to refrain from issuing regulations affecting the Cook Islands, which I at once complied with, I think it is proper for me to forward for your information the two accompanying copies of communications that have passed between the High Commissioner and myself regarding regulations and jurisdiction in the Cook Islands, and the action which my Government have advised me to take thereon.

I venture to remark that the fact that I and my Government have to act as intermediaries between the High Commissioner and the Resident of the Cook Islands appears to me to cause an amount of unnecessary correspondence, and to be productive of no benefit to any one. I have, &c.,

The Right Hon. Joseph Chamberlain,
 Secretary of State for the Colonies. GLASGOW.

No. 23.

(No. 5.)
 SIR,— Government House, Dunedin, 7th February, 1896.
 I have received from my Premier a memorandum dealing with the fact that of late telegrams affecting the whole of the Australian Colonies have been sent to one colony, and that the Governor of that colony has been requested by the Secretary of State to forward them to the other colonies.

Under the circumstances I think it will be best for me to send you a copy of my Premier's memorandum, which I have the honour to do herewith, without any comments of my own. I have, &c.,

GLASGOW.

Enclosure.

MEMORANDUM FOR HIS EXCELLENCY.

Premier's Office, Wellington, 30th January, 1896.

THE Premier has observed that on more than one occasion the Right Honourable the Secretary of State for the Colonies has addressed a telegram to one of the Australian Governors, with instructions to repeat to the other colonies.

This the Premier thinks is inadvisable, seeing that in the case of New Zealand they have to be cabled from Australia, and this causes delay, and the same cannot be treated as despatches in the ordinary course. It is also a departure from the usual mode of communication between the Colonial Office and this colony, and it is preferable, therefore, that in future all such telegrams shall be cabled direct to His Excellency. Perhaps His Excellency will be good enough to communicate with the Secretary of State on the subject. R. J. SEDDON.

No. 24.

(No. 11.)
 SIR,— Government House, Auckland, 19th March, 1896.
 With reference to your despatches of 1st June and 24th July, 23rd ^{A.-2, 1896,} ^{Nos. 11, 21,} ^{31, 33.} December, and 31st December, 1895, and enclosures therein, they have been carefully considered by my Ministers, and I have now the honour to transmit to you their reply.

My Government points out that the principle of levying tax on profits of outsiders is no new one, and is, in fact, enforced in England. They do not, therefore, think there can be any just cause of complaint against the said principle of the New Zealand law; if no such tax were in force it would mean that, while mercantile houses established in the colony are subjected to taxation on their annual profits, outside firms which are competing with them by means of travelling agents would be allowed to go free from any taxation whatever.

The original intention of Government was that all travelling agents should make annual returns of the profits accruing to their principals. This, however, was found inconvenient in practice, as the travellers were unable to supply the information required, and, in deference to the wishes of many travellers interested, the law was amended so as to substitute a fee of £50 (to be paid by such travellers on arrival in the colony) for the annual return originally contemplated. The difficulties complained of having been thus done away with, it was hoped that on the system coming into force further objections would cease.

With regard to the letter from the Walsall and District Incorporated Chamber of Commerce, I would like to point out that in July, 1895, that Chamber thus complained in a letter to the Hon. the Secretary for State of the method then adopted in the colony of taxing firms on the profits made: "If it is necessary for income purposes to tax commercial travellers who represent firms not located in the colony, my Council would suggest that it be done in the form of a direct tax upon travellers. In some colonies a tax of £20 per annum is found sufficient. By this means the inquisitorial and irritating consequences of the present Act would be avoided."

It appears to my Government that they have simply carried out the suggestion of the Walsall Chamber of Commerce. The further objection raised by that Chamber, that, in addition to the license-fee, a deposit has to be lodged with the Customs for duty on the samples brought by the travellers, does not appear to my Government to be a serious one, as, in the event of his leaving the colony and removing his samples along with him, he would be entitled to a rebate of the duty deposited.

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

I have, &c.,
GLASGOW.

Enclosure.

MEMORANDUM for the Hon. the COLONIAL TREASURER.

Land- and Income-tax Department, Wellington, 18th February, 1896.

IN reference to the accompanying despatches from the Secretary of State for the Colonies (Nos. 34/96 and 39/96) on the subject of the taxation of travelling agents of firms not resident in New Zealand, I have to say that during last year I had occasion to report to you on despatches of a similar nature, and I then pointed out that the principle of levying tax on the profits of outsiders was no new one, and that in England the same principle was enforced.

I cannot therefore conceive that there can be any just cause for complaint against the principles of the New Zealand law. If no such tax were in force, it would mean that, while houses established in the colony are made subject to taxation on their annual profits, outside firms which are competing with them by means of travelling agents would be allowed to go free of taxation altogether.

It was, as you are aware, originally enacted that all travelling agents were to make annual returns of the profits accruing to their principals. This, however, was found inconvenient in practice, as the travellers were unable to say what the profits of their principals really were. In deference to the wishes expressed by many travellers themselves, the law was amended last session so as to do away with the necessity for making returns, and substituting a fee of £50 to be paid by each traveller on arriving in the colony. The difficulties complained of by travellers have been thus done away with, and it was hoped that when the new system came into operation further objections would cease.

With regard specially to the letter from the Walsall and District Incorporated Chamber of Commerce, I would like to point out that in July, 1895, previous to the coming into operation of the present system, that Chamber addressed a letter to the Secretary of State complaining of the method then adopted by the Colonial Legislature of taxing foreign firms on the profits made. The letter concluded with the following remarks: "If it is necessary for revenue purposes to tax commercial travellers who represent firms not located in the colony, my Council would suggest that it should be done in the form of a direct tax upon travellers. In some colonies a tax of £20 per annum is found sufficient. By this means inquisitorial and irritating consequences of the present Act would be avoided."

After reading the above extract you will note the inconsistency in the present objection raised by the Chamber—viz., that in addition to the license-fee there is a deposit to be lodged with the Customs for duty on the samples brought by the traveller—appears to me not to be a serious one, as, in the event of the traveller taking his samples away with him when he leaves the colony, he is entitled to a rebate of the duty deposited.

JOHN MCGOWAN,
Commissioner of Taxes.

No. 25.

(No. 15.)

SIR,—

Government House, Auckland, 17th April, 1896.

In reply to your despatch (New Zealand, No. 3) dated 22nd January, 1896, covering a letter from Messrs. W. A. Crump and Son, regarding the levying of income-tax on the ship "Earnock," I have the honour to forward, at the request of my Government, a report from the Commissioner of Taxes in explanation of the matter referred to.

I have, &c.,

The Right Hon. Joseph Chamberlain,
Secretary of State for the Colonies.

GLASGOW.

Enclosure.

Land- and Income-tax Department, Wellington, 24th March, 1896.

MEMORANDUM for the Hon. the COLONIAL TREASURER.

I ATTACH a report on the letter written by Messrs. A. Crump and Son, of London, on behalf of the British Shipowners' Mutual Protection and Indemnity Association, and which formed the enclosure to the letter from the Secretary of State for the Colonies dated 22nd January.

The case referred to is that of the ship "Earnock," chartered by the New Zealand Shipping Company. Messrs. Crump and Son are not correct in saying that the ship, when loading at Lyttelton, was charged by the authorities £6 2s. 1d. for income-tax. As a matter of fact the department has not levied any tax upon this particular vessel, as she was chartered by the New Zealand Shipping Company, and that company is responsible for the tax payable by all the ships sailing under its flag; but doubtless it is the deduction from the charter-money by the shipping company which forms the real cause of complaint by the owners of the vessel. Recently, I understand, the New Zealand Shipping Company has sought to disclaim the agency of these chartered vessels, and has instructed the Customs Department to collect from the vessels before clearing. The ship "Ashmore" and two others are the only vessels leaving under these conditions of which I have been informed. With this arrangement between the chartering company and the shipowners the department has nothing to do. As to the contention that the regulations under which the tax has been levied are *ultra vires* and inconsistent with the Land and Income Assessment Act, I have only to say that such regulations were prepared by, and under the advice of, the Law Officers of the Crown in New Zealand, and I have not the slightest ground for supposing that they are otherwise than in strict accordance with law. The legality or otherwise of these regulations has not been called in question in the colony, and, if questioned, I have no doubt whatever but that they will be upheld. There are several misconceptions in the letter under review to which I will briefly refer. In the first instance, the writers are mistaken in saying the assessment is made by the Governor in Council, and not by the Commissioner. Although the terms and conditions are, in accordance with the Act, prescribed by Order in Council, the assessment in all cases is made by the Commissioner.

As to the right of objection and review not being conserved, I have to point out that in the case of the vessel referred to (the "Earnock"), as I have already explained, no assessment was made on the vessel by the Commissioner, but it would appear that the charterers had deducted from the charter-money (in anticipation) the tax which it was estimated would be levied, not on the vessel, but on the charterers.

In South Australia, where the law is practically the same as in New Zealand, it has been held that income-tax is leviable on that part of the business of the P. and O. and other similar companies which originates in that colony. That is what we assess on—namely, the value of the outward freights, passages, &c.—which is business originating in the colony.

On the general principle as to whether a colony is entitled to assess for taxation the profits derived from shipping business originating in such colony, I have to say that this appears absolutely unquestionable. The South Australian Court, in dealing with the assessment of the P. and O. Company, laid great stress on a case heard in the English Court of Appeal—*Ericksen v. Last*—an appeal by a cable company domiciled in Copenhagen against an assessment made by the Commissioners of Inland Revenue in Great Britain. The principle laid down most clearly there is that a company or person who undertakes in one country contracts for the carriage of goods to another country is carrying on business and is liable to taxation in the country in which the contract is made and the business originates. An extract from the judgment of the Court of Appeal reads: "A company in this country who regularly undertake the carriage of goods abroad for money as part of their ordinary business carry on trade in this country although the whole of the carriage is done abroad."

... "Again, if a railway company with a station at Dover and a station at Calais were to carry passengers from Dover to Calais, that, I think, would be a trading in Dover so far as regarded the passengers carried from Dover to Calais." It will thus be seen that the principle followed in this colony is absolutely on the lines laid down by the income-tax law in Great Britain.

Where a vessel has to go to, or how long it may take her to reach her destination in order to earn the freight, therefore appears immaterial. Her captain and officers have to sail the ship right round the world to earn their salaries, yet they pay tax in England on these salaries, being domiciled there. The arguments which would seek to prevent our levying tax on the earnings of the ship should equally prevent the English department from levying tax on the earnings of the ship and the salaries of her officers. It is perfectly true that some ships come out to this colony

with only half-cargoes or in ballast, in order to obtain homeward freights, which pay much better, the fact being that the homeward freights are so much higher that it pays to send out a vessel either empty or only partly laden.

I believe it is argued that an injustice exists because the British income-tax is levied on all profits derived by persons resident in Great Britain from abroad, and that if the colonies levy a tax on freights Homeward there is a double charge. The injustice, if it exists, and the double charge, if double charge there be, rests with the Imperial Government, which levies tax on profits earned everywhere, including both outward and inward freights earned by shipowners resident in Great Britain. I cannot help thinking that a colony would be more justified than the Imperial Government in assessing the freights of vessels, both outward and inward, for taxation, because it is a fact beyond dispute that the freight on both the goods coming out and the produce going Home is derived from the colony and is paid by the colonists.

An income-tax has now been imposed in nearly all the colonies, the system having been adopted in New South Wales, Victoria, South Australia, Tasmania, and New Zealand, and the provisions as to taxation of shipping are practically the same in all five colonies.

It seems to me that it would be fair to ask the British Income-tax Department to make some allowance to traders with those colonies who have been called upon to pay income-tax here.

I have only to remark, in closing, that our tax is exceedingly moderate, being only $\frac{1}{4}$ per cent. on the outward earnings.

JOHN MCGOWAN,
Commissioner of Taxes.

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