

The J. G. Ward Farmers' Association

Examination Of The Hon. J. G. Ward.

(*Reprinted from the Otago Daily Times.*)

A sitting of the Supreme Court was held yesterday for the purpose of taking evidence in connection with the proceedings for the liquidation of the Ward Farmers' Association.

His Honor took his seat on the bench at 11 a.m., and the proceedings having been called on,

Mr Macdonald (of Invercargill) said that he appeared with Mr Solomon for the official liquidator.

Mr F. R. Chapman: I appear with Mr Cooper (of Auckland) for Mr Ward.

Mr Gallaway: I Appear for Mr Birch, one of the parties.

Mr Chapman: Mr friend Mr Cooper and I appear for other witnesses, but I only mentioned Mr Ward now, as I understood he was to be examined first. We had notice of that.

His Honor: Of course the examination of each witness is a separate proceeding.

Mr Chapman: That evidently is so His Honor: This examination of course, is not a public examination.

Mr Solomon: There is one point in connection with the matter that I should Like to be clear about——

Mr Chapman: I wish to address your Honor on that subject.

Mr Solomon: I should like to put the liquidator's position before the court. In the first instance, as your Honor puts it, *prima facie* it is a private examination, and it can only be a public examination by the expressed wish of both aides, It has been suggested to us that it is unfair to Mr Ward that the liquidator's report should go before the public, and that he should not have an opportunity of justifying himself or of denying the statements contained in that report.

His Honor: If the parties wish it may be public, but not otherwise.

Mr Solomon: I should like to say——

Mr Chapman: I can nave my friend some trouble, perhaps, your Honor. On behalf of Mr Ward we have to ask that it should be tested as a public proceeding. The only hesitation we have had on the subject at all is this: Mr Ward has asked from the first—from the time of the publication of the report Mr Ward has applied to the liquidator to be examined, and he has wished from the first to be examined in public—the only difficulty that we felt about it is the circumstance that the private affairs of a large number of people would have to be practically put before the world out of matters which must necessarily arise in the examination. However, Mr Ward is in this position: The report has been made public, and the report in many ways makes imputations and charges against him. The moment he saw that report, Mr Ward formed the determination to ask for a public examination, and he applied to the liquidator for a public examination, and he has in no way receded from that position, We have, therefore, on Mr Ward's behalf, to ask that these proceedings should be treated as public.

Mr Solomon: On behalf of the liquidator, I consent.

His Honor: The request is perfectly reasonable.

Mr Solomon: We had no thought of opposing it.

Mr Chapman: I did not suggest that.

His Honor: Very well; the proceedings will be open to the public.

Joseph George Ward, having been sworn, was examined by Mr Solomon on behalf of the official liquidator, and deposed that be bad for 11 or 12 years been in business in Invercargill as a dealer in grain and other produce. In October or November, 1892, Mr Fisher was in his employ, and bad been in his employ for some years, and for the greater portion of the time as manager, Mr Anderson was the chief bookkeeper, but as manager Mr Fisher would, witness presumed, have supervision or control over the bookkeeping; but this he did not know positively. Witness was the head of the business, and, as fat as he could, made himself acquainted with the state of the business.

Mr Solomon: What do you mean by "as far as you could"? Did you actively supervise the busmen?—That is not the question you asked me, Mr Solomon.

Then we will go back to the other question if it is not the question. What I did ask you was, "Did you supervise the business"?—I answered, "As fact as I could."

What was there to prevent you thoroughly knowing the state of your own all affairs?—Not more than there would be to prevent any other men in the same position.

Then you were in no different position from any other man?—Excepting that I was away a good deal.

But you knew how you stood, I suppose?—I did.

And you, I presume, from time to time, inspected your own books, the same as any other business man would?—No, I did not.

You did not at all?—I was going to answer, if you will allow me. I did not. I book the statements from time to time, which were carefully prepared and placed before me, and the balance sheets that were placed before me.

By whom?—By the manager.

Then am I to understand that in your own business you implicitly relied upon these statements and took no steps to see how you yourself stood?—I did not way that.

Answer the question then—I do not know whether you said it or not. Am I to understand that you in regard to the conduct of your own business implicitly relied upon the statements of others, and took no steps yourself to see if the statements were true?—So far as I could I familiarised myself with the whole business.

Is that also as far as you could?—Exactly.

Witness continued: No man with a large business could familiarised himself with the details of his business; he must be guided, as in every business, by having the details placed before him from time to time. He did not check the statements of Mr Anderson or his manager. In November, 1892, he knew his position. That was at the time of the formation of the Ward Farmers' Association. The 31st March, 1892, was the usual time of balancing. Did not think they balanced half-yearly. The total assets then were: Properties, £22,638 14s 5d—made up by property at Tuturau (£1653 19s). residence at Goal Stream (£1438 7s 4d), residence at Bluff (£352 15s 10d). brick stores at Bluff (£1249 14s 1d), and offices at Bluff (£410 16s 2d). Going back to 1888, the first properties in the statements were Love's store at Bluff £2500, eight sections of land £600, the property at Invercargill known as "The Crescent" £4500. On that there was a £2000 mortgage; office fittings, &c., £665 13s 6d. That was a total of £7765 3,6d. That was brought forward to next year. The assets that year were £8950 2s 2d. inclusive of the sum carried forward. Next year was commenced with a total el £8947 7s 2d. The values were face values, less depreciation. They wen the actual value, in the opinion of those who set them down, leas depreciation and plus the value of interest There was a preliminary agreement undertake to sell the freezing works at a date ahead. He had not got the date of that agreement in court, but it was some time before the actual carrying out of the preliminary agreement was given effect to. The final agreement carrying out the intention of the first one was dated on the 18th of June, 1894. That was the memorandum of agreement implementing the £50,000 sale. The first agreement to which he referred undertook to carry out the original sale, which was for a lesser amount—viz., £32,000.

Mr Solomon: You agreed to sell to Nelson Bros. for £32,000, roughly speaking. I want to know whether those freezing works bad not been trebled in value between November, 1892, and the time you sold them.

Mr Ward: Well, treble would make it come to £96,000.

It was three times the value it would have been if you had sold it when the Ward Farmers' Association was floated?—No; that is not so.

In reply to further questions, witness said he knew the newspaper produced—the Southland Farmer. It was his own trade journal, published in the office of William Smith, of Invercargill. The written matter was prepared in witness's office and sent to the publishing office. There had been articles published in the Evening Press in Wellington criticising the business of the Ward Farmers' Association. He sent a reply to the New Zealand Times to what was regarded to be a most unfair political article about a private business. He afterwards sent that reply to the journal published at the office of William Smith.

Mr Solomon asked witness what witness meant by saying in that reply that the Ocean Beach works were being trebled in capacity.

Mr Ward: Yes. Very well. You want to know what inference is to be drawn from you question and my answer about trebling the capacity. I will tell you. I purchased the freezing works and I trebled the capacity of the existing freezing works from what the Ocean Beach Works were at that time. But it does not follow that the works were trebled in their value when they were trebled in size.

Mr Solomon: I want to know what was the value at the time you agreed to sell them for £32,000?—I will give you the value in March—£14,400 odd.

I want to know the value of the freezing works in 1892?—In March, 1892, the value was £14,000, and there was a continuous expenditure in extending the works from that time on.

What were your other assets?—Book debts, £27,526 15s.

Is that their face value, or the value after providing for bad debts?—That is the value at this date after bed debts have been provided for.

Anything else?—Bills receivable for collection, £11,578 14s 11d; consignments of produce. £270 14s 2d; companies' shares £2263 4s 10d; sundry stocks, as per inventory attached £23,227 5s 10d; produce stocks, as per inventory, £1956 11s 3d. That is the whole of the assets, amounting to £103,671 14s 6d.

Mr Solomon said he now wished to call Mr Weymouth to product the bank's books, but he understood that

that officer had something to say to the court.

Mr Weymouth asked whether the bank were bound produce these books.

His Honor inquired as to what books were referred to

Mr Salomon said he wanted the bank ledger with Mr Ward's account for November, 1892

Mr Weymouth said the bank objected simply for the protection of their customers.

His Honor decided that Mr Weymouth ought to produce the books. There was an order to produce, and until that was set aside it stood good.

Mr Salomon (to witness): What was the state of your ordinary account in March, 1892?

Mr Ward: I will tell you the state of all accounts. The total position of all accounts on March 31, 1892. was an overdraft of £54 323 2s 4d. It consisted of an overdraft of Invercargill of £45,911 5s 11d; at Gore, £317 17s 91; special account in connection with a shipment of sugar, £7396 13s 3d; outstanding cheques, £755 5s 5d (Invercargill, £597 13s 1d; Gore, £157 12s).

In it not a fact that your overdraft with the Colonial Bank on November 29, 1892, was £85 073 16s?—I cannot say that it is a fact; but if you have gone into the bank's books and say it is so I will not deny it; but in the interval between March 31, 1892, and December an enormous expenditure had gone on in connection with the freezing works alone, I presume you don't want to put me in an unfair position. If you are trying to show the difference between the overdraft in March, 1892, and November, it is surely right that I should tell you that there had been an enormous expenditure in the freezing works, for which I got £50,000 afterwards.

If the bank books show that your overdraft in November, 1892, was £85,073 16s, will you say that is not correct?—Certainly not.

If in addition to that the discounts on 29th November amount to £11,318 8s 9d, will you dispute that?—If the bank books show that, and we have been advised of that, certainly not.

And the British bills at that date, against the stock which you have taken credit for—if the bank books show £9174, will you dispute that?—Not if they were correct—certainly not; but you are asking me about what had been done by other people in their books.

Will you admit it?—No.

Will you dispute that on November 29, 1892, your total liability, direct and contingent, was £127,000?—If that is the liability in the books book's I will not dispute it, but I think you should set out in detail the whole of the assets.

I want to know what assets there are?—Take the Hokonui Railway Company for instance. The Hokonui Railway Company was valued for the purpose of placing the business before the court at Is in the pound. The liquidator has already, I think, got 10s in the pound for it. If that is not so the liquidator will perhaps say so.

It is not so. Is it not a fact, then, that irrespective of any contingent liability at all upon guarantees your direct liability to the Colonial Bank in respect of your business on November 29, 1892, was £107,900?—Witness replied: Supposing it was, the fact remained that on March 31, 1892, the assets amounted to £103,871, and from that date to November there was an enormous expenditure on the freezing works and other properties.

Mr Salomon: You show an as item of assets £11,000 of bills receivable?—Witness: Yes.

And you owe the bank £9000 out of those bills. If you take credit for it as an asset you must surely debit yourself with the liability to the bank?—It is done. The fact remains, Mr Solomon, that my assets in March were £103,671, and they would have increased up to November by whatever amount of additional expenditure had been made on the fretting works, or by the acquirement of stocks, or by anything else that was done for the general business.

I want to find out from the books what the state of your assets and liabilities was on the 29th November, 1892. The nearest we can get is that you do not dispute that you owed the bank £99,000.—I do not dispute it, because I do not know it.

Did you ever get a copy of this statement of your accounts (produced) taken from the bank's books?—No.

Will you look at the assets, and say if, they are correct?—I cannot tell by reference to that statement whether they are correct or not.

Among these properties of which you have been speaking there was one that was mortgaged to Kenyon and someone else as trustees for £2000?—Yes.

Am I right in saying that the whole of the rest of the properties that you had on the 29th November, 1892, were subject to an unregistered mortgage to the Colonial Bank?—Not the whole of them.

Nearly the whole of them, with a small exception?—I said not the whole of them, but the greater portion of them were.

I want to draw your attention to a letter of yours in the Southland Farmer of September, 1893, in which you state your intention to publish the "venomous article" of the Evening Press in the paper which issued from ye or own office, and which circulated among the farmers of the district. You intended the farmers to see that letter,

and it is published in September, 1895, while, as you admit, nearly the whole of year property, warehouses, and private properties were subject to a second mortgage to the Colonial Bank?—To an unregistered mortgage.

What do you mean by this statement in the letter: "I may add, further, that the whole of my warehouses and private properties, with one email exception, are un mortgaged and unencumbered"?—It was so.

Further questioned, witness said it would be a fair thing to get the leading articles of the Press and read it. (The article was produced, and handed to witness.) The witness proceeded to say that Mr Solomon might have slated that the article did not refer to the business of J. G. Ward at all, but to the business of the Ward Farmers' Association. At that time withers was out of business, and as a matter of fact there was the difference of a year between the two occasions involved in counsel's questions There was a statement in the letter, too, to this effort: "The bank hold securities as against the advance which the association had from it of no less than £62,000 independently of £20,000 of uncalled capital of the Farmers' Association at that date." He would like to know, from the books, what the state of his account was in September. When he wrote the letter he would have a fair knowledge of the state of his account. He was in Wellington at the time, sad he did not send to Invercargill to get figures. He replied to the article to the best of his ability.

Mr Solomon: Have you not stated that the greater portion of your assets was mortgaged to the Colonial Bank?—Yes. They were held as collateral security.

Is that statement not untrue to year own knowledge?—There is a difference of 12 months.

The mortgage still existed?—I say there is a difference of 12 months. This statement has no reference to the private account of J. G. Ward, but to the accounts of the Ward Association, and you know that. You are putting a position about my private accounts, and I say that the whole of my securities were at the back of the association, and it says so virtually in this letter.

His Honor: Mr Ward says he would like to have that letter read in full and not isolated phrases, and it might be that that would be advisable.

Mr Solomon: I wish to here it read, but I shall refer to almost every line of it later on.

Witness: I think the letter and also the article should be read.

His Honor: Very well.

Mr Solomon: Mr Ward sent down from Wellington to Mr Fisher a letter and a copy of the article, and the whole of it appears in Mr Ward's paper.

Witness: I think that as a fair thing, Mr Solomon, you should give the accounts in September sad the figures at the time you say my securities were encumbered, and you will see there is a great reduction.

Mr Solomon: That has nothing to do with my question, which refers to this point: According to my instructions you made a statement which was untrue, and untrue to your own knowledge, and you made it with the direct intention of distributing it amongst the shareholders.

His Honor: That shows that the original article and the letter should be read, and then Mr Ward can explain.

The article and the letter in reply were then read by the registrar, the reading occupying 35 minutes. They were as follows:—

The J. G. Ward Company.

A SEVERE ATTACK ON THE COMPANY'S FINANCIAL POSITION.

MR WARD'S INCISIVE AND VIGOROUS REPLY.

The Biter But.

A Rapid Road to Fortune.

(Evening Press, August 26th, 1893.)

We have before us the seven-months' report, balance sheet, and report of general meeting of shareholders of the J. G Ward Farmers' Association of New Zealand. It is very interesting reading, romantic in some parts, pathetic In others, and instructive everywhere. It indicates that the genius of the heaven-born financier, who prepared the Budget of the colony for the present session, in no way exhausted itself in the preparation of that extensive, if somewhat fallacious, statement of the affairs of the colony. That he had gifts of no ordinary kind is amply proved by the Fact that he has succeeded in already producing another phenomenon In no way inferior Is proof of his fitness to be where he is in the Seddon Administration. There is a sort of Yankee look about the whole of the J. G. Ward Association reports, which permeates the type used in the printing, the high-falutin' style of the report, and the utter disregard for the conditions usually followed in the disclosure of the real state of affairs in joint Stock Companies which ate suggestive of Mark Twain's editorship of an agricultural journal.

To begin with, the first line in the balance sheet starts well, with—capital, 20,000 shares at £5 each—£100,000. This has a nice, round, full-bodied tone about it, smacking of wealth; but a few lines of deductions bring the capital down to the miserable thimbleful of £5276 10s—a shadow of a shade,—and brought about in this way: Only 5090 shares are taken up, which have paid £1 each; calls have been paid in advance £220; and there are unpaid calls of £33 10s—which represents the £5276 the company has for its working capital. There is then Mr Ward's own interest, which is represented by £15,000 for the purchase of his business by the association; and the peculiar manner in which this amount is set down in the balance sheet is puzzling, till one asks himself how it would appear on the asset side. As a matter of fact, it does not appear at all, and, if it had, it must have been set down as "goodwill." Before coming to the next item among the liabilities, it will clear matters if we here make an extract from Mr J. G. Ward's speech on moving the adoption of the report and balance sheet. He said: "Our custom is always to buy for cash; we never buy on bills. Every article we purchase we got at bedrock price." This is a sound and healthy style of doing things, which a well-to-do merchant is always proud of; and, as Mr J. G. Ward is Treasurer of the colony, and chairman of directors of the J. G. Ward Association, we are exercised in our minds how the following two items managed to creep into the statement of affairs: "Amount to credit of shareholders, £4251 12s 7d, and sundry creditors £1562 18s 3d." Evidently, the first item must have been for produce purchased and not paid for, at bed-rock prices, and the other probably for merchandise for the business. The overdraft to the Colonial Bank is £26,278 6s 7d, and it would have only been necessary to have paid off the two first-mentioned items—a total of £5514 10s 10d—through the bank, and added it on to that institution's balance, to have made the chairman's figures fit his speech. Somehow, we feel a surmise that either the bank had warned the association that it had better "provide" for any further cheques which might be drawn, or that it was the association which was running the Colonial Bank, and not the bank the association. It is only surmise, but it looks as if one or the other prevailed.

Then we come to the assets; and on this point Mr Ward, in his speech is very emphatic. He says: "I may also state that nothing whatever of a speculative nature is entered upon by the association." Again we have a sound, healthy policy enunciated; and again we find a contradictory item, "book debts. £5348 6s 2d." This is a [unclear: trefle] more than the whole of the paid-up capital of the association—leaving out of the question Mr Ward's paid-up shares,—and we would ask any business man whether he would consider he was engaged in a venture of a "speculative nature" if he had all he possessed out in book debts? We don't wait for an answer, knowing what it would be, but go on to the next item of "stock on hand, £17,088 5s 7d, and advances against produce, afloat and ashore, £49,502 17s 2d." Now, if investing in stock and produce is not speculation, we must look for some meaning of the word not given in any dictionary in our possession. It is the very essence of speculation, in the accepted meaning of the term—the meaning understood by commercial people who are one and all speculators. The kernel of the balance sheet is this; The association has liabilities. £87,220 2s 7d. of which £27610s is share-holders' money, and all the rest is *pure unadulterated debt*. In other words, for each £1 of capital in the concern there is £15 10s of somebody else's. Yet Mr J. G. Ward says "our financial arrangements are such that we are in a perfectly independent position." So were the Australian banks; they, like the J. G. Ward Association, "could not be cornered," as he jauntily put it to his admiring colleagues in this flourishing concern; but the banks were cornered with much better-looking statements than the Southland prodigy can show. One other point in connection with this first cousin to the Budget, and we will pass on to another phase of the question. The bank overdraft is stated at £26,278, and the interest paid for the seven-months period at £134 5s 2d. It is not the custom of banks, in our dealings with them, to grant overdrafts at from 1 to 1½ per cent. interest, that is what this statement implies. Taken at 7 per cent. for seven months, on the amount stated, the interest would be £1703. Evidently there is something here not disclosed. It may be that interest was charged to clients having advances, but if such was the case it should be shown. On the face of the published accounts of the association there is so much left to imagination and guesswork that Edgar Allan Poe's tales of "Imagination and Mystery" are mere children's stories in comparison. The statement is compiled for a period of seven months; it may be that this immature period is selected because of its birth having been somewhat hurried; but at the same time it is curious that the end of the seven months—June 30—is also coterminous with the end of the produce season. Grain, wool, butter, meat, &c., are all shipped and done with for the season by that time, and three to four months of slack times for farmers, merchants, and shippers then set in.

But look at the profits!—£4414 19s 1d—the dividends. 10 per cent. on paid-up capital! the refund of commission. 20 per cent. off the charges on wool! the bonus to shareholders who bought goods, 2½ per cent. on their purchases! another bonus to the lucky clerks and store men in the employ of "vigorous and progressive a company!!" and £1000 the reserve fund!! and, finally, the balance to next year's profit and loan!!! These are facts no critic can cavil at. Nor shall we; we merely desire to observe, *en passant*, that, as a rule, one man's gain is another's loss, and that if large profits are made and extensive bonuses dispensed, and large sums carried forward, someone must find the money to do it with. Mr J. G. Ward, in his great speech, showed how it was

done, and he has taught our business community something which early training, constant study, and lifelong experience in business has failed to instil into their minds—but he is a genius, and they only ordinarily rule-of-thumb people. Perhaps he will at his leisure, undertake the preparation of a primer for the use of schools on "How to Prepare Balance Sheets, with a Few Observations on Glowing Reports. Illustrated with Examples from Personal Experience." We feel convinced that his enterprising colleague, the Minister for Education, would undertake that. It should he made a compulsory text book in the schools of the colony. In his address to the grown-up people of Southland he gives a few promiscuous examples of the blessed advantages gained by dealing at his shop. There are seven happy customers selected to clinch his argument with. We take the first it to illustrate his methods of reasoning "A farmer from Drummond has two shares, upon which £2 has been paid, and gets back £1 12s 6d as dividend and bonus." This is a bit startling, and the other six lucky dogs in the association all seem to have fared equally well. A little investigation, however, shows that it is not such a rosy affair after all. Firstly, he gets his 10 per cent, on his shares—viz., 4s on the £2 he paid in, which leaves £1 8s 4d as bonus. The bonus on goods purchased was 2½ per cent., so that he must, in the seven months, have bought goods to the extent of £56 13s 4d, and his bonus simply amounted to a discount of 2½ per cent. Where did this come from? And whence did the Other be nudes and profits arise? From only one possible source—from the high percentage of profits charged. The whole of the reasoning irresistibly reminds us of a circumstance which happened in a saloon bar in 'Frisco. A dead-beat went in and asked the bar-tender "how much them cakes were?" "Five cents," said the barman, "Then I'll take one," said the fellow; "and how much is a glass of whisky?" "Five cents, aid the barman again. "Then I'll change my mind, and take the whisky," said he of the seedy clothes. He drank it and was making for the door, when the barman called out, "Hi, you haven't paid for that whisky," "Didn't I give you the cake for it?" asked the other. "But you didn't pay for the cake." "Well, you've got the cake, haven't you?" said the dead-beat; and before the barman could pull himself together sufficiently to see where his shortage of five cents came in, the man was out of sight round the corner.

Mr J. G. Ward's philanthropy in handing over a business which he shows had paid a net profit of £4414 19s 1d in seven months to a company for £15,000 in paid up shares cannot be too highly estimated, and decidedly entitles him to a marble statue on a very high pedestal in the best situation in Invercargill. He, in pathetic terms, deplored that bin fellow-shareholders in earlier say, before his dexterous mind and diplomatic knowledge came to their aid, had been connected with other co-operative companies of one sort or another in Southland. "They did little or no good. It could not be expected they would; they were crippled for want of capital, and handicapped greatly by the strong competition of *my* firm's business" Further on, he tells them how he has taken over no less than three of these concerns, which could do no good and were "crippled." It is very, very funny! He in another place and on a subject quite apart from the Farmers' Association, say, "I studiously avoid attacking an opponent"; the opponent in this case being; an opposition meat-freezing concern running against his own private one, and in which some of the shareholders present held stock. And he goes on to preach up his own as the real Simon Pure, which gave them "the highest cash price for fat sheep"—implying that the other shop did the other thing.

We have extended this article to too great a length, and will conclude with a delicious bit of pathos—or bathos; our readers may please themselves which term they apply to it:—"This business is not a thing of to-day I am sanguine enough to believe that when I am dead—(sobs from the audience—and gone—(handkerchiefs and sniffs)—this association will be still in existence; and I firmly believe it will do good service to the farmers of Southland.—(Applause.)"

Mr Ward's Reply.

(To the Editor of the New Zealand Times.)

SIR.—I should feel obliged if you would favour me with space to reply to an article which appeared in the Evening Press of thin city on Saturday last, having reference to myself and the Farmers Association, of which I am chairman, I have no intention of communicating with the paper in question. It is generally understood that many of its articles are communicated by what are known as "outsiders." the coward is generally conspicuous for his bravery when his adversary is absent. He prefers not to meet him In the open; and I think it will generally be conceded that any man who has the use of the leading columns of a paper at his command, and who avails himself of it for the purpose of writing vindictively and with a clear den ire to damage, or even ruin (if it were possible) a man against whom he is politically opposed, and so covets up his identity, should be classed amongst the meanest and most contemptible of cowards conceivable. Of course, the paper itself becomes responsible for the opinions expressed in its leading article. This is fortunate, because it at any rate gives a person who feels seriously aggrieved the opportunity of redressing, in a proper way, anything that is maliciously written. It is, however, a matter or great surprise that soma of the men who are connected with the Evening Press should allow it to be used, so far as business matters are concerned, in a way that nine business men out of 10 would pronounce to be un-English. Let it write against a man's public acts as strongly as it likes,

but it should not try to ruin his business. Others could, if necessary retaliate in the same way, though I admit it would become intolerable were such a course followed. In dealing with the article in question I find it necessary to treat of my individual financial affairs first, and with the financial affairs of the association next. It is perhaps, a matter of little or no concern to anyone, except my own immediate friends, as to what my financial position is; and, excepting those immediately interested, it is also of little concern to anyone as to what the financial position and strength of the Farmers' Association is. However, as a very unusual journalistic course—that of attempting to damage myself and the association—has been followed, I must be pardoned for referring both to my own private affairs and to those of the association. Matters of business pertaining to myself I have never paraded before anyone. I do so now simply because I feel that a cowardly and contemptible attack has been made upon me, I have worked hard and honestly for many years in business, and I have the satisfaction of having built up one of the best and most profitable businesses in the district of Southland. There I am well known to every man in the district, I enjoy the respect of my opponents; and the innuendoes and imputations contained in the article referred to would, in the district in which I have served the greater portion of a lifetime, be treated with scorn. The object of the writer is possibly political; it is, however, a new method of attacking a political opponent to try and do it through his business or calling. It is well known that the Farmers' Association is closely identified with myself. The innuendoes concerning both it and myself are as untrue and unfounded as anything well can be. It is distasteful to have to refer to my private affairs, but the circumstances call for it. Last year I was one of 75 people in this colony who paid income tax upon an income of over £3000 a year; and, as I am perhaps dealing with a fastidious critic, I should say here that I was not then in receipt of any Ministerial salary, nor of any Government moneys, and none were included in my Income tax return. In addition to income tax I also paid a considerable sum for land tax, I may add further that the whole of my warehouses and private properties, with one small exception, are unmortgaged, unencumbered. I will not state their value here further than to say that it is very considerably in excess of any sum that the Farmers' Association had from its bankers for the accommodation of its business at the date of its balance. I have never made the slightest pretension to being a rich or a wealthy man, nor have I now any intention of posing as such; but I am thankful to say that I am not a poor man. Apart from myself, my immediate relatives in the south cannot in any sense be classed as poor. They have a fair share of worldly goods, their properties are unmortgaged and unencumbered, and they have considerable sums invested. If I wanted their assistance I am proud to know that they have sufficient trust in me to give it.

So much for myself. And now for the Farmers' Association, For malignant and untrue misrepresentation, the statements made in the article could scarcely be excelled. The association in question has no interest where the Evening Press circulates. It has no shareholders here; it is not a creditor to the extent of a £5 note in this district. The association, since its formation, has never paid anyone to canvass for shares; it has not advertised the sale of shares; it has not employed a broker for the sale of its shares, nor has it asked for £5 worth of credit from any business firm or individual in the colony. It is, therefore, evident that the article in question could in no sense be construed into having been written for the public good. Animus, spite, and other motives are, in the opinion of everyone who has so far conversed with me upon the matter, the *[unclear: f u]* dation of it. And here I would thank those who have been kind enough to call and personally express to me their sympathy, and detestation of what some of them have termed a rascally attack. Let me deal with the overdraft at the date of balance first. It was upon that date £26,278. The writer makes the statement, by way of surmise, that either the bank had warned the association that it had better 'provide' for any further cheques which might be drawn, or that it was the association which was running the Colonial Bank, and not the bank the association." I merely wish to say that upon the date in question, the bank held securities as against the advance which the association had from it of no less than £62,100, independently of £20,000 of uncalled capital of the Farmers' Association at that date. The imputation contained in this statement could only have been made for the purpose of damaging the credit of the association. Now, let me deal with another item:—"Stock on hand, £17,038, and advances against produce, afloat and ashore, £49,502." The writer says: "If investing in stock and produce is not speculation, we must look for some new meaning for the word not given in any dictionary in our possession. It is the very essence of speculation, in the accepted meaning of the term—the meaning understood by commercing people, who art; one and all speculators," Now, what can be thought of the malice of the writer, who could easily have ascertained the particulars from me here, when I tell you that not one shilling of the £40,502 referred to there belonged to the association, or concerning which it had any financial liability. Nearly the whole amount was advances against produce sold through the association as agent, and against which British bills (covered by credits) were drawn at date of shipment. Anyone who knows anything of commercial business will tell you that a British bill drawn against a credit is as good as cash; but the point is this: what this writer attempts to twist into a speculation to the extent of £49,000 on the association account, not one penny of it is speculative, nor had the Farmers' Association any direct risk connected therewith. Ordinary general stocks of merchandise which are going out daily to farmers, and which stood at that date at £17,088, cannot, in any

sense, be termed a speculation. Again, the association's liabilities are "£87,220 2s 7d, of which 10s is shareholders' money, and all the rest in pure unadulterated debt." So says this vindictive writer. Now, when I say that in this item he has included British bills against letters of credit, not one sixpence of which is a debt, nor indeed even a liability, the improper strictures of the article will at once become apparent. Brought down in the sum again are the stocks of merchandise as well as the advances to farmers against produce afloat and in store, as well as the ordinary advances to farmers that were secured to the association. To make the position clear upon the date that this vindictive writer refers to, in which he states the liabilities of the association to be £87,220, the actual sum upon which interest was directly payable by the association was under £16,000. Every other amount which the writer has included in the £87,220 was represented by either British bills and letters of credit or secured advances to farmers, upon the whole of which they were paying interest to the association. This writer, whose motives, I repeat, throughout the article are everywhere stamped by the word "malice," again endeavours to paint the position of this association, so far as its share capital is concerned, in the blackest possible way.

As I said before, I had built up a large, successful, and profitable business. I decided to convert my business into a Farmers' Association. A prospectus was issued to our clients, in which it was stated that £1 would be called up within the first 12 months, and thereafter calls of £1. The announcement was made in my own trade journal. No advertising of any description for shares was done, and no brokers were employed. The times of balance were made half-yearly. It was in no sense like the establishment of a new business; it was taking over a profitable, healthy, and live business, which, every single year, from the time I started it, paid considerable profits. The earning power of the business immediately went to the Farmers' Association. Many of those acquainted with the business in the district became shareholders; and upon the date when the first balance was issued, 5090 shares had been allotted. This writer throughout carefully covers up the fact that at that date there was £20,000 uncalled capital. That, however, is in keeping with his whole object of attempting to damage the financial status of the association. There was authority in the prospectus for the issue of 10,000 shares. At the first half-yearly meeting authority was obtained for the issue of a further 3000 shares, making 13,000 shares altogether for allotment. Including 1500 applied for at the half-yearly meeting; there have since been allotted 2018 shares, making 8708 contributing shares issued date, and quite independent of my own 3000 paid-up shares. In accordance with the terms of the prospectus, only £1 per share in the first 12 months could be called up. At the rate the shares have been taken up, before the end of the present year I think there is little doubt that the whole of the 10,000 contributing shares will be subscribed; and after the first 12 months a second £1 per share will be paid, giving us £20,000 paid-up, and with uncalled £30,000. Those who are connected with this company believe this is enough to work its business; and, if it is not, I have every confidence they can get more.

I pass on to the criticisms of the interest paid on the bank overdraft, which is correctly and truly stated in the balance sheet at £134 5s 2d. He says; "It is not the custom of banks in our dealings with them to grant overdrafts at from 1 to 1½ per cent. interest, but it is what this statement implies. Taken at 7 per cent, for seven months, on the amount stated, the interest would be £1073." The writer at once assumes that this accommodation had been obtained from the bank for the whole seven months. I require to state only one fact to show the utter unreliance that is to be attached to his strictures. Three days preceding the balance, two large sums were paid out for the purchase of stocks and advances taken over from another business. As a matter of fact, the average amount of accommodation would not have stood during the period of seven months at over £7000. None of the advances against farmers' produce in store would have been made, at the earliest, before March—the greater portion of them in April. However, I have said enough on this point. There are hundreds of others besides myself shareholders in this association. It is not in my opinion, right that a large number of honourable, well-to-do and energetic men who are shareholders in the association which happens to bear my name should be made the subject of a malicious attack through me simply to enable the writer to hurt me politically; and with the belief that I correctly interpret the intention of the writer to attempt to destroy the credit of the association, and in a way that I have never seen done in this colony before, I have sent this article to the directors of the association, Invercargill, to consider it and take the opinion of their solicitors; and I have also myself referred it to two other leading solicitors. Upon their opinions I will be guided. It appears to me to be a malicious and libellous criticism, I have the share-list of the Evening Press Company before me and from it I find there are several prominent Opposition members among its shareholders, I should be sorry to think that this paper represents in this matter the wishes of the leading members of the Opposition. I should hope that the majority of them are above such a practice as is here initiated. If, however, the financial positions of members of the House are to be used by the press to attempt to blacken them, as far as I am concerned I am quite open to deal with the financial position of others. If it is to be general, and I am ready to court the fullest inquiry into my own affairs I never during the whole course of my own business gave a bill or a promissory note to any man or any firm. I never had an accommodation bill in my life. The Farmers' Association with which I am connected

has laid down the same lines, and will follow them. If it cannot from time to time carry its business on upon the basis of cash for all its requirement it will undoubtedly limit its operations accordingly. Every business man knows that all large commercial businesses use at times the capital of others in the carrying on of their affairs. If I had not been able to have properly used other people's money when I required it, one thing is very patent, that I would not have been a second time entrusted with the use of it.

I have never bad, in connection with my own operations (which at times have been large), the use of capital which has not been fully secured to those from whom I got it. I have made money in business; and, apparently, a trait in my character, which meets with the disapproval of such cowardly writers as the author of the article in question, is that I have not been niggardly, and that I have had the courage to put it out in order to try and make more, I at any rate, have the satisfaction of knowing that I have done a considerable amount of good to numbers of people in the district to which I belong. It has been my privilege to bring into life and to put on a stable footing no less than six independent businesses and industries, which are to-day giving direct employment to between 300 and 400 people, upon each of whom there is dependent at least two others, or from 900 to 1200 mouths I say nothing of the people who are indirectly receiving benefits resulting from these undertakings. I am further proud to know that every one of them has succeeded, and that they are proving lucrative investments to those concerned in them. In Southland, where I am well-known in business, the insinuation made by the writer in the Press, that anyone who has done business with me has ever had to wait an hour for his money would be treated with derision. The secret of my personal success to a large extent has been that I have never entered into an undertaking until I first knew how I was going to pay for it. There is nothing whatever to prevent me from searching into the financial position of some of the shareholders of the Evening Press Company, and I wonder how some of them would like it if they were made the subjects of such gross misrepresentation as I have been! I have no desire to do anything that would be hurtful or injurious to the business of any person or firm here, but if people who have no interest whatever, either directly or indirectly, in my affairs imagine that I am going to be attacked with impunity they will quickly find they have mistaken their man. It is my intention to publish the venomous article of the Evening Press, together with this reply in the Southland Farmer, the trade journal which issues from my own office, and circulates amongst the whole of the shareholders of the Farmers' Association throughout the Southland district. This will enable those who are closely interested in the affairs of the association to form a true estimate of the character of the criticism.—For the present I remain,

&c.

Wellington,

August 28.

J. G. Ward,

Mr Solomon: The articles have now been read. We find in August and September, 1893 you were indebted to the Colonial Bank for overdraft £53,000. I want you to tell me. Is that statement of yours in the article true or untrue?—How do you make it £53,000?

On overdraft?—Yes.

Mr Solomon: We have taken them from the bank. The account will show you them. There is your own account; you can look.

Witness: I don't propose to look back. I want you to tell me.

Mr Solomon: It is not part of my business to tell you that.

Witness: Then you are asking me questions I cannot answer.

Mr Solomon: Is it true or untrue that in September, 1893, the whole of your warehouses and private houses, with one small exception, were absolutely without mortgage and encumbrance?—I have replied before that the majority were on unregistered mortgage in the bank as collateral security.

Mr Solomon: I must ask your Honor to direct an answer.

His Honor: You have answered it as far as you can.

Mr Solomon: Will you answer? Is that statement true or not?—I have answered the question.

Mr Chapman: I understood his Honor ruled that Mr Ward had answered it.

Mr Solomon: I will make my object clear. We intend to prove later on in this business that Mr Ward has made misrepresentations. We intend to prove that misstatements have been made, and that the balance sheets signed were untrue. It is my object to show that that was intentional, and I use this illustration to show that misstatements have been made. If I can prove misstatements—I don't say that I can, but I mean to try—it is my business to do so.

His Honor: You have brought out the fact that there was a memorandum of mortgage unregistered in

possession of the Colonial Bank over the greater part of thin property You have also the fact that in that letter Mr Ward states that his properties were *not* mortgaged or encumbered at the date of that Letter You cannot carry it further, can you?

Mr Solomon: I think I can, but I will put it in another way.

To witness: Will you Explain to me if it was the fact that the properties were so mortgaged when you circulated the abatement that they were not?

Witness: You are not stating the fact. You are dealing with two different positions You are making a statement about the amount of indebtedness at one date and the valuation of encumbered properties at another date. You have given two sets of figures. You have stated that the overdraft was a certain amount in September, be you have not stated what it was at the other time, or the conditions under which the agreement to mortgage was given.

Mr Solomon: Do you accept it as a fact that at the date the bulk of your property was subject to mortgage to the bank?—At what date?

When you wrote this letter?—I have already answered that question.

Mr Solomon: Will you answer it again, then? Do you accept it as a fact or not?—I do not accept it as a fact the dates are different. You are putting two different positions. I cannot say whether it was a fact that the properties continued mortgaged at the latter date.

His Honor: Mr Ward's answer, I understand, was that he did not know whether the mortgage had or had not been released at the date of the letter.

Mr Ward: It had never been registered at that date.

Mr Solomon: Never mind. Do you mean to tell me you did not know whether the mortgage was in existence or not?—I have answered the question.

Mr Solomon: Will you answer it again?—How many times?

Mr Solomon: Well, answer me whether you do know.

His Honor: I did not catch whether you said you knew or did not know, or were uncertain.

Witness I answered, your Honor, that I have said I did not know whether the mortgages were released at the date Mr Solomon refers to. The circumstances were different at the different dates. If for the purpose of securing an account an undertaking to register, or even an unregistered mortgage, was left with the banker, and in the interval the accommodation over which it was given was greatly released, the bank, I think, would have no right to exercise rights over the mortgage, and the position was altered the indebtedness to the bank was £80,000, and it came down to £53,000, and, as a matter of fact, there had taken place: that the Ward Farmers' Association account had obtained at the back of it one of the largest English firms, which very largely took his position. That relieved him, he considered, of responsibility to an enormous extent.

Mr Solomon: Then the only explanation you can give me is that your account with the Colonial Bank had altered?—I have said that I regarded the petition as being undoubted, and the bank, in my opinion, had no right to exercise any rights from the unregistered mortgage given at the time the accommodation was granted.

Well, then, Mr Ward, have it that you owed the bank £80,000 or £90,000, roughly speaking. What were your terms with your banker at that moment? Was he willing to give you further accommodation?—Just about that time, at anyrate—I can only speak from memory—the bank agreed to give me further accommodation. At the ordinary facilities that I required were being furnished by the bank.

Were they not pressing you to reduce your account?—I have no recollection of it. If it was no it would be in correspondence to myself.

We now come to the formation of the company. Who suggested the formation of the company?—It was suggested by myself in the first instance.

To whom?—To the officers of the association—to my principal people.

And then afterwards you referred it to the officers of the bank, did you not?—I formulated a scheme and submitted it to the bank, because they were the financial institution conducting my finances, and they were the right people to know I formed the association chiefly because I had embarked on the freezing works, in addition to which I saw the nucleus of a farmers' business arising in Southland.

Did not the bank urge on you the desirability of the formation of the company?—They fell in with it. It would be to the interest of the bank and to the interest of myself to make it a shareholders' business.

The bank would have the security of the shareholders?—It would broaden the basis of the whole thing.

Was it or was it not understood between you and the bank at the time the company was formed that you should go on speculating, and that the association should find the money for you to do so?—If that was so, it was in writing. I cannot tell. The grain operations were to be carried on by the Farmers' Association in my name.

For whose benefit?—Well, the liquidator has said in his report that the losses were borne by the association I dispute that, and can prove that it is not so. The position was this: that to prevent the Farmers' Association

from speculating the grain operations were to be carried on in my name on the understanding that any losses were to be borne by me, and if any profits were to be made the Farmer's Association was to have them.

Now, then, the business was formed, by the prospectus, to acquire your business?—That is to.

Did you not yourself, from the very initiation of this company, obtain large advances from it for the purpose of speculating?—There was an arrangement with the association that it was to conduct the whole of the sheep business for the Ocean Beach Freezing Works, and the association did conduct the whole of the sheep business for the Ocean Beach Works, The liquidator in his report—very unfairly in my opinion—puts it that there were £200,000 worth of purchases of sheep, and he cannot see that any payment was obtained by the association for it. That information ought to be, and is, in the hands of the liquidators of the Ward Farmers' Association. The report omits to state that day by day payments amounting to £200,000 were made, and that ought to be stated. That was one of the arrangements made with the Ward Farmers' Association in the first instance, and in addition to that there was an arrangement to carry on all of the operations for the Ocean Beach Works.

That is not what I am referring to, Mr Ward. Did you not, from the very initiation of the company, get large accommodation from it, not only for freezing but for other purposes?—There was nothing in connection with the business of the Ward Farmers' Association but a wool account, and perhaps some of the side products of the Ocean Beach Works, for which any accommodation was advanced to me personally at all

What was the wool account?—Witness replied that from the sheep that were handled at the Ocean Beach Works there was necessarily a very large quantity of wool to be shipped Home, and to enable him to purchase wool on his own account to ship with the freezing works account to London an advance was arranged to the extent of £3000 The first cheque drawn by the Farmers' Association was a cheque for the purchase of his stock; the second cheque was a cheque for £3000 to him for the purchase of wool.

Were the directors consulted before that cheque was drawn?—The whole of the directors knew. The directors absolutely trusted me in the matter.

Did you not know that the memorandum and articles of association of the company provided that advances were only to be made with the consent of the directors?—Witness, after reading the articles to which counsel referred him, said distinctly that it was not so. The advance was not unsecured, because the whole of his securities were in the bank—he was personally a guarantor to the bank,—and in addition to that there was security behind him

Can you show me any authority for such an advance without the sanction of the directors?—The thing is done every day by every public company in the world, and I say that if a meeting of the directors had to be called to authorise every advance that was to be made companies could not carry on business at all.

Did the directors know of this advance?—The directors were perfectly cognisant that it was not intended that the Farmers' Association should speculate, and that as far as possible I should put business into the association; and I did so to the best of my ability.

Were the directors cognisant that you as managing director, on the day of the inception of the company, got an advance of £3000?—I do not know if they were aware.

I ask you if you can point to me, from that time on, any notification of any sort in any of the minutes of the association of the fact that you obtained accommodation from the association?—The directors knew perfectly well that I was to do what I could to assist the company's finances. As far as was in my power I carried business to the association, and the directors knew that, and no exception was taken to it.

That is not what I want to know, I ask you [unclear: f] you can point to the minutes of the association to one minute of the fact of you, an naming director, obtaining an advance from the association?—I have not gone through the minutes, but the directors were perfectly well ware.

Did you ever bring your account before the [unclear: directors]?—I say that the whole

Was the state of your account with this association at any meeting of the directors ever officially brought before them?—I cannot tell that it was, but I know that the whole of the accounts of the Ward Farmers' Association from time to time came before the directors.

Do you not know, Mr Ward, that your account was never brought before the directors.? No, I do not.

Do you know if there were any meeting of the directors at which you were not present?—Yes, there were. One, I think?—I cannot tell how many.

Was the position of your account with the association ever brought before the directors at any meeting at which you were present?—I cannot tell whether it was or was not.

I ask you, Mr Ward, if balance sheets were from time to time issued by the association?—They were.

Is there in any one of these balance sheets, from commencement to end, any reference to the fact that you were indebted to the association I have never yet seen a balance sheet in which an individual account

Will you please answer my question? Is there in any of the balance sheets issued by the association any reference whatever to the fact that you, Mr Ward, were indebted to the association? Will you say, yes or no?—I

say, No, at once, for this reason that I have never yet seen any balance sheet of any company in which an individual account was mentioned, except in the model balance sheet of the liquidator in the liquidator's report.

You appeared as managing director at several meetings of shareholders. Did you ever in any way refer to the fact of your indebtedness to the association?—Certainly not; but it was known to the whole of the shareholders that practically I owned four-fifths of the Farmers' Association and was largely responsible for its finance, and that to a very large extent the business was carried on for them by me.

Now on the first balancing day—the 30th June, 1893—you owed the Farmers' Association, I think, £23,000. did you not?—I understand it was £21,587 7s 4d. according to the report. I take that from the statement in the report.

Call it whatever you like—call it £21,000?—What is the date?

30th June, 1893. You say it is £21,000?—That is what is in the report.

What was the actual paid-up capital of the company at that time?—On the 1st December, 1894 it was—I asked you about the 30th, June, 1893?—At the 30th June, 1893, it was £5276 10s.

Paid-up capital—Yes.

How is it made up?

His Honor: You will see it in the balance sheet.

Mr Solomon: Very well. Did you not think it necessary to let the shareholders know that their managing director owed the association four times the amount of the paid-up capital at that time?—I did not.

Was there anything of any sort, written or spoken, to lead them to come to such a conclusion?—No, there was not.

If you take your bank pass book—from October, 1892—you will find, I think, that your account became over drawn to the extent of £16 000 odd at once?—At what date?

From the 29th November?—It is December in the books.

At any rate, your overdraft at once becomes £16,000?—Yes.

I mean, of course, the association's overdraft.—Yes, that is so.

Is it ever less than that amount up to June 30?—I think it is probable it was not.

And it went up from £16,000 on the day on which it was initiated till, on the day before the balance, it was—what amount?—On the day before which balance sheet?

The June balance sheet of 1893?—It was £21,000.

What was it two days before?—The Ward Farmers' account.

Yes. What was the Ward Farmers' overdraft?—I have not the information here.

Was it not £47,000?—It was about £47,000.

So that it had never been less than £16 000, and had gradually gone up to £47,000 from £16,000?—Quite so; within the limits of the arrangement made with the bank.

I want to know whether this statement is true—a statement in this letter written just after the balance day of June, 1893:—"As a matter of fact the average amount of accommodation would not have stood during the period of seven months at over £7000" That is your statement. The fact is, your overdraft was £17,003 when you started and it went up to £47,000, and now how do you explain that statement in your Letter?—Will you allow me to see the letter?

Certainly. I call your attention to that statement, because it was intentionally circulated by you.—You cannot discuss the question, I think, Mr Solomon.

I want to know why you made that statement, and made it for the purpose of being distributed amongst the farmers of the district?—As a matter of fact, I do not think you can, as a matter of pure assumption, assert that the balance at the date of the balance sheet will give you any idea of the accommodation over a period. For all I know to the contrary, there may have been a considerable accumulation of stocks at any point during the period.

You state that in all probability the account was never less than £17,000, and that it went up to £47,000? Is the statement in the letter true or untrue?—I cannot give you any further Answer. The accommodation was a fluctuating one. It seems it did not run under £17,000.

How did you come to make that statement? How did you come to distribute it among the shareholders? Is it not grossly misleading?—I cannot tell you any more than I have already told you.

Well, look at the first paragraph. There is another statement that was distributed amongst the shareholders; "To make the position dear, upon the date that this vindictive writer refers to, at which he states the liabilities of the association to be £87,000, the actual sum on which interest was directly payable by the association was under £16,000. Now, this letter is written in August, 1893. Did you not know that two months before that date the actual sum on which interest was payable was £47,000?—That has no connection with the matter. The statement is that the actual sum was under £16,000, Every client of the association was paying interest to the association on his accommodation and the association was paying interest to the bank on the net amount for which it was responsible to the bank, and I do not know that this amount was over £16,000.

The association would pay interest on its overdraft, would it not?—The association was responsible for the difference between what its clients paid to it and what was due by it to the bank.

When the company was started you took up 1000 shares?—Yes.

And there was payable on those shares 10s on application and 10s on allotment?—Yes.

Did you pay for those shares in cash?—£500 was paid.

£500 out of the £1000? Were you debited with the balance of the amount; and if not, why were you not? (The witness here referred to some papers) Do you not know that you were debited with the amount until on the eve of the balancing day?—It may be so.

And on the eve of the balancing day you took on another 500 shares?—I think it was on the 23rd June I was debited with it.

And on the eve of the balancing day you took other shares, did you not?—I know that I took up 7600 shares altogether.

You took up 2000 before June, 1893; 1000 in November, 1893; and 1000 in May—at the last meeting of the directors before the first balance sheet. Did you pay anything for those shares at all in cash?—As a matter of fact I cannot give you a positive answer. I do not thi[unclear: n]; did.

Were you not debited with the amount? is convenient for you to take the [unclear: statements] *seriatim*, I could give you the answers the have looked up.

Did you, or did you not, pay for the application and allotment on the second thousands From memory, I cannot tell you.

I must get an answer to the question to your bank account.—I am not going to with the bank's books.

They are your own books; I am not [unclear: de] with the bank's books now. It is stated he "Call on shares, £1000."—Yes, that is so.

So that you paid £500 out of the [unclear: £2] only?—That is so.

Now I cannot understand this: you evidence before Mr Justice Williams some [unclear: to] ago, and on oath you were asked these [unclear: q] tions referring to these shares: "Did you [unclear: a] £1 a share for those shares?—I did. [unclear: a] cash?—Yes." How do you explain that. [unclear: a] think that is a catch way of putting it Young put a question to me when I was [unclear: b] Mr Justice Williams previously, and I [unclear: u] stood him to ask whether I paid cash, [unclear: a] then wanted to know whether the shares [unclear: a] paid for in cash, and I said "Yes."

Witness continued: He clearly [unclear: under] Mr Young's question as to whether he had [unclear: a] cash for the shares to apply to the position the time the question was put. He was [unclear: a] if he had paid for them, and he replied that had done so. He had said he had paid £1 [unclear: a] share upon 800, but was speaking without [unclear: a] ference to books or documents. It [unclear: appe] had paid £1 per share upon 500 or 10s per [unclear: a] upon 1000. He understood Mr Yuung's [unclear: a] tion to mean whether his shares had [unclear: a] had in full or not; and they had been paid [unclear: a] had he known his private account was [unclear: a] inquired into he would have had his [unclear: pas] but, speaking roughly from memory, he [unclear: a] the Colonial Bank in June, 1893, £25, [unclear: 00] against 25,000 shares in the Ocean Beach [unclear: c] pany, and £16,000 as against 16,000 [unclear: sh] Nelson's, and the balance was something [unclear: a] £6500, The grain account in June, 1893, [unclear: 0] nothing to do with the matter; it [unclear: a] account of a special character which, in [unclear: a] went out of existence, and was not [unclear: se] his properties.

Mr Solomon: Was it not the fact that still owed the bank in some way or [unclear: a] £80,000?—I cannot say it was.

Will you deny it?—Without reference to passbooks I will not say yes or no.

And you owed the Ward Farmers' [unclear: Ass] £23,000?—£21,000 according to the Liquid [unclear: a] report.

You call it £21,000? Did you not [unclear: thict] was only right under these circumstances it should be known that you as [unclear: man] [unclear: irector] not only owed this large amount to the [unclear: nk], but were actually not paying for your [unclear: bares]?—Pardon me, the greater portion of that mount was an account which was taken upon my [unclear: ouldres] for the Ward Farmers' Association. [unclear: bat] is the special grain account of £43,000. [unclear: tou] and others have tried to make out that I as not in a position to meet my personal in-[unclear: ebtedness] at that date. I say I was, and [unclear: der] that belief the bank was perfectly justi-[unclear: ad] in allowing me to have that accommodation. [unclear: had] nothing from them for nothing, and was [unclear: repared] to meet my responsibilities if I had [unclear: een] allowed to.

Witness continued: The accommodation he [unclear: ad] from the bank was very largely for the association. At that date he was in a position [unclear: a] pay for the shares. He could not tell from memory whether the directors were aware that [unclear: e] had not paid for the shares in the next year—1894—he took up 5000 shares. On these [unclear: e] paid no deposit, but he took them up in [unclear: nnection] with the

position the Farmers' association had got into, and because, in view of that position, it was desirable for him to [unclear: ike] them. At the instigation of the bank, in [unclear: he] first instance, he had taken over a very [unclear: irge] account, which had aided materially the [unclear: nances] of the Farmers' Association. After [unclear: hat] the bank had called upon him to increase his personal guarantee from £5000 to £20,000. [unclear: as] a matter of fact he objected to that, but in [unclear: he] interval he thought it was better to take [unclear: 000] extra shares for the purpose of strengthening the association, and had done so. The principal people connected with the association knew that he had taken these shares, but it was not officially mentioned to them, because that was not the usual thing to do, and he did not think it the proper thing to mention it. When counsel talked about his personal indebtedness to the association he entirely overlooked the fact that he and his friends who were behind the association owned four-fifths of it.

How much did you owe the association at that time when you were debited with these [unclear: 000] shares—on there of the 1894 balance [unclear: sheet]?—It is stated in the report of the liquidator [unclear: lator] at £43,346 9s 11d.

You owed the association £43,000, and how much you owe the Colonial Bank then?—The books will show that; I cannot tell from memory.

Have you any idea?—I could only give you a guess, and do not think that desirable.

Did you not think that, with £43,000 [unclear: indebtedness] to this association, it was only proper you should state that you had not paid anything for these shares?—Do you mean to tell me it was my business to wreck the association for the purpose of doing that?

Do you mean to tell me that if you told the association you had taken them over for nothing you would have wrecked it?—I mean to say it was not my business to go and discredit the association for which I was working.

Do you mean to say that if you had told the association you had done this it would have wrecked it?—I mean to say that if I was in a position, as I believed I was, to pay for them, if I had told the meeting that I had got the 5000 shares for nothing, it would not have been true, and I should have been doing a wrong thing.

Exclusive of the money you owed, what was the actual capital of the association at the time of the balance sheet in 1894?—£7189.

Exclusive of the money you owed, the actual paid-up capital was £7100. Then, at that time, Mr Ward, you actually yourself, as managing director of this institution, irrespective of what you owed to other institutions, owed this institution seven times the amount of its paid-up capital?—Is that a question, Mr Solomon?

Yes; it is a question. You owed this association seven times the amount of its paid-up capital?—I think that is an assertion, I will answer questions.

I will put it as a question. Did you not at this time owe the association seven times the amount of its paid up capital?—No; I did not.

Mr Chapman: What amount do you say we owed?

Mr Solomon: At any rate you owed £43,000, as against a paid-up capital of £7000, (To witness); Do you not think it was only reasonable and fair that the shareholders should know, under the circumstances that you had taken up 5000 shares in order to strengthen the association, as you call it, and had not paid for them?—In that case I think the shareholders should also have known what my private securities were and my affairs from top to bottom, and I do not think that would be reasonable.

Then at that time, in 1894, you owed the association all this money, which nobody could know about officially? That is not correct.

Why?—I have just told you that is not correct.

The shareholders could not possibly know about it. Who was told officially that you owed the association £43,000?—I do not know who was told, but I answer your former question that that is not correct.

Were the directors at this time told that you owed the association £43,000?—As a matter of fact.

Mr Solomon: I must ask your Honor whether or not I am entitled to an answer—"Yes" or "No."

His Honor: Your question is whether they were told officially.

Witness replied that he could not say that they were told officially. He could not say what in that £43,000 was his own and what was the association's. The association books were in the possession of the liquidator.

Mr Solomon: They are open for your inspection if you like.—They were available to me by paying, not in the way you suggest.

Were the directors informed that you had obtained these 5000 shares without paying anything for them?—I cannot say generally whether they were told anything about the matter or not. I intended to pay for them, and as a matter of fact I have paid for them.

Did you think it was a proper thing for you to take up these shares without paying down anything for them, and to keep that fact quiet?—I took them entirely for the purpose of assisting the association.

At the meeting of shareholders in 1894, did you not lead the shareholders to believe that these shares were

taken up in the open market in the ordinary way and by ordinary persons?—After consulting a document, witness said he could find nothing about it. He believed in the association, and they had never canvassed for shares. In taking the 5000 shares he took upon himself liability for £25,000, and at the same time he had given his own guarantee for £15,000 to assist the association. He did not owe the association anything. When the association was first slatted the Ocean Beach Freezing Works were excluded. The association had not financed the whole of the operations of the freezing works, as the liquidator had affirmed, The fact was that the association did not require the works, and were not interested in them. The liquidator had farther said that the clerical work had been done without remuneration. That was not so, and the liquidator must have known that the agency commission paid by the steamers—amounting to £2000—was paid over to the association for doing this business. The statement of the liquidator that the Farmers' Association had financed the freezing works to the extent of £200,000 was not correct. There was an arrangement by which the sheep were to be paid for day by day and week by week without any risk whatever to the association. They would not run the risk of losing a sixpence, The association found the money for the sheep, and in 99 out of 100 cases the money was provided before the sheep were purchased. It was one of the best arrangements that could have been made. He said so deliberately. Yet it had been allowed to go abroad that it was a very improper and a very bad arrangement, whereas it was nothing of the kind. It was not the fact that this arrangement was carefully concealed from the shareholders and the public. He could not give a direct answer to the question whether any mention appeared in the minute book of the association, or whether it was stated at any meeting of shareholders or was mentioned in the balance sheet, of the fact that the association was practically running the freezing uni The shareholders knew of this arrangem and that the association was doing a good flourishing business. It was not kept [unclear: qa] as a matter of fact, they had one of their: in every portion of the island. It was likely that a man would advertise his basis broadcast for the purpose of allowing opponents to pick holes in his broades But not only is no mention made of the [unclear: arr] ment, but it was actually concealed from shareholders by the account being squared by the balance sheets. You have been [unclear: en] wrongly instructed.

Never mind about my instructions. Is I is not a fact that the amount was [unclear: withde] on each balancing day, and the account repots afterwards?—What was there to conceal there was no risk ? There was no risk to body, and as a matter of fact there was not to conceal.

As a matter of fact the account was [unclear: sq] up each balancing day before the balance the amount being carried forward to [unclear: j] private account?—Probably it was so, but [unclear: i] was no concealment about the matter report of the Liquidator on this point entirely incorrect. It was the fact that in the freezing account was closed just before balance and transferred to his general [unclear: acc] and the account reopened a few days [unclear: i]wards, but the palpable object waa not to coal this business—nothing of the sort, could not say why it was done. I was a matter for his bookkeepers, [unclear: bot] whom were in court, to answer. The [unclear: i] kind of thing was done in 1894. So far [unclear: a] knew it was not done to conceal the fact. gave no instructions to his bookkeepers [unclear: a] so, and he was perfectly certain that it done with any improper design. It was the fact that from the very inception then a deliberate system adopted, the result of [unclear: a] was to conceal from everybody the fact the was being financed by the association atBut he knew this fact—that everybody nected with the association could within minutes have ascertained the position of whole of his (Mr Ward's) accounts. So [unclear: a] his knowledge went, it was not the fact from this time a system was adopted by [unclear: a] his being largely financed by the [unclear: assoc] was carefully concealed from the public, through the balance sheet and the his own statements at the annual [unclear: a] ings. He had already sworn that it not so, to the best of his knowledge, [unclear: h] clared that 99 per cent. of the statements inliquidator's report were not correct. At time of the balance in June, 1893, he owed association £21,570. It was very [unclear: prec] that he knew at that time how much he overdrawn to the association, but he [unclear: cou] give the specific amount. He gave cheques—one for £15,000, the other Tor £6000—at about that time for the purpose of paying off his own account. He did not think he told his banker what he did, but there was no doubt that Mr Birch knew about it. The Cheques would not have been paid unless he had known about it. The banker would have to be asked about it. He (Mr Ward) personally did not tell the banker anything about it, nor did he (Mr Ward) tell anybody else. All he could say was that the cheques were paid for the purpose of paying off his own account. He had do recollection of haring told anybody that he was going to do so. He had no recollection whatever of having told his banker anything about it; in fact, he was certain that he did not, The sums were repaid within a day or two after the balance. When he put in the two cheques for the £15,000 and £6000 on the 29th of June, he intended to have thorn redrawn a day or two after the balance for the purpose of reducing his account at balancing time. the overdraft would go down subsequently. He did not think he paid in the cheques personally. The manager would pay them in. Witness thought he signed the cheques. He had no recollection of telling Mr Fisher to draw the money out again. It was very unlikely that he told the directors be was going to do so. His opinion was that the bank desired the account to be reduced at that date. He had no recollection of someone asking him to put in the two cheques for £21,000 on the eve of the balance and to take them out afterwards. The

transaction was thought to be a proper thing at the time. The effect was that the asset and the liability disappeared for the time.

Mr Solomon: Was not the effect of that transaction to lead the shareholders to believe that at the balance of 1893 the association owed the Colonial Bank £26,000, whereas, as a matter of fact, it owed £47,000.

Witness: That was the effect of it.

So that not one illustration of what I say is a concealing of the state of the affairs of the association from the shareholders?—It was not intended.

But was not that the effect of the system adopted?—I say that there was not any such system.

Is it not one instance of concealment of the true state of affairs from the shareholder?—What I say is that my account was reduced before the balance. There is a great deal to be said Against it, I admit, but as a matter of fact I believe it is a common thing and has been done a number of times. I am not now attempting to justify it. The object was to reduce my balance, and it was done with the knowledge of all parties concerned.

Do you say with the full knowledge of the bank?—The bank was bound to know.

Why?—Because the amount was very large.

Do you know except by inference that the bank knew?—I should say by inference that the bank knew all about it but I have no recollection of saying anything about it.

Before doing it, did you not think it necessary to see if the directors approved of the transaction?—As a matter of fact I cannot remember the circumstances at all; but it seems to me that at the time the payment was made for the purpose of reducing that account, and it was believed to be a right thing to do or else it would not have been done

Were the directors consulted?—It is very unlikely. Not so far as I know.

His Honor asked what object of the transaction was. As between the association and the bank there could have been no object—it was not the bank's balance.

Witness: My impression—probably the manager of the association could tell more than I can—is that it was the bank who asked for it, but I do not know myself.

Mr Solomon: Asked who?

Witness: I cannot tell you.

Do you not know yourself that if it was to have any effect at all by way of concealment it was the shareholders who were being deceived and no one else? Your directors were not consulted, the managing director knew all about it, and the directors and the shareholders were kept in the dark and deceived?—I have already answered your question two or three times. I have told you quite straightforwardly so far as I know, I say that the account was reduced at that date by the payment of a cheque on my private account, and both asset and liability disappeared.

Well, come to the next thing. In 1894 the same thing was done, only instead of being done to the extent of £21,000 it was to the extent of £35,000. I want to know the circumstances under which that was done, Who suggested it?—As a matter of fact it was the bank.

What officer of the bank?—In the first instance application was made to Mr Fisher.

By whom?—The manager of the bank.

Mr Birch?—So I understand.

What did he want done?—The account to be reduced.

Why?—Mr Fisher must answer that. I cannot speak from memory.

Did you see the manager yourself?—I do not know.

To your knowledge did Mr Birch write to Mr Henry Mackenzie asking him to allow it to be done?—Yes.

You have seen the letter?—I have.

How did that letter come into your possession?—It was a letter written by Mr Birch be Mr Mackenzie, and Mr Mackenzie sent it to me with a memorandum attached.

What has become of it?—I have it.

The witness handed the letters to Mr Solomon, who read them as follows:—

The Colonial Bank of New Zealand, Invercargill,

20th June, 1894.

Dear Mr Mackenzie,—The Ward Farmers' balance on 30th inst., and Mr Ward proposes drawing his own cheque for £40,000 on that day and handing the amount to the Farmers' until Monday, 2nd July, I presume this transaction will be in order. We must not show all the overdraft to the public this time, as there are too many timid people about at present. If I do not hear from you I take it silence gives consent.—Yours sincerely.

CH. A. BIRCH.

(Private.) Wellington,

29th June, 1894.

My Dear Ward.—

I Intended to show you the enclosed letter, but remembered to do so only after I left your office.

I have not replied to it—fact is, I cannot,—but I have no objection to your wiring that you have seen me, and I have no objection to the matter being arranged in the way indicated.—Yours,
H. Mackenzie.

Sir Solomon observed that Mr Mackenzie's Statement was that he could not consent to the transaction, (To witness): Did you wire to Mr Birch?—No, I did not.

You did not do what Mr Mackenzie asked you to do?—No, I put the letter in my drawer in Wellington, and left it there.

Why did you do that—why did you keep the Letter and not send it on?—I had no special reason for it so far as I know

You knew that the result of not sending the letter would be that the thing would be done?—I knew that if it was sent a cheque for £40,000 would be given.

And that if it was not sent a cheque would be given?—A cheque for £40,000 was not given.

You knew that Mr Birch, not getting a reply from Mr Mackenzie, would know that Mr Mackenzie did not object to the balancing?—the letter implies that.

Did you not know well that that amounted to a compact between you and the bank that this was to be done to the extent of £40,000?—I knew that my private account would be reduced to some extent—to what extent I cannot say.

Your indebtedness was reduced on the very eve of the balance sheet, and with the intention of giving a wrong balance sheet? Again, Mr Ward, were the directors consulted about the transaction at the time?—Not so far as I know.

Why not? Do you not now think that it would be only a proper thing to consult the directors?—As a matter of fact, in the Light of my experience, I have altered my opinion about the whole business.

I suppose we may take it now that you think that was an improper thing to do—an improper thing for you to do, and an improper thing for the bank to allow you to do?—I would not do it again; I say that at once.

Was not that another instance in which the shareholders of this institution and the public were deceived as to its real position?—The assets and liabilities to the extent of £35,000 went out before the balance.

Do you think that the shareholders of the company, on seeing that balance sheet in 1894, could for a moment dream that on the day before the balance sheet was issued the overdraft was £35,000 more than appeared in the balance sheet, and that the day after the balance sheet it would be correspondingly increased?—No.

And to that extent, whatever the intently was, they were actually deceived? Now, is it not a fact that you deliberately did this so that the overdraft in the balance sheet might appear £35,000 less than it was?—I did not do it to deceive the shareholders, I did not do it to deceive anybody; and I did not do it. (Laughter.) If you look at the cheque you will see I did not do it.

Did you not know when you got the letter that this balancing business would be done?—I have replied that the letter conveyed that impression.

Did you not know when you put the letter in your escritoire that this balancing business would be done?—I knew exactly what the letter conveyed. I knew that my private account would be reduced to some extent—to what extent I did not know,—but I did no send the letter away.

Did you not know that the result would [unclear: b] to deceive the shareholders as to the real [unclear: sti] of the bank account?—I have said that liabilities and assets would disappear, and that the shareholders could not tell that from the balance sheet.

Will you please give me a plain answer to my question? Did you not know that the [unclear: rm] would be to deceive the shareholders as to the condition of the bank account I have already said, and I repeat it, that the effect of the operation was that my private account reduced by £35,000, and that assets disappeared; but it was not done with the intention deceiving the shareholders, and at the [unclear: tim] it was believed to be not an improper thing to do.

I ask you again if you did not know that the result of that transaction would be to [unclear: decei] the shareholders as to the state of the balance sheet?—I have answered that it was [unclear: n] intended.

I ask you, do you not know that the [unclear: res] would be to deceive the shareholders?—The would be

the effect of it, but It was not [*unclear*: ds] with that intention.

I am just going to ask that. Did you not [*unclear*: d] it with that intention?—No, I did not.

With what intention did you do it?—It was none with the intention of reducing my private account and it was abated that it was not an unusual thing to do.

Had you ever at any time during the year that elapsed between June, 1893, and June, 1894. told any of the directors that you had done the £21,000 transaction in June, 1893? You did not consult the directors before you did so?—I have already told you, and I repeat, that the directors were not told.

I am asking you if they were ever told afterward?—And I have answered three or four times that I have no recollection of it.

Did you ever tell anybody else, any officer of the association except Mr Fisher, that this had been done?—I do not recollect discussing the matter with anybody at all.

So that nobody connected with the association knew of the matter except you and Mr Fisher?—I have not said so.

So far as you know, nobody else knew?—I did not discuss the business of the association outside at all.

Mr Solomon: The next matter that I want to call your attention to in the question of the debentures. After 1894 a resolution was passed, Mr Ward, in December, 1894, or January, 1895?

His Honor, referring to the letters by Messrs Birch and Mackenzie, said: From the terms of these letters one would judge that the act of the bank was not to deceive the shareholders of the Ward Association, but more in order to prevent it going forth to the shareholders of the Colonial Bank that the overdraft was so large as it was. The bank's consent seems to have been given more for the purpose of throwing dust in the eyes of the shareholders of the Colonial Bank than of deceiving the shareholders of the Ward Farmers' Association.

Mr Solomon: That to deceive their own shareholders they had to deceive the shareholders of the Ward Farmers' Association in the meantime. What Mr Ward admits is that he deliberately did a thing which he knew would have the effect of deceiving, and he says he did not intend to deceive. He knew the effect, and knowing that, he deliberately did it. That is the way I put it. Now, we come to the debentures, Mr Ward In December, 1894, a resolution was passed that 500 debentures of £100 a-piece should be floated and sold. Is that so?—That is so.

It was left to you to sell them?—Yes; that to so.

The first hundred of these debentures you hypothecated to the Colonial Bank?—That would be—how much?

£10,000.—No. I do not think they were hypothecated. I know that that term has been used.

What did you do with them?—It was the last £10,000.

Well, I won't say it was the first £10,000.—They were handed to the Colonial Bank to be sold, and on realisation the proceeds were to be paid into the general account of the Ward Association. They were to be sold at par, and until they were sold they did not come into existence, as far as I know.

Was there any written agreement between you and the Colonial Bank as to this £10,000 of debentures?—I think it was correspondence only.

We have been informed by the Liquidators of the Colonial Bank that these shares were hypothecated to the bank.—I do not think they were.

We would like to know that.—I think the correspondence on it makes the position clear as far as I remember, and I will look it up. My recollection is that the £10,000 of debentures were, by correspondence, to be held by the bank, and that as they were sold the proceeds were to be paid into the general fund of the Ward Association, the limitation being that they were to be sold, at par, but I have no recollection of their being hypothecated.

Were they not to be held as against the account—against the association's indebtedness to the bank? Is that not the arrangement?—I shall be glad to look up the correspondence. It may have been stipulated that they were to be hold as against the Account, but it was agreed they were to be sold, and that the proceeds were to be paid into the general fund of the Farmers Association.

We shall come to that to-morrow, then. You sold 200 of these debentures to the Colonial Bank and 200 of them to the Bank of New Zealand?—That is so.

That is, £20,000 each, with no commission in one case and leas commission in the other? When you sold that £20,000 of debentures did you inform Mr Fisher or any other officer of the association that you had sold them?—I think it is probable that I did, but I have no recollection of it.

What was the proper thing to do in the books of the association when that was done?—To open a debenture account and place the proceeds to the credit of the account.

What was done, as a matter of fact, in your company—do you know?—I did not know until I read in the liquidator's report what had been done.

I do not blame you, Mr Ward, but I want to know what was done. Do you know now?—Yes; I know now.

The amounts are placed to your credit, are they not? The sum of £40,000 was placed to the credit of your account?—That was done temporarily, I find by examination of the books.

Is there any justification for that, Mr Ward?—The officer of the association, who was responsible for it has since spoken to me about it. It was not done for the purpose you think it was. He has explained to me that

Did you think it was a proper thing to do? I do not want to know the excuse.—I have already said that the amount should have gone to the credit of a debenture account.

And until the entry was reverted, was not the effect to conceal in the books the true state of your account?—The effect of the amount standing at the credit of my account would be to reduce my account, but it was not done for the purpose of concealment at all.

I am not asking whether it was or was not. I have asked whether there was a system adopted of concealing the state of affairs and the state of your account?—As a matter of fact, although the liquidator's report states the opposite, this did not affect the state of the balance.

I ask you, Mr Ward, is that not another instance in which the state of your account was concealed, during that temporary period, from everybody except the person who made that entry?—No, As a matter of fact the bank or any person concerned in the association could have found out the position of my account by inquiring. There was no instruction given to cover up my personal account.

I have not asked that.—But you have said it.

I ask you, was not the effect to conceal the state of your account?—There was no intention to conceal anything.

Was not the effect of the transaction to conceal the state of your account by £40,000 until balancing day—from January, when the debentures were sold, until the balance sheet came out?—I answered the same question before by saying that it reduced my account while it was there.

It concealed the state of the account?—That was not the intention.

That was the result?—No; because any person who went to the association's office could have seen that the £40,000 ought not to have been where it was.

Why not?—Because it ought to have gone to the credit of a debenture account.

I ask you, looking at your private account, how anybody could say that that £20,000 was wrongly entered? The fact is that on that date you are credited "Cash, Colonial Bank, £20,000," and how could anybody see that that was not right?—You would require to look at the folio in 38 and 36, and any person could immediately see it.

Will you look and see if there is a memorandum of any sort to that effect? Is it not the fact that you are simply credited with £20,000 cash?—Yes, that is so.

Is that not a plain instance, then—I do not ask the intention,—in which the state of your account was concealed to the extent of £40,000?—That is the effect, but as a matter of fact I know that the man who made the entry did not know what it was for.

I am not asking that. When balancing day came in June, 1895, it became necessary to show that account, did it not?—Yes, that is so.

Because you had to show the directors and auditors that this debenture account had been opened. So that on balancing day of 1895 you did what ought to have been done by somebody—I do not say you are responsible—in January, 1895? Your account is then re-debited. That is so, is it not, Mr Ward?—Yes, that is so.

So that then, apparently, your large indebtedness to the association would again appear on balancing day because you had been [unclear: po] straight?—I had been just the opposite, I should say.

Your big indebtedness would again show. It had not shown before that day. Your indebtedness of £42,000 had only shown as £2000?—But on being transferred my account would show £40,000 more.

On being transferred to the debenture account at balance time it would show £40,000 more. But did it show that £40,000?—cannot tell you that.

Do you not know that, by another instance of the same nature, it was debited on the one hand with £40,000, and immediately credited with some other things that it should not have been credited with? Do you not know that?—I would be glad if you would state what they are.

Do you mean to tell me that you do not know?—I know that an amount of £30,000 went to my credit.

Nothing else?—From memory, I know of nothing else.

If your account had appeared in the balance sheet as it ought to have appeared on that day, it would have shown about £54,000 that you owed the association?—£55,000.

Do you know at what it stood in the balance sheet, after you had been debited with the £40,000? Do you not know that although you owed the association on balancing day, 1895 the sum of £55,000, it appeared in the balance sheet of the same time that the associate owed you £16?—Yes, that is so, according to information placed before me now.

By means of this £40,000 your account was kept concealed. You say it was not intentional and probably it was not. We will see about that by-and-bye. Unintentional, we will of it, but as a matter of fact the account was kept concealed from January until June, and then became necessary to show the debentures, and your account was immediately concealed in another way. I will show now how it was concealed. At that time the association drew of John Connell and Co. in England for £30,000, did not they?—That is so.

Was it or was it not a proper thing to do with that £30,000 draft to drawn? It was honoured by the bank and placed to the credit of the Ward Farmers' Association; it was the proper thing to do, at the same time was it not to credit Connell and Co. with it? If by means of that overdraft you owed the bank £30,000 less, you therefore owed the person who had to pay the draft £30,000 more?—That is so.

Was that planed to the credit of Connell and Co.?—I do not think it was.

Whose credit was it placed to?—It was placed to the credit of my own account.

Was that the result of that transaction, that instead of showing that they owed Connell and Co. this £30,000 they did not show it at all, and showed that you owed them £30,000 less?—That was the effect of it.

Is there any justification for that. Can you find any justification for it?—Well, I think it is a matter the person responsible for it should be asked about.

I ask you is that a proper thing to do?—I do not know the circumstances or the reasons for its being done. As a matter of fact I did not do it.

Mr Solomon: I did not say you did.—Witness: I do not know why it was done, As a matter of fact I do not know anything about it.

Witness (continued): He could not say the exact period when he was told of this. Mr Fisher told him of it a considerable time after it was done, and probably he told him in Wellington, By this entry in the book his account with the association was again concealed, and the concealment of £40,000 by the debentures was carried on to the extent of £30,000 by this draft. That was the effect of it, although he did not think it was the intention. On the date of the balance sheet for 1895 Robert Brooks and Co. were stated in the books as creditors of the association to the extent of £18,000, and when the balance sheet was struck—

Mr Solomon (interjecting): On that day, by the books of the association, if the balance sheet had correctly stated the affairs of the institution it would have shown that the association owed Robert Brooks and Co. £18,000. That is so, is it not?—That is so.

When the balance sheet was struck on that date did the books show that they owed Robert Brooks and Co. £18,000?—Yes, they showed that, and they further showed that it was transferred to me.

In the balance sheet of June, 1895, do these people appear as your' creditors at all?—No, they do not.

How do you account for that? You still owed them the money. The association still owed them the £18,000 on the date of the balance sheet?—Well, that is a matter upon which you must ask the officer concerned.

Is not that another plain and palpable instance of an act the effect of which was to carefully conceal the state of your account from the shareholders?—Well, I can only give you the same answer which I gave before: That was the effect of it, but I don't think it was tie intention. (Witness continued): He did not believe there was any system of concealment or intention of concealment. There was certainly no such system or intention to his knowledge From the ledger account of John Connell and Co. of £38,000 they had to deduct £27,624, so that the amount owing them, according to the books, was £11,000.

Mr Solomon: Of the £54,500 you owed to the association, by the transactions I have spoken about—Connell's draft for £30,000 and Robert Brooks's account of £18,000—there has been concealment to the extent of £48,000_ There is still the £6500 to account for that you owe to the association. Do you see that item £6500 there?—I do.

That item on the balancing day was taken off the account. That was owing to John Connell and Co., was it not, and at the same time credited to you? Is not that so, irrespective of the £30,000 draft?

Witness replied that that was so. The effect of that was to conceal the state of his own account and wipe out his debt. He could not say why that was done. It was true that he owed these people £11,000 on balancing day, but he could not tell why the balance sheet dii not show it. The officer concerned in them transactions was the proper man from whom to get the information. He did not know when he first knew of the item of £22,000. It was after be came back to New Zealand when Mr Fisher came to see him in Wellington. He [unclear: hal] not signed any of the balance sheets of the association. He thought that Mr Fisher submitted the 1895 balance sheet to him when he came to see him in Wellington. That would be in August.

Mr Salomon: Was it at that meeting in Wellington that Mr Fisher told you about the two transactions for £18,000 and £6500?—No, I do not think so.

Was it at that meeting be told you about the £30,000 draft?—It was before that. It was before the balance sheet he told me about them.

Where?—In Wellington.

He met you twice there, then?—Yes; he must have met me on two different occasions.

Mr Solomon at this stage drew attention to the fact that Mr Fisher was prompting Mr Ward. Up to that point he had had no objection, but he thought that in view of the importance of the questions he was about to put Mr Fisher should now not interfere.

His Honor asked if Mr Solomon wished that Mr Fisher should not help Mr Ward's memory.

Mr Solomon replied that that was so, and Mr Fisher said that he would not interfere.

Mr Solomon (to witness): Did you know that the £30,000 was placed to your credit?—No.

Did you know after the interview in August that it was placed to your credit?—No, I have got an impression that it was considerably after that time when I knew.

Mr Fisher told you in August about the £15,000 and the £6000 placed to your credit?—No; I do not think so. I said it was some time after my return to Wellington. It was not before the shareholders' meeting.

Examination continued: He (Mr Ward) did not think that the effect of these transactions had been to conceal the true position of affairs from the shareholders, or the extent of the association's overdraft from the directors of the Colonial Bank. He would certainly deny that Mr Fisher had drawn to the extent of £30,000 or £40,000 on persons without authority. He combated the statements in the liquidator's report in regard to these drafts, and said that they had been inquired into, and there was no foundation for what the liquidator had said. He could not say anything about any drafts that were not mentioned in the liquidator's report, because he had had no opportunity of obtaining any information about them.

At this stage Mr Solomon commenced to ask questions concerning drafts which it was alleged Mr Fisher drew on the Monday (bank balancing day at Invercargill), not intending them to be used, and on the Wednesday, before they could be presented, withdrew them. The first of this class was one drawn on February 20, 1893, for £1650.

Mr Gallaway said that this was not mentioned in the liquidator's report.

Mr Chapman said that they had asked for information on this point, and had been told that Mr Ward would be examined on the liquidator's report and two or three specific matters outside of that. The drafts mentioned in the report had been investigated by Mr Fisher.

Mr Ward asked that he should be examined in respect to the drafts investigated by Mr Fisher, and

Mr Chapman requested that they should be furnished with the List referred to by Mr Solomon.

Mr Solomon said it was a reasonable request, and he would supply the other side with the list. He intimated that he had disposed of what he might call the preliminary matters, but the more serious ones he preferred to take next day.

At 4.10 the court adjourned till 10 a.m. next

SECOND DAY—FRIDAY, JULY 10.

The case was resumed on Friday morning.

Mr Solomon handed in the lists of drafts promised on the previous night, these being the drafts referred to by him and proposed to be inquired into. He supposed that the otherside would require some little time to inquire into them, and would not be prepared to go into them now.

Mr Chapman said that they did not know anything about these drafts. Were they included in those specifically mentioned in the liquidator's report?

Mr Solomon did not know whether they were or were not; he had not looked into them himself. He proposed to deal with each of these drafts, and to include them under one of the three heads to which he had referred last night. He had prepared a list of the drafts so clarified, and would be glad to show it to Mr Chapman.

Mr Chapman: Are they in their classified Order?

Mr Solomon: No. The three classes of draft he proposed to deal with were these: Class A were cases where the association, expecting to be able to draw on the bank or firm, had anticipated that drawing by drawing on the Monday (the bank's balancing day), not expecting that draft to be used at all, and then got that bill retired and substituted by the proper bill later on. Class B were those cases in which agents having reported to the head office sales of goods, instead of waiting till the goods were shipped and drawing Against shipping documents in the ordinary way, direct to the customers, the association had immediately drawn on the agent for an approximate amount, not intending to use that draft at all, and had subsequently withdrawn the draft, and drawn on the customers in the proper way. The third class of cases ("C") were those in which the association had drawn upon persons apparently without any authority whatever, never intending that the draft should be used, and retiring it before it was presented. (The learned counsel then read a list of the items, some 20, of which explanation were required, specifying the classes in which they were deemed to be, and intimated that any assistance that was necessary would be given by the official liquidator, all books and documents being in court) Mr Solomon (continuing) said: There is one other question I propose to put to Mr Ward. I quite see that it might

be unfair to put it now, but I wish to give notice so that you may prepare an answer for it. The question is this; When at the date of the 1895 balance sheet Mr Ward was indebted to the Farmers' Association in the sum of £55,000, during the three years that that association had been in existence he paid into it by way of salary and other emoluments a sum which we make out to be £12,000. so that in these two and a-half or three years he either lost or spent £67,000, We cannot make out where it has gone to, and we want Mr Ward to explain it. We can only account for £43,000 out of the £67,000, and want Mr Ward to explain to us what has become of that money. Of course, It would be unfair to expect an answer without careful consideration,

Mr Chapman asked if he understood that his friend was now going to examine the witness as to the drafts mentioned by the liquidator in his report.

Mr Solomon replied that it was his Intention to examine only on the list of drafts supplied by him that morning, but if Mr Chapman wished him to examine on those mentioned in the report as well, to give Mr Ward an opportunity of explaining, he would do so with pleasure. Referring to Mr Birch's letter of the 20th June, counsel said he wished witness to explain this sentence "The Ward Farmers' balance on the 30th, and Mr Ward proposes drawing his cheque for £40,000 on that day, and lending the amount to the Farmers' Association." Could witness say whether Mr Birch was aware that witness owed the Farmers' association that amount of money and more at that date, or whether he thought that this transaction was a loan by witness and not a reduction of his account?—Witness said, in answer to the first question, that he was not aware of what Mr Birch knew. In reply to the second, he said he had no communication with Mr Birch on the matter.

Joseph George Ward, who had given evidence on the previous day, further examined, said: As managing director he was not often brought into contact with Mr Birch He saw him very little indeed. The bank knew that he had an account with the association, So far as witness knew it was not a fact that throughout the whole existence of the Farmers' Association the amount of its indebtedness to the bank was concealed from the public and the shareholders, They were made aware of the state of the indebtedness by the balance sheet.

Mr Solomon: Does the real state of the overdraft at any time appear in any balance sheet?—It depends entirely on the way in which the payment before balance is regarded.

But do you contend, if you owe the Colonial Bank on the 28th June the sum of £47,000, and you know that you will owe it on the 2nd July the same £47,000, and the balance sheet is manipulated in the meantime, that the balance sheet truly states the overdraft as £21,000?—If an amount was due after the balance, and if it was paid off with the knowledge of the bank, and if it is a proper payment, then it must be correct.

Mr Solomon asked whether there was anything of any sort published in connection with this company by which the shareholders or the public could know that, with the exception of those couple of days in 1894 and 1895, the overdraft was what it was?

Witness replied that it was similar to what was done with other companies under similar conditions.

Mr Solomon said that that reply did not meet his question, and he must ask for an answer.

His Honor: Other companies have nothing whatever to do with it. You should answer Mr Solomon's question.

Mr Solomon: I ask if anything was published in connection with this company at any time during its existence from which the shareholders or the public could gather that with the exception of a couple of days in 1894 and 1895—indeed, in 1893 and 1894—the overdraft to the bank was what it was?

Witness: There was nothing but the balance sheet and the report.

And that did not show it?—It showed the position as I have indicated.

But it did not show the position of the overdraft, with the exception of a couple of days?—That is so.

His Honor: It did not show the true relation with the bank.

Mr Solomon: That is so. (To witness) Did the directors know the true condition of your account with the bank?

Witness: I answered that yesterday.

Well, please answer to-day?—I must give you the same answer as yesterday.

What is it?—I have no knowledge whether they did or not.

Further examined, witness said that he signed the balance sheets as correct, His approval was the last thing done in connection with each balance sheet.

Mr Solomon called witness's attention to the item in the bank account representing £26,514 to be the balance of the overdraft of the 30th June, 1894, and counsel asked whether Mr Ward personally placed anything before the directors to lead them to believe before that balance sheet was passed that that item was anything except the ordinary overdraft to the bank.

Witness said that he was not in Invercargill from the 18th June to the 29th October, so that in the interval he could not have seen the directors. He did not remember instructing anyone to tell them, and he did not tell them when he went to Invercargill, but he subjected to Mr Solomon's imputation that he concealed the information in his breast. His colleagues on the board could have got the information.

Mr Solomon: Who from?

Witness: The officials of the association.

Who besides yourself and Mr Fisher knew of it? Did the secretary know?—I could not say.

You say it could have been got from the officers of the association. Who are the officers? There is the manager, and the secretary, and the directors. Are there any others?—Those are the head officials.

So that if the directors ever wanted knowledge they must have got it from you or the secretary?—My answer is that the directors could have had the fullest knowledge if they had inquired or if it was thought they required detailed information. As a matter of fact details are furnished when the balance sheet is made up.

Witness further said that he did not withhold information from the directors. So far as he was concerned the matter was just this: that there was a payment of £21,000 to pay off his account before the balance, and that information was available to anybody so far as he was concerned.

Mr Solomon: The question I asked is, Can you tell me one individual to whom you told this?—I have no knowledge of telling this to anyone.

Witness (continuing) said he had no knowledge of having told this to anyone. He repeated that so far as he knew throughout the existence of the Ward Farmers' Association there had been no system for the purpose or concealing the true state of affairs from the shareholders and from the public.

Mr Solomon: One question arises out of yesterday's examination. I called your attention to the fact that £18,000 had been taken out of Brook's account to be paid to your credit, and £6000 from Connell's account to be paid to your credit on the balancing day in 1895. Did you know those entries were redebited immediately after balance?—I did not know.

Do you know now?—I know from what has been reported. That is one question on which the officers concerned should be asked; I do not know anything about it.

Continuing, witness said that in 1893 a J. G. Ward grain account was opened, which represented transactions in grain by the association. The instruction was that the association were to enter on no speculations which would involve a loss. It was true that all profits were to go to the association and all losses were to be borne by himself. His recollection of the matter was that the directors clearly understood the position of affairs, although there may not be any reference to it in the minutes. On the balance day the grain account showed a debit of £6617, and that sum was paid by him (witness). He did not know at this time that he was aware then of this debit in the grain account. He could not tell whether he had taken upon his own shoulders any other losses in connection with the grain account. He did not know of any other losses, but if he had been told of them at the time he certainly would know.

Mr Solomon: Do you know how many losses you took over?

Witness: I know there was a debit of £55,000 standing to me.

You cannot tell me whether any other losses in grain were debited to you I have already answered that.

When you took those losses over in the year 1895 and they were debited to your account?—I cannot tell that. Whatever was drawn was shown in the books.

Give me an answer?—On June 29, 1894, an amount of £6997 7s 7d to grain account appears here (referring to ledger) as transferred to produce account, folio 161. I see under the head of "J. G. Ward grain account" there is a transfer someone has filled in there: "Produce account, 161," in lead pencil. I do not think that produce account is an entry made by the Ward Farmers' Association at all.

Do you really think that is not carried forward to produce account?—If the item is there I shall be glad to refer to it.

In the balance sheet of 1894 that account would stand to your debit; the J. G. Ward grain account is debited to that extent?—No; that is not so. In the book on June 29, 1894, the amount is £6997 7s 7d.

What was your position in June, 1894—that is, 1895?—There was a balance of £6617 6s 1d.

That is a debit balance?—Yes.

Show me the produce account for 1895 I want to draw your attention to the evident given before the court before. Speaking of the account, Mr Young asked you: "What position did you take up with regard to that account and with regard to shipments?" In reply to that you said: "I took over the losses. I was advised to do this, and I agreed to take over the losses." How can it be, if those losses are yours originally, that in 1895 you took them over, that you were advised to do so, and agreed to do it?—I cannot specifically deal with the actual words you read, but I undertook to provide for those losses.

How do you explain that?—I cannot explain printed reports. . . . So far as I understand the losses would be debited by me, and this amount of £7000 was charged to me and paid for by me.

Show me this item carried forward—"Produce account" (referring to the account as stated in the books). If this was provided for, will you explain to me how it is carried forward to the association account, and not to your own account?—I say I paid that account. It is perfectly useless to ask me about details in the books. I say I paid that account.

If that was your debt to the association was it a proper thing to include it in that account?—I cannot tell you that, All I know is that I paid it.

That item is the association's account, is it not?—It is entered so in the general journal so far as I can see.

I ask you to turn to that produce account That was the account of the association's dealings in grain, was it not?—Yes; I understand so.

An account with which you personally had nothing to do?—That is so, so far as I know.

In reply to further questions, witness said he could not explain how it was that the losses were carried forward to the association account and not to his own account. He, however, paid the account. He could not tell whether on the debit side of the produce account appeared the stock purchased for that account by the association. It depended altogether on what the produce account was. He can only give an opinion, and so far as he was concerned he was there to give facts. Those responsible for keeping the books must give the information desired. It was not the fact that the Bluff store account from 1894 to 1895 showed outgoings £1309 18s 3d, and earning only 10s 8d. That was quite absurd The debit of wages was transferred to some other account, but he could not tell what. Again he said that those responsible for keeping the books must give the details; he could not do so, According to the books now shown it appeared that the expenditure on the Bluff store account that year was £1309 18s 3d, and the receipts 10s 8d, but he knew that that was not so. It was not the fact that there had been a loss on that store account that year. The detailed explanations of the items must be given by those responsible for the bookkeeping. As to the £6217 15s, he was virtually asked to give answers respecting an account which must be carried forward and focussed somewhere else.

Mr Solomon: Cannot you see that the result of carrying that £1000 from the debit of the produce account towards that account, makes it appear as if there were assets in the year to the extent of £1000, whereas there were no assets?—I should not say that, but I should say at once that that is probably the worst possible construction that could be put upon it.

What is the meaning of carrying that sum of £1000 out of that account to the debit of profit and loss?—My reply is that the information must be given by those who kept the books, Everybody who knows anything of bookkeeping must recognise that there may be an account under a particular head of a Ledger which requires to be divided up and charged or credited to other accounts, and it is only those who are responsible for the details who know what account is fairly and equitably entitled to its respective amount. You are picking out an item in a particular account of which I know nothing, and then you ask me if a certain thing should not have been done?

Witness continued; Whether or not the result of the entry would be to swell the assets would depend entirely upon whether or not it was the proper thing to distribute the £1000 in the way the accountants had done, and that was information he could not give. The £1500 debited to Mr Ward in balance 1st of July, 1895 as rent, appeared in the book produced as reversed. He did not remember anything about it.

Mr Solomon: Does not that mean that you were entitled to receive from the association [unclear: y] way of tent and salary a sum of money with which you had previously been credited every year, and which you were credited with every year by the association?—Where has it been credited?

You were entitled to receive from the association certain salaries and rents which you [unclear: wre] credited with year by year?—Which I ought to have been credited with.

Witness continued: He saw by the [unclear: boks] that he was credited with £1500 for rent [unclear: ad] salary. He was credited with that sum on [unclear: he] 29th June, just before the balance, and on [unclear: te] same day he was debited with a similar sum, but he could not say that the two items referred to the same amount. Whoever was responsible for the entry would explain it. Witness did not know about it, and he could not undertake to explain a matter about which he knew nothing.

Mr Solomon; It means, does it not, that you are credited with money that you are entitled to receive? Here is your own salary, £50; rent of Gore stores, £250; and rent of Invercargill stores, £750;—£1500 in all. Is there any reason why you should be debited with that again?—I see there is an entry of £1500 reversed, and an entry of £1500, salary and tent received, and I do not know that they are the same.

My point is this, Mr Ward: Whatever else it means, it shows on the one hand that you received £1500 and on the other that you paid £1500, whether it is the same or not.

His Honor: The books appear to show that.

Mr Solomon: Now, Mr Ward, I will ask you to look at that sum of £1500 in the journal. It is carried forward to the debit of the goods account?—I cannot tell you, because I do not know.

Is not this the net result; If you had not been debited with the £1500 the profit of the Ward Farmers' Association for that year would have been £1500 less than it was after you were debited with it?—I cannot help you that. It depends on what the entries are for, as I cannot explain the entries to you, because I do not know what they are for.

Is it not clear that your salary and rent were forgone by you that year, and that the amount is put in as a

profit for the year?—I have already said that as I do not know the details, and as I do not know why the entries were made, I cannot give you an explanation.

Cannot you say what the effect is?—Generally speaking. I should say that if an account is debited with £1500 and credited with the same amount, and if the person who ought to have got the amount did not get it, something else gets the credit of it; but I do not know that that is done here.

You cannot say that the result of the debit is that the association made as a profit £1500 more than it would have made if the entry had not been put in the books?—That is a statement made by you.

But is it not correct?—I do not say it is correct, because I do not know. As a matter of fact, that year was a good one. The profits on merchandise were £5541 8s 8d, on commission and storage £6217 15s, and on discount and interest £612 10s 5d, and the net profit was £6516 5s 3d. Even if your assumption was right—which I do not admit—and you take away the £1500 it would still leave £5000.

Mr Solomon asked whether it was not a fact that this was only shown as a profit by taking credit for the items "Profit on merchandise" and "Produce sold" and treating them as an asset, whereas they were not an assets.

Witness said that that was an assumption which the records of the association did not bear out. He had already said that he did not know, with respect to the £1500, whether the position was as Mr Solomon had indicated, but as a matter of fact the detailed goods account was available. There were in his possession detailed statements of every account in the association's business as focussed in the balance sheet, and they would show that the position was not as indicated in the liquidator's report. He (witness) would have been willing to hand that information to the liquidator if asked for it. Probably many of the incorrect statements in that report were owing to the faulty information supplied to the liquidator. He (witness) and others had been practically charged with all sorts of things in connection with this matter, and he thought he should have an opportunity of dealing in detail with the liquidator's report. On the questions asked he had not been able to get out the facts.

His Honor said that of course Mr Ward would have an opportunity of contradicting anything he took exception to in the report.

Mr Solomon asked how the item "£5541 profit on goods" in that year was made up.

Witness replied that if details were wanted it meant going through the records of 12 months' work and taking out the items, and he could not do that.

Mr Solomon asked whether it was not inevitable that in order to arrive at a profit in the balance sheet this £1500 which was placed to the debit of the goods account must come in as showing part of the profit.

Witness said that that brought them back to the three entries in August, concerning which he had already said he could give no explanation. That explanation must be got from witnesses who could give it. The item of £2209 11s 5d carried forward included the item of £1500 that was carried forward in the stock account to show a profit.

Mr Solomon: Is it not inevitable that if that £1500 was not there the profit on goods for that year would have been £1500 less?

Witness: Of course it follows that if there is £1500 less there would be £1500 less, but I do not agree with you that it is the £1500 you state.

We will show you where the ledger account is carried forward to the journal.—How can that make any difference? What is the use putting a question 20 times in 20 different ways? I can only tell you that I do not know anything about it. Upon the details in the books, of which I know nothing, I can give you no information.

Can you or can you not say that, by reason of the £1500 charged against you, the gross profits of the goods account were increased by £1500?—In the absence of the information I should have about the details I cannot give you "yes" or "no."

What information do you want about this item?—The officers responsible for adjusting the accounts, and who are familiar with the books, ought to give you the information you want. I cannot.

Examination continued; Witness said that when the balance sheets were submitted to him he took no steps to verify the figures. He had every confidence in Mr Fisher, Mr Hannah, and Mr Anderson, and accepted implicitly what they placed before him, and he trusted them implicitly still. When he signed the balance sheet he had the profit and loss account before him, but no detailed information as to what was in his possession. He was [unclear: a b] sure that he read the balance sheets before signing them. He had no recollection of so doing, not in the ordinary course of events he must have read them, although he could not say positively that he had done so. At balance times he thought it was likely he would have known within a reasonable amount what was the abate of his own account.

Mr Solomon: It was about \$21,000. Did you know on the day of the 1894 balance what you owed the association?—I think it is very probable I knew within a reasonable amount.

Can you not say that you did know?—I can't say I did not know, and I can't say I did know.

As a matter of fact you must have known that at that time you owed over £40,000?—I cannot tell you that I

knew the amount at that time.

You knew in 1894 that Mr Birch had made application for your account to be reduced by £40 000 for the purpose of the balance sheet?—That is so.

You must have known, then, in 1894 that your account was over £40,000?—That would be the assumption.

Now I want you to refer to the 1893 balance sheet, Take the association's drafts against shippers.—Yes.

Mr Solomon: There you charge yourself on one side, Mr Ward—and, we say, very properly,—with the amount that you owe—that has been drawn against shipments.

Witness: Yes, £32,692.

You take credit for £49,000 for the corresponding amount. You take as an asset for the money owing to you the goods assigned, and you debit yourself with a liability for the amount received. That is the proper thing to do. You see the effect, don't you, Mr Ward?—I Cannot tell you from the face of the balance sheet what was done with regard to those two items.

You know that there was a corresponding asset for the liability—that liability of £32,000. The liability meant the advances you received on goods. The assets were the goods themselves, or the book debts owing from the farmers to you for advances made on those goods. That must be so. It is obvious?—That is the inference, but I cannot say that it in so specifically.

I say that this is a perfectly proper thing to do—to put it in that way—and that you did this in 1893 and 1894 and stopped doing it in 1895. Now, the balance sheet upon which I wish to examine you most closely is the 1895 balance sheet, and I am drawing your attention to what was done in the 1893 balance sheet.—These are shown in the '93 balance sheet in this way and not in the '95 one. That is so.

The next thing is in the '93 balance sheet you show "bills under discount," £12,000 odd?—That is so.

The corresponding item against that is "bills receivable," £13,000?—Yes.

That means that you charge as a liability the amount you receive from the bank as discount for these bills, and you charge as an asset the bills themselves?—Yes; the bills discounted are set out as a liability, and those receivable are set out as an asset.

The result of that transaction is to show how many bills you have got?—It shows the number of them.

And the result of the transaction is to show the amount of advances you have got an against shipments?—Yes—that is, where it is shown so.

Of course, in each of those cases the effect is this; that on the liability side of the balance sheet you have got an actual debt which you have got to pay. In the case of the consignments you have got to pay the persons from whom you received the goods; and in the case of the bills you have to pay the bank, On the other side, you have the possible amount that the goods will realise, and the possible amount that the bills will realise?—I suppose the one is set off against the other.

Only that your debt is certain and your liability is certain, but your asset is uncertain?—That is the case in nearly every ordinary business.

That is the reason why you should set out in your balance sheet the amount of bills under discount, so that the shareholders might have an idea of the extent of 'he business you do?—It was set out in the first and second balance sheets, but not in the third.

And the drafts against shipments in the same way assume that is so.

You notice in the 1893 balance sheet, and all through, you have got; on your liability side £15,000 on paid-up shares. That you received, And as against that you have £15,000 goodwill account?—That is not so. It appears as a liability in the 1893 balance sheet, but is not carried out.

It is put on and then taken off again. Now, Mr Ward, you know—don't you?—that this is not a good item to have in a balance sheet: "Goodwill"? It shows that you have parted with your money, and all the assets you have got for it is this item; "Goodwill."—I don't see why it should not be in the balance sheet at all, I don't know anything against it.

Do you think it is a good item to have in a balance sheet?—It is a very usual thing.

I want to point this out: that in what ought to be done. The shareholders ought to know that they have parted with so many shares, which are a liability, and that what you have got for those shares is an asset which consists of goodwill. That ought to be shown in the balance sheet, ought it not?—I think it ought to be.

Witness, dealing next with the balance sheet of the Farmers' Association for 1894, said he purchased between 1893 and 1894 the business of Carswell and. Co., for which he £9004 for the stock (as per valuation) and £5000 for the goodwill, for which Carswell received 1004 fully paid-up shares in the association, Cars well and his friends agreeing to take up [unclear: 104] shares.

Was that a good purchase?—No.

As a matter of fact, it was a very bad purchase?—It was.

I think that we can fairly say that it was as the instigation of the Colonial Bank that you took the business over?—That was so.

In consequence of your indebtedness to the Colonial Bank you were practically forced to take over that business?—No, I should not like to say that. It was represented as being a good business and a parable one, with which there was a large *clientele*, and that the probabilities were that competition on the same lines as our own concern would be started by Carswell and Co. in the shape of a pro pre-prietary business.

Witness continued: That representation was made by Mr Watson, the bank's inspector. That £10,000 was treated as a special account. His recollection was that it was to be treated as an entirely independent account, the bank undertaking to provide separate finance for it, In the balance sheet of 1894 the special overdraft was done away with, and the bank book a bill for £9636. During the same year they purchased another business—the United Farmers Association.

Mr Solomon: Look at your balance sheet and tell me if there in any word there at all to show the shareholders the terms of the purchase of Carswell's business?—No, there is not; there was no money paid for Carswell's business.

Witness continued: No money was paid for the goodwill of Carswell's business, bet £5000 worth of shares were given. It would be best to read the agreement with Carswell and Co., and then to explain it. The agreement was as follows:—

Memorandum of agreement made and entered into this 11th day of May, 1883, between the J. G. Ward Farmers' Association of New Zealand (Limited) hereafter called the said association) of the one part, and Hugh Carawell, both for himself and the firm of H. Carswell and Co., and assigns of the other part (hereinafter called the said firm), witnesseth that it is hereby agreed by and between the said parties as follows:—1st, That on the 1st of July, 1893, the said association shall purchase and the said H. Carawell shall sell to the said association the goodwill and current business of the said firm with the transfer of all agencies where possible (which agencies the said H. Carswell undertakes to do his best to transfer) for and at the price of one thousand fully paid-up shares of are pounds each in the said association, said shares to rank in all respects equal to the ordinary shares of the said Association. 2nd. That the said association shall purchase and the said firm shall sell to the said association all stocks of the said firm, comprising seeds, manures, corn sacks, and general merchandise, including oats (the latter to be taken over at valuation at the option of the association after Mr Carswell has submitted list of prices, qualities, and quantities within three days from date hereof) for cash value of same to be agreed upon between the parties hereto; and failing such agreement as to values being arrived at a evaluator to be appointed by each party, and In the event of their disagreeing the said. association to appoint an umpire, whose decision shall be mutually binding on both parties, 3rd, That the said association agrees to take over all approved advance accounts in the books of the said firm, paying cash therefor, both as regards principal and interest due. 4th. The said association agrees, at the option of the said H. Carswell (such option to be exercised by him and his decision given on or before the 20th of day, 1893), that he be received into the service of the said association (on the same conditions as other employees of the association) at a salary of £300 per annum: and the said H, Carswell agrees that in the event of his not entering the service of the said association he will nevertheless support them with all loyalty, and elected to the position of a director to the [unclear: el] association he will act in that capacity at [unclear: t] same remuneration as shall be paid [unclear: to] ordinary director of the said association. [unclear: 5] The said H. Carswell shall not for the [unclear: space] seven years from the 1st day of July, 1893—[unclear: that] to say, until the 1st day of July, 1900,—enter [unclear: i] business in Southland either singly, [unclear: jointly] otherwise, in competition with the said [unclear: assoc] tion, except as regards a land agent, or the [unclear: fina] necessary for the sals or purchase of such [unclear: lands] connection with the said land agency, [unclear: or] regards conducting such agencies or other [unclear: ent] prises as the said association shall permit [unclear: him.] writing to do. That the said H. Carswell [unclear: sh] subscribe for himself or procure from third [unclear: party] applications for at least 100 ordinary shares [unclear: in t] said association, and will endeavour to [unclear: obu] shares for the said association from his [unclear: frien] the remuneration to Mr Carswell to be [unclear: hal] crown per allotted share so obtained [unclear: through] by him. 6th. In further consideration [unclear: for] goodwill paid to him Mr H. Carswell to [unclear: Influe] all business he can to this association, only [unclear: d] ing the currency of this agreement. The [unclear: penal] for non-performance of this agreement [unclear: to] £5000 sterling. It is farther mutually [unclear: ag] that no disclosure of the existence of this [unclear: ag] ment is to be made until the consent of Mr [unclear: J] Ward is first given.

J. G. WARD,
Managing Director
H. CARSWELL.

11th May, 1893.

Signed on behalf of the J. G. Ward [unclear: Farme] Association of New Zealand (Limited) [unclear: in]

presence of, and the common seal of same [unclear: w] affixed in the presence of J. Fisher, [unclear: Compa] Manager, Invercargill.

Signed by the said Hugh Carswell in the [unclear: presess] of A. A. Birch, bank manager, Invercargill.

There was also a further [unclear: agreement,] follows:—

Invercargill,

May 11, 1893

In connection with the attached [unclear: agreements] this day's date between Mr H. Carewell [unclear: and] J. G. Ward Farmers' Association, it is [unclear: further] agreed that the said association is to [unclear: accept] position Mr Carswell now holds under [unclear: agreem] between him and Mr William [unclear: Cruickshanks] the purchase of twine. It is understood that [unclear: th] agreement is for 12 months from date of [unclear: sa] with the option of continuing for three years. [unclear: T] foregoing is subject to Mr Cruickshanks' [unclear: conse]

J. G. WARD,
Managing Director.
H. CARSWELL.

Invercargill.

May 11.

It Is understood, as arranged verbally [unclear: with] Watson, none of the shares paid for Mr [unclear: Carswe] business are to be put upon the market for [unclear: t] years from the 1st July, 1893, and that the [unclear: J.] Ward Association have the right to [unclear: substity] cash for such shares should they (the J.G [unclear: l] Association) prefer to do so.—Signed by [unclear: J] Ward, H. Carswell, and witnessed [unclear: by] Fishrr.

Witness continued: The agreement came [unclear: in] effect on the 1st of July. but the result was [unclear: v] different from what had been anticipated,[unclear: as] it promptly became a subject of [unclear: negotiation] ancel the 5000 shares—and, as a matter of act, he himself paid £1100 cash for the cancellation of these shares. The negotiation for the cancellation of these shares were proceeding prior to the telegram of the 20th October, 1894, and he was [unclear: usrtain] he would get the shares cancelled. The telegram was as follows:—"Telegram received from Hon. J. G. Ward, Wellington, advising that he had arranged with the Colonial Bank of New Zealand to cancel Mr Carswell's shares absolutely without consideration "What was meant by that was without cost to the company, as he had said, be had himself paid for the cancellation of the shares.

Mr Solomon: Now, I want to ask you, Mr Ward, whether you noticed yourself in the balance sheet of 1894 that the item did not appear, and whether it is, as you say, that you consented to the item not appearing because you felt satisfied that the shares would be ultimately cancelled ?

Witness: We determined that the business was other than we believed it would be, and that the cancellation of the shares was a certainty.

So far as the £5000 was concerned you determined, after consideration, I suppose, not to put the item in?—I knew that the cancellation of the shares would take place, and the only question was what I was to pay for it.

You intentionally—it may be with a perfectly proper object and motive—omitted to put the item in?—The item was not put in because I knew we could not carry out the agreement.

I want to know where that matter was diseased and with whom—the propriety of putting in that item of £5000?—Mr Fisher and I discussed it, and we came to the conclusion that—I do not think it was done intentionally—the business had turned out quite differently from what it had been represented, and we determined that the agreement must not be carried out.

Did it not occur to you, seeing that this was a bad purchase, whatever you might think of it, that you were purposely stating—I do not Say with a bad object—purposely concealing—again let me impress upon you that it might be perfectly justifiable—the true state of the Farmers' Association's affairs by omitting thin item?—No, I do not agree with that at all. As a matter of fact I felt determined that the shares should be cancelled,—and I undertook myself to pay for their cancellation.

Why did you not tell the shareholders that?—My answer to that in that if the whole of the details of a

business are to be discussed at a shareholders' meeting no company could carry on business.

You cannot call this a detail. You parted with £5000 worth of shares for Carswell's goodwill?—Which I knew would have to be cancelled, It was merely a question of how much to pay for the cancellation, which I undertook to pay myself.

But anything might have happened, Mr Ward; you might have died. Why did you not tell them of the fact that you had paid away this amount of money for a business, but that it was not the business you thought it was, and that you were going to get the shares cancelled?—My answer to that is, assuming I had done that, it has to be remembered that the association had the greater portion of these accounts in its business, and if I had gone and announced publicly such a statement it is not too much to suppose that, so far as the business of the association is concerned, it would have done it considerable injury.

You purposely concealed the true state of affairs because you thought that to publish the true state of affairs would have done the association harm?—That is not so.

Is that not so?—No. I say that from the start of the business it was such that it could not be carried out, and I paid £1100 out of my own account to Cancel the shares.

From which account?—I paid £1100 out of my own account—there was no Farmers' Association about it, I paid £1100 cash for the cancellation of the shares.

From your own account in the Colonial Bank?—I have said, from my own account.

Which account?—My account in the Colonial Bank—my account which was supported by my ordinary securities.

Then you say you deliberately concealed—I have not said that.

You deliberately concealed the condition of the company at balancing day?—I have not said that.

The position of the company at balancing day was that it had parted with £5000 worth of shares and had as the result the goodwill of Carswell's business?—I have told you that after the business was acquired it turned out differently from what it had been represented, and I undertook to get a cancellation of the shares, and I paid for that; and I think that under the circumstances it was far and away the best thing to do.

What I want to get at is that nothing was said about the purchase of the business in any way in the balance sheet or the report the item of goodwill is kept out, and nothing it said about the purchase at all?—Pardon me. An advertisement was put in the Southland papers at my instigation. I cannot give the exact date. I can give you near it, and I will have the date verified, I sent this letter from Wellington to Mr Carswell on the 3rd July, 1893:—"Yours of the 26th inst., enclosing public notice, duly received, and I note contents of same I would suggest you leave out the words in the advertisement, 'and such other agencies as may be arranged with the above association,' I think if you read the advertisement again you will find it is better to leave this out. The fact of doing so, of course, does not in any way affect the arrangement made. However, it is a point upon which you can please yourself. Kindly see Mr Fisher in order to fix the date for issuing the advertisement."

But again I say, Mr Ward, no mention was made by you to the shareholders or the public of the terms of the purchase of Carswells business, and the fact of putting in thin item "Bills accepted."—Before we met as shareholders again that arrangement had been terminated, because the shares had been cancelled and paid for. The arrangement was to take effect from the 23rd July, 1893, and as a matter of fact after that date I paid £1100 for the cancellation of the 5000 shares, and when we met the shareholders next time these shares did not exist.

In 1894?—When we met our shareholders between 30th June, 1894, and 1895.

Mr Solomon: When you met your shareholders in 1894 those shares did exist.

Mr Chapman: No; that is not so. The shares were cancelled on the 20th September, 1894. and the meeting was on the 27th October, 1894; so that Mr Ward is right in saying that when he met the shareholders those shares did not exist.

Mr Solomon: But when the balance sheet was made up those shares did exist.

Mr Chapman: the date on the printed balance sheet is 12 days before the date of the meeting, and it went out sometime between that and the 27th October.

Mr Solomon: And the balance was made up to the 30th June. But there is nothing, Mr Ward, to show to your shareholders the amount of money paid for stocking this business?

Mr Cooper: There is the draft.

Witness : In a business such as this there is no necessity for such a thing as indicating to shareholders what the amount of any purchase of that kind is.

Mr Solomon: When you purchased a business that turned out badly, it was the proper thing, was it not, to tell the shareholders how much money you had parted with?—As a matter of fact, the business was of the same class on which we were already engaged, and there was nothing unusual about it. Before that the association had bought a business worth several thousand pounds, and such a fact was never mentioned to the shareholders.

At anyrate, then, the fact is that go intimation of any sort was conveyed to the shareholders of the nature of the purchase?

His Honor: the shareholders knew that there had been a purchase, and if they had wanted information they could have asked for it. The only suggestion of concealment that I can see is the omission in the balance sheet to put in the shares which they had given for the goodwill, but they do not take credit for the goodwill among their assets, and Mr Ward [unclear: as] that at the time the balance sheet was put [unclear: fo] ward be had made up his mind, and had [unclear: pm] tically arranged, that the shares would be [unclear: ex] celled. There does not seem to be very [unclear: [unclear: as]] in it.

Mr Chapman: If they had been entered there should be some undefined claim against Carswell on the other side.

Mr Solomon: That may be so. Your [unclear: hon] it is of course, as much my business to get [unclear: a] explanation which exculpates Mr Ward as [unclear: a] get one which inculpates him.

His Honor: Quite so.

Mr Solomon: Now, Mr Ward, in this balance sheet you still adopt the plan of charging amongst your liabilities bills under discount as assets bills receivable?—Yes.

Did you take any steps to inquire before the balance sheet was issued how many bills had [unclear: be] passed to the past due bill account—had [unclear: be] dishonoured?—No. My answer is that I [unclear: d] with the balance sheet as it was placed before me.

Quite so. Did you make any inquiries [unclear: ab] it?—In a business such as that there would [unclear: h] from time to time past due bills going [unclear: a] probably every month, and if the management the association, when a past due bill—a former bill particularly—was held as a past due bill had chosen to send for the man and get a [unclear: red] tion the past due bills would largely [unclear: diminis] and the position of the past due bills when they got into our hands—long before the association was put into liquidation—was not only [unclear: as] abnormal one but an unusual one, for the reason that the bank at a particular stage refused to accept any renewals.

But is it not a proper thing to take out [unclear: d] the amount of bills receivable the past [unclear: to] bills? There is a direct liability on those, [unclear: is] there not?—It depends on the circumstances.

But they cease, so far as the bank is concerned?—If the Farmers' Association [unclear: held] £5000 of past due debts on behalf of client who had security in the hands of the association in the shape of goods—say, grain to be sold,—it is not at all unusual for a renewal of a past due bill for the full amount to be given. If the management knew they were good marks it would not become a liability.

Supposing they had not security?—And supposing they had, if the mark was a good one what of it?

It amounts to this then; that you took out on the liability side of your balance sheet the direct debt you must pay to the bank, and you treat on the other side these dishonoured bills as so many sovereigns, and put one against the other?—In the balance sheet?

Yes,—I have never seen it done.

I ask you, is that not the effect?—I reply again that it depends on the circumstances. If you had, I repeat, a number of past due bills, even without security, in respect to which the drawers were good, it is no reason why they should be treated as you suggest.

His Honor: Are you referring to the balance sheet of 1894?

Mr Solomon: Yes.

His Honor: I the bills under discount amount to £33,000 odd. They would be a liability under one head or another.

Mr Solomon: I say that the shareholders are led to believe that they are bills under discount, whereas, as a matter of fact, they are dishonoured bills. Our point is that in 1894 the association held £2000 of dishonoured bills, which appeared as current bills, and in 1895 £10,000, which appeared in the same way.—Witness: I have conferred with Mr Anderson, the accountant of the association, and I understand that a past due bill is regarded by the banks as a bill under discount.

It is treated by you as a bill under discount in your balance sheet?—So far as I understand, that is so, but I am assured that that is done by the banks.

That may be so, but I want an explanation from you of this matter. It is a fact, Mr Ward, whether the practice is right or wrong, that these dishonoured bills—£2000 in the year 1894—are not shown to the shareholders?

His Honor: Not shown separately?

Mr Solomon: Not shown at all.

His Honor: They are included in bills under discount.

Witness: Mr Solomon said they were dishonoured, and I entirely disagree with him in that. They are not dishonoured.

Mr Solomon: Not if they are past due bills?—Some of them, if looked at, would be found to be given specifically against produce to come in at a particular date; and if the produce had not come to hand the farmer

would have been seen on the matter and the bill renewed.

And if renewed, it would not be a past due bill?—Pardon me, Mr Solomon; the question was on the point of dishonour.

I am speaking about bills which were past due, and therefore must be dishonoured?—And my reply is that, as his Honor has stated, past due bills are regarded as bills under discount.

In your balance sheet?—If there are many there, that is so.

His Honor; A bill would be dishonoured if the association was under an obligation to renew it and did not do so.

Mr Solomon: Then it would not be past due.

His Honor said he understood the practice to be that bills were drawn against produce, and in some cases the produce was not sold, so that the bills were practically dishonoured.

Mr Solomon asked where witness's account appeared in the assets—under what heading? He referred to the money Mr Ward owed the association. He was still speaking of the 1894 balance sheet?

Witness said that in the detailed statement furnished to him it appeared as "J. G. Ward's business account £8368 5s 11d," and "J. G. grain account £6617." That was the detailed list of book-debts due to the association at that date.

Examined further witness said that he could not say without looking at the papers what was the average amount of the association's ordinary current account—the account, mostly farmers' accounts, probably owing to the association. He could not answer without looking at the papers; but, referring to the papers, he found that in 1894 it amounted to £52,000 in round numbers, apportioned in the books of the association as "advances £41700," and "book debts £10 300"—round numbers in both cases. That included witnesses's own account, and also £1982 4s 2d due by the Hokonui Railway and Coal Company. This last item would, he thought, be included in the advances the list he was looking at was a list of current accounts. He could not tell whether there was any list of the £30,000 owing. The amounts were set forth in the list he was speaking of, and he gave the totals as they appeared. There was no detail of the £36,000 owed, or of the £10,000. The heads that made up the figures were given, but there was no detail. The statement from which he was quoting was in Mr Anderson's writing. He came back from England to the Colony in July, 1895, and it was very shortly after that that Mr Fisher came to Wellington to see him. He did not know how long after his arrival it was, but it was either in July or August. He thought it was on the occasion of Mr Fisher's first visit that he told him (witness) that he was afraid losses amounting to £20,000 or £25,000 would have to be provided for.

Mr Solomon: Did Mr Fisher tell you that that loss was the result of that year's operations of the association?—I do not know what he did say. I understood that it was the result of depreciation in the values of produce and that the losses had accrued by debits on grain, purchases, and the general depreciation of business.

Do I understand you to say that the business was from £20,000 to £25,000 worse off than it was the year before?—The balance sheet the year before anticipated no losses at all.

He gave you to understand the losses had accrued in the interval?—I should not like to say that. It may have been as the result of an examination extending over a few years.

He told you that the losses not ascertained before were from £20,000 to £25,000, and would have to be provided for to put the association straight?—Yes.

And I think you have said that as a result of that you thought it necessary to tell the bank to make an investigation?—What I did was to report to the general manager of the bank, and I suggested that someone should be sent down to look into the position of the business.

Examination continued: If the losses had not exceeded £25,000 he would not have looked upon it as serious. He realised that the whole position of affairs was serious. As a matter of fact, he knew now that what he should have done was to retire from all his other positions and devote himself to his own business affairs. He believed at the time that he could take liability for £25,000 upon himself. He did not then know there was to be a permanent liability of £55,000. He knew that there were 3000 people attached to the business, and that they could have provided for the whole amount within a reasonable time.

Mr Solomon: Your position was £7000 worse in 1895 than it was in 1894. At that time you owed the association £47,000, and with the £7000 on the grain account you only owed it £54,000 in 1895?—It is a very easy matter to look back upon it now, but the year before that he did not know that his debit was going to remain or accrue into losses at all. I believed that there were things passing through that account which would come to my credit. I did not know that a permanent debt of £40,000 had arisen upon my shoulders.

Mr Solomon: You knew in 1894 that you owed the association £47,000.

Witness: But I did not know that it was going to be converted into practically what it was afterwards—a fixed debt.

What of that £47,000 was not a fixed debt?—As a matter of fact, the details of that £47,000 I was not familiar with.

Do you not know that that £47,000 included sales in grain?—I have told you I did not know what it included.

Your position, I take it from you, is that although you knew you owed the association £47,000, you did not know it was your own debt?—I did not say that there was not a debt. You are twisting it. I did not say that, and you have no business to say it.

What did you say?—I said that I did not know the year preceding what the amount which was at my debit was, but it turned out finally to be turned into a fixed debt. I was not familiar with the details of that account. I say that, and that there were fluctuating items in it—grain operations and shipping items—which I thought would have reduced the amount materially. As it turned out, I was mistaken.

You did not know your own petition?—I knew my own position outside of that account.

What position was there outside of that account?—That was not the whole of my indebtedness, and it was not the whole of my responsibility. I had an amount of £16,000 against 16,000 of Nelson's shares, and [unclear: £25,0] against 25,000 Ocean Beach shares.

It was a trade fluctuating account?—Yes, was a trade account on the books of the [unclear: ws] Farmers' Association.

You knew when you left New Zealand [unclear: th] the association owed the Colonial Bank [unclear: or] £40,000?—Whatever the debit was at that [unclear: it] I knew.

You knew that £40,000 was proposed to drawn in reduction of your overdraft at [unclear: t] 1894 balance. Therefore it must have been [unclear: w] £40,000?—You are talking about my person account.

I am speaking of the overdraft of the [unclear: ass] tion at the bank.—I cannot tell you what [unclear: th] was. If you will tell me I will try and sun you.

It was £43,000 so far m I can get it. [unclear: wa] was it shown in the balance sheet at? £26,000 and £35,000.

£61,000?—Yes, the two items, £61,000.

And your indebtedness to the association 1894 was £43,000, Now, when you came to the colony, Mr Ward, Mr Fisher told [unclear: j] that losses to the extent of £20,000 or [unclear: £30,0] had been made. In the first place I want know how it is under those circumstances [unclear: a] allowed a balance sheet to be issued shown a profit of £5000 or £6000, and says nothing about this loss?—Because profits [unclear: wa] made.

What about the losses?—I have told [unclear: y] already I had undertaken to provide for the losses. If losses were made from £20,000 £25,000, I undertook the responsibility of the It turned out to be £55,000, and I understood though without intending it, to provide for this

You provided for them by the bank [unclear: which] them out?—I provided for them in a perfect *bona fide* way. The £55,000 was paid so far the association was concerned.

In the balance sheet of 1895 appears [unclear: th] item as a liability: "Bank account," [unclear: £11] You saw that, I suppose Yes.

Knowing, as you did, when you left [unclear: ne] Zealand in 1894, that the overdraft at [unclear: t] Colonial Bank was £60,000, how could [unclear: y] possibly allow a balance sheet to go out at [unclear: th] time which showed that the overdraft was [unclear: of] £1100? Did you not know, Mr Ward, [unclear: th] that would not be correct?—Well, I dealt [unclear: wt] that balance sheet as it was placed before [unclear: in] I knew that this did occur. I knew the the £30,000 had been provided for, and the the bank had taken a draft upon John [unclear: Con] and Co., of London. When I knew that I [unclear: gr] instructions that the draft was not to [unclear: w] forward.

Witness continued: There had been [unclear: £40,0] worth of debentures issued in the intern In addition there was a draft for £30,000 [unclear: a] Connell and Co., which he stopped from [unclear: go] forward and from being paid by the association He believed that that balance sheet, as placed before him, was right.

Do I understand you to say that you were led to the conclusion that that £1185 was the true amount of your indebtedness to the bank, without giving credit for the £30,000 draft?—I have already said, in addition to the debentures, because I could not give you a right answer otherwise.

Do you think that that shows the correct debit balance with the bank, when the bank took credit amongst other things for this £30,000 draft?—I know that I gave instruction that it was not to come back to the association.

What do you mean by saying: "It was not to come back to the association?"—It was to be repaid by the association by way of overdraft, I know that, in the first instance, when I found that the draft was not drawn in terms of the latter of credit I stopped that draft from going forward. In addition to that, I told Mr Fisher that that draft was not to be repaid by the association.

According to the balance sheet, it is plain that the draft having been pat to the credit of the association it must also go as a debit to the person on whom it is draws. Is not that no?—yes.

Why does that not appear in this balance sheet?—But that went out of the balance sheet.

But it did not?—Yea it did, What T state, and I do so distinctly, is that when I knew of this draft of £30,000 on Connell and Co. I stopped it from going forward. In addition, I declined to allow it to come back to the association, which is true; consequently it had no right to appear there.

What made you think, knowing that the bank overdraft was over £60,000 in 1894, that it could get as low down as £1185 in 1895?—I have already told you that £40,000 worth of debentures were issued. That brings it back to £20,000, does it not?

Don't you know that the £40,000 worth of debentures appears as a special item?—But that reduced the overdraft of £60,000 by £40,000.

Even then, where did you think the £20,000 had gone to?—If you were to ask me this question: If I consider that £1180 is the right amount to appear in the balance sheet? then I say that I did so consider at the time, because I knew that the overdraft had at the time been reduced amongst other things by £70,000 odd.

That is by the £40,000 of debentures and the £30,000 draft?—Which was retired afterwards.

Do you not know that the £30,000 draft must appear as a debit, but does not so appear?—I knew that it did not appear, but I don't think it ought to so appear. I say that the asset and liability both disappeared from the balance sheet.

But they don't, for you take credit for the £30,000 in your overdraft?—I understood that the asset disappeared. As a matter of fact, the £30,000 was supposed to be against grain. I contend that both the asset and liability went out.

But does it not follow that if you want to take out the £30,000 as a debt you must raise your bank overdraft by £30,000?—If you had an overdraft for £30,000 and the bank bought a foreign bill from you for £30,000, your overdraft would go down by that amount.

Then it amounts to this: You owed the bank, if you are right, £31,000. I asked you how you signed this balance sheet, which showed your indebtedness to the bank to be only £1100, and you reply that you did so because you know that £30,000 had been paid into the bank?—I knew that £30,000 had been taken completely out of the bank under the letter of credit of Connell and Co. As a matter of fact, that draft for £30,000 never went against the Farmers' Association.

But it went in as a paper item?—it did not go in as a paper item. It went out in the first instance as a British bill. In the ordinary course of business it would have come forward and been paid by the people at the other end, but I stopped it.

Do you not know now that the two entries ought to have been simultaneous—crediting the bank with the amount and debiting Connell and Co; then, when your draft was not presented, these; two items should have both disappeared, and the overdraft would have gone up again by £30,000?—But I stopped that; consequently it could not have gone up again. I stopped the draft being repaid by the association.

You did not get the £30,000 from it, so that the position of affairs remained exactly as before?—That is not so. The bank purchased the draft for £30,000, but it was held over, and did not go forward.

But it was placed to your credit, although held over?—Quite so. But I did not know it then. On my return to the colony I did two things: I stopped the bill from going forward, and I declined allowing it being repaid by the association. I did that because Mr Fisher told me in the interval that he expected to make losses of between £20,000 and £25,000. I told the bank manager so at the same time I should have to provide for losses of between £20,000 and £25,000, and I say it was covered by that £30,000.

Now I ask you again, Mr Ward: You were told that things had gone bad, and that you would probably have to take over a liability on your shoulders, How could you possibly sign this balance sheet for 1895, which shows that the total amount of the assets due to this company, outside of bills receivable and stocks—the total amount of debts owing to the association—was £44,000?—I understood it was £87,000.

Excluding stocks and bills receivable, the whole amount of the debts owing to the association—that is, advances against produce and current accounts—in that balance sheet is £44,000, How could you possibly sign such a balance sheet when you knew that you yourself owed the association more than that amount?—I did not know it.

You did not know that you owed more than £47,000?—I did not know it, and that is true, I say I did not know what you are now stating.

Did you think that item was correct and that the total amount of debts due to the association was £44,000?—When?

When the balance sheet was signed F—You were speaking just now of the year previous.

You knew in 1894 that you owed the association £47,000, did you not?—I did not know I owed the association £47,000, When you put the question before you stated the amount at £43,000 or £44,000, and I said I probably owed that amount at the time, I said I believed that part of the debt was fluctuating, and from time to time would probably be reduced and wiped out, but I did not think that it was a permanent debt which was likely to be put on my shoulders. I did not know that a debt of £55,000 was going to be put on my shoulders.

I ask you this, Mr Ward: You did know in 1894 what your indebtedness was in the books of the association?—I would know what the debit at my account was.

You knew that things had not gone well in the meantime, that losses had been sustained. I ask you, Mr Ward, did you honestly believe that the total amount owing to the association in 1895 was £44,000?—I believed the statements that were placed before me.

You made no inquiries?—Pardon me. It was stated to me that losses of £20,000 to £25,000 had been made, I requested the bank to send some one to make an investigation and they did so. The result of that investigation was to place against me a debit of £55,000. I took up that debit and I bore the responsibility of it. I believed that in doing that I would save the association, and it would have saved it—

You knew that in 1894, on the eve of the balance sheet, the items of £21,000 and £35,000 took place. Did it never occur to you a transaction similar to that might have taken place?—As a matter of fact the debts went up in one year from £21,000 to £35,000. There was no reason in a business of this kind why the account should not have gone down another £25,000 in the next 12 months.

When you saw this amount of debts, "Current debts, £20,000" and "Advances against produce, £34,000," did you not say to Mr Fisher, "I must owe the association as [unclear: r] as that myself?"—As a matter of [unclear: fact] accepted the statement as placed before [unclear: me] I believed it to be right.

Did you read the balance sheet before [unclear: y] signed it?—I have very little doubt I [unclear: did] knew that a change in the system of [unclear: shown] the discounts had taken place, and I knew [unclear: th] £40,000 of debts had been provided [unclear: for,] that made a tremendous difference, I [unclear: did] know that the amount of £55,000 was [unclear: stand] at my debit, and I believed that the [unclear: docume] before me were right.

You knew that on this side of the [unclear: bala] sheet you must owe a very large amount [unclear: to] association—that it was a certainty that [unclear: y] must owe a very large amount?—I knew [unclear: th] there was a debit against me undoubtedly.

You knew that it was a very large one? [unclear: d] have answered already, and I cannot alter [unclear: it] I will not alter it, that I did not [unclear: know] amount that was standing at my debit at [unclear: t] time.

His Honor: Mr Ward had this balance [unclear: sh] furnished to him. I understand there [unclear: were] number of papers attached to it. Do [unclear: th] papers show anything? You produce [unclear: s] papers which Mr Fisher brought to [unclear: yon] Ward, with this balance sheet?—Witness: [unclear: T] position was, that the balance sheet and [unclear: pr] and loss account were brought to me. [unclear: T] whole of the detail statements were the [unclear: wo] ing up of the association, and they were [unclear: attach] to the balance sheet on the return of the [unclear: doc] ments

Mr Solomon: When you came back to I [unclear: ne] cargill, before you met the shareholders, did [unclear: yo] not examine and see the condition of [unclear: yo] own account?—Witness: No, I did [unclear: not] arrived in Invercargill in the morning or [unclear: aft] noon; I met the shareholders next morning, [unclear: a] left on the same afternoon. I admit now [unclear: that] was probably trying to do too much. I [unclear: had] the time on my hands to do so.

Do you not know now that this balance [unclear: sh] does not put at all before the shareholder? [unclear: th] position of the company?—I know now [unclear: that] the bills under discount and British bills [unclear: h] been treated in the balance sheet as in the [unclear: t] previous ones it does not do so. I was not [unclear: the] at the time that the system was [unclear: altered] was altered by the manager of the [unclear: association] on the representation or accountants with [unclear: who] he was familiar. He believed it was a [unclear: rig] thing to do, and I believe he has [unclear: authorities] and very good ones, too—showing that it [unclear: was] right thing.

Does the balance sheet correctly state [unclear: th] bank overdraft at the time?—As far as I [unclear: know] at the time it did.

But now?—I cannot tell you if it does [unclear: not]

Do you not know that £30,000 [unclear: indebtedu] to the bank on balancing day was [unclear: redebited?] It was not redebited.

Never?—It never was redebited. I have said that before, and I am very much surprised to find that some people try to make out that it is so. It is very well known—and I do not know how, with a knowledge of all the circumstances, anyone can dispute it—that it was paid by a £30,000 cheque when the association was in credit to the extent of £55,000, or something like that. It was paid and lifted when the association was in credit, and the warrant which covered it was returned to me.

I see what you mean: It was paid as part of that £55,000?—That is not what you said. You said it was redebited to the association. Now you say you see what I mean. I mean what I said. I said that it was paid by cheque for £30,000 when the association was in credit beyond that amount. It was lifted by payment cheque when the association was in credit.

Does not that amount to precisely the name thing, although it was done in a different way?—That is the difference. The inference was that that £30,000 was redebited to the account of the Ward Farmers' Association? I say it never was.

But it was owing?—There is a great difference between redebited and owing.

What it amounts to is this, that the shareholders were led to believe that the overdraft of the bank was £1000, the fact being that the association owed the bank £1000 and you owed the bank £31,000?—I have said we did not owe the bank £31,000. I have made the explanation, whether I am right or wrong, that I believed I was able to undertake to make provision for the loss of the association and that £30,000 was transferred to me, and I gave the manager specific instructions that he was not to allow that to be redebited to the association. If he had allowed that to be done, the indebtedness of the association would have gone up £30,000, which as a matter of fact it never did.

It may be—I do not see it, but it seems to me, the position is clear?—The mistake I made was in taking the responsibility of the whole thing, but I took it and I have suffered for it.

You have suffered for it in a sense, but you have not paid the bill?—As a matter of fact, I think you will find that the liquidators of the Colonial Bank have taken good care to claim for the £55,000, and on that to vote against my getting my discharge from bankruptcy.

Was it not the fact that without this £55,000 you were perfectly insolvent? It was not the fact.

Is it not the fact that, irrespective of that £55,000, you were altogether insolvent?—As a matter of fact I was not; I do not know who suggests it. The banks between them got the Farmers' Association, I have no hesitation in saying, for personal and political reasons. If I had been allowed, I was in a position originally to have paid interest on the whole amount of money I owed, including the £35,000, the £35,000, the £11,000, and the £7000; and although it has been overlooked by some people, the £25,000 for the Ocean Beach shares are referred to in the liquidators' report without setting out the material fact—which ought to have been set out—that there was a guarantee of 7 per cent. against them for seven years by Nelson Bros. making them first-class security, as far as a bank is concerned; and seven years was time enough for most people to have extricated themselves from a liability of that sort. Then I got £25,000 cash for some of them within 18 months, and if I had been allowed a reasonable time I should have done it for the lot. If it comes to a question of insolvency I say that to-day some of the largest financial institutions in this country, and in most other countries, if called upon to pay up their indebtedness within three months, would prove to be just as insolvent.

Very likely, and if their balance sheets were looked into they might be in the same condition. But what I want to know is is this balance sheet a true statement of your accounts?—Yes, so far as I knew at the time it was.

Witness continued: He did not know what had become of Carswell's bill for £9000. Counsel must ascertain from the manager of the association under what circumstances he treated bills under discount and why he had so treated them. He presumed it had been discounted by the bank for the association. Mr Fisher would be able to speak about it; he (witness) could not tell what had been done with it. It was very plausible to suggest that he had not asked about it, but the suggestion was disingenuous, for when one had to deal with finance to the extent of £750,000 a year, as had been the case with the Ward Farmers' Association, and with 4000 or 5000 clients, and to work from daylight to dark, it was unfair to ask if attention had not been called to a particular bill. Under such circumstances he did not think they would find any business man doing so unless he knew that there was something specially wrong. He had a special account with the bank called the "grain and railage account." If the amount that account was in debit was not shown in the balance sheet for 1895, he could not tell anything about it, because he had no knowledge of it.

Mr Solomon: Cannot you say this: In June, 1895, that account was overdrawn to the extent of £9900?—Witness: I do not know, but if you say so I will accept your statement.

I will show it to you.—If you say it is so I will accept your statement.

On the 29th June the debit was £9975 (account produced and shown to witness)?—That is so.

Do you not see now, Mr Ward, that at that time—June, 1895—there was a special debt to the bank of £9975?—That is so.

Should it not have appeared in the balance sheet?—Yes, I think it should.

All of can say about it is that you made no inquiries and knew nothing about it, although you were the managing director of the association?—As a matter of fact, I was not here when it was done, and I know nothing about it. I believe that Mr Fisher, the manager of the association, can explain it, but I cannot explain a thing of which I know nothing.

I do not say you can, but I want to get it from you, in order to come to Mr Fisher afterwards, whether that should not have appeared. There is another amount—the accrued interest?—Before you go to that I believe this special debt does appear. It is in the documents attached to the balance sheet.

But it is not in the balance sheet. The only liabilities we have in the balance sheet are: Debentures, £40,000;

amount at credit of shareholders and clients' current account, £10,000; reserve fund, £2000; profit and Ross account, £6000 The only other item in the balance sheet in which it might be included is the bank account, and the special indebtedness can not be there because the total is only £1100.—I said that in the detailed statement it does appear, but I cannot say where or how.

Now is there any item in the liabilities of interest owing by the association?—No; for the reason that on the 12 months the association made a profit on discount of £610 12s 5d.

I am not speaking of profit and loss. But amongst those liabilities is there any entry of interest owing by the association?—No, there is not.

Now, look at the interest account of 1895. Assuming for the moment, as I will prove to you shortly, that there is £1800 owing at this time to the bank for accrued interest, should it not have appeared as a liability As a matter of fact, I think I am right in saying that if you take the public balance sheets of some of our largest institutions, dealing with interest on both sides, they do not show the gross interest paid and the gross interest received. They show either a debt if a loss is made or a credit if a profit is made, and, as far as I know, that is what the association did.

I am not speaking of debit and credit, or of profits and loss, but of assets and liabilities, and I want to know if there is not at balance day a sum of £1800 which should have appeared as a liability?—Do you refer to the suspense account?

Yes.—I do not think it should.

It is accrued interest due to the bank?—Witness said that for the purposes of book-keeping it was kept in a suspense account until it became due. This was precisely what was done with another item mentioned in the liquidator's report with reference to an [unclear: aco] of £184 between Calcutta and New Zealand[unclear: .]

Can you suggest any way in which [unclear: th] balance sheet can be called a true and [unclear: a] rect balance sheet when an item of [unclear: £90] overdraft to the bank on special account [unclear: do] not appear?—I can only say, so far as It informed by those who are responsible, and it are still to come before you, that it is provide for.

But it is not shown as a liability?—I [unclear: a] only tell you what I am told.

I have now brought certain facts to [unclear: yo]notice, and I put it to you In this way: [unclear: j] matter whether it is provided for or not, if does not appear it could only be provided [unclear: a] by some cross entry ? It mast either appear a liability or be a cross entry?—I should [unclear: a] that is so. For all I know to the court it may be dealt with in the same way as [unclear: t] interest you have referred to. If a legitims contra account was set off against it the [unclear: ba] alone might be provided for.

What contra account might there be? cannot tell you, as I do not know.

Now, after going through the balance she do you say that the balance sheet is a true [unclear: t] correct statement of the affairs of the association?—So far as my knowledge goes it is.

But after what I have brought to your not do you say it is?—Well, I will just ask you question, Mr Solomon.—(Laughter.)

Mr Solomon: Never mind about that, I Ward, I am asking you questions. I think [unclear: y] will admit I hate had quite enough to do [unclear: a] the last two days without answering question

Witness: I will give you a poser.

Mr Solomon: I daresay you will, Mr [unclear: w] But answer my question now: Can you a after what has been brought under your note that the 1895 balance sheet is a true and corn statement at that day of the affairs of they association?

Witness: I believe it is. Now I will ask [unclear: a] a question, Mr Solomon.

Mr Solomon: Well, tit for tat is fair [unclear: pa] After asking you so many questions it is a fair that you should ask me one, and I'll it if I can.

Witness: Can you tell me how it is that [unclear: I] liquidator of the Ward Farmers' Association has left out £3000 cash and 9000 sacks of a andtreated the omission in exactly the [unclear: w] way as you try to make out I have done? [unclear: C] you tell me how that is?

Mr Solomon: No, I cannot. I cannot better than fallow your lead and reply, I must ask Mr Fisher.—(Laughter.)

Mr Solomon intimated at this stage [unclear: a] p.m.) that he bad expected to have been ablecarry through until the close of the day [unclear: ac] Mr Ward by means of the drafts, but he [unclear: at] not expect his friends on the other side to on with those now; but be would be [unclear: prep] to go on with the subject in the morning if his friends were ready.

Mr Chapman replied that he did not know how long the necessary investigation would take, but it was extremely unlikely that they would be ready in the morning.

Mr Solomon said he wished Mr Ward to remember that he wanted an answer when Mr Ward was prepared to give it to his question as to what bad become of the £67,000.

Mr Ward said he was only too glad to answer the question, because he did not like it to go forth to the world as an imputation that he had not accounted for £24,000. He had understood the liquidator to say that he made no imputation against any person, connected with the Ward Farmers' Association having received any personal benefit.

Mr Cook: No, I do not.

Mr Solomon; We do not for a moment suggest any dishonesty on your part by the question. It would be a very improper thing to do, and I, on behalf of the liquidator, have no intention whatever of doing it; but the liquidator has not been able to make out how that item of £60,000 is accounted for, and he is compelled to ask you, as managing director of the company, to do it.

His Honor consented to sit the following morning at 10.30, and

The court rose at 3 50 p.m.

Third Day—saturday.

The case was resumed on Saturday morning.

Mr Solomon: I understand that my friend is not ready with the drafts, so I propose to examine the auditor, Mr Hannah.

His Honor: Very well. Do you appear for Mr Hannah, Mr Chapman?

Mr Chapman: Yes, with my friend Mr Cooper.

His Honor; Do you wish this examination to be in public also?

Mr Chapman: It can proceed in the same

James Ewart Hannah, being sworn, said in answer to Mr Solomon, that he was an accountant by profession, and lived at Invercargill, and had been employed as auditor to the Ward Farmers' Association since, its inception. Previously he had been employed as auditor by other companies—by Murray, Dalgleish, and Co., and by the British and New Zealand Company while that concern was in existence. He had been auditing accounts more or less for 15 or 16 years. It was part of his duties to examine the books of the association. He examined the journal and ledger balances.

Mr Solomon: Do you mean that you went through the ledger or the ledger balances?

Witness: The ledger balances principally.

Was it your duty to see that the entries in the journal corresponded with the entries in the ledger?—Yes.

Examination continued; His first investigation or inspection of the company's books was about June of 1893 His salary was £20 in the first year; after that it was £50. When he examined the books he saw that Mr Ward owed the company a large amount of money.

Mr Solomon: It was your duty, amongst other things, to start your audit by going to the bank and getting from the bank a certificate as to the condition of the bank's account?

Witness: I got the bank book.

Did you not get a certificate showing the balances?—I cannot say that I did.

Of course you would, amongst other things, go through Mr Ward's account in coming to your audit of June, 1893. Do you recognise that [indicating the ledger] as Mr Ward's account?—Yes.

When you audited your books at this date you would see that Mr Ward was credited at balance day with £21,000?—That is so.

Examination continued: Coming to the 1894 audit, he saw that the first entry was on the 30th June, and the next dates in order were the 8th. July, then the 10th, then the 1st, then the 18th, and then the 1st.

Mr Solomon: Did nothing strike you there as peculiar?

Witness: I saw that further advances had been made to Mr Ward.

But did it not strike you as peculiar that the first entry was on the 30th June, the next on the 8th July, then the 10th, then the 1st, then the 18th. and then the 1st. You saw this?—Yes.

Did you make any inquiry about these dates?—I do not recollect.

Then you saw the item of £21,000?—Yes.

You noticed on the day of the balance sheet that £21,000 was paid in to Mr Ward's account?—Yes.

And when you came to audit the 1894 balance sheet you noticed that the day after the balance sheet it was drawn out again?—Yes.

Did that strike you as suspicious?—I cannot say that it did.

You had no reason I suppose at that time to think that was anything but an ordinary transaction?—That was so.

When you came to analyse the accounts the following year did you notice that on the balance day again the same account is credited with £35,000?—Yes.

Did that strike you as suspicious?—No; because I always assumed that Mr Ward was a man of money and

could pay off his accounts at any time.

Who assured you of that?—The manager, Mr Fisher. He could not say that he had made any inquiries why that had been done. The fact of the same thing having occurred on two successive balance days did not strike him as being for the purpose of concealing the position of Mr Ward's account from the shareholders. It now had some appearance of being for that purpose. When examining the books for the 1895 balance, the fact that the £35 000 had been repaid the day after the previous balance, and Mr Ward's account brought back to its original position, he did not have any suspicions aroused because it was satisfactorily explained to him that the debit had been repaid, and the amount was a further advance. It was either Mr Anderson or Mr Fisher who told him that. He was led to believe that these were ordinary transactions and not balancing entries. If he knew what he did now it is probable he would not have passed the entries.

Mr Solomon: Having learned that on the eve of the balance day in 1893 Mr Ward was credited with £21,000, in 1894 with £35,000, I take you to the 1895 balance sheet. You found that Mr Ward was credited in one item with £33,000 by transfer, and, on the same date, although not on the same day, for some unexplained reason, he is credited with £18,000 by transfer from Brooks's account and £6500 Connolly's account. That was on the very eve of the balance sheet, and you found Mr Ward is credited with £54,000, Were your suspicions not at last aroused then?—In the explanation given to me of those transfers——

Be kind enough to answer my question.—I cannot say. If I had suspicions I made inquiries.

From whom?—The manager, Mr Fisher.

Did he satisfy you that they were all right?—Yes.

What did he tell you?—That these two accounts and Mr Ward's were connected with the purchase of grain.

Again let me ask you, before we go into details, who told you this?—I was told by the manager.

Witness continued: He saw the account of Brooks and Co., which showed that on June 30 the association owed the firm £18,016 9s 3d, and the whole amount was on that date transferred in the ledger to J. G. Ward and Co. He had asked the reason for this, and was told that all these accounts were treated as one, and were dovetailed into each other. The accounts, he was told, were inseparable. He could not give any explanation other than that which he accepted at the time.

Mr Solomon: Did not you deem it your duty, Mr Hannah, as auditor of the company, before that item of indebtedness to Robert Brooks and Co. left the books to see that the association did not owe the money any more, Did not you deem it your duty to satisfy yourself on that?—I accepted the explanations.

But what did you take the explanation, that those three accounts were treated together, to mean? Did not you say to Mr Fisher, "What do you mean by that?"—I do not recollect exactly all that took place at the time.

Is it not the fact that what book place amounts to this: Mr Fisher said to you, "This is all right; these three accounts are all the [unclear: a] thing," and you took his word?—[unclear: Probably] may amount to that.

Do you think that was a proper thing [unclear: for] to do as auditor?—At the time I had no [unclear: susp] at all.

What do you think now?—I [unclear: cannot] exactly.

Witness continued: If he had known [unclear: t] what he now knew, he probably would [unclear: b] made farther inquiry into it. As to the [unclear: £30] draft with which Mr Ward was [unclear: credited,] understood that was a payment into Mr [unclear: Wa] credit. He never heard about a draft, [unclear: but] told there was a payment to that amount [unclear: to] Ward's account, He was not told [unclear: where] money came from.

Mr Solomon: When the association [unclear: drew] Connell and Co. for £30,000 they owed [unclear: th] that money, did they not?—because the [unclear: b] discounted the draft and they got credit [unclear: fo] in their bank account. Did they not [unclear: then] Connell and Co. in London £30,000? [unclear: Do] you see that?—I do not quite see it.

Mr Cooper: Not unless Connell [unclear: and] accepted the draft.

Mr Solomon: Then if Connell and [unclear: Co] not accept the draft they owed the [unclear: b] £30,000. As soon as these people [unclear: drew] put the draft into the bank for [unclear: discount] proper thing was, was it not, to credit the [unclear: b] account by £30,000 and at the same time [unclear: c] Connell and Co. £30,000? If Connell [unclear: and] then dishonoured the draft, the proper [unclear: th] was to replace the position of the bank [unclear: acc] and debit Connell and Co. to the same [unclear: am] Is not that so?—I do not quite see it [unclear: in] same light.

What do you say ought to have been [unclear: done] I say that If there is a payment in to the [unclear: cr] of Mr Ward's account from Mr Ward it [unclear: ou] to reduce his account.

But do not you see it did not come [unclear: from] Ward?—Mr Ward was not in the colony. [unclear: j] that happened was that the association [unclear: de] from one of its clients £30,000, which was [unclear: p] into the bank account; the net result [unclear: be] that the bank account was reduced by [unclear: t] amount, and they do not show on the [unclear: other] that they owe the money to the other [unclear: people]

His Honor; I would rather that Mr [unclear: Ha] would speak in reference to the informal [unclear: n]

received. If the information he [unclear: received] correct—that it was a payment on Mr [unclear: Wa] account to the company—then, if that [unclear: was] case, Mr Hannah was justified in his action.

Mr Solomon: Your Honor, I am not [unclear: blame] Mr Hannah, The only thing that one [unclear: m] say—and it is comparatively bringing—is [unclear: th] is a question whether he should have [unclear: accept] the explanation.

His Honor: If the explanation was [unclear: correct] was right.

Mr Salomon: Yes, But I would like to know [unclear: f] Mr Hannah does not see now that he was received. That is what I want to ask. Mr [unclear: h]annah, you say you were led to believe that his was a payment m by Mr Ward to his account, but do you not see now that it was not [unclear: o], and that you were deceived?

Witness: Well, it assumes a different aspect [unclear: ow,] no doubt, knowing what I now know.

But do you not see that you were misled as [unclear: o] the real nature of the transaction?—Not except that the explanation was not full [unclear: ough].

But was it true?—I really cannot say as to the truth of it.

What else do you think should have been told to you in explanation?—If I had been told that it was a draft on the association I would have understood it differently.

And you would not have passed the account?—Probably not. Circumstances have altered since then.

You now find that it was a draft, do you not? You heard that yesterday?—Yes, I heard it.

If you had been told what you now find to be the fact you probably would not have passed the item?—Probably not.

Now, let us go to the debenture account. (Books produced.) Do you see those two entries—" January 7, £20,000; January 28, £19,000"?—Yes.

You had as auditor to satisfy yourself that those moneys had been paid into the account?—Those entries were reversed before I saw the books to audit them.

Did you find out what the nature of the cross entries was?—The explanation given to me was that it was a mistake on the part of the clerk who kept the ledger—that he had entered those to the credit of Mr Ward without consulting anyone.

Who was the clerk?—I think it was a Mr Smith.

Who gave that explanation?—I cannot exactly say, but it was someone who was in the office when I asked for the information.

Was it Mr Fisher?—Probably it was Mr Anderson.

Mr Ward went away from New Zealand at the time that this amount was credited to him. The sum of £20,000 is credited on the 28th, and Mr Ward left on the 29th. in his absence there was another chairman of directors, was there not?—There would be, no doubt.

Did it not occur to you, Mr Hannah, that during Mr Ward's absence inquiries might be made by that gentleman or by others as to the state of the account, and that by reason of this transaction it would show to be £40,000 better off than it really was?—No doubt it would have appeared so during that period.

Seeing that, year by year, on the very eve of the balance sheet, you found when you came to this 1895 balance sheet that in every balance sheet of the association the managing director's account was so manipulated that, whatever the intention, its condition was concealed from the shareholders, did you not consider it your duty to call the attention of the shareholders to this item of £40,000 or to the balancing entries in 1895?—When I came to examine the books on this occasion the £40,000 had disappeared.

But it had remained at his account for six months?—Yes.

Was that not a wrong thing, then?—Yes, it was wrong.

In the one case the amount was at Mr Ward's credit for six months all but seven days—from the 7th January till the 30th June—and in the other case all but five months, Now, Mr Hannah, I want to draw your attention to this: that by reason of those two entries the state of Mr Ward's account was concealed from January till June. Was that not so?—It would be so with those items appearing to its credit.

And immediately it was revealed by these accounts being transferred again it was further concealed by the £30,000, the £18,000, and the £6500, is that not so?—Of course, it altered the position of the accounts altogether.

Then, Mr Hannah, when you saw the effect of this, whatever the intention was, on an account of such magnitude—that account being the account of the managing director—why did you not report it to the shareholders?—I accepted the statement made to me that it was an error on the part of the clerk—that he had made an entry in mistake.

Do you think now, Mr Hannah, that you satisfied your duties as auditor by simply accepting the word of a man in the office on such transactions as these?—The concern was a going concern, and it seemed a payable concern, and perhaps I was——(Reply unfinished).

I suppose that your duties as auditor, being paid so much per year, were something more than inspecting

the books; that it was part of your duties as auditor to have access continuously to these books?—I presume that I had, but I only went there once a year.

Did you ever speak to Mr Ward about his account?—No, I cannot say that I ever did.

Nor mention the state of his account to anyone?—No, except the manager.

I want to ask you what you consider your duties are in regard to cash and to stock. First, as to cash, do you not consider that it is your duty to see every item of cash said to have been paid out has been paid out?—Yes.

And your duty also is to get for that as vouchers the receipts of the persons to whom the money has been paid?—Yes.

And your duty also in to find out that every item of cash said to have been received has been received?—Yes.

And you get as Touchers for that the block receipts given by the association?—I don't suppose that they kept any blocks of receipts.

But you did not get any vouchers for that?—No.

As to stock, It is your business, is it not, to satisfy yourself that every item of stock said to have been received into the store has been received?—No. No auditor would overtake a duty like that.

How do your journal entries as to stock appear?—As purchases that had been made. I could not ascertain that the stock was actually there in the store. The purchases went to the credit of the people from whom they were bought.

Take this account. Here is a produce journal account. All the entries on the debit side of that account represent produce bought, do they not?—They have something to do with produce.

That account shows on the debit side the stock bought and on the credit side the stock sold. Is that not what it means?—Yes; it Means all that was bought on produce account and all charges on account of produce—storage for instance.

But, apart from storage, it is a record of all goods that were bought and of all charges placed upon them, and is carried forward here as an asset?—Yes.

But the item there is not charges at all; It appears there as interest. What does that mean?—I presume it means interest on the outlay on stock purchased up to the time mentioned.

Is that a proper entry of a debt of that kind?—I cannot say that it is not.

Is it not the fact that you carried that item forward to the stock account and brought to the credit of the stock account as an asset the sum of £500?—Yes, and I think that the stock account had a right to bear that charge. The stock had increased in value to that extent, and the account fairly chargeable with that.

I will now take you to another item, showing assets transferred—

His Honor: Has this particular item been referred to before?

Mr Solomon: Yes. Mr Ward was examined about it, and he said that he could not explain it; that I would have to ask the officer who made the entry. (To witness;) In the debit of that account there appears this entry: One-third profits transferred £1000. That increases that account by £1000, and was carried forward into the schedule as £1000 worth of stock, How could you then possibly allow that item to be debited to that account?—I don't recollect it for the moment.

Look at it and give to it the same consideration that you ought to have given to it then?—I don't recollect for the moment what it is.

Mr Solomon: There you are, there is Bluff store account; £1000 is carried form to the debit of that account. Where is *[unclear: a]* asset for it?

Witness: The only explanation I can *[unclear: g]* that it is a charge for storage, and it *[unclear: w]* increase in value to that extent.

But if the money is not there how can it passed to the debit of that account and carried forward to schedule?—I say it *[unclear: wa]* fair charge on the stock there.

I suppose, Mr Hannah, that supposing: goods were stored for another year they *[unclear: w]* rightly debited with another item of £1000: They would be rightly charged with storage.

But don't you see that by doing that you day by day and year by year creating an as which you think you ought to have, but *[unclear: w]* you have not got; because, if you have a lot oats, however long you may keep them you not make them of any more value?—*[unclear: W]* think the produce ought to bear that charge.

We all know that it should bear a *[unclear: chi]* but should not that be shown in "charged No; I think it should go straight to *[unclear: pro]* and at the end of the year go to profit and *[unclear: k]*

But see if I cannot convince you that you *[unclear: a]* wrong. By doing that you are not *[unclear: ma]* the produce account bear a loss, but are *[unclear: f]* not concealing the loss by treating it *[unclear: as]* asset—making an asset which does not *[unclear: exb]* It all depends upon the prices realised.

But the result of putting that there instead of showing that the goods cost *[unclear: £11]* more, to say "I have there £1000 in *[unclear: ha]* Here is a simpler way of illustrating *[unclear: wh]* mean. Mr Ward is debited

in his account[unclear: s] "Rent and salary reversed, £1500" on [unclear: bals] day of 1895. What explanation did you ask that?—I was told that he had forgone [unclear: a] and given it to the association.

I thought so. You were told by Mr [unclear: fi] that Mr Ward had forgone that.

Mr Chapman said that that was not [unclear: f] answer. Witness had not mentioned [unclear: i] Fisher.

Further questioned, witness fluid he [unclear: a] has been told this either by Mr Fisher or [unclear: !] Anderson. He did not recollect hearing [unclear: a] Ward say yesterday that he had never heard the transaction. He (witness) had, [unclear: how] satisfied himself of what the fact was—name that Mr Ward was entitled to so much [unclear: si] and had given it up, That being the [unclear: a] when the £1500 was debited to Mr Ward ought to have gone to the credit of profit[unclear: s] loss.

Mr Solomon: Or else in reduction of charge Should not the shareholders have been [unclear: ct] aware that the profits said to have been [unclear: m]thatyear were only made by Mr Ward [unclear: ma] a present of that sum to the association?—I not know that they were not aware.

I ask you whether they should not have been told?

His Honor: By whom?

Mr Solomon: By the account submitted to the shareholders For approval.

Witness: Possibly it should have been put that way.

But was not that the proper thing to do?—I think it would have been proper, considering that Mr Ward did concede it.

But was it not an improper thing not to do it? If the fact is thus concealed, does it not show the association to be in a much stronger position than it really was?—It ought to have been shown.

Further examined, witness said he did not know that the shareholders were unaware of that fact. After consulting the balance sheets for that year, witness said there was nothing on any of them to lead the shareholders to believe that Mr Ward had made a present of £1500 to the association. It certainly appeared at if the shareholders would be led to wrongly believe that a profit of £1500 had been made in the ordinary way of business. The company's paying dividends with the £1500 was quite right so long as Me Ward was good for that amount. The effect of treating the £1500 in the way it had been treated would be to lead one to suppose that that £1500 was profit, and not profit derived by reduction of office charges for the purpose of being able to pay dividends.

Mr Solomon: That sum of £1500 was not placed to the credit of the "charges account." I will show you what was done with it. What is done with it there (referring to ledger)?—It appear? to the credit of goods account.

That means that by that entry you show you have £1500 worth of goods more than you know you have got; and it is only by that entry of £1500 that you can get the gross profit on merchandise and produce sold up to that amount, is it not? It is only by taking credit for that £1500 that you can show that gross profit on the goods told?—Yes, that would be the effect of it.

Witness continued: Without that item the profit instead of being £5500 should have been £4000 He could not tell why he did not see that at the time of audit. If he had been then told by Mr Fisher or Mr Anderson as much as he now knew he would have stated the items separately. It was his duty as auditor to see that the item account at credit of shareholders and the clients' credit account showed all the amounts owing to the customers of the association.

You knew this, did you not, that Robert Brooksand Co. appeared in the books of the association as creditors to the extent of £18,000?—The amount was transferred when I saw the booksfirst.

But till the transfer took place these people, known merchants, stood in the books of the association as creditors to that amount?—Yes.

How could you possibly take the word of a man who said these accounts are all the name thing?—I accepted the statement in good faith, that is all I can say.

Mr Solomon: I want you to tell me now, as nearly as you possibly can, what explanation was given to you by either Mr Fisher or Mr Anderson as to the two accounts of Council and Brooks, by which you allowed them to transfer the items of £18,000 (Brooks) and £6500 (Connell's) from one account to the other?—I can only repeat what I said before, that to the best of my recollection these accounts were kept, for the sake of convenience, in separate accounts, but In reality they were all connected with Mr Ward's accounts. I cannot recollect the exact words. He could not say more than that he had looked upon them as being the same: that they were the grain accounts. Had he then known that Robert Brooks and Co. were separate creditors he did not suppose he should have passed that item of £10,000.

Mr Solomon: Do you not know of necessity, Mr Hannah, that if you had known what the facts really were—if you had not been misled by the officer, whoever he was—you would have known that that item of £10,000 would have had to be increased by £30,000 to Connell and Co. by £18,000 to Brooks, and by another £6500 to Connell and Co. You would have had to add on to that liability stated in the balance sheet £54,000,

would you not, if you had known what the facts were?—I cannot say as to the £30,000.

It you had known at that balance day that that draft of £30,000 had been drawn on Connell and Co., you would have had to increase the debt. owing by the association by that £30,000 until the draft was dishonoured or retired? Is that not the fact?—Instead of going to the credit of Mr Ward it would have gone somewhere else, no doubt.

It would have appeared as a debt. So then, if you had been told of the affairs of the association as they really existed, you must have added to the liability side of the balance sheet the £54,000 in those three items?—Yes, that would have been so, and the assets would have increased by Mr Ward's indebtedness.

But the liabilities would have had to be increased by £54,000 Now, again I ask you, if you had known then what you know to-day would you have passed that item in the balance sheet?—I say, as I said before.

I ask you to answer "Yes" or "No," Mr Hannah. If you had known on that day what you know to-day would you have passed that item in the balance sheet?—I do not think I would have passed it as it is now stated.

Here (pointing to the book) are the [unclear: term] I have referred you to—amounts at credit of shareholders' and clients' current accounts. That we have shown is altogether wrong. On that date is another account—the grain and railage account—which is in debit to the extent of £9975?—That is so.

That is a debt of the association. the association on that special account owes the bank £9975?—As regards that amount, it was stated to me that it belonged to the bank, and that they held goods against it. It was a special account, apart from the association's ordinary business.

Is it not a debt due by the association to the bank?—On a special account, for which the bank held grain against it.

Did you take any steps to verify that?—At this moment I do not recollect.

But whether it was so or not—whether it was a special account secured, or whether it was a special account unsecured—it still was a debt due by the association to the bank, was it not?—Yes.

Well, where is it in the balance sheet?—It is not in the balance sheet.

Why not? It is only fair that you should be taxed with this, Mr Hannah, Knowing that there was a debt in existence due by the association to the bank why did you not see that it was included in the balance sheet?—I forget the circumstances, but it was kept out for some reason or other—I forget what.

But if it is kept out there must be a contra for it or it could not be kept out? How could you keep out of the balance sheet an item that appears as a liability in the books? If there is a liability in the books it must go into the balance sheet?—Not if there is a corresponding asset kept out.

But did you consent to [unclear: rab] out a liability. That is what we are complaining about all through. Did you allow the balance sheet to be squared by rubbing out a liability on the one side and a corresponding asset on the other?—I forget the exact circumstances connected with the matter.

Supposing, for instance, that there are £10,000 of securities in the bank against a general account of £50,000. Could you then allow the overdraft to be reduced by £10,000, and that £10,000 of securities to be rubbed out on the other?—I understood there was special security held by the bank apart from the other security it held.

But if so, it was your duty surely to see the on the one side of the balance sheet all the liability of the association appeared. I cannot be satisfied, Mr Hannah, with your explanation "I cannot tell you why it was done." I want you to tell me why it was done, and if you can not tell me now I want you to get the information for me?—I cannot recollect at the moment.

Do you know anything about that account? Do you know whether it was true what was told you—that the bank held the security? [unclear: by] I do not know. I believed at the time [unclear: tha] was true.

Did you not ascertain also that there [unclear: wa] owing to the bank at that date, on a bill [unclear: he] by the bank, some £10,000 for Carswell [unclear: ha] goods? Did you not know that? It may [unclear: be] fair to ask you such a thing from memory [unclear: a] Mr Hannah, so I will show you the account [unclear: s] the books. (Book produced.) There is [unclear: a] promissory note outstanding there of £10,000. a promissory note of the association's held [unclear: a] the Colonial Bank. That is a debt of [unclear: th] association's outstanding at the time, is it not and why is it not in the balance sheet?—This is on a similar footing with the other. I [unclear: w] given to understand that the amount was [unclear: is] dispute, and that it would be reduced consider ably I was told that the goods had not [unclear: turn] out satisfactorily, and that on that account [unclear: as] amount had been deducted from the [unclear: stock] sheets.

£10,000?—Yes.

Mr Solomon: You remember what Mr Ward told us about this yesterday. This in the ordinary stock—the stock of Carswell. This is the business purchased by the association is 1893; and it had been in existence for two years. In the first place it was purchased in the ordinary way, and an overdraft drawn for it. [unclear: Thn] in 1894 that overdraft was changed into a promissory note; and in 1895 that promissory note was renewed from time to time, until the amount appears in 1895 as a promissory note for £10,000 The stock was purchased in

1893, and Mr Ward has told us that it went into the ordinary stock That stock had never been paid for; and at that time the bank held a promissory note of £10,000 for it. It does not appear anywhere in the balance sheet. I want to know why not?

Witness: The explanation given to me was that it was in dispute to that amount. Stock was held for the amount given. The amount was held over, I understand, by request.

By whose request? Do you not see that whatever the explanation might be there is a liability that ought to appear in the balance sheet? How did you wipe it out? What *[unclear: a]* responding entry did you take out to wipe it out with?—The stock was reduced to that extent.

Supposing it was, take your stock sheets and show me the items.—That is all I can say. I was informed by the manager.

Did you not look to see that This was balanced by another item in the books of the association, irrespective altogether of the question whether you should have allowed such a thing at all?—I do not recollect the circumstances now.

Let me put this to you Mr Hannah; that whereas the total liabilities, independent of debentures—the total amount said to be owing by this association on that date is £10,000. You admit that there was £54,000 that should have been added to that. There was £9,900 that ought to have been added to it, and you cannot say what it was not. That was £64,000; and there is another £10,000 that ought to have been added to it, and you cannot tell me what it was not. So taking it altogether, in this balance sheet there is actually £74,000 that should have been added to the liabilities of the association, and you can give me no explanation why it has not been added. Whatever deductions, whatever manipulation there might have been, that is very thing I complain about. You take off £10,000 on one side, and £10,000 on the other. But do you not see that the shareholders of the association were led to believe that the association only owed £10,000, whereas you admit to me now they owed £84,000? Don't you see that, Mr Hannah? Whatever the cross entries might be, do you not see that the debts ought to be £84,000?—If the full amounts had been given on each side it would have increased the amount.

And should not the full amounts have been given on each side? Did you ever hear of such a thing as this before? Did you ever pass it before?—No.

Why do you pass it now?—I cannot tell you.

I will take you to the other side of the ledger—the assets. You have got two items—Advances against produce afloat and in store" and "Current accounts." These represent the assets of the association in the sense that they are moneys owing to the association by its clients. The first item, I suppose, represents secured debts, does it not?—Yes.

This item (referring to another item in the account book) represents unsecured debts?—To open account. Look at the schedules, and show me where you got your information from.

His Honor (to witness): You compared those schedules?

Mr Solomon: I understand Mr Anderson did so.

His Honor: Is it from those returns that the balance sheet was made up?

Witness: It is from those that the balance sheet was made up.

He had those papers before him?—Yes.

Witness being questioned as to the debts due to the association, a number of papers were searched, and it was noted down that at Invercargill the advances were £29,920 19s 5d, and the book debts £6888 1s 5d; and at Gore the advances were £10,798 10s 9d, and the book debts £4180 15s 7d.

Mr Solomon said the total was £46,000 That was the statement of advances against produce.

His Honor: As distinguished from current accounts?

Mr Solomon said they were only advances. They consisted of £29,000 debts due at Invercargill and the other item, to which he should refer, in which £1500 on the Bluff store and £500 interest appeared as taken in as an asset. That was the produce account of 1894, and the produce account of 1895 was taken in to the extent of £16,000 Continuing, Mr Solomon said: Now I think I can get to the bottom of it, Mr Hannah. This is a list of advances against stock and book debts?

Witness: Yes.

That is taken out there as "Advances against stock, £29,000," leaving the book debts ?—Yes.

The advances against stock are carried forward. In addition £16,000, produce account for 1894 and 1895, was carried forward as an asset, making a total of £46,000 assets in the hands of the association. Instead of showing that total of assets in the books, you first deduct from that the whole amount of the past due bills, £10,000, do you not?—Yes.

So that, Instead of the real assets appearing, you wiped out altogether the past due bills, and have simply taken off the amount of the assets?—These past due bills were held by the bank, and were virtually under discount They had been charged to customers' accounts.

But you do not show them as a liability at all; you simply took them off the assets. Is not that so?—Yes.

The next thing you do is to take off the £9775, which you owed to the bank on the grain account, and you reduced your assets by that amount; instead of that sum appearing in the schedules as a liability, you wiped it out altogether, and you struck a balance?—That was so.

When I now show you these things, can you in any way justify such a practice? By any process of reasoning you can get at now, is it Justifiable in any sense whatever?—It ought to have been stated from the present point of view.

I will take your answer at that. You have told me already in respect to the first item that you cannot recollect why the £9775 was not shown; but you know now why it was not shown—it was simply wiped out. I must ask you now for a direct answer: Is not that a wholly unjustifiable proceeding?—I can only repeat my former answer: It ought to have been stated.

His Honor: What is the difference between the present point of view and the point of view then? The matter was before you then.

Witness: It was before me then, but it was explained to me, as I have before stated, that it was a special thing.

Mr Solomon: It was a debt, was it not; you knew then it was a debt, but instead of being paid it was simply squared off?—There it some thing else taken off.

Let us see what that is £2120 is taken off. "The amount due en consignments or upon account of Brooks and Co." The net balance is £2120, which ought to have been added; out it is not shown at all; it is simply wiped out. I see the total is £42,000, of which £40,000 has been wiped out. On what possible reasoning can you explain that?—I do not recollect it.

Can you not see now—who it responsible for it I do not know—that this practice in a deliberate concealment of the state of the affairs of the association from the shareholders by wilfully stating an untrue state of the association's liabilities, and at the same time wilfully stating an untrue state of assets?—It should have been stated differently.

I must ask you for a direct answer to my question You must say either yes or no, if you can; or if you cannot answer must say so. Do not you, as an experienced accountant and auditor, now see that someone—who the responsible person was I do not know—has wilfully concealed the true state of the association's affairs?—I cannot say about wilfully; but it might have been stated the other way.

Well have they not concealed the state of the company's affairs. Is that not so?—Yes.

There is one other thing I want to know in this account. You have a total amount of £36,000 of debts, which at the bottom are subdivided into £29,000 advances and £6000 book debts, How do you know those are correct. You have told as that advances are secured debts and that book debts are unsecured debts. Now in the schedule they are simply subdivided at the bottom. How did you know they were correct?—By going over them with the secretary at the time.

Did you take the items, out?—They would be taken out on a separate sheet.

What has become of that sheet?—I do not know.

You satisfied yourself about the securities?—Yes.

What did you do?—I went over them with the secretary.

And he told you?—Yes.

Then all you had was the secretary's statement that these were the proper amounts?—Yes. He went through the accounts and told me which was which.

Did it not occur to you that the secretary might have told you an untruth? Surely before you could sign such a statement to go to the Shareholders, that there were £29,000 of secured debts, you should have known positively that these securities really existed?—Supposing, instead of being £29000 secured debts and £6000 unsecured debts, it was the other way about and there were only £6000 of secured debts and £29,000 unsecured debts, how would you have protected the shareholders there? Does it not now occur to you that, [unclear: instead] having the statement of these things all [unclear: jumb] up together, there should have been [unclear: separ] statements of each list of debts, with [unclear: t] vouchers of the securities attached?—I [unclear: e] see now It would have been better to [unclear: have] it so.

Now about the goods in hand and [unclear: affo] What evidence had you?—The statements [unclear: t] the stocks of produce attached.

But no stocks were taken?—I [unclear: understo] they were taken.

Did you get any Storeman's certificate [unclear: th] the stocks were there, or did you simply [unclear: th] the stock sheets?—I only took the stock [unclear: shee] and the manager's statement that they [unclear: we] correct.

But you did not get any store certificates [unclear: ?] No.

The total amount of goods shown by you [unclear: y] assets in store and afloat was £17,840 [unclear: ?]

Yes.

If you look at the books (goods account) [unclear: ye] will see that although your total stocks [unclear: u] given in the balance as only £17,000, there [unclear: e] actually in stock in Invercargill alone £23, [unclear: 737]—Yes.

You say that your accounts were [unclear: made] from the stock sheets?—Yes.

Now you see by that, that that amount [unclear: i] goods was there?—Yes.

Witness continued: There were also [unclear: goods] Gore to the amount of £2370, rye and [unclear: gr] £2500, which with the £23,000. brought up [unclear: th] value of stock in hand to £27,500, while [unclear: t] amount of stock in hand was stated at £17, [unclear: 00] Ten thousand of that was Carswell's.

Mr Solomon: go instead of showing aa [unclear: yo] ought to have done on one side of the [unclear: ledg] £27,000 worth of stock and on the other [unclear: side] the ledger £10,000 owing to the bank for [unclear: Ga] well's stock, what you did again was to [unclear: scr] the two items out—one on each side of [unclear: t] ledger—and reduce the liabilities by £10, [unclear: 00] You told me you could not remember [unclear: th] explanation. Now you have got it, can [unclear: y] justify it on any grounds whatever?—I [unclear: thi] that is so.

Answer my question. Can you justify [unclear: th] proceeding—wiping out from the [unclear: indebtedn] £10,000 on the one side of the ledger, and [unclear: wip] out deliberately, with your eyes open, £10, [unclear: 00] worth of stock on the other. I ask you, [unclear: es] you justify that at all? From your [unclear: experie] can you?—It should have been stated [unclear: otherwise] I admit.

Is there any excuse for it?—I would [unclear: rather] not answer that.

But I would rather you did answer it, [unclear: M] Hannah. Is there any excuse for it? [unclear: Answ] me, please.—The circumstances appeared [unclear: to] different at the time from what they do [unclear: now.]

But, as his Honor put it to you, the [unclear: circu] stances are not different. The schedules [unclear: y] see to-day are the schedules you saw that day. the facts as they are to-day are the facts as they were that day. Is there any excuse for the proceeding?—I cannot say there is.

Mr Solomon said he had not yet finished with Mr Hannah, as he should have to keep him for a considerable length of time upon the question of profit and loss—so far having dealt only with the question of liability. He therefore suggested that it might now be convenient to adjourn.

His Honor concurred, and the court was adjourned until 11 o'clock on Monday morning.

FOURTH DAY—MONDAY.

The cue was resumed on Monday morning

Mr Solomon asked if Mr Chapman and Mr Cooper were prepared to go on with Mr Ward's examination on the drafts, and

Mr Chapman replied that they were not.

Mr Solomon said that before he went any further he proposed to proceed with Mr Hannah's examination. For reasons that were obvious to him, however, it was necessary that Mr Ward's examination should then be completed as far as possible.

Mr Chapman said that only one third of the drafts submitted by his learned friend had been investigated.

His Honor: So far as the drafts go, you cannot expect Mr Ward to give much information. You must get that information from Mr Fisher.

Mr Chapman said that what Mr Ward could say would be simply the result of Mr Fisher's examination of Them, for personally he (Mr Ward) knew nothing of the explanation.

His Honor: That is what I thought.

Mr Solomon asked when they could have the statement as to the £67,000, and as to Mr Ward's petition at the time the company was started.

Mr Chapman said he could not tell that. Mr Fisher would make the investigations when he could find time.

Mr Solomon said he could not have Mr Ward's examination indefinitely postponed in that way. They could proceed with Mr Ward's examination on every point except that.

Mr Chapman said he did not know how far Mr Ward's examination was finished, and they had not gone into the position at all as to how far it would be necessary to re-examine him. He was going to ask that time should be allowed to go over the evidence and see how far it was necessary to examine Mr Ward.

Mr Solomon said it was quite proper that Mr Ward should get whatever time was necessary. His point was that until Mr Ward's examination was disposed of the examination of the other witnesses should not be proceeded with. He thought he had a right to get Mr Ward's explanation of these circumstances independently before he had an opportunity of hearing the explanations of the others.

After farther discussion,

His Honor said Mr Solomon could go on with his examination of Mr Hannah and then of Mr Ward as far as be could, and after any reasonable interval that was desired Mr Chapman could re-examine Mr Ward. That allowed Mr Solomon to get Mr Ward's independent explanation of the matters about which he had been questioned. Other witnesses could then be called, and if Mr Ward desired to be recalled after that to make an explanation as to any particular matters one could then see how far it would be reasonable to allow such an explanation.

Mr Solomon said he would have no objection to that course.

Mr Chapman mentioned another matter. His learned friend wished to examine Mr Ward as to a sum of £67,000, but the necessary investigation to enable Mr Ward to answer could not very well be made without an inspection of his several accounts in the Colonial Bank books. The books were in the hands of the Bank of New Zealand, the manager of which raised no objection to such an inspection.

His Honor said that that being so the books could be examined.

The examination of J. E. Hannah, auditor of the books of the association, was then continued. Witness said it was the fact that in the Farmers' Association in 1895 the past due bills of the institution were treated as bills under discount. They were held by the bank as overdue bills, but not charged to any account. When the bills were dishonoured the amounts were debited to the customers' accounts, so that part of the assets was the amount owing to the company by their clients. He believed that past due bills were debited to customers' accounts. Asked as to whether if the true position were stated, it would not have shown £10,000 more assets, debts owing to the firm, and £10,000 more liability to the bank, witness said that that account was in the same position as the others. It would be as Mr Solomon stated if not conceded. The item £2133 7s 7d, in the produce account of June, 1895, which was the excess of debit over credit, was put in as an asset of the association, but it was not so shown in the balance sheet. The consignment account showed the difference between the two sides of the account, and he thought he was justified in so stating it, and not showing the actual difference between assets and liabilities. He did not recollect ever having before seen a balance sheet like the one produced to him. In the illustration placed before him the sum of £10,000 due to the bank in connection with one of the stocks was not shown as a liability, but the amount was simply deducted from stocks in the balance sheet.

Do you not think now that it is a very important thing indeed to show not the excess of assets over liabilities, but the actual amount of assets and the actual amount of liabilities?—Yes it is. The unliquidated assets were always open to doubt.

But is it not of the highest importance that the shareholders of the institution should know the actual amount which the institution owed?—Yes.

Do you not now see that the result of that—no matter who did it—was absolutely to hide from the shareholders the immense amount of debt which the institution carried on its shoulders—no matter who is to blame for it, or what was the intention?—I thought that the statements here would have been submitted to the shareholders along with the balance sheet.

Do you not see that the result of what was done was to completely conceal the immense amount of debt which the institution was bearing?—Yes, I can see that now.

Now look at this report which bears your certificate as auditor. After hearing what has been brought under your notice here, would you have signed that voucher in these terms?—At that time I

I am not asking you that. Would you sign that report to-day, after hearing what has now been brought under your notice?—Probably, I would not.

Is that all you can say?—I would not sign it.

Then why did you sign it?—Taken in conjunction with each other I had satisfied myself that the amount was there, I cannot recollect anything about the conversations that took place with the manager at that time. I was induced to allow it to be done through what I was told by the manager and secretary.

Now, so far, I have confined my investigations to this one point: that the accounts have so far produced in one sense a proper result, because the balance of the calculations is correct. What we have complained of so far is that instead of the actual assets and the actual liabilities being shown, only the surplus is shown, I want now to take you to a much more serious aspect of the matter, and to inquire if the balance sheets do not show assets which did not exist, and profits that have not been made?—They do not to my knowledge.

Witness continued: £16,000 assets were placed to the debit of the produce account, and the record of product was concealed. Referring to the Bluff store, witness said that one side of the Bluff store account showed total outgoings amounting to £1309, and incomings, which was really only repayment of an overcharge, 10s 8d. The profit and loss Account shows a loss of £309. He knew that £1000 was placed to the debit of that account, and thereby became one of the assets of the association. There was such an asset, because the year's storage of the [unclear: ga] had increased its cost to the association. [unclear: t] charge of £1000 for storage was a fair one, [unclear: a] it increased the price at which the grain [unclear: wa] have to be sold.

His Honor: It is a case of bad bookkeeping I suppose?

Mr Solomon: No, your Honor. But for [unclear: ta] £1000 they could not have paid a [unclear: dividen] Take the item £500 for interest. The effects that was to make these oats worth £500 [unclear: mot] because the money earned nothing so long [unclear: a] the grain was stored and cost you that [unclear: g] interest. You have added that £500 to [unclear: t] value of the stock, have you not?

Witness: Yes; that was taken in as [unclear: i] asset. He did not know that losses to [unclear: ti] extent of thousands of pounds had been [unclear: on] cealed. It appeared from an entry in [unclear: th] journal that a loss of £204 15s 3d had been made on a shipment of oats out of the Crusade He did not recollect the item. The on [unclear: a] explanation he could give with regard to it [unclear: m] that it had been treated as an asset.

Mr Solomon: Is it a true entry—is it not deliberately untrue entry?

Witness: I cannot explain it.

That is no answer to my question. Is [unclear: n] that a deliberately untrue entry of an [unclear: as] that does not exist at all?—That is so.

In reply to further questions, witness [unclear: s] that a deficit of £800 17s 10d on a shipment of oats out of the ship Esther, which had been carried forward to produce account, should have been shown as a debit to profit and loss if the oats in baud did not cover the loss.

Mr Solomon; What you mean to say is the the profits made out of those oats should [unclear: ha] been reduced by the loss on those oats. It order to conceal that loss, instead of deducting that loss from profits that had been made, is it not a fact that they carried it to the debit of produce account to create another asset that did not exist at all?

Witness: That is the amount of debit to that account.

Witness was examined at length on the detailed entries showing debits to produce account amounting to £2544 for the year 1894-95, the effect of which was to misstate the accounts by setting out assets which did not exist, thus concealing the losses. The list produced showed a loss on tallow of £391 17s 10d in Mr Ward's own account. It was posted direct as a debit to the produce account and treated as an asset of the association.

Mr Solomon: Here is another one. "J. G. Ward loss £92 9s," carried "forward as a debit to the produce account. Here also—"J. G. Ward £109 10s 5d" and "J. G. Ward £63 [unclear: a] 9d "carried forward—a total of £657 7s on these four items. Here, again, deficiency on oats by Hauroto, £33 17s 7d; by the Tarawera, £84 11s 9d; by the Rotokino, £13 18s 7d; by the Sarah and Mary, £90 3s 5d; by the Rotokino, £36 16s 2d—all to the debit of produce Again, £4 4s 3d deficit W. M'Kinnon's oats; £152 3s 4d deficit on Harrison, Jones, and Devlin's oats, tarried forward to produce account—a total loss of over £2544 in 1894-95, and a total from June of 1895 until the 21st June of 1896 of £4512 18s. And I want to go back now to the Stums up to July 1894. I commenced at 1895, your Honor, because I was then dealing with that balance sheet.

His Honor: What is the amount?

Mr Solomon: £770 in 1894. (To witness:: So far as these items are concerned, I again ask you, is it not clear that if these are losses made by the association they should be debited to profit and loss?

Witness: They should have found their way there, undoubtedly.

And as a result of this process they continued not to find their way to profit and loss?—They are charged to the produce account there, no doubt.

And treated as if they were there?—No answer.

And the result of these two things is that the books of the institution show more profits than were made and by the same sum more assets than the association possessed. The company's profits are shown to amount to more than was really made?—Unless there is some explanation it does. I do not know of any.

Is it not a fact, also, that by that process the company's assets are shown to be more by that amount than it really possessed?—On the face of it it does. The debit side of the produce account represented what the goods had cost, and should show what the stocks in hand cost. The entries would do no harm at all if they took in as assets only such stocks as were in hand at stock-taking. There should be goods to represent the goods taken forward. He took no steps to see that the goods said to be in hand were there, and did not think it was part of his duty as auditor to ascertain what stocks were in hand There must have been stock sheets, but on Looking now it did not appear so. The entries produced represented the amount at which these assets had been taken in. He could not say whether the goods were there or not. the same practice was adopted in 1894, the sum of £459 7s 6d having been credited to storage, and in the same way debited to the produce account. On June 26, 1893, the produce debit of £147 14s 6d was credited as charges, and taken to the debit of that account in the same way. The supplementary entries made on June 30, 1895, were probably items that had been overlooked during the year. For the year it amounted to £48,000, He could not say that he had inquired particularly into each one, but he would have done so generally. They were balancing entries

Mr Solomon; Is that a proper thing to do ?For instance, here is a sum of £7000 transferred in one lump from Mr Ward and entered as a credit. What vouchers are there for these? Where are your ticks opposite to them?—Witness: I do not know.

You would place a tick opposite each item, would you not, if you had gone through them?—They are not there.

When did you go through them?—I can't be sure, I think I saw them.

Now there is one other thing I want to draw your attention to. You must have noticed that from this ledger the pages from 367 to 372 have been torn out; and here is a memorandum saying that no entries had been made on the pages torn out?—I did not see that.

Now, look at this reference in the journal: "Invercargill store account, June"30 (balancing day), profit and loss account £842 14, 7d, ledger folio 369." That folio is not there, but in its place is a memorandum saying that the leaves are taken out, there being no entries on them?

Witness: It does not appear anywhere else.

Witness added that he had no recollection of seeing the memorandum which Mr Solomon had read from the ledger. The memorandum could not have been there when he went through the books.

Mr Chapman asked if Mr Solomon said that the entries which, according to the journal, should have appeared on the missing leaves did not appear anywhere.

Mr Solomon: No. What I say is that there are two leaves taken out, and at the same time there is a memorandum at the top which is manifestly not true. I am going to try and find out who knows about them.

Now I want you to look at this please: "Ocean Beach Freezing Works." What was the debit of that account at the time of the balance sheet of 1893? £7513, that is it, is it not?—There is a transfer on the other side. £900 odd, That appears on both sides, but there was transferred to J. G. Ward's private account on that day £7518, so that on the balancing day of 1893 there was taken out of the freezing works and debited to J. G. Ward £7000 odd, and immediately afterwards it is credited to Ward and taken back to the freezing works. If that operation had not been done, Mr Hannah, and this item had been carried forward in the ordinary way to the Ocean Beach Freezing Works, it would appear in these schedules, would it not?—Yes, it would.

And any of the directors of the company could see that the freezing works were being carried on by the association?—I do not know of that; that the Ocean Beach works were a creditor.

That the Ocean Beach Freezing Works were a creditor of the association at that time for £7000. The effect of these entries was to conceal that fact altogether? As the matter is now, no one would tell that the works were being carried on by the association at all or that the works owed the association any money at the time?—That is so.

And, of course, contemporaneously with that, you knew now that not only was the fact of the association running this show absolutely kept secret, but at the same time Warden account was reduced by £21,000?—Yes, I know that now.

Now, go on to 1895,—The same thing has happened.

To the extent of how much?—£14,612.

At that time the freezing works owed the association £14,009, and on balancing day that amount was transferred to Mr Ward's private account and redebited afterwards?—I do not know that it was redebited.

At any rate, it is debited. Again the effect of what was done in 1894 is to hide even from the directors the fact that the freezing works were being run by the association?—If it was not redebited it must have been in Mr Ward's [unclear: unt] It is not redebited to the freezing works.

Yes. I know that, but I am speaking about this account. Was not the effect of that closing entry to hide from the directors of the association the fact that on that day the freezing works owed the association £14,000; and, in fact, to hide altogether that the freezing works were being run by the association?—I cannot say if that was the object.

I do not ask what the object was. Is there anything in the balance sheet of 1894 or in the schedules attached to show that the business was being run at all?—That is transferred absolutely to Mr Ward.

Answer my question. That is transferred absolutely to Mr Ward. And is there anything to show the directors of this institution that these freezing works were being carried on by them?—Nothing there to show.

First of all Mr Ward's account is debited with £14,000, and contemporaneously with that the balance of debts is reduced by £35,000?—Yes.

So not only is the fact of those works being run concealed, but the state of Mr Ward's account is concealed at the same time?—Yes.

Were you ever shown, Mr Hannah, any register of securities?—No.

Did you not think it necessary to inquire for those? Show me the list of book debts for 1895. You see that list [referring to the list produced] is first of all called book debts, is it not?—Yes.

And it shows a total amount of £36,000?—Yes.

Now I find it subdivided into £29,000 of advances, which you told us were secured debts, and £6288 of unsecured debts. I find on looking at page 29 of this book that the Hokonui Railway Company is a debtor to the association for £3919 15s 5d, and on page U I find that [unclear: t] Southland Rope and Twine Company is a

unclear: debt] for £2079, making a total indebtedness [*unclear*: beta] these two of £6000. The total amount of [*unclear*: ab] debts unsecured is only £6288. Take the amounts. Did you not think it necessary satisfy yourself in some way that those among were advances against shipments?—I [*unclear*: da] recollect.

Did you make any inquiries for a register securities? I suppose you usually find is company there is such a thing?—Yes.

What were you told when you inquired! I don't recollect.

You don't recollect inquiring?—I [*unclear*: d] recollect.

Do you remember what oats were in store? As to the oats in store I took the [*unclear*: mana] word as to what oats were there.

You took the manager's word that there were oats in store to the extent of that £16,000 worth of produce?—Yes.

Do you think it at all proper to put in [*unclear*: a] association's books the fact that they [*unclear*: ab] £16,000 worth of oats in store and take [*unclear*: o] the manager's word for it?—I must have [*unclear*: sa] fied myself at the time, but I cannot say [*unclear*: no]

Surely we are entitled to some more [*unclear*: pa] cularity than that. You say you must [*unclear*: h] satisfied yourself in some way. What step [*unclear*: d] you take to get anything beyond the manage word?—I don't know that I did.

Did you not know that a very few most after this the oats in stock, according to [*unclear*: a] books, were some £16,000 short?—I did [*unclear*: b] know that.

Mr Solomon intimated that he was [*unclear*: finish] with Mr Hannah's examination, and Mr [*unclear*: Ch] man said he did not propose to ask any [*unclear*: questions].

Mr Solomon said that so far as Mr Ward [*unclear*: a] concerned he had no more questions to [*unclear*: a] except the questions relating to his person position. That was to say, he desired [*unclear*: him] supply details as to how he stood at the [*unclear*: instion] of the company, and also with a [*unclear*: statem] of how the £67,000 was made up. Of course was probable that time was wanted for the There was only one other question he [*unclear*: m] want to put to Mr Ward, and he (Mr [*unclear*: Solome] would like time to consider whether it [*unclear*: a] advisable to put it.

Mr Chapman: What is the question?

Mr Solomon: I say I may want to put [*unclear*: a] other question, but I have not made up my [*unclear*: m] to that. Otherwise I have finished Mr Ward examination.

Mr Chapman, in reply to his Honor, said they were not prepared to go on with Mr Ward's, examination. They would have to [*unclear*: coos] what topics must be gone into, and what [*unclear*: ft] their subjects they should examine upon, and he felt that they must wait till Mr Ward's [*unclear*: exa] nation closed before they could consider that Mr Solomon suggested that an adjournment should be made till Wednesday, as, in his opinion, that would give Mr Ward ample time.

Mr Chapman applied, on behalf of Mr Ward, for access to books and documents.

Mr Solomon asked if Mr Chapman agreed to an adjournment until Wednesday morning.

His Honor thought Mr Chapman ought to be ready to go on on Wednesday.

Mr Chapman: I hope so. The new matter is mainly that which has still to come.

Mr Solomon: There is no new matter that I know of except one neat question. The other new matter I have indicated before, and all that I want is an answer.

The court then adjourned until Wednesday forenoon, it being understood that Mr Ward and his advisers should have access to the books and documents under the supervision of the deputy registrar of the court.

FIFTH DAY—WEDNESDAY.

His Honor Mr Justice Williams sat in the Supreme Court yesterday, when the taking of evidence in connection with the proceedings for the liquidation of the J. G. Ward Farmers' Association was continued.

Mr Macdonald (of Invercargill) appeared, with Mr Solomon, for the official liquidator (Mr W. R. Cook); Mr F. R. Chapman, with Mr Theo. Cooper (of Auckland), for the Hon. J. G. Ward and the officers of the Farmers' Association; and Mr Gallaway on behalf of Mr C. A. Birch, formerly manager of the Colonial Bank at Invercargill.

Mr Solomon, before continuing the examination of Mr Ward, said that there were two things that he desired to mention. One matter, which in the rush of things he had omitted to mention, was in connection with the produce account. In connection with that account he showed that by reason of the entries to debit certain profits had been made which had not been made and certain assets created which did not exist, but he forgot to mention that there was credited to the same account the sum of £67 14s 1d. Were his learned friends on the other side prepared to give the information he had asked for in regard to Mr Ward's drawings from the business?

Mr Chapman said perhaps Mr Solomon would examine Mr Ward upon that.

Mr Solomon replied in the negative. He asked for the particulars now.

Mr Chapman: We do not understand the question now. An endeavour has been made to furnish the information, but we do not understand on what basis the question is put.

Mr Cooper: My Learned friend has given us certain figures, but we cannot see what basis is represented by them. For instance, a sum of £12,000 has been put in, and we do not see how that has been made up.

Mr Solomon would put that matter in such a way that there could be no misunderstanding about it. At the end of 1895 Mr Ward, as showed by his books and his promissory note, owed the association £55,000. In addition to that Mr Ward had paid into the association as his bankers a sum which the liquidator made out to be £12,000. It might have been a larger sum, but if it were so Mr Ward's position was accentuated. That £12,000 represented the sum Mr Ward was entitled to draw by way of salary, honorarium and otherwise. He (Mr Solomon) wanted to know where that £12,000, as well as the £55,000, had gone.

Mr Ward said that besides the £12,000 there were numerous credits, extending over a period of three years, amounting to several thousands of pounds, There were also debits amounting to many thousands of pounds. Mr Solomon had mentioned a specific amount of debits amounting to £43,000 and credits amounting to £12,000. They could not find items in the books which would tally with Mr Solomon's suggested expenditure of £43,000 or the suggested credits of £12,000. He wanted to know the basis upon which Mr Cook arrived at the two totals of £43,000 and £12,000, for unless he had that they might be working on an entirely different basis to that which Mr Cook has worked upon.

Mr Solomon said he could give all the information which appeared in the books. Mr Ward's payments in of money amounted to £12,000.

Mr Cooper: Will you give us those items?

Mr Solomon: I cannot.

Mr Cooper; Mr Cook can, surely.

Mr Solomon; It was admitted here in the examination by Mr Ward, and it is a very simple matter to arrive at it. Mr Ward's salary of £500 a year in three years amounts to £1500.

His Honor; That was paid in.

Mr Solomon; Yes: I can take you up to £12,000 that be paid in in a moment, But my point is this: that he owes in addition to that £55,000 more, That is a total sum he has drawn out of £67,000.

His Honor: That appears by the books.

Mr Solomon said that the books showed that that amount had been drawn out, but only £47,000 could be traced. He wanted to know what the £67,000 Mr Ward drew out was for—whether it was to pay losses made, payment for himself, or the payment of debts. It had been stated in a report which could not be put before the court that of that £53,000 £20,000 consisted of debts Mr Ward owed at the time the association was formed, and which he got the association to pay for him. That has been stated distinctly, so that instead of Mr Ward taking over the association's debts, it had been the other way, mud the association had paid Mr Ward's debts. If it was misleading he (Mr Solomon) could Dot help it. The matter had been dragged out of him. If it was not true no one would be more pleased than the liquidator to find that it was not true.

Mr Cooper again asked for information to give them a basis on which to start their investigation. They wanted the material upon which the £12,000 and the £43,000 were based. With that information they could easily go through the books, but without it it entailed the necessity of going through this whole of the books during the existence of the association, and taking out all the items having reference to Mr Ward and the association.

His Honor: There were a number of drawings out. It is suggested that these drawings out, or some of them, were for the purpose of paying off Mr Ward's liabilities prior to the formation of the association, and the; want to find out if that is so.

Mr Cooper said that the association received considerable sums of money from Mr Ward and disbursed considerable sums for Mr Ward.

Mr Salomon: Of course, but, whatever was disbursed and whatever was received, the result, nevertheless, in fact, is that they disbursed £55 000 more than they received, and the £12,000 is also gone.

His Honor said he understood Mr Cooper to say that more than £12,000 was paid in.

Mr Solomon replied that if Mr Ward paid in more than £12,000 of his private moneys he had more than £67,000 to account for—the £55,000 and the more than £12,000. the more be had paid in the more there was to account for. His (Mr Solomon's) point was that, whereas Mr Ward had received from the association £67,000 more than he gave the association, he (Mr Solomon) could only find out that he had lost £43,000, and the inquiry was as to what he had got the other for.

His Honor asked whether Mr Solomon could give the information.

Mr Solomon answered that he could.

Mr Cooper asked why he had not given it before.

Mr Solomon said that he had not been asked for it, and it was not his place to offer it.

The document was thereupon banded to Mr Cooper.

Mr Solomon said there was one question that he had previously said he might ask. the reason why he had said he would like to consider whether he would put the question was that he considered it at least arguable whether it had reference to the affairs of the association or not; but it had been brought directly before the notice of the liquidator, and it was as much as anything to allow Mr Ward an opportunity of explanation that be now asked his friends whether they wished the question to be asked.

Mr Ward: I understand the whole matter to be gone into.

His Honor suggested that counsel [unclear: shot] consult as to the question.

This being done,

Mr Solomon said: Mr Ward, there was company started in Invercargill in July of [unclear: 188] called the Southland Rope and Twine [unclear: Co] pany. I find on examining the books of [unclear: fe] company that the first cheque written by [unclear: a] company is a cheque for the amount of [unclear: b] money that was paid for its stock—you [unclear: t] accept my assurance that it was so—and [unclear: i] second cheque given by the company is a [unclear: ch] for £6000 and some odd hundreds—[unclear: a] Cooper: "£6464")—paid to you. That is not, Mr Ward?

Witness said that was so, The [unclear: cheq] £3000 was not for the purchase of stocks.? position was this; Mr William Ross at one [unclear: b] owned the Southland Rope and Twine [unclear: fa] in Invercargill, He was carrying on his be ness with the Colonial Bank, which at [unclear: p] ticular juncture would not allow him to [unclear: c] on the manager of the bank, Mr [unclear: Ban] interviewed him (Mr Ward) and asked [unclear: a] to assist Rosa out of his troubles. He [unclear: w] nto the matter, and finally agreed to take [unclear: i] output from Mr Ross of his twine works. [unclear: t] quantity of the twine sold to witness came something over £5000 at the date of the [unclear: t] mation of the company. About this time inspector of the bank disagreed with Mr [unclear: r] and would not carry on his private account connection with his factory. Mr Ross's [unclear: o] draft at the time ran in something like [unclear: £25] which was not for twine stocks at all, but connection with the factory for the [unclear: manufactre] of twine. A second time the head officials [unclear: to] him they would not carry on Mr [unclear: ro] account, and for the purpose of saving [unclear: t] from pressure by the bank witness agreed put the business into a company, [unclear: stipuk] that the stocks he had purchased from Ross should, in the first place, be taken [unclear: to] by the company—that was the stocks of [unclear: a] plus interest and all charges, to the [unclear: dat] company was created the value of the which witness had previously purchased [unclear: in] Mr Ross, as a private individual, with [unclear: into] and charges to date, ran into £6464. As a [unclear: m] of fact, the statement had been made—[unclear: w] he understood Mr Solomon wanted him clear up—the statement had been made Mr Ross that he knew nothing of the [unclear: char] for £6464, but it was a fact that the cheque [unclear: s] signed by Mr William Ross himself, as [unclear: a] Solomon knew.

Mr Solomon: Of course it is.

Mr Ward; Then why did you not say before?

Mr Solomon: Excuse me, if you want [unclear: a] explanation you can have it, but I prefer not give it.

Mr Ward: I do not object to it.

Mr Solomon: Understand, I merely ask questions. I make no comment. I am only acting on my instruction, and have studiously avoided making any comment, but if My Ward wants the explanation I can give it.

Mr Ward: Your Honor, this is a very important matter to me, and I know this question has been put by the liquidator at Mr Ross's request

Mr Solomon said that was not the case. He had made it clear as noonday that he would not put the question unless witness's counsel desired it.

Witness continued: The cheque showed on the face of it the specific purpose for which it set out—£6464 foe 161 tons 11cwt twine, and cheque as per contra entered on the ether side. He stipulated at the formation of the company that this should be taken over. It was not likely he would start a company unless that were done, and compete against his own stock. Mr Ross, he understood, had told the liquidator that when he was shown the entry £6464 it was the first he had seen of it, and gave him a great shock. The fact was Mr Ross had himself signed the cheque. His recollection of the circumstances as to the formation of the company was this: Ross was practically in a difficulty as far as the bank was concerned, and at the time, to get the whole position put on a basis favorable to Ross, witness agreed to put the business into a company, and paid £500 for shares and gave his guarantee, with others, at the back of the account to support it when it was created. The stipulation as to the stock being taken off his hands was made with Rosa, among others. Ross was the principal on the one side, and witness on the other. The stock was taken over, and; the cheque was paid by Ross, and it was singular and remarkable that, although years had passed by, nothing had been said about it until the present juncture. He

could not say if he told the bank or anybody about this stipulation. He was to get £40 a ton for the twine, and every-body interested in the matter at the time must have known he was making a profit by the transaction.

Mr Solomon: Was this matter brought before the board of directors of the Rope and Twine Company and sanctioned?—I do not know whether it was brought before the board or not; if so, It will appear in the minutes.

Further examined: Some of the twine was paid for at the rate of £33 a ton and some at £38. He was told by Mr Fisher that some was paid for at £38. He knew nothing of the details himself, and he was bound to take information from those who did know.

Mr Solomon: I suppose we must get it from Mr Fisher. The point is: Is or is it not a fact the board of directors were made aware that you should sell the stock of twine on your hands at a given profit, or whether it was hidden?

Witness: There was nothing hidden about it; and my answer to that specifically is that two of the directors signed that cheque—that Mr William Ross signed it,—and the purpose for which the cheque was given was stated across the face of it.

It was to his obvious interest to sign the cheque P—It would not be his obvious interest to sign a cheque for £6450 unless it was a right cheque to sign. This is nothing whatever to do with the Ward Farmers' Association. It was brought forward as it had been reported that I had improperly got a cheque for £6450.

I was asked to bring the matter forward, and this is all the thanks I get.—I would have brought it forward if you hadn't.

Mr Chapman: Then as to this, Mr Ward, while it is before the court I will ask you this: Did I understand you to say that Ross did not hold stocks in connection with this factory himself, but that you had bought (over a series of years) all his stocks?

Witness: We had bought the whole of the twine stocks?

All in; manufactured stocks?—All his manufactured stocks.

And what he had of his primary manufacture, his machinery, and his crude material?—That is so, so far as I understand.

Suppose he had come to grief and gone out of business, you would have had his stock on hand?—That is so.

And probably the only stock held in Southland?—I don't know about that. There might have been other stocks held there, but we would have had the principal stocks. We should have sold the whole of that stock in connection with our ordinary business perfectly easily.

And this £40 a ton; could you have realised that if you had gained, and supposing he had come down?—The stocks would have been sold by us at so much per pound to farmers. I cannot give the exact poundage rate at the time, but I am perfectly confident that at a retail price we should have realised that, if not more.

Do you know at what rate the company retailed them?—I cannot say from memory. I don't know whether I have a note of it here.

It does not matter if you don't actually know.—I don't actually know.

The price. I understand you to say, would have covered the cost of charges and so on?—I would not have sold them to the Southland Rope and Twine Company unless they had paid me interest and charges and profit as well. I was under no obligation to Mr Ross of any sort. I took £500 of shares in the company, and paid for them, to assist them to come into existence. I personally new charged the Southland Rope and Twine Company a shilling for anything I did, and I don't know why Mr Ross should regard me as a philanthropist in connection with an ordinary matter of business.

In reply to further questions, witness said the paragraph in the liquidator's report relative to acquiring the goodwill of the freezing works business fairly stated the position he thought; but the paragraph in question did not indicate the full position. The inference from the statement was that, although it was stated that the freezing works were established not to be acquired by the Farmers' Association, that the association did acquire them afterwards. That was not quite correct, The association carried on a considerable portion of the business and assisted in creating the business, but it never acquired the Ocean Beach freezing works at all. The paragraph in the liquidation report referring to the agreement to purchase the freezing works was not correct, and he complained that the report was in many respects a biased one. He also complained of the liquidator having italicised certain words in the agreement, no italics appearing in the agreement itself. Next there was a reference to his appointment at a salary of £500 a year, but that was in accordance with the agreement, in the first instance, in connection with the formation of the company. With reference to the fresh share capital and the capital taken by himself (Mr Ward) Mr Solomon had endeavoured to make out that he (Mr Ward) had paid nothing on his shares, but he wished to point out, as would be seen by his account with the Farmers' Association, that there had been an appropriation of capital paid in from time to time by himself, and if there were a debit of £1 per share set against himself in the first instance it was only fair that that appropriation of capital should be

regarded as a payment by him of £1 per share. He wished farther to say that no sharebrokers were employed in obtaining shares or in pushing the sale of shares, and no brokerage was paid. Nor were there any legal expenses incurred in the formation of the company beyond the payment of the Solicitor's fee. With reference to the liquidator's comment on the issue of fresh capital on May 31, 1894, the impression was conveyed, whether intentional or not, that there was some motive for showing the proposal to increase the capital. There was a motive, and the motive or intention of that proceeding would have been readily supplied to the liquidator if he had made any inquiry of him (Mr Ward). It was contemplated at the time to increase the nominal capital from £140,000 to £230,000, with a view in the future to attach perhaps the Ocean Beach Freezing Works to the Farmers' Association as a proprietary institution owned by farming shareholders; and in order to be in readiness to take that step, when considered advisable and feasible, they decided to take authority to increase their nominal capital to £250,000.

His Honor did not think it was suggested that there was anything improper in the increase of capital.

Hr Solomon: I do not say so.

His Honor: It might have been done for very good reason,

Mr Ward: I am very glad to know that, to cause, as a matter of fact, I have seen it commented on in the opposite direction; indeed, has been commented on all over the world upon the question of the £100 debentures hypothecated to the Colonial Bank, there [unclear: a] correspondence upon that between the [unclear: manag] of the bank at Invercargill and the association but that correspondence was probably at [unclear: a] hotel. That letter said nothing about hypothecation at all. The position, as a matter of fact, was that these £100 debentures were lodged with the Colonial Bank as [unclear: colster] security of the Ward Farmers' Association. There was an agreement in writing that they were to be sold at par, and the proceeds were to go to the credit of the association, and [unclear: a] interest was to be charged until they were [unclear: a]. As a matter of fact, they were regarded by [unclear: a] (Mr Ward) as though they did not exist [unclear: a] they were sold, and until the association had paid interest on them.

Mr Chapman: In other words, you [unclear: beli] they were free and lodged as collateral [unclear: sec] for an indebtedness which bore [unclear: independe] interest, not at the rate stated in the debentures, and the bank at the same time its agents to sell them at par and credit the [unclear: ass] with the proceeds.

His Honor: They were lodged with the [unclear: a] collateral security for an advance, but [unclear: a] did not bear interest. The bank was to [unclear: a] them first.

Mr Chapman: No doubt, a court of [unclear: eq] would deal with it as a charge in detail.

His Honor: If deposited as [unclear: collat] security it would be open for the bank to [unclear: a] them at any time.

Mr Chapman: Crediting to par; for they were agents for sale at par.

Mr Solomon: The bank's accounts [unclear: seem] show it is a mere matter of detail that 20,000 shares were hypothecated, but were [unclear: a] to be treated by the bank as having been [unclear: so]

Mr Chapman: They did not debit [unclear: a] different rate of interest.

Mr Ward: There was no interest on them all. The position is that the £20,000 [unclear: a] interest at the rate of 6 per cent., and [unclear: a] £10,000 worth paid no interest until they [unclear: a] sold.

Examination continued: Referring to £20,000 in connection with the [unclear: debent] which had been placed to his credit, Mr [unclear: a] said that he gave no authority for this to be done, or in any way suggested that it should be done. In regard to the second lot of 300 [unclear: deb] shares, he had also given no instructions or directions as to how they should be treated—[unclear: a] was, of course, so far as any individual account was concerned.

Mr Chapman said that paragraph 29 of the liquidator's report stated that the statement of liabilities omitted from the capital account the 3000 fully paid-up shares allotted to Mr Ward for the goodwill of the business, which should appear as a liability for £15,000.

Witness replied that it did appear in the balance sheet. It appeared as "Less shares for purchase of business £15,000." The amount of goodwill on the other side of the balance sheet did not appear. One should be set off against the other. If it had been it would have been shown on the liability side. But the £15,000 did appear in the balance sheet.

Mr Chapman said that the next paragraph appeared to make a complaint that certain specific items were not mentioned in the statement of assets in the balance sheet. The report said they were presumably included in the gross. Was it, so far as witness's knowledge and experience went, usual to set out specific items of that kind in a balance sheet?

Witness answered that he did not think it was usual. He had never seen it done. But, as a matter of fact, the whole of these items did appear in the detailed statement attached to the balance sheet, so far as he knew. There was the Hokonui Railway and Coal Company, for instance, in the statement of the 30th June, appearing as a debit of £1363 0s 7d. That was the first item, and the others all appeared.

Mr Solomon's point was that these detailed statements did not go before the shareholders.

Mr Chapman said that he was referring not to anything his friend had said but to the liquidator's report, which apparently made a complaint that these detailed items were not set forth in the balance sheets.

Mr Solomon: That is so. That is our point exactly.

Mr Chapman: Now we come to paragraph 32.

Witness: That statement is relative to the entry of £1053, in which the liquidator says that on the 30th June there was a balance of £10,553 4s 3d to the credit of Nelson Bros., and that "on the same date the following entry appears on the debit side of that company's account, 17,753 carcasses of mutton in store at date, £10,553 4s 3d." And lower down he says: "In October the following entry was made on the credit side of Nelson Bros.' account; 'June 30, invoice reversed, £10,553 4s 3d'; and a corresponding entry was made on the debit side of Mr Ward's Ocean Beach Freezing Works account." As a matter of fact it was agreed as part of the contract between Nelson Bros. and myself that each steamer should clear the works, or, failing to do so, that the balance of the meat should be paid for. The steamer did not absolutely clear the works on the 8th July, but she took 16,408 carcasses, valued at £10,308 9s 2d. The steamer shut out a portion of the carcasses that Nelson Bros. were entitled to pay for, and, as a matter of fact, at the time the next steamer followed, the balance unpaid at that date amounted to the difference of the invoice, £10,553 4s 3d, which was drawn for correctly in the first instance, and the value of the meat shipped, £10,308 9s 2d. The difference under one system of book keeping would be that the balance would be deducted and carried forward to Nelson Bros.—that is, the amount of the invoice would be deducted from the actual amount that Nelsons were entitled to clear the works for and pay for; but instead of deducting that difference and making the entry so, for the purposes of bookkeeping the entry was reversed and the £10,303 was entered again, and the difference went forward to the next shipment. There was a reversal of entries for the purpose of covering the balance. The amount was due by Nelson Bros. and paid by them, and a full explanation can be given by the accountant when he gives his evidence.

Mr Chapman: The liquidator sets out what may be termed a model balance sheet which he has prepared himself from the books of the association, setting out what he considers the published balance sheet ought to have shown. Is there any particular observation you would make on that?

Witness: I should like to say it will be found that although the official liquidator takes exceptions in his report and calls attention to the fact that certain items ought to be brought to debit before balancing day-interest, among other things, not being brought to the debit-it will be found that when he brings them to the debit he makes the profit and loss balance exactly the same. Now, that being so, it is not possible, I think, for anyone to come to any other conclusion than that these amounts must have been provided for, or a similar result could not have been provided for, or a similar result could not have been arrived at by the liquidator when he sets the facts out. I know no reason myself why, for instance, in the balance sheet of the liquidator "Cooper and Nephews, England, £1563 18s 3d," is set out. I am certain-and Mr Cook will agree with me-that, unless it is for the purpose of reporting to the court, that in no commercial balance sheet, giving particulars of business, would the balance be set out in this way. I have never seen it done; and I have asked other commercial men questions on the point, and they agree with me. The same remark applies to the detailed items set out among the items in this balance sheet.

Witness continued: As to the statement in the liquidator's report that goods were stated in the association's balance sheet at £25,665 4s 2d, whereas they were in reality £28,682 12s 10d, the association's balance sheet was correct, as one item, £3017 18s 6d, was the value of a consignment from Cooper and Nephews. The consignment was held for Cooper and Nephews, and was not included in the stocks because it was not the property of the association. He was satisfied that no trading company could possibly make up its balance sheet in the way the liquidator had done.

Mr Chapman: In paragraph 62 there is a statement that "the balance due to the bank is shown as 'Bank account, £1185 4s 1d,' This represents the amount without accrued interest at the close of business on the 29th June, 1895, the association's balancing day, and includes cheques drawn and not presented."—Well, I wish specifically to draw attention to this fact, and I think the liquidator himself, upon consideration, will see it is so: In the balance sheet where he makes the comment that the £1185 4s 1d (without accrued interest) is debited to the bank he himself in the books of the association draws up a profit and loss statement, and it will be seen that in that profit and loss statement he specifically names "Colonial Bank interest accrued £1843 18s 6d," and Mr Cook there brings out exactly the same result of profits to the association as is brought out in the balance sheet where he says that amount should appear. Now, unless that amount had been carried to suspense account and interest debited it is not possible for the balance sheet under the different systems to bring about the same results, I repeat that until the time arrived for the actual debit of interest to be charged—

Mr Solomon: Perhaps you are omitting to notice, Mr Ward, that Mr Cook himself says that in making up his results he takes your figures.

Mr Cooper: But he shows the interest.

Witness: My point is this: The liquidator complains that that item of accrued interest is not dealt with as it ought to have been at the time of the balance of the association, and as a matter of fact upon the books. Although he sets it out in detail he brings out the same result.

Mr Cook: I only had the same figures, These are the association's figures.

Witness: It shows, if you bring about the same result, that it was not wrong in the first instance.

Mr Chapman: Then the next paragraph refers the draft on J. Connell and Co., London, for £30,000: "On that day a draft on J. Connell and Co., London, for £30,000 was negotiated by the bank for the association, and the renewed promissory note for £10,000 in the Carswell transaction was discounted. Neither of these transactions is shown in the balance sheet."—My answer to that is similar to what I have already stated, In the first place, in my absence Mr Fisher intimated to the bank that the question of whether or not that operation was in accordance with what they had indicated to [unclear: m] was to stand over until I was consulted on [unclear: my] return. After my return, when was [unclear: con] I stated that the draft was net [unclear: a]go forward, because it was not carried or under the arrangements of the credit as [unclear: fir] by me.

That is, fixed between you and Connell?—Yes: and in addition to that I instructed him that it was not to be brought again to the [unclear: debt] of the association, and I consequently took the over, and I say it was not brought to the [unclear: del] of the association again. Afterwards, when [unclear: th] association was in credit, the draft was [unclear: lit] and the warrant was returned to me.

Then paragraph 71 says: "As an illustration of the importance of this [referring to the previous paragraph], I may mention that the past due bills on the 30th June, 1894, amounted to £2028 7s 2d, while on the 30th June, 1895, they had risen to the large sum of £10,438 19s 8d, and on the 20th June 1896. the date of the liquidation, to £34,639 [unclear: 10s] 10d."—The cause of that was that the company was practically in liquidation for a considerable time before those amounts had swelled up [unclear: a] was for a considerable period really in the hands of the liquidators, and no ordinary business [unclear: a] the company was carried on beyond shrinkage [unclear: a] far as possible, and renewals were not agreed [unclear: t] by the bank: they would not give renewals.

Mr Solomon: Was the company in [unclear: liquidstion] at the balance of 1895?

Mr Chapman: No, in 1896. In paragraph 76 of the liquidator's report the liquidator says: "I am unable to discover any trace of the [unclear: a] warrants which are said to have supported this draft," referring to the draft for £30,000 drawn upon Connell and Co.—That warrant was [unclear: r] turned to me, and as a matter of fact I have it

You have stated in a previous answer that the transaction was left in suspense until you should return to the colony and give instructions as to whether that draft should go forward?—Yes. On my return that operation was distinctly regarded by the bank as for me because they returned me the warrant.

As to the liquidator's observation that he is unable to discover a trace of the oat warrants we see it now to be one warrant. Did the liquidator ask you for it?—No.

Now, in paragraph 79 the report says: "The liquidators of the Colonial Bank, in their interim report observe: 'On the 31st August, 1894. Mr Ward discounted a British bill [unclear: a] Cooper and Nephews for £25,000 and proceeds were placed to his credit. The bill was forwarded in due course to London, but we learn from the inspector's report of 8th May that it had not been presented but was held in London by the bank. The bill was subsequently returned to the colony without having been presented and debited to Mr Ward's account on the 6th September, 1895. And further [unclear: a] they ask 'With regard to the London draft for £25,000 on Cooper and Nephews, why it was specially instructed that this draft was not presented, and why it was kept in London for nearly 12 months?' I am required by Mr Justice Williams to report on this and also on the transference to London of £16,000 of Mr Ward's indebtedness to the Colonial Bank, and on the giving up of Mrs Barron's guarantees for £5000 on the 4th September, 1895, as set forth in the liquidators' report.'" In the next paragraph of the liquidator's report he says: "Except to state that Messrs Cooper and Nephews appear on the 31st August. 1894. to be creditors of the association for £3017 8s 8d, I am unable to give the court any information on the matters referred to, in the books of the association contain to record of any of them."—I remark, in the first place, that the books of the association contain no record of them because the association has nothing whatever to do with it. And in dealing with the draft of £25 000 upon Cooper and Nephews first, the following are the circumstances:—When I sold the Ocean Beach Freezing Works. the following is a copy of the agreement signed between myself and the company in reference to the 25.000 shares that I held in the freezing company: "In consideration of the foregoing, and of Nelsons having the control and management of the company business as hereinbefore provided, Nelsons hereby guarantee to the said Joseph George Ward a dividend of not less than £5 per [unclear: tum] per annum on the sum of £24, 865 (being the value of 4975 £5 shares held by the said Joseph George Ward in the company) for a period of seven years computed from the 1st of January, 1894." Negotiations were going on for the sale of those shares, As a matter of the draft was put in with the security of those £25,000, in round numbers. That draft was put in with that security, and with a

guarantee with regard to the rate of interest, guaranteeing 5 per cent, interest payable for seven years, attached to it the date of the agreement to which I have just referred is the 18th of June, 1894. The letter bearing upon it, so far as the bank is concerned, is as follows:—

Wellington,

31st August, 1894.

With reference to the demand bill for \$25,000 on Messrs W. Cooper and Nephews, Berkhamstead, England, negotiated for you to-day, we undertake and agree with you that on receipt by us of a cablegram, which we have arranged to have sent London, advising us when this bill is duly paid, we shall deliver to you or your appointee, free of lieu, the scrip for £24,865 fully paid-up shares in the Ocean Beach Freezing Company and scrip for £16,000 fully paid-up share in Nelson Bros. (Limited), now held by [unclear: o r] Invercargill branch under letter of [unclear: lfen] from you.

In the first instance purchase was delayed. It was afterwards, however, completed, and £25,000, less the difference I have referred to—viz., £24,800,—was paid into the Colonial Bank at Wellington; and I wish particularly to call attention to the fact that I had the right to take the £16,000 of Nelson's shares under the agreement without any further payment whatever. As a matter of fact, I ought to have taken this £16,000 worth of Nelson's shares out and handed them over to the Farmers' Association at that time in support of my general account, but it was afterwards decided to sell those shares—aslo in Wellington. I should like to state before I leave that question of the 25,000 shares, and at the same time the guarantee of 5 per cent. for seven years, that there was another point in connection with the £25,000. An appointment was made in connection with the sale by which I was to receive £500 per annum, and the following is the letter bearing on the matter:—"June 8, 1894—Referring to sundry proposals for adjustment of the 'Ocean Beach Co., it is understood by the undersigned that you take the position of managing director at a salary of £500 per annum from January 1, 1894" This is signed by W. Wilson and G. L. Sunderland. That is also in connection with the £25,000 to which I have referred. So, in addition, I also had a salary fixed at £500 per annum, I had a right to take Nelson's shares upon that sale being completed, as it was to have; taken them out from the bank.

Witness continued: Regarding the £16000 draft upon Nelson Bros., he wrote to the bank on August 19 a letter in which he gave them directions to send scrip for the 16,000 shares to London for sale. In his letter to the bank in London he limited the price at which the shares were to be sold at £9. He would like to point out in justification of placing that price on them that the year previous Nelson Bros. had paid a dividend of 10 per cent. The frozen meat business afterwards became very much disorganised, and the value of shares fell enormously. the following was the letter he wrote to Mr Cowie, manager of the bank in London:—

Wellington,

August 21, 1895.

George Cowie, Esq, London. Dear sir,—

In reference to my power of attorney, signed by me this day to you, I hereby instruct you to dispose of these shares (Nelson Bros. and Co., Limited) at or better than £9 per share, but not lower than that figure. With the additional financial strength Nelson Bros (Limited) have gained by the recent alteration in their business their shares should go to par, and I trust to you to realise par if you can possibly do so.—J. G. Ward.

He also wrote privately to one or two gentlemen in London asking them to further the sale of the shares on his behalf. Referring to Mrs Barron's guarantee, he said that that guarantee was given up directly in accordance with the arrangement made by him when the guarantee was given in the first instance by Mrs Barron. Any suggestion that this was a conclusion or a subsidy obtained by him on the guarantee which he was not entitled to get was absolutely without foundation. The following memorandum in Mr Henry Mackenzie's handwriting was handed to him at the time the guarantee was given:—"The freezing account to come down £2500 a year until £5000 is reached, when we will give up Mrs Barron's guarantee; life policy for £5000 to be assigned to the bank." He had the receipt of the life policy which he took out, and which he at signed to the bank. The account came down below the amount turned, and it was no question of favour to get the guarantee back; it was a right. As a matter of fact, he did not demand the return of the guarantee, but he would not have paid the cheque into the Colonial Bank at Wellington, Dunedin, Invercargill, or anywhere else unless that arrangement had been first carried out. The transaction was purely a matter of business, in accordance with an arrangement made, and there no favour on the part of the bank extended to him at all. The draft on Cooper and Nephews was drawn on them in the first instance because he had business transactions with them, and because he proposed to

constitute them his agents for receiving the proceeds of the sale of the shares in Nelson Bros. (Limited), The draft was not to be presented, in accordance with his letter to the bank, till be cabled, An alteration in the arrange merits, so far as the sale was concerned, was made, and in accordance with the arrangement with the bank that matter was allowed to stand over until after his arrival in England. While he was in England be completed the sale of the shares, and left the payment to stand over until he aimed in the colony. On his return to the colony the money was paid in, and the draft lilted. There wan no reason, so far as be (Mr Ward) was concerned, why the draft could not have been obtained in the first instance. Since the matter was put to me this morning by Mr Solomon, I have both looked into it and made inquiries, and I find that the sale to the Southland Rope and Twine Company was not effected at a profit at all, so far as I was concerned. The pale was the cost at the time plus charges, plus interest and storage, and it left no profit to me. In addition to that I may say that what was paid by me for the twine to Ross in the first instance was not £33 as indicated by Mr Solomon, but the price ran from £38 down to £34 per ton, and I find, moreover, what the selling price at the same time was £42 10s.

At what time?—At the time of the sale by me to the Southland Rope and Twine Company.

You got £40 a ton, but the selling price at that time was higher?—£42 10s a ton.

Irrespective of the question of freedom of contract, supposing that Ross had wholly railed?—That was the selling price at [unclear: th] time, £42 10s a ton.

Now, Mr Ward, continuing the references [unclear: th] the liquidator's report: It is stated that [unclear: no] provision has been made in any of the balance sheets for bad and doubtful debts. Is that the ease That is not the case. Some provision [unclear: in] made in the balance sheets for bad and doubtful debts.

Mr Chapman: The amount is not stated, [unclear: bu] the profits are stated to be after deducting [unclear: b] debts.

Mr Solomon: We could not go into that question, Mr Ward. We will have to go into this at greater length later on. Before we go on I might be able to save a good deal of time by interjecting [unclear: a] question about bad and doubtful debts, Mr Cook shows that £600, I think, was written off for bad and doubtful debts. That is our point—that except the sums written off there it no provision for bad and doubtful debts. If you will look at the report you will see that "as has already been remarked, no provision was made for doubtful debts, but in the year ending the 30th June, 1894, the sum of [unclear: £463] 7s was written off as bad, and in the year ending? 29th June, 1895, £813 17s 4d was so written off." Our point is that irrespective of thesetwo amounts there are thousands and thousand of bad and doubtful debts for which then [unclear: is]no provision.

Mr Chapman: The paragraph I called attention to is that no provision has been made for bad and doubtful debts.

Witness: In that paragraph it says no provision has been made. In one of the last paragraphs it says that some provision has been made.

Mr Chapman:Now, Mr Ward, I think I come now to the head of the report "methods of finance," You were not asked any questions about these drafts, and I have only one question to ask you, whether you personally have any knowledge or means of explaining a answering these suggestions, that 174 drafts were discounted, representing no business oftheassociation—with no trace of business with the drawees to support any of them—whether you have any personal knowledge of the purpose of these drafts?—I have not gone through then myself and personally investigated these drafts, but I never heard of the association issuing drafts in the way indicated in Mr Cook's repot and I know, from information that has been furnished to me by those who have gone through the books, that the statements [unclear: con] tained in Mr Cook's report are not correct.

Mr Solomon; In all esses?

Witness: I say that in all cases the [unclear: spe] mens indicated by Mr Cook in his report [unclear: th] answer to them is specific and clear, and [unclear: a] show that what is stated by the liquidators contrary to fact; and, as to the 41 drafts which Mr Solomon says he has personally investigated, I know from an investigation which has been made that the statement he made that they are unsupported by business on the drawees is also contrary to fact.

Mr Chapman: But these facts you do not derive from any investigation of your own?—That is so.. I have no knowledge of the Fact at the time of the drawing, but I know that Mr Fisher and Mr Anderson have traced the drafts individually through the boohs—both those that ate indicated in the report of the liquidator and the 41 additional which Mr Solomon has referred to—and upon that information the statement made m the report is not correct, nor is the statement that was made by Mr Solomon.

Questioned as to the paragraphs of the report dealing with the produce account, witness laid that the detailed information had better be asked from the manager of the association, who was familiar with it. But he might state again that an investigation of the report did not bear out the liquidator's statement in reference to this matter. Items in the books showed that to many material respects that statement was contrary to fact. Proceeding next to the liquidator's remarks in the report on profits from interest, witness said the course

adopted was that interest was charged upon all accounts owing to the association at a rate exceeding what was being paid for the accommodation, and stock accounts were subjected to the same method. That was the method adopted by trading houses, and rightly so, as by that means each of the various classes of accounts bore its proper proportion of charges, and at balance time what was shown was the difference between what was received and what was paid, instead of showing all that was received and all that was paid, and be contended that the course followed was the usual one.

Mr Chapman next read to witness that portion of the report in which the liquidator said he had found it necessary to prepare fresh statements of profit and loss, in which he had corrected the improper debit for losses on shipments, interest, and storage; and, continuing. Mr Chapman said: Now, do you agree with the method and results adopted by the liquidator?

Witness: Well I not only do not agree with it, but I am perfectly satisfied as the result of investigations that the liquidator is entirely wrong in many of his conclusions upon this matter. In the first year's statement of profit and loss account, I say that the liquidator started from a wrong basis, and has perpetuated that mistake throughout. For example, the sums £272 0s 6d, £136 0s 3d, £201 7s 4d, and £60, which Mr Cook deducts from profit as wrongly charged, were, when credited to the respective accounts entitled to them, and taken into profit on June, 1893, debited to the "J. G. Ward grain account." The items £459 7s 6d, £147 14s 6d were debited to produce account, and the whole balance of that account, as reported by Mr Cook elsewhere, after being charged up with these two items, was transferred to the debit of the J. G. Ward grain account, by charging Mr Ward up with all stocks on hand at a price, inclusive of above charges, sufficient to cover the entire debit balance, and the produce account was closed, the new J. G. Ward grain account becoming an asset of the association. The first four items mentioned above were also charged to this account, and the whole responsibility of that account devolved upon me, and the whole amounts shown continued in that account till it was finally closed in 1895, up to which date the balance had always been treated as an asset. The balance as shown by Mr Cook of £6997 11s 7d was transferred or merged into the produce account of that year, and against which produce account was credited with £7000, and that entry can be found at page 164 in the Ward Farmers' books—Journal B1.

Mr Solomon: We referred to that.

Witness: Yes. but you have not carried it out, and J. G. Ward's private account is specially referred to in the entry of Journal B. The amounts remained to Mr Ward's credit till the amount was paid in 1895.

Mr Solomon: May I ask what you are reading from?

Witness: From my notes attached to the liquidators report.

His Honor: I understand that he had the report before him, and that he has been through the books. Of course he could hardly be expected to carry all this in his head.

Mr Solomon: Of course. I noticed he was reading.

His Honor: That is so. You are reading results that you have made?

Witness: That the officers have made, and that I have gone over since. The amount remained to J. G. Ward's debit when the account was paid in November, 1895, Now, having followed this account from its inception to its close, and having found it actually paid, I do not see how Mr Cook can justify his contention that the amounts were wrongly charged; and how can he deduct amounts which have actually been paid by the person to whom they have been charged? Exactly the same remarks apply to the item £770 1s 2d in the 1894 profit and loss statement, the whole of which, being a collection of sundry losses, was debited through the produce account to the J. G. Ward grain account, and was included in the ultimate debit balance of that account when paid in the manner specified already. The item £481 18s 9d, deducted by Mr Cook as having, after being charged to J. G. Ward, been reversed and borne by the association, requires a different explanation. And here, again, Mr Cook is at fault and has drawn a wrong conclusion, resulting his deciding to deduct from profit shown an amount which, had he traced it to its finale, he would have found was ultimately borne by Mr Ward, as originally charged, and did not devolve upon the association. When the produce account in 1893 was closed and the whole debit of same and stocks representing it were taken over by Mr Ward in the J. G. Ward grain account the total amounted to £27,630 16s 2d, being the price of the grain (£27,135 3s 1d), as per Mr Cook's report under produce account, and the several charges for storage, &c., amounting to £695 13s 1d. It was settled for by various payments by Mr Ward amounting to £27,348 17s 5d, leaving a balance of £481 18s 9d, representing a loss on oats. This balance was at various times transferred from one account to another for reasons of which I am not aware, and I only follow the result from the actual entries, and they are as follows. First, Journal page 149—£481 18s 9d debited to J. G. Ward business account, and credited to J. G. Ward grain account, which closed that account for 1893. Second, Journal page 166—£481 18s 9d transferred by redebit to J. G. Ward grain account and credit to J. G. Ward business account, and in J. G. Ward grain account it remained in debit till that account was finally paid off in the manner I have described. It will be noticed that, though transferred on more than one occasion, the amount never passed from my debit, but was ultimately paid by me; so that Mr Cook is absolutely wrong in deducting it from profit. Then £752 12s 5d, deducted by Mr Cook,

requires a special reference, as the error made by him over this amount is of such an extraordinary nature as to demand a paragraph to itself, amounting as it does to what I call an error in perpetuity, This Amount represented at the June, 1893, balance the debit of the J. G. Ward wool account, and as such was taken as an asset, the amount being the balance (loss) created over certain wool transactions being carried on at the time of the formation of the association and completed subsequently. Had the various amounts representing this amount been debited to the profit and loss account as the various losses arose, there is no doubt that the 1893 profit would have been that amount less than actually appeared, and no J. G. Ward wool account would have been created. Up to this point Mr Cook is probably correct in deducting the amount from the 1893 profit, but, having thus deducted it, Mr Cook has entirely lost sight of the fact that our next year's profit was reduced by this amount, and in order to write off the J. G. Ward wool account we wrote off the profit and loss account of that year an equal amount, thus reducing our actually earned profit for that year by that amount, so that if we were wrong in taking into profit in 1893 [unclear: a] have subsequently provided for it out of [unclear: a] profit earned. Now the result of Mr [unclear: c] figures is that, having taken as the basis of [unclear: e] profit and loss statement our amount of [unclear: £4] 19s 1d, he commences to deduct from same [unclear: a] the items I have already described, amounts [unclear: a] in all to £2511 1s 3d. and brings down [unclear: a] balance of £1903 17, 10d as the actual [unclear: p] earned for the year 1893 Supposing that [unclear: a] Mr Cook's contentions are right—and I [unclear: sh] shown that they are all wrong.—Mr Cook [unclear: g] to this point: He has already written ten off [unclear: th] item of £752 12s 5d, and got it out of sight, but [unclear: a] addition to this he piles on the agony in [unclear: a] second year's report by taking our balance [unclear: a] profit earned for the year—£5746 1s 1d—[unclear: a] commences again to deduct various [unclear: amo] which he finds charged up to various [unclear: acco] he denies are entitled to bear them, entirely [unclear: a] getting that the profit so earned of £5746 [unclear: a] is earned after we have charged profit and [unclear: k] account with £752 12s 5d to pay off the old [unclear: a] G. Ward wool account, and that, had we [unclear: be] written off that account, our net profit [unclear: w] have been £5746 1s 1d plus £752 12. 5d, equal £6498 13s 6d; so that if we took too much [unclear: p] the first year, we provided for it out of [unclear: pr] earned the second year. But Mr Cook takes [unclear: is] cognisance of this, and the result is he has [unclear: da] ducted it from first year's profit and duplication the reduction by forgetting to add to the balance of profit earned the amount of £752 12s in written off commission account. Now, if [unclear: t] analysis of that profit and loss account, as [unclear: a] dicated by Mr Cook in his report, is careful, gone into, it will bear out what I have states and if the one item alone that I refer to of [unclear: £f] has been dealt with twice in the way Mr [unclear: c] has dealt with it, it shows clearly he has [unclear: m]a mistake in the report as indicated showing [unclear: a] position of the profit and loss account, [unclear: a] on this point, I want to say this in connected with the contention that I heard Mr [unclear: so] putting to the auditor of the company the [unclear: de] before yesterday. Mr Solomon took, in [unclear: a] grain consignment account, anumber of [unclear: defeat] He specified the ships and the amounts, but [unclear: a] forgot to deal similarly with the surpluses, [unclear: a] gave us only a small portion of them this morning—not all of them.

Mr Salomon: I referred you to all I [unclear: kne] and if there are others I do not know of them.

Witness; On this profit and loss acoout [unclear: a] that is the point I want to emphasise,—Mr [unclear: Sc] mon has got the auditor to state this: that [unclear: el] deflcit upon the consignment accounts to be carried straight to profit and loss [unclear: acou] That would mean, if the system was carried [unclear: at] that in the profit and loss statement in [unclear: th] books of a business of this magnitude page [unclear: aff] page would have to be used solely for the [unclear: car] ing of the debits or credits to profit and [unclear: los] account. Mr Solomon did not do the following which I think he ought to have done: When he [unclear: was] dealing with the consignment accounts of [unclear: he] association he should have also put to the [unclear: Auditor]-who to my mind was very fogged [unclear: on] the business, that in addition to [unclear: he] consignment of grain there was an [unclear: normous] number of cash sales of grain [unclear: not] dealt with in the consignment account. [unclear: upposing] there had been £10,000 of deflcits [unclear: upon] the consignment brance Mr Solomon is [unclear: lealing] with, and that on the cash sales of grain [unclear: hree] had been £10,000 of profit, what would [unclear: be] the position if Mr Solomon's countention was [unclear: ollowed] out-that you ought to carry the [unclear: deflcit] on the consignment branch only to profit and loss account? It would be that you would [unclear: throw] it out by £10,000 unless you also carried the profit upon cash sales to the credit of the account, when both sides would balance.

Mr Solomon: Certainly not. The position is the same.

Witness: The position is not the same. I say that both amounts should be carried to the debit and credit of produce account, and afterwards whatever deflcit or surplus existed should be carried to profit and loss account. To the cash sales of grain, which are numerous in the books of the association, running into many thousands of pounds, no reference has been made by Mr Solomon or by anyone on his side [unclear: to] the profits of thoses cash sales, and they have not shown where the profits are carried to, for this reason: that where the cash sales of

grain are shown you do not get the individual profits of each shipment. You have to wait until the end of the year to find out the profits of each consignment the company has made. What Mr Solomon has been contending for—and he is wrong—is that the deficit on a consignment of grain ought to be carried straight to the debit of profit and loss instead of being carried to the debit of produce account, ignoring the fact that the profit on cash sales would have to go to the credit of produce account, and that it would be the difference between the debit and credit at the end of the season that would be carried to the profit and loss account. I say that the way in which Mr Solomon placed the matter before the auditor, that officer could not, in the absence of information which was not before him, have been expected to deal with question. Mr Solomon was dealing with the deficits on consignment account, and not placing the whole of the grain account before him, and this was not fair to the auditor. There are a good many items that have gone to the credit of produce account in the way I say that have not been mentioned by him.

Mr Solomon: Will you get them for us?

Mr Chapman: Yes. The amount brought forward this morning was £87 14s 1d, made up of a number of items.

Mr Solomon: That is so.

Mr Chapman: Was that to include all the items of profit on sale of shipments and cash sales?

Mr Solomon: It would be impossible to show the cash sales. We include all the items shown in the books. Of course, the cash sales go forward in the ordinary way; they get credit for them.

Witness: In profit and loss account?

Mr Solomon: Yes; you have credit for every ounce.

Witness: I would like you to point them out.

His Honor: the person who has had charge of the books will be able to give a full explanation.

Witness: Yes, your Honor. For instance, in that very question I have been speaking about, and which Mr Solomon put before the auditor, he asked that gentleman if a particular sum had not been carried to the debit of produce account, and if it was not allowed to remain there as an asset; and he insisted upon his view by showing the particular item in the book, and the auditor made reply that such was the case. In that question I say that particular item was actually paid for by me, and could not have been carried to the account as he showed, and yet by pressing the auditor Mr Solomon got him to answer "Yes."

Mr Solomon: What is the amount?

Witness: £379.

Mr Chapman: The particular question was put to Mr Hannah as to whether it had been carried forward. Now, Mr Ward, paragraph 121 says: "I now come to the time when at the instance of the liquidators of the Colonial Bank I prepared a statement of the liabilities and assets of the association on the 20th March, 1896." A copy of that statement follows showing a deficiency of £48,456 16s 4d, and valuing the book debts at £47,696 12s 10d, and stock, plant, shares, &c., at various sums. That was the statement made before the company went into liquidation, but while it was, as Mr Ward says, in a state of suspense.

Witness: What I wish to say on this aspect of the liquidator's report is this: If worked out under forced liquidation the deficiency estimated by Mr Cook of £48,456 16s 4d may be correct, but it cannot be accepted as a fair indication of what the business was as a going concern, and I think that that same remark applies to the values of stocks which were written down to a price they were expected to realise under liquidation. I have no hesitation in saying that that value did not approach by many thousands of pounds what a trading concern would make out of them. The valuation of the book debts at the best is only an assumed one, and cannot be said to even approximately assess the amount as it would be under the wing of a going concern.

Examination continued; There were something like 1250 accounts out of 1750 that had been paid in full, and a number of the accounts that were averagely valued at 7s in the pound had realised 16s 8d in the pound. The gross valuation of those debts was £4662 13s 1d, but they had produced £12,168 9s 3d, so that the surplus on the valuation was £7505 16s 2d, and the total surplus on the 54 accounts was £9229 10s 3d; that was over and above the valuations. Of 54 of the worst accounts, which were valued at £5657 13s 6d, there were written off £12,351. The amount of these 54 accounts was £18,008 13s 6d, and they had realised £14,867 3s 9d in the process of liquidation. Now, as a matter of fact, the whole of the debentures (£40,000) had been paid off, and the liquidator had still many thousands of pounds in hand. He did not think, under the circumstances, considering that everything—almost every thing possible—had been written and said about this—

Mr Cook: That is incorrect. Not one penny of the debentures has been paid off

Witness: I understand £40,000 has been placed at the disposal of the liquidators, has it not?

Mr Cook: Not one penny. Your statement is absolutely incorrect.

Witness: Is it not a fact that you have the money to pay the debentures with?

Mr Cook: No. You are entirely wrong about that.

Witness said that the whole of the valuations of these accounts were based on figures supplied by Mr Cook

himself, and the results of those valuations were also based on Mr Cook's own figures, Be had been informed on thoroughly reliable and independent information that these debentures had been paid off, but, of course, he accepted Mr Cook's assurance that that was not so. He thought Mr Cook should state what amount he had already been paid—

Mr Solomon did not like to interrupt the witness but he was now making statements which the liquidator said were all wrong. The information supplied to Mr Ward was information which in a number of instances the liquidator knew to be absolutely incorrect.

Witness repeated that his valuations were based principally on the figures furnished to him by Mr Cook.

Mr Solomon did not wish to interrupt Mr Ward while making his statement, which was not evidence, being based on statements given to him by outside persons, and which in some particulars was wholly incorrect.

Witness: I do not wish to do anything that is unfair to Mr Cook.

Mr Solomon: Pardon me—

Witness: I am addressing the court, not you. The liquidator had drawn up a report that reflected not only on himself but on everybody connected with the Farmers' [unclear: Assoc] and surety as a matter of fairness no one [unclear: a] exception to him now being allowed [unclear: w] the first time an opportunity of dealing [unclear: a] specific items in that report.

Mr Solomon objected to Mr Ward telling [unclear: a] court what he had heard from other people [unclear: a] must be clearly understood that Mr Ward [unclear: a] drawn a number of inferences that were [unclear: a] utterly incorrect.

Witness: I can give you the name of [unclear: a] single individual who at this particular owed an account to the association, I [unclear: a] given the values taken at the nine, the [unclear: a] paid since, and the amount paid as profit [unclear: a] I repeat that the figures which I have [unclear: a] the result of an investigation which I have [unclear: a] into the official report as it is now subject inquiry, and personally I should hope that [unclear: a] results will more than justify and better [unclear: a] figures which I have placed before the court [unclear: a]

Mr Chapman read the following extract [unclear: a] liquidator's report;—"In the course of Ward's examination during that applicant was stated that the association had credited with any gains arising from [unclear: ship] but that any losses had been placed to debit of his private account. I have [unclear: a] gated the transactions, and they were [unclear: a] numerous, but I have been unable to [unclear: dis] that any losses made by the association debited to him; on the contrary, I find [unclear: a] the association has borne all its own losses [unclear: a] also find that on the 24th September, [unclear: a] losses on shipments of tallow made on [unclear: a] Ward's private account and amounting to [unclear: £] 17s 3d were debited to the association. [unclear: a] on the 19th February, 1895, a loss of [unclear: £63] on tallow made on a private venture of [unclear: a] Ward's was also borne by the association."

With regard to the statement by the [unclear: a] that he had been unable to discover [unclear: that] losses made by the association upon [unclear: ship] had been debited to Mr Ward. witness would he found that an item of £7000 had debited to him and actually paid by him [unclear: a] matter of fact, the £7000 was included in £65,000 draft, That was admitted, but [unclear: a] paid by him to the association.

Mr Solomon (laughing: You paid it if [unclear: a] call that a payment. You owe it to [unclear: a] else instead of to us.

Mr Cooper: The company got the full [unclear: a] in Cash.

Mr Solomon: The bank took Mr Ward's for £55,000 and let us off the debt.

Witness, continuing, said with [unclear: refer] the statement in the report that "Mr during 1894 was short credited £375 [unclear: a] rent and salary due to him" [unclear: that] cheque was paid to him on the [unclear: a] October 1893 for £375 for one quarter's [unclear: a] and salary to the 30th September 1893, [unclear: a] debited to charges.

Mr Solomon: So that you did get your [unclear: Jsry.]

Witness: But the point is that the report [unclear: ys] I was short-credited. The liquidator's report is rough enough on me, and surely when gave the opportunity of dealing with it and of [unclear: inting] out what is a patent fact and of giving [unclear: erences]—

Mr Solomon: The cheque is in 1893, the report refers to 1894.

Witness: It is for the year ending 1894. That [unclear: ths] year you are referring to in your report. Mr Solomon: You tell us of the £375 and [unclear: e] £7000 but, to stop you for a moment, [unclear: t] anything about the real matters we [unclear: m] plain of; why have you not referred to [unclear: a] losses on tallow, and why have you said thing about this £1500? you have [unclear: omitf] I we complain of, and have addressed your If to things we don't say are wrong.

Witness: I have addressed myself to things [unclear: jay] are right.

Mr Solomon; But not to things we pay are [unclear: rflg.] It is easy enough for you to justify [unclear: itig] we do not complain about What I [unclear: wt] you to do is to justify the things we [unclear: comain] about.

Witness: I think I have justified several [unclear: porta] things.

Mr Solomon: All right. I simply call [unclear: attention] that, if you propose to leave it, I am [unclear: otent]

Witness: I do not propose to leave the items [unclear: 75] and losses on tallow. I find they were [unclear: bited] to the association, and they ought not [unclear: a] have been so debited. They should have [unclear: a] debited to me.

Mr Solomon: So we say.

Witness: I say so too.

Mr Solomon: What we say was, why was [unclear: tbing] said to the shareholders about the [unclear: 1500] of profit? Why was nothing said about [unclear: t]?

Witness: Did it alter the result to the share[unclear: ers]?

Of course it did?—Of course it did not.

[unclear: a] It led them to believe that a profit had been [unclear: a] ode in the ordinary way?—As a matter of [unclear: act] the £1500 did not alter the results to the [unclear: shrehaldera]—the net result was the same.

Mr Solomon: Very well, if you think that is [unclear: efficienta] that is all right.

Witness (the re-examination by Mr Chapman [unclear: sing] continued) said Carswell's purchase was [unclear: commended] by the bank, and there was a di [unclear: net] understanding at the time that the [unclear: nance] required for the account should be [unclear: proved] independent of the Farmers' Association. [unclear: ran] into £30,000 or £40,000, including the wine contract with Mr Cruickshanks. He [unclear: nought] he had a right to complain about the [unclear: riticiam] that had been made of this business the bank knew the accommodation that would [unclear: a] required by this business before the Farmers' Association took it over, and as the result of the report made upon the business there was a complaint that so many thousands were had by the Ward Farmers' Association, the fact being entirely overlooked that £30 000 or £40,000 of that in 1894 was acquired for the purpose of carrying on a business of the bank's. He had heard it stated in an investigation in that court that there was a continuous effort to keep the figures of the Ward Farmers' Association down, and yet the bank, with a thorough knowledge of the business taken over from them, represented repeatedly to the manager of the association the desirability of taking up various accounts to connection with Carswell that ran into many thousands of pounds. In connection with the association, that business of the bank's was responsible for from £36,000 to £40,000.

Then under the heading "The Ocean Beach Freezing Works" it is stated: "In the agreement for taking over Mr Ward's business, care was taken to make it clear tbit the business carried on by the Ocean Beach Freezing Works was exempted from its operation, In the face of this, it is interesting to note that the operations of the association on behalf of Mr Ward's business of freezing were exceedingly heavy, and within three months of the association's incorporation the debit on this account was over £25 000. The association's payments on this account for the balancing periods were as follows:—

All office work attendant upon the operations of the association for this business, was apparently supplied without any remuneration or profit. The only advantage to the association that I can perceive is, that the purchases of sheep and wool through its agency enabled it to get orders for payment of its accounts from farmers and others, and so deduct any sum due to it, and there would probably be some advantage derived by the association as agents for the carrying companies from the shipments of carcasses of mutton."—Well, I think for the purpose of placing the position fairly that when the total amount of accommodation for each period named, there is set out amounting to £219,401 17s 1d, that as a matter of fairness in connection with the Ocean Beach Freezing Works opposite to it should have been stated the association's receipts for the three respective years in settlement of the payments specified were: June 20, 1893. £86,269 14s 2d; June 20, 1894, £94,531 5s 9d; June 20, 1895, £38 877 0s 10d; total, £219,188 0,9d,

Mr Cook: That in set nut in the balances. I have not put it unfairly, I have put the grow amount and the balances. If you deduct one from the other you have four figures.

Witness: That is so, except that the impression conveyed by this particular portion of the report.

Mr Solomon: Conveyed to whom ?

Witness: To many people the impression conveyed was that the Farmers' Association had practically lost £219,000 during that period, when as a milter of fact the real position is that the greater portion of these amounts were paid directly by Nelson Bros. under an agreement I made with them in connection with the freezing works by which they were to pay a certain rate per lb for sheep. That agreement was carried out, but owing to very severe competition heavy losses were caused. The actual operations referred to were cash payments from Nelson Bros. I do not deny that the figures are correct, but set out as they are they convey an impression that a large sum of money had been used, and I think that the set-off to that might have been shown.

Mr Chapman: The report says that there would "probably be some advantage derived by the association as agents for the carrying companies from the shipments of carcasses of mutton."

Witness said that they were worth upwards of ££2000 a year. They consisted of the agency for the Tyser line and for the Shaw, Savill, and Albion Company. The greater portion of the meat was carried by the Tyser line at the rate of 5 per cent., afterwards reduced to 2½ per cent., and the Shaw, Savill Company's general commission on the meat carried was 5 per cent., divided into two parts with another firm.

Mr Cook said that in the commission account he gave credit for that.

Mr Chapman said that the report referred to it in an casual way as some advantage, He had asked Mr Ward what the average earnings of the association were from that source, and the reply was that the amount was about £2000 a year.

Witness said that that was largely due to the important fact that, unlike a business carried on by an individual or a firm, there were attached to the association a large number of farmers—about 3000, he thought,—the greater portion of them men who did their business through the association voluntarily. They found facilities given them for freeing and shipping, and it suited them to bring their other business, and this added materially to the business of the association. It had been stated in the course of this investigation that no proper securities were kept, but as a matter of fact no business in Southland had such opportunities of settling its business weekly, monthly, or quarterly with its clients as this association had; and this was largely due to the fact that a great many sheep were [unclear: pif] through from farmers who came and [unclear: w] up their accounts and brought other [unclear: bu] Indirectly the advantages of this were [unclear: st] mom.

Mr Chapman said that the next [unclear: head] the report, commencing at paragraph 141, [unclear: a] headed "Hokonui Railway and Coal [unclear: ca] (Limited)."

Witness said that the association wanted [unclear: a] to something like the extent of 4000 or [unclear: a] tons, if not more, a year for their own [unclear: a] nesses. The gentleman who came to [unclear: sell] concern in the first instance was very [unclear: a] to get clear of it, and after going into the [unclear: a] witness believed that if a fair output [unclear: co] obtained over what the association [unclear: r] they could make it pay under proper [unclear: a] ment. He got a first-class mining [unclear: engin] report, and sent a careful mine manager [unclear: a] over the property before the purchase. [unclear: a] expenditure ran to a considerable sum, [unclear: b] was a very good business so far as [unclear: on] was concerned, and it was only the [unclear: ca] up of his troubles that prevented [unclear: a] from selling it for £12,000. The coal [unclear: a] was under offer to the representative [unclear: of] English syndicate, and witness had his [unclear: as] ance that his company would have taken mine for £12,000. However, [unclear: circum] transpired which put the coal company [unclear: a] liquidation. But he would like to say [unclear: a] He had seen an affidavit in connection with [unclear: a] company which represented it as not being [unclear: w] more than 1s in the pound, He was [unclear: con] dieted on this point by the liquidator a [unclear: day] two ago, but he would here say that [unclear: a] affidavit was upon the value to the [unclear: co] Bank—the value of the debt to the [unclear: Co] Bank,—and he believed that the coal [unclear: co] was going to realise 10s in the pound on [unclear: a] debt.

Mr Chapman said that there was a [unclear: re] in paragraphs 146 and onward to special [unclear: a] accounts.

Witness said that the provision for [unclear: a] trust accounts was set out at length in the report, the concluding paragraph being, "I [unclear: a] find that any such special trust account [unclear: wa] by the association." As a matter [unclear: a] fact it was opened, and publicly [unclear: dis] the time, for the purpose of dealing with [unclear: a] one of the farmers and the association; [unclear: bul] general run of their business with the [unclear: ass] tion was buying and selling, and so far [unclear: a] knew there were no accounts that [unclear: coul] termed trust accounts and that the [unclear: a] ought to have been opened for. At [unclear: any] they had the fact that there were no [unclear: a] upon consignments or upon goods from [unclear: far] that ought to have gone into a trust [unclear: acc] There [unclear: wer he] thought, no such debts, [unclear: a] by Wilson Hall, at the time the association [unclear: ito] difficulties and there were no losses made [unclear: of] the absence of a trust account.

There is a heading in the report, "Mr Ward's [unclear: taouut,]" under which is stated: "On the [unclear: th] November, 1895, the Colonial Bank credited [unclear: a] association with 'Cash, £55,150.' On the [unclear: ba] day Mr Ward's accounts in the books of [unclear: a] association was credited with 'Cash. [unclear: 55,150,]' living a balance to his credit of £313 [unclear: 2d]—I wish to say upon the question of the [unclear: 55,150] that the association was paid as far as [unclear: a] association was concerned id full—every [unclear: thing] at the debit of my account, including [unclear: interest] and charges,—and I am not going into [unclear: as] other aspect of the matter further than to [unclear: a] that I took over the responsibility at a time then I believed I was able to pay interest on the [unclear: hole] sum. When I took it over I signed an agreement undertaking to transfer the whole of [unclear: ay] assets, for whatever they were worth, to the of the account in order to further [unclear: ure] it.

Now, the last matters, Mr Ward, In the [unclear: port] consist of a series of clauses containing [unclear: e] liquidators summary of the causes of in-[unclear: vency] from his own point of view:—I"(1) In-[unclear:

ficiency] of capital, (2) imprudent advances, [unclear: 3] absorption of the association's capital by Mr [unclear: vard] own business, (4) losses on shipments." [unclear: do]you agree that those are the causes?—[unclear: rding] insufficiencyof capital the [unclear: liquidate] has called attention to the fact that the capital in £12,114, and then he gives the[unclear: ave] amount of the stock that the association was carrying at upwards of £25,000. I [unclear: unk,] to allow the public to understand this[unclear: ort] it should have shown what the uncalled[unclear: tal] was, and that it might also, in fairness,[unclear: a] shown what the credits were that the [unclear: institution] had in connection with the English [unclear: ing] houses with which it was dealing. I say, [unclear: orthtr], that there are many large commercial [unclear: Politics] carrying on business that are [unclear: depenent] to a large extent on the support they get, [unclear: ot] entirely from their banker, but from the [unclear: houses] with which they deal; and it was an [unclear: mportant] aspect of the business of the Ward [unclear: farmers'] Association that it was largely supported in the direction in which I have indicated. If the basis that has been stated, even in[unclear: se] course of this examination, were to be[unclear: take] as the one giving a correct amount of [unclear: pital] for the carrying on of an institution, I [unclear: say] that notwithstanding all the remarks made [unclear: bout] the association, it would be found that [unclear: osme] of the best trading institutions and [unclear: sicial] institutions carrying on business within the colony at the present moment, in [unclear: portion] to the liabilities they have to carry [unclear: on] their capital, the comparison is not against the Ward Farmers' Association, Regarding [unclear: paprudent] advances, both the Hokonui Coal [unclear: oipany] and the Southland Twine Company. [unclear: is] true, did business with the Ward Farmers' Association. The Hokonui Coal Company, as I have indicated, supplied coal at a cheaper rate than we could get it for elsewhere for factories in which the association had no direct pecuniary interest, but ia which it was interested to the extent that they about be successfully carried on. In the case of the Southland Hope and Twine Company similar remarks apply. It was a business that was Largely interwoven with the district, and in which the association's clients and shareholders were to some extent interested. Upon the same question of imprudent advances, in a farmers' business carried Onby an association such as this, it is almost impossible, except in the larger accounts, to do what one would like to see done, or to do what it is apparently thought we ought to have done. It is almost impossible with a wholesale semi-retail business to have the farmers, on whom the association is dependent for trade, practically tied up as far us securities are concerned. In reality, though there were Rome accounts which they were being paid for at periods during the year, it took the place in Southland, to a large client, of a large semi-retail business, and there are a great number of those accounts which I have no hesitation in declaring that, while the officers of the association were familiar with the position of the men, and were able to accurately and fairly gauge their capacities to pay the accounts, a gentleman going into the business and looking through the books inthe first instance would probably have expected to find them secured all round, as they might be in a large wholesale house. As a result of my experience it is impossible—and I know it from conferring with others in the same line of business—to get the class of securities in connection with a business such as this as one would like, The liquidator finds fault with the accounts not being secured, but in practice it is impossible to carry it out thoroughly. There have been advances made in the association which should not have been made, and there have been Losses made, That goes without saying; but it applies to all businesses, and on this question of imprudent advances we are, I think, painted perhaps worse than we ought to be. Upon the question of the absorption of the association's capital, as referred to by the liquidator, it is quite Correct that a large amount of capital was required in the carrying on of businesses in my name; but I Aay from the inception of the business, in the first instance, upon its merits, thebusiness I had gathered round me was themainstay of the association, and it was known to everyone concerned that the business I formerly held wan the business that gave the association a standing in the place. In addition to the absorption of capital referred to, I say that one of the further causes of the business getting into trouble was the fact that in 1894, we took up, on the recommendation of the bank, a very large business, amounting to bet we a £30,000 and £40,000. It crippled our finance to a large extent after we had it; it was not anticipated that it would do so, but it added enormously to our burdens. At anyrate I was completely clear of the freezing works and the Rope and Twine Company, and the time was approaching when I would be clear of the Hokonui Railway and Coal Company. In addition to the circumstances stated by the liquidater, it should not be forgotten that we had passed through fire years of troublous times in the agricultural world. We bad passed through a time in which other institutions had suspended payments, and we had tided farmers over difficulties in a time which other institutions there could not and would not have tided them over. I make these remarks by general way of comment on the liquidators statements of the causes of the association's insolvency, and in doing so I am not taking exception to the statements made by him, but it will be recognised that the causes were greater than he has indicated in his report, In addition I should state that while it is and has been a subject of a good deal of attack from a few of the shareholders of the Colonial Bank, I think I ought to mention that during the three years, between the Ward Farmers' Association and my own businesses, we paid the Colonial Bank of New Zealand no less than £39,300 in interest alone.

Mr Solomon: They lost £100,000.

Witness: That is their own fault.

Mr Solomon: It is not much use getting £39,000 if they lose £100,000.

Witness: They attacked the institution themselves, and brought about a good deal of the trouble.

Mr Chapman: Well, at anyrate, there is one question further I wish to ask you, Mr Ward. You heard the examination of Mr Hannah, the auditor?—Yes.

Did you at any time in any way interfere with or influence the auditor in his investigation of the company's accounts, or in the performance of his duties as auditor?—No, I never interfered with the auditor. I never spoke to him as to how he should audit the Accounts, and I never gave or attempted to give a direction of any sort or kind to him; and he never spoke or communicated with me on any matter in connection with the accounts.

Were you present during his investigations or otherwise when he was performing his duties as auditor?—No, I was never present at any time when he was performing his duties as auditor.

Mr Solomon: I won't detain you long, Mr Ward. First of all, I want to call your attention to the minute book of the Southland Twine Company. I call attention to the personnel of the first meeting, at which there [unclear: atten] Mr John Fisher, who is now associated with you in this institution; Dr Hanan, who [unclear: t] director until he died, and who was [unclear: ass] with you in the Hokouui Company; Mr [unclear: 1] the proprietor of the business Mr R. Anderson, who is now associated with [unclear: y] accountant; and one Mr Kenzie.

Witness said that that was so.

Is there any statement in the minute [unclear: bo] the sale of your twine to the [unclear: comp;] anything in the agreement or anywhere [unclear: t] shew that you had taken that twine?—I [unclear: a] see anything in the minutes.

Witness continued: There was nothing [unclear: t] minutes bearing on the sale of twine so [unclear: f] he knew, nor was it usual to record [unclear: ta] minutes. He read the first two clauses [unclear: o] agreement between himself and the [unclear: Soul] Rope and Twine Company. The first [unclear: a] was an undertaking to take over the dressing, twiner-spinning, and machinery plant otherwise connected with the [unclear: cult] of phormium tenax from William Ross the second clause, among other things, [unclear: p] for the purchase of the manufactured [unclear: pro]. since this matter had cropped up again, [unclear: t] to say that it was agreed, in the first [unclear: ta] by him to take Mr Ross out of a difficulty which he had got with the bank; to [unclear: a] him to the extent of £2500 to £3000. was what the one cheque paid to Ross for [unclear: a] was for, and in that there was no twine [unclear: t] This had nothing whatever to do with [unclear: the] sold to the company. In addition to [unclear: tha] in connection therewith, the company [unclear: a] take over stocks of twine which he held that as a matter of fact was done £6462 was paid for them. As an additional fact, he found on reference to journal of the company, which he not for the first time, that the first entries were this cheque for £6462 and the [unclear: a] for £3000, both of which were signed [unclear: by] Ross as manager of the company. [unclear: Ye] book had been at Mr Ross's disposal for things like five years, and now at this [unclear: to] for the first time the matter was [unclear: brought] He repeated that one of the specific [unclear: oby] forming that company was to take over stocks of twine. He had already said there was nothing in the minutes on the subject, and he did not think them: he found in the minutes of any [unclear: i] mention any entry of a transaction of kind. Ross owed him now some as a matter of fact, in connection [unclear: with] since that he (Mr Ward) had given him way of financing. By some [unclear: extra] means these bills had got into the possession which they had no right to do—of a person who had nothing to do with them. Mr Ward's firm belief was that Ross, [unclear: w] found that he was likely to be called on; these bills, had asked the liquidator to inquire into this matter, which was quite outside the affairs of the Farmers' Association. These bills were left amongst (Mr Ward's) private documents in the liquidator's office, and they belonged to him entirely, and now formed part of the assets of his estate. He repeated that the arrangement about the purchase of twine was put of the original purpose for which the Twine Company was formed, and Ross was the principal party to it on the other side, and the cheque that was signed by Ross himself showed on its face the specific purpose for which that cheque was drawn. This whole business must have arisen through Ross either communicating with the liquidator or with the liquidator's solicitor. The agreement to purchase the twine was known to one of the directors and to a third party, who became a director. He was not referring to Mr Fisher nor to Mr Ross.

Mr Solomon: You have made a number of statements, Mr Ward, regarding the report in reference to things we do not say are wrong. The charges we have made amount to this: The squaring of accounts by the £21,000 and £35,000 cheques in the 1893 and 1894 balance sheets—that we say was wrong; also, the crediting to your account of £18,000 of Brooks's and £6500 of Connell's was wrong. The taking forward of the produce account as assets was also wrong. The concealing of the amount owing to the bank for Carswell's business is wrong, The taking over by the association of the losses on tallow was wrong. The amount of £1500 forgone by you not having been reported to the shareholders is wrong, and I want an explanation of these, I understand you to say the balancing of entries for 1893 and 1894 is quite correct?

Witness: I give exactly the same answer that I gave before, Mr Solomon. You say that I have not referred to matters which you said are wrong. I have answered every matter you put in the list, and I am quite prepared to take each of them again and answer each of them.

The £21,000. Do you say that was a right thing to do?—I say that was done for the purpose of squaring an account due by me at that date to the Ward Farmers' Association.

Do you say that was a right thing to do?—I am not here to give you opinions,

Mr Solomon: It seems to me that Mr Ward *is* here to opinions. The very object of the elimination is that the Liquidator may be satisfied as to his position, both for the purpose of realising the assets and in order to know what the effect of the action of the officers is.

Mr Chapman asked his Honor to rule as to the regulation of the mode of proceeding, His learned friend had already examined at length upon these questions, and he told Mr Ward in his prefatory statement that he (Mr Chapman) had not asked questions about them. That observation was correct as to many things where it was thought that he (Mr Chapman) would not be justified in taking up time by obtaining a repetition of answers already given to his learned friend in the examination. Why should his friend now be allowed to start and examine Mr Ward apparently over again on matters on which he had already been fully examined and on which he (Mr Chapman) had not examined? His learned friend was now attempting to ask over again a series of questions which he had already asked and which did not rise in any way out of the series of questions which he (Mr Chapman) had put.

His Honor, after hearing counsel on the point, said: I can hardly any objection to Mr Solomon calling Mr Ward's attention to particular matters which have not been fully explained. It seems to me to be simply a question of waste of time. I understand that Mr Solomon is going to ask about half a dozen questions, and I think that Mr Ward should be prepared to answer them, if there is any question that Mr Ward cannot answer he can simply say "I cannot answer."

Mr Solomon asked his Honor to rule whether it was not proper to ask Mr Ward for opinions.

His Honor: You have a right to ask for opinions. He has a right to say he declines to give an opinion.

Mr Solomon submitted that in an examination of this sort a witness was not allowed to refuse to answer. If the question was a proper question he must answer it. There were certain circumstances under which a witness could decline to answer. He could decline to answer any question that might criminate him.

His Honor: The question of whether a thing is proper or not is relevant, but whether it is proper or not is a circumstance that is entirely independent of a witness's opinion.

Mr Solomon; Well, I will put it in another way, Mr Ward. Have you known of similar things in any other institution—of an account on balancing day being reduced by immense amounts and of these being redebited on the day after?

Witness: I have nothing to do with other institutions. I am under examination about this institution.

Mr Solomon: I ask you, Mr Ward, if you have ever known of such a thing being done in other institutions?

His Honor; I think you should answer, Mr Ward, to the best of your knowledge.

Witness: I could only give an answer upon second-hand information.

Mr Solomon: Well give it, please, Mr Ward.

Witness: Pardon me. Allow me first—I cannot speak from my own knowledge.

Have you ever heard of such a thing as this being done in other institutions, of a debit being reduced on the ere of the balancing day by thousands and thousands of pounds which were redebited on the day after?—Yes, I have.

Can you give an instance?—I have heard of a similar thing being done,

Where?—I do not propose to tell you.

But I ask you to tell me?—I do not propose to tell you.

Mr Solomon appealed to his Honor to direct the witness to answer

His Honor: I think, Mr Ward, if you have heard of its being done by another institution you should mention the institution.

Mr Solomon: I want to know whether it is true or not.

Witness: With all due deference to your Honor—I recognise my position—I do not think I am justified in repeating a thing which came to me confidentially in my own business when Mr Solomon says he may in future be proceeding against me in another direction.

Mr Solomon: If you refuse to answer because it may criminate you there is an end of the matter.

Witness: I do not say anything of the sort.

Mr Solomon: Then I ask that Mr Ward be ordered to answer.

His Honor: I do not see exactly why you should not answer, Mr Ward, unless your answer is that it might criminate you or that it might be used against you in proceedings of a criminal nature.

Witness; I decline to say that.

His Honor: Then, if you decline to say that, I think you should answer.

Mr Chapman: The question might affect some other institution.

Mr Solomon: That has nothing to do with Mr Ward.

His Honor: That rather impresses me, that we do not want to have brought out what is practically gossip about some other institution which might affect its credit.

Witness: I can name one institution if I am ordered to do so. I can name an important trading institution in the colony, carrying on an important business, which I have every reason to believe has done that which Mr Solomon in questioning me about. They are carrying on a very large business and carrying on a very important business.

His Honor: Is it desirable, Mr Solomon, that the name of some other institution should be mentioned and its credit impeached on what if idle gossip? I should have some difficulty in compelling Mr Ward to answer a question of this kind.

Mr Solomon said that he required the answer to show *bona fides*.

Mr Cooper submitted that the question was not admissible. By section 128 of the Companies Act the examination was an examination concerning the affairs, dealings, assets, and facts of this company, and Mr Ward was asked concerning the affairs, assets, facts, and [unclear: a]ings of another company.

His Honor said that it would be very [unclear: a]sirable that gossip about some other [unclear: comp] should be brought out as evidence, [unclear: because] might affect the credit of other companies.

Mr Solomon said he would not trench [unclear: a]debatable matter, and he did not [unclear: wist] press the question if his Honor had any do about it. To witness: Will you answer [unclear: a] other question? In your opinion, was [unclear: a] proper thing to do what you did respecting £20,000 and the ££25,000 ?

Witness: I believed it at the time, or [unclear: a] not have done it.

In your opinion now, was it proper?—I not here to give opinions now.

Then you are prepared to give what was opinion then. You will not give it now? said I believed at the time it was proper [unclear: a] would not have been done. I am not here give opinions now.

Do you know now any reason why you she have been credited with the amounts?—Yes know that the officer responsible believed [unclear: a] these three accounts were regarded as one [unclear: a] I know that is why he did it

He thought there was no money owing Brooks and Co.?—I cannot give you thoughts; I have given you my answer.

Witness continued: He could not tell [unclear: a]was in the manager's mind or on what founded his belief. The amount to [unclear: con] and Co. was an amount owing, and as a [unclear: a] of fact the three accounts were actually in pendent one of another.

Mr Salomon: And yet the manager of institution thought they were one?

Witness: I think, Mr Solomon, it is not [unclear: a] of you to put questions to me reflecting [unclear: a] another man who is to give evidence.

Mr Solomon: But you told us—

Witness: Pardon me, I try to answers question, and then you make an [unclear: affirm] statement reflecting upon somebody else [unclear: a] duty I should say, with all deference, is to questions.

Mr Solomon: If I had to teach you [unclear: a]duty the result would have been very [unclear: diffe]

Witness: Is that if our' positions [unclear: a] reversed?

Mr Solomon: You would get off very [unclear: lig] I have no doubt.

Witness; I do not think you would.

Mr Solomon; As a matter of fact, [unclear: a] accounts were perfectly independent of [unclear: a] other ?

Witness: So far as I know they were.

Do you as a matter of fact justify [unclear: a] transactions?—I believe the manager of association at the time did what be [unclear: those] was right. I have no doubt that [unclear: whatever] did was done with the best intentions, and I not say that I do not justify a man tinder such circumstances.

You would justify this because you believe what he did he did with the best intentions?—I have already said I am not going to attempt to justify or otherwise.

Witness, in answer to Further questions, said that he did not know it was a fact that in order to arrive at the amount in the balance sheet they had to take credit for amounts which should not have bean credited. In the absence of proper information he must decline to answer questions as to individual items, He could cot tell from the information before him whether the item £16,000 was taken credit for as part of the assets or not.

Mr Solomon: Will you tell me what other information you require?

Witness: Well, I should require information placed before me by an accountant, at say rate, who understood his business and I had confidence in.

That is another item that we have complained about. Ton say you don't justify it. You cannot tell me

whether it is a fact or not. Are you able to tell me, Mr Ward, looking at these schedules (indication schedules in counsel's hands), whether the fact that you owed the bank £9000 odd upon grain and railage is not shown? I will tell you where the information is in your own schedules, and perhaps you will be able to tell me this There are the schedules (pointing out the schedules) attached to the balance sheet which were handed to me by you. I call your attention to that amount of £9000 to the debit of grain and railage account (as per ledger) in this statement. According to our view of the matter the assets are added up there. Our point is: that the item "advances against shipments" is taken forward as an asset, and so is the produce account.—Well, I should say that the advances should be taken forward as an asset.

Will I quite agree with you; but instead of the whole of the assets and the whole of the liabilities being shown the net ran It is only shown.—You are asking me now upon a certain statement here. You are asking me whether I can tell you if certain things are so. I cannot answer your question. Were you to ask me specifically upon certain points I might be able to say "Yes" or "No," but I cannot say "Yea" or "No" to your question, as I am not at all sure whether you are properly putting the position.

Do you mean to tell me you cannot by looking at this schedule see that instead of showing the whole of the assets and liabilities the liabilities have been deducted from the assets and the balance shown?—I know as a general statement that the difference between liabilities and assets have been shown in certain cases, but I cannot tell you whether such a thing has been done in particular cases or not. If I were required to do that I would want time to do it.

Can you not agree clearly that instead of showing the whole of those assets on one side and the liability on the other, they have simply shown the difference between the two as an asset?—It appears to be so. I cannot say so positively.

Is that justifiable?—I am not here to say what is justifiable and what is not.

You don't attempt to justify it?—I have not said that.

Do you attempt to justify the fact that the losses you made in tallow were charged as losses to the association?—I have said in my examination before that the debit ought not to have gone to the association. It ought have gone to me.

Do you attempt to justify the fact that the shareholders were kept in the dark, that the profits of 1895 were only made by your presenting the institution with £1500?—That is a question I am not here to answer, but as a matter of fact only seven shareholders have taken any exception to what has been done. As to entering upon details regarding that business it is not customary or desirable to go into details at a shareholders' meeting, for the very obvious reason that you might wreck the institution.

That is no answer to my question. Did you know yourself, Mr Ward, when that balance sheet was taken out in 1895 that you had made this present to the association? Did Mr Fisher tell you before you signed the balance sheet?—I cannot recollect, I have no doubt he would.

Knowing that—knowing that these dividends could only be made by your making this present, you kept it quiet from the shareholders?—As a matter of fact, the result would have been exactly the same.

I am not asking you that. Knowing that these dividends only could be made by your making a present of £1500 to the association you kept it quiet?—I say that is not so. I have told you the result would be the same in any case.

If you had not been debited with £1500, profits would not have been made,—Why?

Because the profits were so much less that year.—Pardon me, I say as a matter of fact that dividends would have been paid.

I did not say dividends. I said profits,—You said dividends.

Could you have shown the profits that you did that year without your being debited with £1500?—If £1500 is made by a debit the institution has a right to get the benefit of it.

Could you show profits that year without debiting yourself with £1500?—Yes; I say profits could have been shown without debiting myself with £1500.

Show me how?—The Ward Farmers' Association has never written up its stocks, but if it wished to put in an intending statement before its shareholders there was nothing to prevent it putting the stocks before the shareholders at a higher valuation than it did.

His Honor: I understand Mr Ward to say that if the association desired to put misleading statements before the shareholders they could have shown profits without taking into account Mr Ward's £1500.

Mr Solomon: That is quite so.

Witness: I did not say that would have been done, but I said that could have been done.

As the fact was in order to show the profits which you did make that year you took credit for that £1500?—£1500 was taken credit for.

And that was part of the profits?—Yes, as Credit given by me.

And is there anything in the balance sheet to show the public that is the case?—I am not aware whether it is

usual.

I do not ask that but I am going to answer you. I do not know of anything being there, and as a matter of fact I repeat again that it is not usual to give details to shareholders on matters of this sort.

Do you not think it was necessary that the public or the shareholders should know that the position placed before them was only arrived at by you making a present of £1500 to the association?—I do not think, as far as I am concerned, that I had a right in this particular business to consider the public at all.

Do you know as a matter of fact what amount of book debts—bad and doubtful debts—there was in your institution in June, 1895—I know they were valued by an officer of the bank who inspected the institution at a few thousand pounds.

A few thousand pounds? How many thousands?—I do not know. It was not a large sum, comparatively.

Do you not know that the bank's officer estimated them at £6400?—I do not know it.

Do you not know that your own manager estimated them at £5300?—I do not.

Do you not know that no provision was made for bad debts, except £600 written off?—Provision was made for bad debts at the time to the extent of what was regarded as proper provision to make.

I put it to you again. These items are the principal items of which we complain—the £21 000 in 1893; the £35,000 in 1894; the wrong debit, as we call it, of £18,000 and £6500 in 1895; the produce account being taken credit for as an asset in 1895; the concealment of the position of matters by this cheque of Carswell's; the grain and railage account; and the losses on tallow. These are the principal things of which we complain. I have put them to you this afternoon again, and I ask you, Do you offer any justification at all of any of these items?—I have already answered every question you have put to me on those individual items. You have made a long statement about them, but if you want to put [unclear: a] question to me as to any of them, I will answer it.

Do you offer to me and to the courts any justification of these items I have mentioned to you?—My answer is that at the time the circumstances came before me I believed everything was right.

His Honor; you really want to know what the Mr Ward has anything further to say about them?

Witness: I have nothing further to say.

Mr Solomon: I put it this way: Does Mr Ward offer any justification?

His Honor: Anything further than what he has said?

Mr Chapman: He wants him to go over it [unclear: a] again.

Mr Solomon; Even if it is so, I submit the wasting of half an hour is of no importance whatever as compared with the importance of those matters I have named.

Witness: I have dealt with every point you have mentioned twice over, and I have nothing further to say about them.

Mr Solomon then intimated that Mr Ward's examination had closed, except so far as [unclear: h] statement of the £67,000 was concerned.

Witness said he would get the [unclear: statement] ready by to-morrow, if possible.

Mr Solomon remarked that all he wanted [unclear: a] know was the amount of Mr Ward's [unclear: priv] expenditure and the amount of his losses at the 2½ years.

Witness said he would get the informations soon as he could.

In answer to his Honor, Mr Solomon stated that his next witness would be Mr Anderson the accountant.

At 4.45 p.m. the court adjourned until [unclear: 1] o'clock next morning.

SIXTH DAY—THURSDAY

On the court resuming at 11 a.m.,

Robert A. Anderson, secretary of the [unclear: wa] Farmers' Association, was called, and said that his age was 31 years. He had been associate for eight years with Mr Ward, and for between 15 and 16 years with Mr Fisher. He [unclear: be] always been in the office with Mr Fisher except on two different occasions, making [unclear: abo] three years altogether, and had been subject to his orders. Ever since he was 20 years of [unclear: as] he had been continuously under Mr Fisher's orders, and had been associated with him [unclear: a] business. When the Farmers' Association [unclear: w] started witness was employed by Mr Ward's bookkeeper, Mr Fisher being the manager [unclear: a] the initiation of the Farmers' Association—for the first three or four months—witness kept to books, but owing to the increase of business [unclear: a] attended to the merchandise sales and the local correspondence. If anything cropped up about the books the bookkeeper would no doubt have asked witness about it. The several bookkeepers were named Ennis, Smith, and Royds, while the cashier was McIntosh. Each of them knew quite as much about bookkeeping as witness. He could not remember getting instructions from Fisher to make any of the entries in the books, nor did he give such instructions to the bookkeepers. Practically speaking, he (witness) had nothing to do with the books after the four months referred to. At page 163 of the book produced there were entries in three different handwritings—witness's, Mr Smith's,

and Mr Royds's. These were supplementary entries. At balancing time, when the bookkeepers and everybody else were busily employed, one had to turn from the general routine and in a general way assist, Thirty-four entries in that book were in witness's handwriting, and were mainly correction of entries wrongly debited or credited, as the case might be. It was very likely that the mistakes were traced by the bookkeepers themselves. The item stated "Carswell's 1000 shares cancelled," but he could not say where he got the information. He might have got it from Air Fisher. The item of £1500 was not in witness's handwriting and he knew nothing about it further than that he saw it in the book. Very likely he saw it at the time it was made. It stated "salary and rent allowed," and what witness understood it to be was salary and rent allowed by Mr Ward. The words "salary and rent allowed, £1500," were in Mr Smith's handwriting, and witness had added "J, G, Ward." It appeared to witness that he was posting with the bookkeeper, and that on coming to this item be added "J. G. Ward." If the bookkeeper put in the first part of the item only he would know what the transaction referred to—he would know that the rent and salary were allowed by Mr Ward, because no one else drew so much from the association. The amount was posted to the credit of goods account by the clerk. It was possible that Mr Fisher told him to put in Mr Ward's name.

Mr Solomon: Do you mean to say that this £1500 had passed out of your mind? Do you not remember that Mr Fisher told you that Mr Ward was going to allow the amount?—It is possible he did.

Of course he did; but is it not a fact? Did he or did he not tell you so?—I have told you it is possible he did.

But did he tell you?—I have already told you I do not remember the circumstances.

But you surely understand what I ask you: Did Mr Fisher tell you that Mr Ward was going to allow the money?—I do not remember the circumstances.

Mr Cooper: Don't bully the witness.

Mr Solomon: If I am putting it too severely the court will interfere. (To witness:) Do you still say you do not remember whether Mr Fisher told you about the transaction of £1500 with Mr Ward?—I say that Mr Fisher is almost certain to have told me.

Was that before or after he saw Mr Ward in Wellington?—I could not say that.

Witness was examined in detail as to the list of advances against goods and produce afloat and ashore. So far as he could recollect he took the amounts down from Mr Fisher, who was conversant with the accounts. There was nothing in the details to show what was open and what secured. To the best of his belief the items were true. He could not say whether the item "Southland Rope and Twine Company's account" was or was not against produce afloat or in store. He could not tell if the account was secured. He knew nothing more about the Hokonui account than appeared in the statement, and could not say whether it was secured or not. As to being secretary of that company, he might say it was a purely nominal office, although his name appeared in the balance sheet as secretary. He could not tell whether the item £3900 was a secured or an unsecured item. It was the case that the Hokonui coal account was not secured on produce afloat or ashore. Respecting the item Southland Rope and Twine Company, he did not know that it was not secured. As he had said, the Ward Association stored large quantities of flax and O.I. He did not know what advances were made. He could not say whether the item loan £3919 16s 3d (Hokonui Coal Company) and another item £2079 were back debits or not the figures referred to were made up by himself and Mr Fisher, and he believed they were correct. He believed the amounts to be correct, because Mr Fisher gave him the details.

Mr Solomon: So the whole thing again comes to this: the whole correctness of these figures rests on Mr Fisher's word, and you, like Mr Ward, believed in it implicitly?—Of course I would take any statement Mr Fisher made as correct.

Witness continued: It had not occurred to him that proper schedules should be made up showing advances and securities. He was not supposed to know the position, but accepted the word of his superior officer the item 1st October, 1895, £10,000, was the amount due to the Colonial Bank for the purchase of Carswell's stock, and he knew that amount was owing. The statement as to the consignment was in his handwriting. It did not mean that £2120 19s 10d had been overdrawn and was owing by the association; the amounts were drawn against oats in store. According to the statement produced £42,000 was owing, and they had £40,000 of goods, so that on that £2000 was owing. On the grain and railage account £9975 was owing to the Colonial Bank. The produce Account represented the balance of oats in store; and he believed they went in store. The put down bills had been debited *pro forma* to the customers' accounts.

Mr Solomon: I want to know what the fact is?

Witness: The books show,

And they, therefore, came in as assets (it) this this?—Yes.

Hence, this amount would be a liability actually due to the bank?—Only so far as being discounted bills. They have never been debited to the account.

With the bank?—With the bank.

But it was money actually owing to the bank, because you have already received cash for them, and,

besides, taken credit for them, not that so?—Yes.

That means, therefore, that this is a debt owing by the association?—Only in the sense that they are discounted bills.

Take it in any sense at all, you owed the money directly to the bank Indirectly; the bank would look to those people,

But you have treated it as a liability on the very next page There it is—£10,000. Now, is it not a fact that in view of the process adopted, of taking credit for these aft assets, you must treat the past due bills account as a liability to the bank?—I do not think so, I think they are treated exactly in the way of discounted bills.

I will show you that you have yourself treated it as a liability.—I do not think so.

We will see. What does this mean? This A statement 21, advances against produce in store and afloat—as per statement No. 6 £29,000 odd, and produce account £18,000, lens amount as per statement No. 20, £10,436, past due bills; No. 17. grain railage account, £9000; and as per statement No. 11, overdraft on shipments, £3120. I ask you what that means? Who told you to prepare that statement, or did anyone tell you?—The balance sheet was drawn up by Mr Fisher.

Be kind enough to answer my question. Did anyone tell you to prepare that statement? If so, who?—Mr Fisher would tell me.

I ask you not what "would he," but what was done. Did he tell you to do so?—Mr Fisher would give me a skeleton of the balance sheet and ask me to make up the details.

Did he ?—Hedid.

Did he giro you this (statement produced)? What was the skeleton, by-the-bye, of the balance sheet? Have you got it?—I have not.

What did the skeleton contain?—Practically the draft balance sheet; that is what it meant. It would be practically the same as the printed balance sheet.

Do you know whether that is in existence now?—If it is it will be in the office.

Mr Fisher gave you a draft balance sheet, and practically you made ap the details?—Yes.

Is this what you mean. Mr Anderson—the balance sheet of 1895?—I do not know whether it was exactly in that form.

But those are the figures?—As they came out, yes.

He told you to make up that item, for instance (item indicated). How were you to make up the details, or did he tall you? What information did be give you by which to make them up?—I expect the totals of these would be made up from rough sheets before being finally prepared.

And the result of each of these items would be made out?—Yes.

How did you get at that figure, for instance?—From the list.

Did you only get it from a little calculation made—by subtracting one lot of figures from another tot?—Quite so; but they would be practically made out from the rough sheet.

You say again "would be." I ask, Were they?—I do not remember whether they were or not.

Now we come to this item (indicated). Who told you to do this calculation?—The manager.

Did he tell you why, and did he tell you to bring this result out there? Did he tell you why that calculation was to be made?—I cannot say that I recollect.

Did you not know that it was a very wrong thing to do—that that calculation alone was a wrong thing to do? Do you swear that?—I say that to the beat of my knowledge and belief it is correct.

What is correct?—The statement there.

The calculation? Do you not know that the ersult of that calculation is that, instead of allowing the assets and liabilities of the association, you simply show the difference between asset* and liabilities?

Witness: That is not a fair way to put it.

Don't trouble your head about that. Please answer my question. Do you not know that, instead of showing the assets and liabilities, you simply show the difference?—I do not think it is.

Do you swear that?—I say I believe it to be a correct statement.

The question was repeated two or three times in its original form, and at last

His Honor said that witness should give as answer and make any necessary explanation afterwards.

Witness then replied that the result of that calculation was certainty to reduce the assets—that is, on the face of it. The deductions he considered legitimate, and he did not think it an improper thing to do. He thought it was legitimate, so far as those items were concerned, to put the assets on one side and the liabilities on the other, subtract the difference and so present it. Past due bills were treated aft bills. discounted, in order that they might not be lost sight of; but so far as the bint was concerned they were left oat of [unclear: it] balance sheets. The item of grain railage account" was, he believed, secured by the association and treated as a special account. That item was treated in exactly the same way as Mr Coot had prepared his statement of March 20. He admitted that there was nothing in the balance sheet to show that the item was a debt due to the Colonial Bank, Certainly

the shareholders would not know it from that statement; they had no means of knowing it. He was not supposed to give opinions on matters of that sort. It was not for him to say what was right and proper information for him to give to the shareholders. He had already said that the office of secretary did not carry such responsibility with it. He was secretary of the association, but the position did not carry any salary. It was a formal office, it being necessary under the articles of association to have one in order to complete legal documents, which had to be signed by two directors and the secretary. He believed the statement in the balance sheet to be correct. No one told him that it was a purely formal matter to put his name to the balance sheet, and that doing so carried no responsibility with it.

His Honor: I see by section 112 of the articles of association that it has to be signed by the secretary and two of the directors, but it is not signed by two of the directors.

Mr Solomon: That is one of the things that I shall come to by-and-bye. It is not in the articles of association, but one of the first resolutions recorded in the minutes is that all cheques shall be signed in a certain way, but immediately afterwards the cheques are signed in a totally different way.

Witness continued: He did not remember till the fact was pointed out by His Honor that the balance sheet had to be signed by two directors as well as by the secretary. He repeated that he put his name to the balance sheets simply to complete a legal document, and it was done in a formal way.

Did you not pause, before you allowed these things to pass from your hands, to inquire whether or not you were doing an improper thing by bidding this item of £9000 from the shareholders; or, again, did you merely take Mr Fisher's word and did what he asked you to do?—I took his word.

Is it not a fact that Mr Fisher asked you to make that calculation, and you did so?—I believed it to be correct, and did so,

You believed it to be correct just because he told you that it was correct?—Quite so.

So that we have at last got this: This item of £40,000 rests on Mr Fisher's word?—Yes.

Witness continued: He understood from Mr Fisher that goods to the extent of £10,000 were held by the Colonial Bank as security for the payment of the promissory note given for the purchase of Cornwell's business. He did not remember the exact date of the purchase of those goods, but he believed it was in 1893. He could only say that he believed that the bank was so secured—that was what the manager told him. He did not know himself whether it was true or not. He admitted that that £10,000 item was not shown to, but not that it was concealed from the shareholders. The difference was this: when you wanted to conceal a thing you specially wished to hide it. Nor would he admit that this £10,000 was effectually kept out of the sight of the shareholders. Though the goods were specially secured to the Colonial Bank they did not belong to the bank practically. By no process of reasoning could he explain the fact that the Farmers' Association owed the Colonial Bank the £10,000 on the date mentioned. Nor could he by any process of reasoning away from the fact that the balance sheet did not show that item. He did not know what ought or ought not to have appeared in the balance sheet.

Do you mean to tell me, as secretary of this company, that you do not know what ought to appear in the balance sheet?—Not in every case.

After having had 10 years' experience as an accountant, under the guidance of Mr Fisher—at the end of that time you really mean to say that you do not know what ought to be put in the balance sheet?—I do not say that.

Will you swear, if you did not think it was a proper thing to be shown, that that was a proper thing to do?—I am not bound to express an opinion.

Now that the facts are known to you, if the balance were to be submitted to you to-day for your signature, would you sign your name to it?—That is a question of opinion, which I am not supposed to answer.

Do you mean that you will not answer?—I am not bound to express opinions,

Mr Solomon submitted that he was entitled to put an answer from the witness, and

His Honor expressed concurrence.

Do you, as an experienced business man, say you have any doubt for an instant as to whether you would sign a balance sheet that showed a debt to the bank of £1100 when the debt was £20,000 at least?—I believe that if the items were specially secured it was not an absolute necessity to state the amount on the balance sheet.

Then all specially secured liabilities disappear from the balance sheet altogether—Not necessarily so.

Do I understand you still to say that all the length you will go is that you have a doubt as to whether you would now sign the balance sheet or not?—With the information I had at the time I signed it, and I have no different information to-day, and would still sign it.

Further examined: The item of debentures, £40,000, was specially secured over capital and appeared in the balance sheet, but the other accounts were more specially secured. The securities were realisable in a different way to the uncalled capital. He did not know that the Colonial Bank had no security over Cardwell's goods in respect to the item of £10,000. Assuming there was no security over the stock, he would ask for the amount to be included in the balance sheet. In the book produced was an entry to transfer to No. 2 ledger, folio in the bookkeeper's handwriting, and in the middle of the entry was a space, which was afterwards filled up by

witness with the words "J. G. Ward's account," The bookkeeper was not kept in the dark. He was opening a new ledger, and would think it was going to Brooks's account in another ledger, but it was afterwards altered. It was transferred to Mr Ward's Account on instructions from Mr Fisher, It did not occur to him as strange that he and not the bookkeeper had been asked to make the transfer, for, as he had said, he often made entries at balancing time. He did this because he was Asked by Mr Fisher to do it. On the 30th of June, 1895, there was a net sum of £6500 transferred again from the credit of Connell And Co. to J. G. Ward. The entry was made on the balancing day, and the effect was to reduce the credit standing to the account, and At the same time to reduce the amount owing by Mr Ward to the association. It was beyond his province to inquire into the foundation of the instructions he received from Mr Fisher, and he did not think it was his duty to make inquiries. He knew nothing further about the matter now than he did then, The item £18,000 had been transferred the day before the balance sheet to Mr Ward, and the day after the whole thing was put back again.

Mr Solomon: Does not that strike you as suspicious?—No.

Do you think that an ordinary transaction?—Yes.

Witness continued: He had no trade inquiries about it since, and had no suspicions about it even now. He knew nothing more about it now than then, and had no suspicions then or now. Witness had kept Mr Ward's private account from July, 1895. The entry of £1500 on July 1, which was taken into the balance on June 30, was simply a misdating—an apparent clerical error, and so far as witness was concerned it was an ordinary error. He could not remember the circumstances under which these alterations were made. So far as he could remember, he was not told to make them and put them straight again the day after the balance. He put the entries there at Mr Fisher's dictation, but he believed at the time that they were ordinary transactions. He did not remember the circumstance of Mr Fisher stating at the time why it was put back to July 1. So far as he remembered he was not told, but he would not swear.

Mr Solomon: Did you know anything about this £30,000 draft? Had you any knowledge about it at all?

Witness: Not about the transaction.

Do you know what the effect of these two entries in the book is?—What two entries?

Those two entries (indicating two entries in the book).—Their effect is to reduce Mr "Ward's account—to credit the account.

The effect is for one day to reduce Mr Ward's account.—to reduce the account that Mr Ward owes the association by £24,000 roughly. and at the same time to reduce the amount that is owed by the Ward Association to Brooks by £18,000, and to reduce the account owed by the Ward Association to Connell by £6000,—That is the position.

For one day alone Yes.

And you have no suspicion about that transaction now?—I have no further knowledge now than what I had then.

That is not what I asked.—I have no suspicion at all.

I want to ask you, Mr Anderson, whether, as secretary of this company, you had no means of knowing whether Mr Fisher's statement that these three accounts—Brooks and Co., Connell and Co., and Ward?—were not one?—No; I had no means of knowing.

As secretary of the company, did you know anything about, those leaves being torn out of the ledger?—Yes, After it had been done my attention was called to it.

By whom?—By the gentleman who had done it—Mr Smith.

Yes, well?—He told me his reasons for doing it. He said that he had spilt ink on the page., and he did not like to see the book in such a mess, and he took out the pages. Immediately the question cropped up in court I sent him a telegram to where he is now, and if you have no objection I would like to read it.

Certainly. I have no objection.—It is to Mr A. W. Smith, Booth and Macdonald, Christchurch. "See Times report *re* missing folios. Kindly explain why and how you took them out." The reply that he sent is: "I removed pages owing to accidentally upsetting ink over them. Any entries thereon were made on fresh pages at the time.—A. Smith." The thing was pointed out to me after the pages were torn out.

That was after it was done?—After it was done.

Your statement written down there at that time is that there were no entries on the page. Yes, I believe it was.

You see now by that telegram the statement is not true.—I knew what he meant. His meaning was that no permanent entries were made on that page.

What do you mean by permanent entries?—No entries that had not been transferred on to the other page.

The page that was substituted?—Yes.

In reply to further questions, witness said he did not take any steps to see if the statement that no entries had been made on the pages was true. He took the statement to mean that no entries were made that affected any account. He knew of one other instance in the affairs of the association when a leaf had been taken out of

the books. In that case he took a leaf out of the minute book himself. This was a minute of a meeting of directors held on May 29, 1896, at which there were present the five directors and Messrs J. B. Reid, A. Lee Smith, and Mr Woodhouse, solicitor. Mr Woodhouse made out a rough draft of the agreement between Reid and Smith and the Colonial Bank for the purchase of the estate of the Ward Farmers' Association and the Ward accounts. From this he did not gather clearly what was the meaning of the agreement. He had not seen the agreement itself. After having entered the minutes Messrs Reid and Smith asked him if he would send them a copy of what he had recorded in the minutes. He did so, and they immediately wrote back saying that there was a mistake in the copy of the minutes he had sent. The mistake was that he had recorded in the minutes that Messrs Reid and Smith were to receive £6000 in cash. Witness did not know what was meant in the minutes by the statement "£6000 in cash." He did not know where the original minutes were. When he left the company's employment he left the original draft in the books. He (witness) took the names of those present at the meeting. Mr Woodhouse did not take the rough minutes, but he wrote out from memory the substance of what he (witness) recorded in the minute book.

Mr Solomon: Did Mr Woodhouse not take the rough minutes of the meeting?

Witness: No; I took the names of those who were there, and you will find that there was nothing else done.

Further examined, witness said that Mr Woodhouse took a note in his own handwriting of what took place, and from his own note of the commencement and Mr Woodhouse's note of the conclusion he (witness) had prepared the statement of the minutes. The mistake which Messrs Reid and Smith said he had made in the minutes was that he had stated that Messrs Reid and Smith were to receive £6000 in cash. Messrs Reid and Smith said they did not want to have a minute recorded which would convey a wrong impression he did not ask anybody about it, but altered the minutes in accordance with the request of Messrs Reid and Smith.

Mr Solomon: Why did you not alter the minutes and leave the page in the book?

Witness: I left the original draft of the minutes in the book to show that I had no wrong intention.

Mr Solomon: I will read you the original that Mr Woodhouse wrote: "Messrs Reid and Smith said that if they purchased the debt due by the association to the Colonial Bank of New Zealand, amounting on the 20th March last to £92,179 9s 2d, they would release it to the association on the following terms:-£50,000 to be paid either by present debentures or by the issue of £50,000 substituted debentures payable on demand, bearing interest at 6 per cent. per annum, and charged on the assets of the company, to be issued to them in exchange for the existing debentures if required, and secured by a trust deed; £32,000 to be applied in payment of the amount unpaid on Mr Ward's 8000 shares, the shares to be afterwards transferred to the association; £6000 to be paid to Messrs Reid and Smith; the balance of the debt to be released; Messrs Reid and Smith to be elected directors and managing directors of the association; no shares to be transferred in trust without the consent of the trustees of the debenture deed; the name of the association to be changed; the articles of association to be altered so as to give effect to this agreement; Messrs Smith and Reid's expenses to be paid; an agreement embodying the above terms with the necessary provisions to be prepared by Messrs Reid and Smith's solicitors and signed by all parties; moved by Mr Green and seconded by Mr Baldey-'That the offer of Messrs Smith and Reid be accepted.' This (Mr Woodhouse's rough draft) was found among the papers of the association. After the words "the debt was to be purchased" you added the words "for £56,000." Why did you do that?-Witness: Messrs Reid and Smith, when I sent them a copy of the minutes, said that they did not show clearly the position; that it was open to inference that they were to get £6000 for doing the business, for which they were to get not a solitary cent.

Why did you add this amount of £56,000?-Because £50,000 debentures and £6000 make £56,000.

Was it mentioned at that meeting that £56,000 was the purchase money?-It was stated clearly that Messrs Reid and Smith were to be paid nothing.

Is that in Mr Woodhouse's minutes?-I do not know that Mr Woodhouse's are the only minutes.

Where are the others?-I have no others.

Were there any others?-I cannot say at this date.

Where did you get these words from?-I believe that either Mr Reid or Mr Smith said that.

You are sure?-To the best of my knowledge.

There is not a word of it in Mr Woodhouse's memorandum or in yours?-That is not conclusive proof that the words were not used. I think it is only fair that this should be submitted to Mr Woodhouse and that he should be asked if it is correct.

Mr Solomon said he had suggested that they should ask Mr Woodhouse about it, but he did not know what Mr Woodhouse would say

Mr Macdonald said that Mr Woodhouse did not know all that took place, but he thought the minute was a correct one.

Mr Solomon said the whole point in the matter was the insertion of the words in ink, which he complained of more than of the tearing out of the Leaf, and probably there was a simple explanation of it to be given. The

reason it was obscured was that both debts were bought at the same time—Mr Ward's debt of £60,000 or £70,000 and the association's debt of £90,000. It was proposed to buy the two of them for £62,000. and the question was, How was that apportioned? It was possible that it was apportioned that the £90,000 should be sold for £56,000 and the £60,000 for £60,000, but they were not able to find that out.

His Honor said there was no particular reason why that should not be so, looking at the securities at the back of the amount.

Mr Solomon (to witness): I want to know; Was it stated at the meeting that the amount to be paid by Reid and Smith for the association's debt was £56,000?—I believe it was.

After a discussion, it was agreed to ask Mr Woodhouse, who was in court, to explain the matter.

Mr Woodhouse said the explanation was this: The debts owing by the Ward Association and Mr Ward to the Colonial Bank, which were the subject matter of the agreement with the liquidators, were to be purchased *in globo* for £62,750, and the arrangement which Messrs Reid and Smith made was that they would release to the association the Ward Association debt for £56,000, and release Mr Ward's debt for £6,750. The association would pay Reid and Smith £50,000 in debentures and £6,750 in cash, Mr Ward would pay them £6,000 in cash, and they would take that money to the Colonial Bank and get the debts, handing over one to the association and the other to Mr Ward, Messrs Reid and Smith would get nothing out of the transaction.

Mr Solomon said the matter was one that required explanation, which the liquidator was entitled to, and that explanation had now been given. (To witness:) Now, Mr Hannah, the auditor, says he passed these cross entries between Brooks and Co. and Connell and Co. because an officer of the association told him the accounts were all the same. Was it you?—No; I do not think it was.

Did you have conversations with Mr Hannah when he was taking the audit?—Not about the audit. He usually had another room.

Did you have any conversation with him when he was auditing the 1895 balance?—In what respect?

Did he make any inquiries as to whether the statements in the balance sheet were correct?—Not to my knowledge.

Now, take the produce account of 1895. [*unclear: The*] amount (pointing to the book), which is the debit balance of the produce account—that is the excess of the debit side of the account over the credit side—is taken credit for in the balance sheet as an asset?—Yes.

You have heard about these amounts being debited to this account from time to time?—Yes.

Losses on shipments from time to time?—Yes.

Is it a proper thing to do?—Yes.

And after debiting a loss on a shipment to that products account is it a proper thing to take the debit balance forward as an asset?—It is a proper thing if there is stuff there to represent it.

But it would be a very simple matter [*unclear: to*] arrive at that. The proper method was to [*unclear: take*] stock, but you did not do that. All you [*unclear: did*] was to take the back entries as assets whether there was stock there or not?—How do you know that the stock was not there?

We know you were £16,000 worth of [*unclear: stock*] short according to the books, as soon as If Cook took possession?—I do not know that.

But I know it, You asked me and I [*unclear: told*] you. But do you not know that stock was not taken on the balance, that you only took [*unclear: the*] book entries?—I do not know that at all.

Do you know that stock was taken?—I know that Mr Fisher said that oats represented [*unclear: the*] balance.

Oh! again that depends on Mr Fisher's word?—Whose word should we take if not manager's?

Yes; you only had Mr Fisher's word for the fact that the oats were there, and if the [*unclear: at*] were not there it was improper?—If the [*unclear: a*] were not there the balance should not go [*unclear: in*] the balance sheet.

Witness was then examined as to the [*unclear: extent*] of the sales and as to the non-taking of [*unclear: stock*]. As to stock he admitted that he had depends on Mr Fisher's word. He had never [*unclear: a*] attended meetings of directors, and [*unclear: repeated*] that his position as secretary was [*unclear: merely*] nominal.

Mr Solomon: Who attended meeting beside the directors?

Witness: The manager.

You never attended meetings of the directors although you were the secretary?—Quite so.

You were never asked for any particulars never called in to give any explanations?—No.

Who attended the meetings besides [*unclear: the*] directors?—The manager.

And the managing director?—If he was [*unclear: the*] his name would be in the book.

Do you not now think it strange that you the secretary of the company, should not have attended the meeting, kept the minutes, as so on? Who kept the minutes?—The minutes were taken by the manager and afterwards written up from rough drafts by me.

How do you know that they were correct?—I do not know whether they were correct or not. I can only

assume they were correct, because when they went before the next meeting they were confirmed.

You do not know whether it is the rule for the secretary to be in the confidence of the director!?—I believe it is the rule.

Can you conceive why you should not have been?—I can only say that I all along looked upon the office of secretary as being purely nominal, as I told you this morning.

You recognise now, that whatever your appointment may have been, your actions as secretary were merely nominal. Who acted as the real secretary of this company? None of the directors acted as secretary?—, on.

Did any of the clerks act as secretary?—No.

Then we come back again, the real secretary was Mr Fisher? That is so.

Mr Solomon: He was a regular Pooh Bah.

Witness continued: He did not believe he had been intentionally kept in the dark, or that those who had got him to sign the statements had made use of his name, and purposely back from him what was the real state of affairs.

Mr Solomon: But do not you now know positively they did not tell you the real state of affairs?—I say I did not know of the transactions of the company.

Quite so; you did not know the transactions of the company, and yet they used your name as secretary. Do not you think, Mr Anderson, that the secretary ought to know every transaction of the company? What is he there for?—Well, I do not know. It depends if the man appointed as manager is really the man who has got to do with the company.

Mr Solomon: Quite so, and the secretary as well, surely. Do you mean to tell me that a man can perform his duties as secretary of a company and be kept in the dark as to the real state of its affairs? In order to earn your salary and perform your duties as secretary did you not think it necessary to be informed of all its affairs?

Witness replied that he had plenty of work to do without that, and, as a matter of fact, he was not informed of all its affairs.

Would you take a position as secretary on the same terms again?—I would consider it.

Witness continued: The reverted entries of £21,000 on the eve of the balance sheet of 1893 were entered in the handwriting of Mr Innes, who was the bookkeeper at the time. The books were open for the inspection of witness at any time he wanted to see them. He could not say when he first knew of the transaction, but it was shortly afterwards.

Had you any idea that that was a balancing transaction?—No.

Did not the coincidence occur to you or the payment on the day of the balance and the redebiting on the day after?—I do not know that I would see if it was drawn out on the day after.

If you saw the entries you would look at the two together. But you say that you did not know that it was going to be done. Did they never take you into confidence as Monetary and tell you this was going to be done?—No.

You were perfectly in the dark?—I did not know that anything was going to be done.

Take the 1891 balance sheet. Did you know that anything was going to be done there? The £35,000 cheque: whose entry is that (referring to the ledger)?—Mr Smith's, He was the bookkeeper then.

Were you told that that was going to be done?—No, I was not.

Were you told that it had been done?—I was not told anything at all about it.

When did you first find it out?—I do not remember when I saw it.

Taking this transaction in conjunction with the last one—namely, that Mr Ward's account was credited practically with £21,000 at the balance of 1893, and debited on the day after—taking that in conjunction with this, when you did find it out, what did you think about it? Does it not occur to you that that was a balancing transaction?—I would want to know something more about it.

Well you have sat in court all these days and you have heard Mr Ward's explanation. Have you any doubt about it now, that that was a balancing transaction?—Well, that is a very difficult thing to answer. I would not know what was in the minds of other people.

Do you not think you could perfectly well divine that?—No, I am not a diviner.—(Laughter.)

And you, as secretary of this company, were kept quite in the dark about it, and you do not know what is meant by these entries? Do you really want us to believe that, Mr Anderson? You have no suspicion about why that £35,000 was paid in on the day before and taken out on the day after the balance?—Apparently, on the face of it, it was given to reduce the account.

For what purpose? Do you not see that the obvious purpose was to prevent the shareholders knowing that Mr Ward owed so much to the association, and at the same time to prevent the shareholders knowing that the association owed so much to the bank?—Of course it is quite plain that it is to reduce the account.

The result of that was to show that Mr Ward owed £35,000 less than he owed. The result is that £35,000 is placed to the credit of the bank account and that account showed that on that day the association owed £35,000

less than it did owe. In the face of that on the eve of the balance sheet, can you doubt that the object for which it was done was to conceal the state of the batik account?—I do not know what the object was, but that looks like the object.

Replying to further questions, witness said he knew that in January, 1893, £50,000 worth of debenture were handed to Mr Ward to dispose of, but he did not know anything about the ledger entries respecting them. He did not see the credits for some months afterwards as he was absent in Australia from February until some time in June. Trial balance sheets were taken out every month.

But we have been told that there were debentures credited to Mr Ward by the association. Could that be the case in face of the monthly balance?—Yes, the man who made the entries might believe they were to go to Mr Ward's account.

But the monthly accounts would be submitted to Mr Fisher as managing director, or to Mr Fisher as manager, or to Mr Fisher as secretary. They must have come before him in some capacity, and he must have known it was wrong, is it not a fact that he must have seen it was wrong?—If he had seen the balances and had known the balance to Mr Ward's account he must have seen that Home big credit had gone to it. A trial balance is for the bookkeeper to see if all entries are made.

But is it not submitted to anybody I do not know; not necessarily.

When you were bookkeeper, did you submit it to anybody?—No; I did not,

Mr Solomon: So that, according to you, Mr Ward's account might have been wrongly in credit £40,000 for months, and nobody know anything about it?

Witness replied that unless Mr Fisher went to the balance of Mr Ward's account no one would know anything about it. He could not say from his own knowledge whether the directors knew anything about the position of Mr Ward's account, nor could he say that he, as secretary, ever submitted to the directors anything where from they could gather Mr Ward's indebtedness to the institution. He did not attend directors' meetings, consequently did not know what was done. He did not know of anything thing being kept in the association's office that would show the true state of the association's affair. He acted as manager of the association during October and November, 1895, while Mr Fisher was in Australia. By that time Mr Ward's account was paid. He never heard from Mr Birch, on behalf of the Colonial Bank, how Mr Ward's account stood. He did not come into contact with Mr Birch, except when Mr Fisher was away in Australia.

Mr Chapman said that his learned friend (Mr Cooper) and he would like to consider whether they would re-examine Mr Anderson.

Mr Solomon would not object. In order not to waste time—he proposed to examine Mr Fisher next day—he wished his friends on the other side to know that he proposed to ask Mr Fisher what was the total amount of [unclear: goods] sold to the Australian agents of the association?

Mr Cooper: You mean produce?

Mr Chapman: In connection with [unclear: the] series of 41 drafts you have already [unclear: made]

Mr Solomon: No; the total business [unclear: done] in Australia and the total amount drawn upon;

Mr Cooper: The total sold in Australia during the whole period of the association's operations?

Mr Solomon: Yes; and the amount of [unclear: the] drafts drawn upon these goods.

Mr Cooper: It is very possible, four [unclear: hours] that we shall conclude that we ought not to examine Mr Anderson.

Mr Solomon: I hope, your Honor, to [unclear: be] able now to get through by next Monday. I try to get through with Mr Fisher to-morrow. Before I can complete Mr Fisher's [unclear: examination] I shall want that statement I have already [unclear: asked] for of what Mr Ward has done with [unclear: the] £55,000 and that £12,000, and in order to [unclear: a] time as much as possible I shall want an [unclear: opportunity] of considering it.

Mr Cooper was understood to say that [unclear: the] turn would be ready before the examination [unclear: a] Mr Fisher was finished.

At 3.40 p.m. the court adjourned till 11 [unclear: a] next day.

SEVENTH DAY—FRIDAY.

On the court resuming at 11 o'clock,

Mr Chapman mentioned that he did not [unclear: a] to re-examine Mr Anderson.

John Fisher was then called. He said [unclear: a] he was manager of the Ward Farmers' [unclear: association] since the inception thereof. He could [unclear: a] say that anyone had defined his duties to [unclear: the] Association. A definition might be in the articles of [unclear: association] but he was not prepared to say. The [unclear: officers] of the association were the [unclear: managing] director, the secretary, the directors, and [unclear: the] clerks. Mr Ward was the managing [unclear: director] and as such initiated the policy of the [unclear: company] arranged the finance, and acted the part [unclear: the] managing director usually did. Necessary all matters of

policy came before the [unclear: mana] director, and he arranged all matters of [unclear: fin] He could not give any more information [unclear: to] was contained in the books. By "carrying, the policy of the company" he meant do" what business he could, and getting as [unclear: m] out of it as he could. Mr Ward was [unclear: ab] great deal from Invercargill, and the [unclear: man] of the association performed his duties [unclear: du] his absences. A chairman would be form [unclear: a] appointed during his absences.

His Honor: There is definite [unclear: provision] that in the articles of association.

Mr Solomon: I shall come to that [unclear: pres] your Honor, No such appointment was [unclear: ma]

Witness continued: He believed that it [unclear: a] provided in at tide 88 of the articles of [unclear: ass] [unclear: a] to appoint one of the directors to be [unclear: duty] managing director during the absence he managing director, but he could not say [unclear: a] that was done he, however, know that [unclear: ing] Mr Ward's absences mr Green acted as [unclear: irman,] and he looked on him as deputy [unclear: aging] director. The minutes did not say [unclear: s] a deputy manager was appointed. If no [unclear: uty] was appointed it was very probable [unclear: is] he (Mr Fisher) did the work attendant [unclear: on] the position. But a managing director, [unclear: no] if at a distance, might be able to attend his duties, to a certain extent, and he be-[unclear: ed] that Mr Ward did so when away from [unclear: ercargill.] He was not prepared to say that was in touch with the affairs of the association all the time. He did not think the [unclear: aging] director would be in touch at all [unclear: rh] all the details of those affairs. As a [unclear: tter] of fact, Mr Ward was never in touch [unclear: h] all the details. Probably, as a matter of [unclear: s,] witness during Mr Ward's absences took [unclear: his] own shoulders all the duties of managing [unclear: director.]

Mr Solomon: so that so far you acted as manager, and, to put it your way, partially as [unclear: aging] director. We have heard from Mr [unclear: derson] that you also acted as secretary. Is [unclear: t] true?

Witness: Well if Mr Anderson says so. I [unclear: er] took particular notice of what the duties secretary were. Continuing, witness said [unclear: t] he attended the meetings of directors [unclear: i] took the minutes. The secretary was not [unclear: vented] from being present, but he did not and the meetings, because it was not necessary, as he (witness) took the minutes. The [unclear: eles] of association provided that all bills. [unclear: ques,] drafts, and promissory notes were to signed by a director or a manager of one of branches after the same had been authorised writing by the managing director. He (wi[unclear: s]) was neither a director nor a branch manager; he was manager of the head office, [unclear: he] signed the cheques on a letter of autho-[unclear: y] by the managing director that he (witness) [unclear: ould] sign cheques. That authority was given the first day of the association's inauguration, [unclear: l] he did not know if any cheques, except in absence, had been signed by directors He [unclear: i] signed the balance sheets, and he thought was a usual thing that balance sheets of a [unclear: pany] were signed by the manager of the [unclear: pany.] If it was the case that the articles association provided for the balance sheets [unclear: ng] signed by two directors and countersigned the secretary he expected he had known of but he had entirely forgotten it if it was the [unclear: e.]

Mr Solomon: You were manager, managing [unclear: director,] director, and secretary?

Witness: You can have it that way.

[unclear: You] took a share in the audit?-I don't think

When Mr Hannah came to go through the books for the audit he was given certain figures, he asked if they were correct, you told him they were correct, and he made his audit accordingly?-You had Mr Hannah here; he had never been in court before, and you hamoezled him, and gave him questions he did not understand.

Will you deny that Mr Hannah asked you about certain figures when making his audit, and you said there were correct?—I will not deny it, but I have no knowledge of it so far as my memory goes.

Examination continued; With reference to the subdivision of the amounts representing goods in store and afloat and book debts, witness did not know what information the auditor had to go on, but he went through the details. Witness made the subdivision He would not swear against Mr Hannah that he (witness) had told him that the subdivision was correct, but he had no recollection of having told him anything of the sort. He did not know that Mr hannah had any vouchers for the £16,000 in the produce account he would not deny the truth of the auditor's statement that he had had no store information, but he would not say that he did not have any such information from the stores he did not bear all Mr Hannah's evidence, for he saw that Mr Solomon was turning him inside out, and he got sick of it. He did not remember Mr hannah asking him about £18,000 and £6500 being debited to Brooks and Connells. Mr Hannah would have the entries in the journal to show that they were correct. He did not remember Mr Hannah asking him if they were correct He had no recollection of having told him that they were correct or that the accounts were all one.

Mr Solomon: Do you contradict Mr Hannah-he swears positively?-I have given my answer, and really I cannot take the matter any further. If you want a couple of hours in which to pull yourself together I am quite willing to go on answering.

Never mind my pulling myself together. Don't you trouble yourself about that, you have enough to do without it. You must put it further than that you don't recollect?-No. I have not the slightest recollection.

Mr Ward also has sworn here that he was told the same thing by an officer of the association—either by you or Mr Auderson?—I do not think Mr Ward has sworn anything of the sort. Have you the minute of his evidence?

If you say he did not admit it, I won't bother about it.—I do not think it is correct all the same.

Do I understand you to say that you did not interfere with the audit at all?—No; I never interfered with the audit at all, so far as I can recollect. Mr Hannah was there to do his duty, and if he liked he could have challenged anything.

Mr Solomon: So you were only acting as manager, managing director, director, and secretary, that is all. I thought we could have proved you were auditor as well; but apparently that is not clear.

Witness' examination continued: He attended the meetings of directors, with, perhaps, very few exceptions, and kept the minutes. As to the item £3000, he did not think the directors were consulted before that money was given to Mr Ward. The directors had free access to the books—the books were there to denote what had been done, but the books were not taken into the meetings of directors, and the state of Mr Ward's account, so far as he could remember, was never referred to in the meetings of directors. Or officially brought before the directors. If it had been done it would appear in the minutes, and from the statement that there was no such minute he should gather that the state of the account was not brought officially before the directors.

Mr Solomon: Please answer my question, Was there at any time during the whole existence of this institution any statement ever laid before the directors from which they could gather that Mr Ward was largely indebted to the association?—Yes. They could gather it from the books.

Do you not understand the question?

His Honor: Please answer the question—Yes or No,—and afterwards give your explanation.

Witness: I do not know that officially it ever was put before them, but the books were at the directors' disposal. I said that from the first.

Mr Solomon: Not at all.

Witness continued: He could not say that a document on the subject had been put before the directors. The books were at their disposal, but had not been taken into the meetings, and he did not think the directors were referred to them.

Mr Solomon: Is it not the fact, Mr Witness, that not only were the directors never taken into confidence as to the conditions of Mr Ward's account and the affairs of the association, but that, in addition to that, a regular system of concealment was adopted, by means of which the real state of affairs was concealed, not only from the public and the shareholders, but even from your directors themselves?—No, I do not think so Mr Solomon.

Witness continued: He did not think what was done amounted to a system of concealment. In the prospectus it was stated, "The company now submitted to the public does not include the Ocean Beach Freezing Works. These will be carried on by Mr Ward quite independently as hitherto."

Mr Solomon: Now is it not the fact, although that is the case, that the company immediately found the money for Mr Ward to finance the whole of his transactions in the freezing works?—Not entirely at all.

Well, at any rate, they found money [unclear: a] extent of hundreds of thousands of [unclear: pou] Oh, no! Pardon me one moment. The [unclear: company] took the agency of the Ocean [unclear: bea] it would any other agency that [unclear: a] financing from time to time. It came [unclear: the] the evidence of Mr Ward and Mr [unclear: ander] when they were examined, and in Mr [unclear: a] report, that the company financed the [unclear: a] Beach Company to the extent of £[unclear: 21] but, as against that you entirely forget [unclear: a] they received £219,000.

Did they receive that £219,000?—[unclear: Ess] of it, excepting £200, or something [unclear: like] It was subsequently paid.

Mr Ward's losses on freeter?—They [unclear: a] been paid.

Oh ! that is part of the £55,000?—[unclear: at] the association is concerned they [unclear: ba] paid. What I was going to say was this [unclear: a] rotated just now the Ward Association [unclear: exp] about £150,000 accommodation to the [unclear: a] works. You might as well tell a man [unclear: a] arranged for an overdraft of £1000, [unclear: a] has had a turnover of £40,000, that [unclear: the] has given him £40,000.

Witness continued: The directors [unclear: kn] Ocean Beach business was done [unclear: thro] association. The directors were not [unclear: a] aware of Mr Ward's account more than [unclear: a] account of any other person, He did [unclear: not] whether the directors saw the books or he [unclear: a] (witness) was very seldom in the [unclear: pub] of the company.

Further examined: The account was [unclear: a] the books as "freezer account" [unclear: simply] convenience, The effect of this was not [unclear: a] secret from the directors the fact [unclear: a] freezing work was being carried on [unclear: the] stated plainly "transfer to J. G. Ward? [unclear: a] the directors had access to all the books [unclear: a] wished. In the ached dies of the [unclear: balat] brought before the directors nothing was [unclear: a] from which they could trace the freezer acid [unclear: acid] No statement of details was ever brought [unclear: a] the directors.

Mr Salomon; If this operation of [unclear: clu] freezer account on June 30, [unclear: transferr] Mr Ward, and reopening it on July I [unclear: a] been adopted the directors would [unclear: a] able to see the state of the account on [unclear: a] at the schedules?—Yes, they would.

Whatever the object might have been, [unclear: a] not the first instance of what I call a [unclear: a] concealment by which the state of [unclear: aff] hidden from the directors?—No; I [unclear: a] think it is at all. But it had that result?—Yes.

It kept from the directors [unclear: informal] would otherwise have gone before them [unclear: a] has been the result.

Further examined: Mr Anderson, the [unclear: a] tary, would know that Mr Ward's [unclear: acc] never brought officially before the [unclear: direction] I was more than probable, however, [unclear: th] [unclear: a] told the directors of his position, This [unclear: a] strike witness as another illustration of [unclear: ealment] The books were in the office; although the directors were never invited [unclear: a] at them, they were at liberty to do so [unclear: hey] desired.

[unclear: Mr]Solomon: Now then, on the 30th June, [unclear: a] we come to the £21,000 manipulation, [unclear: need] not weary everybody with It. It was [unclear: abcquee] for £15,000 nod £6000, drawn on [unclear: a] 30th June, paid into the bank to credit of Ward's account, and taken out on the 1st [unclear: a] When was it first decided to adopt that [unclear: a]?—I believe I got an intimation from the [unclear: nager] the bank at Invercargill that I was [unclear: a] to draw on Mr Ward's account tothe [unclear: a] of £21,000.

[unclear: did] you know that it was drawn out next?—Probably I did, but I cannot tell you [unclear: a] what happened.

[unclear: a] you know the object?—know that it re[unclear: a] Mr Ward's account by £21,000.

[unclear: have] you any doubt as to the object of the manipulation? Do you not know perfectly [unclear: a] that the object was to reduce the state of [unclear: a] balance at the bank over balance day la must ask the bank officer.

[unclear: was] not the effect to decrease the bank over-[unclear: a] by £21,000?—That is the effect.

And that went out upon your balance day?—[unclear: a]; that is so.

The consequence was that on balance day the [unclear: a] appeared £21,000 more than it really [unclear: as]— No; it appeared £21,000 less.

It appeared £21,000 less than it really was?—[unclear: a] it was exactly the amount stated on that [unclear: a].

It was exactly the amount stated on that day, [unclear: educed] the account by £21,000 of the amount was the day before and the day after?—That 10 the effect.

In reply to further questions. witness said he [unclear: a] not say that the effect was to conceal the me state of affairs from the shareholders The feet was to reduce Mr Ward's bank account, [unclear: a] not give anybody instructions to make [unclear: a] in the books with regard to the £21,000. [unclear: a] would probably put a cheque through for [unclear: a]21,000 and credit Mr Ward with the amount, [unclear: a] the cashier would debit Mr Ward. He [unclear: tough] it probable that he had some conversation with Mr Birch about the transaction, [unclear: a] could not draw the cheque without having [unclear: a] a conversation with him.

Mr Solomon: Would you deny that Mr Birch [unclear: a] you that this was to be a loan by Mr Ward [unclear: ver] balance day of £21,000?

Witness: I can only tell you what I recollect, [unclear: a] I have no recollection of anything of the [unclear: ind].

Now we will come to the 1894 balance sheet. [unclear: the] same performance was gone through again a 1894. When did you first become aware that [unclear: a]35,000 on that day was to be placed to Mr Ward's credit?—I got my information from Mr Birch.

Was that a verbal communication or written?—Verbal.

Just tell me what he fold you.—I was to bo permitted to draw £35,000

Did he tell you on this occasion Mr Ward was lending £35,000?—No

Are you sure?—I have no recollection of it whatever.

Did you tell him that this money would be in reduction of Mr Ward's account?—I have no recollection of what I drew the money for.

Can you tell me if Mr Birch knew that Mr Ward owed any snob sum as this to the association at that time?—Mr Birch knew he owed the bank a large amount, I don't know that he knew the exact amount.

In reply to further questions, witness said Mr Birch knew perfectly well that Mr Ward bad no other source of income outside of the association, Large sums were paid by the association to the bank on Mr Ward's behalf. The bank credited these to Mr Ward, and they must have known that large sums were running up. They knew that he was a large shareholder in the company. His calls alone were £8000, and were debited to his account with the bank. Witness believed the bank knew that Mr Ward had not paid for these shares. He also believed

that Mr Ward told the bank, The bank knew Mr Ward's position precisely up to March of the previous year, as they had his balance sheet. They also knew Mr Ward's transactions in the interval between himself and themselves, and they knew what his arrangements were with the association. The arrangements were set out in the agreement between the association and Mr Ward. Mr Birch never asked him a word as to the state of Mr Ward's account. It did not strike witness that if Mr Birch thought Mr Ward owed large sums of money to the association he (witness) would have heard some thing about it.

His Honor said it occurred to him, as to the bank's knowledge, that the bank knew Mr Ward was carrying on the freezing works on his own account. The bank would also know that they were not finding the money, and they would be almost certain to inquire as to who was financing him with respect to the freezing works. If cheques were passing between the association and Mr Ward it would be reasonable for the bank to infer that the association were financing him for the freezing works, and, if so, that there was always a possibility of his becoming indebted more or less.

Mr Solomon said that that was what he was trying to get from Mr Fisher, But the question of whether the bank did or did not know was apart from the question of right and wrong. (To witness?) This is a letter that Mr Birch wrote to Mr Mackenzie on the 5th September 1895:—

Dear Mr Mackenzie,—Before this reaches you Mr Davidson's report on his investigation of the affairs of the Ward Farmers' Company will be in your hands, and you will see by it that terrible disclosures have come to light. The day Mr Davidson appeared an engagement was made with Mr Fisher for half-past 7 in the evening, and half an hour before that time the latter came along to the bank and made a confession of his crimes which fairly staggered me. The amount owing to the association by Mr Ward is a perfect revelation, and fully explains why I could never keep the account down. The outcome now is that instead of Mr Ward being a rich man, as he led me to believe, and I always thought, he has lost every shilling, and is something like £30,000 behind besides, Fisher owns up to being 75,000 sacks of oats short of my warrants (exclusive of the 80,000 sacks attached to the British bill for £30,000), and says he has lied and deceived me hand over fist and hundreds of times during the past five years: in fact, he says the truth has not been in him. This is a nice confession for a man holding the position he does, and from one I had the greatest respect and trust in. It is truly appalling to me, and is the rudest shock I have ever experienced in my life. My own opinion is that we could put Fisher, Anderson, the directors, the auditor, &c., in gaol over this, to me, huge swindle, if necessary. You, of course, will know what is best to be done, and therefore I await your directions before moving further. With very much regret at the outcome of things," I am, &c.,

C. A. BIRCH.

Now, so far as this is concerned, Mr Fisher, the part to which I am referring is this: Do you or do you not say that so far as you knew what Mr Birch says there is true or not—that the state of Mr Ward's account was a revelation to him?

Witness: I cannot be responsible for Mr Birch's expressions, I have already said it was inevitable that Mr Birch must have known that Mr Ward owed large sums of money.

Further questioned witness said that he had an interview with Mr Birch, but did not say that Mr Ward was ruined. He thought that Mr Ward was pretty far behind, but did not consider him ruined. There was a question whether he could pay his debts, but at the time it was not in witness's mind a serious question. It was shortly before Mr Ward's return from England that witness thought Mr Ward might be unable to pay his debts. Witness thought he might be from £20,000 to £25,000 behind. That was only witness's assumption. He had not made a minute calculation. He would not say he knew that Mr Ward owed the association £20,000 more than he could pay. If Mr Ward had said that he could pay the £55,000 he owed altogether he (witness) would have accepted the statement. Mr Ward had assets amounting to more than the £55,000, but witness could not get at them. He believed there was an unregistered mortgage over the properties. He believed that before Mr Ward went to England he was perfectly good for any amount that he owed, but that in the interval his position weakened. Various things had happened to cause that weakening. There were [unclear: ver] consignments on Mr Ward's own [unclear: acc] connection with the freezing works. [unclear: who] did not know that Mr Ward made any [unclear: all] on the freezing works up to 1895, [unclear: bur] association had drawn upon Connell or [unclear: ec] to a certain extent, and during Mr [unclear: won] absence there were drawbacks to the [unclear: exe] £9000, which witness had to meet, [unclear: addi] weakened the association's position, [unclear: thi] this was association business it was [unclear: a] connected with Mr Ward. If [unclear: witt] membered rightly, there were a [unclear: tremend] of shipments on Mr Ward's account—he [unclear: a] on the freezer account. He had not [unclear: sa] he found Mr Ward's position weakened, [unclear: a] believed it was not so strong as before. I interest account was running up, and [unclear: hos] parties were not increasing in value, [unclear: action] helped to weaken his position.

Witness was strongly of opinion [unclear: the] Ward, while in England, had gone [unclear: bet] £20,000 to £25,000. All the financial [unclear: of] tions in the country had been weakened [unclear: ac] time; Mr Ward's

own position was [unclear: wea] and that had an effect on the Farmers' [unclear: a] tion, If Mr Ward had sworn that it [unclear: a] covered during his absence that his [unclear: losses] £25,000, which afterwards turned out [unclear: a] nearer £50,000, he must have been [unclear: a] stood. Witness did not understand Mr [unclear: a] in the same way as Mr Solomon. [unclear: when] Mr Ward in Wellington after his [unclear: a] he did not tell him in the interim had made actual losses of between £[unclear: a] and £25,000, but that he had come conclusion that his (Mr Ward's) [unclear: a] was not so strong by that amount, and [unclear: a] indebtedness was getting too heavy. [unclear: a] reckoned that Mr Ward's properties had [unclear: a] depreciated in the interval. Nelson [unclear: a] shares had depreciated, his earning [unclear: a] gone down, and he had lost his salary [unclear: a] a year as managing director of the [unclear: ocean] works. He could not say anything [unclear: a] Ward's evidence before the judge in [unclear: a] last year, when he said he first beard of oflosses from witness on his arrival in [unclear: Welling] he If Mr Ward bad sworn sohe (witness) [unclear: a] not contradict him. If witness on that or had said that be knew what losses [unclear: h] made is the interval he would have [unclear: state] was not true.

Mr Solomon: We don't require any [unclear: a] to tell us that, Mr Fisher.—(Laughter.) [unclear: a] you tell me, please, is it true or not [unclear: tro] you then said that losses to the extent; £25,000 had been made?

Witness said be believed it was true [unclear: a] he nor Mr Ward knew what the losses [unclear: a] in 1894 in connection with the freezer recognised the circular (produced) that [unclear: a] dressed in February, 1895, to the [unclear: a] the association. The statement made [unclear: a] that Mr Ward had not been [unclear: spec] [unclear: n] purchases of sheep was correct. They [unclear: ad] not been buying sheep at that time, [unclear: for] was he, far as witness recollected, [unclear: lling] mutton, but, as a matter of fact, there [unclear: were] enormous quantities of sheep in England, [unclear: a] on their way there, which had not been accounted; so that the losses could not have [unclear: been] ascertained at that time. It had taken the [unclear: uidator] with a staff of accountants and clerks [unclear: over] 12 months to go through these things. How to earth then, could he answer them in five [unclear: inutes]? Farther questioned an to how the [unclear: 55,000] of the association's debts which Mr [unclear: ward] had taken upon his own shoulders was [unclear: was], witness could only remember the one [unclear: them] of £7000.

Mr Solomon: Mr Ward in his sworn statement [unclear: said] that when the debts of the association were [unclear: ound] to be £55,000 he took the responsibility [unclear: on] his own shoulders. Was it true that this [unclear: £55,000] were losses of the association, as Mr Ward says, and that he took the responsibility of them his own shoulders?—Witness: I [unclear: a] not understand that they represent losses it all.

I am asking you about what Mr Ward has [unclear: worn] to.—I do not know what was passing through Mr Ward's mind, and therefore do not know.

That is not an answer to my question. If Mr Ward has sworn that the £55,000 which he We the promissory note for were debts of the association which he took upon his own shoulders, is it true?—I do not think it is inferred in it.

His Honor: If Mr Ward swore that it is true you do not commit yourself to saying that Mr Ward did make the statement, and the statement might be capable of quite a different construction.

Witness: I do not see how it can possibly be correct,

Further questioned! witness said that if Mr Ward, knowing it did not represent entirely the losses of the association, swore it was the losses of the association, it would not be correct; but he did not think Mr Ward ever had made such [unclear: a] assertion. Witness could not say what item other than the £7000 Mr Ward had taken upon his own shoulders, but be knew that Mr Ward had taken upon himself a large amount of responsibilities, and he also became responsible for a lot of business which might have come to the association and have accrued to losses to the association.

Mr Solomon: Can you point me to one shilling outside of the £7000 that Mr Ward took upon his own shoulders?

Witness; I do not know that I can.

I want to know bow the £55,000 was made up?—You have got a great deal more information about that than I have, for you have the books.

Can you tell me how that amount was made up? You met Mr Ward in Wellington, did you not?—I think so.

And you told him about the £56,000?—Yes, I believe I did, What time do you refer to?

When you went to Wellington to see Mr Ward.—I did not go to Wellington to see him; I only saw him when passing through Wellington.

You saw biro in Wellington?—Yes.

And you told him what bis position then was?—Yes.

Witness continued: He concluded while Mr Ward was in England that his (Mr Ward's) position bad weakened to the extent of £20,000 or £25,000. He did not tell that to the directors, and did not think it his duty

to do so. He did not know when the directors were told, but it was his impression that they were told. Mr Ward may have told them. They were not told officially at the meeting held an hour before the meeting of shareholders, because if they had then been told officially it would have been minuted and there was no such minute. He was not prepared to say that a single word was said about it at the meeting, and had no distinct recollection of attending the meeting, though he might have been there. He thought he had told Mr Ward the conclusion he had arrived at, and that this was mentioned to him in Wellington. Witness did not go to Wellington to see Mr Ward about this, but saw him when he (witness) was on his way to Auckland in connection with entirely other business.

Do you mean to say that on so vital a question in connection with the affairs of the institution you cannot say positively whether you told him that or not?—I cannot say positively as to anything I said two years ago.

Witness continued: He could not say absolutely whether he was present at the meeting or not. He could see nothing had been stated officially about Mr Ward's affairs at the directors' meeting, but he could not say the directors did not know of them.

Mr Solomon: Does it not strike you as a very strange state of affairs that this knowledge should be in your breast and in Mr Ward's breast, and that it should not have been brought before the directors or before the meeting of shareholders?—No, not if Mr Ward considered himself in a position to pay.

But you did not consider him in a position to pay?—I am not the man who owed the money.

At any rate, we have the bald fact that it was not brought forward?—It was not officially brought forward.

At the shareholders' meeting, was there the slightest indication given to the shareholders that this state of affairs existed?—I do not think so.

You were present at the shareholders' meeting, as manager?—Yes.

Did you not think it necessary that it should be stated?—Not if Mr Ward considered he could pay the money.

Well, we have heard the secretary say he was only nominally secretary, and that he had no responsibility, and we have heard Mr Ward say he was so much away that he could not go into the detail. What, then, were your responsibilities as manager?—I think I had a good deal of responsibility. I was manager of the company.

And what steps did you take to inquire if Mr Ward was able to pay the money?—Well, shortly afterwards he did pay it.

Oh, again we come to the £55,150.—It was paid to the association, anyhow.

Further examined: It was after the shareholders' meeting that witness heard of Mr Davidson's report on the affairs of the association being presented to the bank. The fact that witness and Mr Ward did not tell the shareholders the position of matters was not a concealment, but it certainly did not make the position plain to them. The shareholders and the directors could not know at that time that Mr Ward was £25,000 behind, and there was no reason why they should know, if Mr Ward could pay the amount. Even in a bank's business it was not stated to the shareholders that so-and-so owed so much, and that he could pay it. He did not know that such a thing would even be intimated to the directors.

Mr Solomon: Now, as to this £21,000 again. I forgot to ask you if your directors were told about it?—No.

Was there anything submitted to the directors by which they could gather that the £26,000 then put down as the overdraft to the Colonial Bank was not the ordinary overdraft?—It was the overdraft on that day.

But was there anything to show the directors that, whereas the balance sheet showed an overdraft of £26,000, it was on the day previous £47,000, and on the day after £47,000?—There was nothing in the balance sheet to show that.

Was there anything anywhere else to show them?—The books.

But the books were not submitted is not customary to submit them. I did not submit them.

And who else could?—Any of the officers.

The books, then, were not submitted to the directors, and there was nothing in the balance sheet, so how could the directors who ran the institution gather that while the item was £26,000 on one day, it had been £47,000 on the day previous, and was to be £47,000 again on the day following?—They had the books of the company.

And they were not submitted to the directors?—No; but they were available.

They were not submitted?—They were not submitted.

And is that not a further item in the plea of concealment, that prevented even your directors from knowing the true state of affairs?—I cannot say that it is, That [unclear: chi] was paid, Mr Solomon.

Now we come to the balancing day of Is. You have told us what happened then [unclear: a] balance was manipulated by £35,000 for [unclear: a] day again. Was anything stated to the [unclear: dis]tors about that?—If it is not in the [unclear: minute] would not be

After looking at the minutes, witness [unclear: a] there was nothing in the minutes with [unclear: refe] to the matter, the fact of Mr Ward's [unclear: acc] being manipulated to the extent of £35,000 [unclear: a] not

reported to the directors. He did [unclear: a] think it ought to have been reported when cheque was paid.

Mr Solomon: Now I want to you at [unclear: a] the debentures. In January, 1895, [unclear: £50] worth of debentures were placed in Mr [unclear: Wa] hands a to dispose of He sold £40,000 wort. £20,000 to the Bank of New Zealand [unclear: f] £20,000 to the Colonial Bank?

Witness: That is so.

I suppose he reported to you that be had [unclear: a] that?—Sure to.

Did you give any instructions as to [unclear: a] entries were to be made in the books?—Sc [unclear: a] I recollect, I had never been in any [unclear: a] cern that had kept a debenture account, [unclear: a] was pot very conversant with it. Mr [unclear: Anden] was absent at the time, and the [unclear: bookke] were making up these books. Two entries [unclear: a] been placed to our credit in the bank [unclear: a] They would probably ask me what they As I told you, I was totally unversant [unclear: a] how a debenture account was usually and I would say with regard to those [unclear: pro]of debentures, "Put them to Mr Ward's [unclear: a] until we understand how the account should [unclear: a] opened."

In answer to further questions, witness [unclear: a] Mr Anderson came back in May Witness [unclear: a] not know that he absolutely spoke to Mr [unclear: a] son until the end of the financial year, and [unclear: a] they set off a different debenture accounts Mr Ward's own account. The account, [unclear: a] simply been put to Mr Ward's credit [unclear: a] porarily.

Mr Solomon: In the balance of 1895 [unclear: a] drew another draft of £35,000 at Mr [unclear: v] request?

Witness: Yes.

To whose credit did you place that [unclear: a]—To the credit of Mr Ward.

Why?—It was for Mr Ward.

Explain that, please. How did you [unclear: a] was for Mr Ward?—It was for Mr Ward [unclear: a] way; It was the proceeds of a draft [unclear: a] under a letter of credit that the bank [unclear: a] received. I had never seen that [unclear: letter] credit. It was intimated to me that it letter Mr Ward had arranged. I drew [unclear: a] put it to Mr Ward's credit, and intimated: I Mr Vigers At the time, I thought it a very strange thing that they should have a letter or credit when I had not heard am thing about it; and I paid the matter could not go forward. If there is anything wrong about it, you must settle it with him. That was done, and Mr Ward took the debt over.

I understand that you mean that that was no much money Lent to the association by Mr Ward?—I did not say that. So much money. paid to the association by Mr Ward.

Witness, in reply to further questions, said he did not part with oats of the association for that draft. He gave a warrant for the oats, but he bid no right to do so an it turned out.

Mr Solomon: On balancing day the bank account was reduced by £30,000, and it was treated as if Mr Ward had paid the money to the Mediation?

Witness: That is so.

On the same day Mr Ward's account was further reduced by two sums—£18,000 and £6500?—That is so.

Did you give instructions that that should be done?—I think it is almost certain that I did

Witness, further questioned, said be treated Mr Ward's account as one account. If Mr Ward had been in credit £15,000. and Brooks and Connell had been in debit, be would have transferred the account to Brooks and Council.

Mr Solomon: You owed these people £18,016?—Witness: That is so.

You owed Connell and Co. a larger amount than £6500 P—That is so.

And after giving credit for this £30,000, Mr Ward owed you £24,000?—Something like that.

Now, you say you treated these three accounts as our, did you really think you did not owe the money to Brooks?—I did not think that.

You knew you owed the money to Brooks?—Yes.

And you knew you owed the money to Concell?—Yes.

You knew that Ward owed money to the association, How, then, were these three accounts treated as one?—I considered that these accounts had been drawn and bad origin Dated miner Mr Ward's personality. The whole of the grain, wool produce, and that had been entirely on account of Mr Ward.

But you knew that the debts were owing?—Yes.

However the accounts were originated, you knew that these three facts existed. Your association owed that money to Brooks, Did not the effect of debiting that amount to Brooks and Co. prevent it being shown in the balance sheet that they were creditors to that amount?—do not know about preventing, but the thing would not be shown.

Did you not make that entry? If you had not made that entry it would have appeared in the balance sheet?—Yes. it would have been shown under "sundry creditors."

To that amount?—Yes,

You knew you owed the money all the time?—Yes.

Why did you not show it?—I have given you my reason
Give me your reason again?—I treated the three accounts as one
Do you mean to say that you understood at that date that they were one account?—That that were working in one.

How do you mean? Will you repeat that again?—I mean that I might have done all the transactions under one name in these accounts.

Do you swear, Mr Fisher, that in June, 1895, you thought Brooks and Co. were really Ward?—I do not mean that, I know that Brooks and Co are not Ward.

Do you mean to say that Brooks and Co. and Connell and Co. and Ward were a partnership?—No.

Well, what did you understand to be the state of affairs on the 30th June, 1895?—I mean that the whole of the three accounts were being worked by the association as one account. How was that? They were all kept separately in the books?—Like a lot of other accounts, they were kept separate for convenience' sake.

Did Mr Ward say they were to be one account?—Mr Ward had told me that the transactions in London and the losses sustained by him were to be on his own account, Practically that is what it amounted to. That does not exactly put it. As a matter of fact, if large amounts came to debit and the association was not in a position to bear them, Mr Ward considered it to be his duty and advisable to take them on his own shoulders.

Did he ever take these on his own shoulder?—He took all the grain account

Did he ever take this over?—He has not done so now.

And on the day after the balance sheet you showed the correct statement again Transferred the amounts.

Did you treat any instructions to do so?—None whatever.

Did you tell Mr Ward you had done it?—Not till long afterwards

Do you think that was strange?—I do not think so.

Did you tell the directors?—I did not. I thought it was a right thing to do and I did it.

Would you do so again?—Yes, I would do exactly the same thing again, and if you want an authority for it I refer you to Mr Cook.

Mr Solomon: You need not trouble about Mr Cook. You are dealing only with me.

Witness: I will give you the information if you like.

Mr Solomon: You can give it to your own advisers. I want to ask you again, Mr Fisher, what you mean when you say that on the 30th June, 1895, you considered these accounts to be one?

Witness: I have already given you my explanation, and I cannot enlarge on it.

Mr Solomon: I must ask you again.

Witness: I cannot tell you any more than I did

Mr Solomon: Tell me again.

Witness: I do not know how to explain it any plainer.

Mr Solomon: We must try to get an explanation, It is a very important matter. Let tell you that these three items are the principal gravamen of the whole thing, that the liquidator suggests that this is a deliberate falsification of the balance sheet, and I want your explanation of it.

Witness: have already given it as far as I can.

Mr Solomon: Give us it again, What did you understand on the 30th June, 1895, to be the condition of these three accounts?—I have already told you, and I cannot enlarge on it now.

Mr Solomon: Answer me again. If you have already told me, I must ask you to tell me again. What did you understand to be the condition of the three accounts on the 30th June?

Witness: I can only repeat exactly what I have already said.

His Honor: Let us have the details of how the accounts stood in the books on that day, and work it out.

Witness: The position stood thus: Brooks and Co. stood in credit £18,000; Connell and Co. stood in credit an amount exceeding £6500. Mr Ward stood in debit—

Mr Solomon: Let us get the exact amount.

Witness: I say an amount exceeding £6500. I think it was £11,000, Mr Ward stood in debit £24,000. I considered that the whole things were worked in one, and I transferred Brooks and Co. to the credit of Mr Ward. The result is that Brooks and Co.'s credit disappeared, and so did Mr Ward's debit.

Why did you take £6500 out of the £11,000?—Because it did not matter.

You squared Mr Ward's account except about £16?—That was the effect of it.

His Honor: What has occurred to me is: If they are the same account, if they are all worked together as one, you would have debited Mr Ward's account in addition to these. If Mr Ward was taking on himself the liability of these accounts, the £18,000 and the £6000, the proper transaction would be not to credit him with these, would it not?

Mr Solomon (to witness): The fact was that on that day your association owed Connell and Co. £11,000, and your association owed Brooks and Co. £18,000?

Witness said that was so, and Mr Ward owed the association £24,000. Witness did not know any arrangement or agreement of any sort that Mr Ward was responsible for payment of the debts due by the association to Connell and [unclear: a] and to Brooks and Co. He was aware[unclear: a]the association owed that money to [unclear: a] people.

Mr Solomon: I want to know what [unclear: exa] tion you have to give of why you did not [unclear: a] it in the balance sheet.

Witness: I treated the three accounts one.

In what sense do you mean?—Mr Ward [unclear: a] given it to you in his evidence that the [unclear: lo] shipments were to be at his risk if any [unclear: a] occurred.

Further examined, witness said that [unclear: a]treating the three accounts as one he [unclear: p] Ward's account back again for the convex [unclear: a]of bookkeeping. At balancing time [unclear: a] Ward's accounts were focussed [unclear: t] Witness did not say that Mr Ward was if the money, but ho was at the back [unclear: of] account, and if any loss had occurred Mr [unclear: a] would have stood it. He (witness) [unclear: had] said he knew that Mr Ward was behind. What he said was that it [unclear: a] assumption, and as it had turned out [unclear: a] wrong. Witness treated the three [unclear: acc] one on bin own responsibility. Thu [unclear: risk] Mr Ward took was from the very [unclear: comm] ment of the association's career [unclear: wit] English business. Witness did not think [unclear: at] duty to toll the directors that he had [unclear: to] the three accounts as one. He die personally take them into his confident [unclear: a] he did not think there was anybody [unclear: else] them. Mr Ward was away, and there [unclear: a] nobody else to tell them.

Mr Solomon: Could the directors [unclear: a] know that you owed Connell and Co. and [unclear: a] and Co. £24,000 more than appeared balance sheet?

Witness: The books were open to them—[unclear: a] But if they looked at the books they [unclear: co] have told in this instance They could [unclear: a] told that it had gone to Mr Ward, and [unclear: a] balance day there was £24,000 less [unclear: that] admit there was?—The books showed it.[unclear: a]

But you never submitted them [unclear: a] directors, and never told them [unclear: amount] matter, and how could they possibly [unclear: a]that the association owed £25,000 on [unclear: to] A alone more than was shown in the [unclear: a] sheet?—By looking at the books.

But you admit they never inspected [unclear: a] I do not think they did.

Have you ever heard of their [unclear: in] I them?—I have not.

And there were no other means of [unclear: a] out?—Only through the books.

There is another item in the 1895 balance I want to refer to. When you came to [unclear: a] profit and loss for 1895 somebody [unclear: der] that Mr Ward should forgo £1500 that [unclear: a] entitled to for salary and rentals?

Witness replied that as Mr Ward [unclear: a] in the colony at the time he (witness) [unclear: £55] have decided that. In the ordinary course of business, the amount was first credited and then debited. Witness was answering morestraight forwardly than Mr Solomon anticipated. When interrupted he was just about to say that he inferred that there was a debit and a say He was also about to explain that when they came to June 30, the bookkeepers, on finding the debits to charges or produce, would place such items to whatever charges they were entitled to be borne by and debit them to Mr Ward Witness said that he wan Id ant Mr Ward to forgo these sums; whereupon the two items were credited back inthebooks and debited to Mr Ward. That was done, he believed.

His Honor: I see in the profit and loss account salary and wages paid is put down at £4886 16s 5d. Does that item include the £1500?

Mr Solomon: It ought to have been taken out of that, your Honor, but was not. Instead of being credited to charges it was debited to the goods account.

Witness continued: Article 101 of the articles of association provided for the declaration of dividends. When the dividend for 1895 was estimated Mr Ward was out of the colony, and it at that time he owed the association something estimated like £54,000.

Then you say that you made up your mind to ask Mr Ward to forgo this £1500?—Yes, and I got him to do it.

Witness repeated that it was merely his private assumption that Mr Ward was behind tothe amount of £25,000. but he was afterwards good for the whole £55,000.

When he actually owed you £55,000, of which accordingto your own admission he was only good for £30,000, was it a proper thing to enter that £1500 as profit and divide it up as dividends?—It is not what I thought, but what I did.

Did you at that moment divine that the Colonial Bank for its own purposes was going to let Mr Ward off that £55,000?—They did not do so. We got paid.

Oh, that promissory note again. It is time, I think, that was dropped; that farce has been kept up long

enough?—But we got paid for it, and if you refer to the bank book you will see that it was.

The plain fact of the matter is, is it not, that at the end of 1895 the Colonial Bank found that Mr Ward owed the association £55,000, and found at the same moment that the association owed them £55,000, and instead of taking the association's indebtedness they [unclear: ook] Mr Ward's promissory note for that amount?—That is not how I should put it. It was not so to my mind. The way I would put it is this: Mr Ward owed the association £55,000, and if the Colonial Bank, or any other body, or any other man likes to come along and take over Mr Ward's account it has nothing to do with the first man.

The effect so far as the Colonial Bank is concerned is to wipe out his debt, and the bank are the happy possessors of his promissory note?—Yes, The bank now rank on the estate in respect to that promissory note. Consequently Mr Ward discharged his debt, and I therefore, say that I rightly treated that £1500 as profit. I am not prepared to say whether Mr Ward knew it was so treated before the balance sheet, nor have I the slightest recollection of having told him so.

Witness continued: He did not know whether he told Mr Ward about it before the balance sheet was signed or not. He held Mr Ward's attorney, and he knew that Mr Ward would not draw back from anything he (witness) had done. He could not say within a year when it was that he had told Mr Ward, He knew about it, but he did not tell any of the directors or anybody else. It was not his duty to do so. They would have found out for themselves by looking at the books and seeing that the entering of the salary was reversed. They had saved £1500, and had quite a right to show it as an asset.

Further examination elicited the fact that the £1500 was not debited to the goods account but was placed to the credit of that account as a profit on goods. It was shown as a profit, because it was £1500 saved. He had no recollection of why the charges were not reduced, but that £1500 would have made no difference to the charges.

Mr Solomon: The balance sheet shows that salaries and wages amounting to £4086 were paid?—Yes.

Did you pay that amount?—I think we did. Witness referred to the books to show how the amount of salaries was made up.

Mr Solomon: Is that £1500 taken off? Amongst the items setting out the charge for salaries for that year is this item "J. G. Ward £500"?—That is so, but there is no thousand pounds there.

Never mind that We won't bother about the balance. We will deal in the meantime with the £500, Did he get that salary?—No, he waived it.

This was charged up?—I think I explained at the commencement that it ought to be put up, and then it was afterwards reversed. I got it reversed afterwards.

You knew Mr Ward had not his salary for the year?—Yes.

And here it appears that he did get the salary for the year?—That appears so; I do not know that it is so.

Witness continued: He did not prepare the detail schedules; the clerks did, and up to June 30 they put every debit, debiting the charges with Mr Ward's salary, and when the £1000 was afterwards reversed they should have been taken out. If the amount of salary had been struck out, this could not have happened, but it would not have made a scrap of difference—ultimately the result would have been the same.

Mr Solomon: I will try and show you whether it is so or not. You are not going to get out of it in that way. Is not this the fact: that if you had reduced the charges by this £1500, then you should have done that would have shown that you could only bring out that profit you made by reducing your charges by £1500?—And what would have been the difference?

The difference would have been that the shareholders and the public would have known what the fact really was, that in order to make the profit you had reduced your charges, whereas in the way you did it you led the public to believe that your charges remained the same this year as last, and that the net profit was made I do not see that it makes a scrap of difference; the result was exactly the same.

Supposing you yourself looked at two balance sheets of a company. One year you looked and said, "Hulloa, these people have made £5000 this year and their charges are £5000—after deducting the £5000 charges they have made £5000." You look at the balance sheet next year and say, "Here we are again; these people have again made £5000, their charges are still £5000; their business is just the same as it was last year." But supposing when you looked at the balance sheet again, instead of finding these people had made £5000, you find that the profits are £5000, and the other charges are £3500. you would then say as I think any reasonable person would, "It is true you show £5000 profit, but to do that you had to reduce profits £1500 would not say anything of the sort. I would see they had made £5000 and should be satisfied with that.

Further examined: In the matter of the £1500 the balance sheet did not show an absolute untruth. The result of the entry of £500 salary was to show the salaries at that amount more than they were, but the sum was waived. It was not the fact that it was not shown; it was shown in the journals. The £1500 was treated as a gross profit, which it was. Money saved was money made. The Amount was taken credit for in the item "Profit on merchandise and produce sold, £5500." He did not know that the amount should have been shown as a reduction in charges. He had before stated that he got Mr Ward to forgo the £1500. What he meant by that was

that the amount was included in the balance sheet, and that witness afterwards got Mr Warden consent to the transaction. He held a power of attorney from Mr Ward, and although he did not require Mr Ward's consent he mentioned the matter to him as a matter of courtesy. He did not think he got Mr Ward's consent before the balance.

Mr Solomon: You have told us that [unclear: you] up your mind to ask Mr Ward to give [unclear: hi] sent, you have told us that you did [unclear: sa] to do to and got him to do it, and yet [unclear: a] us that you cannot say whether you said [unclear: a] thing to him before the balance.

Witness: That is not the point at all [unclear: a].

Did you not tell me you had made up [unclear: a] mind to ask him?—Yes. I said this: I Mr Ward and I got him to do it. What [unclear: a] say was that I could not tell you what [unclear: her] him that before the balance sheet or not.

His Honor: The question you are [unclear: disci] just now is these amounts that were [unclear: cre] Ward from Connell account. As I [unclear: a] stand it the association had a credit of [unclear: £11] and that £6000 of that was credited [unclear: a] Ward on the ground that these three [unclear: acc] were into one. That is what I [unclear: underst] to say, Mr Fisher.

Witness: I beg your Honor's [unclear: pan] thought you were speaking to Mr Solomon: His Honor: I understand you to [unclear: a] Fisher, that the reason why the sum of [unclear: £] due to Brooks and £6000—part of that [unclear: a] Connell—was credited to Mr Ward just [unclear: a] the balancing day?

Yes! your Honor.

And so you credited £18,000 from [unclear: br] Co.'s account to Mr Ward, and you [unclear: a] dited £6000 to Mr Ward, Why did [unclear: a] credit the whole of the £11,000?—It. [unclear: a] make any difference if the whole three [unclear: a] were treated as One.

If you treated the whole three as [unclear: a] were you not logical in the treatment [unclear: of] why credit part and not the whole?—I see that it makes any difference. It is [unclear: a] the same result.

Why did you transfer them back again [unclear: a] removed the account for the [unclear: conve] bookkeeping

If you treated them as one account, [unclear: a] see why you should remove a part of the [unclear: a] and not the whole. If Mr Ward was [unclear: a] to be credited with £6000 he was entitled [unclear: a] credited with £11,000.—That is so.

That is so; and you did not do it?—[unclear: a]

Mr Solomon: The result of that is [unclear: a] you had credited the whole of Connell [unclear: a] you would have then shown that Ward £4500?

Witness: His account would have [unclear: a] credit to that extent.

It would not have done to show that [unclear: a] to have brought Mr Ward's name in. [unclear: a] have done was to wipe Mr Ward's name [unclear: a] That would have made no difference. [unclear: a] Ward is not wiped out yet.

I did not say he was, and I am [unclear: a] glad to have this opportunity of [unclear: say] very difficult to wipe out as brave a [unclear: a] Ward is. Now, Mr Fisher, we will [unclear: come] produce account. Look at article [unclear: 110] articles of association. What that says [unclear: a] The directors shall cause true and complete [unclear: caunts] to be kept of the stocks, effects, re-[unclear: pts], expenditure," and so on. You knew [unclear: it] there was such an article?—I expect I [unclear: i], Mr Solomon. I did not know the articles by heart.

You kept a complete account of your stocks? I think we did fairly well.

[unclear: in] reply to further questions witness said [unclear: i] schedules gave a pretty accurate account of [unclear: i] stocks. Each account stood on its own [unclear: sis]. The association did not keep what [unclear: tinsel] called a stock book. It was his duty [unclear: see] that there was an account of the stocks [unclear: pt]. Probably it was one of the things in [unclear: ich] he had failed in his duty.

Mr Solomon: Did you not keep an account

Witness: We did not keep a stock book and [unclear: ck] list, so far as I know.

Did you keep anything to show the amount stocks in hand?—You have the schedules.

They were only made at the end of the year? Exactly, and from taking stock.

Did you keep any lists of stocks?—I do not [unclear: ink] so.

None at all [unclear: ?]—No.

Mr Solomon: Did you have no accounts to [unclear: ow] what stocks you had in hand?

Witness: Do you mean statements of all we [unclear: ceived] and all we sent out? Mr Solomon: Yes.

Witness: We did not.

Why?—I cannot tell you. We did not do it. Now, in June, 1895, what amount of oats of [unclear: i] sorts and kinds whatever did you have in [unclear: ock]?—I cannot tell you.

Did you not take stock?—The storeman [unclear: would] be sure to count the bags and let me now, and I would probably count them my-[unclear: lf]. I do not recollect. There was sufficient [unclear: eck] in hand to cover the accounts.

Were your own stocks separated from the [unclear: er] people's?—They were not kept in sepa-[unclear: irte] stores.

Had you anything to show which was yours [unclear: ad] which was other people's?—I think so. I [unclear: Ddot] tell exactly how the storeman did.

Can you tell me what quantity of oats you [unclear: id] in hand of all sorts, of your own and of [unclear: her] people's, in June, 1895?—About 92,000,

Where did you get that from?—I know I got [unclear: je] information at the time. I may have got it [unclear: v] telephone from the different stores.

Did you get stock lists made up?—I did not.

This is an account I have had taken out, Mr [unclear: Vher] (document produced to witness), show-[unclear: jg] the purchase of produce between June and [unclear: Agust] and the sales. I suppose you may [unclear: scept] my word that these figures are correct. [unclear: hey] have been carefully taken from the books [unclear: y] an accountant. This shows that 3000 sacks [unclear: ere] purchased more in these three months [unclear: n] were sold. Mr Davidson was sent down by the bank to make a report. Mr Davidson conferred with you, did he not?—Yes, to a certain extent.

Now that was in August, 1895. At that time, I think, Mr Fisher, you had granted warrants to Brooks and Co. for 22,700 sacks of oats?—Probably so. I cannot recollect the quantity.

Mr Solomon: Look at this and see.

Witness: I am not going to say absolutely it was so.

Mr Solomon: I must get an answer. I am not going to take a probability in this case.

Witness: I cannot say any more.

Mr Solomon: You must look at the books and find out.

Witness: I cannot.

Mr Solomon: Why not?

Witness: I do not know where to look.

Mr Solomon: You were the manager of the company. You should know.

Witness: Show me the warrants and I will tell you. Approximately, I believe that is correct.

Mr Solomon: Approximately; that will do us. At the same time you had given warrants of oats to Ceonell and Co. for 39,000 bags?

Witness: We'll say approximately that was correct, too.

Approximately that is correct; and against the grain railage account you had given warrants to the bank at the same time for 35,000 sacks of oats?—I suppose it would be about that.

And on the ordinary account you had given warrants for 12,000 bags of oats in connection with Wilson Hall?—That would be about it.

So far, that is 110,299 sacks of oats that you were supposed to hold for others. At the same time you had given drafts to the Bank of New Zealand on account of Robert Brooks and Co. for 16,000 bags of oats?—I think so.

Making 126,000 bags of oats that you were supposed to hold for other persons?—That is so.

Now, taking these figures—if you cannot accept the figures, I shall have to ask you, Mr Fisher, to go through the books. I do not know if you are prepared to accept them or not. These figures show that between the June balance day and this date you had purchased 3000 sacks more than you sold—I could not say but I believe that probably that would be all right.

Did you tell Mr Davidson how many sacks of oats you really had in hand?—I think that Mr Davidson satisfied himself.

That you had in hand 35,000 sacks?—If Mr Davidson says we had only 35,000 sacks, he is wrong.

How many had you?—Something over 70,000.

Of course you understand you had given, besides this, warrants for 80,000 sacks, but that is debatable ground. That is the 80,000 sacks for which you had given warrants, to Coanell and Co. Does that interfere with your calculation as to your having something over 70,000 sacks?—I do not think so. When I say there were 70,000 bags, I believe that.

Can you tell me, Mr Fisher, whether all the oats warrants that I have referred to—Brooks and Co.'s, Connell and Co.'s, the grain rail age account, and Wilson Hall's account, and the Bank of New Zealand's—when they came into existence?—I do not quite catch you.

We will take them one by one, then Take the warrant for Brooks and Co.'s 22,000 sacks. When Was that given?—Some months before. Before June?—I think so. Yes. And Connell and Co.'s?—Some months before

too.

And the grain railage account, of course was?—Yes.

Wilson Hall's account. When was that warrant given?—I do not remember giving that warrant at all.

And the Bank of New Zealand's, when was that purchase?—Is that Brooks and Co.'s? Yes.—Some time before Jane. So, according to you, you had in stock in August something between 70,000 and 80,000 sacks of oats?—So far as I recollect that is the case.

According to you, if Mr Davidson says you only had in store 35,000 sacks of oats, will you contradict him?—I certainly would.

Did you tell him how many you had?—Mr Davidson got his information, I believe, for himself.

From whom?—Direct from the store. Did you tell him anything about it yourself?—I believe I did. I believe he discussed it with me.

Did you tell him you had enough in store to meet the warrants that were out?—I think I told him I had not enough.

Take down these calculations. You had warrants out for 126,000 sacks of oats, and you only had, according to yourself, 70,000 or 80,000 sacks in store?—In June I think I had 90,000.

Take it at anything you like; we are leaving out the 80,000 sacks. Such a trifle as that we will not bother about. We will deal with the rest. Putting it your way, you were supposed to hold oats of other people to the extent of 126,000 sacks?—I did not say oats of other people—oats we had a right to handle and deal with.

You had pledged these oats [*unclear: ?*]—Yes. And were 36,000 sacks short, according to your own showing?—Something like 35,000 sacks.

And had taken credit for advances against goods afloat and in store to the extent of £25,000, hadn't you?—Whatever is in the balance sheet.

And those would be ashore also?—No; they would have been shipped.

Were they all shipped, or were any supposed to be in store?—Any that were in store are included in that.

What did become of those oats?—They [*unclear: w*] there when I gave the warrants originally, [*unclear: w*] had been used and the money paid into [*unclear: cred*]

And the people who held your [*unclear: war*] thought that there were oats in your [*unclear: stoi*] represent them?—They would think so.

And as a matter of fact they were there?—No; they were short.

Under those circumstances you would have oats of your own at all?—That does follow.

Why?—The 92,000 included; what was own.

I am only speaking now of moneys you [*unclear: t*] borrowed and given oats warrants for? [*unclear: I*] come to your oats in the meantime. You [*unclear: I*] credit, in addition, for 16,000 sacks of [*unclear: oaf*] the produce account?—Certainly. They [*unclear: i*] our own.

So, although you owed other people [*unclear: 12C*] bags of oats, and only had 92,000 to pay [*unclear: was*] you took credit out of this 16,000 to yourse as well P—I do not say that. The 16,000 [*unclear: 1*] ours. As a matter of fact, the whole of oats were ours to handle.

How do you mean?—As a money-*[unclear: rii]* basis. It was not a question of having sold [*unclear: a*] belonging to other people. A lot of the [*unclear: a*] belonged to ourselves.

But if you had oats in respect of which [*unclear: c*] gave warrants to other people, if you sold [*unclear: i*] oats the moneys realised would have to [*unclear: i*] their credit?—It did so, or it went to [*unclear: what*] account was entitled to it.

But it could not go to your credit. If gave a warrant for 10,000 sacks to a man, [*unclear: a*] it not mean that you have 10,000 sacks to [*unclear: a*] it with?—That is what we ought to have.

You hold those oats on account of the [*unclear: pel*] to whom you bad given the warrant, and [*unclear: if*] it ought to pass to credit.—And who would the proceeds?

The person for whom you hold the oats.—*[unclear: j]* said just now we should debit those people held the warrants.

Take an instance. If you give a [*unclear: warm*] the Colonial Bank for 10,000 sacks of oats, [*unclear: r*] you sell those oats you take back the [*unclear: wk*] and give the money?—Yes.

So you hold the oats on behalf of the [*unclear: bul*], But if we paid some third party for the [*unclear: a*] are they not our own?

Certainly not.—Whose are they?

The bank's. What do you give the warm for?—For advance.

So you say you can get advances from Colonial Bank in respect to 10,000 sacks, Warrants for them, sell them, and put money into your pockets?—I do not say [*unclear: it*] say if I buy 10,000 sacks of oats I [*unclear: debt*] produce account with the price of them borrow money from the bank over them, [*unclear: !*] not owe the bank for them. When I sell [*unclear: s*] I debit the produce account.

You admit that at that time you had 30,000 [unclear: or] 40,000 sacks of oats less than you had issued [unclear: Warrants] for, and at the same time you main-[unclear: brain] you could treat all the oats in store as your [unclear: own]?—No. I do not say so at all. A lot of the oats that we gave warrants for were our own, and some were our clients'. And there was no distinction?—In the books there was.

And there is no record in the store. They were not earmarked?—If a man sent in oats to the store the storeman would know which was which.

Where were your oats to come from if there were not enough to satisfy other people?—I cannot make it plainer. You have not got the hang of the thing at all. When the Colonial Bank came down and ascertained the position we were 35,000 sacks short, and I have told you where they had gone. What you are talking about is absolutely misunderstandable.

And yet you contend that, although you were short by 35,000 sacks in the store, you had other oats belonging to yourselves?—Decidedly so. It is a pure matter of bookkeeping and you know it.

It is a very simple thing to create assets in [unclear: that] way?—It is nothing of the sort. You understand the position perfectly well.

I understand perfectly. It means that you pretended to have oats there and you had not?—That is not so.

Witness, in further examination, said they made a loss of several thousands of pounds and simply debited it to produce account, and it was usual to do so. The effect would be to swell the produce account to the extent of that loss.

Mr Solomon: It amounts, does it not, to creating an asset to that extent?

Witness: Not necessarily if you had not got the oats there.—(Laughter) There was not an oat against the £400 item, and the effect would be to create a corresponding asset in the books. Mr Solomon knew perfectly well that it was not the fact that losses were put to the produce account, and so created an asset. It all depended what stocks of your own there were in hand at the time. The warrants being ours did not affect the produce account. He could only repeat that they were 35,000 sacks short at that time. He did not know of the shortage till Mr Davidson came down to Invercargill. He repeated that the amount of warrants out did not affect the produce account at all. There was no use arguing the point with Mr Solomon, because he would not grasp it.—(Laughter.) At about the same time Mr Ward made a loss of £593 on tallow, which was debited to the goods account, but that was subsequent to the June balance. It was so debited by the bookkeeper, but it would not have been there long.

Mr Solomon intimated that as this transaction took place in September, 1895, he would not pursue the inquiry in reference to it further.

Witness, examined in reference to the Bluff storage account, said that goods belonging to other people were stored there in addition to their own goods. There were no credits in 1894-5 in respect to that account, but the explanation was this: To that account was debited all the charges paid at the Bluff, and, therefore, it was entitled to storage earned in ordinary circumstances. He believed what was done was this: that the storage on both their own goods and those of other people was credited to the produce account, and at the end of the year the produce account was debited with the storage of the whole lot, and redebited with the wages that had been paid out. The Bluff store stood them in £1000 for charges. They took the produce account, in as an asset. The produce account was entitled to bear the charge of the grain just as it would bear the charge for railage. The putting of the £1000 to the debit of the produce account would increase the assets of the association by that amount. For the 1895 balance sheet he had got his information of the amount of stock there was from the storeman. He had put down as an asset the actual amount standing to the debit of the produce account.

Mr Solomon: That could not possibly be an asset?—If the oats were there to represent it, it was.

What steps did you take to find out that you had the oats?—I took the information from the storeman.

He told you how much you had?—He told me we had enough to cover the amount; I do not know the exact amount.

You had more than £16,000 worth of oats, irrespective of the question of the warrants for oats? Did these oats belong to yourselves for the purposes of the balance sheet?—Yes; that is so.

Do you know the price they were taken in at?—The current price.

What was that?—I cannot tell you.

Do you swear you had a total amount altogether?—Yes; I believe we had.

Will you swear you had?—I will not swear we had.

Will you swear you had even 16,000 sacks of oats in the store altogether?—Yes; there is no question about it.

In June?—No question about it at all.

Let me tell you what Mr Birch says: "Fisher owns up to having 75,000 sacks of oats short to meet the warrants, exclusive of the 80,000 sacks attached to the British bill." That is dated 3rd September. Is that true?—I do not think so.

Will you contradict Mr Birch?—I cannot accept the responsibility of what Mr Birch writes.

You won't say it is not true or incorrect?—I would not say absolutely, but I don't think it is. I will not contradict Mr Birch, but I do not believe the statement is correct, all the same.

Now, Mr Birch also says that at that interview you admitted to him you had lied and deceived him hundreds of times during the last five years. Do you contradict that?—Yes.

He also says that you said the truth was not in you. Will you swear you did not say that?—I have no recollection of it.

If Mr Birch swears that you admitted to him that the truth had not been in you will you contradict him?—Mr Birch is at liberty to say what he likes.

You have got to answer my question. Will you contradict him on oath?—I think I would.

You think you would?—Yes.

Say yes or no?—I have no recollection of using any such words.

I want an answer "yes" or "no"?—I cannot give an answer to what happened or did not happen two years ago.

Then you will not contradict Mr Birch, if he swears that?—If he takes the responsibility of swearing that, I think he would take the responsibility of swearing anything.

Will you contradict him?—I cannot say I would, because I do not know what happened.

I do not suppose we can take it further than that. I want to call your attention, Mr Fisher, to a statement of yours, which I suppose was made upon oath before the Legislative Council. You were examined by the hon. chairman—I do not know who that was—about these oats to show what your opinion was of the oats you held in store?—Yes.

The honourable chairman says this: "Was there any security for this draft?" This is your reply: "Well, the position was this: that the draft was not issued at all upon any colonial security, but it was issued upon the basis of this presumed credit in London, and subsequently, or immediately after this draft was drawn, Mr Vigers, the officer who conducted the negotiations on behalf of the bank, asked if I had oats in store, and what quantity. I replied that we had 80,000 bags in store. He asked for a warrant for that quantity, and I gave a warrant. I had very considerably in excess of 80,000 in store at the time. The balance over and above the 80,000 were held on behalf of outside clients, to whom we had afterwards to deliver them." I want to draw your attention to that.—Yes.

"The balance over and above the 80,000 were held on behalf of outside clients, to whom we had afterwards to deliver them. One's actions are sometimes controlled by the exigencies of the moment, and some time after I had given it I concluded that in giving it I had probably made a mistake, because of not making the position exactly clear. The bank held at that particular time warrants as special custodians for other people to an almost similar extent, or something in excess of 70,000 sacks, and I inferred that in giving one [unclear: we] warrant for 80,000, the desire of the bank was [unclear: to] get one concrete warrant for all the oats [unclear: held] and that the other warrants previously [unclear: held] would, of course, be cancelled. I did not [unclear: make] that clear to Mr Vigers—in fact it never [unclear: struck] me at the time that I told Mr Vigers [unclear: that] had 80,000 bags of oats in store, which [unclear: was] absolutely and positively correct. I had [unclear: more] than 80,000 sacks, but, as I say, the bank [unclear: was] aware that I had 80,000 sacks of oats at [unclear: the] time, because they held special warrants for [unclear: an] almost similar amount." Now, I want to [unclear: draw] your attention to this question and [unclear: answer] The question is: "Which did not belong [unclear: to] the association?" and your answer on [unclear: that] was this: "Which did not entirely belong [unclear: to] the association. We held them as [unclear: warehouse] men for the bank for advances?"—Witness Yes.

Now, you swear there you held the whole [unclear: of] that 80,000 sacks of oats as warehousemen? That is right.

How can you possibly say when you held [unclear: the] whole of the oats that you had in store [unclear: as] warehousemen that you had the right [unclear: to] take credit for them as an asset of your [unclear: own]?—I cannot make it plainer than I have [unclear: said] So much of these oats were oats we [unclear: advanced] against to farmers; so much was our own [unclear: that] we paid for. The warrants for them the [unclear: bank] held the whole lot on their own account, [unclear: of] course, but there was so much of our own [unclear: that] eluded. I cannot make it plainer, and do [unclear: not] see how I could if I were to talk for 12 months

Is it true, as you swore, that you held [unclear: that] 80,000 sacks of oats as warehousemen?[unclear: -] think so; perfectly true.

Mr Cooper: They were held for advances.

Mr Solomon: Certainly for advances?—[unclear: Yes] I think that is perfectly true.

And yet you say you were entitled to [unclear: the] them as your own asset?—Certainly, if [unclear: the] were our own oats held for the bank. I [unclear: can] make it plainer than that. There is a difference between bookkeeping and the oats being there

Mr Solomon: Yes, that is exactly what [unclear: w] say; there is a difference between [unclear: bookkeeping] and the onts being there.

There is one thing I want to draw your [unclear: att]ention to. You wer asked this: "You [unclear: stat] you knew an account of £55,150?" and [unclear: ya] answered "Yes." That, of course, was [unclear: ft] Ward's account you were referring to?—Yes. [unclear: i]

"And you stated that that was the [unclear: amount] owing to the association?—Yes." "How [unclear: h] that arisen—from a longer account, or what?[unclear: -] It was over a period of perhaps two years [unclear: tha] it had arisen to that extent." "During the [unclear: la] 12 months it had increased very largely [unclear: previa] to the 30th of June; is that true?—Yes, £7000." Is that true?—I think perfectly [unclear: true].

Do you swear that Mr Ward's account [unclear: si] creased during the last 12 months £7000?—[unclear: T] me the dates?

From June, 1894, to June, 1895. The fact is that the account to the debit of Mr Ward is the [unclear: name] in 1894 as in 1895?—Yes, but it might [unclear: have] gone down.

Witness continued: When he said it had [unclear: increased] within 12 months they might see he [unclear: was] speaking in round figures. A large proportion of Mr Ward's lossers had been created by [unclear: Carswell's] business from the oats bought of Qarswell in 1893. The £7000 he believed was S[unclear: part] of the £27,000. The association took up a linee, on the representations of the Colonial Bank, which involved an outlay of £30,000. This was a statement made by witness in his Evidence before the Legislative Council. The business he referred to was Carswell's. The stock was £10,000. and the goodwill £5000 in shares and £17,000 of oats. This was fought by Mr Ward for the association—he forgot which. The oats would go into the grain account, but he did not recollect. He Knew the history fairly well. The association did Dot pay Carswell for them, but Mr Ward did, and the oats were afterwards worked through the association. Mr Ward lost on oats Ethat were sent Home, and that was one of the [unclear: reason] why he bought the business. It was understood that the profits on oats sent Hume should go to the association and the losses to Mr Ward, but he did not think that underrstanding was brought before the directors.

Mr Solomon said be had now closed his questions on the produce account, and suggested an adjournment. He would continue Mr Fisher's examination till lunch hour tomorrow.

At 4.25 p.m. the court adjourned till 10.30 hext (Saturday) morning.

EIGHTH DAY—SATURDAY.

His Honor took his seat at 10.30 a.m.

In reply to Mr Solomon, who asked whether the statement of Mr Ward's account was prepared.

Mr Cooper replied in the affirmative, and handed in the statement.

Mr Solomon: There is the statement of Mr Ward's position in 1892.

Mr Cooper: We will give you that later on in the morning, Mr Solomon.

Mr Solomon: I asked my friends to supply me, your Honor, with the statement as to how the £67,000, as I made it, was made up. That is to say, the money Mr Ward had spent. It comes to £72,200 10s 5.1 in addition to the £12,000. I was pretty near the mark in setting it down at £12,000, for the salaries, rents, and emoluments amount to £12,584 14s. I think it Is as well I should read this.

Mr Solomon; That is one side, and the other is as follows:—

Mr Solomon: That is everything we want, with one exception. I do not understand what is meant by "paid to the Colonial Bank." I want to know how that is made up, when it was paid, and what it was paid for. That is the item I want explained. All we can find oat by Mr Cook's examination is that Mr Ward's losses were less by £20,000 than the amount he gave, the promissory note for. That is what I want to find out. This statement contains an item "£20,000 to the Colonial Bank" I want to know how that amount is made up, when paid, and what it is for.

Mr Cooper: We only gave you general results.

Mr Solomon: Quite so; I have nothing to complain of in this statement, but that—

Mr Cooper: We will get you that this morning, and tne other also.

The examination of Mr Fisher was then resumed

In reply to questions by Mr Solomon, witness said he was made aware by Mr Birch that the two cheques for £21,000 and £35,000 which he was told to draw on Mr Ward and pay into the association on the balancing days of 1893 and 1894 respectively were to be taken out again the day after balance. If Mr Birch said that the cheques paying is the amount and the ones withdrawing them were handed to the bank simultaneously he would not contradict him. Mr Birch did not tell him that the object of the transaction was to prevent shareholders seeing the real state of the overdraft. Witness's opinion was that the effect was to reduce Mr Ward's account, but he formed no opinion that he could remember what the object of it was. The intention, he

presumed, was to have Mr Ward's account put into the best possible condition for the balance.

The examination of John Fisher, manager of the association, was then resumed.

Mr Solomon: There is another item I want to get at. Did you keep a book in which yonc stocks were entered—I am not speaking of produce?—Of goods in stock, I think we had. I did not know personally of the books that were kept.

You did not know what?—I did not know of the boobs that were kept, bnt I believe the atoreman kept in-and-out books

You tell me that you, as manager of the association, did not know of the books that were kept?—Certainly not; how can a manager know all the books of the company.

Yon do not know whether a book was kept keeping a record of your goods?—It was part of the business of the man who had charge of the department to keep the books.

And it is no part of your business to know whether such book was kept or not?—I do not think so. I did not keep charge of the department.

Did you not think it part of you duties to know whether such a book was in existence?—I believe it was.

Was there such a book?—I do not know.

Don't you know?—If you produce the book I will know.

Mr Solomon: You do not know whether there was such a book to keep a record of your goods?

Witness replied that he believed theras was at Invercargill, but he did not know that there was at other places. He did not know whether there was any book recording the amount of produce in stock; he did not know what the Btoreman kept. Witness knew pretty well what oats were coming in and out.

Do you mean to say that you carried in your head all the time the amount of oats you had in store?—I don't say that.

Then how did you know? Do you know anything about what is usually done in business in regard to these matters? Do you know if it is a usual thing for a compauy or business of this *ort to beep a stock account or goods account, so that you can at any moment look up and see what stocks you have in hand?—I have, had no experience of that sort.

Then you don't know whether it is a usual thing?—I do not know.

Take Brooks and Co., for instance, to whom you gave warrants for 22,000 sacks of oats, What means had you of knowing whether you had in hand sacks for the warrants you had given to them?—I would get word from the storeman of what oats there were on hand anc of what were standing.

Did you do that in each case?—I cannot saj that I did.

If you did not do so, bow else did you know 1—I knew; that is all I can tell you. I knew that I bad not given warrants for oats that! had not in band.

What means had you except asking the store man?—I don't know that I had any means

If you had the oats in store, gave warrants fo them, and sold any of the oats it would be you duty, would it not, to place the amount in re duction of the account of the person to whom you had given the warrants?—I expect [unclear: the] that would be my duty.

But how could they possibly get them if tb oats were short?—Because in a good many [unclear: cas] amounts were paid in that were not written [unclear: c] by warrants.

By whom?—By the Colouial Bank.

What? Paid in to the credit of those [unclear: pt] sons?—I don't think it was. We paid it [unclear: in] the Colonial Bank, who should have written off.

But your association got credit, did they [unclear: ill] for the moneys paid in?—That may be so.

How can you justify it P You sold the [unclear: od] belonging to these people, from whom you [unclear: hi] borrowed money upon them, and take the [unclear: mou] from the sale of these oats yourselves P—It [unclear: m] simply replaced by other securities—[unclear: whatefl] the money wan exoended on.

Where are those securities?—They have [unclear: n] got securities apparently, but we have not [unclear: i] the money now.

What you did is this, is it not: You [unclear: borrow] money on these oats, gave warrants for [unclear: the] sold the oats, and took the proceeds?—[unclear: That] about what it amounts to.

Can you justify it?—The money was [unclear: pa] into the bank, and should have been [unclear: writtj] off

But it went into your pocket?—No.

Into the coffers of the association, then? No.

How?—Into other business represented by [unclear: the] association.

But it went to the oredit of the associate did it not?—That was so.

Oats pledged to your customers were [unclear: and] and the proceeds paid into your credit?—[unclear: Th] is so

Is there any excuse whatever for such a [unclear: m] ceeding?—I don't think there is.

At last we have got a straight answer. [unclear: The] accounts for the fact that the oats were [unclear: she] You still say that, although these oats [unclear: w] sold and you got the money for them, you [unclear: in] a right to take credit for any oats in stock your own property?—Yes, for any oats of [unclear: i] own.

How could they possibly be your own [unclear: who] you knew that you had sold other [unclear: people] oats and taken the money they brought?—[unclear: I] credited it to the other people and paid [unclear: the] for them.

But you did not. Show me a single credit [unclear: c] you can, having been made to these other [unclear: people] They held the warrants, but you had the oats [unclear: a] the money?—I know that a lot of the [unclear: warn] were held, and a lot of money paid on [unclear: the] warrants, but was not written off.

How do you mean?—I know that a [unclear: lot] money was remitted to the people in [unclear: Lond] I cannot say that any cash has been credited that way either to Brooks or Connells. [unclear: Is] that we had a right to replace these oats [unclear: w] other stuff.

But the oats have gone and, you have the money P—They have got a debit balance. I say that as the oats were paid for we had a right to take them.

And yet you say that you have a right to take credit for oats in store as your own property?—Certainly. Oats that were paid for we have a right to take.

Although pledged to other people?—It is not case of pledging to other people.

If you have 10,000 sacks of oats on which you borrow £8000 or £9000. and you give warrants for those oats to the bank, do you say those oats are still yours?—I cannot say they are, but it does not affect the matter of book-keeping.

I am not asking that.—Then I cannot make it plainer than I have done.

Do the oats not belong to the person who has the warrant?—Yes; to the extent of the warrant

And all the oats in "took are more than (covered by warrants?—Yes.

You admit, then, that those oats are the property of somebody else to the extent of the warrants. That being so, how can you say you have a single oat in store that belongs to you?—I cannot explain it to you more than I have. If we paid for the oats originally, the proceeds of those oats (when sold) would go to a certain account.

Do you not know that every oat is more than covered by warrants?—Yes; but it does not affect the position of the oats belonging to us on a particular account.

Did they belong to you at all?—We took the amount in as a liability, and consequently we are allowed to take them in as an asset. Further examined: In the 1895 balance sheet the produce account was taken in at £16,243 9s 1d, but the stock had not been valued minutely to arrive at that amount. He got from the storeman the approximate amount of the stock on hand, and with other produce he reckoned: on he came to the sum set out. What counsel evidently wanted to infer was that the association was 16,000 sacks short.

Mr Solomon said it was not for witness to infer anything; he would find later on what was inferred. (To witness): When you made up your statement of assets, why did you not put in the actually accurate assets?

Witness: I do not know why I did not.

Did you ever put in not the actual amount, but an approximation, except in this case?—I do not think I ever did.

Do you not know that you did not?—Are there any in the schedules?

Answer my question. Do you not know you did not?—No, I do not.

Then in every other case, in putting down the statement of assets you correctly got all the assets there, but not in this case. Can you tell me why you did not in this case also?—I cannot tell why.

Questioned as to the interview with Mr Ward in Wellington, Witness said he could not say whether, when he told Mr Ward that he owed the association £55,000, he (witness) also told Mr Ward that he was good for only £35,000. He probably told Mr Ward that he approximated the amount to be £25,000 short, but did not know that he did.

Mr Solomon: But you can say that you told Mr Ward in Wellington, before the balance sheet came out, that he owed the association £55,000?

Witness: I do not think there is any doubt about it.

Will you then explain, by any process of reasoning, how it came about that Mr Ward as managing director of the company, and you as manager of the same company, you having told him that he owed the association at that date £55,000,—how you as the manager and he as the managing director then put your names to a balance sheet which showed the total debts owing to the association on all classes whatever to be £44,000 when he and you knew that he owed £10,000 more than the total debts put down in the balance sheet?—I cannot say.

Look at the balance sheet and see if my figures are not correct. All the debts owing to the association on that date £44,000—£34,000 advances against shipments and £10,000 current accounts. Not another item of any sort. Is that not so?—Yes.

You and he knew that Mr Ward at that date owed the association £10,000 more than the total there

shown?—I cannot explain it at all.

Mr Solomon said he was glad that they could now get away from debatable ground. They had been quarrelling long enough. He now wanted witness to assist the liquidator in respect to a matter concerning the realisation of assets. The association shipped a lot of oats by the Prince Albert, the oats of different people. These oats were of different classes, and realised different prices, some of the shippers making a profit and some a loss.

Witness said that that was so.

Mr Solomon said that the people who were shown to have made a loss said that they did not make a loss, and the liquidator wanted to know how the oats were sold. The liquidator had been given to understand that, instead of each man getting credit for the amount his shipment realised, the whole amount was jumped together and then divided, and the liquidator wanted to know his position.

Witness said that was not correct. The Prince Albert took a shipment of 43,000 sacks on account of 50 or 60 persons. Different invoices were sent for each lot, and different brands, and each lot was marked with a separate account sale. When they got to London a great number of them were sold absolutely on their own brands. Some grading was done by the consignees, and some of the brands were mixed. When the account sales came out they were fairly approximately in accordance with each lot sent home, but the ones that had been graded had to be dissected, and through some error in London a lot of individual account sales came out with wrong weights on them, some going live bushels to the bag and some three and a-half, which was on the face of it wrong. The association had to take the total weight shipped and the total weight realised and find out what the loss in weight was. Then, when they got out the total loss in weight, they averaged it per bag and gave account sales for the shipped weight, less the ascertained loss in weight. The prices in some cases were grade prices, and three or four folks who got account sales were dissatisfied with the price, and said that their oats could not have been sold on their merits; and in one case, one man's oats, that they knew must have been amongst the best oats sold, and have brought the best price, the account sales afterwards came out at 19s per quarter, which evidently was an error, and must have referred to some lower grade oats. They accounted to this man, who disputed it, and the Gore manager arranged with him—a Mr Wendell—that owing to that error the association would take over the loss. The account was something over £100. Most of the folks had paid the losses that had accrued, but there were two or three in the same way. A lot of people had paid long before Mr Cook went into possession.

Mr Cook: You will find it is a good many more than two or three; that is why I want the explanation.

Witness said he had given the explanation, but Mr Anderson knew more about this matter than he did and would give any information. The account sales were either in the office or had been sent to the people.

Mr Solomon said that was what the people complained of—why did they not send the account sales; the people said the association had made up account sales of its own.

Witness said that had only been done in the way he had explained, but further information could be given by Mr Anderson. The expenses were only lumped in the same way he had indicated.

Mr Solomon then intimated that he was going to ask about the drafts of which notice had been given, divided into three classes: (a) drafts drawn on a particular day, expecting to be able to draw later on the same person; (b) drafts drawn in the expectation of being able to draw and drawing on some other person; (c) drafts drawn which it was not intended should be used. Mr Solomon continued: What we complain of, and what we want you to explain, is this: The word bogus has been used about those. I do not know how the word has crept in, but it has crept in. This is our contention: that these drafts were all drawn, and when they were drawn it was not intended they should be used. That is the point, and it is on that we [unclear: want] your explanation.

His Honor: That applies to all.

Mr Solomon: To every one of the 174 [unclear: cases] not to these items only. I have selected [unclear: these] particular ones to which we call attention, [unclear: but] we say in every case in the whole £118,00 when the drafts were drawn—no matter [unclear: how] they were treated afterwards—it was [unclear: never] intended that they should be presented, [unclear: and] they were drawn apparently for the purpose [unclear: of] concealing the state of the accounts. The [unclear: con] tention is that the whole of the drafts [unclear: were] fictitious in this sense: that they were [unclear: issued] and not intended to be used, in the [unclear: ordinary] way of business, and we want an explanation [unclear: of] these things.

Mr Chapman suggested that Mr [unclear: Solomon] should read the portion of the report [unclear: bearing] on the question.

Mr Solomon read from the report as follows "I have already alluded to some [unclear: peculiarity] in the method of carrying on the [unclear: banking] account of the association. My examination [unclear: of] the books has disclosed the fact that [unclear: almost] from the establishment of the association [unclear: the] system has been pursued of effecting [unclear: temporary] reductions of its overdraft which is open [unclear: to] grave objection. I find that from the 25th February, 1893, to the 18th November, [unclear: 1893]; drafts varying in amount from £100 to [unclear: £615] drawn by the association upon persons or [unclear: firms] in other parts of

the colony, and also in [unclear: A] tralia were discounted at the bank, and [unclear: shortfc] afterwards taken up by the [unclear: associatioi] apparently without having been presented [unclear: l] the drawees. The number of these drafts [unclear: ci] 174, representing a total sum of £118,330 4s. [unclear: J] find that none of those were entered in the [unclear: bt] book, that they were all drafts on [unclear: demii] (excepting two), and that there is no trace [unclear: i] business with the drawees to support any [unclear: o] them." After reading this Mr Solomon said That is what we want to get at. We [unclear: maintti] our position precisely.

Mr Cooper: The whole number? Mr Solomon: The whole number. I [unclear: m] only calling attention to this, Mr Cooper. is impossible for me to go through the [unclear: whose]: number. The instances that we have given [unclear: oi] the report you have examined into.

Mr Cooper: The 41 instances you [unclear: have] given in the report we have examined [unclear: into] but we cannot be expected to examine [unclear: ia] them all.

Mr Solomon: I intended that for the [unclear: bend] of your side. I say we hold to all our [unclear: count] now, and if you can show that we are [unclear: wrooi] so much the better for you. We don't want [unclear: oti] do anything unfair.

Mr Cooper: It is manifestly unfair to us [unclear: it] expect us to answer any matter in [unclear: connect] with these drafts other than the [unclear: spec]-instances which are given to us. [unclear: Therefa] we have confined our attention to those [unclear: specif] instances, and we have nothing to do with the other 130 instances.

His Honor: I understand Mr Solomon did not intend to go into any more than those. If Mr Solomon makes out a case in respect to those, probably he is right as to the rest.

Mr Cooper: If not he ought to withdraw his statement as to the rest.

His Honor: I think so.

Mr Solomon: If we are wrong.

His Honor: If you don't make out a case for those instances you ought to withdraw the rest.

Mr Solomon said if he could not succeed on those it was not very likely that he could succeed on the rest. His cootion was that there wae no business to support the particular drafts that he bad mentioned.

Mr Cooper: We have gone into every one of those.

Mr Solomon: We will take the first case. It is one that is referred to as a draft for £6150.

Witness: Yes; drawn on Nelson Bros., Dunedin.

Have they got an establishment in Dunedin?—They had then.

You drew for £6150?—Yes.

Why did you draw that draft?—Against a shipment of mutton being made by the Hawke's Bay on that day.

My point is throughout that you did not intend these drafts to be used.—I think in this case it was intended to go forward. Instead of paying that, Nelson Bros sent their cheque two days afterwards for £6623 7s, for which we retired the draft for £6150. Either that, or we drew £6150 and retired the cheque for £6623 7s.

Don't you know which it is?—I have given the effect. I think it was one or the other.

Does this draft of £6150 appear in your books?—Yes.

Examination continued: Witness said that he could find no record of the cheque for £6150 in the books. The only explanation he could give was that the bank had debited back the £6150 without getting a cheque for it when they got the cheque for £6623 to replace it. Whatever his explanation might be he could find no trace in the books of the drawing on Nelson Bros, for £6150. On the balancing day, Monday, February 20, they were entitled to money from Nelson Bros. for sheep shipped by the Hawke's Bay. The agreement with Nelson Bros, was that they were to pay for the balance of the sheep the steamers did not take from the freezing works. The non-entry of the other draft was an error of bookkeeping, but it did not make a scrap of difference. The drafts were not presented on the name day; as a matter of fact there was a couple of days' difference, but in the interval the association received Nelson feros.' cheque. In this particular instance the association were entitled to receive this money from Nelsons, and they paid in the draft in anticipation, and retired it with their cheque. That was a matter of everyday business, and was done in Dunedin repeatedly. He could not explain why the transaction was not entered in the books; he admitted that it should have been entered in full from the bank book, but the result was exactly the same. He could not say why the draft was not retired on February 22 instead of the 25th. He could not explain why Nelson's second draft was dishonoured; he knew there was mutton in store to represent it.

I want to know what was the object in putting the first draft?—We were entitled to the money, and we required it.

What for?—To keep the overdraft within limits.

That is my point exactly—But do you not see the bild reading of the statement is this: that we issued those drafts—

Do not trouble your head about that, Mr Fisher.—I am answering your question, and I do not care if you

take a week to propound a question. You are not going to dictate my answer. I say that on that particular date we were entitled to receive £6150, and we anticipated our shipping documents by drawing our money, and when we got payment for the documents we retired the draft. If the amount was not paid in we did not twice get the money.

The plain fact remains that on balance day you reduced your overdraft by £6150?—Yes.

You drew a draft which you did not enter in the books?—I cannot explain the entry; it should have been there. There is no question about it that it should have been there.

Can you say that that draft for £6150 was supported by business?—Yes, to the extent of the balance that we did not ship.

But there was no business done to support the draft?—Yes.

My point is this, Mr Fisher: Class A applies to cases in which you drew on a man expecting to be able to draw on that man in a few days. You did not enter it in the books and withdrew it in favour of others. Is this case not that class exactly?—What I say is this: that we were entitled to draw on Nelson Bros, and if we anticipated the draft by two days that was a pure matter between ourselves and our client.

I do not care whether you were able to draw or not. I give you illustrations of cases that fall within my words, and I say that class A is that class of bill in which the association drew a bill on the bank on balance day, not intending it to be presented, but expecting to be able to draw on the same people in the course of a few days, and then withdraw the draft and issue others. Does not that transaction come within my words?—Yes, but it does not follow that you have not business with the people. It is a thing that is done every day. A business firm will anticipate a draft any day. We do not get £6150, plus the amount of the invoice—we ultimately draw, because with the value of the invoice we retire the draft we had previously drawn.

His Honor: Mr Fisher answers as you say, but he says too that it is a legitimate transaction.

Mr Solomon: That is so. He says he was entitled to do it, and we say he was not. I suppose this tribunal cannot decide who is right. Now, we will go to class C, Mr Fisher, which is more important. Go to the 17th September, 1894, and you will find this group of accounts: S Sinclair, £350; 24th September (next week), S. Sinclair, £200; 1st October (next Monday), S. Sinclair, £750; 8th October (next Monday), S. Sinclair, £500; 15th October (next Monday), S. Sinclair, £250?—That is right.

Now, we will take these drafts. On the 17th September you drew on Sinclair for £350?—Yes.

Was that draft presented?—I do not think so.

What was the business to support it?—Sales made through Sinclair; and on the 24th September, a week later, instead of the whole shipment going forward we shipped £225 of goods to Sawtell and Wachsmann and Kaye and Carter.

You drew on Sinclair?—Yes, as our agent for these people.

As your agent? What right had you to draw on your agent?—When we could not ship the stuff in time, and could not draw on the people it was going to, we drew on the agent, and after we had shipped the stuff we withdrew the draft.

What right had you to draw on your own agent—your own servant?—I cannot express to you the right, but what I say is that it makes no difference. Your statement, directly put, is that all these drafts were being drawn without business to support them.

We will see about that. You say that this item is class B, and I say it is class C?—I take it as one of a lot which I do not divide into classes at all.

Did you think that the draft would go forward?—I do not think we did.

You drew the draft on a dummy?—No. We had business to come behind it.

In order to reduce your liability you drew on a man whom you knew you had no right to draw on?—I do not say that at all.

Answer my question, please. You are answering something else. It would not surprise me at all, after the replies I have been getting, if I asked whether it was not a fine day to-day to hear that it was a beautiful day yesterday. That is the class of answer I have been getting for the past week. I can only find out such a simple thing as what sort of day it is after about 10 minutes' questioning. Now, do tell me this. I want to know, apart from any explanation, whether you thought then or [unclear: then] now that you then had any right to draw [unclear: on] Sinclair?—Only in the direction I have [unclear: in] cated.

Had you any right to expect him to [unclear: honour] your draft?—If the goods were going to [unclear: him] there would be.

But under the circumstances as [unclear: then] were?—Then I say we had a right to draw [unclear: on] him.

He might have honoured the draft under [unclear: circumstances] different to what they were?—[unclear: I] Say we had a right to draw upon him as [unclear: his] agent when we anticipated shipping the goods.

Did you intend to ship the goods?—[unclear: I] never intended that draft to go forward.

Show me the shipment of goods that [unclear: then] place on the 24th to support it?—It was [unclear: I]

Sawtell and Wachsmann.

Where is it?—It was on the 24th September 1894.

To what amount P—£184 8s, and there [unclear: v] Kaye and Carter's £40 14s 5d. There it is. [unclear: i] Ryegrass. You drew, you know, on the [unclear: 11] September for £350. Show me that? [unclear: Ti] have shown me £184 of it We will pass [unclear: til] by—There was Kaye and Co.

£40, I think you said.

Mr Cooper: £40 14s 5d.

Mr Solomon: Who are Sawtell and [unclear: Was] mann.

Witness: Merchants in Christchurch.

That is £220 you have shown me out of [unclear: £33] Where is the balance?—The balance was [unclear: she] shipped.

The fact is that you drew for £350 on [unclear: b] balancing day, and £130 of that was never [unclear: ai] at all P—That is so; until later on.

We will come to that. For this £130 you [unclear: hl] absolutely no business to support the draft! [unclear: i] It does not necessarily follow if the stuff [unclear: i] shut out.

On the following week, the 24th, you [unclear: dr] £140?—We drew £200, and that was the [unclear: pj] ceeds of retiring the previous draft.

What was that £200 for?—Against [unclear: further] shipments to be made.

What were those? You still had the [unclear: £m] draft?—No; we paid for that out of [unclear: proceed] and on the 10th October we sent the [unclear: shipments] on.

Seventeen days afterwards?—Yes.

But in the meantime you had drawn [unclear: £750?] That was against other business. On the [unclear: 1] October we drew the draft for £750.

Quite so; but in the meantime there is [unclear: £li] you got credit for at the bank that you do [unclear: no] account for at all?—It does not follow that [unclear: w] have not business against it. Suppose [unclear: the] steamer had taken the whole of those good, [unclear: a] draft would have been retired in full.

What was the £200 for the next week?[unclear: -] Goods shut out of that shipment. We [unclear: d] £350, and if all the goods had gone we would have had sufficient to pay our account on balancing day.

When you drew on the 24th, had you notice from Mr Sinclair that he had sold those goods?—I cannot tell you without the letters. The whole of Mr Sinclair's correspondence is not here.

Why did you draw on him at all?—Because of the goods to go forward.

But they could not go forward until they were sold?

Witness: Perhaps they had been. He had sold £225 worth of them for certain.

And what about the balance?—I cannot say he had not.

It seems to me that because you had a certain amount of goods in store that you could sell you drew against them ou some imaginary person.—We did not draw until they went forward.

You do not send goods to Mr Sinclair without his having sold them?—Oh yes, we do.

Show me what Mr Sinclair had sold on the 24th December?—I have told you it was to the extent of £224 2s 5d. On the 10th of October he drew on Sawtell and Wachsmann for £156 17s 4d, and on the Canterbury Seed Company for £59 13s 2d. The draft for £200 was retired, and on the same day he drew on Sinclair and Co., the agents in Christchurch, £750 on 700 bags of ryegrass to be sent forward The ryegrass was not sent forward, and the draft was retired on the 8th of October. They then drew for £600, the balance being made up of shipment to Mills and Co. and Kaye and Carter. The only sale that had gone on up to that time was £150. He drew for the £750 because he was looking forward to a shipment of ryegrass, which afterwards was not sent. Mr Cook was not correct in calling that a bogus transaction.

His Honor: Were no drafts ever sent forward to Sinclair and Co.?

Mr Solomon: Not a single draft. They drew week after week, and not one was sent forward, and there is not a single line of correspondence referring to a single draft The whole business he did for the company during the whole time was £33, and here in one week they drew for £750.

Witness: Yes; but he was our agent.

Witness continued: There did not appear to be much business done with Mr Sinclair as their agent, but there was some. Up to September, 1894, they had only sold him goods to the extent of £8, but he had sold a lot as agent for the association. When he drew for £750 it was intended that the ryegrass should go forward. He could not show any business to represent £600 of the draft for £750; but he had given his explanation of that. He did not admit there was no right to draw for that £750; if the ryegrass had been sent forward that would have been all right. In this instance no goods were sent. He did not know that they had ever sent goods to Sinclair and Co. to be stored and sold for them.

Mr Solomon: Well now, what happened with the £600 draft?

Witness: I have told you we retired it. In that particular instance no business was done.

Oh, there was not? You admit that that £600 is a "C" item?—I don't say what item it is. Put it in "C."

It ought to be there?—I don't say what list it ought to be in. Put it in the "C" list.

You cannot show any business to represent it?—No.

It is a bogus draft?—It is not a bogus draft.

It is a draft drawn on a man who owed no money, who had not bought goods or sold them, and you cannot show me a tittle of business to represent it?—It is following out what is done every day in business.

I want you to answer about that draft of £600. It was drawn on a man who had not bought goods to that extent?—That is so.

It was drawn on a man that had not sold goods to that extent?—That is so.

It was not presented?—No.

Was it never intended to be presented?—No; because it never went forward.

The exchange was refunded?—That might have been so. Yes.

Now, next week—the next balancing day—you drew on Sinclair again for £250?—Yes, against a shipment to Kaye and Carter of £149 16s 3d.

There is £100 of that draft with nothing to support it at all. You cannot show any business to support the balance of the £350?—No.

You have got £107 and £100. That is £207, and £600 is £807 that you cannot show any business for at all. Now, let us take Young. On the 7th of May you drew on Young, of Auckland, for £1700?—Yes.

On the 30th April you drew on Young, of Auckland, for £1550?—Yes; we replaced that by a draft on the 7th of May of £1700.

In reply to further questions, witness said on the 12th of May the second draft was retired, and goods shipped to the value of £1815 10s 4d.

Were either of those drafts ever presented?—No.

Were they ever intended to be presented?—I don't think they were.

They were purely for the purpose of reducing your balance at the bank over balance day?—That is the effect they had, but as a matter of fact they were to represent actual business that Mr Young had done with us.

As a matter of fact don't you know that you did not get credit for that amount? Although your bank balance had been reduced by that amount you paid interest just as if it had been drawn?—Yes.

Mr Solomon: And all items of recharges were credited to it?

Witness replied that that was so. He read the list of drafts drawn against shipments amounting to £1815 10s 4d. They had not drawn on the people to whom the goods were sold, because they could not draw until the bills of lading were attached. He had drawn on Nelson Bros. without the bills of lading, but that was for the balance which they had left in the works, and the arrangement was, as had previously been stated, that Nelson Bros. were to pay for all sheep shut off at the works. The sheep not taken away were, however, paid for separately. The whole of the drawings were focussed on to Young, the agent, and his draft was lifted when the actual business went forward.

Mr Solomon: As an actual fact, the drawing on Young meant absolutely nothing?—Witness: It meant a great deal.

It meant that the directors of the Colonial Bank were deceived as to the actual position of the account on that day?—Nothing of the sort.

What actual business was there for the drafts?—Mr Birch will tell you whether the bank were deceived on any of these drafts.

Never mind about that. We will have Mr M'Lean here next week, and we will hear what he has to say on that.—There never was one of these drafts went forward but that the bank knew of it—in every instance.

I fancy that is true, but the Colonial Bank must fight their own battles. It looks to me at present as if you had put your heads together about this the same as you did about the £21,000 cheque. What I want to know is this: What was the business object of making these drafts on Young at all?—We required money on that day, and we drew on him and paid the draft off by the business that followed.

Why did you require the money on that day?—Probably to keep the overdraft down to its limit.

You say "probably." You must know. Give us something definite?—It is certain that that was the cause.

It is absolutely certain?—It is probably certain.

These drafts were all drawn on a Monday?—Yes—I don't know that they were all drawn on a Monday I am not sure.

It does not make much difference. You will not take my word for it.—It may suit you to say so.

I will not allow you to make remarks of that sort.

Mr Cooper: You make some unpleasant remarks about Mr Fisher.

Mr Solomon: But I support them by fact. If not, you and Mr Chapman would not i' there silent day after

day. If I make one unpleasant remark about Mr Fisher that is not true, I challenge you or your friend to stop me at once.

His Honor: You were saying that the [unclear: do] were all on a Monday.

Mr Solomon: Take this particular one the 30th April, 1894. You say it suits me make these statements. Now I will fix [unclear: y] Look at the calendar. What day of the [unclear: w] was the 50th of April, when you drew the [unclear: d] for £1550?

Winners: Monday.

And the next one, the 7th of May?—[unclear: T] follows, of course; it was a Monday.

Well, you see my statement is correct? [unclear: O] far; but you said just now that all this [unclear: busis] was done on Mondays, and you know that your wo list it is not so I

I say that every draft I call attention to is a Monday—You qualify it now.

Mr Solomon: Very well. But never [unclear: mi] I am quite ashamed that I [unclear: condescended] argue with you at all. However, what was business effect of that draft?

Witness said it went to the [unclear: association] credit on that particular day, and reduced [unclear: th] bank balance. He knew the draft was [unclear: ness] be presented, but the business was to [unclear: fo] on. This was done every day in [unclear: business]. the association were entitled to the £1500 [unclear: the] drew on Young. That did him no [unclear: harm], the association got £1500 and wiped it [unclear: out] the actual shipment of the stuff. The draft £300 on Harrison, Jones, and Devlin [unclear: was] Australian draft. That was not retired til days after it was drawn. It was not [unclear: a] forward It could have been sent forward any time the association liked There [unclear: no] £900 worth of business to support that [unclear: draft].

What I want to call your attention [unclear: to] this: you will remember that I pointed [unclear: ou] peculiarity in connection with Nelson's [unclear: dra] I asked you how it was that you [unclear: presented] draft and the cheque to retire it on the [unclear: sa] date?—Yes.

You replied, "Oh, no, I do not admit [unclear: th] at all. The cheque is dated the same [unclear: day], whenever a cheque is given to retire a [unclear: draft] cheque is always dated the day of the [unclear: draft] I believe that is so.

Now this draft is dated 3rd [unclear: December], the cheque to retire it bears date 8th [unclear: January]. That is a mistake of the bank's. As a [unclear: mat] of fact, according—

But this is your own cheque?—If it is [unclear: deb] on the 8th January they could only charge interest from that date, and in the interval would have saved interest.

If it was the proper thing to date it [unclear: the] December, why was it not done?—I do [unclear: t] know. The writing is not mine, but the [unclear: sig] ture is. The writing is that of the book [unclear: keep] in the office.

At any rate you were debited with 36 [unclear: dr] interest on Harrison, Jones, and Devlin's [unclear: ch] and got a refund of charges?—Yes.

So, to take this case, this is a cheque [unclear: dra] on a man which remains for 36 days, [unclear: and] can give me no trace of business to support it?—But in the case of Harrison, Jones, and Devlin we had the right to ship anything and draw—

And why did you not use the draft?—Immediately we drew the draft the market took an unfavourable turn and we would not [unclear: ship].

But you kept it for 36 days?—Probably the market was bad all the time.

Did you intend to ship when you drew the first draft?—Oh, yes; no question about it.

Had you the goods?—Yes.

You bad enough to ship if you had wanted to?—Yes, and it was our intention.

And why did you not ship?—We required the draft on that day, and if the steamer had been in at that time the goods would have gone forward.

At 1.5 p.m. the court adjourned till 11 o'clock on Monday morning.

NINTH DAY—MONDAY, JULY 28.

His Honor took his seat on the bench at 11.5 a.m.

Mr Solomon said he was very anxious to cut the proceedings as short as he could now. The whole facts were now before the court, and it [unclear: occurred] to him, on this question of the drafts, [unclear: hat] as there seemed to be some misunderstanding between himself and his learned friends, by simple explanation they might save a great [unclear: leal] of time. Mr Chapman took exception to a [unclear: art] of the liquidator's report with regard to the [unclear: rafts]. He (Mr Solomon) thought from what he [unclear: eard] from Mr Fisher on Saturday that they were at one as to the facts. It seemed that his [unclear: earned] friends had examined into these drafts, [unclear: and] they said in a large number of cases there was business subsequent to

the drawing of these [unclear: rafts], and it was in respect of that business [unclear: hat] the drafts were drawn. The only point [unclear: hat] arose so far as that was concerned was, was [unclear: hat] a proper thing to do or not? Mr Fisher admitted exactly the things that were stated in [unclear: he] liquidator's report.

His Honor said the other side might consider [unclear: hat] the liquidator meant not only that there [unclear: was] no actual business at the moment the drafts [unclear: ere] drawn, but that there was no immediate [unclear: respect] of business.

Mr Solomon: In the first place, so far as [unclear: usiness] with the drawees is concerned, it is [unclear: retty] well admitted that there was no business with the drawees at all.

His Honor: Well, yes, with the drawees. you are thinking of Sinclair's case.

Mr Solomon: And of Young's case.

His Honor: We have not come to Young.

Mr Solomon said they had. It was [unclear: admitted] in the case of Young, of Auckland, [unclear: hat] there was no business with him; but the [unclear: other] side bad said that there was business with [unclear: other] people through Young. Young had done nothing which entitled them to draw on him, and it was admitted by Mr Fisher that he had no right to draw on Young; that it was never intended that the bill should be presented to Young, and if the bill was presented, of course, it was inevitable that it would not be honoured. But at the same time Mr Fisher said that they heard from Young that there was other business coming, and they considered they had a right to anticipate that business and draw on Young for the money. The only point was that Mr Fisher said that was a proper thing to do, and the liquidator said it was not. He (Mr Solomon) did not want for a moment to suggest that he receded from the position taken up by the liquidator. He maintained that Mr Cook's report was absolutely proved.

His Honor: I understand you to say that they have examined as to certain instances in the list.

Mr Solomon: Yes, your Honor.

His Honor: You assert that the other instances mentioned in the list are similar.

Mr Solomon: Quite so.

His Honor: If the other side wish to go into them—if they deny they are similar—then probably it would be best for you to go into them.

Mr Solomon: I shall go into one or two of these drafts in any case, but I don't want to lengthen the proceedings. At the same time, I don't wish to leave a wrong impression, which might be unfair to my opponents.

Mr Chapman: We don't admit that these are typical cases that my friend has examined. We take it that they are exceptional cases.

His Honor: If the other side don't admit that they are typical cases, I should think it would be better for you, Mr Solomon, not to leave it.

Mr Solomon: Well, I shall go on.

Mr Chapman said no one could read the report without coming to the conclusion that it meant that these transactions were wholly and purely bogus transactions, put forward for financial purposes.

Mr Solomon: That is what I exactly say now.

Mr Chapman: That is where I take issue with my learned friend.

Mr Solomon: The facts on which they are based are the same in a great many instances.

His Honor: Mr Chapman says the oases examined on are not typical.

Mr Chapman: Nor do we admit that even the facts obtained as to those justify the statement that they are bogus transactions—not for a moment.

The examination of John Fisher, who was manager of the association, was then resumed.

Mr Solomon said he had examined as to two illustrations in which Mr Fisher admitted there was no business whatever, and he would now go on to ask Mr Fisher about others. First, he wished to ask the witness, as to the draft of £6000, if the association were justified in drawing on Nelson Bros. for carcasses in store?—No; carcasses that were being shipped.

That were in store?—I will endeavour to make it plain to you in this way: if we had 10,000 carcasses of mutton in store and a steamer came along and took the whole lot we were entitled to draw on Nelson Bros. for the invoice value for the whole lot; but if the steamer took 5000 we were entitled to draw for the invoice value of 5000, and also draw on Nelson for the balance in store without supporting it with the shipping documents.

Then you say that the £6150 draft was an ordinary business draft?—I say this: that when the vessel was alongside the wharf we would not allow the draft to go forward until it was supported, seeing the vessel was there; but Nelsons owed us the money and we drew for that amount. It was a matter entirely of arrangement as between ourselves and our bankers, and when the shipment was completed two days later—as it was in this case—and we got the shipping documents and attached them, we drew on Nelsons, and with the proceeds of what we got we retired the draft we had anticipated.

Had you made Nelson Bros, aware that you would do that?—I do not think so.

When you put the draft in, did you intend it to be presented?—I do not think so.

"Was any business done to support that particular draft?—There was the business that I told you of to support it.

Mr Solomon: Is there any trace of business to support that draft?

Witness replied that he could not say that. There might be something in the correspondence to the effect that they were going to send the goods forward. He could not find anything in the journals or ledgers to show that any stuff went forward, and it was obviously unfair to ask him now to look for particulars. He had not months in which to look up this matter. Access to the books had cost 5s per hour, and he could not afford prolonged investigations; he could not pay for it. It was true he could not show a trace of business to support this draft. On the 5th of July, 1895, he drew on Saintell and Wachsmann for £1000. That was drawn against a shipment of 1048 sacks of barley. The barley was sampled at the Bluff and refused, business being done only to the extent of £120, but that was because of the refusal to take the goods, which had been sold on sample. On the 12th of August he drew on Cave and Co., Adelaide, for £1000. That was against a consignment of oats to be sent to Perth. In this case only 1000 sacks were sent instead of 3000, and drew for £350, withdrawing the balance of the goods. The draft would have been presented immediately the goods were shipped. It was a demand on draft. The association had the option with several firms—Cave and [unclear: C] being one—on which they could draw on [unclear: dem] for consignments. He did not admit [unclear: they] not the right to draw in anticipation of [unclear: s] ments. If the banker arranged they [unclear: sh] draw in that manner that was a [unclear: ma] between them and the banker, so long as [unclear: he] paid.

Mr Solomon: It could be an [unclear: arrange] between any people to "fly kites," but [unclear: d] you see the deception of it?—No, I do not.

Witness continued: The banker had [unclear: age] that the association should have the [unclear: rigt] draw these drafts in anticipation of the [unclear: g] going forward, and when they were not [unclear: k] for any reason another draft for the [unclear: amou] goods forwarded was substituted.

His Honor: The draft that was [unclear: actually] forward was for the goods that were [unclear: sent] Yes.

On demand?—Yes, your Honor. He [unclear: ce] not put the matter any plainer than [unclear: he] already done. In all cases drafts on [unclear: dem] were not actually sent forward. In [unclear: occas] cases, like this one of Cave's, they [unclear: we] liberty to extend their drafts for 30 days, the goods had actually gone forward [unclear: Ca] draft would have been presented. The [unclear: w] thing came to this: they anticipated these [unclear: g] going forward and replacing the drafts by [unclear: o] representing the goods actually going [unclear: form] The same reply had to be given in [unclear: respect] shipments to Jew and Co., of [unclear: Melbo] (£446 5s 9d), to Wynn and Kidd, of [unclear: Melbo] (£79 19s 4d), and to Carter and Co., [unclear: Melbo] (nearly £2000). He could not say if there a single case in which he had drawn [unclear: fo] amount of the consignment and sent [unclear: for] the actual amount of goods, but in [unclear: Jew's] they had £1000 worth of goods sold to [unclear: the] go forward.

Mr Solomon: But you did not send [unclear: the] goods. Can you give me a single [unclear: ins] among the whole 174 that we have been [unclear: ta] of where you made up consignments to a [unclear: ce] amount, drew for that amount, then [unclear: sent] proper amount of goods, and sent on the [unclear: ori] draft?

Witness: No. I do not say that. [unclear: I] told you already that if the goods did [unclear: not] exactly the same day as the original [unclear: d] was altered to the same date and tenor [unclear: a] shipping documents, so that the draft [unclear: s] come into line with the documents. You me just now to give you any instance [unclear: w] consignments went forward exactly [unclear: a] draft. Here is a case in point. On [unclear: Ju] 1894, we drew for £900 on Jew and [unclear: Ch] July 18 we sent forward 2999 sacks [unclear: oa] we drew on them for the exact [unclear: amo] £900.

Witness continued: In regard to [unclear: the] action with Jew, the association drew [unclear: for] and anticipated sending the goods [unclear: for] There was no advantage in making a [unclear: b] with the bank. The draft was against goods to go forward. The transaction of the 1st of June, few, £1500, was an exactly similar case. It was a draft against 5000 sacks of oats sold on the 16th May and shot out till June. The reason of not drawing until June was that instructions were probably given not to ship for a given time. There was business on that draft. The 5000 sacks of oats had to go forward. These goods were shipped to Jew on the 21st and the 25th June and the 9th July, and it was on the 24th June that witness drew for £1000, withdrawing the original draft of the 17th June. That draft was never presented. When the draft was put in witness knew it never would be presented until the goods went forward. If the steamer had not been there to take the goods the draft would have been replaced by another. If that draft had not been drawn at all the association's account would have been £1500 higher, but the association would have had £1500 worth of free goods.

Mr Solomon: But this £1500 worth of goods were sold, and were therefore not free.

Witness: They were free until we got the money.

If you had drawn in the ordinary way on these people when the goods went forward your bank account would have remained £1500 higher?—Yes.

And you got a temporary reduction of your overdraft by putting in a draft that you knew would never be presented?—Yes.

Further examined witness said he did not know what quantity of goods was sent to Jew in June and July. Jew was in many cases not the principal, but only the broker, and in some cases even when he was the broker the association received from him direct, and he retired their draft.

Mr Solomon: In the first instance the practice with the bank was, I think, to put in your drafts and then send forward a cheque to retire them?

Witness: When the draft was put in with the documents the bank would ask us for a cheque. I don't know whether that was the case in every instance.

As the thing has become quite common you don't go through that formality?—I don't know about that.

You never did retire the draft at all, but simply drew and made a corresponding entry?—I do not know that. The bookkeepers might have put it through in that way, but I did not know of it.

Did you make any arrangements to that effect?—No; I did not. I don't believe in every instance it was done.

Do you not know it is a most unusual thing to do without sending forward a credit to represent it?—I think it is.

You think it is a most unusual thing to do?—I believe it is a most unusual thing to do.

Mr Cooper: You asked a question about a draft on Carter for £2000. You said you would come back to it.

Mr Solomon: I thought I had disposed of that. (To witness): On the 1st of June you drew for £2000 on Carter.

Witness: We retired that on June 10.

How much goods went forward?—That was a draft against a shipment of 7000 bags of oats sold on May 16 and May 22, and on the 8th of June there was a shipment of 5000 bags. We drew two sums in respect to those oats amounting to £1978.

How much goods were originally sold?—10,000 bags.

How much in money?—Something under £3000.

On that day was there a ship to take them forward?—I cannot tell you.

Did they go forward?—The first one went forward on the 8th of June, and the balance on the 20th of June.

Did you intend that £2000 draft to be presented?—No; I intended it to be replaced.

We have got the fact that you did not intend the draft to be presented?—Yes; only I don't think that meets the case mentioned in the liquidator's report where it says there is no trace of business to support it.

The 1st of June, 1895; that is a Monday, I suppose?—I expect it is.

The 4th of August after-wards—another Monday. Look at the amounts you drew on those days—£6000 odd.—We had the goods to go forward.

You withdrew nearly the whole lot?—The goods replaced them in the way I say.

On the 1st of June you drew to the extent of £5180. The drafts were not presented at all, though you drew in one day £3900 and £2000.—But I have told you why the drafts did not go forward. They would be replaced by drafts with the shipment documents.

Now take the last two on the list. On June 29 you drew on Mr Young for £1750. Mr Young was an agent of yours in Auckland, was he not?—Yes.

Did you ever draw a draft on Mr Young that was presented to him?—Yes.

In respect to what?—I could not tell you.

In respect to goods he sold on your account?—I think so. Yes.

Do you feel sure?—If you let me see Mr Young's account I will probably be able to tell you. After looking at the account, witness proceeded to say: On the 3rd of September, 1894, we drew on Mr Young for £165 19s 6d, and on the 10th for £164 16s. In each case it must have been the proceeds of goods he had sold. We used to consign to Mr Young, and he was acting as our broker as well.

Why did he not remit the amounts he sold?—In a number of instances you will find that Mr Young asked us to draw upon him.

Did you tell him you had drawn on him?—No.

Did you tell Sinclair that you had drawn on him?—No.

He was quite unaware of it?—He was quite unaware of it; but I have explained why it was done. It was perfectly apparent at the time. We could have given Mr Cook all this information.

Look at the £1750. Did Mr Ward know that this was being done?—No; I don't think so. It is entirely a matter of detail.

Will you swear that he did not know?—I don't know.

Did you ever tell him that it was being done?—I don't know. I know that Mr Ward was totally in conversant

with the details of the business.

Mr Solomon: I ask you if you ever told Mr Ward that you were doing this business?

Witness replied that he could not say that he did. He did not tell the directors about the matter. On the 29th June, which was a Saturday and the association's balance day. Young, of Auckland, was drawn on for £1750, and in this instance no business was done, as the goods that were to go to Auckland were diverted to Sydney. The bank kept the draft for two months. It was retired on the 30th August, and on that day another was given for the same amount. This draft was retired on the 8th October, on which date £1200 of goods were sent to Sydney. The result was that for a period the association's account had been shown in the bank's books to be £1750 lower than it really was, but the bank had the record of the draft all the time.

Mr Solomon: Of course, the bank was in it; you were both in it, but you cannot get out of your difficulties by putting them on the shoulders of the bank.

Witness: I am not putting it on the shoulders of the bank at all. I would not dream of such a thing.

Mr Solomon: No, quite so; you have enough to do to fight your own battle. Now, I want to ask you what amount of goods you sent to Australia, what amount you sold in Australia, and what amount you drew against them?—I cannot tell you.

Will you deny that you sent £50,000 of goods and drew against them £86,000?—I would not say so. The fact remains that these drafts were withdrawn. You have taken the duplicate drafts instead of the single ones.

Can you say how much you drew on agents in New Zealand?—I cannot say.

Will you deny that you drew to the extent of £45,000?—I would not deny it; probably it is within the mark. And how much did you sell?—An amount exceeding that, I should say.

Mr Solomon asked for the particulars of [unclear: th] £20,000 which the other side had promised [unclear: t] prepare.

Mr Cooper handed a statement of Mr [unclear: Ward] position, which was as follows:—

On December 5, 1892, a cheque to the [unclear: associ] tion for £3000 was paid to the credit of J. [unclear: G.] Ward's ordinary account, along with a cheque [unclear: fo] stocks and plant of £13,941.

The cheque was dr. to the usual account [unclear: u] association's books.

Mr Solomon Mid this information was [unclear: n] what he wanted. He required [unclear: particulars] to what became of the money. He did not [unclear: fo] a moment suggest than Mr Ward had got [unclear: th] money, but he wanted him to show that he [unclear: h] not got it.

Mr Cooper said the money as shown [unclear: h] gone in reduction of the amount owing to [unclear: t] Colonial Bank. It was stated clearly [unclear: enoug] that it had gone to the credit of Mr Ward's [unclear: ov] draft.

Mr Solomon: That is to say, the [unclear: associat] have paid his debts.

Mr Cooper: You can put it in that way if [unclear: you] like.

Mr Chapman: He owed the association, [unclear: t] the result of the transactions, £55,000.

His Honor asked if that was not a [unclear: compl] answer. These cheques went to the [unclear: Colon] Bank in reduction of his overdraft.

Mr Solomon thought that was not so. [unclear: B] wished to know what the bank's books [unclear: wo] not show: why this money was paid in [unclear: and] what purpose it was applied. The £20,000 [unclear: k] been either lost or spent. If it was paid [unclear: in] the bank was it a *bona fide* reduction of [unclear: dek] He wanted more information respecting [unclear: the] losses.

Mr Solomon said he might want to [unclear: ask] Ward about these things, and he [unclear: wanted] information to assist him in asking [unclear: question] He wanted to know what Mr Ward had [unclear: d] with the money.

Mr Cooper: You have had the money [unclear: back]

Mr Solomon: Not one penny of it. [unclear: E] learned friends have had over a week to [unclear: p] this information, but what they have [unclear: given] could have been got by anyone from the bank's books in five minutes. It is not what I want.

Mr Cooper: My learned friend has made a charge. Mr Solomon: What charge? Mr Cooper: That we kept you in the dark for a week.

Mr Solomon: You have twisted my words to a meaning they do not bear. I merely said that I had been kept for a week without the information I want.

Mr Cooper: So far back as June 9 we, as Mr Ward's solicitors, applied to the solicitors for the liquidator inquiring the points on which he wanted information, and received a reply that the liquidator's solicitors could not give any information as to the points Mr Ward would be examined upon, except that they would be upon the liquidator's report and the Southland Rope and Twine Company.

Mr Macdonald: And the indebtedness of the association at the time. There were three points.

Mr Cooper said that an examination like this, extending over the greater part of a day, left very little time

for going into such matters; but they had given all the information possible with the limited time they had had the material at their hand. If Mr Solomon wanted to go into the state of Mr Ward's account from the time of his connection with the Colonial Bank till the formation of the association and the subsequent liquidation of the latter, it would be an endless task.

His Honor: I don't think Mr Solomon wants that.

Mr Cooper: We have said that these amounts were paid in in reduction of the amount due to the bank. To show what moneys were paid and where the money has gone would take many months. No doubt Mr Ward owed these moneys to the bank, but they were paid to specific accounts. For example, Mr Ward's sheep account is given in full in the bank's books.

His Honor: Mr Solomon, you have your answer. Mr Cooper says that these sums were paid into the Colonial Bank in each case in payment of moneys which Mr Ward owed to the bank.

Mr Solomon: If that is down in the statement it will do me.

Mr Cooper: That is the fact. We do not disguise it at all.

Mr Solomon: Is it a payment by the association to meet Mr Ward's debt?

Mr Cooper: You can put it that way if you like. It is debited to Mr Ward in the books of the association.

Mr Solomon: Although the money was paid out in reduction of his debt to the bank, I want to know what has been the result of that—why it was taken out of the account, and why he got the benefit of it. We want to know what has become of the money?

His Honor: You can see, I suppose, by looking at the account, and can infer whether it took place or not.

Mr Solomon: I don't think I am asking for too much. If my friends cannot give me the information the matter must stand where it is.

Mr Cooper said it would be a very different matter if Mr Ward owed the association so much money, and his learned friend wanted to trace an asset.

Mr Solomon said that was exactly the position.

Mr Cooper submitted in that case that this was not the proper tribunal to make that discovery. The bankruptcy jurisdiction was the proper place to make it.

Mr Solomon could not understand a more illogical position than that taken up by his friend. He (Mr Solomon) said that Mr Ward did owe this money, and he wanted to search for an asset to represent it. He submitted that it was a proper thing to do.

Mr Cooper said their position was perfectly clear. So far as any money was concerned, every penny had been repaid to the association. Mr Ward's estate was now in bankruptcy, and the Bankruptcy Court was the proper court to inquire as to what had become of any asset that Mr Ward had had at any particular time; certainly not the present proceeding, which was one for giving information concerning the company's affairs. His learned friend was endeavouring to turn this proceeding into a bankruptcy one. They had given all the information it was reasonable for them to give. They had shown that the money was paid to the Colonial Bank in reduction of his debt to that institution; and Mr Ward had consented to the liquidator examining every item in his account with the bank.

Mr Solomon said that it was perfectly obvious that this examination was for the purpose of discovery, in order to enable the liquidator to understand his position. He referred the court to "Emden's Winding-up Practice" in support of his contention that it was permissible in such an examination to go into these matters.

Mr Cooper said they could not give any further explanation at the present time except a copy of the bank account, which would take some time to prepare.

Mr Solomon: Well, take any time you like.

Mr Cooper: What explanation do you want? We say it is paid into the bank in reduction of a debt due to the bank.

His Honor: Mr Solomon's possible suggestion would be, I suppose, that although the money was paid into the Colonial Bank in reduction of an account, it was after-wards drawn out again by Mr Ward and has not been accounted for.

Mr Solomon said that was so. He wanted, however, to make it quite clear that he made no suggestion of the sort, he wanted that suggestion removed.

Mr Cooper said if that was the feeling of his learned friend he could remove it without any difficulty by showing the Colonial Bank account.

Mr Solomon said that that was not all. He wanted to know why at that moment the money was paid in at all.

His Honor: That is a reasonable question. You are entitled to explanation of why such a large sum of money was paid in at that particular moment.

Mr Solomon: And why it was drawn out and how soon after-wards.

Mr Cooper said that if his friend would be satisfied with a written statement by Mr Ward, that could be

given; but Mr Ward would prefer it should be given under examination on oath.

Mr Solomon contended that he had a right to what had been promised him.

His Honor said he thought it probable that any written statement that was prepared would be found not full enough for Mr Solomon's purposes, and it would have to be supplemented by verbal examination.

Mr Cooper urged that it would be more satisfactory to take those items and ask Mr Ward about them, and then a reference could be made to the books if necessary.

Mr Solomon said he was entirely in the hands of the court. He was entitled to further information, and thought that as he had been promised a statement he ought to have something more than had been handed to him.

His Honor: The other side say they have a difficulty in giving you more than this, and perhaps they have.

Mr Solomon: If you will allow me, your Honor, I will think the matter over for an hour. I would not take up such a firm position if it were not a serious matter—serious not only to our side, but to the other side also.

Mr Cooper: I should not like you to run away with the impression that we are withholding information.

Mr Solomon: I do not think so for a moment. Very likely there is some misunderstanding.

The court at 12.55 p.m. adjourned until 2 p.m.

After the luncheon adjournment,

Mr Solomon said he was compelled to ask his Honor to direct that he should get a more complete return than he had got. He had asked his friend to give an item in their account, which stood at £20,350. They handed him particulars which amounted to £20,600—not the item he referred to at all.

His Honor: I suppose it is a discrepancy.

Mr Solomon said if it was he wanted it explained; but it was something very much more important than that. If his Honor looked at the items of £5000 odd and £4000 odd he would find that they amounted to £10,000 exactly. That was paid into the Colonial Bank on a particular day, and then £7200 was paid in on another day. They took credit for those moneys [unclear: pa] to the bank in reduction of their account, [unclear: b] those moneys had been paid to the [unclear: assoc] tion.

Mr Cooper: They are in the £55,000.

Mr Solomon: Not at all. The £7000 and [unclear: th] £4000 Mr Ward borrowed from us, and it [unclear: b] been repaid, but it is not included in the [unclear: £55,000] at all. They say that we paid their debts to [unclear: th] Colonial Bank to the extent of £17,000, [unclear: by] their own books showed that that is not [unclear: true] We lent them the money for some months, [unclear: b] they repaid it, and I still want to know [unclear: wh] Mr Ward has done with the moneys. I [unclear: fe] myself in this position: I don't think [unclear: there] any means by which I can compel Mr [unclear: Ward] give me a written statement.

His Honor: I don't think so.

Mr Solomon proceeded to say that his [unclear: learn] friend told him that these were moneys [unclear: whi] were paid to the Colonial Bank in [unclear: payment] the debts owing by Mr Ward to the [unclear: Colon] Bank. He (Mr Solomon) said the [unclear: associatic] got the money back.

Mr Cooper: This money was used for [unclear: othe] purposes.

Mr Solomon: No; it was paid to us.

Mr Cooper: In reduction of the account.

Mr Solomon: If Mr Cooper says that [unclear: th] moneys were paid by the association to [unclear: red] Mr Ward's overdraft, I may possibly [unclear: have] ask Mr Ward about that.

Mr Cooper said the only way was for [unclear: a] analysis to be made of the whole account of [unclear: th] Ward Farmers' Association with Mr Ward [unclear: fro] the beginning. It seemed to him that the [unclear: fall] of Mr Solomon's position was this: He [unclear: ha] taken out a sum of £55,000, which was [unclear: ti] amount of the debit in 1895, and [unclear: l] had also added £12,000 of credit. But [unclear: as] (Mr Cooper) had pointed out three or four [unclear: day] ago the total amount at the credit [unclear: of] Ward's account and the Ward Farmers' [unclear: Ass] ciation was very much more. The [unclear: tot] amount of debit was also very much [unclear: mo] There had been cross accounts and cross [unclear: tra] actions from the beginning of the account [unclear: un] the final closing of it. In order that [unclear: th] account might be properly understood the [unclear: ba] that Mr Solomon had started on was an [unclear: in] proper basis. What was wanted [unclear: was] analysis of the whole account, to show [unclear: how] £55,000 comes out, and not a bald [unclear: stateme] of figures such as had been given by Mr [unclear: Solom] That was one way of putting it, but [unclear: the] position was this: There were debits [unclear: extend] over three years from December, 1892, [unclear: as] until nearly the end of 1895. There [unclear: wa] credits extending over the same [unclear: peri] The ultimate balance upon that [unclear: account] £55,000. In order to ascertain how [unclear: this] made up it was useless to say that [unclear: £43,000] could be accounted for and the balance [unclear: was] accounted for. They must go through [unclear: th] account from the first item until the [unclear: last,] arrive at what was the net result. The £55,150 was not made up of specific items; it was the net account, and therefore

the examination of the whole account was necessary. The only way to arrive at what Mr Solomon suggested was to analyse the account from first to last to see how the ultimate balance was arrived at, and he (Mr Cooper) was prepared to do that.

Mr Solomon thought he had stated his portion clearly. He wanted to know what Mr Ward had lost and spent in the last 2½ years on every account. He did not ask for anything beyond that, and if he got that he would be satisfied

His Honor: Are you prepared, Mr Cooper, to give Mr Solomon that information, and if not how long would it take to give it?

Mr Cooper replied that it would take a little time to prepare the statement.

Mr Solomon (to witness): Did you know that the association was paying Mr Ward's debts?

Witness: I knew we were paying these amounts to his credit.

Did you know what that was?—I knew the account they went to the credit of.

I did not ask you that.—I say I knew the account they went to the credit of

Did you know that it was to pay debts that Mr Ward then owed?—Yes, I knew; debts that he owed to the Colonial Bank.

I gather from this, if this information is correct, that from the date when you started business in November, 1892, in the first six months of your business, before your first balance, you had paid debts that Sir Ward owed to the extent of £20,000?—I knew that that amount was paid into his credit.

I do not say that. I say did you, as manager of the company, know that in the first six months of its existence you paid debts that Mr Ward then owed to the extent of over £20,000?—I knew that Mr Ward owed these amounts to the Colonial Bank and we paid them.

Did the directors know that?—They did not know Mr Ward's account at all from the commencement.

They had no idea that you had paid Mr Ward's debts, from the inception of the company, to the extent of £20,000? Neither you as manager nor Mr Ward as managing director informed them?—I tell you that the directors did not know Mr Ward's account.

Do you know whether you had security from Mr Ward?—I knew there were Mr Ward's shares.

What was that amount?—I think £23,000.

Was that all?—That was all the security we had.

In addition to that, there was the debt on the shares Mr Ward owed for trading. And you had no direct security for the payment of the debts?—No.

Who decided that that was a proper thing to do, that the association should pay moneys which Mr Ward owed to the bank?—I expect that I decided it myself.

You decided yourself?—So far as I can recollect. I do not recollect receiving instruction from anyone.

I suppose Mr Ward knew that the association was paying his debts?—He would know of these cheques.

Did Mr Ward know that the association was paying his debts?—I cannot tell if Mr Ward did know to that extent, for we were collecting money for him at the same time.

That is not my question. You knew that you were paying Mr Ward's debts?—I knew that I was paying this money to the Colonial Bank.

Did you know that you were paying these debts which he owed to the bank?—I knew that

Did you or did you not tell Mr Ward that you were doing that?—I cannot recollect. I expect I did, but I cannot say from my memory of what occurred three years ago

I suppose you would not pay Mr Ward's debts to the Colonial Bank without he asked you?—But we were collecting money for him.

I am not asking you that. Did you or did you not pay Mr Ward's debts without asking Mr Ward?—I am not prepared to say. I do not expect I would have, but I have no recollection of it.

But nobody knew of the fact of the association paying Mr Ward's debts except you and perhaps Mr Ward?—I do not know that they did.

Do you know that they did not?—No; I do not.

Did the bank know that the association was paying his debts?—I think that is very apparent.

Tell me, please.—The bank must have known for they received the money. The money was paid into his credit. Of course the bank knew that the association was paying the money.

At any rate the fact is this: When the association is started Mr Ward owes thousands and thousands of pounds to the Colonial Bank, and from the very inception of the institution you start to pay his debts to the Colonial Bank without the knowledge of the directors?—And got it all paid back.

Mr Solomon: Oh, the £55,000 again !

Witness: It paid the account, Mr Solomon.

Will you confine your attention to 1892? When this institution was started in 1892, you pay debts of Mr Ward to the extent of £20,000 before the first half year is over, and nobody knew anything about it?—That is

the fact, I suppose. The thing is apparent, but we collected money at the same time.

You allowed Mr Ward to get into debt to a larger extent. Do you not know that at the 1893 balance Mr Ward owed you £25,000, of which £20,000 went in paying his debts?—That is quite apparent.

And nobody but you and the managing director knew anything about it?—I am not prepared to say that.

Now, you were appointed liquidator of the Southland Twine Company?—Yes.

And after the company went into liquidation you allowed the company in liquidation to become indebted to the Ward Farmers' Association to the extent of hundreds of pounds?—I cannot recollect. I believe I did.

After the company was in liquidation?—I cannot recollect, but I believe there was a payment of £100 after-wards.

Mr Solomon: Of £100! It is £700 that I am talking about.

Witness: £100.

Mr Cook: £1300.

Mr Solomon: £700 I know of.

Witness: I have not the slightest recollection. They may have been debts they owed at the time.

You cannot say that is so?—No; I have no recollection.

There is one other thing I want explained. When the company was formed it gave that cheque for £3000 (produced) for the purchase of the business?—Yes, for part purchase. The price was £5000, and £3000 was paid on that day.

And the whole amount of the stock purchased by the Twine Company was £5000?—No; I do not say that at all. That is the price of the plant and buildings, and so on.

What was the amount of the stock?—£6462.

That is the amount of the stock of Ross?—I do not know what stock Ross had.

I suppose you can find that for me?—No; I cannot. I have no means of finding.

Look at the books and you will see what was given by the Southland Twine Company for Rosa's stock to Ross.—I cannot tell you.

The books will show us—There may have been £400 or £500. I do not know.

Is it not a fact, Mr Fisher, that £5000 was the price of the whole business—stock and all?—Certainly not. £5000 was the price of the property so far as Ross's interest was concerned, but that does not include, if he had it, any raw flax fibre or oil, or working stuff like that.

Did you buy that?—I cannot tell. I expect we did.

Witness continued: The whole price paid to Ross for the purpose was £5500. He supposed the directors knew about it, but had no distinct recollection of the circumstances. The amount of £6460 paid to Mr Ward was for an accumulation of stocks for year, and the amount was, of course, more than had been paid to Mr Ross. When the cheque for £6460 was signed it was in the same condition as now. It was not true that Mr Ross had signed it in blank. The cheque book had all the time been at Mr Ross's disposal, and he had signed cheques before and after this. Mr Ross had known from [unclear: the] inception all about the transaction.

Mr Solomon: I accept your statement [unclear: p]fectly, but these are questions I had to [unclear: ask], you have given complete answer.

Witness: You must excuse me. I feel [unclear: wa] upon it because of the insinuations that [unclear: ha] been made.

Mr Solomon: I accept your [unclear: statements]. you had answered as straight on other [unclear: points] should have got on quickly.

Witness continued; His name [unclear: appeared] the 1895 balance sheet. He believed [unclear: at] time the balance sheet was correct, [unclear: as] believed so still. It set out the whole of [unclear: t] assets with the deductions that had [unclear: be] discussed.

Mr Solomon; Does the balance sheet [unclear: set] all your assets?—Witness replied that [unclear: it] them out exactly in the way he had [unclear: indicate] with the exception of the reductions they [unclear: b] discussed. The stocks were set out less [unclear: £10,000] for Carswell's which was held for the [unclear: ba] That amount was deducted because [unclear: there] an undertaking that it should be held [unclear: for] bank. The stock was not earmarked, [unclear: b] stock to that amount was held [unclear: held] the bank on account of the [unclear: indebted] for Cars well's stock. He could not [unclear: give] answer other than that the stock was [unclear: held] this way; it was to be held for the bank [unclear: un] the indebtedness on Cars well's [unclear: account] liquidated. He considered this a right [unclear: thing] do, and that the statement was properly [unclear: mu] up. The amount was shown in 1894, but [unclear: not] 1895, as in 1895 bills were not shown [unclear: at] This was a bill—a promissory note of the [unclear: ass] ciation which the bank had discounted [unclear: for] association. It was the association's [unclear: own] that the bank discounted. All discounts [unclear: cas] out of the 1895 balance sheet when they [unclear: to] on the goods. He could not make [unclear: it] plainer.

Do you mean to tell me that if you [unclear: bu] £40,000 of liabilities and £40,000 of [unclear: assets] your balance sheet you consider yourself [unclear: jou] tied in taking £20,000 off your liabilities [unclear: an] £20,000 off your assets?—I believed then [unclear: th] I was justified, and I believe so still. [unclear: I] give you one little instance that will [unclear: convia] you on the subject.

If you gave me 100,000 instances it [unclear: woma] not convince me that you were [unclear: right] exactly similar instance occurs in Mr [unclear: Cook] statement of June 20, 1696 That [unclear: statment] sets out the whole of the assets and [unclear: liabilite] on that particular date. They are [unclear: shown] their entirety, but, as a matter of fact, I [unclear: en] not find an item of £2500 which [unclear: constituted] asset—a very tangible asset. Where [unclear: can] come from, unless he has treated it in [unclear: exac] the same way as I have done. Then, in [unclear: ta] valuation of stocks I can find no trace of [unclear: 89] sacks, valued at something like £3000. [unclear: The] must have come in as assets, or else [unclear: bee] [unclear: ducted] from the liability side. Surely in all [unclear: airnees] if it is a right thing for Mr Cook to do [unclear: it] is a right thing for me to do.

Mr Cook: But I didn't do it. What you say [unclear: s] entirely untrue.

Witness continued: He could not say that [unclear: be] had ever heard of similar eliminations before. He still thought it was a proper thing to do, and in exactly similar circumstances he would [unclear: so] again.

Mr Solomon: Do you mean to say that you [unclear: deliberately] and with your eyes open out out [unclear: the] figures which showed large assets on the [unclear: one] side and corresponding liabilities on the [unclear: other] side?

Witness: Yes; and I have given you the [unclear: reason].

All the talking in the world will not make it [unclear: any] different. That is all I have to ask this [unclear: witness]. (After some discussion:) There is [unclear: one] question that I have overlooked. You were [unclear: asked] by the Colonial Bank on November 30, 1895, were you not, to prepare a balance sheet, and you gave in this one [unclear: appended]?—I [unclear: gave] them a statement of the company's position.

This is the document, is it not?—Yes.

Why did you not adopt here what you know complain of? But here you show your grain [unclear: and] railage account and your past due bills?—[unclear: Yes], I do, but it is a confidential statement for [unclear: the] back. They asked me to put it exactly as I have done there.

This is a letter you wrote, is it not?—Yes.

Invercargill,

18th December, 1895.

[unclear: Hon.] George M'Lean, Dunedin. Dear Sir,—

Mr Birch has delivered me your [unclear: message], and the balance sheet and details of [unclear: same] asked for by Mr Vigers are being prepared, and will be sent along in the course of a few days. [unclear: I] am perfectly prepared to stand or fall upon the [unclear: figures] given in same, and if you can detect me as [unclear: in] any way misleading you, you are at perfect [unclear: liberty] to put your threat into operation. I have [unclear: been] absolutely candid and truthful in the information given to Messrs Vigers and Davidson, and [unclear: the] balance sheet being sent you is an exact [unclear: exposure] of the position of the association as on [unclear: 30th] November—the date of the balance.—Yours, [unclear: &c.],

(Signed) J. FISHER,

This is a true and correct, statement of the assets and liabilities of this association as at above date

(Signed) J. FISHER.

How do you explain the fact that, if it was a proper thing to eliminate from your public balance sheet the grain railage account and past due bills account that they appear here?—I was asked for an exact interpretation of the whole state of the business. They wanted everything out in detail—an absolute balance sheet with the whole of the details of everything.

What is that? An absolute balance sheet?—All the details.

It is a statement of the assets of the association?—Yes.

If in that statement to the bank it was necessary to show the whole of the assets on the one side and the whole of the liabilities on the other, why was it not necessary also to do so in the balance sheet given to the public?—It was not necessary in this case. Anything that was not shown in full in the other case was in the possession of the bank.

What was in the possession of the bank?—The past due bills, the grain railage account, and Cars well's account.

But that information was not given to the public?—I do not say it was.

And the bank threatened that if you did not give them a correct statement of your position they would put you in gaol?—That was not so at all.

What was it?—That if they could detect me in any way misleading them they would arrest me, and that was absolutely after they had got their own officers to dissect the information.

Mr M'Lean sent a message to you by Mr Birch that if you did not give them a perfectly straight—?—It was not in those terms at all. As I have told you, it was simply this: Mr M'Lean sent a verbal message to me by Mr Birch that if they could get me misleading them in any way at all they would have me arrested.

What you do in reply is, you send the balance sheet and say, "I am perfectly prepared to stand or fall upon the figures in the same, and if you can detect me misleading you at all you are welcome to put your threat into operation"?—Well, they had the balance sheet for June 30, showing the figures.

You say you are prepared to stand or fall by that balance sheet?—Yes.

I suppose you recognised it as your duty to submit to the public the whole position?—I have given you an answer as to why the amounts were cut out.

Did you not consider it your duty to show the whole of the details of the position?—I considered it my duty to give what I did.

And did not you consider what you were doing in concealing from the shareholders and the public the immense responsibility the association were taking upon their shoulders?—No, I do not say so.

You show, as a matter of fact, that the association were owing £30,000 or £40,000 less than they did owe?—And as against the bills the bank had security.

Did you not see that what you were doing was to show an institution that had about £50,000 or £60,000 liabilities less than it really had, and £50,000 or £60,000 less assets than it had? That is what the balance sheet showed?—I think so.

Is not that a fact?—Totalling it up with everything taken out, that would be the case.

Is it not a fact that the balance sheet showed an institution with £50,000 or £60,000 less assets and £50,000 or £60,000 less liabilities than it really had?—That is what it amounts to, and I have given you the explanation.

Give me an answer, "yes" or "no."—That is what it amounts to.

Only one more question. If you thought it a proper thing to put a balance sheet like that before the shareholders, why did you not put a similar balance sheet before the bank when threatened with arrest?—It was not in consequence of being threatened with arrest, for previous to receiving Mr M'Lean's message it was being prepared at Mr Vigers's request, in any case.

If you had thought it sufficient to give the public and the shareholders the balance sheet you did, why did you not give the same to the bank?—Because the bank asked me to prepare an absolute *expose* of everything.

You did not give the shareholders any indication whatever that your balance sheet was incorrect?—I do not say it was incorrect.

You know it was in respect to details?—I do not say so. I have given an explanation of why the amounts were kept out.

And you can give me no reason why this [unclear: com] plete balance sheet was given to Mr M'Lean. None further than I have given you.

This concluded Mr Solomon's [unclear: examination] the witness.

Mr Solomon said he would like to [unclear: get] matter concluded next day, if possible.

Mr Cooper said their examination [unclear: would] short.

Mr Solomon remarked that with the [unclear: exe] tion of Mr Ward's statement they [unclear: ought] be able to finish next day.

In reply to his Honor, Mr Gallaway [unclear: said] would prefer that Mr Birch's [unclear: examina] should stand over till next day.

The court rose at 3 p.m. until 11 o'clock [unclear: in] morning.

TENTH DAY—TUESDAY.

His Honor Mr Justice Williams sat [unclear: in] Supreme Court yesterday, when the [unclear: taking] evidence in connection with the [unclear: proceeding] the liquidation of the J. G. Ward [unclear: Farm] Association was continued

Mr Macdonald (of Invercargill), [unclear: appear] with Mr Solomon, for the official [unclear: liquidator] W. R. Cook; Mr F. R. Chapman, [unclear: with] Theo. Cooper of Auckland, for the [unclear: Hon. J.] Ward and the officers of the Farmers' [unclear: Ass] tion; and Mr Gallaway on behalf of Mr [unclear: C] Birch, formerly manager of the Colonial [unclear: Ba] at Invercargill.

His Honor took his seat on the bench [unclear: a] a.m.

Mr Cooper proceeded at once with [unclear: the] examination of Mr Fisher.

Mr Cooper: I think you have said [unclear: that] Ward had nothing to do with the details [unclear: of] business of the J. G. Ward Farmers' [unclear: Ass] tion?—Witness: Nothing whatever.

They were left entirely to your [unclear: man] ment?—Yes.

The cheques for £6000 and £15,000 in and of £34,000 in 1894, were those [unclear: signal] you or by Mr Ward?—By me.

They were cheques on Mr Ward's [unclear: account] Yes.

You had, I think, authority from Mr [unclear: W] to operate upon his account?—Yes; I [unclear: d] cheques usually on it.

You signed these cheques "J. G. [unclear: Ward], J. Fisher "?—Yes.

You would infer from that that Mr [unclear: Ward] not in Invercargill at the time the [unclear: cheques] given?—Yes, that would be so.

The transfers that were made—the [unclear: £44] proceeds of the debentures that were [unclear: place] Mr Ward's account by the book [unclear: keeper] that done under any instructions or [unclear: auth] from Mr Ward?—Mr Ward never knew [unclear: a] it until it appeared in the liquidator's [unclear: repo]

And the other transfers that you have [unclear: sp] about from Connell's account to [unclear: Bro] [unclear: ount]?—They were done entirely by me. Mr [unclear: rd] was absent from the colony.

Examination continued: Witness said thai he [unclear: pared] the balance sheet of 1895 entirely upon [unclear: own] responsibility, and no details were sub[unclear: ted] to Mr Ward. He believed that he told Mr [unclear: rd] (in the interview at Wellington) the state [unclear: his] account, but he had no data but his own [unclear: mory] to go on. With reference to the trans[unclear: ion] with Mr Ross, the twine was resold at [unclear: per] ton, and had been bought by Mr Ward [unclear: m] Mr Ross at £35 and £38 per ton—princi[unclear: ly] at £38 per ton. The price it was sold for [unclear: ply] cleared its cost, insurance, and interest [unclear: ges]. Mr Ward made no profit on it. That [unclear: s] only stock of twine that the Southland [unclear: pe] and Twine Company started business [unclear: on], with the exception of a very little raw [unclear: terial]. Mr Ross was the manager of that [unclear: mpany] and also a director. Mr Anderson [unclear: a] not a director, but a shareholder. The [unclear: okkeeper] for the company was Mr Borne, and [unclear: e] bookkeeper was continually in contact with [unclear: Ross], the manager.

In reply to questions concerning drafts [unclear: ness] said that in respect to the draft of 2nd July, 1894, for £300 on Laing, of Napier, their [unclear: ant], oats were shipped to Murray, Roberts, [unclear: Co.], Laing's principals, on the 4th. They [unclear: ew] for £386 6s 11d for these oats, and in that [unclear: t] draft withdrew the one for £300. The [unclear: ft] represented business in hand when it was [unclear: awn]. In Mr Cook's report there was a draft [unclear: t] £300 on Jew, 6th August, 1894. In respect [unclear: that] a shipment of oats was made by the [unclear: auroto], and the draft on Jew was retired. [unclear: e] business in connection with that was [unclear: mpleted] the day after. On September 16 [unclear: ere] was a draft for £300 on Campbell, and [unclear: e] next day they shipped 1000 sacks of [unclear: te] and replaced the draft by one dated 17th [unclear: ptember] for the same amount. Another [unclear: aft] was for £500 on Cave, July 20, 1895. a July 16 they drew £500 on Cave and Co., [unclear: elaide], and on July 20 made four small ship[unclear: ents] of linseed and grain, and drew on those [unclear: ments] for an amount the total of which was [unclear: 506] 15s 10d. A draft Mr Solomon had not [unclear: ferred] to was for £1100 on Laing, the [unclear: sociation's] agent at Napier, and that was on [unclear: e] 7th May 1894; and on the 11th they made [unclear: pments] by the Ohau to various consignees to [unclear: hom]. Mr Laing had sold the cargo, amounting; [unclear: all] to £1016 7s 4d, and retired the draft [unclear: ith] the proceeds. There was business on the [unclear: h] May, 1894, which was carried through [unclear: y] Mr Laing, though the shipments had [unclear: ot] then been made. Another draft was [unclear: h] July 9, 1894—R. O. Young, for £300. [unclear: hey] drew for 300 on Young, and the [unclear: lloving] day made a shipment by the Poherua, [unclear: hich], he believed, was loading that day, the [unclear: voices] amounting to £1100 6s 6d. They paid [unclear: at] and retired the draft on Mr Young. On [unclear: eptember] 24 there was another draft for £200. That was retired on the 11th October by a shipment by the Poherua amounting to £20819s 9d. That business was in hand on September 24, and was part of a contract Mr Young bad fixed up early in the season. On December 3, 1894, they drew on Young for £300. That was retired by a shipment on December 6 by a sailing vessel. They consigned to Mr Young any goods which were on hand at the time, drew a draft, telegraphed the names of the principals, and then they drew for £382 2s 4d, and retired the draft. On March 4, 1895, they drew on A S. Paterson and Co. for £500, and sent consignments of ryegrass on the 19th, 27th, and 29th March, the shipments coming to £639 3s 3d, and then they retired the draft. The business was in hand prior to the 4th March, when the draft was withdrawn. As to the draft on R. O. Young for £300 on June 26, 1893, they retired that draft on June 29 by a very considerable shipment made by the Poherua, amounting to £752 1s 5d. Mr Birch, the manager of the bank, was fully aware of the course that was taken in connection with these drafts. He (witness) did not know anyone was injured by the duplication of the drafts. The course that had been adopted was this: They drew upon agent or principal, and a

few days later, when they shipped the goods, they drew a draft and retired the other one instead of sending the original draft, but they did not get any fresh money by that, and the bank was perfectly cognisant of the transaction. There was no one injured, and no one deceived, because the bank knew exactly what they were doing. As for the draft of £6150 on Nelsons, Nelsons had to pay for the mutton which was shut out. That was done under the agreement with Nelsons. If there was more mutton than the ship could take Nelsons had to pay for what was left. That was in accordance with a clause in the agreement.

George Atkinson Birch, examined by Mr Solomon, said he was manager of the Colonial Bank at Invercargill at the time of the initiation of the Ward Farmers' Association. He was aware of Mr Ward's position at that time.

Mr Solomon: At this time—November, 1892—were you pressing Mr Ward to keep his account down?—No; I do not think we were.

Were you willing that he should get extra accommodation?—He got all the accommodation he ever applied for.

And were you consulted as to the initiation of the company by Mr Ward or by Mr Fisher, or by anybody else?—No.

Did you have any conversation with them about it?—No, I cannot remember any. As a matter of fact, Mr Solomon, I was away when Mr Ward's business was merged into the association; I was away on a holiday.

You had conversations with Mr Ward or Mr Fisher after the company came into existence? Yes.

We have been told by Mr Fisher that within the first few months of the company's initiation debts of Mr Ward's that he owed to you to the extent of £20,000 were paid by the association. Did you know that?—That the bank was being paid Mr Ward's debts at the expense of the association? Certainly not.

What did you think these large sums of money were being paid into Mr Ward's account by the association for?—I can explain a good many of these items, I should say very satisfactorily, in the list read in court yesterday. I was away, as I said before, when the company took over Mr Ward's businesses, but I noticed that there was a cheque for £3000 paid into the credit of Mr Ward. That was supposed to be for wool account. Well, if that was paid in for wool account, where was the wool?—The association took the wool and paid us the money for it.

But we have now been told it was not paid in for the wool account at all. It was simply paid in payment of Mr Ward's debt, and nothing was got for it.—That is news to me.

On December 5, 1892, according to a statement furnished by Mr Ward, his debts to the bank were paid to the extent of £20,600, and among the debts to the bank is that £3000 that you thought was to buy wool with. It is certainly put into the wool account, but that is not what it is for.—There was supposed to be wool representing that account.

What steps did you take to find out?—You never do take steps in a thing of that sort.

What did you think the money was for?—I never thought anything about it at all. There was a limit arranged by the head office for the account, and I never looked into the thing.

Why did you not want to know what it was for?—If you had a limit fixed up, I don't care twopence what you did with the money.

What was the limit at the initiation of the company?—There appears to be no limit marked up at the initiation of the account. It has no doubt that there was one three months afterwards—a limit of £45,000.

Had you any instructions from your head office as to what the advances were given for?—No.

Do you mean to say that this company had the right to come to your bank and get advances up to the limit without any inquiry as to the securities?—Yes.

Did it not strike you as being rather rash?—Oh, no.

A company with about £12,000 paid up entirely!—Well, Mr Solomon, it does not matter to me. It was a head office arrangement, and I had to carry it out.

Does it not strike you that that was rather a rash proceeding of the head office?—No; it did not strike me.

Is it not usual with a limit of £45,000 to inquire what a man has got the money for?—Do you mean the branch manager?

No, the head office?—I have no [unclear: do] head office would have given it to him.

Where did they get the information [unclear: fr] I suppose an application had been [unclear: sent] them.

Tell us what happened when these wanted a £3000 overdraft. Who [unclear: grante] Oh, that application would come [unclear: through]

And you had no means of knowing [unclear: w] was for?—Oh, yes; I would know [unclear: w] was for, because it would be on the [unclear: face] book. It would say an application [unclear: for] for wool account.

To buy wool or for wool bought? [unclear: It] advances against wool.

Would not the bank get the security wool?—No.

We find in five or six months Mr [unclear: War] owed the bank at that time £20,000 [unclear: b] debts

paid by the association to the [unclear: e] £20,000?—Yes.

Did the head office know that?—[unclear: N] you mean that the association paid the [unclear: e] Mr Ward to the debit of Mr Ward?

I should say if they paid his debts [unclear: it] his credit.—I mean to the debit of [unclear: him] books.

Did the bank know within six [unclear: month] the initiation of the association that [unclear: it] Mr Ward's debt to the bank to the [unclear: ex] £20,000, and if so, where did they [unclear: get] formation from?—What do you [unclear: mean] bank—the head office or me?

Call it the whole bank. I don't [unclear: care] is. Did you know?—I knew [unclear: that] amounts had been paid into his credit.

Did you know that it was simply to his debts?—I knew these were. [unclear: Here] items we will take for instance. Mr [unclear: W] a certain limit with the bank under [unclear: the] "sheep account." Well, cheques to [unclear: th] ciation came in to the credit of [unclear: sheep] and wiped it out, but the association, [unclear: t] some, had the sheep.

Don't you know?—I don't know.

So here is £7000 being [unclear: advanced] association and you made no [unclear: inquiry] association got for it?—No; I did not.,

The result being that you got your [unclear: de] and the shareholders of the association [unclear: s] to that extent?—I was not aware of [unclear: th] time.

But you are aware now. That is [unclear: the] it not, so far as that £7000 is [unclear: concert] you got the debt paid and the [unclear: share] of the association suffered. Don't [unclear: you] that now?—Well, I am not prepared [unclear: to]

Well just think a minute, and then [unclear: sa] the net result is.—But, look——

Never mind about looking. Answer: tion. Is that not the net result?—If [unclear: th] the sheep

But they had not.—How do I know [unclear: ta]

Surely you ought to have taken the [unclear: tr] inquire, and, as you are told now, [unclear: ta] that this is a mere payment of Mr Ward's [unclear: t]. I asked Mr Fisher what the associa[unclear: got] for the £7000, and he said the security [unclear: Mr] Ward's shares.—That was unknown to

[unclear: What] officer was it in your bank whose duty [unclear: as] to find this out?—No one's. [unclear: o] supervising officer of the Colonial Bank?—[unclear: a] seem to be going on a wrong thing [unclear: gether]. £45,000 was the limit of that [unclear: ount]. He could do what he liked with those

[unclear: And] you now say that you allowed a thing [unclear: ch] you would not have allowed if you had [unclear: own] the facts. Why did you not know the [unclear: ts]?—I can only explain that the association [unclear: d] the limit.

[unclear: Supposing] you had known that what was [unclear: opening] was that this institution, under [unclear: ir] very eyes, was paying off Mr Ward's [unclear: t], would you have allowed it?—Certainly

[unclear: And] you now say that you allowed a thing [unclear: ch] you would not have allowed if you had [unclear: own] the facts?—I can only explain that the [unclear: ociation] had a limit.

[unclear: You] mean that if you had in your books a [unclear: tement] that a man's limit was to be £45,000 [unclear: would] not feel called upon to make inquiry [unclear: to] the security?—Certainly not. [unclear: And] nobody else does?—Nobody. If a [unclear: it] is fixed up, either with myself or with the [unclear: d] office, it is fixed up at the time. We have [unclear: eneral] manager, and so long as the limit is [unclear: t] exceeded we do not trouble about it [unclear: Is] that usual that banks do not take the [unclear: ible] to see whether clients have security or [unclear: herwise] for the money?—They do not. [unclear: Assuming] there was no security, where was [unclear: e] £20,000 to come from? How could you [unclear: t] it out of the association?—We were not [unclear: king] to the association at all. We were [unclear: king] to Mr Ward.

But the association were paying his debts?—[unclear: a] was our debtor at that time.

Was not the £20,000 you gave to the associa [unclear: n] for the purpose, as you now find, of paying Ward's debts? Is it not a fact that the [unclear: ociation] in the first few months of its exist [unclear: ce] got £20,000 to pay Mr Ward's debts with? [unclear: ou] knew then that Mr Ward owed the Colonial [unclear: ok] just about as much as he could pay?—[unclear: no].

Your own statement shows him to be in-[unclear: vent] at the time, does it not? Or what does [unclear: show]? The total amount of his indebted-[unclear: as], his direct indebtedness, was, I think, £7,000.—£85,000 or £86,000.

And what was the total amount of his assets [unclear: all] sorts whatever?—£38,000.

[unclear: So] that in 1892 Mr Ward owed the Colonial [unclear: nk] £80,000. according to that statement, and had £38,000 to pay it with?—But all the [unclear: curities] are not stated. There was the Ward [unclear: arling] trust, and besides that there were £18,000 or £20,000 worth of oats on hand. (After searching some papers): Well I bring it out that the assets exceeded the liabilities by about £11,000.

That is giving credit for the whole of the amount. What is included there?—The Ward Darling trust account and the sheep account.

They are supposed to be assets to the full amount?—Yes.

And these contingent liabilities, to the extent of about £40,000, are not there? All these are put together?—Yes.

So supposing an actual liability of Mr Ward's shareholders then of £87,000 and a contingent liability of £40,000, there was only £11,000 to the good provided the whole of his assets realised the amount placed upon them according to you?

Mr Gallaway: According to that statement.

Witness: There is some other security here somewhere. I cannot make it out from that statement. I have been so long away from the branch.

Mr Solomon: What was Mr Ward's position at that time. Now we find that this £20,000 of his debts are paid by the association?

Witness: Yes.

You did not know that at the time?—I did not.

When did you first hear that Mr Ward's debts had been paid by the association to that extent?—I never heard it until I came to the court here.

Until a couple of days ago?—Yes. I was not aware at the time that the association went into business that the association were financing Mr Ward. I did not know that the association were financing him in respect to the freezer; I thought they were running that as their own business. There was nothing to show me otherwise; the cheques were always drawn by the association.

Did Mr Fisher or Mr Ward ever tell you that Mr Ward was indebted in a large amount to the association?—Certainly not.

Had you any idea that Mr Ward was indebted to the association in a very large amount?—No.

Will you explain, then, what this £20,000 worth of credits being paid into his credit by the association means?—I will tell you. I have explained about the sheep. I understood that there was a sheep account, and that there were sheep in existence to represent the amount of the sheep account. If the association, as I thought, were doing business they would take over the sheep as agents for Mr Ward and pay the money into Mr Ward's account, as it was really Mr Ward's money, because it was the proceeds of the sheep.

But if the association paid the money into Mr Ward's credit on that sheep account, did it not strike you that the reverse was the case—that the association were giving him money to buy sheep with?—No; because he had already had the money to buy the sheep with; he had had it from the bank. The sheep account was specially arranged. I thought that this payment into Mr Ward's account was the result of sales of sheep by the association. Mr Fisher never told me that the association were running the freezer; nor was there any conversation on the subject between Mr Ward and me, or between Mr Fisher and me. I cannot say that I was aware that Mr Ward owed the association any money.

Did you think he owed them any money?—I never thought anything about it; it never struck me.

There was absolutely nothing in your accounts to show that to you?—Not that I ever noticed.

I suppose you thought that in those days Mr Ward was a man pretty well in, did you not?—I did, decidedly.

We will now come to the 1893 balance sheet—the item of £21,000. What were you told, or were you told anything by anyone, about that £21,000 transaction?—As to what?

As to what was going to be done with the cheques?—Yes, I was.

Who told you?—So far as my memory serves me, Mr Fisher.

What did he say?—Of course, it is a long time ago, but I think my memory is pretty fresh upon it. So far as I recollect, Mr Fisher—some time before balancing time—said it had been arranged in Dunedin that cheques for about £21,000, or somewhere about that amount, were going to be drawn by Mr Ward and lent to the association.

When was that?—I cannot fix the date, but it was some time near—at any rate within a month of—balancing day.

You do not quite apprehend my question, which was: When did he tell you that these cheques were going to be lent to the association?—He told me that they were to come in on balancing day.

And when were they to go out?—Two days after-wards, or a day or two after-wards.

Did he tell you what the object of it was?—Yes.

What did he say it was?—Simply to reduce the indebtedness of the association.

On balancing day?—Yes.

And to show it as an amount which was really not that that they owed?—He did not say that.

I would not conclude that he did in those words. Of course, you cannot get away from this: that you knew perfectly well what the object was—to show that the money owing by the association to the bank at that date

was a different amount to what it really was?—Yes; that was so.

It is quite refreshing to get a straight answer. What did you say to Mr Fisher when he told you that it had been arranged in Dunedin?—"Oh, I suppose it is all right if it has been arranged."

That is equally refreshing. Did you any steps to find out whether it had arranged?—Yes; I saw Mr Mackenzie.

Was that before this?—Yes.

Then you didn't take Mr Fisher's [unclear: won] it?—Oh, no.—(Laughter.)

Not like Mr Anderson and Mr [unclear: Hann] You don't think I would take a [unclear: respon] like that on myself, do you? I would [unclear: los] billet if I did.

What did Mr Mackenzie say to you? told me to pay the cheques.

You told him all about it?—Yes.

Are you sure of that?—I am quite [unclear: cert] it.

I am about to read to you a question [unclear: th] put to Mr Mackenzie on this subject [unclear: wh] was under examination. Perhaps, Mr [unclear: Bir] will be well for you to be careful on this [unclear: B] because it is rather important. I put [unclear: the] tion to Mr Mackenzie in this way:

The liquidators' imputations under the [unclear: be] of Ward Farmers' Association are:—(a) [unclear: T] order to reduce the overdraft of the Farmers' Association for the purpose of balancing on the 30th June, 1893, Mr [unclear: Ward] a cheque on his private account for 21,000 he paid into the credit of the Ward [unclear: Far] Association, but drew it out again and [unclear: p] back to his private account three days [unclear: after] and (6) that a similar transaction took [unclear: pl] the 30th June, 1894.—What was my [unclear: coun] with these transfers? I never heard of [unclear: the] until it was made.

Is that statement of Mr Mackenzie's true is not.

If Mr Mackenzie swears on his oath [unclear: th] never heard of the £21,000 transaction [unclear: on] was done, you say it is not true?—[unclear: Well], he charitable, and say he made a mistake,

We have not been charitable to Mr [unclear: Wr] Mr Fisher. We have had out all [unclear: the] parts, and that should be done with [unclear: every] Is Mr Mackenzie's statement on oath [unclear: th] did not know of that £21,000 transaction it was done true?—No, it is not.

Did you have any doubts in your [unclear: own] whether this was a proper thing to do or [unclear: d] I never thought very much about the first; [unclear: t] action.

You knew what its object was?—Yes.

And what the effect would be?—Yes effect would be that everybody was [unclear: dece] including shareholders of the bank and [unclear: as] tion.

And you consented to such a thing?—[unclear: I] to consent.

You were under the orders of Mr [unclear: Macke] That is so.

At the same time you thought that [unclear: Mr.] was lending the money to the association:—distinctly so.

So that now while you, through [unclear: coercica] Mr Fisher put your heads together to [unclear: de] the shareholders of the Ward Farmers' [unclear: As] tion and the shareholders of the bank and [unclear: e] body else, Mr Fisher was at the same time deceiving you?—He was; there was no doubt about that.

So it was a case of what we call "cross upon cross?"

Mr Solomon at thia stage read the letter (published in our columns on July 16) from Mr Birch to Mr Mackenzie relative to Mr Ward's lending the association £40,000, and in which Mr Birch said that he would take silence as meaning consent.—The transaction witness did not think was a proper thing to do.

Mr Solomon: But you shunted the responsibility on to somebody else?—Yes, of course, I asked for my instructions.

Suppose you had been boss, would you have allowed it?—That is goiog a bit too far.

Mr Gallaway objected to such a question being put.

His Honor: Mr Birch may give a doubtful answer.

Mr Solomon: Supposing the matter was one for your sole consideration would you have allowed it?—Presuming I was in Mr Mackenate's position as head of the bank?

Presuming you could have done this on your owe responsibility without referring the matter to anyone?—I would not have done it.

You see you use these words: "We must Dot show all the overdraft to the public this time"?—Yes. Well, really speaking, these words should not have been in that letter at all.

How did they get in there?—I will tell you bow that happened. I was occasionally in Duuedin, and, of course, saw Mr Mackenzie when I came up, and he was always harping on this account being so high, and he sort of instilled it into my mind that we must not allow the whole losses to go out to the public; and with him continually talking about it, it made me think the same way.

It was Mr Mackenzie's idea that this was to be kept *sub rosa*?—Oh, yes.

Again, you sent this letter to Mr Mackenzie?—Yes.

And, as far as you knew, silence did give consent, for you heard nothing more about it?—Never a word.

You could not know that Mr Ward got the letter and kept it?—No.

Again, you were led by Mr Fisher to believe that Mr Ward was lending money to the association?—Certainly.

You and he were deceiving the public, and he was at the same time deceiving you?

Witness: I wish you would not say "you" and "he"; you might say "be" and "the bank."

I appreciate your position, but you were the man who consented, although you were bound to?—Yes

But the fact is that he and you, acting under instructions, put your heads together to deceive the public, and at the same time, without your knowledge, he (Mr Fisher) was deceiving you?—That is so.

Had you known the fact then as you know it now, that instead of Mr Ward lending this money to the association he owed the whole of it and a great deal more to the association, you would have considered it your duty to report that?—Certainly.

So far as you were aware the bank were kept completely in the dark as to that also?—Yes.

Did you mention these matters of the £21,000 and the £55,000 to any other officer of the bank or any director of the bank?—No, not to my recollection.

Are you aware whether the directors of the Colonial Bank knew that this was being done?—I cannot say.

The whole matter that was submitted to the public was the printed balance sheet?—Yes.

And there is no means whatever by reason of that balance sheet by which the public or anybody could know anything about it?—No.

Have you ever heard before of such a thing being done as putting in a large cheque like this on balancing day?—No, I do not think I have.

Mr Gallaway: Mr Mackenzie swore that he had

Mr Solomon: At any rate you never have?—No.

Witness continued: He could conceive no reason why the draft of £30,000 on Connell and Co. should have been paid in to the credit of Mr Ward. After the explanations given by Mr Fisher and Mr Ward, he could conceive no reason why that should be done. Connell and Co. ought to have been credited with that amount. If the proper entry had been made, Mr Ward would have been shown by that item alone to be £30,000 more in debt than was shown, and the association would have been shown to owe £30,000 more to Connell and Co. than was shown.

Mr Solomon: Are the books of the company in that respect not untrue?—Yes; I suppose they are.

Witness continued: The same remarks applied to the £18,000 and the £6500. The balance sheet for 1895 showed amongst the assets of the company stocks put down to £17,000, and it had now been admitted on oath that the stocks really were £27,000. He had heard the explanation that £10,000 assets had been deducted on the one side and Carswell's bill on the other. Carswell's business was sold to the association in 1893. There was an understanding that the stock should be held against the advance, and there was a record of the security in the books. The store warrants, &c, were got in August, 1893, and a part was given up on the 22nd September, 1893.

Further examined: The whole of the balance of security was not gone on September 27, 1893. On the 28th February, 1894, the bank still held the guano, cornsacks twine, &c, worth £5350. In the balance sheet, instead of showing stocks worth £27,000 as an asset, and liabilities of £10,000 owing to the bank on Carswell's account, the whole liability disappeared and £10,000 was deducted from the assets. He would not like to say that the balance sheet was untrue in stating the assets and liabilities of the company. One was placed off against the other, and it was rather hard to give an answer, and he could not give one. He did not know of any other case in which the assets were set against the liabilities in a balance sheet, and the balance brought down. He did not look on a proceeding of that kind as a very grave thing, but if the association had £10,000 more assets and £10,000 more liabilities, and the figures on each side showed £10,000 less, any man of sense would say it was not a true statement. The grain and railage account was a liability of nearly £10,000 owing to the bank, secured by grain warrants. This item was in the same line as the other—a liability struck out and an asset struck out. In the same way, also, the liability on past due bills was eliminated. He supposed the object of making up a balance sheet in that way was to show lower figures. If an association were shown to have £80,000 of debts which must be paid, and £80,000 of assets which might fetch the amount, it would not be in as strong a position as if £60,000 was written off either side. There would be greater liability under the high figures. The smaller they could show the liability, the better the strength of the association was shown to be.

Mr Solomon: I ask you whether putting the position of this association in the manner it is put, instead of putting the affairs of the association as they really were, would not have a manifest effect upon persons thinking of taking shares?

Witness: I don't know, and I can't say.

Do I understand you to say that you can form no opinion upon the subject? You cannot answer that question?—I cannot.

You had an interview with Mr Fisher a little after that?—Yes; in the latter end of August.

Now, just tell me in your own words how the interview arose and what Mr Fisher said to you.—Very well. I will give you the whole history of it. On the evening of the 29th August, 1895, which was a Thursday, I was sitting in my office, and about halfpast 4 there was a gentle knock, and in popped Mr Davidson, the inspector. I said to him. "Hulloa what are you doing down here?" He said: "Don't you know." I replied: "I have not the slightest idea." He said: "I have come down here on special business." I asked: "What is that about?" He said: "I have come down to make an investigation into the Ward Farmers' Association. Have you not got a telegram?" I replied "No," and he said: "Oh, there will be a letter for you in the post office." I said: "I will get it by-and-bye," but when I went the post office there was no letter. We [unclear: w] talking over the matter, and I said: "[unclear: We] better make an arrangement for Mr [unclear: Fis] to meet you to-night." He said: "I wish [unclear: y] would." I went to the telephone and [unclear: t] phoned to Mr Fisher that Mr Davidson [unclear: h] arrived to make an investigation into the [unclear: as] ciation's affairs. I said: "He wants to [unclear: m] you at half-past 7. How will that suit?" [unclear: W] Fisher replied: "That will suit nicely." I [unclear: sa] "I suppose you are very glad that he has [unclear: co] down?" He answered: "Yes, very glad." said: "So am I." I then came back to Mr [unclear: Dar] son and we began to talk over the affair. I [unclear: sa] "Davidson, this is a large account, but it [unclear: is] grand account. There is no getting away [unclear: fr] it. I am making grand profits out of it. [unclear: I] very proud of the account. When you [unclear: co] back to me to-morrow after your [unclear: investigate] you will be thoroughly satisfied with [unclear: t] account." That is all that happened just [unclear: th] About 7 o'clock at night there was a ring at [unclear: th] telephone, and it was from Fisher—I [unclear: sa] from his own house. He asked to have [unclear: not] interview with me about 7 o'clock, [unclear: before] saw Mr Davidson. I said: "Very well; [unclear: co] up any time you like." I left instructions [unclear: if] should knock at the door to show him [unclear: str] into my office. He came up about 7 o'clock [unclear: clock] He said: "I want to see you before Mr [unclear: Das] son comes down tonight. I want to [unclear: tell] something. All things are not right "I [unclear: sa] "What do you mean?" He replied: "[unclear: s] things are not altogether right with the [unclear: a] ciation account." I said: "What do you [unclear: m] by not altogether right?" "Oh," he [unclear: s] "there is a lot of money owing by a [unclear: p] that you know nothing about." I said: "[unclear: M] owes the money?" He replied: "Mr [unclear: Ward] said: "Mr Ward owing money !" He [unclear: answer] "Yes." I said: "That is news to me. [unclear: B] did that come about? Is it much?" "A [unclear: g] bit," he replied. "How much?" I [unclear: as] "£5000?" "More than that." he [unclear: replied] said: "£10,000?" He said: "More than [unclear: th] I said: "£20,000?" He replied: "More [unclear: t] that." I said: "Why don't you say [unclear: str] out what it is?" He said: "It is over £[unclear: 50,000] I said: "That is a nice confession to [unclear: make] me, when you knew that I never dreamt [unclear: t] he owed you any money." He said: "[unclear: Tha] not all either." I asked: "What's [unclear: coming] the back of that?" He said: "I am [unclear: sho] the oats." I inquired: "How much?" [unclear: and] replied: "About 75,000 bags." [unclear: I] had enough.—(Laughter.) Any [unclear: amount], told him to go and see Mr Davidson, [unclear: an] would see him again. He went to [unclear: see] Davidson, and went into investigations. [unclear: N] morning Davidson said: "You know [unclear: it] Fisher said he told you." That is [unclear: w] happened at the interview on the [unclear: evening] the 29th August. Do you want to [unclear: carry] matter further?

Mr Solomon: I want to know all that passed. Witness: Well one morning between the 29th [unclear: ugust] and the 3rd September he was in the [unclear: ffice] and talking over the accounts. You [unclear: hay] suppose that I got a terrible shock. I said [unclear: him], "However in the name of goodness, [unclear: isher], could Ward run up that amount. What [unclear: the] matter? What has he been doing with [unclear: pe] money?" He said: "To tell you the [unclear: truth], Mr Birch, it is over a long time. I can [unclear: ardly] tell you. There have been losses on the rain and on the freezer—on things of that [unclear: ort]. In fact, I have lied and deceived you for [unclear: he] past five years, and the truth has not been [unclear: n] me." And, by Jove, he spoke the truth, [unclear: the] truth had not been in him. Did he tell you how he had deceived you?—[unclear: yes], by concealing—Yes, I forgot this [unclear: before]. When I asked him what he meant be [unclear: aid] he had been concealing Mr Ward's account [unclear: rom] me. I said: "Why did you not tell me [unclear: hat] Ward was owing you money and creeping [unclear: nto] the association?" He replied: "I dared [unclear: not] do it because if I had told you you would [unclear: ve] reported at once to the head office." I [unclear: id] I certainly would have done so, and he [unclear: answered:] "That would have ruined the [unclear: association]." I said: "That did not necessarily [unclear: ollow]—it might not have meant ruin to the [unclear: association]; but in any case you did wrong—[unclear: ery] wrong—in concealing this from me."

Did you ask him whether Mr Ward was party [unclear: o] the concealment?—No; I did not. I had [unclear: plenty] to go through as it was. It is the [unclear: experience] of a lifetime.

Mr Fisher admitted to you that he wilfully [unclear: concealed] the fact of Mr Ward's indebtedness?

unclear: Most] decidedly.

And you recognise now that by the mani[*unclear*: pulation] of the accounts on balancing day it [*unclear*: was] impossible for any outsider to know what Mr Ward did owe?—He could not do it.

The freezer account was closed up every year [*unclear*: and] carried to the credit of Mr Ward's general [*unclear*: account]?—That is it.

And at the same time that account was [*unclear*: debited] by some £20,000 or £30,000 or £40,000?—I had instructions to go through the books [*unclear*: in] September to make up an account of [*unclear*: matters], and could not do it without informa[*unclear*: tion].

You have seen, in this investigation, and [*unclear*: heard] that the books have been balanced up so [*unclear*: as] to focus (to use Mr Fisher's expression) Mr [*unclear*: Ward's] account to one point, and you have also [*unclear*: heard] that, having focussed it, he very nearly [*unclear*: wiped] it out?—Yes.

Have you any doubt, whoever was responsible, [*unclear*: that] the object was to conceal Mr Ward's indebtedness?—It must have been for that purpose. Could there be any other object?

Could anyone familiar with the books—the officers of the association themselves—fail to know that the effect of what was done was to conceal this all-important fact from the public?—No, they could not.

Mr Solomon: Of course we know Mr Fisher knows all about it.

The luncheon interval was here taken.

On resuming at 2 o'clock,

Witness said Mr Fisher, when telling him that he was 75,000 sacks of oats short, did not tell him whether or not the amount was exclusive of the 80,000 sacks, represented by Connell's draft. Witness did not make an examination into the affairs of the association; that was done by Mr Davidson. He (witness) went through Mr Ward's accounts. Mr Davidson inquired as to the actual quantity of oats.

I suppose you have heard Mr Fisher's explanation as to the warrants for oats; that he borrowed money on the oats, gave warrants for the oats, sold them, and took credit for the moneys?—Yes, I heard it.

Did you ever hear of such a thing as that before, in your experience?—No. It is wrong.

I suppose, when warrants are given for these oats, the oats represented by such warrants become the property, do they not, of the person to whom the warrants were given?—Certainly they do.

Having heard Mr Fisher's explanation, can you tell us whether at this time—June or August—there were any oats at all the property of the association?—I cannot tell you that.

You heard him say, did you not, that all the oats in store affected in that way were more than covered by warrants?—Yes.

Did you ever know of—

Mr Gallaway suggested that the case should be put hypothetically.

Witness: What I was going to say is that, independent of the warrants held by outside people, there was, of course, a warrant held from the association direct for a certain amount of oats which were held in their possession, although these oats belonged to the bank.

Mr Solomon: I know that. Assuming then that what Mr Fisher says is true—that all the oats held in the possession of the association were more than covered by warrants given in respect to them, can it be said that they held any oats of their own?—No, it cannot. I have heard what has been said in court about the produce account, and understand it pretty well.

If there were no oats in store that were not covered by warrants, was there any asset to show for that liability of £16,000 debited to produce account?—If there were no oats and no goods I should say not.

Now about these drafts, you heard what Mr Fisher said about them?—Yes.

Take one typical case. We were told that, instead of the Ward Farmer' Association drawing on their agents for the actual quantity of goods sold, they drew on them for an approximate amount, not intending that the draft should be presented at all, but intending after-wards to draw for the proper amount on the proper persons, and that when the proper draft was presented the other one was withdrawn, the proper draft then being sent forward. Did you know that that was to be done?—I did.

Was that a proper thing to do?—It was. Mr Fisher has explained it very fairly. They arranged to draw on their agents for produce to be shipped. As soon as the produce is shipped the principals are declared and drafts drawn on the principals.

Do you, as manager of a bank, say that that was a proper thing to do: to draw a draft on a person whom you know is not liable to pay for it?—It is what I did in the circumstances.

Is it done under similar circumstances?—I think so.

Has any case of it having been done come under your personal supervision?—I cannot point to any other case outside of myself. But I may go this far and say that, under similar circumstances, I should do it again. I knew that the draft was not to be presented. The object was this: The account was going up, and although we were not afraid of the account we did not like the figures to go so high. They had a habit of "boxing up" their

stock—grain and things of that sort. By the "we" I mean all the bank officials and the head office. I do not include the directors; I don't know anything about them. As I say, they had a habit of accumulating these stocks, and as we thought they were waiting for a too favourable market my instructions from the general manager were to get these amounts reduced, and as regards the oats I bothered Mr Fisher time after time to get rid of this stuff and get the money in, and the only way that occurred to us was to let him do as he was doing—to draw upon his agent and to follow up the draft later on with the stuff to his principals. We did not consider there was any harm in it. I do not see any harm in it at all.

Continuing, under examination, witness said that the drafts were usually drawn on Monday—bank balancing day. There was nothing to stop this being done. Not a mistake of a pound could be made in that sort of business without its being found out. There was nothing wrong about the system—it was anticipating shipments, that was all.

Mr Solomon: Quite so; but they might not have been sent. The shipments had not been made up?—Witness: There was a certain amount of oats and grain there, as the case might be, sold; but of course they were not made up, because you cannot tell what you would get into the steamer. I went through that business for about six years, and I found it one of the most worrying businesses I was ever in.

Worse than this?—Well, this is pretty. You have no idea of what the business in, [unclear: us] you are in the trade yourself.

You know now from Mr Fisher that [unclear: on] ral occasions be drew for £1000 and [unclear: only] £300 worth of stuff?—He was going to [unclear: co] the balance, and the market fell. It [unclear: w] legitimate thing to call back that draft.

Continuing, witness said that if the [unclear: direc] had looked at the correspondence book [unclear: t] would have known about these [unclear: transacti] As an instance of this be read the [unclear: follow] typical letter, copied from the [unclear: corresponds] book of the Colonial Bank:—

October 29, [unclear: 18]

General Manager to Invercargill Manager.

On the under-noted dates you debited [unclear: the] merical Bank of Australia (Limited), [unclear: Sydney] following remittances:—

October 8—Ward Farmers' Association on R. Campbell, Sydney.....

October 15—Ward Farmers' Association on Harrison Jones and Devlin (Limited) ...

October 22—Ward Farmers' Association on Harrison Jones and Devlin (Limited) ...

And on the 26th inst. you credited them [unclear: with] same remittances, all being paid at [unclear: Invert] Please explain this.

On the 1st of November Mr Birch [unclear: replie] follows:—

All these drafts were paid in to credit [unclear: of] association against produce to be shipped, [unclear: to] space being available when the steamer [unclear: an] at the Bluff, they were withdrawn [unclear: tempo] by the association, and will go forward [unclear: later] The £300 one was cleared yesterday [unclear: against] shipped. The space nuisance is a [unclear: dra] nuisance, and the association, after [unclear: being] misadvised, are very often shut out.

Mr Solomon: Is it not a practice [unclear: as] bankers to invariably forward drafts [unclear: by] very first mail?—Witness: Not if you [unclear: de] get the bills of lading.

Some of these were held over for four [unclear: me] How do you account for that?

Mr Gallaway: There must be [unclear: some] spondence about it.

Mr Solomon said there was no [unclear: refere] the correspondence about it at all.

Mr Gallaway said that what he [unclear: want] point out was this: When a draft was [unclear: pa] say, at Invercargill or Auckland, [unclear: Sydn] Timbuctoo, the place on which the draft [unclear: w] at once advised, and if the draft did not [unclear: arr] due course the head office would be [unclear: advis] Sydney, Auckland, or Timbuctoo of its arrival, and if the draft was held over [unclear: for] months there must have been some [unclear: expla] given.

Mr Solomon: No such explanation [unclear: c] found in the correspondence, and I [unclear: was] know why the draft was held over?

Witness said there must have been [unclear: a] reason, otherwise it would not have [unclear: been] over, and there was no concealment from the head office whatever.

Mr Solomon did not suggest that for a moment What he wanted to get at was this: Witness had said the object of the business was to show the account lower on Monday, balancing day, than it was. That must have been to show it to somebody, and who was to be deceived?

Witness said his instructions were to keep the account as low as possible.

Mr Solomon: Is it not obvious that Mr Mackenzie wished to show the account to his directors lower than it really was?

Witness could not say that; he was not answerable for Mr Mackenzie.

Could anybody but the directors be deceived by it?—I do not think they were deceived.

Unless the practice was explained to them they were deceived?—Yes; but I cannot say it was not explained.

I shall ask Mr George M'Lean about this?—Yes, you had better get the information from him.

Then the fact is that the Ward Farmers' Association could not deceive anybody. Mr Mackenzie could not be deceived, you were not deceived, but the directors of the Colonial Bank (unless they were made aware of the practice) would be deceived?

Witness said that he must admit that unless the directors were made aware of the practice they would be deceived as to the state of the association's accounts on the Monday.

In answer to Mr Gallaway, witness said the directors would see the returns every week. They would see every change in the account, as a special return used to go to Invercargill every week for the account. The directors seeing these returns could not be deceived by the draft, and if they did not see all the returns that was not his (witness's) business. He had nothing to do with the head office. It was the practice to take warrants to cover advances without ascertaining whether there was grain to represent them. That was the usual practice amongst bankers, as far as he knew, and it was the practice recognised by the general manager, the inspector, and everybody else.

Mr Gallaway: Have you in any instance to your knowledge ever kept anything back from the general manager, glossed over anything, or deceived him in any way whatever?

Witness: Not in a single thing. I defy any-one to prove it.

Mr Gallaway: I put this question at the request of Mr Cooper—Did you ever send a copy of that letter which you sent to the general manager to Mr Ward, or to any officer of the association?—Never.

You never told Mr Ward about Mr Fisher's admissions at the time you sent the letter?—No.

This is the other question: Have you been on friendly terms with Mr Fisher since that letter?—I think I have only seen him once. No; I have never seen him till he came down here.

Mr Solomon: There is only one question suggests itself. In replying you hesitated rather in answering the question, "Did you tell Mr Ward about Fisher's admissions to you. Did you ever tell Mr Ward about it?—Yes, I did.

When?—Only lately.

How long ago?—I do not know whether I told him before this examination took place or not. It was some very short time ago, at any-rate.

In your letter Mr Anderson's name appears as one of those you thought ought to be punished. Have you any complaint to make against Mr Anderson?—No. Of course, as everybody knows, that was a private letter and should never have been exposed to the public. At the time I wrote it I certainly thought Mr Anderson deserved punishment as well for the deceit, but after that I found he did not know so much about the association's business as I had thought, and I recommended him, in fact, after-wards to be left in charge as a sort of acting-manager under my supervision. I am sorry for what I put in that letter about Mr Anderson.

Mr Solomon asked for Mr Ward's promised statement as to how the £20,000 was made up.

Mr Chapman said that Mr Ward preferred to be further examined if Mr Solomon wished it.

Mr Solomon: You promised me the statement. Am I to get it or not?

Mr Chapman: I think my friend Mr Solomon himself, the other day, said he did not think he was entitled to obtain written statements, and Mr Ward cannot give anything further than that, but prefers to be subjected to examination.

Mr Solomon: I have asked Mr Ward to give me a written statement. If my learned friend says he cannot give me an explanation there is an end of it.

His Honor: What you say and what Mr Chapman says is true. You cannot compel him to give a written statement.

Mr Chapman: It cannot be put in a simple form like that. It can only be given as an elaborate and detailed statement explained by examination.

His Honor: There may be good reasons why you cannot give it.

Mr Solomon: That concludes the examination. There is nothing more to do.

Mr Chapman wished to mention that Mr Ward had telegraphed to Wellington to the hotel where Mr Fisher stayed to know the date when he was there, and the answer was: "Arrived afternoon 18th September, 1895; left next morning." He was not there in August at all.

Mr Solomon said that was not the interview when Mr Ward signed the balance sheet. The balance sheet had been signed and brought down and printed.

Mr Ward said the point upon which Mr Solomon had asked a specific question was as to statements made to him about the £25,000. Mr Fisher had referred to the second interview. When he (Mr Ward) gave evidence, he had said there were two interviews—one in July and one in August. He found now that Mr Fisher was not

there in August, but in September. Mr Fisher's reply to Mr Solomon referred to the second visit.

Mr Solomon said if that was so—[unclear: it] obvious it was not so,—but if it was [unclear: so] could get it in some other way. It [unclear: could] prejudice Mr Ward in any way, because fact, if it was a fact, could be brought [unclear: out].

Mr Solomon then mentioned the [unclear: matte] the Hon. G. M'Lean's examination, [unclear: and] Honor decided that this should [unclear: stand] formally until Friday, on the [unclear: understand] that if necessary it should be further [unclear: adjous] until the following Monday.

At 2.30 the court formally [unclear: adjourned] the depositions taken have been signed.

decorative feature

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The Colonial Bank of New Zealand.

Examination of the Hon. Geo. Maclean.

A sitting of the Supreme Court was held [unclear: on] August 2 by his Honor Mr Justice Williams [unclear: for] the purpose of taking the liquidators' el[unclear: amination] of the Hon. George M'Lean respecting the affairs of the Colonial Bank of New Zealand.

His Honor took his seat on the bench at 11 O' clock.

Mr Solomon, with him Mr Brent, appeared [unclear: for] the official liquidator to conduct the examination; and Mr Holmes and Mr W. Sim appeared for the Hon. Geo. M'Lean.

His Honor said: I understand you desire that the examination should be in public.

Mr Sim: Mr M'Lean does not object to its [unclear: being] public.

His Honor: If he wishes it of course it can be public.

Mr Hosking: I propose to ask leave to appear for the Bank of New Zealand. I am instructed to appear to watch the interests of the bank, and I do not think there is any objection. I do not know that any matters will arise affecting the Bank of New Zealand, but one does not know what may arise in these inquiries. I admit that I may have no *locus standi* to put questions.

His Honor: There is no reason why you should not appear to watch the proceedings, but the right to put questions appears to be a different matter.

Mr Hosking: I might feel myself justified in asking counsel for the liquidators to put certain questions.

His Honor: That may be. The mere suggestion of a question to the liquidators of that kind would be unobjectionable.

Mr Hosking: I do not know that any questions will arise affecting the Bank of New Zealand; I am simply instructed to watch the proceedings.

Mr Sim: I have no objection to my friend appearing to watch the proceedings. I do not admit his right to ask questions; but there would be no objection, if he wishes any question asked, to its being asked through Mr Solomon.

Mr W. C. MacGregor: I ask leave to appear on behalf of the Shareholders' Committee.

His Honor: Who are they?

Mr MacGregor: The body of shareholders on whose behalf an appearance is entered in the book.

His Honor: I suppose you can appear in the same way. As to asking questions, your position would be the same as that, of the Bank of New Zealand.

Mr MacGregor: I do not know. The cases seem to show that it is a question for the discretion of the judge to allow contributories to ask questions. But I do not know that I shall wish to ask any.

His Honor: Well, we can wait and see.

Mr Solomon said: I appear with my friend Mr Brent for the liquidators. So far as the

His Honor: His counsel asked that he should be allowed to do that.

Mr Sim: It was agreed to.

His Honor: That there should be a written statement.

Mr Sim: That the proceedings should be commenced by Mr M'Lean making a statement.

His Honor said he rather understood that it was to be a written statement to be submitted to the other side—he might be wrong, but it was his impression that that was understood in order to let Mr M'Lean put his view of the case forward first, and also to facilitate the work of counsel on the other side, since if he had Mr M'Lean's statement before him at the beginning, he would be able, perhaps, to shorten the proceedings.

Mr Solomon said he understood that a written statement had been prepared, and that his friends on the other side wished to read it.

His Honor: Better swear Mr M'Lean, then.

Mr Solomon protested against this, submitting that the examination was to be an examination by the liquidators, and that the statement by Mr M'Lean was not part of the examination. His Honor had said in Chambers, when the order was being discussed, that it was not desirable that Mr M'Lean should be first examined by his own counsel, and if he now made on oath a statement which presumably had been prepared by his own counsel that would be equivalent to doing what his Honor had said was not desirable. What the liquidators wanted was *viva voce* evidence. If the written statement was followed by the question "Is that statement true?" he (Mr Solomon) would certainly object, and he thought his objection would be upheld.

His Honor said it might be objected to if put in that form.

After discussion by counsel as to what took place when the order was arranged,

Mr Solomon suggested that to save a waste of time Mr M'Lean's statement should be read, and if Mr Haggitt, who represented the liquidators when the order was made, said that the arrangement was that this statement should be part of the examination he (Mr Solomon) would loyally stick to it, and arrangements could then be made whereby it would form part of the examination.

His Honor consented to this suggestion, and

Mr Holmes read the following statement:—

As all creditors of the bank have been paid, or will be paid, in full, and the only interests affected by the liquidation of the bank by the court are those of shareholders, I think it right at the outset to show

The Interest the Directors

who held office at the date of the sale of the bank had as shareholders. Much has been said and written nutting the directors on one side and shareholders on the other, as if the interest of the directors were antagonistic to that of the shareholders. No view could be further from the truth The directors were themselves very large shareholders, as they held amongst them at the date of the sale to the Bank of New Zealand, or were liable for calls upon, 6738 shares, and they had therefore as great a pecuniary interest in the proper conduct of the bank's business as any other similar number of members, and they still are largely interested in having the bank [unclear: wo] up to the best advantage. The shares [unclear: held] directors at that date, or upon which they [unclear: we] liable for calls, were of the nominal [unclear: value] £13,476, with a contingent liability of £[unclear: 53.] Of the shares so held 1307 were purchased [unclear: at] following dates:—

The stake of the directors in the bank [unclear: shou] strongly kept in mind, for, as I have [unclear: said] creditors have been paid, or will be paid, [unclear: and] far as I know, it has never been suggested—[unclear: a] indeed, it cannot be suggested—that one [unclear: pen] the bank's money was ever improperly [unclear: or] ruptly advanced to a director, or a [unclear: fr] of a director, or in any other way [unclear: w] soever. Put in another way, no [unclear: motive] be assigned for the action taken by the [unclear: direct] in the conduct of the bank's business [unclear: except] desire to make such business as profitable [unclear: as] sible to the shareholders, including [unclear: themsel] and this was in fact their only motive. [unclear: As] say at once that the business of the [unclear: bank] managed by the directors during the whole [unclear: t] I was on the board with absolute integrity of [unclear: p] pose, for the sole purpose of doing the very [unclear: t] possible for the shareholders. Mistakes of [unclear: ju] ment there may have been—no one is [unclear: exe] from error in this respect. It is easy [unclear: enough] be wise after the event, but anyone who [unclear: wis] to judge fairly must endeavour to place [unclear: him] in the circumstances under which the [unclear: dir] were called upon to act. It must be [unclear: bone] mind that the whole period from 1879—[unclear: the] or the failure of the City of Glasgow Bank—[unclear: to] date of the sale to the Bank of New [unclear: Zealand] one of continuous depreciation in values, [unclear: ma] at the end by the phenomenal bank [unclear: cris] Australia. The record of the failures and [unclear: to] structions during that time is so well known [unclear: t] I do not require to repeat it. Before going [unclear: fut] I shall show

The Position of the Bank

on the basis of the inspector's estimates [unclear: fa] 1888 to 1893, and for this purpose I shall [unclear: for] moment assume that these estimates were [unclear: w] they have been erroneously supposed to be[unclear: d] ments prepared for the purpose of [unclear: writing] bad and doubtful debts. Taking these [unclear: o] ments, and assuming that the sale to the [unclear: Bu] of New Zealand, which took place in [unclear: 1895], taken place at the respective dates of [unclear: t] estimates, and allowing only the same [unclear: price] the goodwill as was paid in 1895 (£75,000), treating the whole of the accounts ([unclear: both] and doubtful) included therein as bad, the [unclear: t] would have liquidated so as to give [unclear: to] holders the returns per share shown in [unclear: the] lowing table, the price of shares at [unclear: the] date being set opposite the returns:—

The return would, of course, be less the expense of liquidation, which ought under the circumstances to have been exceedingly small. But if the estimates were correct the directors would have had no difficulty in getting £150,000 for the goodwill of the business, and then the return to shareholders and price of shares would have been as follows:—

I have already suggested that Mr Watson's estimates were not prepared for the purpose of writing off bad debts, and I shall now show

How Bad Debts Were Written Off.

One would have supposed that everybody would have noticed what no one appears to have noticed—viz., that neither the reports of the branch managers nor the estimates of the inspector were the proper materials for the directors to act upon in passing resolutions writing off bad debts. The proper person to advise the directors on this, as well as on every other point, was the general manager of the bank. In practice bad debts were written off as follows: The general manager submitted a list thereof, and the amounts mentioned in such list were at once written off without hesitation or demur. In no instance did the directors interfere with or alter the general manager's recommendation. I am aware that what I say differs materially from the general manager's evidence on his examination before the court, but the point is one which does not admit of doubt. The resolutions on the subject are entered in the minutes and bear out what I say. I quote a specimen:

"General manager lays on the table a list of bad debts amounting to £, and asks for an appropriation."

Then follows the list. The amount allocated to the bad debts account was also recommended by the general manager. Over and above this, it must strike everyone, first, that the directors would only interfere with the general manager's discretion under the most exceptional circumstances and then only by dispensing with his services and selecting someone else to advise them. Second, that if directors had to decide a one meeting as to what debts should be written off as bad this would involve a valuation by them of the whole debts of the bank, say £2,700,000, and these scattered all over the colony. It is obvious that no board of directors could or would assume any such task. It may be asked, however, why the recommendations of the general manager fell so far short of the amounts reported by the branch managers and the estimates of the inspector. To answer this requires an explanation of.

The Nature of the Reports and Estimates.

I shall therefore describe what, in my opinion, is the nature and value of these documents. They should contain an enumeration not only of bad debts mature for writing off, but also of all property accounts, nursed accounts, doubtful debts, and of all debts from which a possibility of loss is apprehended. Taken together, they should enable anyone to know the very worst which could happen to the bank on a liquidation basis at the time they are made up, but they would be subject to considerable reduction for the purpose of writing off, for reasons I shall mention hereafter. The branch managers' reports would be subject to review by the inspector, who would alter them by way of addition or diminution, as he thought proper, and the reports of the branch managers and the inspector would be subject to review by the general manager, who, from these materials and from any independent sources of information he might have, would digest a list of the debts he considered mature for writing off for submission to the board. This is the course which I think ought to be taken in any well-managed bank.

Branch Managers' Reports.

In dealing with these reports the general manager would require to exercise caution for two reasons—first, a shrewd branch manager will always over-estimate his losses, as if he can work out an account better than his report he will get credit, otherwise censure; secondly, the working out of doubtful accounts is the most troublesome part of a branch manager's business, often in a small place imposing on him the duty of being disagreeable to his personal friends. Branch managers are, therefore, apt to push forward accounts to be written off in order that they may get a clean sheet. Once an account is written off no further personal exertion with reference to it need be expected from the branch manager. Further, an examination of these reports will show that they included many accounts, such as property accounts and accounts depending upon contingencies, which the general manager might decide to omit from his writing-off list for reasons I shall explain further on. Other accounts the general manager might decide ought to be nursed. In other cases the reports might be so manifestly bare or insufficient that the general manager could not possibly adopt them without further inquiry. Some of the reports I now see are mere lists.

The Inspector's Estimates

are mere lists, and afford no internal evidence as to what they were intended for; but I think I shall be able, a little further on, to show from other evidence that they were never intended to be written off in full.

The General Manager's Recommendations

would be prepared from the branch managers' reports, the inspector's estimates, and such other means of information, such as correspondence, special inquiries, Ac, 4c, as might be available. From the information derived from these sources the general manager would probably classify the items somewhat as follows:—

- Bad debts ready for writing off.
- Debts reported bad but requiring further particulars before writing off.
- Doubtful debts.
- Accounts which he thought ought to be nursed, which might include all or part of (6) and (c).
- Property accounts—*i.e.*, accounts depending on properties not realised or not fully realised.
- Accounts depending on contingencies.

Class (a) would be submitted to the board for writing off, and would be at once written off in the manner before described. Classes (b) and (c) would be reserved by the general manager for further consideration and inquiry. As to class (d)—nursed accounts—a bank stands in a very different position from that of an ordinary creditor. A debt may be bad to an ordinary creditor simply because he cannot assist his debtor. Many a debtor may be able and energetic and building up a good business, but may be pushed for money and threatened with insolvency. Such a debt would rightly be set down as bad, or at least doubtful. His banker may judge the case a fit one to step in and assist, and, with steady or improving time, might convert what threatened to be a bad debt into a good one. In making up his mind as to carrying on an account the general manager would be guided by such considerations as:

- The solvency of the account if carried on.
- The capacity and character of the debtor.
- The power of the bank to supply the funds required.

As to this important consideration, I may say that the bank were always able to do this in every proper case.

As to class (e), the property accounts, and class (f), contingencies, every bank from time to time finds itself left with accounts which are represented only by property made over to the bank for the purpose of securing the account, and after a period of continuous depression any bank is sure to be loaded with a good many or perhaps a large number of these, and it generally happens that while the depression lasts the values of the properties held are not equal to the amounts they represent. In other words, on account of depreciation in values there would be a loss if the properties were at once realised. So far as my experience goes, it is the custom of every bank to treat depreciations of this kind on a different basis from bad debts proper. Of course, if the depreciation is of short duration and the number of properties small it may be possible to write off the depreciation with ordinary bad debts as if they were such, but the most frequent course is to wait until it seems definitely settled that the fall in value is established, and then revalue the properties and ask for a special vote from reserve fund or for reduction of capital to write down the depreciation shown by such revaluation. An instance of this is, I think, supplied in the case of the Union Bank of Australia (Limited), which recently asked for a vote of £250,000 from the reserve as contingency against depreciation in securities. I do not think that anyone supposes that this depreciation occurred in one half year, but that it had increased from year to year.

The Colonial Bank might have taken this course, but there were two reasons [*unclear: why*] did not. The number of property [*unclear: acc*] in the bank was remarkably small considering times, and as the bank had been able to [*unclear: wri*] every loss as soon as the securities in any [*unclear: ac*] were all realised, there was no reason [*unclear: for*] ing to the extreme measure of a general [*unclear: re*] tion and a vote to write down the [*unclear: depreciation*], any which might be shown thereby. [*unclear: Be*] stating the next reason why the property [*unclear: acc*] were not written off I shall, in order to [*unclear: try*] make my point clear, put two cases:—

- Properties stand in the bank's [*unclear: books*] say, £11,519. The inspector's estimate [*unclear: re*] the account as bad for £26504; the [*unclear: net*] amount to about £300. No interest is [*unclear: taken*] the account, and the rents are applied [*unclear: in*] tion of the capital. In less than nine [*unclear: year*] depreciation would be wiped out, and [*unclear: then*] bank could turn the rents back into the [*unclear: ge*] profit and loss account. In such a case [*unclear: the*] rence between the present amount of the [*unclear: ac*] and the valuation of the property is [*unclear: proper*] serted in the estimate of bad and doubtful [*unclear: of*] which M prepared on a liquidation basis; [*unclear: b*] making up the list for writing off,

which is [unclear: pre] on a carrying on basis, the difference [unclear: between] amount of the account, and the valuation [unclear: t] not to be written off, for that difference [unclear: is] gradually extinguished.

- [unclear: s] an example of an account [unclear: depen]

a contingency 1 give the following:—[unclear: A] owed the bank £2748. The bank hold [unclear: pre] bringing in a clear rent of £75 per annum may be more, as there are other [unclear: propert] the returns do not show whether they [unclear: are] ing in rent. The whole of the properties valued at £1490 The bank also hold a [unclear: po] the life of the debtor, who was an old [unclear: ma] £1000 with bonuses. The rent was [unclear: no] sufficient to keep up the policy, and if [unclear: the] had died the bank would have [unclear: received] and the bonuses from the policy. [unclear: Addti] valuation of the properties the bank [unclear: would] £2490. Though the debt is here properly down as bad on a liquidation basis for [unclear: £1] a carryingon basis it should at most be [unclear: put] as doubtful tor £258 and not written off, [unclear: a] of the securities are good properties, and [unclear: a] rise might bring the account out clear.

Cases A and B are accounts taken from the estimates of bad and doubtful debts.

The property accounts of the bank were [unclear: t] in the way I have mentioned. No [unclear: inter] taken from them, and everything that [unclear: ca] from the property in the way of rents, [unclear: d] applied in reduction of the [unclear: capital]. accounts, therefore, stood in the [unclear: posti] special assets, which contributed [unclear: nothing] general profit and loss account, but [unclear: were] reduced by any receipts from them.

The procedure with reference to these [unclear: are] was clearly brought before the share-[unclear: hold] the 30th day of March, 1892, as is [unclear: shown] following extract from the report of the [unclear: t] held on that day:—

"The Chairman: I was asked a question meeting respecting properties held by apart from our own premises. [unclear: Gentlema] are all aware we have to make returns [unclear: of] properties to the Land Tax department, [unclear: and] is our list—it amounts to £52,925. [unclear: The] valuation put on any one property is £38 the lowest £1. From the valuations of [unclear: th] [unclear: ax] department which are now coming in the [unclear: apertment] itself appears to have a better idea of [unclear: heir] worth than we have; but we mean to stick [unclear: e] our own values, and if the department are [unclear: esirons] of acquiring the properties they have [unclear: ower] under the act to claim them, and we shall [unclear: e] quite satisfied if we get our own valuation, [unclear: eantime], I am glad to say, hardly a wees passes [unclear: ut] some of them are disposed of. Now, con-[unclear: dering] our ramifications in business throughout [unclear: ae] colony, and the depression in laud values that [unclear: e] have come through, I think you will admit [unclear: hat] the figures I have given are not such as to [unclear: ive] you concern. With these remarks I propose [unclear: he] adoption of the report.

"Mr J. Edmund Smith: I have great pleasure, [unclear: Mr.] Chairman, in seconding the adoption of the [unclear: eport]. It is unnecessary for me to make any [unclear: engthened] remarks, but I think I am only ex-[unclear: ressing] the fe lings of the shareholders when I [unclear: ay] that it is exceedingly gratifying, notwith[unclear: tending] the disturbances that are taking place all [unclear: round] us, that we are still able to hold our own [unclear: nd] pay the usual dividend. But I think the [unclear: host] gratifying feature of the chairman's remarks [unclear: was] the reference to what may be called the [unclear: obo] assets.—(Hear, hear.) No doubt there has [unclear: een] a great deal of anxiety felt by shareholders [unclear: n] this point—the fate of some of our neighbours [unclear: as] stirred up our anxiety,—and it must be ex-[unclear: remely] gratifying to us to find that the amounts [unclear: ocked] up in such assets come to so small a sum.—[unclear: Hear], hear.) When in addition to that we are [unclear: old] that the highest security is only £3000 there [unclear: s] double reason for congratulation, and I think [unclear: hat] any fear that any particular shareholder may [unclear: ave] had on that p>int will be entirely removed. [unclear: think] that it is the most gratifying information [unclear: we] have had for a long time, and it shows that [unclear: he] shareholders in the institution may all go on [unclear: heir] way rejoicing. I have great pleasure in [unclear: econding] the adoption of the report.

.....

"The Hon. W. J. M. Larnach, C.M.G.: . . . [agree with Mr Smith in what he has said in [unclear: reference] to the state of the 'dead assets' you [unclear: have] on hand, and I think it will be satisfactory [unclear: to] the public to know that the amount is encom[unclear: passed] within some £50,000."

The subject was again referred to at the next Half-yearly meeting on the 28th day of September, 1892, as appears from the following extract from the report of the proceedings at that meeting:

"The Hon. W. J. M. Larnach: Seeing that you [unclear: have] not referred to the old securities account, [unclear: which] you brought prominently before the meeting this time last half-year, when it was announced

that the account had been reduced, and stood only at some £50,000, I should like to ask whether it has remained in a dormant state or whether it is in a liquid condition, or whether it has been reduced in any way; because it would be satisfactory to the public to be assured afresh that there is no nucleus of an assets account.

"The Chairman: Hardly a week passes but what we sign some deeds of sale, and such sales have been at satisfactory prices to us. Last half-year, I think, we have signed for £3000 worth of deeds, and got the money for them. The total amount is reduced now under £50,000."

The subject was again referred to at the meeting held on the 26th day of September, 1894, when I am reported to have spoken as follows:—

"I would like also to say that no return from rent or from any other source in connection with the properties which have come into the bank's hands and are unrealised is ever taken into the bank's profit account. Every such source of revenue is applied to write down individually the amount the property stands at in the bank's books until realisation or extinction of the debt. The first list of such properties in the bank's hands sent in to the tax commissioner by us in accordance with the act of 1891 amounted to £52,925. Our list up till April 1 of this year amounts to £45,418, and we are prepared to sell each and every one of these properties at the value set down in that list."

It will be seen, therefore, that at these meetings I told shareholders exactly the state of the dead assets of the bank and how they were being treated by the directors.

Class (f) consists of accounts depending on contingencies—viz., those in which there was little or no property, but to which some contingency was attached which it was thought gave the account a chance of coming out as good. I have already given an example.

It was, I believe, in some such way that the general manager prepared the list of bad debts to be submitted to the board for the purpose of being written off. First the property accounts as a whole would be deducted, though occasionally a sum would be included for writing down some of these. These accounts would comprise a very considerable portion of the whole estimate, but I cannot now determine the exact proportion for each year. The accounts depending on contingencies would also be deducted. Other accounts the general manager would decide to carry on, and as to others, he might decide to wait for further particulars. With reference to the latter, it must be borne in mind that, prior to 1893, there was always in each year a considerable sum at reserved interest, and that after 1893 the amount carried forward was largely increased. The residue would consist of the debts he decided to submit to the board for writing off. I contradict absolutely the general manager's evidence as to the manner in which bad debts were written off, and as to the directors ever deciding which were good debts and which were bad debts. Such a thing was never done. Every director will confirm what I say. The procedure described by the general manager must strike everyone conversant with the conduct of business by a board of directors as being highly improbable, and I am glad, therefore, to be able to refer to his evidence given on another occasion—viz., on examination before the Legislative Council, and which, I think, confirms the account I have given. On that occasion he said:

"There were certain accounts in the Colonial Bank, as in every other institution, that required nursing; but the policy of that bank, and one that was strictly adhered to, was that no profit or interest was ever taken from a doubtful dependency in the bank's own hands—that is, if a property fell into the bank's hands every source of income arising from it was always placed to the capital debt, and no interest was charged; and, besides that being done, the bank was steadily putting aside on an average about £20,000 every year towards depreciation in values and doubtful debts. Whenever any property in the bank was sold and an account was left without any thing against it, that account was always written off. There was no account that I remember in the Colonial Bank that stood on a bad debt; there was always some property against it, and therefore the thing was simply a matter of estimate as to what was doubtful in connection with it."

"Mr Mackenzie is then asked: 'And did you satisfy yourself at the time that the balance sheet was correct in August, 1894?' To which he replied: 'I satisfied myself to this extent: that the balance sheet was correct up to this point after estimating the earning power of the bank and making a fair allowance for recuperation in values. As a going concern, the balance sheet was approved.'"

It is clear from these extracts that Mr Mackenzie satisfied himself as to the correctness of the balance sheet, and that Mr Watson did not intend that all the accounts in his estimates should be written off may, I think, also be shown.

A reference to the minute book will show that many of the lists of bad debts submitted to the board for writing off are in Mr Watson's handwriting, and I believe that most, if not all, the other lists prepared while he was inspector which are not in his handwriting were copied from lists prepared by him. It appears, therefore, that the writing-off lists, or some of them, were, in fact, prepared by Mr Watson, submitted by him to Mr Mackenzie, adopted by Mr Mackenzie, and by him submitted to the board.

I wish at this point to disclaim in the most emphatic manner the suggestion that the value of the goodwill of the bank, or any increased value in the Dunedin premises was ever taken into account in making up the balance

sheets of the bank, or that bad debts were ever treated as good on account of the value of the goodwill or any such increased value of the premises, Such an idea never entered my mind, or, so far as I know, the mind of any other director. No such suggestion was ever made at any board meeting. I wish, however, to make it clear that I do not disclaim all knowledge on the subject of the estimates, nor do I wish in any way to shelter myself from any responsibility by throwing everything on the shoulders of the general manager. It was my duty to know the position of the bank, and I clearly recognise my responsibility in respect of such duty. I certainly saw several of the inspector's estimates, and considered them in a general way. Obviously I knew the way in which the property accounts were being treated, as I communicated the position of these accounts to shareholders in 1892 and 1894. As to the balance of such estimates as I saw, I considered that if things got no worse, making a fair allowance, a good part would come back as good, and that what might mature as bad could easily be written down at the proper time. In addition, I believed that the list had been gone through and analysed by the general manager with the advice of the inspector, and that nothing was retained unwritten off without fair reason. Further, the balance books of the bank were laid on the table and gone through in each half-year, and the advances over £500 considered. Explanations were given by the general manager when such seemed necessary, and the directors then gave such directions as they thought necessary. On these occasions satisfactory reasons were given for the retention of any amount still remaining on the [unclear: ba] books.

With regard to the value of these [unclear: estima] think it is not out of place to call attention [unclear: to] "D" list. This was intended to include [unclear: the] worst accounts in the bank. It is make [unclear: u] accounts which the Bank of New Zealand, [unclear: s] an exhaustive examination by their own [unclear: off] rejected as bad, and absolutely declined [unclear: to] over. Such rejection implied that these [unclear: acc] were absolutely bad and worthless, and [unclear: it] matter of fair inference that the amount, [unclear: w] is £102,274, is made up of pretty nearly the [unclear: s] items as those included in Mr Vigers's list [unclear: of] debts of the 31st of May, 1895, which [unclear: amount] £91,917. Now, out of the "D" list the [unclear: liq] tors had at the date of their report recovered sum of £20,902, and state that they [unclear: expes] recover a further substantial sum. I [unclear: underst] that the total recovery will be [unclear: something] £40,000 out of the £102,000 rejected as [unclear: wort] and wholly bad, and this under a forced [unclear: liq] tion.

The preceding remarks apply to all Mr [unclear: Wat] estimates.

Mr. Viger'S First Estimate Ok 29th oct 1884,

was prepared in this way: Mr Watson [unclear: ha] cently resigned the chief inspectorship, [unclear: and] Vigers had been appointed to succeed [unclear: him], told Mr Mackenzie that as we had a new [unclear: insp] and had come through a period of great [unclear: tr] had better get him to go round and [unclear: pers] inspect all the branches and prepare an [unclear: esti] of how we stood Mr Mackenzie shortly [unclear: a] wards brought me the estimate of 29th Oct 1894, but I found that it was not made up [unclear: f] personal inspection. I told Mr [unclear: Mackenzie] this was not what I wanted, but that Mr [unclear: V] should go round and inspect and inquire [unclear: ft] everything for himself. This was [unclear: accord] ordered, and resulted in the estimate [unclear: of] May, 1895, with which I shall [unclear: deal] after. I may add that, on looking [unclear: at] estimate again, I notice that the increase [unclear: sh] therein is due to large, and in some [unclear: case] accountable, increases in the depreciation [unclear: in] property accounts.

Mr Viger's Estimate Ok 31st May, 1856

Down to the receipt of this estimate, so [unclear: fas] there being anything to alarm me in [unclear: the] mates, I saw the bank had, on the basis of [unclear: f] estimates, appeared to have come [unclear: thro] period of severe trial better than [unclear: probably] other financial institution in Australasia [unclear: of] same kind, and we had every reason to [unclear: cos] late ourselves on our position and [unclear: prospects] our shareholders did, in fact, congratulate [unclear: a] the smallness of the amount of our dead [unclear: a] We had one slight cause of trouble in [unclear: the] drawal of deposits, which certainly [unclear: weakened] some extent, and I had fears as to further [unclear: den] ments in the Bank of New Zealand. The [unclear: po] required constant vigilance, and the [unclear: best] seemed to be to keep a steady course, and [unclear: not] cipitate anticipated dangers by any sudden [unclear: ch] of policy, as the dangers might pass away [unclear: or] less serious than was expected. It was [unclear: de] prudent to take in a little sail by [unclear: reducing] dividend in March, 1895, as our earning [unclear: powe] been lessened, but I knew of no cause for [unclear: se] disquietude. No one can understand the [unclear: v] of the directors up to this time unless [unclear: they] [unclear: hat] they were one and all convinced that though [unclear: he] bank had come through troubled times, [unclear: volving] heavy writings off of bad debts and a [unclear: siderable] loss of deposits, its position, on the [unclear: timates] of our staff, was really sound, and, as I [unclear: have] said, probably better than that of

any of its [unclear: neighbours]. This is a point which I wish to make [unclear: articularly] clear to shareholders, as the change [unclear: n] the condition of the bank, disclosed by Mr [unclear: figers's] estimate of 31st of May, 1895, to which I [unclear: m] about to refer, and by the discoveries in the [unclear: Ward] accounts a little more than three months after-wards, and the Ryley accounts in 1896 was [unclear: as] complete a surprise to me and to the other direc-[unclear: tors] as it proved to be to shareholders when it [unclear: became] known to them. When I saw Mr Vigers's [unclear: estimate] of 31st May, 1895, I saw that the position [unclear: was] greatly altered, and that accounts had been [unclear: weakened] by the calling in of advances entailed [unclear: by] the withdrawal of deposits. The carrying-on [unclear: power] of the hank was also being decreased by the [unclear: same] cause. Taking the estimate as a whole, and after making all fair allowances, it seemed clear that it showed an increase in bad debts that could not be written off out of the next half year's [unclear: profits], and I made up my mind that no dividend [unclear: shoild] be declared at the next half-yearly meeting, and that at that meeting it would be neces [unclear: ary] to lay the position of the bank before the [unclear: thea] holders and ask them to pass such resolutions [unclear: as] might be necessary to write down all the pro C[unclear: perty] accounts and turn the income from them [unclear: into] the general profit and loss account, and [unclear: generally] write down everything, whether bad or [unclear: doubtful].

Although I had not finally thought out any definite plan, I was determined to ask not only for enough to make the bank absolutely clean, but for a good margin, so as to put it in rood fighting trim. My reason for this was that I was sure a further application would be made by the Bank of New Zealand for Government assistance, and, If so, we would be on very disadvantageous terms combating against an institution working with Government money, and would require every resource for the purpose. However, before the balance sheet of August, 1895, came out negotiations for the sale of the bank to the hank of New Zealand had been commenced, and it seemed probable that an agreement embodying terms of sale which we could submit to our shareholders for consideration would rest.

Simultaneously, consideration was being given to proposals for reorganising the bank, to be submitted to shareholders as an alternative to the terms of sale which might be submitted to them if such an agreement was concluded, and for this purpose the returns were put into the hands of the Government auditor of the Bank of New Zealand for a certificate of the amount he considered necessary to write down, lest our shareholders should say that we had not made a full disclosure. But before the agreement was completed the balance sheet for it 31st August, 1895, had to be adopted. Shortly after the date of balancing the trouble in the Ward accounts became known to the directors, but the books were then closed. It was impossible to feel sure of the true state of these accounts. On the estimates the directors had it appeared that the loss would not be very serious if the association account could be put in a transferable position, as was hoped. If this hope could be realised the bank would still, notwithstanding Mr Vigers's estimate, liquidate to return shareholders nearly the nominal value of their shares. At the time the balance sheet had to be adopted the directors were therefore, in this position: the profits for the half-year were insufficient for the writing down I contemplated. I thought also that a good margin should be taken, and if this was done the amount of the profits and the reserve fund would not be enough to write down the property accounts and all the debts, both bad and doubtful, and to provide a sufficient margin. A vote writing down the capital would also be required. It is clear that the directors could not give effect to such an extensive writing down in the balance sheet, but would require a vote from the shareholders.

The position was one of great delicacy. If the report was issued with an intimation that it was intended to ask for a vote from the reserve fund, or to write down capital and to make a call, shares would have been given away, and if in addition the trouble in the Ward accounts had become publicly known a run might have taken place on the bank, which would have thrown it into liquidation. This would have deprived the shareholders of all chance of effecting a sale. In preparing the report, therefore, what was done was to omit the usual formula, "After making provision for bad and doubtful debts," and to say: "Pending the result of negotiations with the Bank of New Zealand for the purchase of this bank as from the 31st August, 1895, it is not the intention of the directors at present to deal with the balance, but to adjourn the general meeting until a date in October, by which time the wishes of the shareholders, as expressed at an emergency meeting (shortly to be called, and of which due notice will be given), will be known" The report was not published till the 21st day of September, 1895, and the general meeting was held on the 25th September, four days after-wards. At the meeting, after referring to the negotiations with the Bank of New Zealand, I said: "Whatever your directors may agree to in the meantime will be of no validity unless approved of by you. Your directors think that further consideration of the report and the position of the bank should be postponed to a convenient date, by which ime we hope to be in a position to state what course we shall recommend the shareholders to adopt." This course was taken, believing it to be the very best that could be adopted in the interests of shareholders, and with a view to averting the disaster which might ensue if any extensive proposals for reorganising the bank were embodied in the report, and also with a view to securing to shareholders a chance of considering and, if thought fit, ratifying any agreement that might be made with the Bank of New Zealand, a chance which would have been lost had any

panic ensued.

Before leaving the report and balance sheet of 31st August, 1895, I may mention that the omission from the report of the usual formula "after duly providing for all bad and doubtful debts" ought also to have occurred in this balance sheet. The report was prepared in Wellington, and the directors struck out the words, believing that such omission and the omission of any recommendation as to profits would be regarded as very significant of change in the position of the bank, which would have to be disclosed to share-holders if the negotiations with the bank of New Zealand came to nothing. The balance sheet was prepared by the staff in Dunedin, and they seem not to have noticed the change made by the directors in the report and given effect to it in the balance sheet I may also mention that the allocation of £5000 to bad and doubtful debts before the issue of this balance sheet was in the nature of a mistake. The allocation was not intended for writing off bad and doubtful debts generally, but to write back the interest charged in the balance sheet on the Ward Association account as the deficiencies in this account came to the knowledge of the directors shortly after balancing day. If the amount had been carried to an account termed "reserved interest" or "interest written back" it would have been better, and would thereby have prevented the erroneous impression which has gained so much currency that the £5000 was intended as a writing off of bad debts proper.

The Ward Accounts.

As the state of these accounts at various dates from the date of the formation of the association to the date of the sale of the bank, has already been given in the report of the liquidators of the bank and in that of the liquidator of the Ward Farmers' Association, I think it is unnecessary to set them out again, and shall deal with the accounts generally and as briefly as possible.

There is no doubt that the Ward account, both before and after the formation of the Ward Farmers' Association, was always regarded by the staff as both safe and profitable right down to the disclosures which came before the board in September, 1895. By the directors, long before the formation of the Ward Farmers' Association, Mr Ward's account was regarded as a source of anxiety and uneasiness, and the instructions from the board to the staff to control and limit the account were incessant. The directors did not regard the account as unsafe because the reports of the staff always stated it to be safe, but it involved an amount of money which the directors did not care to have embarked in one account, and the business had assumed a magnitude quite out of proportion to Mr Ward's capital. Besides, there was always a doubt as to how far a business carried on with so much push and enterprise might not be carried on on unsafe lines. In other words, the view of the directors was that Mr Ward was leaning too heavily on the bank, and the cautions to the staff and the instructions to keep the account in hand were continual. Besides what appears on the minute book, there was scarcely a meeting of the board at which the account was not discussed, and always in the same strain. On the other hand, the directors were always assured by the general manager, the inspector, and the branch manager that the account was safe and profitable. The board were told that Mr. Ward was doing well, and was, in fact, a wealthy man, and that all the outcry against him was mere jealousy on the part of less able and less enterprising traders. His books were said to be so beautifully kept that his position could be known at any time, and the profits on every transaction ascertained. Balance sheets were submitted, supported by stock sheets, and detailed statements of every item, and all other proper papers. These were subjected to severe scrutiny, but no over-valuation or other impropriety was ever detected.

By way of illustration of the complete and accurate manner in which the books were said to be kept, I may mention that a special large purchase of sheep was referred to at the [unclear: board] which it was stated that Mr Ward must [unclear: lose]. The matter Mr Watson was sent [unclear: down], examine the books and report. He reported [unclear: to] the sheep had returned a profit of 2s a head.

As a result of the continual pressure of board on Mr Ward, the Ward Farmers' [unclear: Association] was formed about the end of 1892 to [unclear: take] some portion of Mr Ward's business, the [unclear: intention] being to secure additional capital [unclear: and] additional security. On the 1st of December that year the board agreed to give the [unclear: association] an overdraft of £20,000. and a discount [unclear: limit] £15,000 on the security of the uncalled [unclear: capital] (£12,660), with collateral security over the [unclear: guarantee] against which the principal part of the [unclear: accommodation] would be required. The [unclear: accommodation] was to be further secured by Mr Ward's [unclear: guarantee] for £5000 until the shares allotted [unclear: number] 6000, held by shareholders approved by the [unclear: board]

On the 1st of March, 1893, the [unclear: accommodation] was increased to £45,000. At that time [unclear: I] additional shares had been issued, and [unclear: the] called capital was £20,335. It was also [unclear: arranged] that Mr Ward's guarantee should continue [unclear: c] 8000 shares had been taken up in approved [unclear: name] the object of the accommodation thus [unclear: guarantee] being to secure the transfer of the principal of Mr Ward's business to the association.

In spite, however, of all the injunctions [unclear: of] directors, the business of the [unclear: association] not kept in hand, but extended more and [unclear: m] and the indebtedness largely increased. [unclear: Spe] ing generally, this increase was brought [unclear: ab] by deliberate and determined operations [unclear: on] account in defiance of the reiterated [unclear: expar] tious at.d threats of the directors. Mr [unclear: W] was threatened with dishonour of his [unclear: bills] the branch manager at Invercargill was [unclear: threat] with dismissal. It is only fair to the [unclear: brute] manager to say that, generally speaking, unauthorised increase was covered by [unclear: sp] security on grain or other produce, [unclear: and] promises were always made of speedy [unclear: reduc] by realisation. To the uninitiated it may [unclear: se] easy enough to say, "Stop the cheques and [unclear: t] honour the bills"; but it must be borne in [unclear: m] that these were the years following the [unclear: Austri] bank crisis, and the Bank of New [unclear: Zealand] troubles were looming in the air. To [unclear: stop] account at a time like this meant to [unclear: stop] bank; and, further, the directors had [unclear: ther] real warrant to stop the [unclear: account] account was always reported on by [unclear: th] staff as safe and profitable. The director [unclear: o] tions were not founded on reported insecurity, [unclear: in] on the magnitude of the account. All [unclear: that] could do was, by threats and p ensure, to [unclear: keep] account as far as possible under control [unclear: in] meantime and get it reduced to a [unclear: satisfact] limit, or, if not, to get it cut of the bank's [unclear: boc] as soon as possible. At any rate, that [unclear: was] own policy, and it was so far successful that [unclear: was] the end of the year 1894 Mr Ward was [unclear: endearth] ing to make financial arrangements which [unclear: w] either relieve the account or remove it [unclear: from] books, and at last a chance of impressing [unclear: on] mind that the directors were thoroughly in [unclear: ear] occurred with certain drafts that came [unclear: thor] our own bank for collection. These we [unclear: refuse] pay until provided for.

I have now stated the general attitude [unclear: of] directors with reference to this account. [unclear: I h] set out in Appendix A extracts from [unclear: var] [unclear: ports] showing that at no period did the re[unclear: ports] justify the extreme action of stopping the Account. In addition to these I may mention [unclear: that] when Mr Larnach joined the board in march, 1894, as he was an old banker, I said to [unclear: him]: "You come in fresh among us. This Account of Ward's is giviDg us all anxiety. I [unclear: wish] you would go into it and let us know what [unclear: you] think of it" Mr Lorach accordingly went [unclear: into] the nutter during the week, and at the [unclear: next] meeting said he had considered it, and did [unclear: not] think there was any chance of loss, but that the accoutt was too big.

As to air Ward's own account, the liquidator's [unclear: report] shows that on the 28th November, 1892 [unclear: a] few days before the farming of the associa[unclear: tion], it stood at £81,65, but, just before the [unclear: ale] of the bank, the directors, by what I can only term continual hammering, had got his [unclear: indebtedness] reduced to £21,000, which at that time was deemed fully secured.

In concluding my general remarks on these [unclear: accounts] I think it proper to state that, without [unclear: going] so far as to say t at Mr Ward had direct [unclear: encouragement] from the stuff to extend his [unclear: operatios] as he did, I may safely say that the [unclear: Knowledge] that the account was regarded with [unclear: great] favour by Mr Mackenzie, Mr Watson, and the branch manager at Invercargill did, in fact, [unclear: enboden] Mr Ward, who was an extremely san[unclear: guine] man, and greatly neutralise the action of the directors.

I shall next deal with some specific transactions in these amounts as to which questions have been raised:

1. The reduction on the 30th day of June, 1893, of the association's account with the bank by Mr Ward's cheques of £15,000 and £6000 was effected without my knowledge and without the knowledge of any other director. I was in Wellington attending Parliament at the time. Mr Mac-[unclear: kenzie] never informed me of the transaction. I [unclear: must] have seen the association's balance sheet for 1898 shortly after it came out, but I do not recol[unclear: lect] that the amount at which the bank account [unclear: was] stated attracted my attention or that I had any conversations with reference to it.

2. The like reduction on the 30th day of June, 1894, of the association's account with the bank by Mr Ward's cheque of £35,000 was also effected without my knowledge and without the knowledge of any other director. I was attending Parliament in Wellington at the time. I saw the association's balance sheet for 1894 while still in Wellington. Mr Mackenzie never informed me of the transaction, but I remember saying to him in Wellington that I wondered where Ward had buried up the bank account in his balance sheet, and expressed dissatisfaction at such a thing having been done. I did not take any special action; it was too late, and my mind was set on getting the account under control or out of the bank's books. I only heard of the correspondence as to this transaction a few days ago.

3. As to the reduction on 30th June, 1895, of the association's account with the bank by the oats draft, I believed that the cable which led to this draft was the result of the pressure that had been put on Mr Ward, and that he had succeeded in making arrangements, by virtue of which the bank was about to get rid of his account, or at any rate get it greatly relieved. I was attending Parliament at Wellington at the time the draft was drawn. I

did not know the manner in which action had been taken under the cable, nor was I consulted as to its meaning, nor was any other director.

4. As to the draft of £25,000 on Messrs Cooper and Nephews, I knew nothing of the initiation of this draft, but I see nothing irregular in drawing against shares sent Home to be sold, or even in holding over the draft until the shares were sold, which I supposed was what was being done. I was pressing Mr Mackenzie to realise everything. The shares could not be sold here, and if Mr Ward could succeed in selling the shares (as he had represented himself able to do), I was satisfied. I was in Wellington at the time it was drawn.

5. As to the draft of £16,000. I did not know of it till it had gone Home. The draft could not have been drawn with a view to bettering the account for the purpose of the sale to the Bank of New Zealand. All the facts were disclosed to them, and they could deal with this item as with any other asset. Besides, there was not at that time any difficulty as to Mr Ward's account. When I heard of it I said to Mr Mackenzie that as we could get £8 10s for the shares I thought we had better sell (though Mr Ward's limit was £9) and risk the consequences. However, Mr Mackenzie did not fall in with this view.

As to this draft, and also the £25,000 draft, as they did not affect the Ward Association account the change in the form of Mr Ward's private account could conceal nothing. No one but Mr Ward and the bank had any right to know the state of his indebtedness, and both knew the state of the account whatever form it might be in, and the securities were not affected.

6. As to the separation of the Carswell account from the Ward Association, this was quite proper. It was a special account, supposed to rest on special security, and it enabled the management to keep the state of the association's account better in view. As to the conversion of the liability from overdraft to a promissory note, such transactions are frequent, as they amount to an engagement to wipe off the liability by a given date. The reasons given for renewing it were that the stock it represented had not been realised, but the matter was one which did not attract my special attention. My mind was concentrated on the account as a whole, with a view to getting it under control or getting rid of it.

7. As to the reduction of the association's overdraft by the discount of drafts, which were withdrawn almost immediately afterwards, I knew nothing of these till the publication of Mr Cook's report, nor did any of the directors. Indeed, the object of some at least of these drafts appears to have been to conceal the state of the overdraft from the directors.

8. As to the arrangement with the Bank of New Zealand in respect of the "C" list I have to make the following remarks:—After the negotiations with the Bank of New Zealand commenced the disclosures with reference to the Ward account took place. This would be early in September, a little after the balance of 31st August, 1895, and it became evident that the negotiations might be broken off unless this account could be specially provided for. The importance of not breaking off the negotiations at this stage I will endeavour to show in that part of my statement dealing with the sale to the Bank of New Zealand.

Special inspections were made and reports obtained showing how, in the opinion of the inspectors, the account stood. After careful examination of these it was concluded that if £55,150, the amount of Mr Ward's indebtedness to the association, were paid to it, the account would then be in a position that the Bank of New Zealand or any other bank might take it and that such bank would get a safe and profitable business. If, on the other hand, the account was put into liquidation, which must have been the result if the debt remained, this meant calling up some 4000 accounts, including 1700 farmers' accounts, with very disastrous results. The position was one of acute difficulty.

To put the business into such a position as the Bank of New Zealand or another bank might take the account seemed the best solution, as in that event the Colonial Bank would get rid of the amount in the "C" list and extinguish the liability of shareholders in respect thereof, being practically their only chance of liability under the proposed agreement, and they would also maintain the value of Mr Ward's securities for his promissory note, such securities being then valued at £42,182, and part of which were then bringing in a return of £1650 per annum. If the transaction had worked out on these lines the loss on the Ward accounts would have been, say, £13,000, or even less, as Mr Ward's income was large, and we hoped that he might be able either to wipe off the amount or to considerably reduce it. This promissory note has often been referred to as if it were a bogus transaction to deceive the Bank of New Zealand. It was nothing of the kind. The Bank of New Zealand knew every detail of the matter just as well as the Colonial Bank. The estimate of the values was perfectly genuine at the time, though much of that value has since disappeared, as to the landed properties by the liquidation of the association, which was paying £1650 rent for some of the properties, as to the shares in the association by the same cause, and as to the shares in the Nelson Company by the fall in value in these shares. It should be noted that the landed properties held as security were, on the 22nd day of May, 1896, being, some time before the trouble in the account arose, valued by the inspector at £18,950, and he estimated the total value of all the securities held by the bank at £(34,815).

Re Ryley.

In the matters I have dealt with so far, on looking back at them now, I find it difficult to see how the directors could have acted otherwise than they did. It is easy now to make suggestions as to what the directors should have done, but the period I have had under review was critical, and many, if not all, the lines of action suggested might have proved disastrous, and would, in all probability, have entailed the wreck of the bank.

In the care of the Ryley account, however, I admit that it is now easy to point out a better course than that which was taken. After the sale of the two mills Mr Ryley and Mrs Anderson were reputed to have between them a capital of some £10,000. There was also, I understand, inducement held out at the commencement which has not yet been stated—viz., that a man of undoubted standing was to come into the concern. If the account had been sharply looked after at that time, my opinion is that Mr Ryley and Mrs Anderson could have been forced to put it into a much better position. However, there suspicion on the part of anyone. Mr Ryley believed to be straightforward and honest, [unclear: and] addition, a man of especial capacity, who by [unclear: sa] and shrewdness in investing had made a [unclear: lif] money He was known to have been a [unclear: little] terested in farming, and was believed to be [unclear: pre] well acquainted with the run of the milling [unclear: business] through the Andersons, and had for some [unclear: ti] before the purchase been advising Mrs [unclear: Anders] So far as I know Mr Ryley was never [unclear: selectio] run after as a purchaser. The belief that [unclear: th] was some £10,000 of capital behind the [unclear: acco] was probably the reason that at first it did [unclear: s] receive the attention which it is now [unclear: appar] that it needed, and, so far as my memory [unclear: ser] it was never brought very prominently [unclear: under] notice of the directors. But a very [unclear: import] change was brought about in the account in [unclear: t] following way:—An arrangement was [unclear: m] whereby Mr Ryley was authorised to [unclear: introd] roller plant and after that had been [unclear: done] Ryley ordered a second lot without the [unclear: auth] of the board, the drafts for which were [unclear: p] without the Authority of the board. In [unclear: sa] tion to this he pulled to pieces the [unclear: inter] of the Manor place mill and [unclear: heightens] buildings, and thus building expenses, [unclear: with] were never contemplated, were [unclear: incurred] had to be paid. Another forced [unclear: increase] occasioned in connection with the [unclear: Newma] Hotel. Proceedings to stop the working [unclear: of] mill were threatened, and we were [unclear: advised] they would be successful on account of [unclear: the] cessive vibration caused by the mill. [unclear: In] way the account quickly ran into figures [unclear: t] were never anticipated, the greater [unclear: poti] the increase being forced on the board [unclear: in] manner I have mentioned. Once this [unclear: happ] the account had to be treated in a [unclear: w] different way. There was now a large [unclear: cap] embarked in the business and the turnover [unclear: po] of the mill, and consequently the earning [unclear: cap] was largely increased, and it was [unclear: necessary] keep it going. The greater part of the [unclear: m] required for this purpose would be for [unclear: the] chase of wheat, oatssive. For the [unclear: moneys] vanced for these purchases the bank was [unclear: support] to be secured upon the produce [unclear: purchased]. the time Mr Ryley was believed to be [unclear: honest] capable, and appeared to be energetic and [unclear: po] taking. The directors knew nothing [unclear: of] moneys which were being taken from [unclear: the] ness until Hood's case cropped up. The [unclear: ac] then taken is shown by the [unclear: correspondence] out in Appendix B. It was hoped [unclear: that] action would prevent the recurrence of [unclear: any] of the kind in future.

As to Mr Ryley's mining transactions, [unclear: my] ledge was as follows:—As Mr Ryley has [unclear: st] had an interest in a claim, the only one [unclear: I] bought for 10 years, which cost me [unclear: £67 16s.] scheme for flotation of the claim came to [unclear: not] If Mr Ryley had an interest I do not [unclear: re] hearing of it, but I did hear that he [unclear: had] speculating largely in mining shares, and [unclear: I] for him and saw him in the [unclear: manager's] This was about the end of the year 1894.[unclear: In] him I had heard that he was plunging [unclear: in] shares. He protested in the most solemn [unclear: m] that it was not true, that all the mining [unclear: sha] held were come in the Sandhills [unclear: Compar] told him to lodge them at once with the [unclear: man] and also in effect that if I found him [unclear: bu] mining shares he would be prosecuted. I offered to give evidence on Mr Ryley's trial, but I was not called.

The curious thing about the account, looking at [unclear: ft] from a retrospective view, is that so many pre[unclear: sons] were connected with it in one way or another [unclear: without] taking the alarm which everyone now [unclear: says] should have been felt. The account com[unclear: menced]. I think, under Mr Burton, who was [unclear: ucceeded] by Mr Vigers. While in his charge it made no report on an unfavourable character Mr Watson, while inspector, never put it in his [unclear: stimates] of bad and doubtful debts, and Mr Vigers [unclear: n] his report of 31st May, 1895, does not put it in his [unclear: estimate] of bad and doubtful debts. Here, as in the Ward case, there was more uneasiness as to [unclear: this] account at the board than among the staff. [unclear: Again], when the Bank of New Zealand took over [unclear: th] account it stood at

£82,006, against which they [unclear: only] put as a reserve the sum of £20,000, and it [unclear: is] well known they put what they thought [unclear: liberal] reserves. Therefore, the position down [unclear: to] the time of handing over the bank to the [unclear: Bank] of New Zealand was that the account [unclear: had] passed through the hands of Mr Watson, Mr. Vigers, Mr Ewing, and Mr Mackenzie, and not one of them considered it necessary to report it as even doubtful. It also passed through the hands of the officials of the bank of New Zealand, and they considered it doubtful only to the extent of £20,000, and the greater portion of the reserve was in respect of reduced valuation of the Manor place mill. The directors, however, had become very uneasy about the account and very distrustful about Mr Ryley, as shown by their action as to the purchase of Mr "Grigg's and Mr Friedlander's wheat. In spite of his previous promise not to speculate, Mr Ryley bought from Mr Grigg 22,000 sacks of wheat, and Mr Friedlander 12,000 sacks. When first applied to the board absolutely declined to provide the money required to complete the purchase; but the price of wheat suddenly rose, and as the transaction promised to be a profitable one, the board, on reconsideration, resolved to sanction it, and arranged to end up by Mr Ewing the money to pay for the grain, and also arranged that Mr Grigg's wheat should remain in Mr Grigg's store at Winslow, and not be delivered to Mr Ryley except in exchange for cash. As to Mr Friedlander's wheat, it was arranged that this should be stored in a separate store in Dunedin, and not be delivered to Mr Ryley except in exchange for cash. The before mentioned arrangement with regard to Mr Grigg's wheat was adhered to to the 23rd December, 1895, when the provisional liquidators consented to Mr Ryley being allowed to remove it to his store in Dunedin. I am aware that notice had been given to remove Mr Grigg's wheat from the store at Winslow; but even then arrangements might have been made for storing the wheat in a separate store in Dunedin, as was done with Friedlander's wheat. As to the appointment of some one representing the bank to act as supervisor in Ryley's business, this was on the point of being done, and I urged it strongly; but during the years 1894 and 1895, [unclear: when] so many rumours were flying about, it [unclear: would] have been dangerous to take any such step [unclear: with] reference to such an account, and this was, I [unclear: suppose], the reason why the idea was not carried [unclear: into] effect. The same difficulty did not stand in [unclear: the] way of the liquidators. But, though pressed by the Bank of New Zealand to make such an appointment, they appear to have come to the conclusion that Mr Ryley should be allowed to go on without supervision. I do not blame the provisional liquidators or the liquidators for their action, but refer to what I believe to be the facts, as I think they show that the directors had less confidence in Mr Ryley than anyone connected with the Colonial Bank.

Sale to the Bank of New Zealand.

As early as 1888 overtures were made to me for an amalgamation of the Colonial Bank with the Bank of New Zealand, and these were repeated in subsequent years, but were always declined, as I was perfectly satisfied with the position and prospects of the Colonial Bank, and that the proposals made were unsatisfactory. One cause of these overtures was the fact the Colonial Bank was the chief competitor of the Bank of New Zealand in every part of the latter's business. However, in 1894, after the guarantee by Parliament of £2,000,000 to the Bank of New Zealand, against which I strongly protested, I saw that in the future the Colonial Bank would have to fight an institution backed by the funds of the colony and supported by the Government. Moreover, the outlook was uncertain. There was no saying whether the panic in Australia might not extend to New Zealand, and I thought it would be a happy solution of a difficult and anxious situation if some arrangement could be made, the effect of which would be to put the Bank of New Zealand in a sound position, and no arrangement could be really satisfactory unless it ensured an increased earning power to that bank, an element which the acquisition of the Colonial Bank business supplied. Negotiations took place which resulted in the conditions of amalgamation submitted to the shareholders of the Colonial Bank on the 26th day of September, 1894. I will not set these out in detail. In effect, the shareholders in the Colonial Bank were to be freed from further liability and receive £400,000 fully paid-up shares in the Bank of New Zealand. The assets and liabilities of the Colonial Bank to be taken over as therein set out. The Government having sought to impose additional conditions, which were deemed objectionable by the directors of the Colonial Bank, the directors being at that time perfectly satisfied as to the soundness and stability of the Colonial Bank, apart from the danger which threatened it through the Bank of New Zealand, at once put an end to the negotiations.

The reasons which led me with some reluctance to resume the negotiations in 1896 which resulted in the sale of the bank were as follow:—The condition of the Bank of New Zealand, disclosed on their application to Parliament for assistance, caused a large number of the shareholders in the Colonial Bank to take fright. Shareholders were constantly coming to me and to other directors and expressing their anxiety about the liability on their shares, and seeing the widespread suffering and ruin occasioned by the calls in the overtraded banks in Australia and the Bank of New Zealand one cannot blame them for being anxious. The fears of shareholders brought home to me in private interviews were publicly manifested by large numbers of shares

being placed on the market, so that the price of shares quickly fell to as low as 13s. This public manifestation of want of confidence in the bank on the part of their own shareholders was a cause of danger gravely threatening the safety of the institution. In addition, there was the run on the Bank of New Zealand, which would have wrecked that bank, notwithstanding the £2,000,000 provided the previous year, and which was only stopped by the Government bringing into force the Note Issue Act. I was also a member of the committee on the Bank of New Zealand, and knew of the losses in that institution, and that it would still be necessary to write off over two millions and a quarter. The Colonial Bank were also feeling the effect of this want of confidence in the withdrawal of deposits. Further, as I have said, after Mr Vigors's report of 31st May, 1895, it was apparent that many of the accounts in the bank had been weakened by the calling in of advances to meet the large withdrawals of deposits, and the earning power of the bank was being lessened. These were all strong reasons for selling if an advantageous sale could be made, but even these alone could probably not have induced me to resume negotiations without the still stronger reason—viz., the state of the Bank of New Zealand. My opinion was, and still is, that, however much the Government helped the Bank of New Zealand, they would never be right with their earning power in the impaired condition that institution then was, and, until the Bank of New Zealand was put right, the banking atmosphere would never be settled. I thought, therefore, that if the Colonial Bank declined the overtures to purchase made in 1895. and elected to continue on their own account, we should have to meet our own shareholders and take whatever steps were considered necessary to put the bank right. If after this, in 1896 or any subsequent year, the Bank of New Zealand had to come to Parliament again, the former danger would be revived, and the Colonial Bank, after all the pains they had taken, might be forced to close their doors and go into liquidation. Rather than run this risk I determined to use my best efforts to bring about a sale, and bring this wearing and anxious state of matters to a close. When the negotiations for the sale commenced the state of the bank was believed by the directors to be that evidenced by Mr Vigors's report of 31st May, 1895, and taking that report as correct, and allowing all the items enumerated in it as bad and doubtful to be quite bad, the bank ought to have sold so as to return to the shareholders £2 10s 11d per share, less the cost of liquidation. Unfortunately, or perhaps I should say fortunately, the state of the Ward account was discovered while the negotiations were in progress. The discovery was unfortunate, as it weakened the position of the directors in selling. A course which before was deemed prudent had now become almost essential; for if, on the state of this account being made public, a panic had set in, there was no knowing what might not have happened. By the terms of sale each asset was bought separately, as it were. The Bank of New Zealand took over what was considered good, rejected what they considered bad, and placed what they considered ample reserves against what they considered doubtful, with this important addition added: that the shareholders in the Colonial Bank were to be free of all further liability on their shares. The officers of the Bank of New Zealand had long before the sale, access to all the records of the Colonial Bank, and knew of everything that the directors and officers of the Colonial Bank knew. There was no concealment of any [unclear: ki] indeed, all the details of the bank's business [unclear: w] in the hands of the Government auditor [unclear: of] Bank of New Zealand. It was fortunate [unclear: that] state of the Ward account was ascertained [unclear: be] the sale was complete, and that this also [unclear: was] closed before the sale was completed, as [unclear: if] discovery had been made after-wards I [unclear: do] know what additional accusations might not [unclear: h] been made.

I will venture one other remark only [unclear: un] this head Why the Bank of New [unclear: Zealand] required additional earning power and [unclear: why] purchase of the Colonial Bank was [unclear: advantage] to that institution are difficult question, [unclear: and] answers to them involve considerable [unclear: commet] experience and a good deal of laborious [unclear: invest] tion, and those who have not such experience those who do not care to undertake such [unclear: inva] gations must either accept the finding of [unclear: th] qualified to speak or retain their own [unclear: opi] without investigation. The subject has [unclear: been] required into by a committee of the [unclear: Legisl] Council and by a committee of the House. [unclear: I] out in Appendix C extracts from the [unclear: respec] reports showing the conclusions arrived at committees. It has been common to talk [unclear: of] transaction as the sale of an insolvent The Colonial Bank never were insolvent; all [unclear: ti] creditors will be paid in full, and so far [unclear: from] Bank of New Zealand having made a bad [unclear: bar] they have made an excellent bargain, and that will, I hope, finally and forever put [unclear: an] to the overshadowing calamity which for years has been impending over the colony [unclear: the] that institution. The best evidence as to [unclear: whe] toe bargain was a bad one or a good one [unclear: for] purchasing bank is that of their official, staff. I therefore set out in Appendix C [unclear: ext] from public documents showing their [unclear: opinion]

Conclusion.

In concluding this statement, I desire [unclear: to] out that the course I took in 1892 and in [unclear: 18]

telling shareholders the state of the dead [unclear: as] of the bank was one which I believe [unclear: no] chairman of a bank would have dared to [unclear: tah] that time. My speeches on these [unclear: occasion] reported in the newspapers and copies [unclear: of] posted to each shareholder. Leading [unclear: shareh] expressed their satisfaction. No [unclear: shareholder] exception. I have only to add that the [unclear: pe] immediately preceding the sale of the [unclear: bank] the most wearing and anxious of my [unclear: I] never knew at night but that next [unclear: morning] bring news which might necessitate the [unclear: clo] the bank, and only those at the head [unclear: of] knew how dangerously near this [unclear: contingency] At this time I devoted the greater part [unclear: of] time to the bank's affairs. No business [unclear: has] ing my lifetime cost me the same pains, [unclear: tra] worry, and prolonged anxiety, and if the [unclear: res] the sale falls so far below what I hoped, [unclear: and] the estimates of the bank staff led me to [unclear: ha] and other directors snare the loss in [unclear: the] proportion as other shareholders.

APPENDIX A.

On the 28th February, 1893, the branch [unclear: m] at Invercargill reported as follows:—account, which is taking well with the [unclear: fan] At present 4200 shares have been allotted, [unclear: w] as the capital assigned to us, gives us a [unclear: se] of £16,800. More shares are being [unclear: take] every day."

On 31st August, 1893, he reported: "Large, valuable business account, doing remarkably well, and giving us some good British bills." Is working higher than anticipated, owing to the purchasing of large drafts of sheep at per pound dead weight to keep Mr Ward's works going. His is a very profitable part of the association's business, and is of such a nature that there is next to no risk in connection therewith. The association hold large stocks of manures, cornsacks, woolpacks, and general merchandise, and their debts are heavy. This account I consider perfectly safe, as at the present time it has a share proprietary of 5780 shares, distributed amongst 464 shareholders, making an uncalled capital of £23,210."

On the 28th February, 1894, he reported:—"Very valuable business account, with a large connection, doing a first-class business, and holding large stocks of manures, cornsacks, wool-packs, and general merchandise. Their book debts are very heavy, but the harvest proceeds ought to reduce them very much, as a lot of money is expected from that source. The account is higher than anticipated, owing to more money being required to take over and carry on the business purchased from W. Carswell and Co. and that of the United Farmers. However, I consider it safe enough, as there are 871 shareholders, who hold 7135 shares paid up to £1, which leaves an uncalled capital of £28,540 "

On the 31st August, 1894, he reported:—"First-class business account, doing a large and increasing trade, chiefly among the farmers. Bills under discount well spread, and mostly all the large ones are secured to the association. Promissory note for £10,099 in on account of the Carswell account, which stood as an overdraft last half. Past due bills are merely temporary, being secured by mortgages over a vessel and produce to come in for sale, &c. This account carries valuable British bills. Shares sold, 12,108, uncalled to £4 each, or £48,432"

And on the 28th February, 1895, he reported:—"Very valuable business account, having a large connection with the farming community, which is being gradually curtailed so as to bring the figures to more moderate amounts. Promissory note for £10,000 is on account of the Carswell account, as a great proportion of the stocks taken over are still on hand and unsold. Past due bills look heavy, but most of them are of a temporary nature, and grain and stock will come in to retire them. This association issued £50,000 worth of debentures, of which we hold £30,000 and the Bank of New Zealand have purchased £20,000. We get good British bills. Uncalled capital, £49 898."

On the 18th April, 1894, Inspector Burns reported as follows:—"The book debts and goods in stock are merely an estimate of Mr Fisher's as on 2nd April, but taken from the books as far as possible. As the association has taken out no balance sheet since June 30 last, and only does so annually, it is impossible to go into the association's affairs or to gather any reliable idea as to how the association stands until their next periodical squaring up. It may be inferred, however, from the large business they carry on and the amount of money put through their banking account that with proper care and supervision the association is capable of doing remarkably well. This very matter of supervision, however, is of the greatest importance to all concerned. The figures in our books may be large, and are so, but if the detail of the business is thoroughly overlooked there should be no reason for the bank to have anxiety as to the safety of the account. Mr Fisher has altogether too much thrown on his shoulders, and, although he is in constant communication with Mr Ward (telegraphic or otherwise), still, with all the lines of business into which the association has thrown itself, he has too much to do. No doubt Mr Fisher may be an able man, but he is neither old enough nor has he had sufficient experience to grasp and hold the details of such a business, or to layout definite lines of action with the firmness to stick to them. He may not be in any way to blame for the gradual swelling of the association's advances, but at the same time it appears to require the greatest effort on his part to keep within the limit, which he has been trying to do,

the figures as at 28th April, 1894, for instance, being far and away above what he anticipated only last September. At that date he stated that the bank overdraft from January, 1894, would not necessarily exceed £40,000, with £20,000 or £30,000 of bills discounted, of course there may be reasons for this of which the writer is not aware, but still there are the facts. The remarks, however, *re* Mr Fisher are only made in a general sense. So far as our advances to the association are concerned, we have been careful through bills held and discounted. The great bulk of the bills discounted are stock and produce bills taken from the farmers for advances in settlement of open accounts, mostly payable at the association's office. In many cases the makers keep no banking account, and it is difficult sometimes to analyse their worth, but we have examined them critically. The number of bills (excluding British bills) current on the 14th March was £27,000, spread over 242 obligants, or a total of £27,100, or giving an average of about £110 to each obligant—a fact which materially minimises any risk of any bills of which I was in doubt. The manager of the association has furnished particulars, and I send you a copy of his remarks against the names (a list of which was made out by me). You will see that they were pretty nearly all secure. From the fact of this being so, may it not fairly be assumed that the other advances to the association general and open account are made on similar lines, and that the business is, on the whole, carefully looked after? Mr Fisher states that he reckons only a few hundreds as bad." Then the report makes reference to the dividends payable, and suggests that anything over 7 per cent. should be put to a reserve fund.

On the 22nd May, 1895, Mr Vigers reported as follows:—"The bills under discount are chiefly farmers' paper, and in most cases security is held. We hold a letter agreeing to take any securities offered to us if called upon to do so. The promissory note to the bank is in connection with the purchase of H. Carswell and Co.'s business, and I am told that Mr Fisher says they have stocks in hand of Carswell's almost sufficient to cover this. The British bills are documentary. I have gone through the past due bills with Mr Fisher, and if his statement can be relied on they are all of a good class, mostly secured, and £1000 will be sufficient to meet any loss in connection with them. Many of these bills are really current accounts, and Mr Fisher says that to insist upon their all being paid up would spoil one of the most profitable portions of the company's business. He estimates that within the next three months overdraft and past due bills will be reduced £15,000, besides providing for the London bill (£3000). The credit for £5195 has been paid off within the last few days without increasing the overdraft. The London bill is secured by bill on Brooks and Co. held. The grain account is fully covered by warrants for grain stored on our account. The securities held are as follow:—Guarantee by Hon. J. G. Ward, £20,000; debentures (over and above £20,000 account). £10,000;—total. £30,000. The weakest feature of the company's account to my mind is the advances to farmers, as past experience all over the colony has proved conclusively that this class of business is very risky and often attended with the most unfortunate results. The account generally is a most profitable one to the bank, and may be considered safe, but the figures are too high, and we should insist on a gradual reduction, which will no doubt mean a curtailment of their business."

APPENDIX B.

General manager to Dunedin manager, dated 21st November, 1894—

"In reply to your letter of 17th November, we thank you for this information and copy of balance sheet, which were laid before the board at their meeting today. The board are very far from satisfied at the state of this account. They take great exception to the item £2500 standing as an asset—the money that has been withdrawn from the milling business to strengthen the drapery account of Hood and Co., Oamaru, especially as the dwelling house in connection with the drapery business stands as a security against Mr Ryley's private account. This money must as soon as possible be returned by the realisation of the Oamaru drapery business. Regarding the change in the mode of keeping the accounts, we approve of your suggestion so long as the item £5250 against the Manor place mill, and which is supported by a guarantee and mortgage of John Ryley and the late Mrs Isabella Anderson, be not interfered with. We also approve of your suggestion to work down the stock by closing the mill for a month, and paying off the hands that can be spared. We think far too much laxity is shown in the credit given. Names will present themselves to you in looking over his list of debtors, but we should say that the credit given to—and—is simply playing up for a loss. The latter name is deserving of no credit at all, and if it be necessary in sending flour to—that it must be sent to him, then you should allow no flour to go that way at all. It is out of all reason that the firm draw on us in the way they do, and you must organise a system of check on them whereby:

- *They issue no cheques except payable to a name.*
- *That they give you a list of all cheques wished to be issued, with explanations as to what the money is wanted for, and get your permission to get the cheques so issued.*
- *That a special, trustworthy, able accountant in the bank's employ be appointed by Mr Ryley as his*

- bookkeeper, and that reports from him from time to time reach you as to how the business is progressing.
 - That this man in the bank's employ counter-sign all cheques, and that you have Mr Ryley's authority that any cheques not so [unclear: counten] be refused payment.
 - That no speculations in grain or [unclear: s] lation in shipment of flour to distant [unclear: pan] allowed.
- "If the mill accumulates a big stock, [unclear: th] must just be shut down until the stock is [unclear: wo] off. In addition to this it will be [unclear: necessari] you every month to have a trial [unclear: balance] taken out, so that you see the firm is not [unclear: get] further to the bad. We should like to [unclear: the] next Tuesday, in time for the Wednesday's [unclear: be] what steps you have taken in regard to [unclear: the] matter."

Dunedin manager to general manager, [unclear: d] 27th November, 1894:-

"Noted, and entries have been passed [unclear: a] proved. With reference to this firm's [unclear: acco] duly interviewed Mr Ryley on Saturday [unclear: m] on his return from the goldfields, and [unclear: laid] stipulations before him. At the time he [unclear: n] strong protest against the third and [unclear: f] clauses of your conditions, which he [unclear: has] repeated by letter, copy of which is enclosed might, perhaps, be unwise to precipitate [unclear: t] till we can hear of a suitable and reliable [unclear: t] take up the entire management of the [unclear: bu] should you still decide to adhere [unclear: to] terms after perusal of Mr Ryley's [unclear: b] which speaks for itself. In [unclear: spite,] ever, of Mr Ryley's objection that [unclear: it] destroy his credit and character,' I still that whether you give way on the [unclear: poi] tained in the third and fourth clauses [unclear: or] balance sheet should be certified to by [unclear: a] petent outside accountant, which would [unclear: giv] reliable starting point for future [unclear: comparis] cannot see that this would in any way [unclear: ref] Mr Ryley's credit and character. In [unclear: fa] might emanate from himself. If Mr [unclear: Rye] made up his mind, as he has more [unclear: then] assured me has, your conditions can only [unclear: be] plied with by relieving him of the [unclear: manage] This extreme step I did not, of course, [unclear: feel] fied in taking without placing the position you. P.S.—Since writing the above [unclear: we] received a letter from Mr Ryley [unclear: explian] item of £2500 which appears in the [unclear: ballance] as an advance to Hood and Co. We [unclear: e] copy."

John Ryley to R. £wing, Colonial [unclear: Bank], Dunedin, 24th November, 1894:—

"In reference to our conversation this [unclear: fo] I beg to make the following statement, [unclear: whi] show the adverse circumstances with [unclear: wh] have had to contend ever since we [unclear: con] business as millers. We started when [unclear: whe] 5s per bushel and flour £13 per ton, and [unclear: th] not been one good year since. It has [unclear: be] stant drop every few months. Anyone [unclear: aoy] with milling knows well what that [unclear: means] have now, however, reached the [unclear: bedrock] cannot go lower, and any movement [unclear: most] the upward direction, and from the [unclear: positi] character of our mill we are bound to [unclear: sha] in any advance which may take place. [unclear: I] doubtless aware that we suffered [unclear: severely] the floods in Brisbane and by [unclear: consignment] other side, while the wreck of the [unclear: Lain] £800 to our loss. The consigning [unclear: bus] simply ruinous, and we have entirely [unclear: given] Our flour has secured such a name [unclear: that] no difficulty in disposing of all we [unclear: manu] in our own colony. If we sold at the [unclear: san] [unclear: a] most of the brands in and around Dunedin [unclear: ll] at we could not supply the demand. Although [unclear: ices] have been cut so fine we have not [unclear: st] in the milling trade proper. There [unclear: as] been a margin of profit, owing chiefly to [unclear: e] fact that we do a good cash trade at the mill. [unclear: nr] losses are attributable to the causes above [unclear: ated], and to the large purchases of oats made last [unclear: ason]'Em. which resulted in a heavy deficit. We [unclear: nkly] admit having committed a great mistake [unclear: t]buying so extensively, but the great bulk of the [unclear: en] in the trade looked upon oats as splendid [unclear: operty], and had it not been for the financial [unclear: isis] in the other colonies they undoubted would [unclear: ve] turned out profitably. We have come to the [unclear: in]lusion, however, that, taking one year with [unclear: other], it is safer to buy as necessity requires, [unclear: nd] this line of policy we intend to follow. We [unclear: ve] gained experience which, although at con-[unclear: erable] cost, ought to be of advantage in the con-[unclear: cts] of the business in future. Looking at all the [unclear: cts] of our case, and taking the state of the mill-[unclear: g] industry in the colony into account, we are [unclear: ther] surprised to find that our position is not [unclear: orse] than what it is. It is true we have made [unclear: thing], but we have established a first-class [unclear: siness] of sound connections, which will bear [unclear: nit] in time to come. Our mill is second to none [unclear: the] colony. All our expenses with buildings [unclear: nd] improvements are over. Unless, therefore, [unclear: e] whole trade is going to collapse, we believe [unclear: ere] is a good future before our firm. The ques-[unclear: on] of forming a flour trust has been under con-[unclear: eration] of millers for some time, and there [unclear: every] prospect of the scheme becoming an [unclear: accomplished] fact in the course of a few months. [unclear: Then] this is effected we will be able to do with 10,000 or £12,000 less of capital, while the risk of [unclear: nd] debts will be reduced to a minimum. If the [unclear: nk] will kindly allow existing arrangements to [unclear: ntinue] we will do everything in our power to [unclear: ake] the business a success.

We will also consult [unclear: on] on every important matter, and furnish you [unclear: ith] all information as to the working of the [unclear: usiness]. I must, however, respectfully, but at [unclear: e] same time firmly, in fairness to myself, de-[unclear: ine] to accede to the proposal of the bank to put [unclear: n] accountant into the office to countersign [unclear: eques] and generally to look after the bank's [unclear: terest]. Were this done it would destroy my [unclear: edit] and character, and, I am persuaded, [unclear: ould] seriously injure the business, and so [unclear: n] detrimental to the bank's interests. For the [unclear: ne] reason I cannot agree to allow any-[unclear: e] outside the office to examine the firm's [unclear: oks]. We have two competent accountants, [unclear: r] whom the balance sheet was prepared, and it [unclear: s] been duly signed by myself. It the bank is [unclear: t] satisfied now with what it has always re-[unclear: ved] without question. I am prepared to retire [unclear: d] hand over everything to the bank on receipt [unclear: dis]-charge from future liability. I have always [unclear: en] frank and open with the bank, and never [unclear: ce] refused any information or returns required. [unclear: d] man in Dunedin has worked harder in the [unclear: terests] of the business than I have done, and I [unclear: n] quite willing to continue my efforts so as to [unclear: ke] the undertaking a success. My one desire [unclear: that] the bank may come out all right in the [unclear: d]. All your other suggestions I heartily [unclear: opt]—viz.: To close down for a month; to [unclear: ke] cheques payable to a name instead of to [unclear: nu]mber; and in every respect to work with [unclear: u] for the advancement of the business in which [unclear: are] mutually interested."

R. Ewing, manager Colonial Bank of New Zealand, to R. Anderson and Co., 27th December, 1894:—

"With reference to my conversation with your Mr Ryley this morning, I have now to say that the bank cannot acquiesce in your recommencing operations at the Manor place mills until after a complete balance sheet up to and including 31st inst. has been made up, with fresh stock sheets, all to be certified to by an independent accountant in the usual way."

John Ryley to R. Ewing, manager Colonial Bank of New Zealand, 3rd January, 1895:—

"Your letter of 27th ult. came duly to hand, and in reply I can only refer you to my former communication, in which I decline to allow any outside party to interfere with the business so long as I have charge. I take up this position not because I fear any investigation that could be made, but because I object on principle to this new condition that the bank wishes to impose. Had it been made a stipulation at the beginning that every balance sheet should be certified to by an independent accountant, and had I agreed to such stipulation, then in that case I could not raise any reasonable objection. This, however, was not done, and I am not aware of anything in my conduct to warrant the bank in making a new departure in this direction now. I beg to say once for all that I will never submit to such an indignity. The only possible mistake that could be made in the balance sheet which the bank could not detect would be in the stocks. At our last balance we showed about 800 tons of flour on hand. It will be five weeks on Saturday since we stopped, and during that time we sent out on an average close on 120 tons per week. We have to-day in store about 200 tons, or perhaps a little more. This you can see for yourself if you wish to visit the mill. The wheat we represented as having in stock is still in the store, and can be inspected by you at any time you wish. Personally, I have no object in making the stock more or less than what it really is. I can honestly say that very little of the bank's money has been lost, while all the time we have been in business interest has been paid on the whole capital employed. One or two good years would more than recoup any deficiency. P.S.—Am arranging to start work on Monday."

R. Ewing, manager Colonial Bank of New Zealand, to R. Anderson and Co., dated 4th January, 1895.—

"While we verbally acknowledged to your Mr Ryley at the time the receipt of your letters of 24th and 27th November, formal replies to them were delayed until the return to Dunedin of the inspector of the bank (Mr W. B. Vigers), who was in charge of the Dunedin branch while the events under review transpired. After conferring with him it appears only necessary here to state that the knowledge of your having advanced £2500 to the drapery business of J. Hood and Co., Oamaru, was obtained first from the balance sheet submitted to the bank in your letter of 24th November. Mr Vigers was not aware the cheques were drawn for the purpose of investment in such business. The bank neither sanctioned nor contemplated that any such amount of money should have been so applied by you, and any deficiency arising from the recently-arranged sale of this business to Messrs Gibbard and Brown we can only look upon as money by you misapplied."

John Ryley to K. Ewing, manager Colonial Bank of New Zealand, 5th January, 1895:—

"Referring to our conversation yesterday evening, and to the interview I had with Mr Mackenzie after parting with you, I now beg to state that I am prepared to have all future balance sheets certified to either by an independent accountant or by two of the clerks in our own office. Further, I am quite willing that you should visit the mill at any time it suits your convenience, on your giving me due notice of your intention to do so. On the above understanding, Mr Mackenzie has agreed to the starting of the mill on Monday, 7th inst. P.S.—I hereby acknowledge the right of the bank to demand from me a balance sheet at any time it thinks proper."

R. Ewing, manager Colonial Bank of New Zealand, to R. Anderson and Co., 9th January, 1895:—

"I have to acknowledge the receipt of your letter of the 5th January, and duly note that the future balance

sheets of the firm will be taken out at any time the bank desires, and, further that their correctness will be certified to by independent accountants. I would, merely for the sake of record, remark that everything which took place during the interviews which the general manager and I lately had with you, and everything in the correspondence which recently passed between us, is without prejudice to the bank's right at any time to call up such sums of money as are now owing by your firm on open account and payable on demand. The bank is under no obligation to carry your firm on beyond what in the bank's own discretion it elects to do. This said. I beg to confirm the sanction of the general manager to the Manor place mill being started again as and from the 7th January, 1895."

APPENDIX C.

Extract from the report of the Banking Committee of the Legislative Council, 18th September, 1896:—

"The evidence, without exception, supports the purchase of the Colonial Bank as a judicious transaction, and also shows that it has, in the working of the Bank of New Zealand, proved to be profitable."

Extract from the report of the Banking Committee of the House of Representatives, 9th October, 1896:—

"Your committee have made careful inquiry into the results of the purchase of the Colonial Bank by the Bank of New Zealand. The evidence all goes to show that the purchase was a desirable one, and that the Bank of New Zealand made a good bargain. The committee have carefully inquired into the increased earning power of the bank obtained by the purchase, and, although it is somewhat early to speak with certainty, the evidence supports the estimate given to the Joint Committee in 1895 by the president"

Extract from the evidence of Thomas George M'Carthy, one of the directors of the Bank of New Zealand, before the Banking Committee of the Legislative Council, 1896:—

"Do you consider that the purchase of the bank has been generally advantageous?—The purchase of the Colonial Bank?"

"Yes, of the Colonial Bank?—I think it was a fortunate sale for the Colonial Bank shareholders, and a wise and judicious purchase for the Bank of New Zealand shareholders."

"You secured all or nearly all the business did you not of the Colonial Bank?—In estimating the value we allowed for losing a portion [unclear: of] business but actually we retained [unclear: near] whole of it."

Extract from the evidence of Mr J. [unclear: M.] auditor of the Bank of New Zealand, [unclear: befor] Banking Committee of the Legislative [unclear: Cou] New Zealand, 1896:—

"Can you state whether the results [unclear: of] purchase have led to any large increase [unclear: th] business of your institution?—I can say [unclear: t] has been fully up to expectations. The [unclear: acc] ant made out for me an estimate of [unclear: the] we derived from the Colonial Bank [unclear: business] I may say that it hat been fully up [unclear: to] tions."

Extract from the evidence of Thomas [unclear: G] M'Carthy before the Banking [unclear: Committee] House of Representatives, 1896:—

"Are you in a position, for the short [unclear: time] have had charge of the business, to say [unclear: ho] going to pay?—My impression is that it [unclear: wi] the Bank of New Zealand remarkably [unclear: well]"

"Mr Watson estimated the increased [unclear: e] power of the bank at £30,000 last year?—[unclear: Yeg]"

"Have you any reason to suppose that [unclear: is] high or a low estimate?—The benefits to [unclear: the] of New Zealand from economies and [unclear: pro] sider, will be £30,000 or more; but, [unclear: settin] that question, by the purchase of the [unclear: C] Bank we have practically disposed of [unclear: a] serious competitor."

Extract from the evidence of William [unclear: h] one of the directors of the Bank of New [unclear: Zea] before the Banking Committee of the [unclear: H] Representatives, 1896:—

"Now, after giving the committee the [unclear: p] of the Colonial Bank, what led to it, [unclear: an] was paid for it, viewed by what has [unclear: tr] since, and the workings of your own [unclear: be] you make a good or a bad bargain?—I [unclear: h] hesitation in saying that all the [unclear: expen] have up to the present time justifies the [unclear: s] ment, and assures us that we made a good [unclear: b] for the Bank of New Zealand."

Extract from speech of the Hon. W.W.[unclear: S] ston at the half-yearly meeting of [unclear: the] holders of the Bank of New Zealand, [unclear: held] lington on 27th February, 1896; [unclear: extract] New Zealand Times of 28th February, 1896:—

"You will remember that for the [unclear: yes] 31st March last there was a loss on [unclear: the] working of £37,355 6s. I am glad to tell [unclear: tell] for the half-year ended 30th September [unclear: the] was a profit, and we had hardly then [unclear: be] reap the benefit of the changes and [unclear: improv] effected. The purchase of the [unclear: business] Colonial Bank has, so far, proved to [unclear: be] tory. That business has been [unclear: retained] almost in its entirety, and it is [unclear: hardly] that any bank could acquire such a [unclear: valu] Hess at less initial cost. We consider [unclear: thr] funds are retained to meet all possible

unclear: loe] altogether that this bank's future will [unclear: be] benefited by the important transaction."

Mr Hosking said there were two *[unclear: erro]* were probably errors of expression, in *[unclear: th]* ment which, as it was to be published, *[unclear: b]* like to have corrected at once. The *[unclear: fr]* he wished to call attention to was the *[unclear: st]* that the Colonial Bank shareholders *[unclear: w]* from further liability on their *[unclear: shar]* behalf of the Bank of New Zealand, *[unclear: he]* phatically to disclaim any such obligation in the part of the Bank of New Zealand by the agreement.

Mr Sim: That is the effect of the agreement.

His Honor: There are doubtless a number if exceptions that could be taken on the cootraction of this agreement, which would take about a week to argue. At all events, you *[unclear: dispute]* the proposition.

Mr Hosking: Absolutely. No such interpre-*[unclear: tion]* can be put on the agreement.

Mr Sim: Very well, there is no necessity to *[unclear: rgue]* it now.

Mr Hosking: Another point is with reference to Ryley's account. It was stated there, in regard to that account, that the bank took 20,000 as cover of the account in the "B" list. I wish it to be put alongside that statement that not only had the bank £20,000 to go and come upon, but they had the "whole ambrella" covered—the whole £327,000 covered. His Honor: Quite so.

Mr Hosking: I make this statement in the interests of the Bank of New Zealand

Mr Sim: It is admitted by the Bank of New Zealand officials that the loss in connection with the account is £20,000.

In reply to his Honor, Mr Solomon said he would like to have a few minutes to continue the investigation of a matter in the books, and asked that he be given till 2 o'clock.

On the court resuming,

The Hon. G. M'Lean, examined by Mr Solomon, gave evidence as follows: He was never managing director of the Colonial Bank. He was chairman of directors. He was in office from 1879 to 1882; he left the bank on the 31st January, 1883; rejoined in 1884; was appointed chairman in January, 1886, and had held the office since. He was chairman from 1879 to 1882 He was not a salaried officer. He had certain fees as a directos. The directors had so much per annum amongst them, and it was divided. He got £500 per *[unclear: num]*. The total amount was divided amongst the directors as they thought proper, and he could not get any more than they gave him. The amount was fixed by the directors at the express wish of the shareholders. The additional remuneration witness received was for the influence he brought to the bank. He considered red it his duty to preside at board meetings, to preside at the annual meetings of the bank, and to advise the general manager when he asked witness for advice. He considered that he was bound to acquire as close a knowledge of the affairs of the bank as any director could do. He did not pretend to go into the accounts. He had to depend upon the officers for the accounts. He did nob consider it part of his duty to look after the executive work of the bank. He would, however, deem it his duty to take exception to any men getting too much accommodation. He considered that the business of the board of directors, and it was his business to bring it before the board. It was, as he had said in his statement, his duty to know the business of the bank. He took steps to know the position of the bank. He never had any secrets from the other directors. When anything cropped up that he thought they required to know and the general manager brought it before witness, he (Mr M'Lean) would see that it was put before them. He should not think the other directors were as familiar with the position of the bank as he was. The general position was brought before them by the general manager and was known to all of them.

Mr Solomon: Then had you or had you not more knowledge of the position of the bank than your colleagues on the board had?

Witness: Anything that was necessary to know if I knew it they knew it.

So all they knew you knew?—I am not speaking about details, but as to the general position and principle of the bank. They were taken into your confidence?—Yes, I had no secret from any director.

Further examined, witness said one of the most important things in connection with the bank was to set out in its yearly or half-yearly balance sheet its proper position. That was required by the deed under which the bank existed. That deed required that in the balance sheet the directors must make due and proper provision for bad and doubtful debts. Witness was an old banker, and was perfectly familiar with banking affairs.

Mr Solomon: Did the directors of this institution from time to time make what was in their opinion sufficient allowance for bad and doubtful debts?

Witness: They did, so far as was asked from them. They made every provision that was asked from them.

Did the directors themselves form an estimate of what was due and proper provision for bad and doubtful debts?—No. They could not form an estimate of what was due.

Do you know that it was required of them by the deed of settlement?—That would be an impossibility for the directors to go over £2,700,000 of debts and pick them out. That would be impossible.

You have told me that the deed ot settlement requires that the directors should make what they estimated to

be a proper allowance for bad and doubtful debts in their balance sheet?—So far as they knew.

Section 103 of the deed of settlement says:—"In making up the balance sheet to be submitted to every half-yearly meeting, it shall be the duty of the directors to deduct from the gross profits of the half-year immediately preceding, or to charge against reserve fund, not only all debts due to the company which shall appear to the board of directors to be bad debts, but also all such as shall appear to them to be of a seriously doubtful character; and in case any such debts shall after-wards be recovered, the amount thereof shall be again carried to the credit of the reserve fund, or carried to the credit of profit and loss, as the directors may in their discretion think fit." I suppose you knew of the existence of that clause?—Oh, yes.

So it is the duty of the directors to deduct from the profits of the half-year, or to deduct from the gross proceeds, the debts which shall appear to the board to be either bad or seriously doubtful. Now, I ask you, Did the board form an estimate themselves of what were bad and seriously doubtful on balancing days?—It would be impossible for the board to form their own opinion of it. They have to rely on their officers selecting these bad debts, and they can ask any questions, and the general manager would require to answer them. You see it would be impossible for the directors to go over £2,700,000 worth of advances and pick them out for themselves. The thing could not be done.

But they have to form an estimate from some means?—Yes.

Did the board form an estimate of what were bad and seriously doubtful debts?—I have set out in my statement the process we went through to form an estimate. Everything that was brought forward by the general manager and asked to be written off was written off at once without demur.

Did you or other of the directors yourselves form an estimate of what were bad and doubtful debts?—No; we could not form our own estimate. We took the estimates as they were produced by our officers and general manager.

Then you formed no estimate yourselves?—No; and we could not form an estimate. It would be an impossibility for the directors to do it.

Can you tell me what information the general manager had in coming to a conclusion as to how much should be written off?—Well, he would find the information supplied in the balance books.

What are they?—The half-yearly balance books from the different branches.

By all the officers?—By the bank managers and inspectors, and it would be sifted up to himself through all these officers.

In reply to further questions, witness said the general manager had the description in the balance books of every debt; and he had the estimates of the branch managers and inspectors. The duties of the branch managers in their half-yearly reports was to set out the position of accounts in respect to bills discounted, overdrafts, &c. It was also their duty to estimate what were good and bad debts. The inspectors would make an estimate from information supplied by the branch manager. The inspectors would make an inspection of different branches, but they could only round a certain number of branches in the [unclear: y] The estimates of bad and doubtful debts [unclear: w] made in the first instance by the [unclear: bre] managers, then reviewed by the inspector [unclear: w] after-wards by the general manager. The inspector did not report to the board, but to general manager, and the branch managers reported to the general manager. Any [unclear: d] likely to loom in the distance would be reported on at the same time. The sub-[unclear: ins] also reported and forwarded their reports the general manager, either through the [unclear: ber] managers or the inspector. These [unclear: esti] were made by means of reports either [unclear: by] inspectors, branch managers, or sub-[unclear: inspec] unless the board ordered a special report [unclear: t] made. The instructions to make these [unclear: f] mates came from the general manager, there were no instructions as to how [unclear: the] mates were to be made up; they made [unclear: t] according to their own ideas. The [unclear: estim] of the inspectors and the general manager given effect to as far as the latter [unclear: thos] that they should be given effect to. [unclear: Th] general manager recommended what [unclear: sho] written off, and it was written off [unclear: accordin] These estimates were always made up [unclear: a] liquidation basis. He presumed that [unclear: al] officers knew that. Every bank did that [unclear: a] directors wanted to know the worst [unclear: positia] case of a smash up of everything. [unclear: Ever] spector knew that his estimate had to [unclear: be] up on a liquidation basis, and every [unclear: dis] understood that that was so.

Mr Sim remarked that confirmatory [unclear: evi] on this point was given by Mr [unclear: Macker] his examination.

Witness repeated that the inspector of [unclear: e] bank had to make his estimate of [unclear: bac] doubtful debts on a liquidation basis, [unclear: and] as a going concern. He (witness) [unclear: was] know what it would take to smash up, to [unclear: a] everything interest producing, and to [unclear: see] they really stood. Nowhere in his [unclear: experi] were such estimates made up except [unclear: on] dation basis. The amount to be [unclear: writt] was decided at the head office on the [unclear: adve] the general manager. The general [unclear: mu] culled all the information from [unclear: these] by the branch managers and [unclear: inspector]

satisfied himself what was required [unclear: b] written off. The general manager [unclear: broop] recommendation before the board, [unclear: and] wrote them off. The whole [unclear: responsibility] thrown on the general manager, because [unclear: he] the principal officer to advise the board. [unclear: t] should they get a subordinate officer to [unclear: a] them? They must either take the [unclear: gi] manager's advice, or dismiss him. [unclear: Wha] general manager, having gone into the [unclear: w] question, arrived at what were bad and doubtful debts he brought the matter before the board and asked for appropriations.

Mr Solomon: I ask you why did not you get the inspector to give to the general manager an estimate of what ought to be written off?—Well, I presume the general manager in discussing it with the inspector would come to his decision.

Witness continued: He presumed there were Instructions to that effect. There were certain duties laid down for the inspector, manager, and general manager, and these it was supposed they would carry out. The inspectors and branch managers would send estimates of what in their opinion were proper debts to be written off; and that estimate would be made on a liquidation basis. A new inspector or a new manager would make a clean sweep so as to start with a clear field. If the advice they gave was taken, everything would disappear, and never be heard of again. When he (witness) was manager of a bank he would estimate his bad debts far in excess of what they were likely to turn out, so that he could show them in the way all liquidators and everybody else was doing, what a clever fellow he was to bring things out better than he had stated. That was what every branch manager and inspector would do if allowed. The general manager would question the inspector and managers, and have correspondence with them, upon which he would form his own conclusion as to what should be written off.

Mr Solomon: You wrote off the amount he wanted?—He would bring the list of bad debts he wanted written off and would submit it to the board, and then the board would write it off.

Do not let us misunderstand each other. What was done was this: reports and estimates were submitted by the inspector and the branch manager to the general manager, and he took each step as he thought proper to satisfy himself they were correct?—Yes.

And he then would come to the board with lists—what lists, these or others?—No, the list he had made up himself, culled from the estimates of what it was proper to write off, and that amount was written off at once. The board would sanction the writing off.

No discussion?—They would ask questions about them, but I know in our case we never refused to write off everything the general manager asked.

Witness continued: Questions would be asked but the board never refused to accept what the general manager made up. It was not a fact that the amount to be written off was in every case fixed before the lists of bad debts were submitted to the directors at all.

Mr Solomon: Very well, we will see. On Wednesday, 5th September, 1888, the general manager submitted the result of the half year?—Yes.

Showing what the gross profits were?—Yes.

It was resolved to divide this in these proportions—£14,000 to pay dividends; appropriated to bad and doubtful debts, £17,000; and balance carried forward?—Yes.

Is it not the fact that that list was only made up after it had been decided to pay £14,000 in dividends?—I should not think so. The general manager must have had it in his mind because he asks for the amount he wants for bad and doubtful debts.

Witness continued: The general manager must have had the lists before him, because he made an estimate and asked for the amount he wanted. If more money had been wanted it would have been given. Had the general manager asked for more it would have come out of the dividend, the private reserve, which at times was large, or they would have gone to the reserve fund. Provision as required would have been made.

Mr Solomon: Is it not as plain as possible to any business man that it is only when the amount that is actually going to be written off is decided, that Mr Mackenzie squares his list with the amount that it has already been decided to write off?—No, it is not.

Now, on the 4th December, 1889, the statement of gross profit was laid before you?—Yes £27,711 0s 9d.

On the same day it was decided to divide that in this way: £14,000 in dividends, £1000 to the reserve fund, £8350 to bad and doubtful debts and £4561 carried forward?—Yes.

Did you have any list before you made up by the manager?—I do not say we would.

Mr Sim said his friend was confusing the allocation and the writing off.

Witness: The two things are completely separate, and you want to bungle them together so as to mystify.

Mr Solomon: Oh, no. I will put it this way, Mr M'Lean: When the reports of the inspectors and the branch managers were submitted to the general manager, he made up a list of what he wanted written off, and he brought that list to you and you wrote it off?—Yes, but I know what you are coming to. You are trying to mystify by putting them together, but I won't have you put it that way. I am as good a bookkeeper as

you.—(Laughter.)

That may be so, Mr M'Lean; I never pretend to that. I am a simple, innocent lawyer—nothing more.—What you want is to get at the truth, and your cross-examination is a perversion of the truth.

His Honor thought that what was to be inferred from the minutes was this: The general manager, without producing a list, stated the amount he considered proper to be written off as bad and doubtful debts, and that the directors assent to that without seeing the list, but the list was subsequently produced. The general manager knowing the amount it was intended to write off, though he did not produce the list, would probably have made up a list in order to ascertain the amount.

Mr Solomon: I think your Honor does not understand the position.

Witness: Your Honor has stated the position exactly.

Mr Solomon: In nearly every case what happened was that the general manager brought down a statement of the gross profits which were divided up by the directors?—On his recommendation.

We will come to that in a moment. Whether it is on his recommendation or not, it is a fact that when he brings up a statement of the gross profits it is divided up into dividend, reserve fund, bad and doubtful debts, and amount carried forward?—Yes.

And a few days after-wards, in nearly every instance, a list comes up which is very nearly, if not quite, the same amount as the amount the directors have recommended to be carried to bad and doubtful debts?—The directors did not recommend; they did as they were recommended to do. Now you have had your say, Mr Solomon, let me say something. The general manager asked for a certain amount for bad and doubtful debts. If he had said he wanted £12,000 instead of £8000 he would have got it. The extra amount asked for would have been taken out of the amount to be carried forward, or out of the amount set apart for dividends, and if that was not enough the private reserves would have been resorted to, and if that was not enough the reserve fund would be drawn on.

You say, then, that the lists were brought to the directors, and the directors wrote off those amounts?—Exactly.

Why were the lists not submitted to the directors when the writing-off was made?

Mr Sim: They were, but when the allocation was made they were not submitted.

Mr Solomon: I ask the witness why were the lists not placed before the directors when the directors made up their minds how much was to be written off?—I do not know the reason. They do not need to have the lists. If the general manager wants so much for his bad debts he asks the directors for that appropriation and gets it.

But, if the amount the general manager wants written off for bad debts is made up from these lists, it is strange, is it not, that these lists should not be handed to you?—I do not know that there is any strangeness about it.

Take any case you like then. Take the case in the book which is now open on the table. On that date there is no list of any sort before the directors?—No.

Witness continued: They had nothing else before them in that amount other than the general manager's recommendation of what was required for bad debts. The amount recommended as being necessary was passed [unclear: at] meeting of directors, and then, during [unclear: the] lowing half-year, the directors, with the [unclear: gen] manager, went over the accounts. They [unclear: co] not get the balance books from the [unclear: bran] until after their statement was out. [unclear: Press] to where they got the information from [unclear: t] guided the directors in coming to the [unclear: con] sion that the sum written off was the [unclear: con] amount, witness said that they had the [unclear: infor] tion that the general manager asked [unclear: for] amount. In March, 1890, when £14,000 appropriated for dividends, £5000 [unclear: for] debts, and £3800 carried forward. [unclear: t] information on which this was [unclear: done] the same—the general manager's [unclear: applicat] In each case when the general mauager [unclear: m] application he was asked if he [unclear: recommend] that appropriation for bad and doubtful [unclear: de] He had never asked the general [unclear: manager] it was that his estimates of the [unclear: provisions] should be made for bad and doubtful [unclear: d] were so very much less than the [unclear: estimat] the branch managers and inspectors, [unclear: beca] be did not know that they were less [unclear: that] estimates of the branch managers and [unclear: ins] tors. The statement of Mr Mackenzie [unclear: on] that the directors refused to accept the [unclear: insf] tions of the branch managers and [unclear: inspectors] to what provision they considered [unclear: was] sary to be made for bad and doubtful [unclear: acc] and preferred to make a valuation of [unclear: their] was not true It was not true that the [unclear: d] tors formed their own conclusions as [unclear: to] was the correct amount to be [unclear: writter] What Mr Mackenzie meant was that the [unclear: di] tors went over the balance books [unclear: wirh] during the half-year and would have a [unclear: bri] eye view of the position of the bank. [unclear: That] quite a different thing to bringing up a [unclear: list]

Mr Solomon: Can you show me, Mr [unclear: M'la] in any part of your minute books at all [unclear: t] Mr Mackenzie, except in one instance [unclear: th] shall think it proper to draw your [unclear: attention] ever

recommended the amount to be [unclear: wit] off—the amount which your directors [unclear: res] to write off?

Witness: How could we state the [unclear: amo] ho did not ask for it? Every amount [unclear: that] written off was written off on the [unclear: recomme] tion of the general manager. So far [unclear: as] minutes showed, it was the directors [unclear: a] decided how the gross profits should be [unclear: divi] Everything the directors did was done [unclear: on] recommendation of their principal [unclear: exec] officer.

Mr Solomon: Mr Mackenzie does not [unclear: says]

Witness: I do not care what Mr [unclear: Mact] says. That is what was done. I do [unclear: not] Mr Mackenzie ever said he did not [unclear: recon] the appropriations.

Examination continued: The minutes [unclear: w] not necessarily show that the general [unclear: mas] recommended how the gross profits [unclear: shou] [unclear: divided], because the directors would not appro[unclear: priate] the profits without his advice. If the [unclear: genral] said "I want so much more for bad and [unclear: doubtful] debts" the directors would give it; if [unclear: he] wanted more than that, they would take it [unclear: out] of the private reserves; if he said that was [unclear: not] sufficient and he wanted more, it would [unclear: some] out of the "carry forward"; and if he [unclear: wanted] more, they would take it out of the [unclear: reserve] fund.

Mr Solomon: In face of the fact that in not [unclear: one] of the minute books of the bank does it appear that it was the general manager's recommendation that these profits were divided, you [unclear: still] insist that it was he who asked for it and [unclear: you] did it on his asking?

Witness replied in the affirmative. Further [unclear: questioned], he said that Mr Watson (the chief inspector) prepared some estimates of what were termed bad debts, but they were not really bad debts. They were estimates of properties, and of what the bank would realise if they were [unclear: smashed] up. The inspector classed them as bad debts, but witness would not have so classed them. Some of these statements were submitted to the directors. Witness had seen some of them. He would give a sample of what these estimates were—the one (produced) of the 29th February, 1888. As Mr Solomon would see the recommendations were all scored down and alterations were made in red ink, and no one, witness thought, would call that an estimate such as would be submitted to a board of directors. The inspector called it "The inspector's estimate of bad debts for February, 1838," but in it he did not separate the bad from the doubtful. There were scorings out in in and alterations made. One of the properties marked at £2591 was altered to £900. Witness did not suppose that anyone would call that a sheet to put before directors. He thought that two or three of the other inspectors' estimates of bad debts were placed before the directors. They, however, were not made up for the purpose of writing off. They were made up to show if these properties were smashed up how much it would take to cover them. They were not placed before the directors for that purpose. The directors were not going to take any inspector's estimate. This man came from Ceylon to assume charge of the inspectors; he knew little or nothing then of the affairs; he was going to take the responsibility of the branches, and he wanted to have a clean sheet. There must have been other estimates of bad debts, besides the one produced, made up by Mr Watson, but witness did not know of any. These lists were for presentation to the general manager, and, as witness had said, they were only scroll lists, and were never entered in a book.

Mr Solomon: Although the chief inspector went on reporting year by year thousands of pounds of bad debts, the reports were never given to the directors?

Witness: I knew of several.

Did the general board of directors know?—Two or three were laid on the table.

In answer to further questions, Witness said as they were on estimates he would like to give the value of a few estimates. The debts in the "D" list had been estimated as absolutely worthless, but they were going to get £40,000 out of these. There had been a lot of very clever men making estimates, and he had before him a sample of the estimates formed. There was a debt of £789. It was estimated to produce £500, and it brought in the whole amount. A debt of £1789 was estimated to be worth £557, but it brought in £1785 A debt of £66 was valued at nothing, but it brought in the full amount. Another debt of £104, valued at nothing, also brought in £104. A debt of £78, valued at nothing, brought in £78. A debt of £1276, valued at £500, brought in £1050. A debt of £184, valued at £42, brought in £181. A debt of £780, valued at £250, brought in £788. He had lost all faith in estimates himself.

Mr Solomon: On the 7th of January, 1887, I see you say at a meeting of the shareholders of the bank: "Like other people, we have not escaped making bad debts, but we have duly provided for them, and in order to make the best of the times we have added considerably to our inspection; so that we are taking every precaution to look after the affairs of the bank." I suppose that refers to the appointment of Mr Watson?

Witness: Yes.

Then I understand you to say that, although you told your shareholders that you were taking the precaution of providing against bad debts by appointing Mr Watson, Mr Watson's estimate of bad debts was never laid before the directors at all?—These were not asked for the purpose of the board.

I want to know is it, or is it not, a fact that these were not submitted to the directors?—No; they have not been submitted. I quite admit that. Some of them were. Three of them were.

These are the bad and doubtful debt statements (producing the statements)?—Those were never submitted to the board. They were for private information.

What were submitted to the board?—Those balance books, which contained everything.

Did they show what in the opinion of the managers were bad debts?—They gave the securities against them, and showed what might turn out as bad.

Are they made on a liquidation basis, or on a going concern basis?—They bring out the bad debts on a liquidation basis.

Is there any thing before the directors to show what is the position of this bank as a going concern?—You have to take it on the worst basis you can take it on to show that you are in a safe position.

Mr Solomon: Was there anything submitted in order to show what the position of this bank was as a going concern?

Witness replied that he did not take it that any of those reports took it as a going concern. There was nothing of any sort laid before the directors to show what the position of the bank as a going concern was. He (witness) understood that the reports were made on a liquidation basis. The directors always acted on the advice of the general manager, and presumed that he got his information from the inspectors. So far as he, as chairman of directors, was concerned, he did not know that anybody had put before them the position of the bank as a going concern. He took it that everything submitted showed what the account or property would realise at once. Having all the valuations—which were things taken at their 'worst—on a liquidation basis before him he could assume the value of the bank as a going concern himself. He repeated that every report, which came before the directors concerning all these bad debts were estimates of accounts if they needed to be worked out, and of what they would realise under these circumstances. As the directors had before them a report showing things at their worst, it was a great deal better than a statement by the staff of the position of the bank as a going concern. They knew perfectly well what the position as a going concern was, seeing that the amount it was realising by way of profits, besides putting aside all in the list produced as not taking anything into profits. The bank must be in a sound position, making the profits they did. The bank was solvent. The estimate of bad debts in 1889 (£82,000) was not all bad debts; properties had to be taken off that. It was only an estimate, in the opinion of the person who made it. Those were the values of the properties at the time they were made, in the inspector's opinion, but values fluctuated very much in the course of a few instances. He instanced as a case in point his own house, which for property tax purposes had been valued in one year at £10,000, and in another year at £9000; but now it was down to £4000. Now he (Mr M'Lean) would be very glad if anybody would take over his house at that figure. It was not every man who would say that. Of course, if times were good again his house would be worth a great deal more than it was now valued at. These inspector's reports never went before the directors; they went before the general manager. What came before the directors were the branch managers' balance books. In 1882 the inspector estimated the bad debts for that year at £72,000. Witness had never seen the lists from the branch managers; they were not submitted to the directors. On 31st July 1889, the manager's estimate of bad debts [unclear: w] £82,900, and the inspector's estimate [unclear: w] £72,000. The lists would not have been of [unclear: an] use, and he did not know why they [unclear: we] obtained. That year £18,000 had been [unclear: writt] off, but as he had explained in his statement they had to take off the property accounts [unclear: first] Mr Watson had estimated the value of [unclear: t] properties, but they did not take his [unclear: estiman] for that. If the general manager had said [unclear: th] estimate of bad debts had been right [unclear: t] amount would have been written off, be [unclear: t] consequences what they might. The [unclear: gener] manager was responsible.

Mr Solomon: Did it not occur to you [unclear: th] there was personal responsibility?—[unclear: There] personal responsibility for the conduct of [unclear: t] bank. We take the responsibility of [unclear: go] over the balance books every half-year [unclear: as] asked about the accounts. We went over [unclear: t] balance books, taking all the securities.

Why did you disregard to such an [unclear: enorm] extent the estimate of the inspector?—[unclear: We] not disregard it. The general manager [unclear: too] the recommendation of the inspector, [unclear: and] was for him to say how much of [unclear: that] approved.

And you took his word for it?—Naturally [unclear: T] is our adviser.

In 1890 the bad debts are [unclear: estimated] £86,000, and doubtful £32,000. At the [unclear: sa] time on 31st August, 1890, you will find [unclear: th] your branch managers show a summary of [unclear: a] and doubtful debts £81,000.

Mr Sim: Mr M'Lean says that these [unclear: retu] were not before the board. You are [unclear: ask;] about documents that never came before [unclear: him]

Mr Solomon: Allow me, Mr Sim—

Mr Sim: But I object.

His Honor: Mr Solomon's point is that [unclear: th] ought to have been.

Mr Sim: If they were not, what is the [unclear: use] asking about them.

Mr Solomon: I am the judge of that.

Mr Sim: Subject to the ruling of the [unclear: court]

Mr Solomon: Of course we are all [unclear: subject] the ruling of the court. Surely, your [unclear: Honor], is perfectly obvious. Here are the [unclear: estimate] submitted every half-year showing the [unclear: braek] managers' opinions of the bad debts. I [unclear: ask] M'Lean to look at this now.

Mr M'Lean: Why did you not ask Mr [unclear: M'Lean] kenzie why he ignored them?

Mr Solomon: I did ask him and his [unclear: rep] was "It had nothing to do with me; it [unclear: was] matter for the directors."

Witness: Is the general manager a [unclear: cipher]

Mr Solomon: You asked me a [unclear: question] I told you the answer.

Witness: If he was not fit to advise [unclear: he] not fit to be there.

Mr Solomon: Do you not know [unclear: perfect] well that what Mr Mackenzie did say was [unclear: th] was nothing to do with him; that it was a [unclear: matter] for the directors?—I do not think his S[unclear: vidence] went as far as that. I do not think [unclear: he] report goes nearly so far as that.

Witness continued: He did not think he had [unclear: ver] said that Mr Mackenzie had said he had [unclear: othing] to do with this. What he had stated [unclear: was] that Mr Mackenzie said it was the direc[unclear: ors'] business; but he (witness) did not agree [unclear: with] that. It was for the general manager to [unclear: advise] the directors. The lists, as he had said, were never laid before them. The balance books, which gave far more information, were [unclear: aid] before them.

Mr Solomon: The inspector reckoned in 1890 [unclear: that] you had bad debts amounting to £86,000?

Witness: Yes.

And what did the branch managers estimate?—£81,000.

What did you write off?—£7080 But those estimates we declined to take, as they were simply the estimate of the values of the properties.

In 1891 the inspector estimates the bad debts at £74,000?—Yes, and he makes provision for £88,800. The estimate of the managers was £74,050, but you must understand that these estimates take in a lot of the properties which were working themselves out.

And you wrote off—how much?—Whatever was asked for would be written off.

£20,000. Don't you know that?—You can put the list in a lump, if you like. We will admit it, with the explanation that the statements in it comprise a large number of properties—the property account—belonging to the back. I told the shareholders all about them.

Then in 1892 the inspector's estimate of bad debts was £65,000?—It is an estimate of bad debts after valuing the properties.

Yes, after giving credit for properties held against them?—Yes; it is the valuation in his animation.

Your manager's estimate of bad debts that year was £80,000?—I cannot say.

Take the inspector's report for 1892?—There is not an inspector's report; it is an inspector's estimate.

Call it what you like. On that date what is his estimate of bad debts?—£75,000, and he has got provision for £80,000.

Including the reserve fund?—Yes.

Witness (continuing) said that in January, 1892, the manager's reports estimated the bad debts at £78,000, and in February, 1892, at £61,000. That half-year £22,000 odd was written off. In 1893, according to the reports now before him, he saw that the inspector estimated the bad debts at £58,000. He did not know anything about the branch managers' reports, never having seen them. As a matter of fact they were lists, and were not reports at all. They purported to be from the managers of the branches, and were the estimates of the values of properties if they were realised upon at once. He did not hold that the valuations were correct. If in 1892 the bank had been wound up and the properties sacrificed and sold for what they would bring, the result would perhaps have been, as Mr Mackenzie's report seemed to show, that the £50,000 reserve fund would have gone, with the exception of £9000, but there was no reason why the properties should be sacrificed. It was conceded by everyone that that was what was meant by Mr Mackenzie's estimate. Another thing was that in the reports the bad debts and doubtful debts were not separated, and if that were done it would be seen that the position was much better. The general manager had said that 50 per cent. of the debts were bad, but that was not the proper way to make an estimate. Besides in addition to the reserve fund they had £58,000 of private reserve which was available for providing for bad debts. What he said was, that even by Mr Solomon's own showing the bank had £30,000 left out of the reserve fund. That was not by including what had been reported as bad. Going on to 1894, the inspectors' estimate of bad debts in October of at year was £74,000, and the manager's:

timate was £68,000 Witness did not accept that inspector's estimate at all The year 1893 was the year of the terrible crisis. In 1894 a new inspector came, and witness said to toe general manager that after the crisis, after the hauling in of £500,000 of deposits, the advances must be weakened, and witness asked the general manager to send the new inspector to every branch to value everything in the books, and show what the position was. He brought witness this estimate, taken from the branch managers' reports, and witness told him he would not accept the estimate. Witness saw that the increase in book debts was an increase in property accounts, which was not what was wanted at all. Then it was decided that Mr Vigers should go and inspect the branches personally, and he was to bring up a report of exactly what he found. That report was brought up on the 31st May, 1895. There was no difference in the position of the bank between 1893 and 1895 that witness knew of. In April, 1894, the sum of £11,988 was written off, and in October £7700, and that included landed property at Outram, £2009.

Mr Solomon: You have explained to me that you do not recognise the inspector's writings off. I say that in 1894 the inspector reported or estimated—call it what you like—that the bad debts of the bank were £74,000.

Mr Sim: That was after all the writings off.

Mr Solomon: No, no; so much the worse if it is so.

Mr Sim: Mr Vigers's estimate was made up in October, and all the writings off were before October.

Mr Solomon: The inspectors reported £70,000, and you wrote off £19,000. The managers having reported £67,000 or £70,000, where did you get your information from?

Witness: We did not know that the managers reported that.

Why?—Because we never had that.

You had the books?—It was not focussed in the books.

Mr Solomon: Surely to goodness, Mr M'Lean, you, the directors, or the manager, whoever it was—I am trying hard to fiud out who is responsible, and I find a difficulty in doing so, but it makes no difference to me whether it was you or Mr Mackenzie—I want to know the fact——

Witness: I say we did not know these focussed managers' reports. I say that this report of Mr Vigers was not what I asked for, and was worth nothing.

You did not accept the inspector's report?—I would not accept any report than a man would sit down and fire off in half an hour.

Will you tell me where you got the information on which you acted in writing off?—We got it presented by the general manager. We went over the balance books with him, and he explained every account over £500.

Did you know in going over the balance books that the managers had stated that in their opinion, instead of £19,000 of bad debts, there were £70,000?—How could we know? We knew that we were satisfied, and the explanation of the general manager, that we were writing off a proper amount.

Supposing that you knew then what you know now, that the totals in the balance books showed that in the opinions of the managers there were at that time £70,000 of bad debts, would you then be satisfied to write off £19,000?—I dispute that there were £74,000 of bad debts. I have absolutely disputed that. Besides, we knew that we had all the private reserves.

Do you not see now that in 1894 the managers reported to the general manager that in their opinion there were bad debts in the books of the bank to the extent of £70,000, and that you only wrote off £19,000 P—And if you still persist in misrepresenting what I say, there were all the reserves against it.

Whatever reserves there might be it does not alter the fact, does it, that there were so many bad debts?—I say this, that they were not bad debts.

They were what the managers called bad debts?—There was £74,730 here against them.

They were put down as bad debts?—On a liquidation basis, yes.

I do not care on what basis. They were not put down as bad debts by the directors?—Because they were not bad debts; and I brought forward the securities in 1894 and threw them on the table for the shareholders to look at all the properties, and they [unclear: co] have any of them they liked at the figures. [unclear: T] directors had the branch managers' [unclear: bala] books before them at the time, and with [unclear: the] books before them they asked the [unclear: geo] manager, who satisfied them that he had [unclear: m] fair provision up to that time for bad [unclear: debts].

Now that I have shown you what the [unclear: de] of these books are, do you still think [unclear: t] that was sufficient provision?—No. I [unclear: say] Supposing the general manager——

Please give a direct answer [unclear: to] question?—I cannot answer yes or [unclear: n] Suppose the general manager had [unclear: bro] up that estimate to the directors [unclear: t] said to us: "These are all the bad [unclear: de] I want them written off" I say that [unclear: what] the amount came to the directors would [unclear: b] written the amouot to.

I understand you to say—indeed, [unclear: you] told me so half a dozen times before—[unclear: that] directors trusted implicitly to the [unclear: gen] manager?—I never said that.

Witness continued: He did not know [unclear: that] estimate in the branch manager's report [unclear: in] was correct. It was impossible to go [unclear: back] years and place matters in exactly the [unclear: po] they were at that date. He could [unclear: not] whether the branch manager's estimate [unclear: of] debts in that year was correct, unless a [unclear: ren] tion of the properties had been gone into. [unclear: T] branch manager was probably newly [unclear: appoin] and wanted every dead property out [unclear: of] books, and therefore put them all down [unclear: as] He knew himself in the crisis of 1865—[unclear: whe] was in charge of the Bank of New [unclear: Zea] here—when a large number of persons [unclear: fr] that that bank made losses to the [unclear: exte] £150,000 in their books. He advised [unclear: hi] spector that there would be heavy losses, [unclear: be] the end there was only a loss of £60. [unclear: He] peated that when they made up the [unclear: ba] sheet of 1894 they thought they had [unclear: made] provision for all bad debts. In 1895 [unclear: wo] proper time to make a revaluation of [unclear: all] perties, and in that year they took [unclear: proper] and wrote of everything. Looking now [unclear: a] figures of the branch managers, which [unclear: he] never seen before, and assuming them [unclear: to] correct, he admitted that they had not [unclear: n] sufficient provision for these bad [unclear: de] If he had seen these [unclear: figures] might not have consented to [unclear: wr] off what they did in 1894 as [unclear: sufficient] 1895 Mr Vigers made a personal [unclear: inspec] and after his report was received they [unclear: b] that more would have to be written [unclear: off] had been They did not accept Mr [unclear: Viq] estimate of bad debts (£91,000). He [unclear: had] creased the losses on certain properties, [unclear: w] they had to write back next year. For [unclear: ins] Mr Vigers increased a property from £48 £8500, and the losses on the [unclear: property] year, after his visitation, were [unclear: reduced] £7900 Another property set down at £2000 [unclear: r] Vigers wrote up to £5000, and next year, [unclear: fter] making a personal inspection of it be put [unclear: t] back to £3000. Whenever he (Mr M'Lean) [unclear: aw] that, he would not accept the report. It [unclear: was] not the fact that in 1894 they wrote off [unclear: ne] quarter of what their branch managers re-[unclear: erted] as estimates of bad debts. They wrote off 19,000 that year: and they knew of no difference [unclear: n] the position of the bank. He repeated that [unclear: he] directors did not know what the branch [unclear: mangers'] estimates were; these reports were [unclear: never] put before them. It was the branch [unclear: balance] books they had before them, and in [unclear: these] the thing was focussed. He did not know [unclear: whether] these estimates agreed with the branch [unclear: balance] books. All be could say was that the [unclear: position] of the batik had not altered, and to heir knowledge they had made plenty of [unclear: proision].

Mr Solomon: If, instead of writing off a marter of what the managers reported as bad [unclear: lebrs], you had written off half of it you could lot have declared a dividend at all?

Witness: Yes; but the directors did not debit that it was bad. To know the amount hat was bad they would have had to go into the evaluation of all the properties. If they had not trusted to the manager they must have sicked it out from the balance books; that would have got it, but that was the business of the manager. The manager asked for appropriations tor bad debts, and the sum asked for was [unclear: ranted]. The bad debts on a liquidation basis [unclear: or] 1894 were reported as £68,000. and they at Mackenzie's request wrote off £19,000 He did not know at the time that that amount of bad debts bad been reported. If when that was done they took the property accounts into con[unclear: sideration], there was not so much wrong

Mr Solomon: Are you content to put it that [unclear: ay], "not so much wrong"?—No. I say [unclear: here] is provision.

In the reserve fund, do you mean?—Oh, here is to carry forward and private reserves.

But that is not what I am talking about. I [unclear: m] not talking about whether the bank was going [unclear: o] burst, but whether you wrote off sufficient of [unclear: our] profits in the way of bad debts?—If you have a lot of money in private reserves you [unclear: on't] write it off; you keep that against any [unclear: keli]hood of bad debts.

Witness continued: He had given examples [unclear: n] his statement of the way in which [unclear: hese] debts had been dealt with. They [unclear: were] not written off until the properties were [unclear: realised]; but if the properties were sold, and [unclear: they] never refused a reasonable offer, the [unclear: balance] would be immediately written off. But rproperties would not be sacrificed. The value of the property would be taken to be the ordi[unclear: ary] market value, and what that was would [unclear: be] decided by their principal people. This [unclear: estimate] would be made out by the manager for the time being, and it would appear in his half-yearly report. The manager would put in the property as it stood, as if of the value, and if the security was good that was the value as at that date. That estimate would stand until depreciation was shown. He (witness) did not admit that the bad debts shown to the extent of £70,000 or £80,000 were bad debts. It was not a case of writing down property and sacrificing the lot. In the case of shares, for instance, they might be put in at £25s per share, and perhaps in a month they would go up to £5. Supposing a man had a house that cost him £3000 to build, it might bring him in £150 a year, and yet would probably not fetch £1000, but he would not let it go for £1000.

Mr Solomon: That is not the point, what you would sell the property at, but what provision you make against it. If you have a debt in your books, and against it you have a house worth only £1000, surely you can only call it £1000?

Mr Sim: What Mr M'Lean means is that if the rent from the house is going on to extinguish the deficiency, you do not write it off.

Witness proceeded to relate a case in which a property account showed a surplus on realisation.

Mr Solomon asked whether it was not the case that the amount written off at the period referred to was a quarter of what the manager had estimated to be the true amount of the bad debts.

Witness replied that that would be on a liquidation basis. Continuing, he said that in 1895 they had Mr Vigers's report. That showed they had £90,000 or bad debts, besides £44,000 doubtful, and Mr Vigers estimated the provision to be £95,653.

Mr Solomon: You prepared a balance sheet, then?

Witness: Yes.

Do you say it is a true balance sheet?—As far as we were able to make it.

Did you wipe out these debts?—We could not wipe them out without a vote of the shareholders.

Here we have "Bills discounted and other debts due to bank." Don't you know that £100,000 of these were bad?—They were not bad, because there was provision against them.

How do you mean "they were not bad because there was provision against them"?—We had provision, but not enough provision, and we could not touch that balance sheet without a resolution of the shareholders.

Further questioned, witness said that besides the reserve fund they had the amount carried forward and the profit for the half year (£20,000), and a lot of odds and ends.

Mr Solomon: I ask you again, was that a true balance sheet?

Witness: Yes, so far as the books of the bank were concerned.

Did you not know at the time that you were including £100,000 of debts you knew to be bad?—They were debts in the list.

Did you not know, Mr M'Lean, that you were including in this £100 000 worth of debts that you knew to be bad?—No; I did not know. We were going to accept it that they were bad from Mr Vigers and make provision for them.

Never mind what provision you were going to make for them. You knew that you were including £100,000 worth of bad debts.—And we had £90,000 provision against them.

You were including £100,000 of debts that you knew to be valueless?—We did not know them to be valueless. I wish to call your attention to the fact that that is a balance sheet made up from the books of the bank, and we had no power to touch that balance sheet.

What do you mean by touching it?—We had no power to alter it by taking money from the reserve fund and capital. I never knew of any case where the reserve fund was written off without a resolution of the shareholders.

You know perfectly well that your reserve fund at that date was gone. I quite understand what your object in the matter was, and there might be a great deal to be said as to what light was the correct one, but let us get at the facts. I will do you perfect justice on the other matter in a moment or two. You mean that you were on the verge of selling this bank to the Bank of New Zealand?—That is so.

If you had shown the true state of affairs as they existed then there might have been a run on the bank, and the bank would have gone into liquidation?—That might have been so, but that is a different point altogether. I say you cannot reduce your capital without a resolution of the shareholders.

Why not wipe out the reserve fund?—I have never known a reserve fund taken without a resolution of the shareholders; and we have no power to touch that balance sheet before we go to the shareholders and ask them to do it.

You knew you made this quantity of bad debts?—We were determined then to make provision for everything Mr Vigers said, and more than that. We were going to take a considerable sum for contingencies.

Mr Vigers reported that you had made £90,000 of bad debts. That is so?—I don't know that he reported He said that is the valuation. We had £95,000 to provide for them without touching capital at all.

Don't you see that in your balance sheet of '95 you don't touch the reserve at all. Look at what you say to the shareholders in your report. Although, as a matter of fact, you had made £90,000 worth of bad debts, what you say in your balance sheet is this: That the gross profits, after making provision for bad [unclear: sa] doubtful debts is so much. He says that [unclear: is] mistake.—We could not help that. In [unclear: our] port you will see that "after making [unclear: provi] for bad and doubtful debts "is struck out [unclear: of] That was an intimation alone, if nothing [unclear: m] had been done, to the shareholders that [unclear: the] was danger ahead. Then that balance [unclear: sheet] not issued until the 21st, and four days [unclear: after] wards at the meeting I told them that if [unclear: th] sale did not come off we would have to go [unclear: is] the position

and make a proposal.

Although you had £90,000 of bad [unclear: debts] your report you say that the net profits [unclear: for] half-year are so much, leaving available £19,000 and you knew perfectly well that the whole [unclear: t] profits, reserve fund, and everything was [unclear: sw] away.—That is not so. We told them [unclear: that] would go into the position of the bank if [unclear: the] did not come off. We could not have [unclear: ga] further at that time. There was a run [unclear: on] Bank of New Zealand, and there was a [unclear: run] ourselves virtually. Our deposits were [unclear: ga] out, and the Government had to bring in [unclear: t] Note Issue Act in order to stop the [unclear: run] Bank of New Zealand. And that [unclear: was] position. Suppose we had done what you [unclear: sa] tell the shareholders. The shareholders [unclear: k] perfectly well that we were going [unclear: into] position of the bank, and I told them [unclear: as] as one could tell them.

What did you tell them? The [unclear: re] says: "Pending the result of [unclear: negotia] opened by the Bank of New Zealand [unclear: for] purchase of this bank as and from [unclear: the] August, 1895, it is not the intention [unclear: of] directors at present to deal with the [unclear: balance] And you show a balance available for [unclear: t] tribution?—We say that we made it.

Is that profit?—We had made it.

But in order to make it you have to [unclear: sh] that you had discovered £90,000 of bad [unclear: debt] No; I do not admit that.

What profits are you making?—I [unclear: told] shareholders that if that sale did not [unclear: come] we would have to go into the position [unclear: of] bank.

Very well. Was that not a strong [unclear: intima] to the shareholders that there was a run [unclear: on] Bank of New Zealand and that our [unclear: depa] were going out?—Would you have [unclear: given] more intimation than that You [unclear: call] deceiving the shareholders. I don't [unclear: call] deceiving.

The fact was that Mr Mackenzie had [unclear: wri] to you that £150,000 was necessary to [unclear: cle] the bank. Did he not?—I told him [unclear: before] I was determined not to pay any [unclear: divide] the bank was to clean up, and that £10,000 more was wanted as a contingent reserve, [unclear: s] to make sure we had plenty to go upon.

Although you and Mr Mackenzie [unclear: th] you would require £100,000 to £150,000 clean up the bank in August, 1895, [unclear: your] [unclear: ished] report attached to your balance sheet [unclear: thow] that the net profits of the bank are £21,000, and that there is £19,000 available for distribution?—No.

That is what your report shows.—It was not available for distribution.

What was it available for?—To wipe off bad debts with.

And not a single syllable was said to any-body to lead them to believe you had any bad [unclear: debts]—Yes; it was struck out of the directors' report.

Not out of the balance sheet.—We are not responsible for that.

The fact is that Mr Vigers's report made it [unclear: clear] to you that you would have to wipe out [unclear: all] the profits for the half year, the reserve fund, and call down the capital, if you could not sell to the bank?—Oh, no; we could have managed without touching the capital.

You would have had to write off the reserve fund and all the profits, if Mr Vigers's story was true?—Yes, that is so.

And the trifling matter of the Ward Farmers' Association had not then been discovered?—Yes.

Did you know the full amount of it in May, 1895?—It was not in Mr Vigers's estimate.

So that outside altogether the loss you were going to make by the Ward Association the reserve fund was gone?—It was hardly contem[unclear: plated] that there would be a loss on the Ward Farmers' Association.

But the fact remains that, according to Mr Vigers's report, the reserve fund of the Colonial Bank was gone?—According to that report it was gone.

And you did not doubt it?—No, but whether I doubted it or not I was going to accept it, and I was going to add a lot to it.

I understand your position, Mr M'Lean, and it may as well be put fairly before the public. Instead of wiping out the reserve fund in the balance sheet you thought it would have been disastrous to show the real state of affairs, and in the interests of the shareholders you con[unclear: cealed] it?—I do not admit that I concealed anything. I admit that we could not pay a dividend after Mr Vigers's report came in, and we had no intention of doing it.

Well, you accepted Mr Vigers's report, and at that time you knew you had £90,000 of bad [unclear: debts]?—I wanted to accept it, because it was my wish to write down everything that it was necessary to write down.

Did the other directors know that you were excluding these bad debts from the balance sheet?

Mr Sim: They were included.

Mr Solomon: They were not written off; [unclear: they] should have been excluded. (To witness:) Did they

know what was being done?—They all knew what was being done.

And they all knew of Mr Vigers's report?—Yes.

Did they know that the balance sheet was being issued without any provision being made for the £90,000 of bad debts reported on by Mr Vigers?—I do not know. I could not speak for the other directors. It is likely they did know.

Didn't you take them into your confidence?—I was in Wellington at the time, and those who were there I took into my confidence.

Who were they?—Mr Stewart, Mr Reynolds——

Did Mr Stewart know about this report?—He knew of it, because I put it on the minutes. He objected to it being on the minutes without consideration, and it was never brought before the directors for consideration. It was never brought before them, because we were going to accept that and a great deal more to put the bank into a position to fight a bank with Government money.

Was Mr Downie Stewart, for instance, a party to passing it?—You could see by his name being in the minutes whether he was or not.

Further examined, witness said: At the meeting of directors on the 14th of September, 1895, there were present—Messrs Reynolds, Stewart, Larnach, the general manager, and witness (in the chair). Mr Stewart, when he consented to the balance sheet being passed at that meeting, had not had an opportunity of considering Mr Vigers's report. The report was put on the minutes of that meeting, but Mr Stewart objected to that because the directors had not considered it. That was at the meeting in Dunedin in June. At the September meeting Mr Stewart knew that £90,000 of the debts were bad, and he also knew that there was £90,000 provision against it. His reason for assuming that Mr Stewart knew about Mr Vigers's report was that he (Mr Stewart) had objected to it being put on the minutes when it was without its first being discussed and considered by the directors. He did not say that so long as no diversion was made that he had no reason to object, but he acquiesced in what was done. It was proper to put the balance sheet in that state before the shareholders, for it would require a special resolution of the shareholders to enable them to do what was required. In the case of a person wanting to buy shares in the bank he would have noticed the run on the Bank of New Zealand, and that money was going out of the Colonial Bank, and also he would have sufficient notice of the state of the bank by the report saying that pending the negotiations with the Bank of New Zealand, they would not deal with the balance. Four days afterwards it was clearly reported that the directors were going into the position of the bank if the negotiations did not come off. Those words were in witness's speech of September 25. They had not given effect to Mr Vigers's recommendation because they could not write down the capital of the bank without a special resolution of the shareholders. The directors had not discussed amongst themselves the advisability of taken money from the reserve fund. He could mention a dozen cases where banks had taken moneys from their reserve funds on the vote of the shareholders, and mentioned the Westminster Bank and several of the Melbourne banks. He could not say that Mr Lanark knew about Mr Vigers having reported that there were £90,000 of bad debts, but he was at the meeting of directors when that report was put on the minutes. He wished it to be distinctly understood that the state of the balance sheet did not make any difference to the Bank of New Zealand, because they took over the business account by account and did not take the balance sheet as a whole at all. The accounts were all taken over on a liquidation basis, and there was no deception of anybody.

Mr Solomon: There was no suggestion that the Bank of New Zealand were deceived?

Witness: Oh, yes. It was suggested all over the country that we had sold them an insolvent bank.

Mr Honking: It is not suggested by the Bank of New Zealand.

Mr Solomon: What I suggest is that the true position was withheld from the shareholders and from the public. I do not know about the Bank of New Zealand.

His Honor: They bought all your good business and left you the bad. I understand that they believe they have made a very good bargain.

Witness: They have got the reserves and can wallow in money; but of course they may "do it up." At all events they bought a bank with the second business in the colony.

The court rose at 5:25 p.m. to sit again next morning at 11 o'clock.

Second Day.

The examination of the Hon. George M'Lean, late chairman of directors of the Colonial Bank of New Zealand, on behalf of the liquidators was continued before Mr Justice Williams in the Supreme Court on the 4th inst.

Mr Solomon, with him Mr Brent, appeared for the official liquidator to conduct the examination; Mr Holmes and Mr Sim appeared for the Hon. George M'Lean; Mr Hosking for the Bank of New Zealand; and Mr W. C. MacGregor for the committee of shareholders of the Colonial Bank.

The Hon. G. M'Lean, further examined by Mr Solomon, said the directors accepted without demur the recommendation of the general manager as to writings off for bad debts, irrespective of the reports of the inspector and the branch managers. He did not think that on any occasion the directors wrote off more than the general manager recommended. [unclear: Whil] was in Dunedin he was in almost daily [unclear: co] nication with Mr Mackenzie. He [unclear: was] the habit of calling at the bank [unclear: e] morning and asking if any [unclear: troubles] arising out of the business. If [unclear: th] were any he would get them to [unclear: name] trouble, and would discuss it with [unclear: them]. Watson, who had the active [unclear: superintendent] the branches, was often in the general [unclear: man] room when these matters were [unclear: discussed], did not remember discussing these [unclear: alloca] with either Mr Mackenzie or Mr [unclear: Was] Certain debts, with property attached, [unclear: were] into the proper account at their values. [unclear: Is] understood that if these properties [unclear: were] and on realisation a deficiency [unclear: occurred] would then be written off. It was [unclear: also] stood by the directors that all these [unclear: acco] with properties attached, were put into [unclear: the] perty account at their face values until [unclear: rel] tion. It was done on all occasions except [unclear: w] the general manager suggested that there [unclear: sh] be a certain amount put to certain [unclear: acces] These accounts came into the balance [unclear: s] under the heading "All other debts [unclear: due] bank." The inspector put down the [unclear: value] if the properties were to be sold at [unclear: that] That was a fair way of putting it. But [unclear: i] not follow that the bank would take [unclear: t] prices, because the board considered [unclear: that] were worth more. They did not [unclear: acce] these as bad debts, nor did they put [unclear: a] them all the private reserves and all the [unclear: m] the bank held in hand to cover [unclear: deprec] There were private reserves—sums of [unclear: m] which did not appear in the [unclear: balance] For instance, there was a sum of £25,000 interest which did not appear. [unclear: T] appear in a certain way—it was [unclear: un] separate heading. The extent to [unclear: whic] debts in the property account were [unclear: trea] bad by the inspectors was not [unclear: followed] directors or the general manager. [unclear: The] not consider the debts as bad. The [unclear: val] of the branch managers was not [unclear: fa] either The valuation was that which [unclear: th] perties would have brought if put into [unclear: th] tion room, but the directors were not [unclear: ge] put them into the auction room [unclear: and] them. The directors put on the [unclear: other] the list the private reserves, and at [unclear: an] the debts could have been wiped [unclear: out] these reserves. The directors [unclear: reckoned] each instance what the bank would [unclear: real] burst. It was not the case that [unclear: becaus] bank was solvent the directors felt [unclear: just] disregarding the valuations of [unclear: the] managers and the inspectors in [unclear: the] sheet. The general manager was [unclear: the] make provision for bad debts, and if [unclear: the] tors thought he was making fair [unclear: provision] would not interfere, but if they [unclear: thought] not making fair provision they would [unclear: ste]

Mr Solomon: You accepted the recommendation of the general manager then, irrespective together of the inspectors and the branch managers?—As far as I know, I do not collect a single case in which the recommenda-[unclear: o] of the general manager to write off an [unclear: ount] was ever disputed or altered.

The general manager has sworn to us that [unclear: vu] arrived at the amounts to be written off cause the directors placed a value upon the [unclear: oodwill] of the business and placed a value [unclear: pon] the buildings over and above the amount [unclear: iketi] in iu the balance sheet?—That is not so. [unclear: Then] we were discussing the balance sheet we [unclear: Ever] discussed either the value of the goodwill [unclear: r] of the buildings.

Mr Solomon: Mr Mackenzie said it was sequently discussed at the meetings of [unclear: Sectors].

Witness said he did not know that it was dis[unclear: used] at the directors' meetings. He could not [unclear: 11] what was in Mr Mackenzie's mind, or [unclear: liether] the evidence quoted was evidence Mr [unclear: Lckenzie] had given.

Mr Solomon: Do you not know, Mr M'Lean, [unclear: jrfectly] well that Mr Mackenzie asserted that [unclear: e] directors, in estimating the amount of debts [unclear: a] be written off, took into consideration the [unclear: lue] of the goodwill and the enhanced value [unclear: u] the Dunedin propertiee? Do not you know [unclear: a] said that?—I could not say he said that. I [unclear: y] we did not discuss it at the meetings of [unclear: Sectors] in adjusting the bad debts.

Witness continued: If there was any state-[unclear: sent] by Mr Mackenzie to the contrary it was [unclear: E] correct, for the directors did not take into [unclear: Ciidtration] the value of the goodwill and the [unclear: ced] value of the Dunedin properties of [unclear: the] baik in considering what were bad debts. that was done was this: Mr Mackenzie would [unclear: Bing] down a statement of how he wanted the [unclear: ts] divided. He would figure it out at the [unclear: le], but of course he must have considered it [unclear: Ere], He would figure it out to show the [unclear: iftition] and indicate what he would recommend [unclear: he] directors to follow, and this would be taken [unclear: mo] consideration.

Mr Solomon: I notice that in every case the [unclear: Xt] thing that appears is that £14,000 worth of [unclear: iCdend]?—Well, of course, if he wanted more [unclear: K] bad debts the dividend would have to

come

It never did come down?—Well, we had [unclear: iber] moneys; we had a large amount in the [unclear: carry] forward" and a large amount in the [unclear: vate] reserves, and they would all have to be [unclear: d] up before they touched the dividend. [unclear: But] there never was any necessity to do any-[unclear: ing] of the sort, because it whs never Bug-[unclear: Eed] that you should appropriate so much [unclear: ey] for bad debts that you could not pay the [unclear: 14,000] in dividends p—But we knew if we [unclear: Esed] a lot of property accounts they would [unclear: fiainly] be short; but we had a lot of reserves [unclear: bst] them.

Did anybody suggest that it was necessary to put so much provision for bad and doubtful debts that you could not pay the dividend?—No.

You started on the basis of £14,000 for dividends?—I did not say that. I see the questions you are endeavoring to mix up, and I say that in Mr Mackenzie's questions, as in mine, you want to pervert the truth, not to get at it—that you don't want to get at the truth of it.

Don't you bother about that. I will put it straight. Is it not the fact that what happened half-yearly was this: You said—" Now we have to pay a dividend at 7 per cent., and we will carry forward and to bad debts as much as we can spare"?—No, it is not If we had required to pay less dividend a less dividend woala have been paid.

Witness continued: He was not aware that the general manager ever objected to the bank paying 7 per cent., but once witness suggested a reduction of the dividend. That suggestion was not made at a meeting of directors, but to Mr Mackenzie in 1893 or 1894. The reason that he wanted the dividend reduced was that it was the year of a terrible crisis, and the earning power of the Colonial Bank would be going down. He had never suggested that the bank should pay less than 5 per cent. He did not suggest a reduction of dividend to any of the directors, nor did they discuss the matter at all. He merely suggested it to the general manager, who did not agree that that was necessary. He could not at this date remember as to whether in 1888 £17,000 was a sufficient appropriation for bad debts. He had no doubt though that all the information the directors would have would be the general manager's estimate.

Mr Salomon: In order to know how much profit the bank have made for the half-year, the all-important question is to know what amount of the debts are good and what amount are doubtful?—Witness: Yes, and the profits are what are shown to have been made during the half-year.

That would give you the gross profits?—Yes.

In order to ascertain the net profits made would it not be absolutely necessary to know what amount of bad debts you bad made?—We knew that from what bad previously been reported, and we knew sufficiently, from a director's point of view, that £17,000 was more than sufficient to cover the bad debts.

In the branch managers' books the state of each debt is shown according to the manager's point of view?—Yes.

Now, what steps did the directors take to see if the debts in the branch managers' books were covered by these appropriations, or did they take any steps?—The directors went over all the balance books during the half-year and satisfied themselves by explanations that there was nothing serious to be provided for. What properties were not considered of sufficient value money was put against them when they went into the property account. That was done by the general manager.

Examination continued: There were, he would not Bay hundreds, but scores of accounts reported on by the branch managers as bad in the course of the year. In this particular case there were 30 throughout New Zealand in regard to which provision was made to the extent of writing off. The directors went through the books to see that there was nothing serious—that there was nothing which could not be provided for. Witness had himself gone through the balance book very often and got explanations. His view was to prevent the making of more bad debts, and they knew perfectly well, braving gone through the balance books, that they could pay a 7 per cent dividend on £14,000 and put £17,000 to bad debts, and a business that could do that was not far wrong.

Mr Solomon: But while you put this at £17,000 your branch managers and inspectors reported the bad and doubtful debts at £87,000.

Witness said that that was the point he disputed. The appropriation accounts went into that.

Mr Solomon asked whether witness did not know that in arriving at that £87,000 the branch managers gave credit for appropriations.

Witness replied that they gave credit, perhaps, if the properties were put up to auction and all were allowed to go. He had already given an example of a property that had brought its fall value, and he would now instance the ease of a property which was put down at £500, whereas it produced the full £1250 at which it stood in the books. What was the good of an estimate like that? The estimates were of assistance only as showing the worst position. The directors did not manage the bank. Directors could not manage any bank. They had to rely on their officers. Witness thought the directors outside of himself fairly understood the business of the bank. They were only there to advise.

Mr Solomon: Do you say that the directors satisfied themselves that the amount recommended by the

general manager was a proper amount?

Witness: They satisfied themselves.

Mr Solomon pressed for a direct answer, and

Witness replied that it was a question to which a simple "yes" or "no" could not be given.

Mr Solomon: Did the directors satisfy themselves, Mr M'Lean, during the half-year that the amount recommended to be written off by the manager was a proper amount?

Witness: They satisfied themselves so far that they went over every one of those books and got an explanation from the manager that he was providing fairly for his bad debts.

By going through those books could you have got at the total amount without the manager reporting on them?—I don't say that we unless we took them down item by item.

You did not do that?—No.

How could you satisfy yourself if you [unclear: di] go through those books?—The [unclear: busitiae] director of a bank or any other [unclear: company] satisfy himself so far as he can that his [unclear: hou] or genera) manager is making a fair [unclear: state] to him when not suspecting him of [unclear: doing] thing wrong. Take, for instance, [unclear: this] know very well that during the half-[unclear: yew] bad debt that was likely to be [unclear: made] ported on during the half-year. The [unclear: dir] would carry in their minds, as a general [unclear: n] whether there would be sufficient to [unclear: co] bad debts to cover all that. Having [unclear: done] they were satisfied when going [unclear: thro] books and getting an explanation that [unclear: the] were fairly provided for; and, taking [unclear: the] party account into consideration, they [unclear: the] they were fairly provided for.

Mr Hosking: Hay I, in this [unclear: connet] behalf of Mr Mackenzie, ask Mr [unclear: M'll] after an examination of the balance [unclear: booki] found that improper estimates had [unclear: been] before the directors?

Witness: No; we certainly did not. [unclear: if] like to say this on behalf of Mr [unclear: Mackenzie] he is made a cipher here. He has had [unclear: m] difficulties to contend with during the [unclear: in] years; but I say he is an able man, and [unclear: h] ducted the business of the bank [unclear: during] terrible crisis in 1893 with such great [unclear: judge] that he drew in £500,000 worth of [unclear: ad] order to meet the sudden [unclear: withdral] deposits. He also kept his finances [unclear: ill] good order, and showed treatability in [unclear: M] He is anything but a cipher, and I [unclear: had] confidence in Mr Mackenzie's [unclear: judgment] time. And naturally, as things [unclear: came] because if you put any other bank in the [unclear: n] of the Colonial Bank you wont count the [unclear: Jfc] by £100,000, but by millions.

Mr Solomon: The years '92, '93, and [unclear: 3] very serious times?—Yes, they were.

Why did you not get your inspectors [unclear: to] a report as to what the nctual [unclear: position] bank was? Why not get Mr Watson [unclear: J] an inspection? He stayed in your [unclear: emp] from 1886 to 1894—eight years. [unclear: why] him to make an inspection of the [unclear: bank] canse he was making an inspection.

Only on a liquidation basis?—What [unclear: fdas] spection would you have?

Why not get him to make an [unclear: inspecting]; how much you wanted to wipe off. [unclear: d] know that he had a personal [unclear: knowledpE] accounts, the full value of the [unclear: prorwtjj]-everything? "Why not get him to [unclear: make] to satiety you that you were [unclear: wrtin] sufficient?—He made two ordinary [unclear: report], same as other inspectors, and we [unclear: sawifc]. own eyes that the thing was going [unclear: of] [unclear: fell]; and Mr Watson made up many a list for [unclear: writing] off.

There is only one instance in the whole books [unclear: n] eight years in which a list is put before the [unclear: Kotors] on the same day that the amount is [unclear: Seated]. That is in 1891.—That shows in [unclear: Cry] case the inspector must have had it in his

If the list was made up when the amount [unclear: Ike]. asked for, how could it possibly be that the [unclear: act] amount is asked for?—I could not say [unclear: hat], because when you make an appropriation [unclear: St] of your profits it gives only your bad debt [unclear: account], and he uses his bad debt account to [unclear: write] off his bad debts.

I will refer to the statement you make on [unclear: the] 27th January, 1886. You tell your share[unclear: holders] this: "I think I may congratulate the [unclear: Aareholders] upon the report. It shows that, [unclear: not] with standing the dull times, our money has [unclear: been] fairly well employed. During the past [unclear: half]-yearne, like our neighbours, have not been [unclear: free] from bad debts, but we have been able, out [unclear: ad] the profits we have made, to fully provide for [unclear: any] bad debts we have made and to show the [unclear: klance] that appears before you." That is [unclear: correct]—Yes.

In July, 1886, you say you have steered fairly [unclear: clear] of bad debts, "not that in these times it is [unclear: Possible] to go along without some; but I am [unclear: happy] to fay that during the half-year nothing [unclear: has] occurred but what we are easily able to [unclear: meet], and thus a satisfactory balance sheet

unclear: day]"?—Very well. When things were bad it [*unclear: was*] reported during the half-year.

Witness continued: It was not the case that [*unclear: the*] inspector had reported at this time that the [*unclear: bad*] debts, according to inspector and branch [*unclear: Managers*], were £7,000 in September, 1888, [*unclear: whereas*] the directors wrote off only £17,000. [*unclear: pát*] there were sit the reserves against that. So far as he knew, the inspector and branch managers never represented what Mr Solomon alleged. The speech quoted by counsel was not a *viva voce* deliverance, but a carefully pre[*unclear: ved*] one which had been considered by the

Mr Solomon: That all the directors were in [*unclear: it*]. Were the directors aware of the circum-[*unclear: tances*]?"—The circumstances referred to in [*unclear: that*] speech were these: I knew that there was a large account on which there was a first mortgage—we also had a mortgage over it—amount-[*unclear: ing*] to £10,000 before us. There were two pro[*unclear: perties*], and the first was looked on as good for the first mortgage of £10,000. We bought the other property, and our loss over it could not have been above £1500. But we let the who thing go; we would not buy. We determined Properly, I think, not to increase the y account by carrying these losses to it decided to write them off and not make perty account more than it was. That in the reason of all these statement. I wish to say here that onr property account was small compared with these of other institutions.

That is not an answer to my question, which you must answer?—I say that we wrote off all that it was necessary to wipe off. We never made £17,000 worth of bad debts in that half-year or anything approaching it.

Is it not the fact that, at that time, whereas you wrote off £17,000, your inspector and branch managers estimated your bad debts at £87,000?—I rep eat that that was only an estimate.

Do you still say it is true that you wiped out all your bad debts?—I say that we wiped out everything that was put before us.

Witness went on to say that in 1889 they wrote off what they considered sufficient, and that all securities were fully written down at that time. He had already said that their properties were taken in at their fair values, and in estimating what were bad debts the general manager had assumed them to be fair values and not at a sacrificing value. There was no need for a bank that was making large profits to write these off. In 1893 the bank were in a comfortable position, but in 1895 there had been afresh revaluation of securities by the new inspector. Mr Vigers reported that so much was needed, and the board had previously made provision for so much being placed against these bad debts. But even then the capital had not been touched. It was not the fact that if the directors had not sold to the Bank of New Zealand they would have had to write off £150,000 to enable them to carry on. That was not what witness proposed to do. He proposed to deal with any account that was giving trouble by keeping a certain sum against it, and that money he would have had on hand, so that everything would have been clean, and the bank would have been able to fight the Bank of New Zealand or any other bank Mr Mackenzie's letter stated that £150,000 would have to be written off, but that letter did not bind the directors as to what they were to do. It was not the fact that they had determined to make a call. A call was not necessary. There was plenty of money to carry on, although at that time it was going out of the bank. Shortly after this the trouble of the Ward Farmers' Association was discovered. That association was started in November, 1892, and Mr Ward then owed the bank £80,000. He did not think the total guarantees at that date amounted to £127,000. Witness did not consider that the account was in a satisfactory condition, for this reason: he was always telling the board that the bank had no right to risk its position through any one account. The starting of the association, he presumed, was the idea of Mr Ward, and probably officers of the bank persuaded him that, farmers' associations being popular at that time, he could easily float his business into a society. The object of the bank in getting the association started was that in the opinion of the directors Mr Ward was trading far ver his capital in proportion to the capital he held, and they urged that be must get more capital into the concern or reduce his advances.

Mr Solomon: Did the bank not mean this: that that institution was to be started, and that it was to take over Mr Ward's debt from the bank?—Of course it would take over Mr Ward's debt. It was nothing but that it was started for.

So that the object would be this: that instead of Mr Ward owing £80,000 to the bank, Mr Ward should owe that sum to the institution?—No; that is quite the reverse. I will explain. In the examination last week you spoke of the association paying Mr Ward's debts. That is proper. For instance when the association was started there would be the whole of the stock, and as soon as that was ascertained the association would pay for it, and that money would go to the credit of Mr Ward, and would reduce his aecouut, and very properly.

Witness continued: The debts due to Mr Ward on his business would be ascertained, and the association would have to give the cheque for that; that would go to Mr Ward's credit, so that Mr Ward's account would be reduced. It would be shifting the responsibility from Mr Ward on to the association. What was wanted was more capital, and if the shares were properly held the bank would have additional security.

Mr Solomon: The fact was that at that moment, So far as Mr Ward was concerned at the momeut of the

initiation of the company, the association had the money and the bank had the experience of Mr Ward. What you wanted was that at the end of 12 months the bank Should have the money and the association Should have the experience?—Oh, no; that in not it at all.

Mr Sim: My friend is talking to the gallery now.

Mr Solomon: Excuse me, I think that puts the position exactly.

Witness: I say it is no such thing at all. There was no idea of such a thing.

Mr Solomon: You wanted to get out of Ward?

Witness: We wanted more capital put into his business.

Witness continued: The bank had nothing to do with shunting Mr Ward. When he went into that Mr Ward was perfectly solvent. They wanted more capital in that business, and would not have cared if it had been put in by anyone. So long as this was done, they would have been content. The formation of the company gave the bank the security of the unpaid capital. The bank had a list of the shareholders of the company before the advances were made. The instructions were to [unclear: i] advances to the association to the [unclear: limit] £45,000. The evidence given in this [unclear: poi] Mr Kirch, to the effect that so long as the [unclear: in] was not exceeded he (Mr Birch) had [unclear: nothing] do with what the money was used for, [unclear: wa] his (witness's) opinion, an extraordinary [unclear: m] ment. Still, it was the case that Mr [unclear: Birch] not said, as counsel had stated, that he [unclear: bel] received instructions to that effect. He [unclear: ll] ness) considered there was a danger in [unclear: liJ] and waa always urging that the granting [unclear: I] limit might allow a manager to think as [unclear: il] Birch appeared to have thought, and [unclear: tha] every manner it should be impressed that granting of a limit in ño way relieved of that responsibility of seeing how funds were applied, and that if [unclear: he] anything improper at any moment it [unclear: I] his lmin-s to atop the limit and [unclear: report] Witness was not aware that the limit [unclear: had] been increased beyond £45,000. With [unclear: eJ] thing included the Ward Association's [unclear: am] the bank went up to £107,000 or £120,000 the limit was not raised, and the [unclear: limit] £45,000 included accounts. Mr [unclear: Ward] making large purchases of oas on [unclear: acco] a trust, and the advances beyond the [unclear: limit] made for this purpose against oat [unclear: ward] The directors always objected to this [unclear: m'] done, bat they were constantly assured [unclear: i] there was security against the advance. [unclear: 1] branch manager gave out the money first, asked for permission to do so afterwards.

Mr Solomon: Why did not you tell Mr. [unclear: H] that he was not to give the money without mission?—Witness: We did do so.

Why did you uot sack him?—He [unclear: alwanfi] good security for the money he gave. [unclear: Hel] the money under special securities.

Why did you not say he was not [unclear: to] money on special securities?—So we did it was one thiug to call up money and [unclear: aim] thing to get it. It was not thought [unclear: by] management that then; was any risk [unclear: wit] account. They always had a large [unclear: num] warrants for oats on-hand.

Yes; but did they always have [unclear: a] amount of oats for the warranty [unclear: ?] always had a large amount of oats. I did thru think there was any trouble about [unclear: the]

Further examined, witness said that [unclear: in] to 1894 it would have been a very serious [unclear: nfi] to have stopped the Ward account, for [unclear: up] done so would have caused a ruL ou the [unclear: lH] To have called up one single account of [unclear: £f] at that time would have caused a run [unclear: out] bank. They, however, continually [unclear: urged] the Ward Association's account was to [unclear: be] down. 1

Mr Solomon read portion of Mr Heory [unclear: of] kenzie evidence, in which he said that [unclear: be] Mr M'Lean about the £21,000 transaction the Ward account, and asked witness [unclear: when] he would contradict Mr Mackenzie's sworn [unclear: testimony] on the point.

Witness replied that he had no recollection of Mr Mackenzie telling him. If Mr Mackenzie did tell him, he did not do so in such a way as to suggest that it was an improper transaction. He (witness) did not think that if the bank's shareholders had known in 1893 that the Ward Association owed the bank £4-7,000 they would have been scared. They would know that security was held by the bank. The direttore were always warning the general manager to Bee that the oats were there—that it was ft dangerous thing for a man to have the security in hie own place, and both Mr Mackenzie and Mr Watson accounted the idea that there could be anything wrong in a public o >mpany managed by directors and auditors.

Mr Solomon: But why did you not take the management into your own hands? You were the supervisor of the institution?

Witness: Mr [unclear: Wao] might have said it was not his business to count oats

But you and the directors?—We did not manage the bank.

Tell me what you did do?—We controlled the management.

And the way you did it was this: the management thought it a proper thing to see that the oats were there and you did not, and the management gave way?—They satisfied themselves that the oats were there; we had

an t assurance that the oats were there.

If you thought it was a proper thing to do to make inquiries that the oats were there, why not do it?—We told the managers to do it. If they were satisfied that they were there we could not go any further.

In reply to further questions. Witness said; the directors never believed that there was anything going wrong with the institution, and it was only when the Ward account was pressing too heavily on the bank that they were determined to make inquiries. The directors often talked about having an inspection to see that the oats were there. The manager at Invercar-gill actually visited the stores, and Mr Burns went round them, but it was impossible to ascertain anything definite with regard to the oats. The stores were packed full, and no one would tell what belonged to constituents and what not. The bank had store warrants for the oats, but it was impossible to get certificates from the storemen that the oats were there Mr Ward was accounted to be in a strong position. Mr Watson always held that he was worth £5000 a year; and when they thought he was rich witness compelled him to give a guarantee of £20,000 for the association The bank had all his property as security, and his own account was kept down except the freezer But the difficulty was that it was Dont known that he owed the association anything. The directors supposed that he was quite clear of the association. With regard to the £21 000 transaction, Mr Ward was buying oats for toe Darling trust, and he was buying sheen, and it would have been very easy to have put £20,000 to the credit of the account if everything was behaving fairly. If everything had been straight it would have been easy to cover that account by taking payment for the oats and the sheep he was buying. That could have been done if there was no wrong-doing and he was quite satisfied that no wrong-doing was ever brought to the knowledge of himself or any of the directors. With regard to the £35,000 transaction, he first saw the Ward Farmers' balance sheet in Wellington in September. He then noticed that Mr Ward must have got down his balance very considerably from what it was when witness left Dunedin. After the examination of Mr Mackenzie in court, that gentleman came to his office, and he asked him why the Ward Farmers' Association had buried up the amount they owed, and said if they were doing that they must be owing the bank more than was shown on the balance sheet-Mr Mackenzie said it was not much concern of theirs, but witness said: It is very much a concern of yours, because if they have buried up the amount in the balance sheet they will deceive you as well."

Mr Solomon (after reading at length Mr Mackenzie's evidence on the point): At any rate Mr Mackenzie says there—he certainly does not deny that it may have been wrong, but the fact is now proved beyond all doubt, because we have Mr Mackenzie's own letter—that Mr Birch told him that he knew what the thing was for, and that Mr Birch told him what it was proposed to do with the cheques, and that he (Mr Mackenzie) directly sanctioned it. Now, Mr M'Lean, did Mr Mackenzie ever tell you, either directly or indirectly, that he had done that?

Witness: No, certainly he did not tell me up to the time that I put the question to him in that way.

Recently?—In September. I don't think that I ever heard of it till the whole thing came out, when I found out that it had been done

You say that Mr Mackenzie concealed from you the fact that he had authorised this transaction?—Oh yes. I am quite satisfied that up to time when I brought it up in September I never heard of the transaction. I don't remember of it for a long time afterwards. But if I had heard of it, it would not have made any difference to me, because I was going all the time for that account, and was determined to have it down. Witness continued that in the conversation with Mr Mackenzie, just before referred to, he said that as Mr Ward had concealed that matter in his balance sheet he would conceal other things from him (Mr Mackenzie). But he (Mr M'Lean) did not believe at that time but that he might have done it in a proper way, knowing the large amount that was going from the account He did not cause any inquiries to be made, because he did not care, as he had made up his mind that this account should come down. He did not think that the figures put forward by the liquidators as to the state of Mr Ward's account between 1894 and 1895 were a fair statement, although probably his account was then as high as it ever was. The account might have gone up legitimately £20,000 during that time. It did not matter whether it went up or down. He said that if they had ample security and were getting their officers to drive the amount of the account down in order to make themselves perfectly safe, that was bringing the account down. The liquidators had the branch statement week by week, showing how the directors were insisting on having the account brought down, and it was a very simple thing for them to produce that statement. He said that the account of the Farmers' Association was not in a worse position in 1895 than in 1894 In June, 1894, the overdraft was secured by warrants of grain and by £30,000 of debentures, against which there was an advance of £20,000. In the overdraft went up between 1894 and 1895 other things went down. In the latter year the account was in a safer position than in 1894.

Mr Solomon: Did you tell any of your directors, or did any of them ask you, about the Ward Farmers' balance sheet being "cooked" in this way?—I was away all the time.

You came back in September?—No, not until October

Was the matter discussed when you came back P—I don't think it was. I did not know of it then.

But you had seen the account in September?—I had seen the account, but the amount might have been adjusted in a very proper way. With half a million a year going through an account it is easy to do it, and you have to consider that there were large transactions in the freezing account.

Did you make any inquiries about the account? Did you send for Mr Ward and ask him about it?—No. It did not matter to me then, because I was determined to have the account down.

At any rate, you did not think it necessary to make any inquiries from anybody?—No, I did not.

Did you not have a suspicion that this was a shady transaction?—I did not know of it.

I am not asking that.—If I had known the way it was done I would have said it was a shady transaction.

Had you any suspicion that it was a shady transaction?—No.

Then what did you mean by saying you wondered how the account was concealed?—It was buried up in some other advances. He had advances on produce, and there were other [unclear: was] he could do it. He might have buried [unclear: I] amount in his produce account, and that [unclear: was] have been a manipulation of the accounts, [unclear: for] would have done no harm.

Witness continued: He did not tell [unclear: i] Mackenzie to make inquiries into the [unclear: trans] tion, which was one that might have been [unclear: of] under circumstances that were quite proper he had thought the thing was wrong and properly done of course he should have [unclear: an] inquiries; but with the big transactions [unclear: that] were going through it would have been [unclear: easy] adjust the account without doing [unclear: anything] would be considered improper. If at the [unclear: i] the institution did owe £100,000 that [unclear: was] extraordinary accommodation for an [unclear: act]; that amounted to half a million a [unclear: ye] Steps were taken to get the account [unclear: redd] and it was not the case that the first [unclear: s] towards winding up came from [unclear: i] association. What he had regarded as [unclear: aj] risky was the freezing operations, and [unclear: i] bank agitated until Mr Ward sold [unclear: it] Nelson Bros. Mr Watson was sent to [unclear: exam] into the freezing business because of a [unclear: done] concerning it, and the result was that on [unclear: i] shipment a profit of 2s per sheep was [unclear: repon] The determination of the bank was that [unclear: f] condition of the account, should be improved the account taken out of the books. He [unclear: i] not think in June, 1895, that the account [unclear: of] in a proper condition. Mr Ward went [unclear: Ed] to get credit's, and when witness, [unclear: returned] from Melbourne, met Mr Mackenzie in [unclear: was] lington, Mr Mackenzie was jubilant that [unclear: he] got credits that would virtually [unclear: take] account out of the bank's books. It [unclear: might] the case that that did no good, because [unclear: the] were not what they were thought to be [unclear: j] that was not Mr Mackenzie's fault. He [unclear: i] not admit that no one thought of [unclear: ber] steps to see that the assets were [unclear: the] The directors urged that every possible [unclear: not] in that direction should be taken.

Mr Solomon: You urged the officers to [unclear: in] steps which they did not take?—Very [unclear: was] how could the directors go and see to that?

Witness continued: He would not [unclear: thing] extraordinary that the inspectors did not [unclear: the] out that there were 75,000 bags of oats [unclear: the] The time was the height of the season, [unclear: the] probably there would be a matter of a [unclear: en] of hundred thousand bags of oats in the [unclear: m] and supposing they had been counted day, probably they would be away next If Mr Ward had not owed the [unclear: associa] money things would have been all right. [unclear: i] directors had taken every possible [unclear: preof] but they never dreamt that Mr Ward [unclear: over]-association money. The bank did not [unclear: be] the association into existence. It was [unclear: brown] into existence because of the bank [unclear: him] that Mr Ward should get more [unclear: security] his account. It was possible that some of the officers of the bank might have suggested the advisability of forming the association. Before the association started Mr Ward owed the bank £80,000. and in September, 1895, he only owed the bank £20,000; but witness never thought there was anything suspicious about that, for he supposed that Mr Ward would have stocks, say, to the value of £20,000 and book debts, say, to the value of £30,000, which the association would take over and pay for. It was a very extraordinary thing, however, that with all the inspectors and officers it was never ascertained that Mr Ward owed the association any money.

Mr Solomon asked whether it did not now occur to witness that some of all the mercantile men concerned—including witness himself, Mr Birch, Mr Mackenzie, Mr D. Stewart, Mr Reynolds, and Mr Laroach—might have thought it necessary to make inquiry as to whether Mr Ward owed money to the association.

Witness said that that was not justified. They made every inquiry about Mr Ward's position, and their officers were perfectly satisfied with it. They declared that Mr Ward was worth £5000 a year.

Did you ever tell your officers to ask the simple question whether Mr Ward owed money to the institution?—We never dreamt he owed it.

Witness farther said that the bank had a relieving officer in Mr Burns, who inspected everything, and Mr Ward too, and Mr Burns was so satisfied with that account that he took 100 shares in the institution.

Mr Hosking: That was in May of 1894?

Witness replied that that was so.

Asked whether the bank asked the association's officers about Mr Ward owing the money, witness answered that they had no direct contact with the association's officers. The inspector stated that the account was good at the very last report. Mr Solomon: That was assuming that Mr Ward owed no money; but as soon as Mr Birch was told that he owed £55,000, what about it Witness said that the bank was past any chance of doing any good then. A good deal had been said about this association, but he (witness) said that when that £55,000 was put to its credit it was a shame that the association was put into liquidation. Taking the balance sheet supplied then, the balance sheet on which the liquidator's report was based, the association was £2000 behind. That was true in a way, but not true in fact. If the association had taken off that £2000 for bad debts it would still have shown £10,000 standing there, and if the debit and profit and loss account was left intact the capital was intact, and all the unpaid capital too. With all the agencies it had, even after Mr Ward's account had been paid, it had no right to be put into liquidation. It could easily have got capital into it, and might now be in a flourishing condition. Witness did not know that Mr Watson expressed approval or disapproval of the amount of moneys written off at the half-year. He knew what was being done, and never took exception to it. His estimate of what he called bad debts was £60,000 or £70,000. Witness presumed that Mr Watson approved of only a quarter of that being written off. He made up the list, and made no objection to what was being done. His list was made up not for the purpose of writing off; it was an estimate on the supposition that the bank was thrown into liquidation.

Mr Solomon: I was not asking you for reasons. I merely wanted to ask you if anyone ever drew Mr Watson's attention to the fact that the lists he had prepared were in excess of what was proposed to be written off.

Witness: No; Mr Watson was not allowed to take part in the proceedings. He was there to hear what the directors said about the accounts in order to take his instructions.

Did he make any suggestions?—He did not take any part in the proceedings. He would answer any questions if he was asked.

Do you know if he ever made any special report to you about the Ward account?—All the report that he made was when we asked for an investigation of any particular thing. For instance, I would hear of some transaction of the Ward Farmers' and I would ask it to be inquired into, and it would always turn out that I had got hold of a mare's nest. Mr Watson had great faith in Mr Ward, as is shown by the fact that when Mr Watson became president of the Bank of New Zealand the Bank of New Zealand got £20,000 worth of Ward's debentures. If Mr Watson had not thought Mr Ward's account in a perfectly good state he certainly would not have allowed that. That was in 1894. That showed at all events that Mr Watson had an honest impression that Mr Ward was in a good position.

In reply to further questions, witness said Mr Ryley's account with the bank was started in 1890. It started by Mr Ryley buying the Woodhaugh mill for £7000 and getting an overdraft for £3000. Witness thought Mr Ryley was a man with business experience. He had been farming, and he was always working with his own money until at the time he bought the mill he showed that he was worth £8000. Witness thought that he was a very clever fellow, and those who thought he was a simpleton had better have a transaction with him. In July, 1890, Mr Ryley owed the bank £17,000, and in 1895 the account presumably went up to £82,000. He saw in the end that the account was running away with the bank, but Mrs Anderson and Mr Ryley had £10,000 or £12,000 of capital between them when the account at the bank was started. The two mills fell into the hands of the bank, and they were for sale to anyone. Mrs Anderson bought the Woodhaugh mill, which was supposed to be a good property, because Robert Anderson had made all the money he had there before he died. Mr Ryley was conversant with the business, and he was adviser to Mrs Anderson, who carried on the mill before they bought it. Then he got the use of the Manor place mill, which he afterwards insisted on buying. After that there came a difficulty about stone flour, which got out of fashion entirely, and Mr Ryley required to get roller machinery to put into the mill. He was granted that, but he went and built a large amount at the mill, and overran the account more than he was authorised. Of course, when the roller machinery went to the mill he naturally required a considerable amount of money to hold wheat and oats on hand. He was doing a very large business, and a cash business, and was apparently doing well. He then, of his own accord ordered some more roller machinery and never told the manager about it until the machinery was there, and when the bills came due they had to be paid. That also ran the account up. Then Mr Ryley speculated in oats, and the bank directors insisted on him stopping. At that time witness also thought he was going too far ahead, and he interfered to stop him speculating, and insisted on his confining his business to exactly what he required. At that time there appeared to be ample security for everything. Mr Ryley had some of the oats and some wheat which disappeared afterwards. In 1894 he heard that Ryley had been speculating in shares, and he (Mr M'Lean) sent for him to the manager room, when he (Ryley) declared that he had not been doing so, and called on his Maker to witness that

he had not, except having bought a few shares in the Sandhills Company. He (Mr M'Lean) asked what was the value of these shares, and he replied between £300 and £400. He (Mr M'Lean) told Ryley to hand them over to the bank manager, and cautioned him that if he bought another share he would be shut up. He further told him in wholesome language what would be the end of his speculations—where he would ultimately go to—(laughter)—if he did not mend his ways. He told him that he had been plunging, and that if he did not mind he would be on the roads. It would be a nice thing if a minister of the Gospel were to be brought down on his back and have to "nap stones." Ryley again declared that he was not buying shares. He (Mr M'Lean) further said that if he had his own way he would sack every man who had been giving him the money. Witness further told him that he would have to stick to his business. When they afterwards found out that Ryley had gone security for a man named Hood in Oamaru, and really owned the latter's business, they entirely lost confidence in him. Ryley insisted that the [unclear: brtfc] manager konw that be owned that business [unclear: if]. was taking money oat of bis account for [unclear: it] Mr Vigors denied that positively, and it [unclear: be] not any trouble to find where the truth lay. [unclear: I] was then that the bank insisted on putting [unclear: in] man to look after Ryley. If all his [unclear: proper] if the storeman's receipt for the oats, and [unclear: it] certificate of the accountant for bin [unclear: balal] sheet had been all right, there would [unclear: not] been much loss. But, of course, they [unclear: wewl] all right. 11 was very difficult to know how [unclear: l] got that certificate from the storainau, [unclear: sa] that he held certain stocks when they [unclear: were] tbeie. To show how the directors [unclear: stun] their position, he mentioned the steps [unclear: the] to Becure the purchases of wheat tbat [unclear: Bjfl] made from Messrs Grigg and Friedlander [unclear: Th] would not have been wise for the [unclear: Co] Bank to have taken steps to have [unclear: ou] a receiver while they were negotiating [unclear: foB] sale of their bank, but there was no reason [unclear: ijfc] it should not have been done [unclear: immediiytf] afterwards. If everything had been [unclear: judie] realised very little would have been lost on [unclear: fa] account. Of course, if they sacrificed for [unclear: £] a mill that cost £24,000. and possessing [unclear: sljZ] latest machinery, it would soon make a [unclear: h] the capital of any institution. [unclear: Cert] Ryley's account had run away with the [unclear: bin] managers, who did not bold R. [unclear: Andeim] Co., as they ought to have done. [unclear: He] know what the actual losses on this [unclear: s] were; they had not yet been ascertained. [unclear: tw]

Mr Solomon said that was all he had to [unclear: A]

Mr MaoGregor did not think he had the [unclear: bee] questions to ask at that stage.

Mr Hosking said be represented the [unclear: been] New Zealand. He had no [unclear: instroctico] appear for Mr Mackenzie or Mr Watson, [unclear: has] was coussel for Mr Mackenzie when [unclear: he] examined, and through having been so Let [unclear: tin] not fail to have aouie knowledge of [unclear: the] affecting Mr Mackenzie, and it was id [unclear: vimy] that knowledge that he had, iu two [unclear: or] occasions made some interpolations in [unclear: ora] cast light on the subject where it [unclear: was] obscured. He had one or two [unclear: question] he would now like to put, so that they [unclear: nail] read alongside of past examinations, [unclear: iSsm] order that they might appear in print, [unclear: tayst] first question he wished to ask arose out [unclear: my] commencement of Mr McLean's [unclear: statema] referred there to the interest held by [unclear: the] tors as being a guarantee that they [unclear: wod] negligently manage the bank. [unclear: Was] M'Lean aware whether Mr Mackenzie [unclear: L] shares in the bank?

Witness said that Mr Mackenzie [unclear: heil] shares, and on his advice his [unclear: relation] bought shares. Mr Watson held 230 [unclear: shear] and other officers also held shares. It [unclear: was] optional with the officers aa to [unclear: whether] held shares or not. He had said that [unclear: not] [unclear: had] been advanced corruptly or improperly to [unclear: toy] of the director, and the same remark ex[unclear: tended] equally to the general manager, the inspectors, and the managers. The balance books set out the nature of the account, and [unclear: ontained] such comments as "Quite good," "Decent man," "Safe for temporary over-[unclear: drc]," "Quite safe," and gave the amount of [unclear: the] operations on the account, and securities [unclear: against] a debt.

Mr Hosking: Does the manager not indicate what he considers the value?—Sometimes he does.

Witness continued: I would like to say with regard to Mr Mackenzie this: of course he has been examined here, and I think in justice to him I should say that in all my dealings with him I found him a straightforward man; and I do not think if I asked him any questions that he saved himself or hid himself under any pretext. Ho was an able man, as is shown by the manner in which he carried on the business lie bank; and of course I feel that the last two years he had been harassed and worried to such an extent that if there is any misrepre-[unclear: entstiou] in his evidence, I do not think it [unclear: would] be in any way wilfully made. I would like to say this of Mr Mackenzie: that I have always found him a straightforward man, and an able man.

Mr Hosking: lam much obliged to you on Mr Mackenzie's behalf, Mr M'Lean, for that stateuent. I did not know you were going to make it.

Witness: I may say I believe that in going through these lists, and in asking for amounts to be written off,

and in everything connected with them, I honestly believe that Mr Mac-kenzie was doing all he could in the best interests of the bank,

Mr Hosking: I take it, Mr M'Lean, that the system followed with regard to writing off, which, if I may venture to say so, in my judgment seems justified by the account you give of it—that system prevailed in the bank from its foundation?—Witness: Oh, I presume so I could not say that it was exactly the system that prevailed when Mr Mackenzie came; but I do not remember any alteration being made in the system of providing for bad and doubtful debts. I will say this, that Mr Mackenzie never complained to me about the position of the bank, and never suggested that he was not getting enough for writing off bad debts.

Quite so, Now, looking back without the advantage of the light of after events, or even taking them into consideration—looking back, have you any reason to think that you ought not to have paid the dividends you did from year to year?—No. I think, taking everything into consideration, we were perfectly justified to paying these dividends.

Then I must take it that the board of directors cannot justly nod any fault with the estimates that were from time to time placed before them by Mr Mackenzie?—Oh, no. I do not think so. He appears to have satisfied us at the time that he was doing what he thought was proper. I should like to say that I believe if the Colonial Bank were the continuing bank and the Bank of New Zealand had been put in liquidation, probably that would have been the best thing for the country.

Mr Sim: Mr Hosking won't agree with that. Mr Hosking (laughing): But what would have become of me then?

Mr Holmes: Mr Haggitt would have had your shoes.

Mr Hosking: I wish to put this to you, Mr M'Lean, as summarising the evidence you have given. With regard to the mode in which debts were estimated and dividends paid. In your evidence before the parliamentary committee you said: "As for saying the balance sheets were not correct, the balance sheets, in our opinion, every time they were stated were a fair statement. Every property we had, when realised and a deficiency shown, was written off and done with. The bad and doubtful debts were simply an estimate"?—Witness: Yes; that is so.

Witness continued: He could not say that Mr Mackenzie ever inspected the account at Invercargill. He could not say if Mr Watson inspected the Invercargill accounts after 1893, but he had a good deal to do with the branch accounts, and of course the inspection would be through him. Mr Burns inspected in May, 1894, when he relieved Mr Birch as manager, and it was his report that had been published in the liquidators' report. The general manager and the inspector allowed Mr Ward's account to get up in spite of the directors. There was no doubt about that.

Mr Hosking: Could they have stopped the account on their own motion without the consent of the directors?—I presume they would not have done it, but it is a different question if they could. I do not think they would venture to stop the account without submitting it to the directors. That was the objection—to allowing the account to get up; although there were a lot of securities against any increase.

Witness continued: The directors examined the share list of the Ward Association before they commenced business with it, and before a second advance they again got a full list of shareholders to ascertain whether there were responsible people in the association. There would very likely also be special instructions that each bill discounted for the Ward Association should be reported on, and witness himself kept a watch on those bills discounted and pointed out those he did not like and said they must be paid at maturity, and they were always paid at maturity. He thought, too, that the directors had the Ward Association's securities up from Invercargill in December, 1894, for the purpose of seeing them with their own eyes. The directors used often to take an afternoon or come back at night, and Mr Mackenzie would go over the balance books with them. Every time Mr Mackenzie came to any account the directors took exception to they stopped him and asked for an explanation, and if they gave instructions that they would not allow so much on an account he would take a note of it and always put the accounts in order.

So that the directors exercised a personal Supervision so far as they could, through the medium of the balance books, over every account?—Yes, that is so.

Replying to Mr MacGregor, witness said he thought that originally the directors of the bank got £700 divided among them, but in March, 1889, that amount was increased by the vote of the shareholders to £1100, the understanding being that the additional £400 should go to him.

To put it shortly, that was because you devoted a great amount of time and pains to the service of the bank?—Because I was the means of getting a lot of business for the bank. I was very active in bringing business to the bank. I have no doubt that through my exertions its business was largely increased.

I think you told us, with reference to the last balance sheet—that presented in 1895—that all the directors were as much aware as you were of the conditions under which that balance sheet was issued?—I could not say that. I presume they would be.

So far as you knew, they knew as much about it as you did?—Yes, so far as I know.

Mr Sim proposed to put in the statement submitted by the witness on the previous day.

Mr Solomon said he could not consent to that. He did not, however, wish to be thought obstructive, and if his Honor's recollection of the arrangement made in Chambers was that the statement should be put in as evidence he would not object.

His Honor: The statement was to be put in and made use of. That was certainly understood, but nothing was said as to whether it was to be on oath. I think if it is to be put in it would almost necessarily imply that it should be on oath. The best thing, I think, would be that it should be put in as part of the examination.

Mr Sim, having put the statement in, asked the witness if the correspondence did not show that the directors were constantly urging the branch manager at Invercargill to get the Ward Association account reduced.

Witness replied that that was so. At the end of each half-year the directors would have a pretty fair idea, from their examination of the branch books and from discussions with the general manager, of the sum necessary to appropriate for bad debts. In a general [unclear: way] directors satisfied themselves that the [unclear: J] proportion asked for by the general [unclear: manager] sufficient. The branch reports were not [unclear: false] the directors when the balance sheet [unclear: was] prepared; they came in afterwards. [unclear: These] reports included the property [unclear: which] which the directors were specially [unclear: told]-He had on more than one [unclear: occasion] told the shareholders how the property [unclear: acts] were being dealt with. In 1884 Mr [unclear: E. B.] Gill told the shareholders about the bad [unclear: assets], especially in Canterbury and Wellington [unclear: !] of the difficulty of realising that was [unclear: J] realised. Some of the assets that Mr [unclear: Ch] at that time referred to were remaining! the bank when the liquidation took [unclear: place]. Comparing the Colonial Bank with [unclear: foreign] institutions, witness said that in 1891 [unclear: value] of Australasia shares were quoted at [unclear: £101] and were now quoted at £45, [unclear: showing] depreciation of £60 10s per share; the [unclear: shares] of New South Wales were quoted at £76 [unclear: value] and were now at £54; the Union Bank [unclear: value] quoted at £69 10s, and were now at [unclear: £8] Then they had the National Bank, [unclear: which] written off on two different occasions [unclear: the] of their capital (£260,000) and the [unclear: which] their reserve fund, and had called up [unclear: value] amount of £2 10s per share; and the [unclear: A] were not now worth 10s of what the [unclear: share] holders had paid up, there having been [unclear: value] of £5 per share. In 1891 the Bank [unclear: of] Zealand shares were quoted at from [unclear: value] £23. The whole of this was [unclear: gone] the shareholders had been called for £3 6s 8d twice, so that [unclear: they] written off, he supposed, four and [unclear: millions] millions. As regarded to Australian [unclear: bank] and a-half millions of money had been [unclear: called] from the shareholders, and the [unclear: share] would get no return for it, and they [unclear: were] writing off by the million, so that the [unclear: Ca] Bank shareholders were better off [unclear: than] shareholders of any other bank, and [unclear: they] free from liability except so far as the [unclear: 1] Association to anything attached to it [unclear: was] concerned. Moreover, the Bank of New [unclear: Zealand] had a large amount of the Colonial [unclear: money] money in hand from the "B" list. [unclear: The] conditions of sale in the first instance [unclear: were] such that the shareholders should be [unclear: first] further liability. It was very well now [unclear: J] dissatisfied ones to be forcible when [unclear: them] behind a hedge and clear of all liability! taking the matter fairly he contended [unclear: the] Colonial Bank shareholders were far [unclear: and] better off than the shareholders in [unclear: any] bank in the colonies.

Mr Solomon said he had no further [unclear: question] to put to witness.

The examination was then closed.

Marriage and Divorce:

[unclear: E] Ecclesiastical and the Rationalistic Conceptions of Marriage Contrasted.

BY J. MACGREGOR, M.A., M.L.C.

From Otago Daily Times of 7th October, 1897.

[unclear: as] to the nature of marriage there are two [unclear: distinct] conceptions—the ecclesiastical and the [unclear: rationalistic]. According to the former marriage a divine institution—"holy" matrimony,—our knowledge of its nature and essentials derived from revelation and patristic [unclear: tradition]. This idea of the sacredness of marriage commonly and thoughtlessly, and, to my [unclear: mind], blasphemously, expressed in the vulgar [unclear: saying], "Marriages are made in Heaven." according to the rationalistic view, on the other

unclear: d], marriage is simply an outcome of some-*[unclear: ng]* inherent in human nature, and is subject development as other institutions are, such the family and the State. It in the result of process of evolution from tribal promiscuity *[unclear: d]* "marriage by capture," through polyandry *[unclear: d]* polygamy, to the very imperfect form of *[unclear: nogamy]* now prevailing. According to the *[unclear: elesiastical]* view the essentials of *[unclear: marriage]* to be found in the "marriage" in Para-*[unclear: e]*, and the most important of those essentials indissolubility, a doctrine based upon a *[unclear: eral]* rendering of the obviously metaphorical expression, "they shall be one flesh." This *[unclear: ctrine]* in all its strictness is held mainly by *[unclear: tholics]* and by the High Church section *[unclear: of]* English Church, who regard matrimony *[unclear: as]* of the sacraments, and as partaking of *[unclear: eir]* mystical character.

[unclear: With] people imbued with this doctrine, dissention were useless, because for them the sub-*[unclear: et]* is placed beyond the region of *[unclear: discussion]* the express teaching of an authority which *[unclear: ey]* regard as infallible. The Catholic believes *[unclear: marriage]* to be indissoluble because he is taught *[unclear: st]* God, through the Bible and an infallible *[unclear: urch]* has miraculously so declared it. Other *[unclear: ligious]* bodies hold a somewhat similar view, *[unclear: hough]* on different grounds. Whilst reject *[unclear: g]* the Catholic doctrine, which treats matri-*[unclear: ony]* as sacrament, they still more scornfully *[unclear: ject]* all rationalistic ideas on the subject, and establish their doctrine upon certain utterances attributed to Christ, which they accept as miraculously inspired. The position of the Catholic, however much one may dissent from it, must be admitted to be logically tenable and comparatively secure, for he is enabled to overcome all difficulties in the interpretation of Scripture by accepting the teaching of his church as equally inspired with Scripture itself. The remarkable thing is that other religious bodies, whilst rejecting the Catholic doctrine of the infallibility of the teachings of a church, accept a particular traditional interpretation of Christ's utterances as being no more open to doubt than Christ's miraculous character and the miraculous accuracy of the Gospels. Whilst the Catholic builds his superstructure upon a foundation which other religious bodies regard as unsound, they themselves retain the superstructure with no foundation at all, but suspended in mid-air.

I have no intention of entering upon any questions of interpretation; but to complete this part of my argument it is necessary to state the position a little more fully. The ground, then, on which opposition to proposals for the amendment of the law of divorce is usually based is found in certain texts of Scripture, of which the leading one is: "What, therefore, God hath joined together let not man put asunder." The Catholic Church accepts this utterance in its simplicity as an absolute prohibition of divorce on any ground. Others, however, qualify the generality of this utterance by another, "Whosoever shall put away his wife *except for fornication [porneia]*, and shall marry another, committeth adultery." Now it is well known that of this text there are various readings, in some of which there is no reference to the exception allowing divorce on the ground of *porneia*.

But besides the difficulties arising from this great diversity in the readings, there is an even greater doubt as to the interpretation of the word translated "fornication" *[porneia]*. The Catholic overcomes, or rather evades, all such difficulties by accepting as final and infallible the teaching of his church, which settles the matter by declaring against divorce for any cause. For those who are doable to accept this position, the rational course is to recognise that utterances so conflicting in their terms and so doubtful in their meaning cannot have been intended as the promulgation of a law. What a forcible illustration we have here of the truth of the saying "the letter killeth"! People who in dealing with all other social questions have shaken themselves free from the fetters of theological dogmas and superstitions continue to be dominated on this subject by consideration derived unconsciously from centuries of Catholic tradition—a tradition the rejection of which was one of the leading points in the Protestant revolt against the Catholic Church. People who would not for one moment allow a text of Scripture however plain its meaning, still less a traditional interpretation of an obscure text, to arrest a proposed reform in any other social sphere are brought to a standstill here. How has it come about that whilst no man in his senses is expected to accept certain other injunctions in the Sermon on the Mount as constituting a law valid and binding for all time, this particular one should be so accepted? Most of those other injunctions have been taken solemnly, but not seriously.

If we are to be told that, in some cases, Christ's sweeping mandates are, of course, not to be understood literally, when they are so clearly expressed, is it not strange that passages that require interpretation by an infallible church are to be accepted as conclusive, and as forming a bar to all reform? Texts whose meaning is clear are either ignored or explained away, whilst those whose meaning it is impossible to ascertain with certainty are dressed up as theological scarecrows. The explanation of the matter is found in the fact that most people are, on this point, still unconsciously dominated by the teachings and traditions of a church claiming to be infallible, and by the laws imposed by that church. Unfortunately, our marriage laws have come to be regarded as sacred because they are of ecclesiastical origin, and consequently it is assumed that they cannot be improved as other laws are. Marriage has thus come to be regarded as a stationary institution, and not subject to

change and development like other institutions. It affords an illustration of the law stated by Spencer: "Whenever requirements which have their roots in the order of nature come to be enforced by an extrinsic authority, obedience to that extrinsic authority takes the place of obedience to the natural requirements." As Milton says: "Whose prefers matrimony or other [unclear: ordin] before the good of man and the plain [unclear: er] cies of charity, let him profess Papist [unclear: or] testant or what he will, he is no better [unclear: th] Pharisee."

To me it seems a misuse of [unclear: Scriptur] expect to find therein either law or [unclear: ct] Christ's doctrine of divorce is one [unclear: that] Protectant nation has dared to [unclear: incorp] into law or carry out in practice. He [unclear: sa] man may put away his wife for one [unclear: cause] one only, but He makes no provision [unclear: for] wife putting away her husband at all [unclear: for] cause! The New Testament doctrine of [unclear: div] is entirely one-sided, and can never [unclear: have] intended as the promulgation of a law [unclear: bind] for all time.

Now, in what has preceded, my [unclear: object] been, not to discuss the grounds of the [unclear: ec] astical conception of matrimony, but [unclear: merely] point out that the ordinary theological [unclear: ob] tions to the extension of the liberty of [unclear: div] beyond the grounds of adultery are not [unclear: be] upon Scripture, but upon a traditional [unclear: i] pretation derived from the Catholic [unclear: Ch] This was recognised even in England in [unclear: e] post-Reformation times, as [unclear: appears] Cranmer's "*Reformatio Legum*," which [unclear: show] recognised opinion and sentiment of the [unclear: Ch] of England at that time, and [unclear: contains] views of the Reformers. This work [unclear: allowed] lawful causes of divorce, not only [unclear: adultery] also desertion, protracted absence, [unclear: m] enmities, and lasting cruelty. This [unclear: op] prevailed for a period of only [unclear: about] years, and as a rule [unclear: d] ngland, in [unclear: re] to the marriage laws, as in most [unclear: ma] ecclesiastical, took a middle course, [unclear: and] every stage the history discloses [unclear: "I] Catholicism," to use the happy phrase [unclear: of] G. H. Lewes. In Scotland the view [unclear: ad] by the Reformers has prevailed ever [unclear: since] since the sixteenth century desertion has [unclear: be] ground of divorce. And yet not long [unclear: a] number of ministers of the Presbyterian [unclear: Ca] of Otago committed themselves to a [unclear: pronun] ment to the effect that divorce on the [unclear: gro] desertion is not only unscriptural [unclear: but] sarily subversive of morality—a [unclear: position] is quite untenable. No social problem [unclear: wa] adequately solved by this light and airy [unclear: m] of passing resolutions embodying [unclear: state] that are quite incapable of proof. [unclear: For] of Scotch Presbyterians to pronounce [unclear: di] on the ground of desertion [unclear: subver] morality is simply to libel their [unclear: country], to show how little consideration they [unclear: gave] important question; whilst the [unclear: narrow] matic spirit shown is worthy of men [unclear: who] be prepared to rend in twain their [unclear: church] such a question as that of marriage [unclear: w] deceased wife's sister.

The question can never be [unclear: adequately] with until it is recognised as a [unclear: purely] and not a theological one, to be handled as freely as other social questions are—until we put away from us all theological prepossessions, which prevent the application to this subject of those principles which are applied in discussing all other social subjects.

The Rationalistic View the Nobler.

It will no doubt be said that this would be to take a degrading view of the subject. Now, there is no doubt that the Catholic conception of matrimony as a sacrament—the truth of which I should be the last to defend—tends to emphasise the fact that to true marriage something is essential beyond the mere physical union. But that the ordinary theological view of marriage is in any way nobler than the rationalistic view I entirely deny. Let us contrast for example, the conception of marriage presented in the form prescribed for the solemnisation of matrimony in the Book of Common Prayer with that presented by Milton. How the conception of marriage presented in the form used in the English Church can be described as elevating I cannot imagine. The second of "the causes for which matrimony was ordained "as there set forth is as follows :—" It was ordained as a remedy against sin, and to avoid fornication; that such persons as have not the gift of continency might marry, and keep themselves undefiled members of Christ's body." Now, it aetmi to me, that the view here presented of "holy" matrimony is not only sadly gross and material, but deplorably perverted and untrue to human nature. It is difficult to believe that emancipated and cultured women will much longer tolerate a form of solemnisation which treats woman as a tempter and demoraliser, and regards the conugal relation at inferior to the prudery of asceticism or to a divinely-ordained celibacy. This conception of "holy" matrimony is as degrading as it is untrue to the facts of human nature, In New Zealand, as in England, the ecclesiastical conception of marriage and the traditional interpretation of the Gospels have been repudiated so far as to recognise that marriage is dissoluble, and that, too, by the State. But the purely physical ecclesiastical idea of

the conjugal relation still so far dominates our legislative handling of the subject that adultery is the only cause recognised as sufficient to justify dissolution of the marriage bond, and consequently "no remedy can be found for miserable or unfortunate unions without someone paying for it by a cruel social stigma." Hence, as the result of a slavish Biblolatry, the performance of a discreditable action is made an antecedent condition of arriving at an end which the law sanctions, and sanctions only because it is supposed to be desirable. But surely the climax of absurdity is reached when our law refuses to dissolve a union if it be shown that the spouse asking for dissolution has been guilty of the offence charged against the other spouse. If both spouses have shown their contempt for the obligations of marriage, and their desire to free themselves from its bondage, surely the reason is all the stronger why society should not hold them chained together; but, so far from looking at the matter in this light, the law takes care that the fetters shall be riveted on their limbs for ever.

Milton'S View the Loftiest.

Let us contrast with this grossly physical ecclesiastical view of marriage that of Milton—the highest and noblest conception at which the world has yet arrived; a conception which appeals to all that is most noble and most beautiful in life, and is more in consonance with that spiritual view of marriage which finds expression in our noblest literature, according to which marriage is the closest form of friendship between man and woman, having for its primary end the "completion of man's being by some fitting, some ennobling, some lasting companionship and affection." According to the sacerdotalist view as embodied in our law, union in the name of the law is all-important, and union by affection is less important. According to Milton's view, union by affection is the most important, and union in the name of the law the least important. "The internal form and soul of this relation," says Milton, "is conjugal eve arising from a mutual fitness to the dual causes of wedlock." "Law cannot command love, without which matrimony hath no true being, no good, no solace, nothing of God's instituting, nothing but so sordid and so low as to be disdained of any generous parson." "Christ Himself tells," he says, "why should not be put asunder—namely, those whom God bath joined." But, "when is it that God may be said to join ? When the parties and their friends consent? No surely, . . . Or is it when church rites are finished ? Neither, for the efficacy of those depends upon the presupposed fitness of either party. Undoubtedly a peaceful divorce is a Less evil, and Less in scandal than hateful, hardhearted, and destructive continuance in marriage in the judgment of Moses and of Christ." "What thing more instituted to the delight and solace of man than marriage ? And yet the misinterpreting of some Scripture hath changed the blessing of matrimony into a drooping and disconsolate household captivity, without refuge or redemption. What a sore evil is this under the sun ! What a calamity is this! . . . Not that licence and levity should therein be countenanced, but that some couscunable and tender pity might be had for those who have unwarily, in a thing they never practised before, made themselves the bondmen of a luckless and, helpless matrimony." "Who sees not," he exclaims, "how much more Christianity it would be to break by divorce that which is broken by undue and forcible keeping" "It is a less bremch of wedlock to put with wise and quiet cousent betimes, than still to foil and profane that mystery of joy and union with a polluting sadness and perpetual distemper; for it is not the outward continuing of marriage that keeps whole that covenant."

It has been well said that nowhere else in the English language, or probably in any other, has the highest and noblest conception of marriage been set forth with such majestic eloquence as in Milton's treatises on the subject; and yet such has been the influence of sacerdotalism and theological dogma that scarcely any progress has been made in the rationalising of our law and customs during the 240 years that have elapsed since the publication of Milton's treatises. For in Milton's day adulty was recognised as a ground of divorce. And even to New Zealand, under a Parliament that boasts of its liberalism in dealing with all social questions, it seems wellnigh impossible to obtain that measure of reform which most of the Australian colonies Introduced years ago. That the ecclesiastical conception of wedlock should still retain such a bold is very remarkable in a community in which marriage by a Catholic priest, or by a Protestant clergyman or minister, has Legally no more virtue than marriage by a registrar, who is merely a civil officar, and in which, indeed, the priest or minister in officiating at a marriage derives his authority from the State, just as much as the registrar. The priest is, in fact, simply a sub-registrar, and yet so superstitious are the notions of must people on the subject that they imagine marriage by a clergyman is something quite diffarent from the same ceremony performed by a registrar. And then it seems quite hopetess to expect the mass of the people to see that such a conception of marriage as we find in Milton is infinitely higher and nobler than the ecclesiastical viaw which he combated. No one who gives the subject any real consideration can help seeing the superiority of Hilton's view, but legal conusequces deducible from this conception are so much at variance from the prevailing ideas as to the grounds on which divorcs should be granted that people refuse to recognise the truth. If once it be admitted that "If action is "the internal form and soul" of marriage, and that the mere ceremonial rite has no sacred virtue—that it is the existence of this affection, and not any ceremony, that renders matrimony "holy"—that

marriage is divine only when—

Friendship love, and peace combine

To stamp the marriage bond [unclear: divin],—

then it follows that where affection has never existed, or is dead, true marriage does not exist.,

'When love,' Milton says, "finds its If utterly unmatched, and justly vanishes—nay, rather cannot but vanish,—the fleshly [unclear: relation] indeed continue, but not holy, not [unclear: pure] beseeeming the sacred bond of marriage; [unclear: be] truly gross and more ignob'e than the [unclear: m] kindness between herds and flocks, [unclear: W] then, shall divorce be granted for [unclear: was] bodily fidelity and not for want of fitness intimate conversation, whereaa corporal [unclear: be] lence cannot in any human fashion be [unclear: with] this."

What should be the Grounds of [unclear: Divo]

The truth is that, it is the very [unclear: elevation] Milton's view of the subject : that has [unclear: prev] it's general adoption. His writings on [unclear: the] ject have been represented as mers [unclear: spe] pleading in favour of freedom of [unclear: divorce,] they are really only an elaborate and [unclear: eloq] amplification of his description of "the [unclear: in] soul and form" of marriage. For one [unclear: thing] does not suit male legislators [unclear: who] determined to maintain the utterly [unclear: unte] distinction between adultery of the [unclear: hus] and that of the wife. And the chu [unclear: ches] [unclear: tabooed] the teaching of the Portion [unclear: M] as lax and unscriptural, became it tends [unclear: to] their own into contempt. But nothing [unclear: is] certain than that the educated woman [unclear: of] future will reject the church service [unclear: view] marriage and the disgust generated [unclear: by] ecclesiastical conception of marriage will [unclear: go] towards destroying all faith in the [unclear: rel] character of the institution. It will [unclear: come] generally recognised that since [unclear: affection] "the internal form and soul" o [unclear: marriage] its [unclear: fioal] end is the happiness and welfare [unclear: of] parties and of the family, and the good [unclear: of] commonwealth, the conclusion is [unclear: obvious] when "conjugal affection arising from [unclear: m] fitness" does not exist, the union is [unclear: al] null. It follows that any causes shuld be [unclear: re] nised as a ground for dissolution [unclear: of] marriage, bond which experience shows [unclear: to] such a nature that it renders conjugal [unclear: fe] impossible. That adultery is the [unclear: only] which produces this deplorable effect [unclear: c] be contended for one moment—nor [unclear: that] the most serious, except from the [unclear: phy] ecclesiastical point of view.

Desert1On a Stronger Ground [unclear: than] Adultery.

Of such cause, there can be no [unclear: doubt] disertion, when it is wilful, [unclear: deliberate,] long continued (say for three years), is [unclear: o] the most unmistakeble; another [unclear: is] habitual cruelty and neglect, These [unclear: two] by their very nature indicate the total [unclear: ab] of the essentials of true wedlock [unclear: according] any rational conception of it. As [unclear: Lucky] "Anyone who can look at the subject [unclear: th] other than ecclesiastical spectacles [unclear: mus] that long-continued disartion is really [unclear: a] complete rupture of the marriage [unclear: bond] even infidelity itself." In Scotland, as [unclear: I] before mentioned, desrtion has been [unclear: recog] [unclear: a] ground of divorce ever since the Reformation, probably on the authority of the Protestant [unclear: view] of the teaching of St. Paul lodeed, in all Pretestant countries, with the exception of England and some of her colonis, and, I think, one of the American States, deaertion is so regarded The objection commonly raised to desetion being made a ground—that it would enable parties bent upon obtaining a divorce to attain their object by arrangement—is surely the very [unclear: spotheosis] of fallacy and absurdity. It is [unclear: surely] very far-fetched suggestion that parties [unclear: intent] obtaining a separation as speedily [unclear: as] possible would adopt a method requiring [unclear: there] years for the attainment of their object, when a single act of adultery, or even conduct sufficient to justify an inference of the composition of adultery, would serve the purpose so much better. And yet, apart from [unclear: Sxipture] and ecclesiastical cousiderations, [unclear: this] almost the only kind of argument [unclear: usually] employed. The suggestion often [unclear: made], that the period of desertion should be [unclear: extend] to seven years, is not only cruel in the [unclear: extreme], but it ignores the nature of the quality [unclear: in] human nature which lies at the vary reached on Friday morning. I learn from [unclear: foundation] of marriage. Another objection, and the most irrational of all, is that if desertion were recognised as a ground of dissolution the number of divores would be enormously increased. This objection [unclear: emanates] from the purely theoligical view that the sanctity of marriage is derived from the [unclear: mere] ceremonial rite; but according to the view I am urging affection is the internal form and [unclear: ul] of marriage, and where that is wanting the conjugal relation is a mere empty huak. When husband has deserted his

wif i for, say, three years, and left his children unprovided for, the marriage bond is already dissolved, and divorce is merely a recognition of the fact, To speak of the sanctity of marriage in such circumstances is simply to use the words without a meaning-it is a cruel mockery. The [unclear: anuity] of marriage is not impaired by divorce but by the impurity and inhumanity that lead to it. At gold is purified by the rejection of the alloy, so the sanctity of marriage is strengthened and not impaired when gross misconduct on one side enables the sufferer to escape from a bond which it is a misuse of terms to describe any longer as holy. To speak of marriage as a sacrament in such cases is an [unclear: outrage] alike on religion and common sense; it were truer, indeed, to speak of the [unclear: sacrament] of divorce.

We have thus arrived at the principle that the marriage bond is dissoluble, not merely nor mainly on the ground of [unclear: adultery] of either party but is [unclear: dissoluble] "for any fault sufficiently grave of any kind, and, what is still more important on the ground of any quality or characteristic in either party which, without being a fault in either, makes happiness impossible."

Common Objections Answered : Impairing the Sanctity of the Family.

The objections commonly set up to this view are based upon the vague idea that to tamper with the marriage bond in any way would be to destroy marriage altogether, and with it the institution of the family; and this idea has its root in the sacerdotalist view that the belief in the sanctity of marriage and of the family, instead of being the outcome of something inherent in human nature, is the impress of an extrinsic power acting on humanity. Sacerdotalists in all ages have sought to impose upon mankind as divine, laws of their own devising. This is an inversion of cause and effect, for laws have not made human nature, but human nature has made the laws : men imagine that when they are explaining facts they are somehow creating them, as the meteorologist in Russia observed the clouds till he came to think that he caused the rain, It is as absurd to think that the so called sacred laws of marriage as taught by the churches produced the belief in the sanctity of marriage, and that the destruction of marriage must ensue upon their relaxation, as it is to suppose that the conscience was created by a belief in hell and will perish when hell ceases to be credible. There is no more cause to fear that such relaxation would cause men and women to rush into all kinds of sexual irregularities than that they would wallow in wickedness like swine in filth if they ceased to believe in hell. "The average man, quite apart from any religious theories, marries a wife with the intention of remaining married to her. Indeed, the more firmly we believe that the permanence of marriage is approved and willed by God, the more firmly we must believe that such permanence has in it nothing arbitrary, but that God wills it because man's nature is most completely satisfied by it."

Increase in the Number of Divorces.

[unclear: Of] all the illogical and absurd arguments against the extension of the liberty of divorce that which is based on the increasing of the number of divorces seems to me the most absurd. The whole object of such an amendment of the law is to afford increased grounds and facilities for obtaining divorce. The question is, not whether the number of divorces would be increased, but whether the evils that render divorce necessary would be thereby increased in number. In Scotland, for example, the number of divorces is much larger in proportion to the population than it is in New Zealand. But it is notorious that in New Zealand, as in the other colonies, wife desertion is exceedingly common, and it necessarily follows that, if desertion were made a ground of dissolution, the number of divorces would increase. But no one who takes the trouble to think would suggest that in such circumstances the increase of the number of divorces would be a valid objection to the proposed change in the law. On the contrary, to anyone looking at the subject without theological prepossessions, and just as one would regard any other social problem, the greater the number of divorces that would ensue, the greater would appear the necessity for the change. Marriage is but a means to an end; in case of desertion for three years the marriage has ceased to serve that end, and to allow divorce in such a case is simply to recognise that fact, not to cause it; and surely all the arguments in favour of marriage as a means of promoting happiness tell in favour of setting the innocent spouse free from a bondage which in many cases is the most galling that the mind of man can conceive.

So unreal and self-contradictory are the notions of many persons on this subject that it is not an uncommon thing to hear the same people who are so fond of dwelling upon the increase in the number of divorces that would ensue upon any relaxation of the law argue that, after all, the number of cases in which marriage is a failure is very small. It is difficult to imagine anything more galling to the victims of our irrational divorce law than hearing those who have the good fortune to be happily wedded speak in this light-hearted way on a subject of such dire import to so many of their less fortunate fellow-creatures, whose lives have been blighted by

unhappy marriages. To such, luckless ones what terrible irony must appear all the talk about marriages being made in Heaven, the sanctity of the home, the sacredness of the family, and the danger of impairing the sanctity of home-life by discrediting the doctrine of the indissolubility of marriage! That a considerable proportion of marriages is of this kind we all know, and to keep so many men and women in a false position, and in a condition that inclines to immorality, is surely a heavy price to pay for the peace of mind of those who, having no discomfort themselves, take a pleasure in thinking that the marriage bond is indissoluble.

Differences but Ministers of Love.

Another of the arguments commonly used against any relaxation of the marriage bond is the danger that a mere temporary quarrel or disagreement would lead both parties to a step which they would bitterly regret afterwards. Now, whilst it is, no doubt, true in many cases that differences "are but ministers of Love, and feed his sacred flame," it is only where true affection exists; and we are dealing with cases where true love either never did exist or is dead. As has been well said, "it is sorely a higher, a happier, a more desirable thing in a husband that he should cherish and please his wife for fear she should get rid of *him* than [unclear: th] should smother his ill-temper or aversion [unclear: be] he cannot get rid of *her*." If the [unclear: indissolu] marriage in many cases tends to repress [unclear: dis] sentiments, its dissolubility in more would prevent disagreements from arising, [unclear: and] make the union depend mainly on [unclear: whe] its sanctity—on mutual attraction and [unclear: ca] not on an external chain. Although [unclear: the] union with which I am now dealing [unclear: mi] entitled to some weight if it were [unclear: prop] make marriage dissoluble at the [unclear: mere] the parties, it has no force at all when [unclear: th] proposal is merely to make desertion [unclear: ext] over a period of years, habitual [unclear: cruelty] neglect, and habitual drunkenness [unclear: gro] divorce.

The Interests of Children.

Other considerations arise when the [unclear: i] of children have to be considered, for [unclear: the]ness and welfare of the children is [unclear: one] great end of marriage. Where [unclear: there] children it is difficult to see on [unclear: what] (apart from theological dogmas) [unclear: the] should interfere at all to prevent [unclear: dissol] the marriage contract at the will of [unclear: the p] when the union completely fails [unclear: to] its purpose—the promotion of [unclear: happiness] such cases, neither the interests of [unclear: the] nor the good of society is promoted by [unclear: p]ing dissolution. But where there [unclear: are] it is impossible to exaggerate the [unclear: important] maintaining the permanence of [unclear: the] the parents, on whose example so much [unclear: de] and the purity of the home, in [unclear: whi] foundations of character are laid. [unclear: B] home-life is an impossibility where [unclear: the] the parents entirely misses its real [unclear: end] any cause that renders the marriage [unclear: ho] unhappy. It cannot be suggested [unclear: that] is the only violation of the [unclear: conjugal] that produces this result; for [unclear: whilst] doubt true that this offence tends [unclear: to] upon the character that baleful influence Burns deplores in the exclamation—

But, oh ! it deadens a' within

And petrifies the feeling'.

—it is also true that it is an offence [unclear: whi] not necessarily obtrude itself upon [unclear: the] of the children. Cruelty, neglect, [unclear: i] and habitual drunkenness are [unclear: mue] disastrous in their effects upon [unclear: the] than that offence which those who [unclear: t] purely physical view of the [unclear: relationship] as the most serious. It is one of the [unclear: b] remarkable facts in the history of [unclear: soci] people should so long have remained [unclear: in] to a theory of marriage so purely [unclear: phys] degrading as that which refuses to [unclear: re] anything but adultery as ground of [unclear: diss] and it is still more remarkable that [unclear: this] union should so long continue to be [unclear: reg] the loftiest attainable on the subject.

The Greatest Blot of all.

The greatest blot on our law upon this subject the distinction made to the disadvantage [unclear: of] wife in refusing to allow her an equal right [unclear: th] the husband to divorce on the ground of [unclear: altery]. That the law of England should [unclear: be] last stronghold of this shameful doctrine is [unclear: eed] remarkable, and it is directly [unclear: traceable] the influence of sacerdotalism : for it is [unclear: to] State, not to the Church, that woman owes [unclear: e] improvement in her position, and the State [unclear: nnot] much longer allow a mere superstition to [unclear: event] the removal of this injustice. The [unclear: called] reason for the distinction.

Periculum matris conquinari regias,

Contaminari stirpem ac miscere genus.

no reason at all, except on the partly [unclear: ysical] ecclesiastical conception of marriage. [unclear: is] mere pretext maintained by the long [unclear: e] of legislators and judges, all *men* who have emnly declared that the sin most serious [unclear: in] woman is in a man the moat venial. The [unclear: d] Ecclesiastical Court of Italy had such a firm belief in cardinals that before it would believe in the adultery of one of these dignitaries it required the evidence of *seven eye witnesses*. We can smile at this, but in not the rule that a wife cannot get a divorce for her husband's adultery tainted with the same vice? Both illustrate the maxim, "No one is a good judge in his own cause."

Insanity.

The proposal to constitute habitual drunkennees and insanity grounds of dissolution of the marriage bond rests on a somewhat different basis, but one which is, I am convinced, perfectly sound. And the day cannot be far distant when people will look with horror upon the superstition that a marriage between parties one of whom has the taint of hereditary insanity can be rendered holy and indissoluble by a religious or legal ceremony. By he new Civil Code of Germany, which comes into operation in 1900, incurable insanity is made a ground of dissolution.

decorative feature

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Inductive Ethics, Moral Teaching in the State Schools of New Zealand.

An Address

Delivered before the Southland Branch of the New Zealand Educational Institute

BY THE President,

JOHN GAMMELL, B.A. (London University)

At Invercargill,

ON Thursday Evening, June 24TH, 1897.

"The experiences of utility, organised and consolidated through all past generations of the human race, have been producing corresponding modifications, which by transmission and accumulation have become in us certain faculties of moral intuition."

—HERBERT SPENCER

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To Sir Robert Stout, K.C.M.G.,

The vigilant champion of National Education in New Zealand,

A member of the Parliament of 1877,

And

To whose enlightened mind,

Firm purpose,

And skilful advocacy,

The Education Act of that year,

In its present form,

Is largely due.

Inductive Ethics,

MORAL TEACHINGS IN THE STATE SCHOOLS OF NEW ZEALAND.

BY JOHN GAMMELL, B.A.

Teachers and friends of the Southland Educational Institute,—As yon are aware, an interval of a twelvemonth has elapsed since I last had the honor of appearing before you in the capacity of your president; plainly, therefore, before I do anything else to-night, it will be my duty to inquire what are the educational events of the pasty year, and which of them, if any, require notice and comment at my hands ? With one

exception, however, the year seems to me to have been singularly barren of events from the educationist's point of view, no burning questions have come from the front in discussion—I hope certain gentlemen who flooded the newspapers of Dunedin with educational letters, lectures, and leading articles for some weeks in the early part of the year won't consider I am putting any slight upon them by that remark—no burning questions have come to the front in discussion, and the teachers of the colony generally, as far as I know, have been of that happy people which produces no history. Especially is this true here in Southland, where, like Nature's own beat work, the teacher's labors have been of that quiet order by which mind is most wisely developed and character most healthfully built up. Even the monthly meetings of your Institute here in Invercargill have passed almost unnoticed by the newspapers, whilst as far as I am aware, not a single school committee has ventured to raise a dissonant voice, or dared to question the schoolmaster's sacred authority in any particular. Congratulations to you, teachers of Southland, on this happy state of things. Long may it continue, and that to your honor and comfort. But I said there was one exception to this holy and somewhat unusual calm; and, indeed, it is impossible to forget that between this time and last June a General Election has taken place in New Zealand—a new House of Representatives has been constituted for the colony—an event, I need hardly tell you, which can never happen without producing some effect, positive or negative, on the educational interests of New Zealand. It is plain, therefore, that I should not be doing my duty to-night if I failed to assess the educational significance of this great political fact.

As you may expect, however, it is not my intention to do more than merely allude to the subject in passing, and that for the simple reason that to do more would be very difficult, if not impossible. Parliament has not yet had the opportunity to organise itself educationally, no divisions have yet taken place in the House on the subject of education, and until the division lists appear it is not easy to say with precision how parties stand on any subject. Various questions then, you will remember, were propounded to parliamentary candidates by the different branches of the Teachers' Institute throughout the colony, but of these I will only refer to the three proposed by this branch, of which, unless I mistake, one was directed to remedy that financial injustice under which many other teachers throughout the colony as well as yourselves suffer: the fact that salaries for the same work done vary largely—one might almost say arbitrarily—throughout New Zealand, according to the Board under which the teacher may be serving; a second question referred to a corresponding variation in the fulness of the education given in the different Board districts, and the importance of making this uniform throughout by transferring the school inspectors from the boards to the department; whilst a third related to the subjects of instruction themselves—to the characteristic feature of our system, in fact—and invited the candidate to pledge himself to resist all attempts to degrade our own system to the level of that established in the Old Country, all attempts to violate the first principles of civil and religious liberty by introducing a theological element into our present secular system, and so setting up a State church in this new and free land. The first two questions related, therefore, to matters of administration only, and these in consequence, there can be little doubt, will be settled ere long, in the present or at least some early Parliament, to the satisfaction of the teachers of the colony. On them accordingly I do not propose to say another word. The third question, however, refers to a matter of deeper and more general interest, and on this account, as well as from the fact that the discussion of it makes a most suitable introduction to my subject of this evening, I will spend just a moment in recording its fate. In one word, then, it seems pretty certain now that the Bible-in-schools party at the last General Election received a severe check. The question of Bible in schools, it is true, was not made a capital or crucial one; it was not a question on which individual elections were won or lost, but those who favored the ecclesiastical view found that their advocacy of it did them no good with the constituencies, but that, on the contrary, it placed them at a disadvantage, and even contributed in some cases to their overthrow. This was particularly visible in the election for the City of Dunedin, where a member of the former Parliament, who had himself introduced a Bill in its last session to destroy the secular character of the Education Act, and to which mischievous attempt of his I called your attention, you will remember, in my presidential address to you a twelvemonth ago—this gentleman failed to secure his reelection, and that in spite of all the churches could do for him. A similar remark, too, would apply, you are aware, to the Maitāwhiri electorate; whilst, on the other hand, here in Invercargill the fact that the old member for our town remained faithful to the principle of secular education was a circumstance which did him no harm, but, on the contrary, appeared to commend him all the more to our fellow citizens, so that he again headed the poll by a large majority. And, further, as far as we can at present tell, the view taken on the subject by the constituencies of Dunedin, Maitāwhiri, and Invercargill was also that adopted in by far the greater number of electorates throughout New Zealand, so that there is reason to believe that the majority in the House of Representatives to-day in favor of our present secular system of education is greater than it has ever been at any previous stage in the history of the controversy. This surely is a matter which we ought not to pass over unnoticed, but one on which we should congratulate ourselves and the colony, and that with the warmest felicitations. We might say more on this point, but it will be better to wait till the division lists assure us we have not misinterpreted the results of the last General Election.

On one point, however, there is little doubt. If the victory to-day is with the supporters of the present system of education, as it appears to be, that victory is probably a final one; the question is substantially settled. It is an open secret that the clerical party had placed great reliance

on the woman's vote in connection with this subject; the hopes of ecclesiastics were high that they had sufficient influence with the female population of the colony to secure its adoption of their views on this burning question. It is well known, too, that many advanced politicians who supported the extension of the franchise to women did so in spite of deep misgivings as to the use the women might at first make of their vote to destroy the Education Act. But now it appears to have come out plainly that these hopes and fears were alike groundless. The women have not lent themselves to the retrograde action proposed to them by ecclesiastics, but, on the contrary, have proved themselves capable of appreciating those great principles of civil and religious liberty for which the men have contended so earnestly in these latter ages. Apparently the battle is finally won; for I need hardly say that when a cause has once secured the deliberate approbation of good and gentle women that cause is safe beyond the power of harm, whether from ecclesiastics or the Devil himself.

But now, at this point, you will see there naturally arises another question, and it is this : what should be our attitude towards the defeated party, if, indeed, it be safe yet to speak of it as the defeated party? Are we at liberty to neglect it henceforth altogether, or even to sing paeans of vulgar triumph over it? It undoubtedly contains many good and worthy men, and, what is more, men who have not been indifferent in the past to the cause of popular education, whilst it is still further to be noticed that the opposition was at least professedly made in the highest interests of man—those of morality and religion. Shall we ignore all this, and go on our way in brutal indifference to it all; or shall we take this opportunity of expressing our own sympathy with these high aims, and of making it plain, at least to our own satisfaction, that the fears of our opponents have been groundless, that the interests of morality are perfectly safe in our hands, and that the children of the colony, when they issue from our schools, may be expected to show that conscientious regard to duty, that abhorrence of all wrong-doing, and that respect for the rights of others which their best well-wishers desire to see in them. That, at least, is the high task I propose to myself to-night, and deeply, I had almost said bitterly, do I wish that it had fallen into more capable hands.

For, indeed, there are other and lighter themes on which I could willingly have addressed you, and more particularly one belonging to that special walk of study which I have of late years made more exclusively my own. I allude, of course, to the topic of the ancient history of our race, the science of Eastern antiquities, the story of early Egypt, Assyria, Greece, and Rome, and the desirableness of introducing into the highest class of our schools some small primer or reading book on the subject. It isn't right that children should imagine themselves educated when all they know of the race to which they belong is, at most, a few facts in illustration of the rise and progress of their own nation; and the long martyrdom of man, as revealed in the heroic story of antiquity, is to them as though it had never been; whilst, still worse, they are insensible to their own ignorance in the matter. This is undoubtedly a defect, though, perhaps, a small one, in our present system, and one, too, of which educationists would do well to take note. Nevertheless, that man can not be said to have discharged his duty to society who prefers the smaller and the easier task to the more imperious one, and so I bequeath the claims of ancient history to a place in our curriculum to the advocacy of some future president in those happy years to come when the mightier issues which now engage our attention shall, along with ourselves, have passed into oblivion.

For the last twelve months, indeed, I may tell you, I have had no hesitation whatever as to the topic on which I should address you to-night; that was settled for me in my mind in this very hall a year ago, when a Presbyterian clergyman of this town, held, and, I believe, deservedly held, in honor and respect by all who know him, in a paper he read to you on a similar occasion to the present, made the extraordinary allocution that he objected to our present system of primary education because there was no moral teaching in our schools. I thought at the time that was the most extraordinary statement I had ever heard in my life, and, I may add, I think so still—a statement too that should never be forgotten and never allowed to pass into oblivion. Understand, however, I don't for a moment impugn the *bona fides* of the gentleman who made the statement, I have no doubt at all he meant what he said in all sincerity of purpose; he believed he was enunciating a fact, and it is just that circumstance which constitutes the extraordinary character of the phenomenon. You may remember, however, that I took occasion at the time to deny the accuracy of the view thus enunciated, and I will only add now that, if that statement were accurate, there would at least be one Rationalist as well as many Presbyterian ministers objecting to the New Zealand system of primary education. But this charge brought against us thus formally in our last Conference demanded, in my judgment, a fuller refutation than was possible to give it on the spur of the moment—a refutation, too, which it was incumbent on me to attempt on the first opportunity, and to this purpose therefore I now devote the remainder of my address this evening—Accustomed, then, as are the majority of my hearers to deal in the close examination of words, and the fallacies that are apt to underlie human speech, it will be no news to them when I say that in my judgment the explanation of the

extraordinary statement I have just referred to lies in the fact that the speaker was using language in an entirely different sense from that which the words employed ordinarily bear, and I will even venture to say, thus early in our discussion, from that which they ought to bear. He spoke of moral teaching, whilst, I venture to say, he meant all the time religious teaching. Indeed, I should not be surprised if I heard him claiming that the two phrases were substantially synonymous, and that in fact there could be no moral teaching if there were no religious teaching. This, at least, is how I explain to myself the position the speaker took up last year; but whether I am right or not in that explanation, the solution I have just suggested of the anomaly before us brings me at once to the very heart of my subject to-night, so that I need no longer delay you with any further preliminaries.

What, then, we may ask now, is the real basis of morals? Why is it wrong to commit theft, adultery, murder? And how are you going to stop people from committing these crimes? What is the origin and what are the sanctions of morality; and how, besides, are you going to ascertain both the one and the other? Those are the questions we have got to answer, and, in order to answer them, the best plan, perhaps, will be to ask some similar questions in another department of human knowledge. For instance, what are the laws of physics? How about gravitation and all that? And how did we find those truths out? Well, we all know that physics forms the subject matter of a science—a science which man has slowly elaborated through the ages, and that too by his own unaided efforts; so that nowadays, when we want information on the material laws of the universe we betake ourselves to the science of physics, and so accomplish our purpose.

Well, then, not otherwise is it in the world of mind. As every cultured man knows, there is mental science as well as physical science, and, such being the case, morals is, of course, just one branch of this mental and social science. Morals is the science of society and the art of living in society. Moral philosophy, as some of you know by personal experience, is one of the branches of science taught theoretically at our university colleges, one of the subjects you take up when preparing for your university degree—one of the favorite subjects, in fact, as it is generally thought, whether rightly or otherwise, to be not quite so difficult as some others. Aristotle, Cicero, Paley, Butler, Kant, Bain, Herbert Spencer, and a host of other names equally honorable have each provided us with a text book on the subject, so that the science is one of the oldest and best established in the whole circle of human knowledge; it has its principles, its practical applications, and even its history, the best instance of this latter fact, at least as far as I know, being that most valuable and interesting work—produced in our own day—Lecky's 'History of European Morals.'

But we have not yet answered that question which we enunciated just now, or pointed out the fundamental principle at the basis of moral science, why, for instance, it is wrong to steal another man's goods. Were there, indeed, an individual of cynical tendencies in my audience to-night I can quite conceive he might be disposed to interrupt me at this point, and in view of recent politics in New Zealand and recent disclosures in business circles suggest to me the necessity of considering first a still more fundamental question—viz., is it wrong to steal another man's goods? You will agree with me, however, that such cynicism does not deserve an answer, and certainly must not be allowed to delay us to-night. Briefly stated, then, right and wrong are no mere arbitrary abstractions, no merely ideal conceptions; virtue, at least, in the first instance, is that conduct which is favorable to the life and health of society, whilst crime is that class of actions which is injurious, or, still more, that which is fatal to the existence of man as an organised collection of individuals. And so to appropriate that which belongs to another against his will is to do that which would make it impossible for men to live side by side with one another in peace. Theft, therefore, is immoral, not because of any authoritative statement to that effect, whether on the part of a finite or even an infinite being, not because it is written in some ancient Eastern literature "Thou shalt not steal," but because, if stealing were to become general, human society would become moribund; if stealing were to become universal, society would cease to be. The laws of morality are founded, not on hypotheses of any kind, but on facts, on the actual necessities of human society. Men only live together in groups because an understanding exists throughout the members of the group. As long as that understanding holds—as long, that is, as the confidence of the members in one another is strong, in fact so long as there is good reason to believe that each member of society will respect the rights of all the others, so long men will continue to live together and enjoy all the unspeakable advantages of universal co-operation. So long and no longer. Whatever tends to increase this mutual confidence therefore stimulates the vitality of society, and so constitutes virtue. Whatever, on the other hand, impairs such mutual confidence strikes at the very life of society, and so constitutes crime. Wrong, immorality, crime is just an unsocial act, and therefore is properly branded by universal consent as utterly loathsome and essentially bad. It is high treason against society, and, like all treason, is, in the first instance, a capital offence. It is these hard, stupendous, vital facts which are the basis of the science of morals.

These utterances of mine are, of course, well known to most of you, but they will bear repetition and even illustration. Our best illustrations must, of course, be taken from human life, but it is not impossible to find illustrations, strange as the statement will doubtless sound to many, in the habits of the inferior creation—our

irrational fellow-creatures, as we are accustomed to call them. Many of the lower animals, we know, live together in society, and, of course, on the very same principles as ourselves, only in a far more elementary stage of development—though even here, perhaps, my cynical friend might again put in a caveat. Anyway, as one clever writer has pointed out, even a pack of wolves on the snow-covered plains of Russia is only able to hunt its prey in concert by mutual understanding amongst the members of the pack. There is an agreement recognised, however unconsciously, by every wolf in the pack that during the hunt not one of them is to attack and devour his brother wolf. And, further, in those packs in which this mutual confidence is strong the hunt will be keen and successful, the food consequently plentiful, and the pack will flourish and increase. On the other hand, should there be a pack in which bad habits have grown up, one in which this unconscious bond of mutual confidence is weak, so that each individual wolf as he runs can only afford to keep one eye on the quarry, whilst, alarmed for his life, the other is engaged in watching his neighbor, that pack will undoubtedly be at a great disadvantage in the struggle for existence, the hunt will often be unsuccessful, so that famine will frequently thin in ranks. In fact, it is an immoral pack of wolves, doomed in time to extinction. The mutual confidence of its members in one another has been impaired. Or, if anyone objects to such a lowly illustration as this on such an important subject as savoring of frivolity, let us take another from human life and human history—the history of our own day. We have had an object lesson in this subject in the present century, and that within the memory of many of us here to-night. We have actually seen a human society grow up from chaos to order before our own eyes, and hence we need have no difficulty in recognising what it is that makes the fundamental distinction between the two conditions. Anyone who has ever come into contact with the pioneer settlers of the State of California, in North America, will understand my allusion at once. When the discovery of gold was first made in the valley of the Sacramento River, in the year 1848, there immediately flocked in thousands to the spot the wild spirits of every country on the face of the earth. Not a few of these were lawless as well as wild, some of them, indeed, being criminals of the deepest dye. There was of course, for a time, no authoritative government on the goldfield, and certainly no government possessed of adequate powers to enforce its authority, and, in consequence, human society to the strict sense of the term was at first impossible. There were vast numbers of human units in close contact with one another, but, all the same, there was no organised society, there was no State. Each man had to take care of himself, and you had in consequence the extraordinary spectacle of a being who was the product of society, and who could not live long except in society, here attempting to live alone, and that amid thousands of others bent on the same project, and amid temptations of the most powerful order. What, then, happened under these extraordinary conditions?

Well, here is one of the things that happened as the regular custom of the country. Every man, of course, went about armed to the teeth; and, did two travellers on the high road loom into one another's sight as they approached each other from opposite points in the horizon, neither of them hesitated for a moment as to what he should do, but each immediately drew his shooting-iron and imperiously waved the other off the high road. If both obeyed, and so were able to pass one another at a considerable interval of space, all was well; nothing further was done by either party. Did either traveller, however, show any inclination to persist in maintaining "the crown of the causeway" he was a dead man in a moment; the other shot him down as he would a wild beast. Nor was that all. Did the little affair become known throughout the district? Nobody resented what had been done, the shootist was held guiltless, as every man on the goldfield knew that he himself would have done the same under the circumstances. The inference is inevitable. Morality is founded on the imperious necessities of human society. There can be no society until human beings are able to trust one another. Mutual confidence in the forbearance of each to the other—that is the adamant bond that holds all the units together; that, and that alone. Just as our bodies live on the physical atmosphere by which the earth is surrounded, and would at once cease to be as a vital organism if that atmosphere were removed, so organised society exists on the atmosphere of strong mutual confidence in which our civilisation is bathed, and would at once break up into its component units if that atmosphere should by any mischance disappear. And as man is essentially a social being, and is what he is to-day simply as the product of society, even the individual units must disappear and die out when society is no longer possible. This then is why theft, adultery, murder are wrong and criminal, because their existence is inconsistent with the existence of man in society; this is why these acts have come to be abhorred and loathed with ever-increasing repugnance by the great majority amongst us—why, in fact, man has learned to hate these deeds as intrinsically foul and vile, apart even from their consequences. It is thus that there has been evolved in the course of those untold millenniums that constitute the history of our race those intuitions of right and wrong that now appear to us as almost innate and independent of experience altogether. They are the sum total of the experience of the race through all past time, and their strength is accounted for by the myriads of ages through which their roots extend unseen right down to that border time in which rational man originated from his irrational ancestor—a tolerably strong foundation for the vital interests of humanity.

So now, then, for the fundamental principle of morals, the discovery of which to, as you see, the natural outcome of reason, as much so, indeed, as is the science of gravitation, or physics in general. But now,

assuming all that—assuming, that is, the natural genesis of morals and the natural authority of the moral law—how are we going to vindicate that law, or, rather, how are we going to show that Nature herself has provided for the vindication of that law? In other words, what are the natural sanctions of morality? How do the wicked get punished and the good rewarded? That, you will acknowledge, is the real crux of the question; that is what men have been puzzling overall down the stream of time, even from the days of the patriarch Job up till now; indeed, the patriarch Job might almost be considered as the founder of the science we are considering to-night. He did not get very far into the solution of the problem, it is true, but it must certainly be acknowledged that he stated the case very powerfully. Indeed, one would like to have had a short discussion with him on the subject—*i.e.*, of course, after he had got well again, so that the personal element no longer vitiated the equation. Whilst he was scraping himself with that potsherd of his he could hardly be expected to maintain a very philosophical tone of mind.

Well, then, as everyone sees, the first great natural agency for enforcing the moral law is the institution of civil government; a rude and imperfect agency, no doubt, but powerful in its way, and often even fatal to the wrong-doer. As an Australian judge, travelling in New Zealand, once said to me: "I feel myself all right as soon as I see a gallows. A gallows is the symbol of civilisation, the supremacy of law and order." What we mean, of course, is this: The worst forme of immorality we call crime, and crime is stamped out by the civil power. As soon as the Californian pioneers had succeeded in establishing a civil government they no longer waved one another off the high road with their revolvers. The bad were put out of the way by the representatives of the combined force of the community; the strength of all was used on behalf of each as long as he lived the life of a lawabiding citizen; the good enjoyed all the advantages of life in Co-operation. That was their reward.

But this, though an exceedingly important factor in the solution of the problem before us, is so self-evident that we need not dwell upon it at all. Everyone knows that in the case of flagrant crime punishment, and even adequate punishment, as a general rule, overtakes the wrong-doer by means of the natural agency of the State. Right and wrong are not left unvindicated in this world. What men complain of is, not that there is no enforcement of the moral law, but that so far as the State is concerned the enforcement is of such a rude order that not, only do many criminals escape the allotted penalty for their crimes, but that there is a vast amount of wrong-doing of which the State does not and cannot take cognisance at all. How can you pretend there is any moral government in this world worthy of the name, men say, or how can you expect society to flourish and make progress under a constitution of things so imperfect as that? If you cannot back up your civil government by something behind it which is infinitely more far-reaching than the arm of the policeman, your society is little better than moribund, and you will never get far beyond the stage of barbarism.

Well, we all know there is another natural and most powerful agency abroad in society, ever working on the side of justice, ever sapping the strength of the wrongdoer, and so ready to make good the failures of civil government. I allude, of course, to the force of public opinion, "the collective conscience of the community," as Cotter Morison would have us call it. A Christchurch lawyer may succeed in embezzling the money of his clients all round, and, after being delivered to a jury of his fellow-colonists for trial, may be acquitted by them of the crime, and that in spite of his actual and well-known guilt; he is not sent to gaol; justice fails of her victim; and so far a blow is struck at the vitals of society. But will anyone venture to say that that man escapes punishment altogether?—a man with the brand of the criminal on him for life, who will be boycotted and sent to Coventry wherever he goes; a man who has been stigmatised before all the world as a fraudulent trustee! The lady with the halting foot overtakes him, though no doubt it is a pity she halts all the same. In short, the most powerful incentive to action known to human nature is the approbation and esteem of the community in which a man lives, whilst the loss of that esteem, and still more the presence of its converse, is an evil to eat the heart out of any human being. Behold then again the natural sanctions of morality.

You see I am only just enumerating the heads of my subject. I am not dwelling upon them at all, and this partly because time forbids, and still more because the matter is so well known to you already. But though it is quite true I am only enumerating the natural sanctions of morality, I must mind and enumerate them all, and certainly must not omit the most powerful of them, even though it be also the most secret. I must not omit to refer to the happiness or misery of the individual dependent on the testimony of his own conscience to the character of his actions. That marvellous faculty we call conscience, whatever it may be in itself, seems at all events to be the invariable concomitant of life in society. Society, duty, conscience, all go together; and this to such a degree, indeed, that even some of the lower animals—the domestic animals, at all events—occasionally seem to show signs of the possession of a conscience. A dog, for instance, who has transgressed his master's command, will often, when he enters that master's presence, betray by his manner the fact of his misconduct. The drooping, motionless tail, the slinking gait, the unwillingness to meet his master's eye, all bear involuntary testimony to the fact that he has yielded to temptation, and that he knows it; in other words, that he has a conscience. "Ah," you say, "I am sure that Carlo has been worrying the sheep again"; and so, later on, you find

it. Returning, however, to our featherless bipeds, or, as they are sometimes described, to our artificial ungulates, a wrong doer, we know, may occasionally escape both the law of his country and the condemnation of his neighbors—his guilty secret may be known only to himself—and in such case : superficial philosopher might jump to the conclusion that the moral government of the world is here altogether at fault. Now, of course, it is quite true that [*unclear: whenever*] criminal escapes punishment a blow is struck at the vitals of society—even the superficial philosopher is right so far Where the superficial philosopher is wrong is in supposing that the secret criminal does escape scot free, suffers no retribution at all, but lives on, the name happy being as before. And yet we know this view is refuted by the whole round of criminal experience; that even the daily newspapers frequently furnish us with overwhelming evidence to the contrary; that loss of innocence is always accompanied by loss of inward happiness, and that this loss, though it sounds so small a thing, is proved by experience to be sometimes so terrible that the patient will not unfrequently surrender himself for punishment, yea, even for capital punishment, if he may only thereby get rid of the intolerable burden of remorse There is no greater reality in this work than the human conscience—a fact so patent that we are not surprised at the utterances of the great German philosopher Kant when he said : "There are only two objects of study worthy of an intelligent man—the one is the starry heavens above him, and the other the human conscience within him." For myself, I would add, conscience is the faculty that conjugates the verb "ought," that inflects the noun "duly," the last and greatest sanction known to moral philosophy. It is the voice of society inside of us, proving to all gainsayers that the claims of society upon us permeate us through and through, and that we are the absolute property of the community in which we live, As an example, take the case of Constance Kent, the Kent road murderess, who, subsequent to the commission of her crime, lived as a nun for a large part of a Lifetime in a holy house amongst good women, and even then found that her only road to inward happiness lay through the police court. Morality, then, I say, is built up on the most terrible realities of which the human mind is cognisant.

I have thus briefly enumerated the most important of those natural sanctions of morality by which the practice of it is enforced in human communities, Were I, however, to leave the subject at this point I should certainly be culpable, inasmuch as I should have represented it only in the most inadequate form, an inadequacy, too, which would be especially apparent to my audience of to-night from the particular profession to which those of whom it is chiefly composed belong. Such are well aware that the larger part of the world's work is done under other influences than those that proceed from any system, of rewards and punishments. For the coarser natures of the human race no doubt the coercion implied in such a system is absolutely indispensable, as probably it was equally indispensable to all in the earliest stages of human development, But it is plain that any community which is to last must ultimately be able to produce a race so well adapted to the conservation of the social organism as to be largely independent of all selfish considerations whatsoever—a race intelligent enough, and, what is more, noble enough, to be sensible of the fact that the relation of each individual to the whole society is the worthiest factor in that individual's nature. Just as physically we are conscious of the blood of our own organism circulating through our veins, so, speaking more metaphorically, we are equally conscious of a social life throbbing in our hearts. The meanest soul amongst us will put forth all the strength that is in him to conserve that bodily life of his, and with equal strenuousness will the nobler organisms amongst us struggle for the conservation of the community of which he feels himself a part. A social instinct is in him as strong and at times even stronger than that love of the bodily life which we share with all the lower animals. In times of social quiet and safety these facts, it is true, are not so apparent. If men show themselves, then, altruistic at all, their public spirit is chiefly seen in the work which they voluntarily take upon themselves as members of local public bodies; but in times of public excitement and danger, say, when the blast of war sounds in our ears, the case is far different. Then the social instinct lying more or less latent at the basis of so many characters becomes apparent enough. The idea of individuality fades into the back ground of the mind, and that of the common life, the claim of society upon us, absorbs the whole consciousness of the mind. All this is perhaps most clearly seen on the field of battle, where, under a sense of duty to country—*i. e.*, to the community to which he belongs—the soldier will charge straight up to the cannon's mouth, and, even if he escapes the first time, do it twice or more times on the same day. It isn't that he has reasoned all this out consciously—not at all; it is simply that in him his country has bred a man with the Social instinct overwhelmingly strong within him, so strong, indeed, as to triumph entirely over the feeling of individuality. All communities—*i. e.*, all countries—breed such men; the country that breeds most of them will survive amongst the nations. And what is true of the military hero is still more true of the saintly hero, the martyr, he who will go even to the rack or the stake from a sense of duty, that others may in time come to know and feel the grand thoughts to which the martyr himself has attained. It is then this secondary growth of the moral nature that is the most important factor for my argument, this realisation of the fact that virtue is a good in itself apart from all consequences, nay, the highest good of which man is capable—it is on this that the stability and permanence of society really depends. This marks a later and more complex growth in human nature, a higher

order of society—an order independent of any theory of rewards and punishments. The one plausible objection, therefore, to the secular demonstration of morality is here refuted. We can no longer be impaled upon the dilemma, either to prove that the administration of justice in this world is perfect or else to abandon our argument altogether. Let the imperfection in question be granted, at least for the sake of argument, the cause of morality and society is no longer lost on that account. "Better fifty years of Europe than a cycle of Cathay," said Tennyson at his best, and it is plain that some future Tennyson will yet put into undying verse the sentiment: Better one throb of the heroic ecstasy than a long lifetime of dishonor. The evolution of heroism, which is only the highest form of morality, has made the State immortal.

And now I have mapped out as well as time will allow me the fundamental principles of the science of ethics. I have shown that it is a natural product of the position in which man finds himself, and that whilst on the one hand there is nothing arbitrary about it, so, on the other, it is in no danger of decay, but that society possesses the most powerful agencies for enforcing it. In the words of Professor Bain, in his well-known work on 'Education' (p. 421): "The precepts of morality must be chiefly grounded on our human relations in this world, as known by practical experience; the motives, too, grow very largely out of these relational." Or if a still higher authority be wanted you have it in that of the greatest of the Germans, Kant himself, who says: "The first and most necessary instrument for conveying ethical information to the altogether untutored would be an ethical catechism. It ought to go before the religious catechism, and to be taught separately and quite independent of it, and not, as is too often done, taught along with it, and thrust into it, as it were, by parentheses; for it is singly on pure ethic principles that a transit can be made from virtue to religion, and when the case is otherwise the confessions are insincere."

I have now done with general principles, and come at last to my particular application. My proposition, then, is this: that in the very nature of things the school, including the State school of New Zealand, furnishes us spontaneously with the best object lessons in the science of morality we could wish to have; that there is not the slightest occasion for us to wander outside the limits of the natural into those of the supernatural in order to guard the interests of morality, but that from the very necessity of the case these are adequately safe-guarded in every efficient school. Nay, I will even venture to go further and say that every school teacher who is worth the name is in the daily and hourly habit of inculcating moral truths, and that without any reference at all to his own theological principles, He may be as ecclesiastically-minded as you like; he may even be a clergyman in full orders if you like; nay, he may even at times impress his own theological convictions on his pupils, and yet you shall find him, if he knows his trade at all, and is not altogether inefficient, you shall find him appealing repeatedly to just those principles to which I have referred in my address to you to-night. Practical teachers find no difficulty at all in enforcing morality on a secular basis. The fact is, as indeed you all know quite as well as I do, the school is a little world in itself; it is human life and human society in miniature; it exhibits the principle of government, and that in its simplest form, and consequently it presents you in a primitive way with all the problems that arise in human society as a whole. The school is a kingdom of which the teacher is king—despotic King, of course; he is called upon to govern as well as to instruct, and hence he is forced to have a philosophy of morality and carry it out in his practice; he can't help himself; he finds himself shut up to discuss and enforce the principles of morality, and that, too, on the most secular basis. For instance, to take the simplest and most common example of all—that furnished by the law of silence imposed upon pupils during school hours. Every wise teacher—surely I might say in this case every teacher—when referring to this law, is careful to point out to his little subjects that this law of silence, naturally so irksome to young people! is not the outcome of the teacher's perverseness and unkindness, as might perhaps at first appear—not just the teacher's "cussedness," if I may so express myself; it is an absolute necessity of the situation, [unclear: in] much as the work of the school can only be efficiently done as long as silence is maintained indeed, it is easy to show that the teacher's voice cannot be heard at all, and so the children can learn nothing, amid a babel of sounds such as would be produced if this law were not enforced. In other words, the school as a school would cease to exist. All this I know my hearers of to-night have themselves had to repeat of *ad nauseam*, and I only refer to it now in order to point out that it is in reality neither more nor less than the secular teaching of morality, though in this case, of course, only school morality; it is a natural law, for which a reason can be given in the circumstances of the case, and for which the circumstances of the case also provide authoritative enforcement. It is an object lesson in the science of secular morality.

But that, as I have said, is of course only school morality after all. We must have something better than that if I am to make good my contention that school life is essentially an object lesson in ethics. Well then, I venture to say there is [unclear: no] more fundamental principle in moral science than this, the duty of every citizen to obey lawful authority. In deed, the practical recognition of that principle in his daily conduct makes the good citizen, whilst, as to early life, the whole difference between a right minded youth and a larrikin is that the [unclear: one] has learnt this lesson of cheerful obedient and the other has not. But what, I [unclear: ask] the corresponding difference in the natural history of these two types of youth? What shall we learn by studying

the biography [unclear: o] each? What but this, indeed: [unclear: the] one is the product of the school and [unclear: the] other of the streets? The one has [unclear: lear] from his earliest youth the blessedness of obedience to his schoolmaster, the blessedness of submission to wise discipline: the other has known no will but his own, and no law but his own selfish [unclear: impuls] The school, then, is the natural nursery of morality, and cannot be anything short of this as long as it is an efficient school. [unclear: O] again, what is the most prolific source of immorality, the fountain-head of evil, which breeds wrong-doing worse than anything else, which makes its victim incorrigibly and hopelessly bad? Surely, before everything else, it is idleness, fully formed habits of indolence, a truth so obvious that it [unclear: ha] found a place even in the nursery rhymes [unclear: of] Dr Isaac Watts, from whom, I suppose, [unclear: w] all learnt in our childhood

*That Satan finds some mischief still
For idle hands to do.*

Indolence, then, is immorality, whilst, on the other hand, industry, though not the whole, is certainly a very large part of morality. The place, therefore, where children are kept hard at work all day long and all the year round, so that the most industrious habits are necessarily formed in them, so that mental activity is fully awakened in them, and even a love of hard work at last produced, that is pre-eminently the place where morality is taught. Nobody, I take it, can deny that, and nobody therefore can deny, who knows anything about our New Zealand State schools, that every one of them is, in the best sense of the phrase, a nursery of morality—a temple devoted to the god Work, and Work with a capital W, too. How often, in fact, does not every teacher now before me tell his pupils that his school is a workhouse, and must be treated as such, too, by all who come to it. But if this be so, surely the science and art of morality, so far from being absent from your schools, is the very first subject in your curriculum, the one subject you teach more than any other. In fact, should anyone be found of temerity so great as to affirm that there is no moral teaching in your schools, such a person must surely be in the unhappy plight of that man of whom it was said "he couldn't see the wood for the trees."

And that I am not alone in this view of the subject will appear plainly from an extract from that work of Professor Bain's which I quoted just now:—

The schoolmaster, in common with all persons exercising control for a particular purpose, is a moral teacher or disciplinarian, contributing his part to impress good and evil consequences in connection with conduct. For his own ends he has to regulate the actions of his pupils to approve and disapprove of what they do as social beings related to one another and to himself. He enforces and cultivates obedience punctuality, truthfulness, fair dealing, courteous and considerate behaviour, and whatever else belongs to the working of the school. Whoever is able to maintain the order and discipline necessary to merely intellectual or knowledge teaching will leave upon the minds of his pupils genuine moral impressions, without even proposing that as an end. If the teacher has the consummation of tact that makes the pupils to any degree in love with the work, so as to make them submit with cheerful and willing minds to all the needful restraints, and to render them on the whole well disposed to himself and to each other, he is a moral instructor of a high order, whether he means it or not.

Nor let it be replied to this that after all it is only what may be called the more prudential virtues that are thus necessarily taught in our schools, whilst the nobler traits of human character may at all be left uncultivated in the children. Anyone practically acquainted with our school life knows better than that. As I have already said, school is a little world in itself, and consequently in its humble way provides exigencies involving the whole gamut of the virtues, so that the secular basis of each of them can in turn be easily demonstrated to the little citizens. Take, for example, the virtue of veracity. Surely it will never be said that no opportunities occur in school life for bringing the claims of this virtue to the notice of the children, or that teachers are at liberty to neglect such opportunities if they choose. How long would a school-master continue to give satisfaction to committee, parents, or Board who should allow a habit of mendacity to grow up in his school unchecked? Even if we were to suppose, for the sake of argument, that neither the parents nor the committee of that school had any particular prejudice in favor of truthfulness as a virtue, we know that a teacher could not afford to be indifferent to the lack of it in his scholars; that the general prevalence of the vice of deceitfulness so demoralises a school that the ordinary work of the classes could hardly go on under that condition of things, the school would be bound to be inefficient and to be reported as such.

But, of course, the consequent inefficiency of the school in the contrary case is neither the only guarantee nor the chief guarantee we have that the virtue of veracity, and many another virtue also, will be duly instilled into our scholars. Although the test-tube of science has at last abolished religious tests as applied to candidates for the office of teacher in our schools, we all know, and rejoice to know, that a high moral character is still demanded by boards of every applicant for the teacher's office. He must himself be a conscientious man in all respects, or the Board will have none of him if it knows the fact. Well, then, what teacher is there, himself a conscientious and therefore truthful man, would tolerate for an hour the vice of inveracity in any of his

scholars? His determination would be inflexible to stamp out all such immorality as soon as it should come to his knowledge. And inveracity being, as we know, a fault to which children are especially liable, instances of it do from time to time come under the notice alike of the teachers and the school. Now, without going so far as to say that all teachers do their duty lit such times, we know aa a matter of fact That wise teachers—that all teachers, indeed, who know their business, avail themselves of every such opportunity for inculcating the virtue of truthfulness upon the whole school.

Nor, indeed, will it do, in view of what has already been said, to assert that the teacher is tongue-tied by the fact that the school is conducted on secular principles, that he can neither appeal to the fear of God nor the fear of hell fire in his pupils. If he cannot resort to these primitive arguments we have seen already that there ia another and a scientific basis for his teaching. He can show first that this particular virtue of truthfulness is absolutely essential to that mutual confidence without which neither school children nor citizens at large can live in society or carry on the work of life; and he can show, secondly, that in consequence of that fact a liar is held, not simply in abhorrence, but contempt by all the right-minded, whether juveniles or adults; that, in fact, an in veracious man is such a provoking and unsatisfactory person altogether to have to do with that no one will have anything to do with him if he can possibly help it, but that, on the contrary, the man who is found to be habitually untruthful is put into a State of ostracism and not tolerated in decent society at all. And finally, as school is a little community in itself, and governed, like the great world outside it, on the principle of rewards and punishments, the administration of which is in this case in the hands of the teacher, he can show practically that falsehood leads to suffering; or, on the other hand, that the boy who is courageous and speaks out the truth, perhaps at the risk of penalties, is a boy whom his teacher loves and of whom he is proud.

The point of my observations thus far is this : If what I have described is your daily experience, as we all know it to be, then morality, and that in all its developments, ie being taught in our schools, daily and hourly. You have the opportunity, you have the necessary philosophy, and you are armed with the sanctions of the law; you do your duty, and consequently the children are not only taught morality in these our secular schools, but, what is infinitely better, they are growing up into the likeness of moral beings by the course of action which they find themselves constrained to follow. They become virtuous from habit, and that because through long years they have never been permitted to do a vicious act unchecked. Nor must I omit to notice a third principle in operation in our schools, a third guarantee that they are the nurseries of the moral life. Not only have we, as I have shown, the necessity of morality to the efficiency of the school, not only have we the character of the teacher himself, we have also what is perhaps more powerful than either of these in the feelings which gradually spring up in the heart of the child towards the teacher with whom he is brought into contact day by day, the feelings of affection with which he comes ere long to regard the man or woman who formsthe sun of his little universe. Children on their introduction to school life soon come to learn that their teacher only loves those pupils who are morally good, and that settles the matter with them. They feel themselves beginning to love their teacher, and very much wish him to love them in return, and as the only condition on which this pleasure is to be enjoyed is by themselves becoming good, they begin, consciously and definitely, to aim at this, and so the moral life in them originates. Nor do I think that even that exhibits the whole of the case. The principle of imitation, so strong in children, especially where their affections are concerned, comes in at this point, contributing powerfully to the [unclear: resu] desired. How strong this principle of [unclear: im] tation is in early life my audience [unclear: wel] knows, especially the tody teachers, who [unclear: ma] have often noticed that the girls, if they [unclear: lib] their teacher, will even want to arrange their hair as Miss XYZ does hers. And to in [unclear: fy] more important matters, and universally the children want to be like their teacher and thus gradually become transformed [unclear: in] what he is already—a lover of goodness [unclear: f] its own sake, a scorner of moral evil [unclear: as] intrinsically loathsome thing. Wherever [unclear: th] teacher is a man of high character the school is necessarily a training ground for morality and nothing can make it otherwise. [unclear: S] true, indeed, is that statement that should there be a teacher with faculties so [unclear: humbl] that even the little modicum of [unclear: philosoph] I have stipulated for in this [unclear: address] wanting to him, even the school of [unclear: such] one will yet be the nursery of noble [unclear: cha] acter, provided he is himself the [unclear: possessor] the same.

And before I pass away from this subject altogether I must not omit, even at [unclear: th] risk of some repetition, to emphasise [unclear: dis] tinction with which all my [unclear: schola] hearers at least are perfectly familisr, [unclear: th] distinction I mean between teaching [unclear: a] training, and especially between [unclear: mo] teaching and moral training. As [unclear: you] know, this is the first principle to which [unclear: the] young pupil-teacher is called to give [unclear: hi] or her mind when commencing professional studies, the vital distinction, [unclear: he] is taught to consider it, between teaching and training. Naturally, therefore, in [unclear: th] presence to-night, and at this late stage [unclear: i] my discourse, I am not going to [unclear: dilate] the topic, or at least not further [unclear: than] make this assertion : that, whilst on [unclear: the] one hand teaching is of no use without training, so on the other hand [unclear: th] latter implies the former.

Training is teaching, and something very [unclear: mu] more besides. It is teaching plus learning nay, it is even more than that; as [unclear: mu] more, in fact, as wisdom is greater [unclear: thu] knowledge. Training is knowledge [unclear: redue] to action, an assertion I will even [unclear: suppo] by an illustration.

I once knew a lady teacher—it wasn't [unclear: i] Southland—a teacher who was a university graduate, and had obtained her [unclear: degr] largely through her knowledge of this science of chemistry. Now, as some of you [unclear: m] perhaps remember, I have always [unclear: had] strong predilection for ventilation in school buildings; I like to see the top sashes of [unclear: th] windows lowered a little way. The [unclear: ca] and the strap are not so much in requisition in those class rooms in which [unclear: the] sashes have a chronic quarrel with [unclear: th] lintel of the window, I have never had much difficulty either in [unclear: getin] this prejudice of mine indulged; indeed the only person who ever [unclear: persisted] opposing me on this point and [unclear: rigorou] excluding the outside air from her [unclear: cla] room was this graduate of the New Zealand University, who got her degree by reason of her knowledge of chemistry. Now, that is a beautiful illustration of the radical difference between theoretical and practical knowledge, between teaching and training, or, say, between giving a fine lecture on the principles of bicycle-riding and actually being able to ride a bicycle yourself.

Well, then, what we claim for our schools is this: that we give our children that practice in morality which constitutes training as opposed to mere teaching; that we don't so much hold forth to them on the duty of obedience to constituted Minority, we require them actually to obey constituted authority, day by day and hour by hour; if we don't draw for them pretty pictures of the abstract worth of industrious habits we do what is far better: we ensure the actual formation in them of industrious habits by keeping them always hard at work during school hours. Perhaps we don't say to them often "if you want to get on in life you must be punctual in keeping all your appointments; "but that doesn't matter as long as we insist on every child being present to the moment at the hour for opening school. And so on with the higher virtues. We are not contented with giving them an occasional homily on the necessity for honesty, modesty, and truthfulness, we check by very stern means [unclear: ures] of repression all instances that come to our notice of the violation of these virtues. To accuse our system, therefore, of failing to teach morality is not only to bring an unfounded charge against it, it is to show a misapprehension of the subject altogether. The charge may be a gratuitous one, and yet our system may be culpable. The question should be not do we teach morality to our scholars, but do we impart a moral training to them? And if we do that, and I have shown that we do, the other charge falls to the ground. The greater includes the less; right conduct on the part of the children implies moral teaching on the part of the schoolmaster and, in presence of the fact that our schools are the nurseries of right conduct, the charge of defect in moral teaching necessarily vanishes.

But what I am bent on showing is this: not merely that our school system is not defective in a most radical point, not merely that our schools are not inferior to those of preceding generations, but that in them the teaching of morality has now for the first time in the history of primary education been placed on its proper and most solid foundation. We do not *excuse* our school system before the world, we challenge for it the admiration and enthusiasm of humanity. When the New Zealand Parliament in the year 1877 passed this Education Act for establishing a national system of secular education throughout the colony, it in reality wrought a far greater work than ever it dreamt of. It aimed at accomplishing a great task, that of establishing a system of education that should embrace the whole population of the colony. As things have turned out, it has done that and far more. It has called the popular attention to a truth the knowledge of which was confined previously to the minds of the cultured few—viz., that morality is a science, a system founded on secular principles, the principles of sociology and human nature, and hence a system not at all necessarily dependent on theological considerations. It is only the ignorant and uneducated man who is incapable of teaching morality on a secular basis, a man who has never impartially studied the subject, whether in books or men—a man therefore who has no business at the teacher's desk in any case. It is a favorite fallacy of the pulpit that morality can only be properly based on theology, and that a secular system of education must necessarily be an immoral system; that even if it is not positively immoral it must be negatively so, in the sense that morality must be absent from its curriculum. Now, I repeat it is the glory of our Education Act that it has exploded this fallacy, and that "before all Israel and the sun"; it has strewn the land with institutions, each one of which is an object lesson in the science and art of morality, and that because in every one of them right conduct is expected from all the scholars; every one of them is a training ground in right conduct, in obedience to lawful authority, in punctuality, in industry, in veracity, in modesty, in honesty; in all the virtues, in fact, by which life in society is made possible for man. At the same time it is all done on secular principles, and therefore I maintain that, by confining our schoolmasters to secular arguments, and forbidding the introduction into our schools of the theological element in any shape, the Parliament of 1877 achieved a task far beyond its ken at the time, and placed morality in the eyes of the whole community on that scientific basis on which it can be most efficiently taught. It is a change which involves, as a very few words will now show, not a loss, but a vast gain to the

whole community. For, as everybody knows, and as I have already hinted, there is another way of teaching morality, a more primitive way, a method prevalent, indeed almost universal in the past, one, too, that many amongst us even yet much prefer, finding it an easier way, a way that comes to them more readily and naturally. Put into philosophical language it is this : they base their moral teaching on their theory of the universe. This, of course, is the theological method, the only method available when science was not, as it is still the only method available where science is not now. Man has been always predisposed to believe, what most of us, including myself, believe still, that there is at the baits of all things in this universe an intelligent principle, infinite, perfect, selfexistent, absolute, the Life of all things, and the Ruler of all things, the most glorious object of human thought. That is our hypothesis of the universe; that is the theory on which we solve the awful problem of existence. It is a theory highly probable in itself, and on behalf of which many cogent arguments can be urged. Now, on that theory, that hypothesis, it has been a very general custom in the past to base all moral teaching, especially in primiry schools. "You mustn't tell lies," said the teacher to his pupil, "because God will punish you if you do; you must always speak the truth, because then God will love and reward you." That, as you all know, is a very fair illustration of moral teaching as it has existed in the schools of the past. On the other hand that order of thought, though it is still possible in the moral teaching of the pulpit, the Sunday school, and the home, is forbidden, at least theoretically, in the State schools of this colony. The Education Act of 1877 forbids it, and throws the teacher back, as I have shown, on the first principles of social science—forces him, in fact, to teach the subject scientifically, and not theologically. "You mustn't tell a lie," he says, "because the vice of lying is fatal to human society, and even to the efficiency of the school. You must tell the truth, for only thus can you enjoy the love and honor of all the good, and especially of your own teacher. "That is the change, and in making this great change I maintain the Parliament of 1877 conferred an inestimable boon on this community, and, through it, on mankind at large. It has placed morality on firmer foundations than those on which it formerly stood.

The distinction, as you see now, between the two systems is this : The old method, the primitive method, the theological method, based morality on a hypothesis; a probable hypothesis, I grant: a highly probable hypothesis, if you like; a hypothesis that I myself accept. I believe in a moral governor of the universe, but it is a matter of belief with me, and with all of us, not a matter of knowledge, not a matter of certainty; it is a hypothesis, and, more than that, it is, alas ! an unverifiable hypothesis; unverifiable from the days of the patriarch Job to the present hour. "Oh ! that I knew where I might find him, that I might come even to his seat," says the patriarch. And as with Job, so must it be with all the sons and daughters of man for ever. The finite can never know the infinite; the relative can never know the absolute; the phenomenal can never know the real. To base your morality on a hypothesis, and anyway on an unverifiable hypothesis, is an inferior policy to that which bases it on facts—on the hard, stern, relentless facts of human life. To represent the laws of morality as the arbitrary utterances of a Being who transcends knowledge, when you might show them to be the necessary outcome of the circumstances in which man finds himself, is, to say the least of it, unwise; and to refer the enforcement [unclear: of] code to the action of an [unclear: intangible] when you might easily show that [unclear: the] a self-acting law, an [unclear: automatic] to the administration of [unclear: which] Nature conspires, is [unclear: something] short of culpable. It is culpable [unclear: to] the highest interests of society [unclear: to] uncertain and the contingent, [unclear: culpa] echo the cuckoo cry that the [unclear: moral] society is in danger as often [unclear: as] dogmatism of the churches is [unclear: attan] culpable, and more than culpable, [unclear: to] sent the fate of morality as [unclear: subject] fluctuations of that fight which science now carrying on everywhere [unclear: wit] theologies of the past, [unclear: Undoubtedly] suppose that the New Zealand [unclear: Parli] of 1877 was fully aware of the [unclear: mighty] with which it was dealing at [unclear: the] passed the Education Act would be [unclear: ab] it simply adapted what appeared [unclear: to] wisest course under difficult [unclear: circumsta] The faithful discharge of duty, [unclear: hov] is a proceeding ever fruitful [unclear: in] and on this occasion it [unclear: enabled] Slate to take a new [unclear: depart] mental development, to place morality more secure has is than before, [unclear: and] open the eyes of the community in [unclear: g] to one of the most profound [unclear: truth] philosophy. The colony [unclear: universally] been taught that the laws of [unclear: morality] the result of an arbitrary decree on [unclear: the] of any being, finite or infinite; [unclear: are] pendent for their sanctions [unclear: o] hypothesis of the universe, but [unclear: that] form a science built up on hard [unclear: facts] on the necessities of human [unclear: nature,] enforced by the primitive [unclear: instincts] human race. The idea that [unclear: morality] pendent on theology is now an [unclear: exp] error, one of the many [unclear: exploded] originally generated by human [unclear: ignor]

Plainly, however, I should be [unclear: leavi] subject in a very unsatisfactory position concluded my address without a [unclear: w] tow on the real relation of [unclear: religio] morality—if, having shown that [unclear: m] can be independent of theology, I [unclear: to] notice of the long connection [unclear: tha] actually existed between them. [unclear: w] then, does theology come in in [unclear: the] scheme of the universe ? What is [unclear: the] place of religion in the new [unclear: philos] We know there are those who

unclear: would] theology a place altogether in [unclear: the] order of thought, who [unclear: would] its long encouragement of [unclear: credul] eternal banishment from the mind [unclear: of] With such extremists, however, [unclear: we] never been able to sympathise. [unclear: To] seems that this is merely [unclear: shirki] final problem of existence, [unclear: and] (as Saint Augustine said long [unclear: age] human mind will never rest [unclear: satisfied] thought short of the Infinite. [unclear: "Our is unquiet," he says, "until it [unclear: re] Thee." Religion, then, as [unclear: Mattew] has told us, is morality [unclear: touched] [unclear: otion!] Theology supplies the explanation of phenomena—only a hypothetical [unclear: planation], it is true, but all that we are [unclear: ar] likely to get, and one that has ever [unclear: en] consolatory to the human mind. In [unclear: present] divided state of opinion od the [unclear: object] it is impossible to touch upon it in [unclear: tional] school, but the difficulty, as we [unclear: ve] said, is uot present id the home, the [unclear: nday] school, and the pulpit. There, in [unclear: equence], it may be ahowu not only thai ciety works automatically for the vindica-[unclear: n] virtue, but, that it does so because [unclear: d] Himself is on the side of virtue, because [unclear: ciety] it God in action, and moral progress [unclear: elf] simply the necessary evolution of [unclear: ity] law not merely of the Divine Will, [unclear: t] of the Divine Nature. Theology may [unclear: us] made to supplement morality, and [unclear: t] both by the intellectual satisfaction it [unclear: ords] and the comfort it imparts to the [unclear: vout] mind. The child will see that [unclear: nscendental] ideas, with all the emotion [unclear: d] enthusiasm they awaken, work in har-[unclear: eny] with the secular philosophy he learns [unclear: school], and come as a reinforcement to [unclear: pport] him in his choice of the right, in [unclear: determination] to live the noble life of [unclear: lf] restraint and altruism. Theological [unclear: otion] go deeper than all others; there [unclear: work] and efficacy therefore in the [unclear: istance] which theology cao still render [unclear: the] cause of right in that spiritual [unclear: arfare] from which none of us can escape. [unclear: Morality] may exist without theology; it [unclear: id] so in Homer's time, and, as pessimists [unclear: think] may have to do so again. Most of [unclear: however,] are not pessimists; on the con-[unclear: ary] to us it seems that theology has its [unclear: phere] ae well as morality, and may yet do [unclear: oman] service in the good cauae of human [unclear: ogress.] If the preacher has but a [unclear: hypothesis] to offer, it is a hypothesis which [unclear: t] persons in the future as in the past [unclear: will] gladly accept—it is the ideal of virtue [unclear: corporated], enlisting the feelings as well as the intellect on behalf of that life of wisdom, that culture of the conscience, which alone can lead to happiness.

Without, therefore, saying aught to [unclear: little] claims of theology and religion, [unclear: those] august names which must ever [unclear: remain] sacred in the eyes of all the wise and [unclear: good,] I have shown, I think, that our [unclear: present] education system is founded on the [unclear: right] lines—is, in its principles at least, in [unclear: the] highest degree wise and beneficial, even [unclear: to] an extent far beyond the thoughts of its founders. A final question, however, is [unclear: whether] its present application of those [unclear: principles] the system is equally worthy of [unclear: limited] commendation; whether it is [unclear: perfect] in all its parte; or whether, like all other human institutions, it is not still [unclear: pable] of improvement. Such a question, [unclear: of], course answers itaelf, and it only remains [unclear: for] me to show the particular improvement [unclear: which] seems to me to be required [unclear: in] connection with the subject I have [unclear: treared] of at such length tonight. I have already shown that the daily routine of school life is a splendid training in the first principles of morality, especially developing that ready obedience to lawful authority which is at the basis of social well being. I have also called public attention to the circumstance, already so well known to school teachers, that incidents in the internal life of the school are continually bringing moral subjects, such as truthfulness and honesty, under discussion and so furnishing the teacher with an opportunity of inculcating conscientiousness in all these particulars on the school as a whole. Probably, however, it has long been clear to many of my hearers to-right, as it has been to myself, that something more even than all this is wanted in order to meet the full requirements of the case—something more systematic, something that would enable the teacher to work through the whole subject in order with each class separately in some simple, pleasant manner; that what we need, in fact, is a text book or reading book on the subject of morality, consisting, not of a whole national literature, still leas of some ancient Eastern, and therefore polygamous literature, with all its indecencies, but rather of a series of beautiful stories—stories, if possible, founded on fact, each one illustrating some important principle in morals, or holding up some virtue attractively to the youthful mind. Such a book, read in class two or three times a week, and that for the sake of the subject matter only, would supply the teacher with just those opportunities for discussing frequently and freely with his scholars the great principles of right and wrong, and the theory as well as the practice of morals, which experience has taught us it is bo desirable to keep constantly in the foreground of a child's mind. As we have already said so often, in the great sphere of the world human life is carried on on a great scheme of rewards and punishments, and what we as teachers have to do is to familiarise our scholars with this great truth in their school years t that when their childhood is completed they may go forth into the world with a full knowledge of this vital fact, with a full recognition of its supreme importance in relation to conduct, that so they may not need

to learn it later in the stern school of bitter experience, but may be enabled to escape the evil and attain the good which life has to offer them, their minds already bent to choose for themselves that path of rectitude which atone can lead to happiness. Something of this, I know, already exists in our schools. The general reading book usually contains a few moral stories, and thus supplies in some sort the want I have indicated. Moreover, I am aware there are teachers who set apart an hour once a week, usually on Friday afternoons, to be employed, if the conduct of the school has been satisfactory during the week, in the teacher himself reading to the children some beautiful story which he has himself discovered in the course of his private recreations—say, the story of 'John Halifax Gentleman, or something similar. All this is well; but, nevertheless, the whole of it does not so fully meet the requirements of the case as not still to leave & strong necessity for a class reading book of the kind I have described to ensure the systematic study of the subject and a more complete discussion of its theory. Such reading books are already in use in Europe, and, were the editorship of such a work entrusted to some practical lady teacher amongst us, whether an M.A. of the New Zealand University or not doesn't matter, I am well persuaded an excellent manual of the kind might be obtained for our own schools.

And thus at last I reach the end of my address, and will conclude by epitomising what I have already said :

When, in the year 1877, the New Zealand Parliament resolved on establishing a national system of popular education in this colony, two courses were open to it. It might have adopted the denominational system, which would have allowed of religious instruction being given in the schools in school hours, as in the past, without wronging anybody. Practically, however, this was impossible, as in the present divided state of opinion in the colony on the subject of religion the number of schools required would have been indefinitely large; in fact, altogether in excess of the resources of the colony. Only one alternative remained if the principles of civil and religious liberty were not to be violated; it was to exclude religious teaching altogether from the schools of the State. Naturally, however, in adopting this latter course the Parliament found its action disapproved of by a considerable portion of the clergy in the colony, who at once raised the cry they have persisted in ever since, that in forbidding religion to be taught the Parliament had banished the teaching of morality also from the schools. In this contention, as I have endeavored to show to-night, the ecclesiastics of the colony were laboring under a great mistake. They were simply misled by the popular error on the subject of moral science; they assumed, though they ought to have known better—they assumed that morals had no other foundation than the theological one, a fallacy contradicted by the whole history of philosophy from the days of the ancient Greeks to the present hour; contradicted, too, by the experience of the whole pedagogic profession, whose members, whatever their theological opinions, constantly appeal to secular considerations in enforcing school discipline. Some may not appeal to these exclusively, but all do appeal to them more or less. Recognising, therefore, the fact that each school is a little world in itself, repeating the great outside world in miniature, a microcosm in the midst of the macrocosm, school life see, necessarily furnishes admirable [unclear: ob] lessons in the theory and practice morality on secular principles. [unclear: Not] therefore, is it an error to say [unclear: th] is no moral teaching in our [unclear: school] there is that and something [unclear: infin] better as well, there is moral [unclear: t] ing, training in obedience, in [unclear: i] try, in punctuality, in [unclear: veracity], honesty, in modesty, and all the [unclear: hund] virtues required by social life. All [unclear: th] instead of being founded, as [unclear: represented] the past, on an un verifiable [unclear: hypothesis] shown to be based on the necessities [unclear: of] Life, being vital to its existence, [unclear: whilst] are backed up by natural and [unclear: secular] rities omnipotent to enforce their [unclear: cl] Our schools therefore are doing a [unclear: wor] behalf of morality superior and not [unclear: inf] to that of their predecessors. [unclear: They] forcing upon the whole social [unclear: commun] knowledge, hitherto confined to [unclear: school] that the true basis of morals is, and [unclear: al] has been, the secular one; the basis [unclear: of] fact, not hypothesis; the knowledge [unclear: t] the foundations of morality are [unclear: not] paired by changes in theological [unclear: opi] that the authority of morality [unclear: does] vary with the fluctuations of [unclear: theological] cussion; and they are thus [unclear: making] prosperity of society more secure [unclear: in] future than it has ever been in the [unclear: p] Plainly we have secured for our [unclear: school] principle that should kindle [unclear: enthusia] their behalf in every friend of [unclear: man;] teaching is an earnest of nobler and [unclear: happ] Lives for the human race in the ages to [unclear: co] the visions of the optimist may [unclear: yet] realised, and countless generations [unclear: of] Lightened and prosperous men and [unclear: wom] length banish from universal [unclear: memory] barbarism, the cruelty, and the [unclear: suffering] the past. And, finally, there is no [unclear: d] about it that those colonies which, like New Zealand, have instituted a [unclear: thoro] secular system of popular [unclear: education] done far more and far better [unclear: than] they intended at the time—they have [unclear: st] the world on a new and higher [unclear: platform] it has ever moved on before. [unclear: This] showed, you will remember, in one [unclear: respec] twelvemonth ago, when I pointed [unclear: out] our system requires us to [unclear: cultivate] intelligence and the reason of the [unclear: chili] the supreme mental faculty he [unclear: posse] the intellectual test of truth and [unclear: erro] knows no superior. The teacher in a New Zealand school is thus not called [unclear: upo] eulogise the principle of reason

one [unclear: house] subordinate it to that of authority [unclear: the] but one consistent tone runs [unclear: through] whole of his teaching from [unclear: years] to year's end. His system [unclear: is] the result of a compromise, [unclear: that] stroyer of all enthusiasm; it is [unclear: buil] science alone, so that mental [unclear: activity—] saviour of society—will never be [unclear: de] welcome at its hands. My address [unclear: to-n] therefore, is but the supplement [unclear: of] address a twelvemonth ago, showing, as it does, that Reason is the universal arbiter, as applicable to conduct as to thought, as able to vindicate duty as to discover truth. And in view of these great ideas you will allow me, I am sure, to add the remark that I know of no higher work-none that can kindle your enthusiasm more, and summon every power you possess to your aid—than that which you, teachers of Southland—you, the army of Light, have chosen as your life's task. When entering on the poet I have now the honor to vacate I concluded my address, you will remember, by a reference to the Battle of Waterloo and the ever-memorable order given by the great Duke at the close of that awful day. "Advance ! the whole line !" he said; but that was not his last order given that night. As the shattered squares of the British fighting line obeyed the command and rapidly descended the long incline, which he who addresses you to-night has himself seen, and remembers so well, disorder not unnaturally arose in the ranks of the victorious army, and that indeed to such a degree that it threatened soon to become little better than an armed mob. On noticing this, as you may suppose, several English officers anticipated danger, especially in view of the fact that it was quite possible the French might yet make a final stand. One distinguished soldier in particular, Colonel Colborne, was so impressed by this idea that he actually halted his regiment and began getting his men into proper order. Not long, however, was the advance delayed; somebody had seen and understood the proceeding; the voice of Wellington himself rose above the confusion in terms which, I venture to think, are, *mutatis mutandis*, not inapplicable to the present position of the educational fight in this colony. What he then called to Colonel Colborne, referring to his enemy, I venture to say to you to-night in reference to your opponents : "Go on, Colborne, they won't stand." They won't stand.

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Front Cover

Manapouri & Te Anau To Milford Sound.

A few notes for holiday-Seekers.

By George Fenwick.

(Reprinted from the Otago Daily Times, January-February, 1897).

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Manpouri and Te Anau to Milford Sound.

The beauties and glories of these lakes and the magnificence and solemn grandeur of the Clinton and Arthur Valleys have so often been the themes of the artist and the word painter, that it is not the purpose of the writer of these few notes to attempt descriptive writing. It is, however possible be make a few jotting which should prove of service to tourists and to those of our own citizens who are as yet unacquainted with the grand and awe-inspiring scenery so easily reached from our business centres.

The Clinton Valley traversed by the tourist to his way to the as yet only accessible pass to the sound of the West Coast from the more [unclear: ontherly] lakes, and the grandeur of the pano-[unclear: ms] from the top of the saddle, cannot be described in words, nor can the canvas of the artist arouse the sentiments which are called forth by actual survey of the noble mountains, [unclear: d] snowy peaks, and falling cascades, and beautiful flora surrounding the visitor on every side It is marvellous that such sights have as yet been seen by comparatively speaking only a few, and believing that one of the main reasons for this is the want of knowledge as to routes distances and the cost of travelling, the experiences of one of a party who recently made the trip to Milford Sound by way of Lake [unclear: apouri] and the head of Lake Te Anau may prove of service and are accordingly placed at the disposal of the public.

The Party and the Route.

The party as finally organised for the trip consisted of three ladies and two gentlemen, and the route selected was by way of Otautau from Invercargill and on through the western [unclear: rict] of Southland and the Waiau Valley to Lake Manapouri and theune to Te Anau. [unclear: tautau] was reached by the Dunedin members of the party in one day, the distance of the township named being 33 miles from Invercargill, a train connecting with the Dunedin-Invercargill express and taking passengers right on.

After preliminary visits on successive days to the Merrivale estate homestead, Colac Bay, and the Round

Hill Company's very promising hydraulic sluicing property, and an inspection of the vast amount of work which has been accomplished there—including as it does the finest set of pipes connected with any gold mining property in the colony—the party returned to Otautau to enjoy a good night's rest before starting on their interesting trip on the morrow. A commodious double-seated trap and a pair of good, serviceable horses having been engaged, the driver was ready betimes to settle down into their places his expectant passengers and their numerous traveling bags and packages and this having been successfully accomplished, 7 o'clock saw a start made.

Good progress was made through the fertile Southland lands, which have as their centre the prosperous little township just left behind, and passing the beautiful homestead of the celebrated Merrivale estate, where we had two days previously been hospitably entertained, the

Limestone Valley

was reached at lunch time. A halt was called on the grassy land near the entrance to the celebrated limestone caves, and while two of the party [*unclear: accomnated*] by the driver entered the mountain side to make their way into the caves, the others set to work to boil the billy and prepare tea and lunch. Fortified with caudles, those who had entered the caves made their way through many of the ramifications in the heart of the mountain until there was a danger of getting lost. Indeed, had it not been for a lighted candle which had been left in one of the labyrinthine passages which spread out from the chambers in various directions, to the confusion of the entombed visitor, great difficulty would have been experienced in finding the way out. The visit was interesting enough, but, alas! how the glory of these subterranean excavations has departed. Not a stalactite nor stalagmite left to give pleasure to the visitor. Every one has been ruthlessly broken off and carried away, to be placed in the houses of the depredations, or to lie neglected in back yards—miserable travesties of their former selves. One great piece we actually found lying in the street channel at Otautau. The caves are, however, still worth a visit, and there are yet to be seen some beautiful pieces of stalactite formation ornamenting the walls of some of the caves, and, fortunately, forming part of the walls, and thus saved from destruction.

Lunch disposed of, a start is made for Mr Hare's

Blackmount Station,

at the foot of the bare and serrated Taikurangi Ranges, where we have been cordially pressed to stay for the night by the hospitable owner. We pass Clifden station, beautifully situated on the opposite bank of the Waiau, and distant about two miles from the caves. Following the Waiau Valley, principally through flat country over a good road, we comfortably traverse the 22 miles between Clifden and Blackmount, reaching our destination before darkness has set in, and just in time to avoid a good wetting from the rain which has commenced to fall. A good dinner and a good night's rest prepare us for our start on the morrow, and after an early breakfast and the freedom of the orchard, with its cherries and raspberries, &c., we continue our way in fine weather up the Waiau Valley to

Redcliff Station,

arriving there about 11 o'clock. Just before reaching the station rain has again commenced, and we are perforce obliged to stop for the excellent lunch pressed upon us by the most hospitable of hostesses. Heavy rain continues for several hours, and we spend the afternoon pleasantly in converse on new books, music, and other congenial topics, very reluctantly bidding our kind entertainers leave about 3 o'clock as the rain has ceased and we are anxious to push on a further stage. We had, indeed, hoped to reach Manapouri Lake in one day from Blackmount, but the statements as to distances from stage to stage varied so much that we had doubts about our ability to do so. We finally settled the total distance at about 41 miles, and our delay at Redcliff, from which point Manapouri was distant 32 miles, indicated that we could not hope to get right through.

It may here be convenient to mention that by a comparatively small expenditure a short route to Manapouri Lake from the Waiau Valley could easily be made practicable. A short distance from Redcliff the Mararoa River enters the

Waiau River,

and the steamer which plies on [*unclear: Manap*] Lake can be brought down the latter river [*unclear: to*] point very near the junction. It is, [*unclear: however*] impossible for vehicles to cross the [*unclear: Mararoa*] owing to its steep banks at this spot, [*unclear: as*] what is required is that cuttings [*unclear: should*] be made in the banks at

a suitable ford. [unclear: We] this done coaches or buggies could delivery [unclear: the] passengers near the steamer, and a [unclear: very] joyable trip of about two hours up the [unclear: W] would land visitors near the [unclear: accommoda] house at Manapouri. Even new vehicles [unclear: ta] probably without much difficulty, drive [unclear: up] the Mararoa river near its junction with [unclear: t] Waiau, and passengers be crossed by [unclear: boat] arrangements would require to be made [unclear: with] proprietor of the steamer in advance. [unclear: Alth] the route via Lumsden would no doubt [unclear: suit] people best, that by way of the Waiau [unclear: would] a great convenience to people [unclear: residing] the country districts through [unclear: which] Invercargill-Nightcaps railway [unclear: passes] Mauapouri Lake could be reached in [unclear: rather] long day's travel from, say, Otautau.

But to resume our journey. [unclear: Leaving] cliff at 3 o'clock, we were very kindly [unclear: piloted] Mr Awdrey for a few miles until we [unclear: had] over the worst parts of the road, [unclear: including] sharp pinch is the descent of which we [unclear: with] danger of getting into trouble, We [unclear: passed] Melland's Cheviot station, distant about [unclear: a] from the road, and about 6 o'clock [unclear: reached]

Manapouri Station.

Here, as elsewhere, we had the most [unclear: hospitable] of receptions from Mr M'Millan, the [unclear: man] who strongly urged us not to think of [unclear: attending] the journey to Mauapouri Lake, his [unclear: estimate] of the distance being 22 miles. [unclear: As] through the well-kept garden after [unclear: after] tea gave us infinite pleasure. [unclear: Probably] nowhere in the colony does the [unclear: holly] suckle grow with such Luxuriance as [unclear: in] Mauapouri and Te Anau, as we had [unclear: frequent] occasion to remark, and in the [unclear: Man] homestead garden we certainly saw a [unclear: very] example of its luxuriant growth and [unclear: wealth] bloom. It covers an arched gateway [unclear: and] perfect mass of flowers, forming [unclear: the] striking feature of the garden. Mr [unclear: M'] has had a great deal of difficulty to [unclear: check] blight on this horticultural feature, of [unclear: which] is naturally proud, but by frequent [unclear: spraying] he has combated the enemy and is well [unclear: rewarded] for his trouble. Afternoon tea at [unclear: Mau] station is as enjoyable as was lunch [unclear: at] cliff, and this is enhanced by the [unclear: keen] ment of our host in some pleasant [unclear: conversation] with the writer, in which the [unclear: Scotch] pawkiness of the former show him [unclear: to] taste, and give manifest pleasure to [unclear: the] party

A mile distant from the homestead is [unclear: Murrell's] Hotel (not to be confused with [unclear: Trell's] at Manapouri Lake to which reference will hereafter be made), and here we [unclear: found] comfortable accommodation for the night [unclear: in] out-of-the-way place, and doubtless not [unclear: enjoyed] by sight-seers and tourists. All [unclear: the] more therefore do we appreciate the cheer-[unclear: in] at night, by the side of which we write [unclear: letters] for Dunedin, and the early breakfast [unclear: given] plentifully and attentively supplied with [unclear: before] starting on the final stage of our journey [unclear: to Manapouri]. Preceded by Mr Murrell who [unclear: bore] the contract for carrying the mails from this [unclear: place] to a spot where he meets the Te Anau [unclear: boat], we are piloted through some swampy [unclear: district] and over the crossing place at the [unclear: Rau] River, where he leaves us. We pursue [unclear: road], with the noble mountains surrounding [unclear: the] lake ever in front of us, and after [unclear: driving] of a few miles Manapouri in all its [unclear: grandeur] discloses itself. A stiff breeze is blown [unclear: across] its dark waters, and it is not seen in [unclear: the] pleasantest of aspects as it first presents [unclear: itself] to our gaze. Indeed, the couplet in [unclear: Lord] Ullin's Daughter" irresistibly comes [unclear: to] in the mind :—

*And who be ye would cross Loch Gyle,
This dark and stormy water.*

[unclear: Not] that we are going to cross Manapouri, for [unclear: we] decide to leave our trip on its waters until [unclear: the] sorrow. Skirting its banks for a short [unclear: distance], we soon reach our destination, [unclear: the] accommodation house, prominently [unclear: situated] in an elevated position commanding a [unclear: fine] view of the noble mountains in front [unclear: to] the left. The house is not large, and [unclear: with] some little difficulty in getting accom-[unclear: modated] other visitors are in the house. But [unclear: difficulties] are finally smoothed over, and we [unclear: enjoy] the magnificent scenery around us, and [unclear: spend] the afternoon in a row down [unclear: beautiful] Waiau River preparatory to the [unclear: further] and more lasting joys of the morrow's [unclear: morning] trip up the north arm of the splendid [unclear: lake] whose imposing beauty and grandeur we [unclear: have] scarcely yet realised.

It may here be useful to set down a table of [unclear: distances], covering the route we have just [unclear: described] and the mileage from Manapouri [unclear: to] Te Anau Lake, Other distances connecting [unclear: with] Te Anau and Milford Sound will [unclear: be given] in another article.

These distances may be accepted as approximately correct, although it is exceedingly difficult for people even in the same district to agree to a mile or so.

Boating on the Waiau.

Satisfactorily installed at Murrell's accommodation house, and the steamer being away for the day with soother party of visitors, we decided to spend an hour or two of the afternoon on the Waiau River. The owner of the steamer, Mr Dore, has a good boat, and this we obtained permission to use. It held our party of five and our driver comfortably, and we enjoyed the three-quarters of an hour we spent going down the stream very much indeed. The western side of the river is densely bushclad, beech predominating as it does everywhere in these far-western districts, but the light, feathery foliage of the kowhai and the smaller vegetation which crowds the banks give variety to the scene. The kowhai's flowering time was unfortunately over, but a couple of months earlier it must have been a mass of bloom. We were compensated, however, by occasional glimpses of rata and mistletoe in flower, and, lazily drifting down the beautiful river, we thoroughly enjoyed the change from our previous three days' driving. But the current was strong, and we began to realise that the three-quarters of an hour's pleasant progress downstream meant a good stiff pull of perhaps two hours on the return.

Our Attempt to Return.

We reluctantly headed our boat for home, and for a time while we were fresh made tolerable progress, But the strain on our arms began to tell—particularly on the writer,—and notwithstanding well-sustained efforts in our determination not to be beaten, we made absolutely no progress when we got into the strong currents which abound. We crossed and recrossed the river several times to avoid these, and strenuously exerted ourselves in our effort to return. It became apparent, however, that we would have to give up the attempt, and we accordingly landed on the eastern bank, a mile or so below Murrell's, and made our way home, somewhat chagrined at having been beaten. We were consoled afterwards by Mr Dore, who told us it was by no means the first time he had had to go down the river for his boat. I have given these particulars of the incident for the information of future visitors, who will see the necessity, unless they are strong rowers—and especially if they have a rather large party in the boat—of not allowing themselves to be beguiled into drifting too far down stream.

Manapouri Township,

so far as buildings are concerned, is almost a township in name only, Murrell's is the only house that is seen as the visitor approaches. It is situated in a prominent position on the plateau which forms the angle where the river leaves the lake, and has bush surrounding it. The house commands a fine view of the lower end of the Lake, and of the amphitheatre of noble mountains which almost encircle it. To the left a wooded peninsula stretches out into the lake, and on the far side of this the Monument rears its precipitous and [unclear: rerrated] head, a notable landmark, while further to the left Titiroa, a bold and striking mountain is a feature of the landscape. From the top of Titiroa for a long distance down the broad shoulders of its leading spur—if it is permissible to use the word in connection with a mountain of such magnitude—the surface is one vast expanse of white granite. Looked at from a distance there does not appear to be a vestige of soil or vegetation and while it does not possess the whiteness of pure snow, the effect is that of a broad snow-clad mountain top. We had seen it for some miles as we drove towards the lake, and we watched it as it was finally lost to view some days afterwards on our return to civilisation, many miles away from it on the road to Lumsden. But to return to the "township." On the sides of the angle below Murrell's a short descent of the terrace Manapouri township in still for the most part clad with its original beech and manuka bush, and a delightful, shady resort it is for the visitor in his spare hours, especially if he comes from the cities and has botanical tastes, for in such case there is much to engage his attention. The bush, too, is alive with the cicada, and its incessant chirping fills the air with a volume of sound. Now here in New Zealand has the writer heard anything like it. In a clearing near the outlet of the river, the remainder of the township is situated. It consists of one or two huts and a stable, all constructed of bush slabs, and a weatherboard house in course of construction for Mr Crosby, who owns the stable, and runs the coaching service between Manapouri, Te Anau, and Lumsden. Between the sections of the township and the river a chain and a-half of the water frontage is reserved. This is covered with beech, manuka, and a few of the smaller varieties of shrubs, and no effort should be spared to preserve this beautiful adornment of the lake and river banks. If the writer mistakes not, Manapouri and Te Anau, so with Wakatipu and Wanaka, will yet become the resort of hundreds of visitors in the holiday season where at present they number only units, and the preservation of the great natural beauty of the bush at Manapouri township cannot be too strongly kept before the present residents. The sections will no doubt be largely cleared [unclear: as] are gradually taken up, but the [unclear: river] serve should be jealously guarded from [unclear: d] tion,

Titiroa means "perpendicular" In a hill; roa, "long," or "large." Both adjectives being applied to Titiroa, it may

be rendered "a long, steep mountain.

Other Visitor and—Dinner.

About 7 o'clock we gather at the boat [unclear: lu] in a picturesque bend the river, to [unclear: w] arrival of the little steamer from her [unclear: b] the [unclear: like]. She steams quickly through [unclear: the] turbed waters where the river [unclear: makes] turns the bend, and her skioppr [unclear: dexte] grapples the buoy where she moors. [unclear: Her] passengers are lady tourists from [unclear: England] together with our solves they form [unclear: the] at 8 o'clock dinner, where the [unclear: beanties] lake and the excellence of the [unclear: visnd] miscuously discussed, for even [unclear: amidst] scenery n.i that by which we are [unclear: s] which is an appeal practical every [unclear: day] which does not go unregarded, and [unclear: the] new potatods, the excellent scones, [unclear: a] other good things on the table [unclear: rec] [unclear: assiduous] attention they deserve, It [unclear: is] lous wbst an effect all this driving [unclear: and] and walking in the fresh air of [unclear: the] away solitudes have on city appetites [unclear: W] all alike, and are equally [unclear: astonished] change. In the evening we have a [unclear: sh] on the terrace, enjoy the peaceful [unclear: sc] and mountain before us, with effect [unclear: h] by a new moon and [unclear: all] starlit sky, and [unclear: r] rest early, as we are to be up [unclear: betimes] morrow, with anticipations of a [unclear: loo] enjoyment on Manapouri's placid [unclear: w] we have a devout trust that they will [unclear: be] Our host has reassured us on this [unclear: point] day which has just closed had [unclear: given] seers on the lake more wind than [unclear: they] about, and Mr Murrell informed [unclear: on] after a day's blow there was [unclear: generally] and so it turned out. We were

Steaming Up the Lake

by 7 o'clock next morning, with [unclear: the] smooth and the sir deliciously [unclear: balmy] ing the wooded peninsula previously [unclear: g] to, with the upper portion of the [unclear: M] disclosing; itself over the [unclear: intervening] forest, and the granite slopes of [unclear: Titi] ing boldly to the sky at our left, [unclear: we] round the point towards which we [unclear: h] steaming, and the beauties of [unclear: Mana] close themselves to our [unclear: admiring] Beautiful islands stud the lake, [unclear: bush] the water's edge to their very [unclear: tops] precipitous siden are an unbroken [unclear: e] beech forest, relieved by occasional [unclear: p] with brilliant patches of rata [unclear: at] intervals enhancing their beauty [unclear: and] us ask ourselves why we had lived [unclear: for] years within easy reach of such a [unclear: proli] of Nature's grandeur and beauty [unclear: and] our opportunities. We steam [unclear: on] amid such scenes, passing arms [unclear: and] [unclear: tions] of the lake, each possessing some point [unclear: of] interest, and about midsy we approach the [unclear: rth] arm, the head of which it to be our [unclear: horage] and landing place for lunch and an [unclear: hour] or two's enjoyment in the bush before our return. As we approach the north arm, which is a few miles from the head of the lake, the snow-clad peaks ahead of us are pointed cut and named by Mr Dore. There, for example, is Leaning Park, up a valley to the right which, and about five miles from the hed of the lake, was situated the fateful camp from which poor Mainwaring Brown wandered [unclear: I] that memorable day in Decembers 1888, [unclear: and] was lost to human ken for ever other giant snow-clad peaks rear their heads in the loneliness of this far-distant western sky, [unclear: and] the whole scene is one which arouses feeling and emotions entirety unknown to us in our ordinary everyday life. I need not attempt to merate or describe these giants of the mountain chain which separate the valleys and rivers and sonuds of the western watershed from the lakes and lands we have been traversing has been done by other hands, and those who are interested can get fuller information as to their peculiar features from the [unclear: ed] records.

Fresh Beauties.

As we steadily push on we are met by a stiff beacuse cornes down from the head of the [unclear: lake] the steamer exhibits a measure of [unclear: liveliness] which gives a sufficient indication of what might be expected in a storm on Manapouri. We soon got out of the pitching, how-[unclear: for] the little steamer rounds a point, and [unclear: ring] the north arm pursues her way in [unclear: other] water. Fresh beauties meet us at [unclear: y] turn. We pass close by the beetling [unclear: in] water of unknown depths. Up to the [unclear: line] on the mountain tops the beech forest [unclear: tches] in thickest growth; the rata every-where gladdens the eye with its brilliant [unclear: es] of red; through the bush the silver [unclear: ir] of snow-fed watercourses gleam in [unclear: ir] precipitous descent to the lake. On [unclear: left,] as we make our way to [unclear: e] head of the arm, we pass by a [unclear: did] waterfall, It is a sight worth look-[unclear: g] at with its foaming water dashing down a [unclear: pitou] course of perhaps 500ft. We have board, in addition to the younger Mr Dore, [unclear: uncle] of the same name, who is very deeply [unclear: sted] in this waterfall, and who has spent

[unclear: ry] many years in the Manapouri district, [unclear: s] theory is that the waterfall must be fed [unclear: a] take somewhere in the surrounding [unclear: ios], and he arrives at this conclusion [unclear: use] practically the same body of water [unclear: nues] to flow in dry seasons as in wet. At [unclear: nt] for example, nearly all the snow has [unclear: from] the adjacent mountain tops, and [unclear: t] notwithstanding this and the dry sea-[unclear: there] is a fine body of water coming down the fall. The surrounding mountains have never been explored, and there is here an interesting question for solution by some one who has the time and requisite physique for the work. It would probably involve camping out for a few days, and if any of our athletic young citizens should feel inclined to make a small beginning in exploring, here is an opportunity; but the work should only be undertaken under competent guidance.

Between 12 and 1 o'clock we reach the head of the arm, into which the Freemanburn pours its green-looking" water. The day is hot, and we soon find that we have anchored in a particularly warm comer of the lake. There is not a breath of wind, and the hot sun beats down on the white granite pebbles and sand with which the river and neighbouring creeks have covered the shore. We decide to have lunch on the steamer before landing, and the billy is quickly boiled in the stokehole in some mysterious manner which I did not investigate, and the contents of a wellfilled basket as quickly spread in tempting array.

Sandflies.

But we have ere this discovered that we have a little tormentor who is not going to allow us to have our meal in peace. We are, in fact, beset by sandflies. We have up to the present not been very much troubled by them, but here all the requisite conditions are present—heat, not a breath of air, human victims,—and the little scourges make the most of their opportunity. There are two lunches going on at the same time—our own and the sandflies'. It is true that we have the best of it, for we don't actually suffer the last penalty, and that is the sure and certain fate of our persecutors. The slaughter is great. We conclude our lunch in quicker time than we should otherwise have done, and all go ashore. Some of the party make their way up the difficult course of a delightful little snow-fed creek, and enjoy the cool shade of the luxuriant foliage on its banks. Its bed is full of granite boulders and detritus, the denudation of the mountain down which it has its course. New and beautiful forms of vegetation meet the eye and give pleasure to everybody. Meantime two of the party have set up a camera, one of them a lady well known as a successful amateur photographer, who has succeeded in getting two or three pretty views of lake and mountain.

We are all loth to embark again, for in the cool shades of the beautiful creek, surrounded by a wealth of interesting plant life, we have escaped the persecuting sandfly, and are experiencing truly tranquil and placid enjoyment. But a warning whistle breaks the dreamy ailence, and imperatively calls us on board. We find our way to the beach, and soon being all embarked, we steam away from the Free- manburn and its picturesque surroundings. We eagerly scan with renewed enjoyment the many notable points of interest to which our attention has been directed as we steamed up the arm in the morning pass within a stone's throw of the beautiful waterfall previously referred to, and enter the lake with a fair wind to help us on our homeward course, reaching the landing place between 6 aad 7 o'clock, after a day of almost unalloyed pleasure. (I regret having to say *almost*; but truth compels me to use the word, for the [unclear: sadflies] of the Freemanburn mouth are still a remembrance.)

After dinner we take our chairs out to the front of the house, and here we sit until 10 o'clock, reluctant to go inside and break off interesting conversation on astronomy and other subjects, pursued amidst the softening influence of a truly glorious moon and starlit night. We watch a brilliant star and the pale golden section of the new moon successively disappear over the peaks in the west, and as our landlady, who has to be up betimes in the morning, unmistakably wonders whatever can induce us to stop outside until 10 o'clock at night, and suggests that it is time the house was in darkness, we take in our chairs, and prepare for a good night's rest preparator; to taking our departure for Te Anau in the morning, and regretting that time will not admit of our spending a few days more on the waters of beautiful Manapouri, and in exploring its charming inlets and islands.

The following day the steamer was to leave for the head of the lake with some fresh arrivals, and as we could easily reach Te Anau if we started after lunch, we decided to have a few hours on the lake pulling about the tittle coves of the peninsula referred to in the preceding section of these notes, and landing where practicable. The steamer took our boat in tow, and until the point at which we were to cast off was reached we became passengers. After a little more than half an hour's steaming we reached our destination, and, getting into the boat, we pulled to a suitable landing place. Here, as everywhere else in these regions, the bush was mainly beech, with patches of manuka and rata trees interspersed. We landed in one or two pretty little nooks, and while some of us explored the immediate vicinity for plants and ferns and mosses, one of the Ladies sketched, and our lady photographer took several views. A very pleasant morning was spent, and the row home

accomplished by mid-day.

On the Road to Te Anau.

After lunch the horses were harnessed, and our juggage being packed in the trap, we took our seats and bade good-bye to our host and hostess and to the lake and mountains for which we had in our short stay formed so great an affection. We had been told by one of the visitors that we should have a somewhat rough drive to the foot of Te Anau Lake from Manapouri, but we certainly did not find this to [unclear: be] case. The road is level for nearly the [unclear: w] distance, and passes through a [unclear: compart] uninteresting bit of country. It is [unclear: occupied] pastoral purposes, but the soil is monthly [unclear: of] shingly character and the pasturage [unclear: nat] poor. Following the plateau along the [unclear: fo] the Manapouri Lake the only point of [unclear: in] before Te Anau is reached is the point [unclear: k] as the Horseshoe Bend. Here the road [unclear: w] in a semicircle, with an old lake bed at [unclear: a] siderable lower level, on the opposite [unclear: sides] which is that portion of the Waiau River [unclear: w] drains the Te Anau into the Manapouri [unclear: l]. This piece of road is decidedly [unclear: interesting] picturesque. An easy drive of 12 miles [unclear: br] us to Mr Snodgrass's hotel at.

Te Anau,

the name of the township being [unclear: Mara]. There is here greater evidence of [unclear: business] although the buildings are few in [unclear: nu]. These consist of the Te Anau Hotel [unclear: (s)] grass's), the Marakura Accommodation [unclear: H] (M'Kenzie's), and the private [unclear: residence] Captain F. M. Duncan, who has been [unclear: l] here for a number of years. The [unclear: Te a] Hotel is comfortable and well kept and [unclear: is] scene of a little stir when the [unclear: Lumsden] arrives and departs twice weekly. [unclear: These] good deal of accommodation in the [unclear: house] when the influx of visitors is large a [unclear: rang] bedrooms in a separate building [unclear: fronting] garden is brought into requisition. The [unclear: b] fare is liberal, and if located in the hotel [unclear: p] visitors do not need any stretch of the [unclear: im] tion to induce them to recognise that [unclear: they] be domiciled in a well-conducted [unclear: hotel] populous town. M'Kenzie's [unclear: accommad] house is also particularly well [unclear: conducted] every attention is paid to the [unclear: com] visitors. It is, however, difficult to [unclear: c] that the present tourist traffic can [unclear: supp] houses in this locality. Captain [unclear: Duncan] if a pretty little private residents [unclear: w] verandah hidden by a luxuriant [unclear: grow] honeysuckle. The owner is always [unclear: pl] show his house and garden to [unclear: visitors] also the many examples of mountain [unclear: and] scenery, the product of his brush, [unclear: which] the walls of his studio.

The Lumsden coach, which arrives [unclear: be] 6 and 7 o'clock, brings quite a [unclear: nu] passengers, and there are other [unclear: visito] ourselves already in the house, so that [unclear: w] quite a large party at dinner. [unclear: Am] coach arrivals are two members of [unclear: the] force who are on their way to Lake [unclear: The] to make inquiries into the [unclear: disappears] young man who it was supposed [unclear: had] drowned in that lake. He was one [unclear: of] engaged in the work of cutting a track [unclear: f] lake to George Sound. The route to their [unclear: d] tion was by steamer up the middle [unclear: flord] Te Anau, thence by a short bush [unclear: track] [unclear: Hankinson,] where they anticipated being met by some of the working party with a boat to take them down that life on their way to Lake Thompson.

Next morning we assembled early on the jetty to start in the steamer for the head of the lake. Our trip over the wide expanse of water which forms the lower portion of the lake gave no promise of the beautiful scenery to be met with [unclear: its] flords and upper waters. Rough weather is and uncommon on the lower portion of the lake, [unclear: but] although the day was not particularly flue [unclear: the] wind was not severe and the motion of the [unclear: mee] not too pronounced to affect any of us. The party on board was a large one (14 all told-viz, our own party of five, a south Australian gentleman with his wife and daughter a Christchurch doctor, a gentleman from Armidale, N.S.W., another Dunedin resident and his wife, whom I may refer to hereafter as Mr and Mrs B., and the two member of the force.

After steaming some hours we entered the

Middle Fiord.

of the lake bringing with it recollections of Manapouri with its similar characteristics of [unclear: clad] slopes intermingled with the bright-[unclear: red]; and here also we saw some [unclear: ed] grebe not far from the steamer. These beautiful birds were the Centre of attraction, [unclear: ing] reappearing until they were lost to [unclear: t] presently we reached the head of the [unclear: fiord] the steamer being run sufficiently close to the [unclear: ach] to allow an active man to jump ashore. A boat was, however, used for debarkation at a spot near

the Lake Hankinson track. [unclear: Here] there was a camp of the party employed [unclear: as] the work at Lake Thompson, but no one in the tent, and no word, as far as could be found, for the members of the force Mr [unclear: odgrass] kindly undertook to wait with the [unclear: mer] until those who felt disposed visited

Lake Hankinson,

distant about a quarter of an hour's walk [unclear: though] the bush. This permission most [unclear: of] the party availed themselves of, while [unclear: the] inevitable billy was boiled and lunch set by [unclear: those] remaining behind.

Lake Hankinson was reached in good time, [unclear: on] the botanical curiosities found growing [unclear: on] track being in orchid with a tall black [unclear: stem] and whitish grey flower, the first we had [unclear: seen] during our trip. This we subsequently [unclear: found] to be *Gastrodia Cunninghamii*. The prize [unclear: as] marked for securing on our return. The [unclear: tree] was seen in free flower, and the cry [unclear: of] the kaka was frequent as the birds flitted [unclear: from] tree to tree in our vicinity. A small [unclear: portion] only of Lake Hankinson could be [unclear: seen] from the spot at which the track [unclear: crosses] its surface was ruffled by a [unclear: strong] wind, and this lonely patch of water. [unclear: was] at this spot and flanked on each of its sides by the dense forest, presented quite a stormy look. We had only time to spend a few minutes on its shores, and hurried back to the steamer, and after a welcome lunch we resumed our trip, leaving our official friends to their solitary reflection and the attention of the sandflies, which swarmed here as in other [unclear: warm] and sheltered spots on the shores of the lake. The

Upper Reaches of the Lake

proved particularly fine and attractive as we steadily made our way through the close of the long stretch of 60 miles of water comprised in our course from Suodgrass's to the [unclear: bay]. As the towering mountains closed in on us, with their magnificent proportions standing; out in bold relief, and the waterway became narrower and narrower, we felt the influence of the scene amidst the closing hours of the waning day, and were glad to learn that one of the figures on the beach we were rapidly approaching was that of the well-known guide Mr D Ross, whose better acquaintance we were to have the pleasure of making. Ten minutes' walk through a pretty bush track brought us to our resting place for the night—Mr Garvey's accommodation house, near a bend of the Clinton River; and I am afraid the sudden influx of 12 people without any warning, where usually probably not more than three or four appear at a time, must have proved somewhat of a surprise to our host and his worthy helpmate. The resources of Prospect House were taxed to their very uttermost, but by skilful contriving, sleeping accommodation was after dinner eventually arranged for both visitors and the family of the house. The sandfly nuisance was here in virulent form. Notwithstanding veils, gloves, pungent [unclear: scents,] &c., they found us an easy prey, and we with difficulty remained outside in the earlier part of the evening, much as we wished to make ourselves acquainted with our immediate surroundings and enjoy the view of the noble Clinton Valley and its magnificent mountains which stretched away directly in front of us. Mount Mackenzie (named after Thomas of that ilk, in recognition of his exploratory feats) stands boldly out in the distance at the head of the valley, and is a striking feature. Mr Garvey has undoubtedly planted his house in a situation which will in the course of time enable him to make a beautiful place. With the aid of his family he has done an immense lot of work in making tracks through the surrounding bush, and has also cut a track to the top of a great mountain—Skelmorlie,—whose base lies but a very short distance from the house. This track must have been a heavy work, but the time occupied was well spent, for the ascent of the mountain to a height of over 4000ft is now possible to all visitors of fair walking power. Indeed the ascent was made by two ladies of our party on the following day, and they returned laden with all sorts of precious specimens of the alpine flora they found on the higher slopes of the mountain—two distinct varieties of drossera or flycatcher, a very pretty little orchid, &c., &c. They were the first ladies to climb the mountain, and this honour the visitors' book of the house will duly record. Mr and Mrs Garvey's effort to provide comfortable accommodation for tourists in this far-away outpost of the lake country is deserving of all possible incense, and it is to be trusted that the tourist traffic to the Sutherland Falls and Milford Sound will steadily grow and enable them to increase the size of their house to an extent sufficient to enable them to meet all demands upon their resources.

A general conference as to the proposals for the morrow resulted in six of the visitors at the house deciding to start for the Sutherland Falls, two of them at least intending to go on to Milford Sound. The writer and the other gentleman of his particular party were among the number, and after settling all necessary details we retired for the night to court sleep amidst our unusual surroundings. The preparations for our departure and the walk to the Falls and to Milford Sound, under the guidance of D. Ross and one of the young Garveys, must be "continued in our next."

Glade House—not Prospect House, as I have previously erroneously called it—is astir betimes, and, breakfast over, preparations for the start for Sutherland Falls and Milford Sound are actively afoot. Ross has been engaged by Dr D. and our New South Wales visitor to take them right through to Milford. The writer and the other male member of our own special party, who, it is supposed, may not reach further than Sutherland Falls, are to be piloted by one of the young Garveys. Mr and Mrs B. determine to accompany the party, and be guided in their walk by circumstances. There is a hut every few miles, and if the pace of the others, proves to be beyond a lady's powers they have plenty of time to make the trip comfortably, at all events to the Beech Huts and Sutherland Falls, on sufficient direction being given them if the rest have to push on. Those who are new to this sort of thing are eager to be off, but our guides are more deliberate in their movements, and want to make sure that nothing is forgotten; and the packing of swags has to be carefully done, for much of the comfort of walking depends upon a well-made and comfortably adjusted swag. Boss very kindly makes up mine for me, while Garvey packs up the 7lb of oatmeal, 7lb of biscuits, &c., which are to constitute our principal tucker, and which he is to carry. We have discarded coats and vests, and our swags having been properly fixed and mutual good-byes said and a photograph [unclear: of] group taken, we start in high spirits and [unclear: full] pleasurable anticipations. We have left [unclear: bet] a party of fire ladies in care of the only [unclear: rem] ing male member of the steamer's party, [unclear: si] South Australian friend, and we quite [unclear: un] stand that they must all have some [unclear: mistrust] the staying powers of the city men [unclear: unused] long and trying walks over mountain [unclear: pass] and bearing unusual burdens on their backs.

The Clinton Valley.

The first part of our journey after [unclear: cro] the Clinton River at Garvey's is over a [unclear: In] track through a pretty bit of bush. [unclear: The] flows in tolerably even course on our right, [unclear: n] its pale green waters are churned into [unclear: f] where an occasional obstruction presents [unclear: it] The walk through the beautiful bush is [unclear: par] larly enjoyable. Trees and plants not [unclear: ut] met with in more eastern parts of the [unclear: i] present themselves, and, although we [unclear: are] engaged on a steady walk not [unclear: permitt] stoppages for close examination of these; [unclear: ta] presence is none the less remarked open [unclear: an] source of pleasure to those of us whose [unclear: ta] lie in this direction. The track, [unclear: beautiful] is, with its luxuriant forest growth [unclear: and] wealth of ferns and [unclear: monies], does not [unclear: affo] full view of the great mountains which [unclear: f] the valley on either side; but we [unclear: pre] emerge into a cleared space and find we [unclear: h] reached M'Kinnon's hut, which denotes [unclear: our] mile from Garvey's—such, at any rate, [unclear: is] distance assigned to it, but, like many [unclear: an] country mile we have [unclear: traversed,] smile in a superior kind of [unclear: way] fancy we would not be far [unclear: wrong] we doubled the distance. The opening [unclear: g] us a splendid view of the mountains [unclear: on] side of us, and, confined as we are [unclear: in] narrow valley, we are able to realise their [unclear: p] height. But we have not yet gone [unclear: sufficient] far to see the bold features of the [unclear: valley] their most striking aspect, and we [unclear: again] on through the bush, until after a walk [unclear: of] three hours we reach

Mid-Camp,

distant six or seven miles from our [unclear: st] point. It is yet quite early, between [unclear: 10] 10.30, but Ross and Garvey had gone [unclear: a] boil the billy and lay the table in the [unclear: hut] have been counselled by Ross during our to "take it easy," and as will be seen [unclear: by] time taken we have not unduly pushed [unclear: ou] on our first stage, although [unclear: notwithstanding] the moderate pace we have made we [unclear: are] of a halt and rest, and we throw [unclear: do] swags with manifest relief. [unclear: Mid-camp] good substantial hut, fitted with half [unclear: a] bucks in its principal room, and with [unclear: the] big open fireplace. In the bunks a [unclear: good] of beechtops take the place of [unclear: mattress] a very good substitute they are. [unclear: Part] off at one end of the hut is a separate apartment for the use of ladies who may make the trip, with several bunks similarly made up. We find on our arrival that the billy is boiling, and tea being made, we enjoy the refreshment prepared for us. We have not long sat down, when Mr and Mrs B. make their appearance, and the lady is received with applause and congratulated on having accomplished the first stage of the trip in practically the same time as the rest of us. After short rest our swags are again strapped [unclear: c] we make a fresh start at 11 o'clock. Our next halting place is the hut at Lake Mmtaro, at the foot of the Clinton Saddle, and distant about seven miles. The part of the valley through which we now pass is very fine, a good deal of the walking being through more open country, from which an uninterrupted view of the mountains on each side of us is obtained. The season has been favourable for the melting of the snow, and except in shady gullies crevices and at the tops of the peaks there is not much left. The precipitous sides of the

mountains, bare and serrated with the wear and tear of ages, and with innumerable stream of a snow-fed water finding their way to the Clinton in a straight descent for hundreds of feet, rise almost from our very feet [unclear: aj] the valley narrows. We are all very much interested in our surroundings as we [unclear: dily] pursue our way. We cross Pompolona [unclear: k] by means of the trunks of two fallen [unclear: es] which cross pieces of wood have been [unclear: led,] make our way over a great accumulation [unclear: se] of boulders and debris which all up a considerable part of the creek bed, and on through [unclear: as] open space of country, in which the pure [unclear: le] native violet and other flowers indigenous [unclear: as] these regions are blooming in profusion. [unclear: rtly] crossing the creek we pass some ice [unclear: es,] which are worth visiting, to the left of [unclear: d] far distant from the track, but as it is [unclear: ginning] to seem probable that we shall all be [unclear: ble] to stand the walk over the saddle to the [unclear: ch] Huts, it is considered prudent to go straight on and postpone a visit to the ice [unclear: res] until our return. We have been steadily [unclear: ending] since the morning, but almost imper-[unclear: tibly] until we get within a couple of miles of Lake Mintaro, when the track is again through bush and the climbing somewhat [unclear: per.] We pass a tiny sheet of water called Lake Urquhart, and learn that it was named after a visitor who had essayed the walk over to the Beech Huts, but on reaching this point [unclear: in] down exhausted, his legs having given [unclear: y,] He, however, afterwards reached the [unclear: aro] hut, and subsequently did a lot of [unclear: cting] work in this Clinton valley. We [unclear: h] our way through the short intervening [unclear: ce] of bush, and emerging therefrom at [unclear: 30] after a three hours' walk from Mid-camp, [unclear: see] before us our next halting place.

Lake Mintaro.

This pretty little sheet of water, situated right at the foot of the Clinton saddle, looks temptingly cool to the whole of us as we make our way to the hut door, tired and perspiring. We had pushed on rapidly for the last mile or two, and as we reckoned we had ample time to have a refreshing dip before the lady member of our walking party arrived on the scene we undressed and plunged in without more ado. [unclear: Roes] had warned us not to stay in long, but the advice was unnecessary. The water was icy cold, and a couple of plunges beneath the surface were quite as much as any of us could stand. We quickly dried and dried ourselves, and our guides having by this time got our dinner ready we have settled down to do full justice to the meal when Mr and Mrs B. make their appearance. We testify our appreciation of the walking powers of the lady by a further round of applause, and we all enjoy the refreshing tea and other good things our guides have laid out for us. The prospect of our getting over the saddle and reaching the Beech Huts before dark having been discussed, the momentous question is settled by Ross saying we have all walked so well that he believes we can do the rest of the distance without knocking up. We are warned, however, that we have a very stiff climb before us, and that it will take at least four hours' steady walking before we reach our destination. We learn that we are at present at an altitude of about 1950ft above sea level, of which we have ascended about 1350ft since leaving the head of the lake in the morning, and that we are now about to ascend a farther height of 1400ft; while in our tramp to the Beech Huts in the Arthur Valley we shall descend 2600ft. The ascent of 1400ft and the descent of 2600ft on the other side means a walk of about three miles and a-half, principally over rough bush tracks. As it is going to take four hours to do three miles and a half the reader will see that mere mileage in such a trip as this does not give the uninitiated any idea of what he is undertaking.

Climbing the Saddle.

Our swags again shouldered and strapped we leave the hut in twos. The doctor and his friend are first off, my friend and I follow, having been put on the right track after creating the Clinton on a fallen tree, and Mr and Mrs B. and the guides are to bring up the rear in that order. We quickly find that our work has begun in earnest as we make our way up the steep bush track, over roots of trees, up precipitous little pieces of rock, now enlisting the aid of a friendly branch, anon resorting to hands and knees, with frequent short rests to recover breath, but steadily getting higher and higher. We had left Mintaro at 3 o'clock, and at 4 had made splendid progress, emerging as we did about this time out of the bush line. The vegetation had been changing, and was now of a distinctly alpine order. *Celmisias*, *Ranunculus lyalli*, *ourisias*, and other interesting special forms were temptingly inviting attention, and, as we climbed still higher, the pineapple-topped *dracophyllum* and other comparative strangers made their appearance. We were now overtaken by Ross and Garvey, and decided to wait a short while for Mr and Mrs B., as it was manifest the latter must be tiring in this trying climb after a walk already sufficiently long for a lady. We had not very long to wait, however, for our friends were soon seen emerging from the bush and after a few minutes further struggle Mrs B., with a little assistance from Ross, reached one resting place temporarily exhausted, but still full of spirit. A short rest and we resume our climb,

and finally reach the actual summit, where M'Kinnon erected his cairn of stones, at 4.30, or an hour and a-half after tearing Mintaro, This is admitted by Ross to be really good work, and we are granted a free hour for a spell and to enable as to thoroughly appreciate the grandeur of the scene spread before us and examine the beautiful flowers and plants with which we are surrounded. It was no part of my intention, when I set out to pen these short papers, to indulge in descriptive writing, and I am not going to commence now. Indeed, no pen could possibly do justice to the

Magnificence of the Scenery

which meets the eye from the top of this mountain pass, On a clear day such as that with which we were favoured it makes a vivid impression on the mind, and the dullest of mortals could not fail to feel its influence. On the one hand the great mountains at the head of the Clinton Valley with their snow and glacier-fed river and streams; on the other the Arthur Valley, 2600ft below us, terminating in snow-topped mountains of great altitude, with blue-green patches here and there, denoting the glacier products of long-past ages still fulfilling their share in Nature's great and mysterious work. We ate all deeply impressed with the magnificence of the scene, and we turn from its contemplation at the invitation of Ross to study the alpine forms of vegetation with which the ground is carpeted. We find the little pink drossera—a strange little vegetable trap for the unwary insect which alights on its little dewlike but gummy globules—busy at its curious work; bright red little oval berries grow thickly on a small plant hardly raised above the surface of the ground, whose botanical name I cannot give; while Ross searches for a little patch of edelweiss, whose whereabouts he had on a previous occasion discovered, and which he is fortunate in finding. *Celmisias* were flowering in the greatest profusion, but the *Ranunculus lyalli* was only found in bloom in one or two small patches, its season being almost over. We [unclear: spe] very pleasant hour, and at 5.30 [unclear: comme] the descent into the Arthur Valley. It [unclear: is] necessary for me to say much about this [unclear: be] piece of walking through an irregular [unclear: and] circuitous track. It will readily be believed we were all pretty tired when at 7.15

The Beech Huts

met the eyes of the individual members [unclear: of] partly as they successively made their [unclear: app] appearance, Boss and Garvey and, as usual, [unclear: g] ahead to make the usual preparations, and our arrival we found a bright and [unclear: cheerful] and tea ready. It was surprising how [unclear: q] a rest put us into good trim again, and [unclear: we] quite lively when, within quarter of [unclear: an] after our arrival, Mr and Mrs B. [unclear: made] appearance. I need scarcely say [unclear: that] arrival of the lady was the signal [unclear: for] applause and congratulations on her [unclear: r] wonderful walking, My friend and I [unclear: also] done so well that a visit to the

Sutherland Falls

that night (distant a mile and a-half [unclear: through] bush) was seriously proposed. We [unclear: reckon] couldn't get there before dark, have a good [unclear: l] the falls, and be back at the Beech [unclear: Huts] o'clock. With this accomplished, we [unclear: fa] could on the following day go right [unclear: through] Milford Sound, and return to the [unclear: Beech] by 7 or 8 o'clock p.m. The projected [unclear: S] land Falls visit was hurriedly [unclear: discussed] decided on, and after a cup of tea [unclear: and] thing to eat we started at 7.45, [unclear: reached] Falls about 8.20, and saw this [unclear: mag] spectacle in the waning evening [unclear: light] approached within about 50 or 60 [unclear: feet] Falls, and felt the cooling influence of [unclear: the] which saturates everything within [unclear: c] able radius. Owing to the dry [unclear: w] which prevailed, the body of water [unclear: coming] the Falls was not so great as is [unclear: the] the case, but the sight was a [unclear: suff] impressive one, and will long be [unclear: rem] by all of us. We retraced our [unclear: steps] the bush, and reached the huts [unclear: shortly] o'clock, having, so far as our guides [unclear: kn] the first party to walk right through [unclear: i] day from the head of Te Anau [unclear: La] thereafter go on the same night to [unclear: the] But we certainly do not [unclear: recommend] else to make the attempt. It was [unclear: only] by the writer because he had to do [unclear: it] time or not at all. Having got [unclear: our] off, we were soon all comfortably [unclear: dis] in the beech-top filled bunks of [unclear: the] huts,—of the necessity for the [unclear: Gov] building a new hut I shall have [unclear: som] say later on—and after an hour's talk [unclear: a] we settled down to sleep, with the [unclear: k] that we had to rise at 4.30 on the [unclear: f] day to order to make an early [unclear: start] Milford Sound trip.

The Arthur Valley.

We are All roused at 4.30, but there are signs of reluctance on the part of the doctor and his special companion to rise from their comfortable quarters. They are not pressed for time, and the doctor has felt the strain of yesterday's walking. Both gentlemen, however, good-[unclear: reldy] yield to argument, and by 5 30 we have fluished our breakfast and are on the [unclear: d] down the Arthur Valley. We descend [unclear: the] huts to a small flat about a quarter of [unclear: mile] below then, and then cross over a noisy [unclear: k] very appropriately named the Roaring [unclear: k]—by the usual means of a big [unclear: e] which has been felled so that it [unclear: ches] from bank to bank. The tar-[unclear: ent] roar of this stream is caused by [unclear: ds] located some distance up the stream [unclear: the] huts, but its noise is ever io the ears of the wearied traveller as he lies in his bunk [unclear: courts] the steep which his strange surround-[unclear: sometime] make it difficult to obtain. The [unclear: is] is low low at present, however, and there is [unclear: d] space intervening between our log bridge [unclear: d] the water. After crossing the stream, we [unclear: its] bank for a few paces and then strike [unclear: the] bush track whose peculiarities have [unclear: because] so familiar to ua. We hare by [unclear: time] grown used to the ups and [unclear: of] this kind of travelling, and after [unclear: walking] a mile or two we emerge from the bush [unclear: get] on to the track made by the prisoners [unclear: were] set to work here some years since. This is really first-class walking, and is a [unclear: ded] change from much of the track we had [unclear: ed] on the preceding day. We pass over [unclear: huge] landship which came right over the [unclear: a] couple years since, and which would [unclear: completely] buried a camp of road oieu who [unclear: been] at work there only a day or two pre-[unclear: ly,] had they not fortunately, just removed [unclear: tents] Ross says he is almost certain this [unclear: slip] must have been caused by an earth-[unclear: as] it cannot well be accounted for on other theory. The place appears to have quit an unlikely one for a landslide. [unclear: at] trees were torn up by the roots, and their [unclear: ken] and splintered trunks are mingled with [unclear: immense] mass of stones, earth, and *debris* [unclear: ich] is piled up right over the track and [unclear: rs] a large extent of ground. We cross a [unclear: d] bridge or two, and make our way round a [unclear: ky] bluff where the road has been cut out of [unclear: solid] rock, with the Arthur River flowing below. This is a decidedly awkward corner for [unclear: e] with unsteady nerves or who has any [unclear: ation] to giddiness. Finally, after walking about six miles, we reach the boat landing [unclear: the] Arthur River; and here Ross embarks [unclear: four] of the party who have arrived, having [unclear: ously] baled out the boat in which he ia to [unclear: us] down

Lake Ada.

We are not in a hypercritical mood, but we certainly do not like the appearance of the boat; however, the Seven of us manage to squeeze into her. The sandflies are a caution—worse than we have yet known them, and that is saying a good deal. Mr B. takes the oars Ross acts as pilot, and I undertake the task of baling. Until we get well into the lake, the unfortunate rower has a lively time of it, for he cannot use his hand to wresk [unclear: ve igeanoe] on the sandflies; but someone undertakes the task of waving a small branch before his face, and we make fair progress, considering the dangerous navigation. The lake is full of submerged snags, many of them only covered with a few inches of water, and Ross has his work cut out in giving directions for avoiding these dangerous obstructions. The explanation Ross gives of the snags being there in such numbers is that the lake is really the site of so old beech fniest. In days long gone a huge landship slip must have occurred, blocking the river at a point where the lower end of the lake is now situated. The [unclear: wa'er] thus dammed back covered a large extent of the surrounding land, and in course of time killed the beech forest, the trees snapping off during times of storm and flood, and leaving their rooted stumps to be a constant menace and danger to the traveller of a future day. Beech is noted for its lasting properties while submerged, and all these stumps are likely to remain a source of anxiety and danger for many years unless the Government give instructions for the removal of those which occupy the most dangerous positions. We get down the lake all right, however, although I have been compelled to bale steadily from start to finish Landing at the lower end of the lake, we have a walk of about two miles and a half over a pleasant little track through the bush, in the course of which we come across a dead kakapo, which probably some dog has killed We have neither seen nor heard the kakapo, and learn that they never are seen unless a dog happens to bring one out of the bush. We have passed a valley on the western side of the river up which Ross tells us the

Mackay Falls

are situated, and he relates how the falls got their name. It appears that before the discovery of the falls which bears his name Sutherland had a partner or mate in his prospecting operations in the then unknown country between the head of the Arthur River and Milford Sound. Part of the agreement between them was that in the event of the discovery of any are at waterfalls in the mountains in the Arthur Valley, the first should be

named after Mackay. Accordingly when the splendid fall I have referred to was discovered it was named the Mackay Falls. But a continuance of the prospecting operations and explorations resulted in the discovery by Sutherland of the great waterfall near the head of the river, which eclipses the Mackay Falls in its great height, and to it was given the name of its discoverer—a name that has now attained a world-wide celebrity. Having finished our walk through the intervening track between the foot of the lake and a point lower down the river, at which we are again to do some boating until we are landed at the head of Miltord Sound, we find that Mr and Mrs B. have not kept up with us. Ross therefore embarks with the other four for the short pull down the river. This is quickly accomplished, and we are landed at a point about half a mile from Sutherland's. Directions are given us by Ross as to crossing a branch of the river which flows between us and the house, and which takes a somewhat winding course. This is about 12 o'clock, and we ought to have reached our destination in a quarter of an hour or so. But somehow or another we miss the right crossing place, and the two members of the party who most need a rest, as they have to return that day to the Beech Huts, strike into the bush at the back of Sutherland's at the wrong spot. There is a well-defined track which they think leads to the house, and this is followed for a considerable distance, when it becomes manifest that the wrong direction is being taken. We retrace our steps, get on the right track, and finally reach Sutherland's house

At the Head of the Sound

at 1 o'clock, having spent an hour industriously making our way up the Cleddau Valley ! We are hot and tired, and I am afraid not in the best frame of mind, but philosophically accept the situation, forget our unfortunate extra tramp, and welcome the other two members of the party, who have just returned with Ross. We are all cordially welcomed by Mrs Sutherland, and after a wash we sit down to a good lunch at a civilised table with a white cloth on it. We have no time to spare, however, and are able to spend but a very few minutes in admiring the great mountains around us, so familiar to the hundreds of people from all parts of the world who have made the trip to the Sounds by the Union Company's steamers. We specially regret being unable to visit the Bowen Fall, which looked very beautiful as it first met our sight. As, however, we have to walk back to the Beech Huts alone after Ross lands us from the boat, he is anxious that we should give ourselves as much time as possible for the walk, and reckons that we ought to be at the huts by 7 o'clock. Our companions urge us not to think of returning until the following day, but the writer has made up his mind to be home in Dunedin by the following Saturday night, and this can only be accomplished by returning immediately. At [unclear: half-p] therefore we say good-bye to [unclear: our] panions, are obligingly put over [unclear: the] by Sutherland in his boat, and after [unclear: g] across the intervening shingle bed, [unclear: we] settle down in Ross's boat for the [unclear: pull] Arthur River and Lake Ada. Hy [unclear: friend] I settle down to the oars, and have [unclear: a] poll against the stream—fortunately [unclear: it] such a current as that of the Waiau, [unclear: de] in a previous chapter. We land, [unclear: and] make our way over the track to the [unclear: bo] ing at the lake. Ross has gone on to [unclear: b] the boat, and this done we again [unclear: settle] to the oars, Ross continuing to pitot [unclear: us] the snags, and without stopping we [unclear: re] landing place where we are to part [unclear: c] with our guide, who has to bring [unclear: ut] party the following day. We consider [unclear: o] mile pull, done in excellent time, [unclear: has] measure atoned for the Waiau fiasco. [unclear: W] from Ross with mutual expression [unclear: of] will. He has proved himself a [unclear: pl] thoughtful, and obliging [unclear: companion,] ready to do anything to lighten the [unclear: bur] those less able to carry them, and [unclear: hi] respect a really good guide and a [unclear: fir] fellow.

The Return up the Arthur Value

Under ordinary circumstances our [unclear: walk] Arthur Valley would have been a [unclear: very] able one, but we had hardly started [unclear: w] commenced to rain. The weather [unclear: had] threatening for some time, and we [unclear: w] afraid we should have a wet trip up [unclear: the] Our anticipations were more than [unclear: real] the showers became heavier and [unclear: m] quent, and finally a steady rain set [unclear: in] ing without coats or vests we were [unclear: q] saturated, but we should not have [unclear: mid] very much were it not that the [unclear: cree] to rise, leaving us in some [unclear: appreh] to what we might have to [unclear: encounter] we reached our destination. [unclear: However] steadily plodded on, making good [unclear: prog] we were well on the track in the [unclear: last] bush before reaching Roaring Creek—[unclear: P] couple of miles, or less, from the [unclear: huts] thing was by this time soaking [unclear: wet,] tinued to rain heavily and steadily, [unclear: a] watercourses eterywhere sprang into [unclear: er] and poured additional supplies into [unclear: the] creek to our right. About 6 [unclear: o'clock,] the bush, a calamity befell us—we [unclear: got] track ! The reader may think very [unclear: little] statement; but the circumstance [unclear: caused] writer and his companion a very [unclear: anx] hour, for it must be remembered that [unclear: n]

approaching and it was quite [unclear: evident] it had set in to rain probably [unclear: for] we stood a fair chance, unless we [unclear: quickly] our bearings, of having to spend [unclear: the] the bush. We knew that unless we got [unclear: the] again very quickly, and made rapid [unclear: po] Roaring Creek would in all probability be im-[unclear: able], even if we succeeded in reaching it. We had followed a track which had been [unclear: rtly] cleared—or, I should say, indicated by the cutting down of occasional saplings and trees—and after following this for a considerable distance it suddenly stopped, and there was nothing ahead but the untouched bush. It was decided that I should remain at the point we had reached, while my companion went back [unclear: g] the track we had followed and endeavoured [unclear: pick] up the track we had [unclear: d] verged] from. [unclear: He] accordingly left me on this mission. I [unclear: ed] for a considerable time with as much [unclear: nce] as I could command, but finally [unclear: began] to get apprehensive that my [unclear: nd] was straying into the bush, I accordingly called loudly and repeatedly, but failed [unclear: get] any response. As a matter of fact it was [unclear: impossible] to hear anyone 20 yards off, owing to [unclear: the] roar of the creek to our left, and the rushing of waters in all directions. Finally, however, [unclear: made] his appearance, with the disturbing [unclear: ation] that he had failed to find the track. [unclear: We] hurriedly discussed the situation, and it, was [unclear: ded] that we should push straight ahead, as [unclear: felt] certain we would reach one of the small [unclear: ks] we had crossed in the morning, and [unclear: ld] have a chance of finding the crossing [unclear: place] up the stream. We knew it could [unclear: not] the down stream, for the big creek into [unclear: which] the smaller one ran was but a short [unclear: distance] below us. Carrying out our determination, we pushed on through the bush as [unclear: well] as could, and soon reached the bank of [unclear: small] stream which came down from the [unclear: tians] at our left. Following its course [unclear: For] a short distance, we were delighted to [unclear: ise] our crossing place of the morning, [unclear: may] well be imagined we were intensely [unclear: d.] In about half an hour we had reached [unclear: ing] Creek at its crossing place, and not a [unclear: te] before it was time, for the creek was [unclear: g] rapidly, and our tree bridge would very [unclear: be] impassable. The creek crossed, we [unclear: ged] into the flat below the Beech Huts [unclear: 7] o'clock; but here, again, it was impossible to find any track, as the water was rushing down everywhere. We walked through [unclear: up] to our middles, pushing our way against [unclear: stream] that was flowing down a channel [unclear: supposed] to be the track, and after a few [unclear: tes] of this to our great delight we saw [unclear: d] of us Ross's younger brother, whom we had met on our way down. He had come out to [unclear: k] for us, and was no less relieved than we [unclear: to] find that we had got through all right. We made our way up to the huts, and after [unclear: e] vigorous rubbing with towels, got to bed, [unclear: we] had supper. Wood was piled on the [unclear: and] our saturated clothes spread before it [unclear: dry], although our chance of being able to [unclear: for] Garvey's on the morrow seemed very [unclear: te.] The mountains were streaming with water, and it is no exaggeration to say that during the latter part of our trip up the valley we had seen dozens of waterfalls pouring down the mountain sides from height of 500ft to 1000ft. Notwithstanding the steady downpour on the roof of the hut and the roaring of the creek below we soon forgot our afternoon's experience, and dropped off to sleep.

The Beech Huts to Te Anau.

It rained steadily all night, and when we awoke in the morning there was no appearance of it [unclear: casing.] Were it to continue we knew it would be quite impossible to cross the creeks in the Clinton Valley even did we succeed in getting over the saddle. We had the comforting assurance of young Ross and Garvie, however, that if the rain did stop the creeks would go down as quickly as they had risen. We therefore remained in bed for an hour or two while our clothes were given an additional chance of drying at a freshly built up fire. At 10 o'clock, to our great joy, the rain ceased, and it was considered that by 12 o'clock we would be safe in making a start. Breakfast was prepared and disposed of, and at 12 we were all ready. Ross decided to go with us over the saddle to Mintaro and possibly on to one of the worst of the creeks in the Clinton Valley to see us safely over, and he insisted on carrying my swag, notwithstanding my remonstrances. Owing to the misty clouds hanging round, we were unable to see the numerous waterfalls in the Arthur Valley mountains as we left the huts. This we regretted very much, as the sight would have been a magnificent one under the great rainfall. We made first-rate progress and got through the bush in good time, finding ourselves again among the mountain [unclear: lities] and celmisias shortly after 1 o'clock. Well on towards the top we stopped by a little stream which flowed beside a huge overhanging rock. Here we rested, had a few biscuits, with draughts of the purest water drunk from the cup-shaped leaves of the mountain lily, and then finished our climb, stopping on our way to procure a few celmisia and other plants. We reached the little

Lakelets on the Summit

about 2 o'clock. Among these is Lake Ella, named after the daughter of Mr C. W. Adams, in recognition of her having been the second lady to cross the saddle. The day was, unfortunately, still misty, and our view of the great mountains surrounding us was therefore spoiled, although near at hand we saw the huge outline of Mount Balloon rising to its great altitude, cold and grim-looking. We begin the descent of the saddle on the Clinton side, making our way cautiously down the precipitous track, and shortly after entering the bush we are fortunate in seeing a fine pair of

Orange-Wattled Crows.

They are on the branches of a tree quite close to the track, and are so tame that they do not move at our approach. The South Island crow is a plump, well-rounded, attractive-looking bird, and its rich orange coloured wattles give it a striking appearance. In the early days of Otago it was plentiful in the Mount Cargill bush, and it was also to be found in [unclear: portion] of the bush in the Catlins district. Now it is probably almost entirely restricted to the wooded ranges of the Sounds and West Coast districts. Sir W. Buller, in his "Birds of New Zealand," mentions a very curious circumstance in connection with its habits given on the authority of Mr Buchanan, of the geological survey Mr Buchanan had frequently observed these birds travelling through the Otago bush "on foot, Indian fashion, sometimes as many as 20 of them single file, passing rapidly over the ground by a succession of hops, and following their leader like a flock of sheep; for [unclear: II] the first bird should have occasion to leap over a stone or fallen tree in the line of march, every bird in the procession follows suit accordingly !" This is the first time we have seen this interesting bird, and the pleasure afforded us is correspondingly great. The remainder of the descent to the hut at Lake Mintaro is accomplished in good time and without anything of special interest to attract attention. We reach the lake about 3.30 and everywhere find evidences of the rainfall of the preceding day and night. The lake is very much higher, and had we not crossed the Clinton on a tree some distance above the hut we should have had some difficulty in getting over at the lower crossing near the lake, as the improvised bridge was completely covered with water. As our guides considered that the creeks between Mintaro and Garvey's would have gone down sufficiently to ensure our crossing them without much difficulty, we decided to push on after a short rest and some refreshment. We left Mintaro between 3 and 4 o'clock on our 14-mile walk, and all going well we reckoned on reaching our destination by 8 or 8.30 o'clock. Ross and Garvie stayed behind to clear away and make things ship shape, for it is a cardinal rule always to leave things tidy at the huts for the next comers. We retraversed the familiar track we had crossed two days since, and in the bush we came across quite a number of

New Zealand Thrushes.

The native thrush is a pretty bird, with plumage of olive-brown, its breast varied with broad spots of yellowish, tail feathers reddish-brown, and bill and feet of a dark colour. It was in former years very common, but is now rarely met with except in the remoter districts. Sir James Hector, as related in Buller's work, during his explorations on the West Coast in 1862-63 found it very abundant and very tame, sometimes hopping [unclear: up] door of his hut to pick up crumbs. [unclear: The] dogs, however, made sad havoc [unclear: among] numbers by which he was surrounded, and [unclear: w] to its being such an easy prey he [unclear: express] opinion that in a few years the species was numbered among the extinct ones. As [unclear: illu] of its predaceous habits, Sir Walter [unclear: Buller] that his brother while residing in [unclear: Cash] obtained a live thrush from the [unclear: wook] placed it in a cage with a pair of [unclear: tame] keets "On the following morning he [unclear: the] to his dismay, that the newly-[unclear: intro] has slain both of his fellow-prisoners, [unclear: and] actually engaged in eating off the head [unclear: of] of them." We push on, and are reaching Polona Creek when Ross and Garvie [unclear: over] This is the creek where the former [unclear: anti] we might have difficulty but the water [unclear: b] down so rapidly that the crossing [unclear: ta] almost as easily as it was on our up [unclear: trip] here we bid good-bye to Ross [unclear: thanking] very warmly for his company, and [unclear: up] our regret at the long walk he has [unclear: gives] self in order to be of service [unclear: d]. He intends to get right back [unclear: of] Beech Huts that night, and we don't him his second climb and descent of [unclear: the] the same day. But he is young and [unclear: u] and sets off with a swing which [unclear: indicate] he will not have much trouble in accomplishing his task—much less, as it turns out, [unclear: th] had, for he must have reached the [unclear: b] before we succeeded in crossing the [unclear: G] Garvey's We had when passing [unclear: he] caves discussed the wisdom of [unclear: fpsftl] half-hour necessary to visit them, and [unclear: J] the advice of our guides and decided [unclear: u] on It was fortunate that we did so, [unclear: i] had a lot of rough walking [unclear: between] and Mid-camp, and were getting tired [unclear: W] reached the latter. We considered it [unclear: a] able to stop more than a few minutes [unclear: the] were very wet, the result of walking [unclear: the] wet bush and the numerous [unclear: watercowji] our knees

in some places. Hartily [unclear: w] biscuit or two we therefore push on, [unclear: the] members of the trio visibly tiring, [unclear: yet] steadily on. A channel of the [unclear: Ctitttl] be waded at a spot when on on up-[unclear: trip] as we could remember, there had [unclear: he] walking. We find now that it is about [unclear: a] deep, end it takes aome time to get [unclear: th] as we have to follow the stream for a [unclear: I] avoid deep places and a swift current [unclear: j] through and have a very wet walk [unclear: oJ] sional places in the track where [unclear: arouj] of water have lodged; we cross [unclear: iua] pieces of corduroy placed in swampy [unclear: s] reach M'Kinnon's hut somewhere near [unclear: i] We have still two miles to go-fur Garvie preetieally admits that it must miles—through a sombre beech [unclear: forest] know that the moment we leave [unclear: tfei] and strike into the bush we shall be

Walking in Darkness,

for the waning light has no chance of penetrating through the close foliage of the trees. Garvey suggests that we should go up to the [unclear: t] and get two lanterns which he believes are [unclear: there] but we decide not to delay, and we strike into the track, thinking that, dark as It is, we may be able to fluish our walk by [unclear: shortly] after 9 o'clock. We are quite out in our calculations, however, for at places we find it exceedingly difficult to keep the tract in the total darkness. Our progress is very show and not to mince matters, my friend and [unclear: I] are really "done up." From

Garvey's to Milford Sound and Back in Three Days

has proved Just as much as we can stand. It is with inexpressible relict, therefore, when at about 10.30 we have finished our walk, and are standing on the bank of the Clinton River opposite Garvey's, letting out a wild coo-ee from three pairs of lungs in the hope that the people of the house have not gone to bed. We reiterate the familiar Australian bush cry, and are re-[unclear: ved] to perceive lights moving about. These [unclear: seen] making their way down to the boat ding, and as conversation can be carried on [unclear: ss] the river by shouting, we soon learn that those who are on the opposite shore [unclear: are] very doubtful about coming across for [unclear: as] they consider the river is dangerously high and that there will be great risk in crossing. [unclear: As] a matter of fact the river had gone down very much since they had seen it in [unclear: daylight], and while it is unquestionably very such higher than it was when we had set out three day before, the risk in crossing even in the dark was not great. To go back to [unclear: kinnon] hut was not to be thought of, cold [unclear: and] wet we were, and the result of our talk [unclear: that] that the boat came over for ua, and we were landed without much trouble and [unclear: rmly]

Welcomed Back

by the whole household, who were unmistakably glad to see us arriving safe and sound. [unclear: Wet] boots were removed with great difficulty—they had performed their last walk, however, [unclear: for] three days over shingle beds and bush tracks [unclear: d] through streams, and water channels had [unclear: rn] them out,—and with a change of clothing, rter of an hour before a cheerful fife, and a [unclear: come] supper, we forgot our exhaustion and [unclear: led] our mutual experiences. Ours have [unclear: n] told; those of the party we had left behind [unclear: rised] similar tale of a great rainfall, with [unclear: a] accompanying flood in the river, which ran a [unclear: ple] of hundred yards in front of the house. [unclear: bad] steadily risen until it bad overflowed its [unclear: k] and the flood waters made their way [unclear: ght] up to the verandah. This was thei r limit, [unclear: forever,] the rain fortunately ceased, and [unclear: I] have related, when we coo-eed at 10.30 the river had gone down sufficiently to admit of our crossing. We had anticipated leaving by the steamer early the following morning! but we learned that she had not arrived We therefore retired to bed about midnight with the comforting knowledge that we need not be up very early.

The steamer not being expected before midday, we had a very pleasant mornning in exploring the surroundings of Glade House. Some prety photographs wore taken, the bush between the house and M'Kinnon's hut was again visited and a photograph of the old hut secured Among the botanical specimens obtained were two or three of the orchids first seen on the Lake Hankinson track, some young Celery-topped pines (Phyllocladus alpinus), specimens of the Panax simplex (swamp gum), and other treasures, which were brought to town and given to the curator of the Botanical Gardens. There are the makings of a very pretty place in the Glade House surroundings. As it is, a good deal has already been accomplished in the way of clearing and laying off the ground near the house, and in making tracks in the bush. Anyone who has a few days to spare could Spend them very pleasantly in boating at the head of the lake, landing in the picturesque spots which abound. There are few people to whom the splendid bush, with its wealth of mosses and ferns, its brilliant flowering rata and other attractions, would not be a source of the very greatest pleasure. With Glade House as a

comfortable working centre, the beautiful natural features of the head of the lake, and the Clinton Valley and its inspiring mountain scenery, can all be easily explored, and the locality is certain to become a favourite resort. We regret that our time will not permit us to stay for a few days, and, our packing finished, we bid good-bye to our host and hostess, make our way to the steamer, which is now awaiting us, and having all got safely on board, we start on our

Trip Down the Lake

shortly before 2 o'clock. The noble forest-clad mountains which surround us look inexpressibly grand and attractive as we steam onward, and we are impressed with the majesty of this upper part of the lake. It here transcends Manapouri in its majestic grandeur, and comfortably seated on the little steamer we have full leisure and opportunity to appreciate to the full the handiwork of Nature at her grandest and best. The afternoon passes enjoyably as we rapidly pass mountain and valley, flowering ratas and foaming waterfalls, with the water of the lake sometimes an intense green, anon almost inky black as some dark mountain shadow is cast upon its surface. We cross over to the eastern shore as we approach Mr Melland's Te Anau Lake station, most picturesquely situated in a little bay. We are to stop here to enable Mr Snodgrass to do some business he has with the manager, and making our way up the jetty we find ourselves right in the midst of sheep-drafting operations. It is a scene of busy activity, and we spend an interesting half hour in wandering about the homestead and yards. But time is passing, and it is already late in the day, and we hurry on board and push on into the broad waters of the lake, reaching the jetty at the foot of the lake about half past 10. We have a late supper—some of our party at Snodgrass's Hotel, some at Mackenzie's accommodation house—and the Dunedin-Invercargill contingent bid good-bye to the rest for they are to be astir early to settle down into their trap for a long day's drive to Lumsden. The writer squares' accounts with Mr and Mrs Snodgrass for steamer fares and accommodation; and we have a good all-round talk about the Te Anau Manapouri trip and its manifold attractions. The uncertainty in the minds of would-be visitors from the cities as to what it all costs is admitted to operate against a steadier stream of visitors, and the result of the talk is that I am empowered to tell any of my friends that to bring the trip within the reach of people of even only very moderate means the sum of £6 will be fixed—with the concurrence first obtained of the coach proprietor and those interested at Manapouri Lake—to cover coach fare to and from Lumsden, a week's board and lodging, and steamer trip on both lakes. The only additional expense would thus be the train fare to Lumsden and back. The charge fixed as stated above is unquestionably very moderate indeed for all the services performed, and ought to induce many residents in the cities to make a trip which cannot fail to give them true and lasting pleasure. Of our early start in the morning and our drive to Lumsden I need say but little. It involved a long day's travelling but our horses had had five days' spell, and we arrived at Lumsden about 7 in the evening, no doubt pleased to be once more within reach of railway carriages, and knowing that Saturday night would see us in our respective homes again. I shall in a concluding paper refer to a number of matters about which I think something useful may be said, and meantime, as in one of my previous articles I give a table of distances by the Otatau Manapouri route, I will now give the distances covering the

Miscellaneous Notes

The Notornis Mantelli-Does Still Exist?

Not Far from The Key (which, as [unclear: m] inferred from its name, is the entrance [unclear: to] Manapouri and Te Anau districts, a [unclear: a] piece of barren looking ground is [unclear: p] through, destitute of all grass or other [unclear: p] vegetation, but dotted with stunted [unclear: b] (Dacrydium bidwelli) and a [unclear: v] veronica. This sterile waste [unclear: imm] arrests attention, and it well may, for [unclear: si] tion to its peculiar appearance it is [unclear: is] of the piece of country where in 1831 [unclear: it] the lot of Robert Scott, a rabbit [unclear: empl] Linwood station, to have laid at his [unclear: fee] dog the late specimen of the takable [unclear: (N)] mantelli which has been found alive [unclear: is] Zealand.

"The Wilderness,"

for such is the appropriate name of this [unclear: de] piece of country, stretches away to [unclear: the] west of the road and culminates to [unclear: the] in a short distance in a rush-grown [unclear: tnd] the drier and more open ground, [unclear: in] grows the bog pine, the takahe [unclear: was] Particulars of the capture this

unclear: spec] the takehe are given in Sir Walter *[unclear: b]* "History of the Birds of New *[unclear: Zealand]* Walter obtained them from *[unclear: Capable]* son, on whose station the capture *[unclear: occe]* have had the good fortune to be *[unclear: able]* over intereatin g occurrence with *[unclear: Mr]* Henry, now engaged in the work of *[unclear: pre]* ground birds or our West Coast by *[unclear: tra]* them from the mainland of the *[unclear: sounds]* lution Island under the auspices of the *[unclear: G]* ment. Mr Henry knew the *[unclear: rabbit]* well, and he informs me that Scott's *[unclear: ac]* the ctrcumstances under which *[unclear: he]* the takahe differs somewhat from that Captain Hankinson to Sir Walter *[unclear: Bu]* may be of public interest to set *[unclear: f]* exact circumstances as given to Mr *[unclear: H]* Scott, and thus preserve an *[unclear: authentic]* of one of the most interesting *[unclear: events]* with the ornithology of the colooy.*[unclear: h]* account of the incident is as follows:—"My old dog brought the bird to me alive out of some rushes. I twisted its neck and *[unclear: ung]* the bird up to the ridge pole." The reason given for the bird's appearance at the spot where it was capturead—viz, "that the weagther had been exceptionally severe, and it was supposed that this was, how the Notoruis come to be found on the flats, having been driven down from the high country"—can hardly be correct There is no high country anywhere near "The Wilderness," and Mr Henry feels sure that this was the bird's natural shelter.

Mr He ry has considerable hope that he will himself yet be able to show that the last of the takahas has not yet been captured. He believes that the natural habitat of the bird is in localities where the bog" pine grows, and that the seeds of the tree probably form part of its food. Confirmatory evidence of this is, he believe, to be found in the fact that in addition to the specimen secured by Scott having been found in a bog pine region of the only other live takahas which have been met with was captured in Duck. Cove, Resolution Island, Dusky Bound, where extensive patches of bog pine are found. Although there are few men in New Zealand who have so thoroughly explorerd and searched the West Coast bush, Mr Henry has seldom or never hunted in bog prime country for ground birds, there being so few of them to be *[unclear: ud]*. There is thus a strong 'additional reason for supposing that the takahe might have thus escaped notice. A careful search, therefore in these unexplored patches may have the most gratifying results.

It may be interesting to here note that the takahe referred to as having been got at Resolution Island was captured in Duck Cove, at that island, in 1849 by party of sealers, and the second by some Maoris on Secretary Island a good many years later. These specimens both in the British Museum. The Te Anau specimen was also unfortunately lost to the colony, having been secured for the Dresden Museum.

Does the Takahe Still Live ?

Mr Henry's work in the preservation of the *[unclear: po]* kiwi, and roa has up to the present felt himno time for an exploration of the bog place patches to be found at various places in the Sounds. He feels hopeful of success *[unclear: ding]* his researches when he has opportunity of setting to work in earnest. It cannot *[unclear: e]* supposed that the two specimens obtained *[unclear: Resolution]* and Secretary Islands respectively were the sole remaining representatives of their *[unclear: ce]* on those Islands or in the Sounds, and although the lapse of years since their capture covers a considerable period, it may with reason *[unclear: e]* argued that in their lonely resorts, scarcely *[unclear: er]* visited by man, and secure from destructive natural enemies, the surviving members of the race may have increased in numbers. Mr Henry has before him work of the deepest interest to everyone in the colony, and to lovers of natural history far beyond these shores, That he may be spared to see realised his dearest hope of finding that the notornis still lives, and capturing and placing a live specimen in the hands of those who are watching the good work On which he is engaged, mast be the wish of his many friends.

Government Work.

While on the trip, of which this article gives the concluding notes, frequent reference was made by people in the district to the Government works which are being undertaken in the Sounds districts. Fur instance, it appears that in the list of moneys set aside for this purpose there is £1000 to cut a track from Manapouri Lake to Dusky Sound, while the means of arriving at Manapouri and Te Anau are being neglected. A largely-signed petition was, for example, presented this year to the Government, urging the necessity of placing a bridge over the Mararoa River, which is the greatest obstacle on the road between the railway terminus and the lakes. That such a bridge He required hss been abundantly proved: Several lives have been lost during the past in crossing the Mararoa, and many times the coach with passengers has been unable to proceed, the ford being a changing one, and therefore always dangerous. Notwithstanding this petition and the urgency of the work, no provision has been made for the erection of the bridge. The grievance is that £1000 should be voted for the formation of a track from the head of Lake Manapouri to Dusky Sound, which at best will only be used by very few people, instead of being utilised for the bridge, which is really a pressing necessity. And there are unquestionably other

works in the Lake districts and in the approaches to the Sounds of much greater importance than the proposed track to Dusky Sound. It will be generally admitted that the track through the Clinton Valley over M'Kinnon's Pass, down the Arthur Valley, and across Lake Ada to Milford Sound will always be the leading overland route to the Sounds no matter how many more may be opened. The superior attractions of Milford Sound ensure this, comprising as they do the Sutherland Falls, Mitre Peak, the incomparable Bowen Falls, and the lately-discovered ice falls and glacier in the Cleddau. The track and everything connected with it should, therefore, command first attention if the Government wish to lay out satisfactorily the money which has been voted for expenditure in the tourist districts of the Lakes and Sounds. The Arthur Valley track has had many thousands of pounds expended on it. Besides the work done during the time the prisoners were camped in the locality, a large body of men were employed in the seasons of 1893-94 and 1894-95 making the track from Lake Ada to the Beech Huts, and a really first-rate path was to within about a and a-half or two miles of the huts when the work was stopped in the autumn of 1895. It has been stopped at the very worst part of the track. Its natural condition is such that it must be at all times very difficult to negotiate and in times of such rainfall as the writer recently experienced it is almost impassable, in addition to which it is at present misleading and dangerous owing to the unfinished condition in which the most difficult part of the track has been left. Instead of finishing this track last season a gang of workmen, numbering 30, were set to work to form a track round the shore of Lake Ada, a very expensive and practically unnecessary work. The trip by boat up and down the lake would at all times be preferred by visitors to the district. The change from walking to a seat in a good boat properly equipped affords a rest and an opportunity of enjoying the grand views which are here obtainable. This track, if carried on, it is alleged, will before it can be finished cost more than £3000, and will take at least two more seasons to finish; whereas, if say a couple of hundred pounds or even less had been spent in removing the most dangerous snags in Lake Ada and the Arthur River, and in providing a couple of good boats, the work could have been done ere this and all real requirements met. The Beech Huts, too, and the hut at Lake Mintaro, are by no means what they should be, and before the Lake Ada track ought to have received consideration good huts should have been erected. The traffic on this favourite route is certain to increase, and the money available ought to be devoted to the most pressing requirements of the route.

Again, the track which has been commenced from the middle of Lake Te Anau to George Sound is another example of the haphazard manner in which public money is squandered. As far as I could learn, the year before last the men engaged on the Clinton track were ordered to stop that work and proceed to form the new track to George Sound. Two boats were put, at a cost of over £50, on Lake Hankinson and Lake Thomson, timber was landed somewhere in George Sound for a hut there, and it is alleged that it has never been seen since. At the end of the 1895 season the work was abandoned after the track had been partially formed for about half the distance, and no one has ever stepped over it for the past two years. It is almost universally conceded that the £1000 which it is said this new track will cost will be practically thrown away. The proposed Manapouri Dusky Sound track is even of less value than that to George Sound. These projects are surely an instance of beginning altogether at the wrong end. It would be infinitely better to spend whatever money is available on such a work as the Mararoa bridge and on the [unclear: Milford] and another useful expenditure [unclear: would] approaches to the Mararoa river, [unclear: near] joins the Waiau, to permit of the [unclear: for] bring approached end forded by [unclear: vehicle] visitors to Lake Manapouri. It only [unclear: require] to be done, and small repairs to the [unclear: road]ing thence, to enable visitors from [unclear: the] arrange for the Manapouri steamer [unclear: to] down the Waiau and land them at [unclear: the] two or three hours after getting on [unclear: board] saving a long detour by land.

These aspects of the expenditure [unclear: going] worthy of consideration by the [unclear: Gove] The opinions expressed are those of [unclear: every] the districts interested to whom I [unclear: spoke] subject, and they seem to be [unclear: incontro] If the Government find themselves [unclear: uns] anything else this season they [unclear: certainly] without delay to complete the [unclear: Arthur] track near the Beech Huts, and if [unclear: p] arrange for the erection of another [unclear: hut] the latter work is undertaken they [unclear: show] the advice of Mr D. Boss, the guide [unclear: e] by them, as to site the present [unclear: site] huts is by no means the best that can [unclear: be] and there is no one better qualified to [unclear: than] assist them in the selection of a new [unclear: site.]

Among other things that might be [unclear: m] as being necessary works is the [unclear: cr] better guide posts on the top of the [unclear: M'k] Paes. At present the poles are too [unclear: slight] too far apart, and in a heavy mist [unclear: or] storm on the top of the pass it [unclear: would] easiest thing possible to get completely [unclear: of] track. Substantial posts should be [unclear: en] firmly in the ground at short [unclear: distance] each other, and a wire might be [unclear: stretch] one to the other. This should be [unclear: carried] into the bush track on either side. [unclear: The] would not be great.

Hints to Tourists.

Anyone wishing to save himself [unclear: f] attacks of sandflies should be [unclear: provided] suitable veil. It is absolutely [unclear: indis] comfort at certain times of the day [unclear: an] tain weather. So, also, are gloves, [unclear: s] should come well up the wrist. No [unclear: w] tions for rubbing on the skin are in [unclear: th] effective as preventives of sandfly [unclear: bit] emollients are of course useful for the [unclear: p] of relieving the itching which is [unclear: caused] bites.

Those who propone to do much [unclear: w] especially if it be over rough bush [unclear: tracks] have boots with good thick soles, [unclear: with] big nails in them. They should [unclear: h] worn beforehand, and be perfectly [unclear: e] comfortable.

In the trip overland from Te [unclear: Ana] ford the services of Ross can be [unclear: se] guide. It is best to write to turn [unclear: and] matters beforehand. In the case [unclear: of] [unclear: ing] the man would have to carry blankets. [unclear: ss] the necessity for carrying provisius, [unclear: he]lays in a stock at each hut *en route*, and [unclear: charges] per meal. His fee for guiding to [unclear: Milford] and back, inclusive of the boat on Lake [unclear: Ads] per head where there is a party of [unclear: t] less than three. It is certainly a very moderate fee.

The other charges I have mentioned else-where, but all information will be readily afforded by the various hotel and accommodation housekeepers, and coach and steamboat proprietors, and tourists from abroad no doubt cannot do better that make their arrangements through Cook's agency. The persons to whom letters should be addressed are R. Murrell, Lake Manapouri; J. Dove, steamboat proprietor, Lake Manapouri; J. Crosbie, coach preprietor. Lumsden; W. Soodgrass, hotelkeeper and steamboat proprietor, Te Anau Lake; and J. M'Kenzie, Marakura, accommodation house, Lake Te Anau.

Since these notes were written Mr. Mckenzie's accomdation house has been destroyed by fire.
decorative feature

The Genesis of Certain Auriferous Lodes.

Subject to Revision.

(Transactions of the American Institute of Mining Engineers.)

By John R. Don, Otago, New Zealand.

(Chicago Meeting, February, 1897.)

INTRODUCTION BY THE SECRETARY.

THIS paper, under the title of "The Genesis of Auriferous Lodes from a Chemical Point of View, Illustrated by Analyses of Samples Taken from the Chief Auriferous Area of New Zealand, Victoria and Queensland, by John R. Don, D.Sc., M.A., Lecturer on Geology in the University of Otago, N. Z.," was submitted by the author with the frank confession that its length, covering several hundred printed pages of the *Transactions* of the Institute, would preclude its acceptance for publication in full. But the great value of the original work which it records rendered its rejection on that ground highly undesirable; and, after correspondence with Dr. Don, it was agreed that the Secretary should condense the paper, subject to the author's approval, omitting what was not essentially connected with the original work reported. In the discharge of this laborious and difficult duty, the Secretary's chief trouble has been his regret to cut out the acute criticisms and admirable theoretical and historical summaries of Dr. Don on the general subject of the science of ore-deposits. It should be added, that the original paper has been returned to the author, with full permission to publish it through any other medium (due mention being made of the first publication by the Institute of portions thereof), and a cordial expression of the hope that the treatise, as a whole, may be thus published, to the advantage of science. The Secretary begs to add, that many of the portions necessarily omitted from this condensed version would constitute, in his judgment, interesting and valuable separate contributions.

In attempting to condense this paper, it was necessary at the outset to cut out the first three chapters, of which the following brief outline is therefore given.

Chapter I., introductory in character, indicates the importance of chemical analysis in the investigation of the genesis of ore-deposits, emphasizing the value of Prof. Posepny's Institute paper, and especially of the discussion which it aroused, and stating in general terms the theories of "lateral secretion" and "ascension."

Chapter II. describes the scope of the investigation undertaken by the author, the chief purpose of which

was to determine which of the above-named theories was favored by the evidence obtained. This evidence consists chiefly (though not wholly) of analyses of the country-rock taken at various distances from the auriferous "reefs," (a) on deep mine-levels; (b) in the surface or "vadose" region; and also (c) of underlying, neighboring or connected crystallines (granite, gneiss, etc.). In addition to these investigations, there is a separate inquiry into the question of the deposition of gold in marine basins, suggested by the fact that most of the gold in the lodes of Australasia occurs in stratified deposits.

Chapter III. discusses the principles and methods followed by the author in the examination of country-rock for the purpose described. After giving his reasons for believing that careful tests of carefully-taken samples of country-rock taken at varying distances from the ore-deposit might throw light upon the question, whether the gold in the deposit was derived from the adjacent country-rock, he says he sought a method by which one-fourth, or at most one half grain of gold per ton of 2240 pounds, might be estimated, and describes his trials of several methods, namely:

- That described by W. Skey,
"On the Application of Iodine and Bromine for the Detection of Gold when in Minute Quantities,"
Trans. N. Z. Inst., ii., 156.
involving the use of a dilute solution of iodine or bromine, which the author found unsuitable for his purpose.
- Chlorination, which was likewise discarded, for reasons given.
- The fire-assay, which, with certain described precautions for the purification of the litharge employed, was finally adopted.
- The use of alkaline cyanide as a solvent, with subsequent precipitation, was not tried.

In the majority of cases the samples taken weighed 7 or 8 pounds; the samples tested 4.48 pounds; and the assays were made from concentrates of the latter, but sometimes 4.48 pounds was the actual sample for assay; in which case the total quantity was pulverized to pass a No. 60 sieve, and divided into twelve parts of about 2500 grains each, and to each part 3000 grains of purified litharge, 2000 grains of carbonate of soda, and 1000 to 1500 grains of borax were added for the assay, with sufficient argol to reduce about 400 grains of lead. Further precautions as to cupelling and parting are also given.

Very minute gold-prills, instead of being weighed, were measured by means of the microscope; and the author found that the method suggested by Mr. G. F. Goyder, of Adelaide, S. Aust., and published by him in the *Chemical News*, vol. 70, 1894, had many advantages. According to this method the prill to be measured is enclosed in a bead of boracic acid.

The author says he soon found that samples of country-rock containing no sulphides were not likely to contain gold, and that it was consequently more convenient (and quite sufficient, if control-assays of residues were made when desirable) to concentrate the crushed samples of 4.48 pounds, and assay the heavier portions only. After testing several mechanical methods (of which Thoulet's was the most satisfactory), he found that the best of all was careful panning by an experienced operator. *In the case of each mine*, at least two samples of the residues from panning, the concentrates of which had shown no sulphides, *were assayed*. The results confirmed the general experience that, in the deeper (unoxidized) zone, the gold always accompanied sulphides.

The percentage of sulphides in concentrates was determined, after the removal with a magnet of all magnetic particles (magnetite, iron from mortars, etc.), by sampling the residue, and separating sample (generally 5 grammes) by means of Sonstadt's solution of mercuric iodide dissolved in potassic iodide, or of a solution of boro-tungstate of cadmium, which was used with a specific gravity of 3.16 to 3.18. This gave two classes, one of which had more than 3.18 sp. gr., and was reckoned as sulphides, the percentage of which in the whole concentrate was easily calculated. The percentage of Sulphur contained as insoluble sulphides in the rock was also determined separately; and the result of these analyses is shown in the various tables and diagrams under the heading "Percentage of Sulphur." In one case (New Chum Railway Mine, see Table I. below), systematic tests of rock for carbon were made. In other localities, this was not done, as there seemed to be no general relation between the percentage of carbon in the country-rock and the distance from the reef.

The succeeding chapters have been condensed from the author's manuscript. It should be added here, that in the original paper, as presented, the tables were illustrated by numerous sections of mine-workings, showing the precise localities from which the samples, *a*, *b*, *c*, etc., had been taken.

CHAPTER IV.—ANALYSES OF DEEP COUNTRY-ROCK.

This chapter contained many descriptions and maps of districts and mines, which have been omitted.

The districts to which these investigations refer are: (1) in Victoria, those of Bendigo (Lower Silurian), Ballarat and Steiglitz (Lower Silurian), and Walhalla, Gippsland (Upper Silurian); (2) in Queensland, Gympie and Charters Towers; (3) in New Zealand, Macetown, Otago, South Island of New Zealand; Reefton, Nelson,

South Island of New Zealand, and Thames, North Island of New Zealand.

Bendigo, Victoria.

The most important auriferous areas of Victoria occur in long and comparatively narrow belts, striking, practically with the enclosing Lower and Upper Silurian rocks, northerly and southerly. Bendigo occupies one of these belts.

For detailed descriptions of this district, reference is made to the monograph of E. J. Dunn, published by the Victorian Mines Department at Melbourne, 1893, and to the papers of Mr. Rickard in Vols. XX. and XXII. of these *Transactions*.

The New Chum Railway Mine.—The first of the mines selected for this inquiry was the New Chum Railway Company's mine, one of the deepest on the New Chum reef, which is one of the three most productive anticlinal axes in Bendigo.

See Mr. Rickard's two papers, already cited.

On the 2498-foot level of this mine, a cross-cut extends 265 feet east from the main shaft, and at the end of it, a winze was sunk to a further depth of 360 feet; and on driving about 12 feet east at the bottom of this winze, the west leg of a saddle-reef was struck. At the time of my visit, January, 1895, this showed about 4 feet of laminated quartz, yielding 1.5 ounces of gold per ton, and was the deepest pay-ore exposed in Australia up to that time. (A later discovery has been reported from Lansell's "180" mine on the same anticlinal, at a depth more than 3000 feet.) Samples were taken along the above-mentioned cross-cut from the shaft to the winze (see *a* to *q*, Table I.). At 190 feet from the shaft, a slide or slight fault was crossed, from the sides of which three samples, two of slate (*l*, *m*) and one of sandstone (*k*) were taken. At the bottom of the winze, 2858 feet from the surface, three samples of slate (*s*, *t*, *u*) and one of sandstone (*r*) were taken close to the reef, to show the difference, if any, between the country-rock in close proximity to a reef and that further away. Table I. gives the results of the examination of the samples to determine their gold-contents per ton, and their percentage of sulphur and of carbon, and Diagram 1 shows them graphically.

The South St. Mungo Mine.—The second Bendigo mine selected for investigation was that of the South St. Mungo Co., situated on the New Chum line of reef, but presenting a modification of the saddle-reef type, in which the lode fills a more or less continuous fissure in "center-country," *i.e.*, along an anticline such as is usually occupied by the saddle-reefs. The possible effect of this variation in lode-form and structure upon the distribution of gold in the reef and rock respectively, was the reason of choosing this mine for study. In this case the lode follows a nearly N.—S. anticline, and dips slightly E. It has been worked to 1180 feet depth, and carries an enormous quartz body, 20 to 60 feet wide, with a remarkably small percentage of sulphides (chiefly pyrite and blende, with traces of galena). At the 1180-foot level I saw in January, 1895, this immense mass of white, splintery quartz. On the 610-foot level a body of quartz 60 feet wide was worked throughout the whole length of the claim, and this level alone is said to have paid over £50,000 in dividends. The cross-cut at the 1180-foot level, which struck the reef 128 E. of the shaft, was sampled (see Table II. and Diagram 2). By reason of the steep dip of this lode, the cross-cuts from the shaft to it are comparatively short. But a prospecting cross-cut driven E. 302 feet at the 610-foot level gave an opportunity for getting samples further from the lode (see Table III.).

Tables I., II. and III. show a striking connection between the percentage of sulphur (as sulphides) and the contents of gold in any sample, especially from the slates; the sandstones, particularly at a distance from the reef, sometimes containing large crystals of non-auriferous pyrite. The sandstones generally carry much less sulphide than the slates, and the sulphides in sandstone are rarely, while those in the slates are usually, auriferous. (See analyses *e*, *h*, *i* and *r* in Table I. and the whole series in Table III.)

A marked inverse relation between auriferous contents and distance from the lode is observed. The zones of country-rock containing appreciable quantities of gold are confined to 50 or 60 feet on each side of the lode.

Samples from the vicinity of a slight fault, even at some distance from a main reef, contain much more gold and sulphides than the adjoining rocks, away from the fault.

Another remarkable fact which seems unaccountable is that the samples of slate from the New Chum Railway Co.'s mine (Table I.) show a striking increase in carbon as the reef is approached. Mr. L. A. Samuels, an experienced mine-manager in Bendigo, has assured me that this is a common phenomenon on the line of another reef in that district.

Finally, it is observable that the mine-samples (of 4.48 pounds) in which sulphides did not occur contained no gold or silver.

Ballarat, Victoria.

This district comprises two narrow belts running almost due N. and S., one passing through Ballarat West, and worked pretty continuously for about 5 miles; the other passing through Ballarat East, and worked for about 8 miles. The two belts differ in vein-formation and in vein-materials.

In the western belt the Upper Silurian shales and sandstones, constituting the country-rock, have been much folded, are now almost invariably steeply tilted, and are traversed by true fissures, striking almost always N. and S., filled with quartz, and receiving numerous "leaders" and "droppers" from the country on both sides, the whole sometimes forming a "stockwork" many feet wide.

In the eastern belt the strata have been bent, as at Bendigo, into sharp synclines and anticlines. But in this case, where fracture has occurred along the anticlines, the result has been, not "saddle-reefs," as at Bendigo, but more or less continuous fissures filled with quartz. The most interesting and characteristic feature of the deposits of Ballarat East, however, is not the occurrence of these continuous lodes, but that of the so-called "indicators." These are certain members of a series of thin-bedded sandstones and slates, which have been traced along the whole length of the belt, so far as the latter has been explored. The indicators, which have exerted an important influence on the gold-bearing character of the quartz-lodes traversing them, are thin beds of dark carbonaceous shale, abounding in pyrite and arsenopyrite, the sulphides in some places completely replacing the shale of the bed. The indicators are conformable with the bounding slates and sandstones, which stand almost vertical, and they share with the whole series in the effect of numerous dip-faults, or minor dislocations on the dip, locally termed cross-courses. Several of them run parallel within a band some 300 feet wide, and one, known as "The Indicator," has been traced N. and S. nearly 8 miles. (See Fig. 1, copied from a drawing by Mr. T. A. Rickard.)

The quartz-bodies in this indicator-belt are not regular reefs, but veins of varying thickness crossing the indicator at all angles; those which present a nearly horizontal crossing, with a strike parallel to the indicator and a slight dip E., having proved most productive. Away from the indicator, the greater part of the vein-quartz is absolutely barren; but at the intersection with the indicator large masses of gold (often more than 100 ounces in one piece) have been obtained, and the greater part of the gold extracted from this belt has come from those parts of the quartz-veins near some one of the indicators.

Mr. E. Lidgey, of the Victoria Geological Survey, in his *Special Report on the Ballarat East Gold-Field*, gives a list of 15 gold-masses or nuggets found as above described, and varying in weight from 30 to 137 ounces, and in depth from the surface (measured on the indicator) from 160 to 805 feet, the average being 470 feet. In the same report he raises several questions as to the source and distribution of the gold in the indicators, and says that the solution of these problems will require a series of investigations of the country-rock, like that performed by Sandberger in Germany.

The Prince Regent Mine.—Before seeing Mr. Lidgey's report I had taken a set of samples for the purpose suggested, selecting the Prince Regent mine, one of the most productive on the indicator belt, as likely to be most instructive from a genetic standpoint, because it had shown, as the depth of the mine increased, a marked change in the auriferous contents of the veins crossing the indicators. This mine is about 870 feet deep. Down to the 630-foot level, pay-quartz, sometimes with

Fig. 1.

Vertical Section of the indicator, Ballarat-East.

Showing quartz veins.

(After T. A. Rickard.)

rich patches, was worked on the main indicator and on parallel ones; but for the last 240 feet the former has been barren and the latter have been much less productive than before. Samples were therefore taken on the 630-foot level, where the indicator had carried pay-quartz, and from the 770-foot level, where it had proved almost barren.

The ground near the indicators has been much faulted; and this faulting was found to have an interesting connection with the genesis of the auriferous deposits. The questions raised by Mr. Lidgey comprised, besides the general inquiries,—Was the gold on the indicators leached from the surrounding country-rock? Was it brought from below by ascending, or from above by descending, solutions?—the more specific ones, Why is the gold on these indicators concentrated in patches, and what effect have what are known to the miners as "heads," "headings" and "breasts"? Mr. Lidgey does not explain these terms; but they are probably related to the phenomenon observed by me in the Prince Regent mine, and reported to me as occurring in other mines in the belt, namely, that the chief quartz-veins crossing the indicator end always against a vein of "pug," or soft clay, filling a fault, along which more or less vertical movement has taken place. These slides, cutting off the

quartz-veins, have, in my opinion, an important bearing on the questions under consideration.

Samples were taken in the Prince Regent mine: (1) of solid slate and sandstone, both close to, and as far as possible from, the indicator-beds known as "The Indicator" and "The Mundic Slate"; (2) of "pug," clay or broken quartz from the backs or breasts against which the veins crossing the indicator end; (3) of the quartz of the indicator-lodes, both containing and not containing sulphides; (4) of the indicator itself. The results of the analysis of these samples is shown in Tables IV. A and IV. B.

As these tables show, the solid country-rock, containing no sulphides, taken at whatever distance from the lode, is not auriferous; and this was equally true whether the veins on the indicator were productive or barren on the tract from which the sample of country-rock was taken. Moreover, sulphides are found in the country-rock only in close proximity to fault-planes or "backs." And finally, the "pug" filling these "backs" or slight fault-fissures is often highly auriferous, especially when it contains sulphides or an unusual percentage of organic matter; and it was found to be as highly auriferous at levels where the indicator was barren, as where the indicator carried pay-quartz.

These results point to the following conclusions:

- The gold on the indicator has not been leached out of the surrounding rock, but has most probably entered the lodes crossing the indicator, from below.
- The channels that carried the upward currents from which the gold was deposited were probably the fault-planes or "backs," which cut off the indicator-veins.
- The ascending solutions probably brought with them the gold from below, and gold was deposited along the indicators where the composition of the latter favored precipitation.

I believe therefore that the difference between barren ground and highly auriferous ground on an "indicator-line" is connected with some difference in the character of the indicator itself, at the two levels compared; and, in my opinion, the key to the distribution of gold in this most interesting ore-deposit should be sought in a careful examination of the various indicators which are found to be associated with auriferous and non-auriferous veins of quartz.

The Northern Star Co.'s Mine.—This mine is in Ballarat West, and an unusually good typical cross-section of the strata of that belt is afforded by a prospecting cross-cut, driven west at the depth of 1250 feet, and 1264 feet long in 1894 (since extended to about 1700 feet). At 100 feet from the shaft the Guiding Star lode was cut, and a level was driven along it for about 350 feet. The cross-cut. traversed alternate beds of sand stone and slate, including several small reefs of barren quartz. (see *k, q, y*, Table V.). At 1060 feet from the shaft, an eruptive dike 36 feet wide, and interbedded with the slates and sand-stones, was driven through. It was felsite porphyry, much decomposed, and impregnated, especially near its contact with the country on each side, with much pyrite—the cubes of which were occasionally 18 mm. in diameter. This occurrence is specially interesting, since eruptive dikes are much rarer in the Lower Silurian than in the Upper Silurian auriferous area of Victoria. Samples were taken from this dike and at various distances along the cross-cut. Table V. contains the results of analyses, which are graphically shown in Diagram 3.

The remarks previously made on Tables I., II. and III. (Bendigo field) apply equally well here; but the analyses of the eruptive dike are specially interesting. The auriferous character of the pyrite in it (see "Dike 1 and 2," Table V,) indicates that an auriferous lode may be associated with the dike not far from its intersection by the cross-cut.

Steiglitz, Victoria.

This auriferous area, about 35 miles S.E. of Ballarat yielded, in the early days of quartz-reef mining, fabulously rich returns from its surface-quartz, and has again come into prominence within the last few years. It occupies an inlier of Lower Silurian slates and sandstones, surrounded on all sides by newer volcanic rocks. The country-rock shows signs of very extensive folding and faulting.

The United Albion Mine.—This is one of the deepest in the district, and has yielded the richest returns. Samples were taken from a cross-cut in the 850-foot level, which extends from the shaft through slates, with occasional interbedded sandstones, for 308 feet. The strata dip steeply towards the shaft until at 220 feet an anticlinal is reached (see *k*, Table VI.). At 68 feet from the shaft, the footwall of the Albion reef is cut (see *d, e*, Table VI.). The results of analysis are given in Table VI. and plotted in Diagram 4.

The Tam O'Shanter Mine.—This mine, though not very deep, is interesting by reason of an extensive fault in the strata. Samples were taken from two cross-cuts, one 260 feet below the surface, and running west from the shaft 185 feet; the other an east cross-cut, about 100 feet long, at a depth of 430 feet. The upper cross-cut starts in slates, dipping steeply west, but passes at 31 feet from the shaft a synclinal axis (see *i*, Table VI. A), beyond which the slates dip steeply E., until, at 83 feet, a fault-fissure, carrying broken slate and quartz (see *e*, Table VI., A), is encountered, dipping W.; and beyond this the strata (now alternating slate and sandstone) dip

steeply "W, again. The lower or east cross-cut starts in sandstones, with occasional thin beds of slate, all dipping steeply west. At 61 feet, in sandstone, it cuts the gold-bearing vein, dipping steeply E. The dip of the strata does not change beyond this vein, and the cross-cut ends in slate. The results of analysis are shown in Table VI. A. The remarks upon the previous tables, relative to the country-rock of Bendigo and Ballarat, apply to Tables VI. and VI. A also.

Walhalla, Victoria.

One of the long narrow belts which constitute the auriferous areas of Victoria extends from Jamison on the north to Walhalla on the south, and is notable not only for the richness of some of its reefs, but also as presenting Upper Silurian instead of the Lower Silurian strata, and, above all, because of the peculiar relation between its pay-reefs and dikes of igneous rock—no productive reefs having been found in this belt or in any Upper Silurian area that were not associated with dikes; whereas in the Lower Silurian (Bendigo, Ballarat and Steiglitz) dikes are less common, and when they occur are usually found to be of more recent date than the reefs. (See R. A. F. Murray's "Geology and Physical Geography of Victoria," Melbourne, 1887.) The gold-veins in the Upper Silurian area are sometimes found crossing, more or less horizontally, dikes of great width, and dying out in the slates and sandstones on each side of the dikes. Another type of occurrence is illustrated by I the eruptive dike of Cohen's reef, Walhalla, where the reef accompanies the dike, lying on one or both sides of the dike material, between it and the enclosing country, or occasionally bounded on both sides by the dike. This mine was sampled, as will be observed further on.

Some writers have derived the auriferous contents of these lodes from the dikes.

See a paper "On the Formation of Mineral Veins and the Deposits of Metallic Ores and Minerals in Them," by H. A. Thompson, *Trans. Hov. Soc. of Victoria*, viii., pp. 228-249.

But heretofore, so far as I know, no observer has actually analyzed samples of the dike to ascertain whether it is auriferous. Two other hypotheses are conceivable. On the lateral-secretion theory, the gold and silver of the quartz (and of the dike, if it carried any) might be derived from the country-rock on both sides; and, on the ascension-theory, the gold and silver might be derived from a deeper source.

The analyses undertaken in order to throw some light on this subject were: (1) of dike-rock containing no sulphides, and not associated with an auriferous quartz-reef; (2) of dike-rock associated with such reefs; (3) of country-rock from the deep levels at various distances from the lode.

The Long Tunnel Mine on Cohen's Reef.—This mine is entered by a tunnel (see Fig. 2), at the end of which a shaft descends vertically 900 feet. From the bottom of this shaft a level (called the Northwest level in Table VII. A) extends 1800 feet and from the end of this a second or main working-shaft descends about 800 feet. The working-levels from this shaft are 1022 feet, 1122 feet, etc., below the tunnel-level, and about 700 feet more than that below the surface of the hill. The Northwest level cuts through a barren dike and some quartz-veins. The dike associated with the main reef is exposed by a cross-cut from this level, and in the deeper workings below this level. Tables VII. A and VII. B give the analyses of samples from the two kinds of dike-material.

On the 900-foot level, a cross-cut 278 feet long has been driven W. to the dike. Samples of country-rock taken in this cross-cut are tabulated in Table VIII.; and Table IX. shows the results of samples from a cross-cut in the 1422-foot level driven 165 feet east from the dike to the boundary of the claim.

Tables VII. A and VII. B show that, where no quartz is associated with the dike, the rock contains little or no sulphides, and is not auriferous; that where the dike is associated with quartz, but the quartz is not auriferous, the dike-rock is likewise barren; that the percentage of sulphides in the dike is greatly increased when it is associated with highly pyritiferous quartz, and that in this case the dike-sulphides are auriferous, though much less so than those of the associated reef.

As all the samples were taken from one dike of each class, it would not be safe to generalize too positively; but the results indicate that, in the Upper Silurian area, the dike-rocks themselves are not auriferous, but that their silver and gold are derived from the accompanying quartz-reefs, and that the agencies which filled with quartz the fissures in the dikes, impregnated the latter with auriferous sulphides—these being however, less highly auriferous than the pyrite of the reefs.

Microscopic examination of samples of both barren and auriferous dike-rock from this mine showed that every sample was more or less decomposed and altered. The principal difference

Fig. 2.

clearly exhibited is the much greater abundance of pyrite and arsenopyrite in samples associated with an auriferous lode.

Concerning Table VIII., it will be noted that the samples are remarkable for the almost total absence of

sulphides. Gold was found in only one sample from this cross-cut, and this sample was taken 97 feet from the dike. In this connection it is perhaps significant that when the dike was cut on this level, it was not associated with auriferous quartz.

The analyses given in Table IX. from the 1422-foot level correspond generally with those obtained from the deep levels of Bendigo; the proportion of sulphides and of gold increasing greatly as the lode is approached. The microscopical examination of thirty thin sections of country-rocks brought out very clearly the increasing development of quartz and pyrite as a lode was approached, but revealed, in most cases, nothing else of definite importance.

The Gympie Field, Queensland.

Apart from Mt. Morgan (which, being a single mine only, can scarcely be classed as a gold-field) the two most important gold-fields of Queensland are Gympie and Charters Towers. The Gympie rocks have been determined by Mr. J. Etheridge and others as Permo-Carboniferous. This field, which is only about two miles long and three-quarters of a mile wide, is remarkable for the evidence it affords of volcanic disturbance, contemporaneous with the formation of the sedimentary rocks. This disturbance has also probably produced the extensive faults intersecting the country-rock in various directions, and bounding the auriferous area on the north, south and west.

Mr. W. H. Rands, in his "Report on the Gympie Gold Field" (Brisbane, 1889), says that the district presents a series of alternations of sedimentary strata with some intrusive igneous, and also some volcanic rocks. Taking the average dip at 22°, the aggregate thickness of the strata must be some what over 2000 feet, consisting chiefly of graywackes, altered sandstones, gray and black carbonaceous shales, grits, conglomerates, breccias and limestone. Interbedded with these are amygdaloid volcanic rocks and volcanic ash, and sheets of a much altered intrusive "greenstone." Most of the sedimentary rocks are more or less pyritous, some of the shales, especially, being full of small cubic crystals of pyrite. Most of them, especially the sandstones, graywackes and conglomerates, and some of the shales, are also calcareous. The faces of joints are almost invariably coated with calcite. The strata dip with great regularity on the average from 20° to 22°; the direction of dip being, as a rule, in the northern part of the field, a little N. of E.; in the southern part, E.S.E. There are altogether four beds of dark carbonaceous shale in the formation, locally known as the First, Second, Third and Fourth beds of slate; and it has been observed that the reefs are notably profitable only where they traverse these shales. I found in the latter, as a mean of four determinations, 1.07 per cent, of carbon; but I did not find the percentage of carbon increasing as a lode was approached—as was the case in the New Chum Railway mine of Bendigo, described above. They generally carry in very small cubes a considerable quantity of pyrite—the specimens of other sedimentary rocks of the district examined by me being much less pyritous. The intrusive "greenstone" interstratified with the shales, appears to have affected favorably the gold-bearing character of the rocks near it. Mr. Rands, while pointing out this favorable effect on the shales, says, however, that the reefs actually in contact with the "greenstone" have become impoverished.

The reefs, as shown in a section accompanying the report of Messrs. R. L. Jack and R. Etheridge on the "Geology and Palæontology of Queensland and New Guinea" (Brisbane, 1892), are fissure-lodes, cutting the series of strata nearly vertically. The section referred to is reproduced in Fig. 3, in which the different strata are lettered as follows:

a, Coarse, pebbly conglomerate, with beds of sandstone; *b*, Laminated sandstone; *c*, Shales (fossiliferous); *d*, Coarse, pebbly conglomerate; *e*, Shales and thin-bedded sandstone (fossiliferous); *f*, Shales (fossiliferous and hard gray sandstone); *g*, Coarse, pebbly conglomerate; *h*, Phoenix or Upper shales, comprising *c*, *d*, *e*, *f*, and *g*; *i*, Shales; *j*, Angular grit (probably volcanic ash); *k*, Greenish, highly fossiliferous sandstone; *l*, Conglomerate; *m*, Green crystalline rocks; *n*, Shales ("First bed of slate"); *o*, Fine grained, hard gray sandstone; *p*, Altered coarse, pebbly conglomerate; *q*, Altered graywacke (semi-crystalline); *r*, Shales ("Second bed of slates"); *s*, Coarse pebbly conglomerate; *t*, Porphyry (probably diabase-porphyry); *u*, Hard, crystalline greenstone; *v*, Green and purple chloride rock, in parts amygdaloidal; cavities filled with carbonate of lime (volcanic, probably an amygdaloidal diabase).

The questions suggested by the foregoing conditions are:

Fig. 3.

- The shales being evidently the favorable country-rock, was the gold leached out from them, carried into the lode-fissures and there precipitated? In this connection, it will be interesting to note whether the pyrite in the shales carries gold both near and away from the lode, and whether the non-pyritous shales are gold-bearing. Moreover, in view of the favorable influence of the "greenstone," is the source of the gold

to be found in the silicates, pyrite or other minerals of the "greenstone"?

- If the country-rock is found to be auriferous, is the gold in it, or in the pyrite or other mineral which it contains, derived from the lode, which has in turn received it from a source deeper than any of the rocks exposed?

Samples collected from the North Phoenix mine, by Mr. Alfred Lord, of Gympie, were analyzed with the results shown in Table X. and Diagram 5. While this number was not as great as I could have wished, the samples taken were fairly typical of the various classes of rock, and the table indicates the following noteworthy features:

- The favorable country-rock (dark carbonaceous shale) is auriferous only where it carries pyrite, and especially in the vicinity of the lode.
- The percentage of pyrite is much greater near the lode than at a long distance from it.
- The pyrite near the lode is much richer in gold than that at a distance.
- Even "unkindly" country-rocks, such as purple conglomerate and greenstone, when near the lode, and when carrying pyrite, are auriferous.
- Both the kindly shale and the unkindly country-rock, when taken from the vicinity of the great "Phoenix" fault, carry pyrite, which is auriferous.
- No gold was found in any sample not containing sulphides.

These results seem to indicate that the gold found in the country-rock is derived from the lode, and that the origin of the gold in the lode is to be looked for neither in the kindly country-rock nor in the greenstone underlying it, but in some source lying deeper than any rocks now exposed in the workings.

Charters Towers, Queensland.

This district, which stands first among the Australian producing areas, affords an interesting example of rich auriferous quartz-reefs in massive crystalline country-rock. Mr. Rands, in the report already cited, says that the richest part of the gold-field lies on the western edge of a large granitic area; the granite varying from a type in which orthoclase, mica and quartz are the essential minerals, with hornblende as an occasional accessory, to a type in which, besides orthoclase and quartz, hornblende is essential and mica occasional. The samples furnished to the writer by Dr. Redmond, of Charters Towers, were, however, all quartz-diorites, with mica in very small proportions, and have been determined by Prof. Ulrich, of the Otago School of Mines, as varieties of tonalite. In the Brilliant and St. George Co.'s mine, from which the samples were taken, this quartz-diorite formed both foot-and hanging wall of a quartz-reef which yielded on assay an average of? oz. 6 dwt. 9 gr. of gold, and 13 dwt. 4 gr. of silver, per ton. The samples were taken from a cross-cut 1079 feet from the surface, and show a remarkable similarity, irrespective of distance from the lode, with one exception (*a*, Table XI.), which was taken but 2 feet from the lode, and carried a vein of auriferous pyrite.

An account of the separation and analysis of various crystal line silicates from these specimens is given further on, in the section dealing with the analysis of the constituents of crystal line rocks. The results of that inquiry confirm the conclusion drawn from Table XI., that the country-rock contains neither gold nor silver. The exception (*a*) above noted, was almost certainly due to an impregnation from the neighboring lode.

Macetown, Otago, South Island of New Zealand.

The country-rocks of the Otago gold-veins are metamorphic gradually changing from true phyllite in the east to much costorted and foliated mica-schists towards central Otago. In the *N. Z. Geological Report of 1878-79* (p. 14) Sir James Hecton arranges these mica-schists in three divisions, in the middle one of which lie the most productive gold-fields of Otago.

These schists contain numerous quartz-folia, mostly not more than 1 or 2 inches thick, hut occasionally reaching 8 inches or a foot. In the latter case, they form lenses of quartz, not usually of great extent in strike or dip.

The quartz-lodes, which usually dip steeply, cut across the bedding of the schists.

The district of Macetown is in the heart of a mountain region, 20 miles N.E. of Queenstown, on Lake Wakatipu. Here well-defined lodes are worked by means of tunnels which reach a depth below the surface of at least 1500 feet. Samples to illustrate the deep underground circulation were taken from two mines named below, with the assistance of Mr. W. J. Stanford, the general manager of both.

The Tipperary Mine.—A specially good cross-section of the country at right angles to the strike of the reef is afforded by the prospecting deep adit of this company, which was started 1840 feet from the footwall of the Tipperary lode, and intended to strike the lode in a part which had proved rich in the workings above. At the time I took my last samples, the adit had been driven 1530 feet. At 164 feet from the mouth, the Dublin United

reef, a gold-bearing lode 1 foot wide; and 876 feet further (or 940 feet from the mouth) another, the larney reef, 1 foot 6 inches wide, was crossed. The Tipperary reef was known to be about 300 feet further on. Over 70 samples were taken from this adit, the farther end of which was approximately 1000 feet below the surface. The samples taken between the mouth and the Dublin Limited reef represent the vadose circulation, and will be considered later under that head. The remainder form a very good typical series from the deep circulation.

Special interest attaches to the analysis of the quartz-folia already mentioned as abounding in the mica-schists of Otago. In this adit a number of such folia of fair width were crossed at various distances from the two lodes cut by the adit, and samples of these, as well as of mica-schist not containing quartz-folia of unusual size, were taken.

If gold be disseminated through the mica-schist country-rock, and the gold of the lodes be due to a leaching of this rock, there seems to be no reason why these quartz-folia—each of which constitutes, as it were, a miniature lode—should not have been similarly enriched from the rock on both sides, especially as the solvent action of water percolating through sedimentary rocks during their metamorphosis would almost certainly be greater than that of the water which carried silica in solution and formed the quartz-reefs. The detection of gold in these quartz-folia, at a long distance from any auriferous lode, would therefore give strong support in this case to the lateral-secretion theory, and *vice versa*.

Table XII. contains the results of analyses of such quartz-folia from the Tipperary deep adit, together with a few similar samples from the Premier mine. It shows that the quartz-folia in this mica-schist are not auriferous when sulphides are not present, and that sulphides are present in appreciable quantity only when the quartz-folia are near an auriferous lode.

Table XIII. contains the results of analysis of the country-rock in the Tipperary deep adit, which are plotted in Diagram 6.

The Premier Mine.—This mine is situated a few miles from the Tipperary. In both this and the Tipperary mine a great deal of work has been done along the lode and at short distances from it. The lode-fissure is clearly traceable for the whole distance (in one case over 2000 feet) to which it has been drifted on; but the greater part of it is filled with "mullock," or broken mica-schist, with small quartz-veins, the whole being often fantastically contorted, and containing, as a rule, much carbonaceous matter. The quartz of the lode runs in shoots or varying width, only one of which has been worked in the Tipperary mine, while two have been worked in the Premier. For the purpose of studying the rock near the reef, samples were taken from short prospecting cross-cuts run from the lode in various directions, as well as from parts of the mine still nearer the lode-fissure. In the latter case care was taken to select samples from parts of the mine opposite gold-bearing quartz, and also parts opposite places where the lode carried mullock, and not auriferous quartz. The results are given in Table XIV, and plotted in Diagram 7.

Tables XIII. and XIV. illustrate again the striking difference already noted, in both the yield of gold and the percentage of sulphides, between samples taken near lodes and those taken at a distance.

Reefton, Nelson, South Island of New Zealand.

This district, till lately the most productive of gold from quartz-lodes in New Zealand, carries its gold-veins in Carboniferous rocks; the Devonian strata, though well represented in it, not having been found to contain auriferous reefs.

The Reefton quartz-bodies often consist of bunches or irregular masses, branching in all directions into the country-rock. These are aggregated along certain lines, the space between two bunches on such a line being occupied by a connecting-fissure, generally very narrow and often filled with quartz or "pug." (See Fig. 4.)

The bunches of quartz are not continuous to any great extent. The horizontal section of one of them has been compared in form to an octopus. It is noticeable that the lodes pinch to a mere trace or connecting-fissure in the harder parts of the country-rock, while the quartz-bodies are invariably surrounded by rock showing evidences of severe faulting and crushing. Nearly every sample of this softer country-rock analyzed was traversed by slickensides and heads in all directions to such an extent that it was difficult to procure a solid hand-specimen, as the pieces would not stand dressing with the hammer. Samples illustrating the hard rock enclosing the narrow lode-fissures, and the softer, kindly, much-faulted rock bounding the wider auriferous bodies were taken by Mr. T. Esdaile, of the Otago School of Mines, from the deep levels of three of the best-developed mines of the district—the Wealth of Nations, the Progress and the Hercules. The results of analyses are given in Table XV., which shows: (1) that the hard, solid slate contains, as a rule, very little pyrite, and is not auriferous; (2) that the broken country around the bunches of auriferous quartz contains a much larger percentage of pyrite, and that this pyrite, when near the lode, is auriferous; and (3) that although several samples of slate taken 140 to 200 feet from the lode carried large quantities of pyrite, this pyrite contained no gold (see *e, g, m*, Table XV.).

Thames, North Island of New Zealand.

This gold-field, in the Coromandel Peninsula of the North Island, presents a new type of country-rock, as compared with those considered above, all of which (except that of Charters cially as the solvent action of water percolating through sedimentary rocks during their metamorphosis would almost certainly be greater than that of the water which carried silica in solution and formed the quartz-reefs. The detection of gold in these quartz-folia, at a long distance from any auriferous lode, would therefore give strong support in this case to the lateral-secretion theory, and *vice versa*.

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Fig. 4.

VERTICAL SECTION TO ILLUSTRATE BUNCHES OF QUARTZ OF REEFTON GOLD FIELD.

A - - Soft broken country

Towers) were sedimentary strata. The country-rock of the Thames district (probably, for its area, the richest ever yet worked) consists of alternating hard and soft bands of hornblende-and augite-andesites, of Lower Tertiary age. Auriferous lodes occur in both hard and soft (decomposed) andesites, but they are not profitably rich, except where they traverse the latter. The undecomposed rock is extremely hard, and usually greenish or dark blue. It is locally called "blue-stone." The decomposed rock varies from almost pure white to gray and brown, and is often highly impregnated with pyrite. Its local name, "kindly sandstone," roughly indicates its appearance. The name propylite, proposed by Rich-thofen for an altered andesite like this, and applied to the "kindly country" of the Thames by Mr. James Park,

See Mr. Park's admirable report on the Thames gold-fields, printed as an appendix to the New Zealand *Mining Report* of 1893.

lately Director of the Thames School of Mines, is similarly used in the present paper. This propylite contains a large number of auriferous lodes, practically parallel, and generally striking N.E. The gold they contain is usually alloyed with 30 to 40 per cent, of silver. In some parts of the field, the silver constitutes 50 or 60 per cent, of the bullion obtained.

Prof. Hutton has shown

"On the Bocks of the Hauraki Gold-field," by F. W. Hutton, F.G.S., *Austral. Adv. Sci.*, vol i., 1887, pp. 245-274.

that the propylite consists entirely of the products of decomposition of the unaltered andesite with which it is associated. (Becker, in his work on the Corastock Lode, has shown a somewhat similar decomposition of the andesite and diabase which bound it). Prof. Hutton gives it as his opinion that the origin of the gold in the auriferous lodes will probably be found in the pyroxenes of the andesites, and strongly advises chemical examination of the andesites to clear up this question. Mr. Park, in his report already cited, agrees with Prof. Hutton, and promises further investigation. Both these authors ascribe the alteration of the hard andesite into propylite to heated waters, carrying hydrogen sulphide and other acid vapors. These waters, having a high temperature, must have been, of course, ascending waters. This narrows the inquiry to two questions:

1. Do the gold and silver of these lodes form a part of the crystalline constituents (pyroxene or other silicates) of the original andesite, and did the heated waters, decomposing these crystalline constituents, dissolve the gold and silver and carry them into the lode-fissures where they are now found? or,
2. Did the heated waters obtain their gold and silver from rocks at greater depths, whence they were carried into their present position?

If the first question is to be answered in the affirmative, then analysis of the unaltered rock, and especially separate analysis of its isolated crystalline constituents, should detect gold and silver. Otherwise, it seems reasonable to conclude that some such hypothesis as is stated in No. 2 is the true one. So far as I am aware, no analysis of the crystalline constituents of the Thames andesites has been made hitherto, though Prof. Hutton mentions that in one instance gold has been found in pyrite not actually taken from the lode itself.

The, Moanataiari Tunnel.—A very good section of both the unaltered andesite and the propylite, as exposed in a deep level, away from the oxidizing influence of the ground-water, is afforded by the Moanataiari tunnel, which has been driven 3125 feet into the Kuranui hill, and is 1530 feet beneath the surface at its inner end. This adit crosses several belts, both of hard and of kindly rock. The gold-bearing veins intersected by it are in many cases associated with the latter. At 1500 feet from the mouth, the great Moanataiari fault was struck, bringing hard unaltered country opposite the kindly propylite, Tables XVI. and XVII. contain the results of analyses, taken as indicated in the plan of the tunnel, Fig. 5. In every case in which the sample was concentrated, the silver as well as the gold in the concentrate was determined; and the usual examination for insoluble sulphides was made in this field as in all others.

Tables XVI. and XVII. exhibit a striking difference between: the hard andesite and the kindly propylite, both as to their gold and silver, and as to their sulphide contents. Taken together with Table XVIII., they point to the conclusion that the gold and silver of the propylite are not derived from the pyroxene or from any other constituents of the unaltered rocks, but must have their origin in some rock not reached by any of the present mine-workings.

Prof. Hutton

Op. cit., p. 265.

thinks there "can be no reasonable doubt that

Fig. 5.

the gold came out of the volcanic rocks, and was not brought into them from below," and gives five reasons for this opinion. But he admits that no chemical examination of the country-rock has been made, and also (on p. 269) that Sir James Hector, who has had large experience of this field, believes that the gold and silver came from a source lower than the andesites which bound the reefs. The evidence supplied by Tables XVI, XVII. and XVIII. will throw additional light on the subject.

It will be noticed in Table XVI. that there is a great difference in fineness between the gold in the favorable country-rock and that found in the quartz lodes running through that rock. Seven samples taken from various reefs crossed in the tunnel gave an average fineness of 6-3.18 gold and 36.82 silver, while the average fineness of the bullion obtained from the pyrite of the country-rock is 22.93 gold and 77.07 silver. Considering the fairly large number of samples analyzed, this difference can scarcely be regarded as accidental. It will be interesting to note whether future analyses of the pyrite from the propylite confirm it.

CHAPTER V.—THE EXAMINATION OF VARIOUS CONSTITUENTS OF CRYSTALLINE AND ERUPTIVE ROCKS FOR GOLD AND SILVER.

In the South Island of New Zealand an unusually favorable opportunity is offered for the analysis of the older crystalline rocks, underlying the sedimentary rocks which form the: "country" of the gold deposits. The Manipori formation of this island, comprising the greater part of the mountainous district west of lakes Manipori and Te Anau, in Otago, consists of an enormous thickness (estimated by Prof. Hutton

Geology of Otago, by Hutton and Ulrich, p. 28.

at 160,000 feet) of crystalline schists, gneiss, syenite and syemtie gneiss, with associated masses of granite; the whole forming the most picturesque part of New Zealand. The famous West Coast sounds occur in this formation. No paying auriferous lodes have been discovered in it; and for this reason an examination of the rocks is specially interesting here. Stelzner, Posepny and others, who have criticized the conclusions of Sandberger, have laid great stress on the fact that all the silicates analyzed by him were taken from the vicinity of ore-bodies containing those heavy metals which he notes as occurring in the silicates of the country-rock; their contention being that these metals, supposed to occur as silicates in gneiss and other crystalline rocks, were really contained as sulphides, and were therefore impregnations from the neighboring ore-bodies. The same objection, whatever be its weight, might be urged with equal justice against Mr. Becker's derivation of the mercury and gold of the lodes of the Pacific Coast from the granite underlying their country-rock. In the case of the Manipori formation, just mentioned, such criticism could hardly be made, as no auriferous lodes have been found within many miles of the district from which samples were taken for the present investigation.

In the South Island also, samples were taken from the granite abutting on the Carboniferous strata near Reefton, which latter are the chief carriers of auriferous lodes in the western part of the island.

Other samples of granite were collected from various parts of "Westland and Nelson, as far north as the granite quarries of Cape Foul wind.

Selwyn has pointed out

Geology and Physical Geography of Victoria, by A. R. C. Selwyn and G. F. H. Ulrich.

that the auriferous Silurian rocks of Victoria probably rest everywhere on granite; and this conclusion has been supported by the later observations of Murray

Geology and Physical Geography of Victoria, by A. R. F. Murray, Melbourne, 1887.

and others. This underlying granite has not been reached in any of the mines working in the stratified rocks about it; but it is exposed at the surface in many parts of the colony, both near to gold-bearing areas and distant from them. Numerous samples of it were taken for this investigation.

In New South Wales, granite forms the country-rock of a number of auriferous lodes; and it is much to be desired that some investigator on the spot would take up this inquiry. The present paper contains no analyses of New South Wales granite.

The study of the country-rock from Gympie and Charters Towers, Queensland, gave a good opportunity for the analysis of silicates from crystalline igneous rocks. In the case of Charters Towers, the whole country-rock (locally termed granite) is quartz-diorite, with a little accessory mica; while at Gympie a thick sheet of diorite aphanite (locally termed greenstone), containing a large percentage of carbonate of lime, is interbedded with the shales which bound the auriferous reefs, these kindly shales occurring both above and below it. Messrs. Alfred Lord and R. Steele, of Gympie, have furnished samples of the "greenstone."

Sandberger's results having been criticized on the ground that all the rocks he analyzed contained sulphides, and Posepny

"The Genesis of Ore-Deposits," *Trans.*, xxiii, 282.

having urged the same objection to Becker's conclusions in the case of the Comstock lode, this point was carefully guarded. In every instance (even though an examination of a hand-specimen showed no sulphides), an analysis of the rock was first made, to determine whether sulphides were present; and whenever such was the case, the sulphides were isolated by panning, and separately assayed for gold and silver; but *when sulphides were thus found, no separation of the other crystalline constituents of the rock was made.*

It was deemed necessary to isolate and examine the following minerals: (1) *Mica* and (2) *Hornblende*, because to these Sandberger traces the silver and gold of many European lodes; (3) the *Pyroxenes* of the later eruptives, because Becker traces the gold and silver of the Comstock to the augite of the diabase, and both Hutton and Park (already cited) are inclined to refer the gold and silver of the Thames district, N. Z. to the pyroxenes of the andesite;

Prof. Hutton says on this point (*op. cit.*, p. 272): "If, therefore, we assume that the pyroxenes of our volcanic rocks contain gold and silver, that the conditions necessary for dissolving them rarely obtain, but that one of the exceptions has been in the Hauraki [Thames] gold-fields, we have a hypothesis which will, I think, explain most of the facts."

and (4) *Magnetite*, because of Prof. Hutton's remark:

Op. cit., p. 271.

"I would suggest that, as part, at least, of the pyrites has been formed from magnetite, the gold may have been originally in the magnetite, and have been released during the formation of the pyrites. I do not think that this has been the case, but it is a point worthy of investigation by the chemist. The pyrites is, no doubt, a secondary mineral, formed in the rock after consolidation; and if it should turn out to be generally auriferous, we must suppose either that the gold came from below with the sulphur, or that its source is the titaniferous magnetic which is one of the original constituents of the rocks."

Isolation of Minerals.

The crystalline rocks examined comprised: (1) those in which certain minerals were distributed in large crystals or arranged in folia, so that clean samples could be picked out by hand; and (2) those from which the various minerals had to be separated by means of a liquid of high specific gravity.

The first class included many samples from the gneiss, syenite and granite of the Manipori formation, N. Z., from which the separation of mica and hornblende was specially easy. In various parts of this formation mica-veins are abundant. It was sometimes possible to pick in a few minutes 2 or 3 pounds of clean mica in plates up to 2 or 3 inches square. The syenite and syenitic gneiss often contain bands of almost pure hornblende, quite an inch thick, permitting a similarly easy isolation. Finally, magnetite can, of course, be easily separated from any rock in which it occurs.

The treatment of the second class, comprising many of the rocks examined, may require some explanation.

The separation of minerals from rocks by means of heavy solutions is extremely tedious, and it is therefore desirable to reduce the quantity of the rock to be operated upon if this can be done without material loss of the mineral to be isolated. As all crystalline rocks contain a large percentage of material below 3 in sp. gr., which can be effectively removed by panning, each sample was concentrated first by panning to get rid of quartz, feldspar and other specifically light materials. This procedure would, of course, be inadmissible if the object had been to determine accurately the gold and silver *per ton of the rock examined*; but the purpose in each case being simply to get as large a quantity as possible of a given mineral, and to get that sample approximately pure, this preliminary crude concentration seemed to be unobjectionable.

As an illustration, the following record of the process, as applied in one instance (Sample 7, Table XVIII.), is here given. With suitable modifications, this method was followed in all similar cases:

Sample of Syenite.

- The sample was roughly broken and examined with a good lens, but no sulphides were discovered. A chemical analysis of 10 grammes of the sample also showed that sulphides were absent.
- A portion of 500 grammes, pulverized so as to pass a No. 30 sieve, was reduced by careful panning to 217 grammes, of which 58 grammes was removed by a weak magnet. The portion thus removed proved, under the microscope, not to be pure magnetite, but to contain a good proportion of hornblende and feldspar (chiefly orthoclase) grains, probably drawn to the magnet by small adhering particles of magnetite.
- The 159 grammes not attracted by the magnet consisted chiefly of hornblende and feldspar, with a little mica (biotite) and quartz. This powder was introduced into an apparatus modeled on Thoulet's, but

made much larger, to save time. The heavy liquid used was Sonstadt's: mercuric iodide, dissolved in excess of potassic iodide, and having 3.175 sp. gr.

On exhausting the air from the apparatus, 77.5 grammes of practically pure hornblende fell to the bottom of the liquid. A dilution of this liquid to 2.95 sp. gr. was followed by the precipitation of 35.5 grammes more—also nearly pure hornblende. The total of 113 grammes, reckoned as hornblende, was finely powdered and assayed with pure litharge. No trace of gold or silver was obtained.

- The 58 grammes removed by the magnet was similarly powdered and assayed, with the same result.

Sonstadt's solution is cheap and easily prepared, but has the great disadvantage of being extremely corrosive. Even with the greatest care, it was found almost impossible for the operator to avoid burning his fingers. Hence, in a number of instances Klein's solution of boro-tungstate of cadmium was employed. This has another advantage over Sonstadt's solution, namely, that when a partial separation of hornblende from augite is desired, the greater part of the hornblende can be kept from sinking in the liquid by using the latter in the concentrated state.

It was found impossible to separate augite from hornblende completely by the use of heavy liquids; but since no gold or silver was found in either, this fact did not affect the practical results of this investigation. The same remark applies more or less to all the minerals thus isolated for analysis. The writer knows of no method which will perfectly isolate considerable quantities of one mineral from other minerals not widely removed in specific gravity. In Table XVIII therefore, the terms "hornblende," "augite," etc., simply designate the greatest part of the mineral samples to which they are applied.

The results of the analysis of minerals separated from 47 samples of rock are given in Table XVIII. On this table the following additional notes are presented:

1. Sample 17 represents a rock of peculiar occurrence, occupying a narrow strip in an area of Tertiary trachyte at Porto-bello, on the east coast of the Otago peninsula. Samples taken short distances apart vary much in character; but, on the whole the rock may be classed as a diorite. Gold was said to have been found *in the rock*, up to half an ounce to the ton. If this were the case, such an occurrence of gold would have been, so far as the writer knows, unique.

Of the three samples chosen, one (No. 17) contained pyrite, and this pyrite was—but the rock itself was not—auriferous. The occurrence of auriferous pyrite in such an area (of recent volcanic rocks) is most unusual, and Prof. Ulrich, Director of the Otago School of Mines,

I desire at this point to express my grateful thanks to our respected chief Prof. Ulrich, for much kind encouragement and practical assistance.

who has examined the locality and studied rock-sections from it, thinks that this dioritic rock probably underlies the basic volcanics which form the rest of the peninsula. In that case, it would be allied rather to the dikes of the Upper Silurian in Victoria than to the newer volcanic rocks of its immediate neighborhood.

A prepared thin section of this rock was microscopically examined by a German mineralogist, who says of it:

"This rock is, without doubt, one of the older volcanic rocks. It consists of feldspar, mica and hornblende, with a little quartz and magnetite. Mica is to a great extent absorbed, and magnetite has taken its place. The rock is difficult to classify, but would be best described as an elæolite-syenitic rock."

2. Samples 29 to 34 are from the Thames district. It was found difficult to get samples of the Thames andesites in which the analysis of 5 grammes would show no trace of sulphides—this being, as already explained, a requisite condition for the particular investigation in hand. A large number of samples had to be rejected on this account; but in Nos. 29 to 34 no trace of sulphides was found. Tables XVI. and XVII, on the other hand, give numerous samples of the Thames andegite country-rock, containing pyrite and other sulphides, carrying in many cases notable quantities of gold and silver.

3. Nine samples in Table XVIII.—namely, Nos. 6, 11, 13, 17, 26, 36, 38, 46 and 47—contained sulphides. The results of further examination were as follows:

No. 6. Sample of 500 grammes gave 53 grammes of sulphides, mostly pyrrhotite and chalcopyrite, which contained 0.0053 grain of silver.

No. 11. Sample of 500 grammes gave 18.56 grammes, chiefly pyrrhotite. No gold or silver.

No. 13. Sample of 1000 grammes gave 12.18 grammes of pyrrhotite and arsenopyrite. No gold or silver.

No. 17. Sample of 1000 grammes gave 4.934 grammes of pyrite, containing 0.037 grain of gold and 0.0041 grain of silver.

No. 26. Sample of 1000 grammes gave 28.92 of arsenopyrite and pyrrhotite, with a little galena, containing 0.0032 grain of gold and 0.0019 grain of silver.

No. 36. Sample of 1000 grammes gave 16.48 grammes chal-copyrite, with a small quantity of bournonite, carrying 0.407 grain of silver and no gold.

No. 38. Sample of 1000 grammes gave 16.03 grammes of pyrite. No gold or silver.

No. 46. Sample of 1000 grammes gave 8.42 grammes of pyrite. No gold or silver.

No. 47. Sample of 500 grammes of pyrite and sphalerite, containing 0.0016 grain of gold and 0.0037 grain of silver.

Conclusions.—The results summarized in Table XVIII. were greatly surprising to the writer. In view of the usually tedious character of the operation of isolating the various constituents of a rock, he would not have examined so large a number of samples had he not expected, at each new analysis, that he might succeed in discovering gold in some mineral other than a sulphide.

It is, perhaps, comparatively easy to conceive why, in a stratified area, gold may occur only in connection with sulphides; but that in such a rock as gneiss, granite, syenite, or diorite, it should form no part of the crystalline constituents, but, on the contrary, should occur only in the sulphides found in these rocks, seems more remarkable and significant.

CHAPTER VI.—THE VADOSE REGION.

Prof. Posepny

Op. cit., *Trans.*, xxiii., p. 262.

advances the sweeping proposition that the formation of ore-deposits could have taken place by descension and lateral secretion in the vadose region of circulation only, and must have been, in the deep region, the product of ascending currents. This distinction is, perhaps, too sharply drawn by him. It seems to the writer that the lateral-secretion theory can scarcely be put out of court by assuming a lateral-secretion to be impossible below the ground-water level. Yet the marked difference everywhere observed in the contents of auriferous lodes above and below that level required that the rocks of the two zones should be distinguished, and separately analyzed in this investigation.

From an economic standpoint, this difference is expressed by the almost universal experience in the Australasian gold-fields, that the average yield of gold is much smaller below the water-level than near the surface. This statement, which will doubtless be controverted in some quarters, is based on the concurrent testimony of a large number of mine-managers and others, having long experience in the auriferous deposits of Australia and New Zealand. The almost unanimous evidence is in favor of the greater richness of vadose deposits. Several men of great experience have even given the opinion that, for ounces per ton above the ground-water level, only pennyweights per ton have been found below it.

This important economic question is naturally' discussed in treatises on ore-deposits. Phillips, *A Treatise on Ore-Deposits*, by J. A. Phillips, London, 1884, pp. 60-62.

for example, gives a number of reasons why the results in the vadose region may seem to be, while they are not really, higher than those of deep levels. Even after taking these considerations into account, however, the evidence of greater richness in the vadose region in Australia seems overwhelming.

In this connection, reference may be made to the exhaustive work of Mr. R. Brough Smyth, *Gold-Fields of Victoria*, Melbourne, 1889, pp. 233-281.

and to a very interesting little work,

The Gold-Fields of Victoria in 1862, by a Special Reporter of the *Argus*, Melbourne, 1863.

dealing with the yield of the auriferous deposits of Victoria from 1851 to 1862. The reader of the latter book may suspect the anonymous author of overstating the facts; but a comparison of the average yields noted in it with those of mines now working in the same reefs, with the aid of the latest gold-saving appliances, can hardly fail to carry conviction, even to those who, permitting "the wish" to be "father to the thought," deny the impoverishment of auriferous lodes in depth.

The gold-field of Bendigo is often cited as an instance to the contrary, good yields having been there obtained in some cases from great depths (2000 to 2800

nary temperatures. We know, however, that it is produced by the action of hydrochloric acid on the higher oxides of manganese, or by the action of sulphuric acid on the same oxides in the presence of chlorides.

The question whether agents for the re-solution of gold exist in the vadose region is thus practically narrowed to a search, in the waters and rocks of that region, for (1) free hydrochloric acid; (2) free sulphuric acid; (3) the higher oxides of manganese; and (4) ferric chloride and ferric sulphate.

It was desirable, at the outset, to determine the most dilute solution of hydrochloric acid which will, in the presence of the higher oxides of manganese, liberate sufficient chlorine to be detected by ordinary tests. Experiment showed that one part of hydrochloric acid of 1.16 sp. gr. in 2500 of water would give a distinct chlorine reaction, while one part of the same acid in 1250 of water produced chlorine enough to dissolve an amount of gold appreciable by delicate tests. As the proportion of pure HCl to water is in the first case only about 1 to 8000, and in the second case 1 to 4000, it is evident that extremely dilute acid will, in the presence of manganese oxides, dissolve gold.

Cause of Acidity in Mine-Waters.—The chief cause of acidity in mine-waters (see examples below) is without doubt the oxidation of pyrite, which yields ferric sulphate and sulphuric acid. The latter, acting on the chlorides, which are always present to greater or less extent in mine-waters, frees hydrochloric acid. The writer has never found a water containing free acid in which there was not also a large percentage of ferric salts.

The Occurrence of Oxides of Manganese in Mining Districts.—In some mining districts (notably in Karangahake, in the Thames gold-field) the oxides of manganese often form a great part of the lode-filling. While this, however, is exceptional in Australia and New Zealand, the presence of the higher oxides of manganese in the ferric oxides of the vadose circulation is surprisingly general. Twenty analyses of such material from various localities showed in 17 cases manganese, representing from 0.012 to 43.59 per cent, (reckoned as Mn_3O_4). To one sample, containing only 0.38 per cent, of Mn_3O_4 , dilute hydrochloric acid and precipitated gold were added, and gold was found to be dissolved.

If, therefore, the vadose mine-waters are found to contain free hydrochloric acid, it is evident that agents for the re-solution of gold in that zone are not lacking.

The Acidity of Vadose Mine-Waters.—An acid reaction with test-paper does not prove the presence of free acid. Every water examined which contained an appreciable quantity of ferric salts gave a distinct acid reaction, though in a number of cases examination proved the absence of free acid.

Seventeen samples of vadose waters were examined for free acid; care being taken to collect the water as it ran from the rock or vein, before any considerable exposure to oxidizing agencies other than the oxygen held in solution by the water itself.

In calculating the results from those samples which carried much free acid, if both sulphates and chlorides were present, and the amount of free acid exceeded the amount represented by the chlorine radical in the water, the whole of the chlorine radical was taken as combined with H to form free hydrochloric acid, and the remainder of the free acid found was reckoned as sulphuric acid. The results are shown in Table XIX. The amount of ferric chloride and sulphate can be approximately calculated from the proportion of iron present as ferric salts. Even after complete oxidation by exposure to the air, the total weight of ferric salts could never exceed 12 grammes per liter. For this reason, in the experiments previously described, (see p. 35), I did not use solutions of ferric salts containing more than 20 grammes per liter.

Table XIX. shows the considerable increase in acidity caused by exposure to the air. It is noteworthy that all the samples marked*, when taken from the mine, precipitated gold from solution, but that the same waters, after thorough oxidation, dissolved metallic gold when the higher oxides of manganese were added to them.

The results shown in Table XIX. point to the following conclusions:

- In districts like the Thames, X. Z., where the country-rock is highly charged with sulphides, the vadose water may often contain free hydrochloric acid sufficient (when the higher oxides of manganese are present) to re-dissolve gold. Though the Thames samples were incapable of holding ordinary salts of gold in solution, they acted as solvents of gold when they were thoroughly oxidized and manganese oxides were present
- The great majority of the mine-waters analyzed contained no free acid which could liberate chlorine by acting on the oxides of manganese that are abundant near quartz reefs.
- The higher salts of iron are not present in any samples of water analyzed by me, in sufficient quantity to dissolve gold at ordinary temperatures. (Stronger solutions of these salts failed to dissolve gold.) It may be added, that in every case in which much iron was present, free acids were also found; so that in any solution of gold that might be effected, the more powerful solvent, chlorine, might also be acting.

Notwithstanding these conclusions, I must point out that the re-solution of gold has probably gone on, and is still going on, in the vadose region, even where the vadose waters contain neither free hydrochloric acid nor notable quantities of ferric salts. The analyses of samples from the vadose regions of Walhalla and Ballarat (see Tables XX. and XXI., and Diagram 8 and 9) the vadose waters of which contained no free acid, and were very poor in dissolved minerals, show that such re-solution has probably been considerable, though we find no agenda now existing which would account for it.

Does Gold Exist in Mine-Waters of Either or Both Circulations?

Prof. A. Liversidge

"On the Origin of Gold Nuggets." *Roy. Soc. N. S. Wales*, Apr. 6, 1893.

has pointed out that the search for gold in meteoric and mine-waters has not proved its presence in solution. It has been detected, but it may have been in mechanical suspension. So far as I know, Messrs. Norman Taylor and Cosmo Newbery, of the Victorian Geological Survey, are the only persons who have experimentally investigated this subject in these colonies. Mr. Newbery, who made the most experiments, said before the Victorian Royal Commission on Gold Mining

Report of the Commission, 1893, p. 68.

that whenever he got gold, he got also angular fragments of quartz, which could find its way wherever gold could find its way, and both might have been conveyed mechanically.

The evidence for the existence of gold in mine-waters rests so far as I am aware, on the discovery of gold: (1) in boiler scale from boilers fed with mine-water; and (2) in wood taken from old mine-workings, where it had been covered for some time with mine-water—the latter being assumed to have carried dissolved gold into the timber, to be precipitated by the organic matter of the wood. But the finding of gold under such circumstances does not prove that it was in solution in mine-waters at deep levels. In the first case, the gold may have been carried into the boiler in suspension, along with the silt which all mine-waters contain. In the second case, even though gold may have been dissolved in the water surrounding the old timbers, it may have been brought into such solution by the action of air in the mine-workings, oxidizing sulphides of the rock to sulphates and setting free sulphuric acid, which, in turn, acting on the chlorides always present in mine-waters, would liberate hydrochloric acid. This acid, acting on oxides of manganese, would free chlorine, which would dissolve gold. This statement applies particularly to all mines the waters of which contain considerable iron. Every sample of chalybeate mine-water analyzed by me acted as a precipitant of gold when taken fresh from the workings, but as a solvent of gold at ordinary temperatures, in the presence of the oxides of manganese, when it had been exposed to the air for a week or two.

Mr. Newbery, however, distinctly said, in his testimony; already cited, that he found angular quartz which had been soaked up into the timber examined, and that the gold might have been mechanically introduced in the same way.

With regard to the suspension of gold in mine-waters, the following evidence, obtained by me last year, may be of interest.

In the Long Tunnel G. M. Co.'s mine at Walhalla, Gippsland, Victoria, one of the most productive mines in Australia,

Mr. Ramsay Thompson, the general manager, to whom I am indebted for much kind assistance, informed me that up to December, 1894, this mine had produced over 22 tons of gold, and had paid £1,200,000 in dividends.

the water pumped from various depths, down to about 2300 feet below the surface, is run into two large settling-tanks, before using. At the time of my visit one of these tanks contained a large quantity of fine silt, which had been suspended in the mine-water. I analyzed three samples of about 2 pounds each, first panning off the lighter part, and then assaying the residue. The first sample gave 0.0063 grain of gold; the second, no trace; and the third, 0.0175 grain.

These results show that assays of boiler-scale do not necessarily prove that gold was dissolved in the water depositing it; and, also, that in all analyses even of samples from the vadose circulation, to test the presence of dissolved gold, care must be taken to free the water beforehand from every trace of suspended matter.

I have tested many old mine-timbers for gold. In every case the outside wood was chipped off* to the depth of about ½-inch; and, when cracks appeared in the timber, about ½ inch on each side of the crack was also chipped off. These parts were burned, and analyzed separately from the inner portions.

The following table shows the results of several such analyses.

Analyses of Old Mine-Timbers.

Search for Gold in Mine-Waters.—It was soon found useless to examine mine-waters which contained much iron, and in which the ferrous salts had not been oxidized to ferric salts by exposure to the atmosphere. The analyses were consequently restricted, for the vadose region, to waters containing a very small percentage of iron salts, and chalybeate waters which have been thoroughly oxidized (the latter being apparently exceptional, even in that region), and, for the deep circulation, to waters containing so little iron that they do not act as precipitants of gold.

This chapter treats of mine-waters under the conditions of temperature and pressure now encountered. What might be effected by these waters under other conditions does not concern us at this stage.

If gold be present in mine-waters at all, it is likely to be in very minute proportions. Hence large quantities of water must be operated upon. The method of evaporation for the assay of the residue was too tedious, especially in view of the limited time at my disposal in each locality. I therefore availed myself of the well-known action of sulphides and organic matter in precipitating gold from solution.

A filter was constructed, consisting of a tinned-iron cylinder, about 3 inches in diameter and 6 inches long, terminating below in a funnel, inside of which was placed a filter of glass wool, and above this the reducing agents (animal charcoal, artificial iron and lead sulphides, roughly powdered). The upper part was connected by a rubber tube with the tap supplying the water to be tested.

The following preliminary test proved the efficiency of this filter: A solution in 400 gallons of water (from the Dunedin water-mains) of 28 pounds of common salt, 8 ounces of magnesium sulphate, 8 ounces of ferric chloride and 0.1 grain of gold in the form of auric chloride, was allowed to trickle slowly through the filter, the operation taking about 48 hours. The mixture of sulphides and charcoal was then removed, roasted and assayed, when 0.0926 grain of gold was recovered, showing that practically all the gold had been precipitated.

In examining mine-waters, the water was first collected in an iron tank, and powdered alum was added to it, completely precipitating all suspended matter. After standing some hours, it was tapped from 2 or 3 inches above the bottom of the tank, and filtered as above described.

Four samples were thus treated; but in no case was gold found.

The first sample (about 500 gallons) was water from the high-level tunnel of the Tipperary G. M. Co., which had percolated down from the surface through the lode-fissure for from 200 to 500 feet, and flowed in a large stream from the tunnel-mouth. This practically represented the vadose circulation only.

The second sample (about 500 gallons) was from the pump discharge of the New Chum Railway Co., Bendigo, Victoria, and represented the whole drainage of the mine from the surface to a depth of 2850 feet.

The third sample (about 700 gallons) was from the Long Tunnel G. M. Co.'s mine, "Walhalla, Victoria, near a very rich lode, and represented the whole drainage between the adit (700 feet below the summit of the hill) and a level about 2300 feet below the surface, or over 1500 feet below the adit.

The fourth sample (about 500 gallons), from a deep tunnel of the Premier mine, Advance Peak, Otago, driven on a lode which had proved richly auriferous in places, represented the whole drainage from the surface to probably 2000 feet below it

The negative results of these tests are the more surprising to me, since other examinations, hereinafter described, afforded strong evidence that solution and re-precipitation of gold have taken place in the vadose region.

It is, of course, possible that gold may have existed in these samples in some form from which it was not precipitated by the reagents used. This is suggested, indeed, by my experience (see Chapter VII.) in attempting to precipitate gold from sea-water. The question can only be decided by the evaporation of samples (first freed from suspended matter) in larger amount and number than mine, and the assay of the residues, I venture to recommend such an inquiry to those who live in the vicinity of rich mines and have time for the work.

Does the Gold of the Vadose Region Contain Generally Less Silver than That of the Deep Circulation in the Same District?

Several investigations have seemed to prove that, on the average, the gold of the alluvial deposits in Australia and elsewhere is appreciably finer in quality than the vein-gold. The matter has been discussed chiefly in connection with the origin of nuggets;

Prof. Liversidge, in the paper already cited, gives a convenient summary of the literature of this subject.

but, so far as I know, no comparison as to fineness has been made between the vadose and the deep vein-gold.

The observed difference between placer-and vein-gold may be held to show, either that the oxidized mineral-bearing waters running in the ancient drift-deposits dissolved out part of the silver with which the gold was alloyed, or else that these waters dissolved both gold and silver, the gold being again precipitated, alloyed with less silver than before. Similar reasoning might be applied to an observed difference between the vadose and the deep zone, in the quality of vein-gold. I have therefore made comparative assays of this character in a number of cases.

The fineness of the gold may vary considerably even in the same level, and within a few feet. This is true even in such districts as Bendigo, Ballarat and Otago, where the percentage of silver is comparatively low, while in districts like the Thames, N. Z., the variation observed is sometimes extraordinary. On the whole, however, the average quality of the gold won in districts of the former class varies little.

Five localities were chosen (chiefly by reason of facilities for obtaining specimens from near the surface), namely, (1) the Nenthorn gold-field, in mica-schist, in eastern Otago; (2) the Tipperary and Premier mines, in mica-schist, Macetown, central Otago; (3) the Dart river, in northern Gippsland, representing the Upper Silurian of Victoria; (4) the Bendigo field,

Surface samples are hard to get in Bendigo. Nearly all the companies are mining in the deep region, and have long ago exhausted the pay-quartz above. I took many samples from outcrops of reefs, but found in the majority little or no gold. The results given below are those in which a prill of appreciable size was obtained by assaying 1000 grains of vein-stone.

representing the Lower Silurian; and (5) the Thames district of the North Island, in altered Lower Tertiary andesite.

In a few instances the analyses were made of gold picked out of the reef; but the majority were assays of vein-stone. The percentage of silver was in each case obtained by difference, and represents the loss per cent, of

the prill after quartation.

The results were as follows:

These analyses of 76 samples go, on the whole, to prove that the average fineness of the gold in the vadose region is appreciably greater than in the deep circulation in the same district, and also that the vadose gold is considerably more regular in quality.

It seems to be indicated that considerable solvent action must have been exercised by water percolating through the rocks of the vadose region, as the denudation of the surface has gradually lowered the water-level, converting the deep circulation of former times into the vadose of to-day.

Analyses of Vadose Country-Rock, etc., at Different Distances from Auriferous Lodes.

At the beginning of this chapter I have pointed out the importance of separate rock-assays in the vadose region. It was relatively difficult to obtain good samples (other than surface-samples) of this class, because most of the mines are now deep, and the former long cross-cuts run on upper levels into the country-rock are abandoned and closed. The samples therefore comprise chiefly oxidized rock from pretty near the lodes, and 10 to 100 feet below the surface, and surface-samples taken at all distances from the lodes. Particular interest attaches to samples of (1) oxide of iron and manganese deposited along bedding-planes or fractures; (2) solid rock as little altered as possible by the action of percolating water; and (3) secondary

In calling these vadose sulphides "secondary," I mean that they have probably been formed through the oxidization of the sulphides of the deep circulation by surface-water, followed by a reduction of the sulphates and re-precipitation of the sulphides by organic matter. I do not mean to say positively that the sulphides of the deep zone are not, as many observers believe, also secondary in this sense, that is, due to the reducing action of carbonaceous matter upon soluble sulphates. This is Sandberger's view (*Untersuehung*, etc., Vol. I., p. 21). Yet so far as my experience of the deep sulphides goes, it certainly favors the theory of their formation by the action on the silicates of metals of hydrogen sulphide, dissolved in ascending water.

sulphides, abundant in the vadose region of many mines.

The remarks on p. 2 covering the methods of concentration and assay pursued with samples from the deep levels, apply here also. But concentration of an oxidized rock is much more difficult, because oxidation destroys the heavy sulphides, and also liberates very finely divided gold, which there is danger of losing. Hence my results with vadose country-rock are not quantitatively correct. To minimize the probable error, the samples were not concentrated nearly as far as those from deep levels had been.

Walhalla.—A good cross-section of the gold-bearing rocks of Walhalla is extended along both sides of the Walhalla creek, where the cliffs rise steeply from 300 to 600 feet. Analyses of specimens are given in Table XX.

Ballarat.—A deep cutting, about ¼-mile long, running E., across the strike of the rocks, from the summit of Sovereign hill, in this district, presented a good cross-section of the country-rock near the surface. Table XXI. gives the result of analyses.

Otago.—Examinations of country-rock from the deep region in I Otago were confined to one district, Macetown; but quartz-reefs have been worked at various depths in different parts of the province; and vadose samples were taken from three other Otago districts besides Macetown, namely, Waipori, Nenthorn and Saddle Hill. In every case the country-rock is either phyllite or mica-schist. Table XXII. gives the analyses of 13 samples.

Otago.—*Samples from Districts Remote from Auriferous Lodes*.—Vadose samples were also taken in Otago, far from any auriferous lodes. Previous assays having shown that the materials most likely to contain gold were the broken rock, iron oxide, etc., filling fault-fissures, the samples were taken of such materials only. If all the mica-schists of the Otago gold-field contained gold, some of it would be carried by percolating water into such crevices, and lodge there with the ferric oxide. The analysis of samples at a long distance from any auriferous reef is specially interesting, since, as will be seen in the last three tables, deposits of ferric oxide in the vadose region, even at a *considerable* distance from a reef, were nearly always auriferous.

A good section of the favorable rock (the middle division of the foliated schists already mentioned), in which, however, for several miles, no gold-bearing reef has yet been discovered, is exposed by the "Skipper's" road from Queenstown to Skipper's creek. This road is cut round almost vertical cliffs for several miles, on the north side of the Skipper's range. Nine samples of broken rock and ferric oxide from joints, cracks and faulted country in these cuttings were analyzed with the results shown in Table XXIII.

Lake Wakatipu.—Fourteen vadose samples of little-altered Upper Devonian and Carboniferous rocks were taken from the western shore of Lake Wakatipu. No gold was found in them. The examination is reported later

on, under the head of "Gold in Marine Sediments."

Ohinernuri District, Thames.—The samples collected for me from the vadose region in the Ohinernuri district, in the southern part of the Thames gold-field, differ somewhat from the oxidized samples of other gold-fields. All those analyzed are highly altered andesites; and, in many cases, even when most oxidized, they contain much pyrite. This sometimes doubtless represents the pyrite found in the propylites of the deep region in this district; but, from the mode of its occurrence, I am inclined to think the greater part of it is due to the oxidation of the older pyrite to ferrous and ferric sulphate, and the subsequent reduction of such sulphates by organic matter. I have therefore called it "secondary" pyrite. (The bullion associated with it does not carry the abnormally high percentage of silver which was noticed in the bullion from the sulphides of the deep region—a fact which should repay further investigation, and might throw important light upon the solution and re-precipitation of gold and silver by natural agents.) Table XXIV. gives the results of the analyses of these samples.

Remarks.—These examinations show a striking difference in gold-contents between the vadose and the deep region of the same district. Diagrams 8 and 9 show this difference graphically, in curves plotted for the vadose samples and for samples from the deep region (900-foot and 1422-foot level) of the Walhalla Long Tunnel mine.

In the deep region, as has been shown, gold was obtained only when pyrite was present in the rock; and when such pyrite occurred at a considerable distance from the reef, it was seldom gold-bearing. In the vadose region, on the contrary, the country-rock was found to be impregnated with gold to a much greater distance from the reef, and to a much greater degree.

It is of course possible that some of the gold found in the vadose country-rock was carried into it mechanically by percolating surface-water, and its presence may therefore be no proof of the solution and re-precipitation of gold. But in view of the positions from which most of the samples were taken, I think the results indicate that such solution and re-precipitation have gone on to a considerable extent in the vadose region—the gold being in all probability derived from higher parts of the lode, which have long since disappeared through surface-detrition.

CHAPTER VII.—THE ORIGIN OF GOLD IN STRATIFIED DEPOSITS.

The country-rocks of nearly all the chief Australian gold-fields are more or less altered sedimentaries, originally deposited in marine basins. Hence writers on the origin of the gold in the reefs have laid much stress on the presence of minute quantities of gold and silver in sea-water. The argument is briefly:

Gold exists in sea-water. Paleozoic marine sediments therefore contained gold, either mechanically entangled in them, or precipitated with them by organic matter, which undoubtedly existed in the ancient seas. These horizontal deposits being subsequently tilted and fractured, their gold and silver were re-dissolved by percolating waters and re-precipitated in the lode-fissures where they are now found.

This has been the thesis of not a few ingenious speculations, backed sometimes by chemical equations, but not by chemical analyses.

In 1851, Malaguti and Durocher announced the discovery of silver in sea-water, and made a quantitative estimation of it, namely, 1 milligramme in 100 liters (or 0.155 grain per ton).; But they did not report any gold.

In 1872, E. Sonstadt

"On the Presence of Gold in Sea-Water."—*Chem. News.*, October 4, 1872, p. 159.

discovered gold in sea-water from Ramsey Bay, on the coast of the Isle of Man. He did not determine the quantity, but said it was certainly less than 1 grain per ton. Strange to say, many writers who have used this discovery as a basis for theoretical speculation have represented Sonstadt as having found 1 grain per ton.

Thus Mr. James Park in his report on the Thames Gold-Field, already cited says (p. 65): "Sonstadt was the first to show that every ton of sea-water contains a grain of gold." A later writer, noting, perhaps, that Sonstadt found "less than a grain," is very scrupulous, and fixes the amount at 0.9 grain!

So far as I am aware, no attempt has been made to verify Sonstadt's discovery, and to determine accurately the amount of gold in sea-water, or to test his statement that this gold is not precipitated by ordinary reducing-agents, by reason of the presence in sea-water of iodate of calcium.

Since my experiments were made, I have learned from Mr. Rickards paper "On the Origin of the Gold-Bearing Quartz of the Bendigo Reefs" (*Tram.*, xxii 308) that Münster has found gold in the sea-water of Christiania fiord, and has estimated the amount. I find also that Prof. A. Liversidge has estimated that the sea-water off the coast of N. S. "Wales contains 0.5 grain of gold to the ton. (See his paper, read before the N. S. W. Royal Society, October 2, 1895, "On the Amount of Gold and Silver in Sea-Water.")

Methods of Detecting Gold in Sea-Water.

Sonstad's Methods.—Sonstadt gave three methods for the detection of gold in sea-water, two of which he recommended as easily applicable. In the first of these, 150 to 200 c.c. of sea water is acidulated with hydrochloric acid, ferrous sulphate is added, and the water is concentrated by boiling. The film of ferric oxide found in the bottom of the dish is treated with chlorine-water, and the solution obtained is tested for gold with tin chloride. In the second method, a small quantity of baric chloride is added to the sea-water, and both gold and silver are found to be precipitated.

The first method I tried upon water from the Pacific, at St Clair head, near Dunedin, and obtained with tin chloride a distinct coloration, doubtless due to gold.

The experiment is more successful with the modification of the tin-chloride test prepared by T. K. Rose (*Chem. News*, vol. lxvi, p. 271).

But I found it impossible to obtain beads of gold by fusing with borax and pure lead, as Sonstadt directs. (This is not surprising, since my subsequent determinations would give, as the quantity of gold in 200 c.c. of this sea-water, less than 0.000012 grain.) The necessity of boiling makes this method unsuitable for the treatment of samples large enough to yield a weighable bead of gold.

I therefore tried the precipitation with baric chloride. Sonstadt makes the remarkable assertion that in order to precipitate the gold, the baric chloride does not need to be added in sufficient quantity to precipitate as baric sulphate all the soluble sulphates in the sea-water, but, on the contrary, that the amount added to a liter of sea-water need not exceed that required to form about 1 grain of precipitate. Baric chloride being one of the least soluble of salts, this statement seems inexplicable; nevertheless, I have been convinced, whatever be the explanation, that Sonstadt's method is as effective as if the whole of the soluble sulphates were precipitated as baric sulphate.

He explains the precipitation by baric chloride by supposing the gold to be present as an aurate. To test this question, artificial sea-water was prepared, and the aurate of potassium was added to it. Subsequent treatment with baric chloride precipitated no gold. The experiment was repeated, with the same result.

It seems unlikely, therefore, that the gold exists in sea-water as an aurate. I confess that I can form no conception of its state of combination. The subject would repay a more thorough investigation.

The Author's Method.—Having been led, by evidence which I will not here repeat, to doubt whether the precipitation with baric chloride was complete, I tried a different one, which, if successful at all, would certainly precipitate all the gold present. All ordinary salts of gold are reduced to the metallic state by moderate heating. Applying this principle first to an artificial solution, I added to 112 pounds of artificial sea-water

Prepared according to the analysis by Roscoe and Schorlemmer.

ten times as much calcic iodate as Sonstadt found, and a solution of auric chloride in sodium chloride, containing 0.005 grain of gold, so that the water would contain 0.1 grain of gold per ton. This solution was allowed to stand in a dark place for a week, that the gold might have time to form possible new combinations. The whole was then evaporated; the mixed salts (over 4 pounds) were heated dull red and lixiviated with water; the insoluble residue (123 grains) was fused with borax and pure litharge, and 0.0043 grains of gold was obtained. The experiment was repeated, the gold being added as an iodate, dissolved in excess of potassic iodate; and in this case 0.0052 grain of gold was recovered. (The slight excess may have been due to a small particle of the cupel remaining in the button. It was not due to silver in the litharge.)

The method was then applied to actual sea-water; only the sample was doubled in weight, to allow for the smaller proportion of gold. The mixed salts (about 8 pounds) resulting from the evaporation of 0.1 ton of sea-water were heated dull red and lixiviated, and the residue (principally sand, with a little oxide of iron) was fused and cupelled as before. The weight of pure gold obtained from 0.1 ton of sea-water was, in the first experiment 0.0065, and in the second 0.0071 grain. In both cases, the prill contained absolutely no silver.

The following table summarizes the experiments above described:

I have said nothing concerning the silver in sea-water. Precipitation by baric chloride certainly saves some silver, but on! about only fourth as much as was reported by Malaguti and Durocher. Probably the precipitation is not complete.

The Precipitation of Gold in Marine Sediments.

Since gold exists in sea-water, it seems reasonable to believe that it is precipitated at the present time by natural reducing agents. Those writers who trace the metallic contents of lodes to metals dissolved in sea-water assume, indeed, that such a precipitation is constantly going on; but experimental proof of this assumption is lacking. I have attempted to investigate the question in two ways:

- By the examination of coast-sediments, now being deposited under conditions favorable to the reduction of gold from the sea-water.
- By the introduction into sea-water of reducing-agents such as naturally occur along the coasts at the

present time, and a subsequent examination for precipitated gold.

Examination of Coast-Sediments—To secure trustworthy results, the whole of the drainage-basin to the erosion of which; the sediments are due should consist of non-auriferous rocks, so that we may be sure that any gold detected did not come from the land. Otago Harbor, on the upper part of which Dunedin is located, satisfies this requirement. The Leith and other small streams entering the harbor flow wholly through basic Tertiary volcanic rocks which contain no gold. At the same time the shores are more or less covered with timber, so that organic matter is abundant in the sediments of the streams. The volcanic rocks contain much iron. Beds of hematite and limonite abound along the shores. The conditions for the reduction of gold from sea-water are therefore very favorable. Besides organic matter, there is sulphide of iron, produced by the action of the sulphates in sea-water upon iron salts, forming sulphate of iron, reducible to sulphide by organic matter. (As will be seen, some such action does in fact take place. In every case the concentrates contained insoluble sulphides.)

Analyses were made of mud and silt from different parts of Otago harbor, where the circumstances seemed most favorable. In each case, from 1 to 2 hundredweight of the silt was carefully panned off, till a residue of about 1000 grains was left. This residue consisted chiefly of magnetite, augite and hornblende, derived from the volcanic rocks of the coast. The percentage of sulphur (insoluble sulphides) in the concentrate was determined upon a small portion, and the remainder was roasted (giving in every case a strong reaction of sulphur dioxide).

When the magnetite was removed by means of a magnet, the remainder did not show, under the microscope, recognizable crystals of pyrite; but the presence of pyrite was certainly proved by roasting, and by the sulphur-determination.

The roasted material was then assayed. The details of four assays are given in the following table:

Examination of Marine Sediments,

Examination of Wood That Had Been Lying Under Sea Water for a Long Time,—Twelve samples of wood, which had been buried many years under sea-water and mud in Otago

Analyses of Wood for Gold,

Harbor and elsewhere on the New Zealand coast, were analyzed for gold. In each case from 10 to 30 pounds of the wood was burned, and the ashes were fused with pure litharge.

The results are given on page 54.

Attempts to Precipitate Gold from Sea-Water.

These experiments were confined to such natural reducing-agents as might naturally occur along the coast at the present day, namely, sulphides of iron (chiefly formed by the reduction of the sulphates of sea-water), and carbonaceous matter of various kinds.

To make a suitable filter, an earthenware pipe 4 inches in diameter and 1 foot long was closed at the ends with strong doth. Next the cloth was placed a loose plug of asbestos, about 2 inches in thickness, wrapped in linen, and the middle part of the pipe was filled with coarsely broken earthenware, with which the reducing agent was mixed. The reducing-agents used were animal charcoal, wood-charcoal, soot, and sulphides of iron, copper and lead—the latter being prepared by precipitating sulphates of iron and copper and the nitrate of lead, in order to make sure that they should contain no gold.

Pelichet Bay is separated from the upper reaches of Otago Harbor by an embankment, in which an opening about 20 feet wide has been left. Through this passage the sea runs with considerable force at most states of the tide. The apparatus above described was fixed beneath the bridge which spans this opening, so that both the ebbing and the flowing current might pass through it. The filter was kept thus immersed for periods varying from one to two months. The reducing-agents were then taken out, roasted and assayed.

The results are given on page 56.

A very large quantity of sea-water must have passed through the apparatus in each of the above cases, but there was no way of estimating it with precision. In view of the negative results of all the experiments, an attempt was made to precipitate gold and silver from a measured quantity of sea-water. Ten thousand grains of artificial sulphides of iron, copper and lead, with animal charcoal and wood-charcoal—all in fine powder—were mixed in a barrel with 60 gallons of sea-water taken from the Pacific Ocean at Tomahawk Head, near Dunedin. The reducing-agents were stirred in the water for half an hour, and the sediment was allowed to settle for some hours. The clear water above was then decanted off, and the barrel was again filled. This operation was repeated fourteen times in the same barrel, or until over 4 tons of sea-water had been treated. The sediment was then collected and roasted at a dull red heat, to incinerate the charcoal and get rid of the

sulphur. On assaying the residue, no gold was obtained; but the result was a bead of pure silver weighing 0.0014 grain. I cannot say certainly whether this silver (which contained no gold) came from the sea-water or from the litharge used. I do not think the latter. If it came from the sea-water, however, it is note worthy that the amount from 4 tons represents only 0.00035 grain per ton, or one five-hundredth part of the quantity found in sea-water by Malaguti and Durocher in 1851.

All my experiments have thus signally failed to show any precipitation of gold (and have practically failed as to silver) from sea-water by natural reagents. So far as they go, they lend no support to the theory that the deposition of gold and silver by such reagents in marine sediments is now going on.

If such deposition had been the rule in former periods, and if this be the origin of the gold in stratified formations, why should only a comparatively small proportion of such formations be traversed by auriferous veins? This point has not escaped the attention of Posepny.

Genesis of Ore-Deposits, p. 307.

It seems to me that important evidence may be drawn from the examination of stratified rocks known to be consolidated marine sediments, but the lodes in which have not proved auriferous. Table XXIII. gives an examination of nine samples from Skipper's Road, east of Lake Wakatipu, Otago, an area in which the rocks are known to belong to the middle division of the foliated mica-schists (the favorable country-rock for gold in Otago), but in which no auriferous reefs had hitherto been discovered. Only those parts (*e.g.* fillings of veins and seams, etc.) particularly favorable to the deposition of gold were examined, but no gold was found in any of the samples.

A second series of examinations was made on samples from the west shore of Wakatipu lake, which is largely occupied by rocks of the maitai (Carboniferous) and the Te Anan (Upper Devonian) series. These rocks (mostly sandstones and slates) are undoubted marine sediments, but no gold has been found in this area.

If the gold of the lodes in the foliated mica-schists east of; this lake was originally deposited from sea-water and has since been collected by lateral segregation, it is difficult to understand why gold should not have been deposited in the marine sediments west of the lake also.

I therefore examined 16 samples of quartz, ferric oxide, etc., from the two series above named, where they are exposed north and south of the Greenstone river. There were 4 samples of fine-grained blue slate; 6 of ferric oxide from joints and fissures; 4 of small quartz-veins, none of which contained sulphides; 2 of slate containing large crystals of pyrite, amounting in weight to 254 grains for the two samples.

No trace of gold or silver was found in any of these samples.

CHAPTER VIII.—SUMMARY OF RESULTS.

[The recapitulation of the various results recorded in the preceding chapters is here omitted, to save space.]

Bearing of these Results on the Origin of Auriferous Lodes.

When I began this work, seven years ago, I was strongly inclined to believe that the lateral-secretion theory afforded the most reasonable explanation of the origin of auriferous deposits in these colonies; but, as the result of each series of examinations appeared, I was forced to the following conclusions:

If any reliance can be placed on the examinations detailed in the foregoing chapters, they seem to indicate that the gold of many lodes of the chief mining districts of New Zealand, Victoria and Queensland is due not to lateral segregation from the adjacent country-rock, but to solutions ascending from some rock deeper than any now exposed at the surface in any part of these colonies.

I am not concerned with the question whether this source is the vague "barysphere," with its somewhat apocryphal contents of heavy metals. I have simply to note that a series of laborious and careful examinations has failed to find it in the rocks of the "lithosphere."

What may be the value of these investigations in the study of the general question of the origin of ore-deposits I leave the reader to judge, being myself content to quote the opinion of Prof. Stelzner, of Freiberg, no mean investigator of that larger question, that

"Each increase of our positive knowledge of the nature and mode of origin of ore deposits, each explanation of any question connected with such deposits or with their associated country-rocks, is a distinct gain, not only to science, but also to mining practice."

Concluding sentence of Die Lateralsecretionstheorie, by A. W. Stelzner.

New Chum Railway Gold Mining Co., Bendigo, Victoria. At 2545 feet Level X Yield of Gold in grains per ton of country rock. O—Percentage of Sulphur in samples analyzed.

Diagram 2. (See Table II.)

Grains Gold Percent Sulphur.

Grains Gold Percent Sulphur. Northern Star Gold Mining Co., Ballarat, Victoria. X-Yield of Gold in groins per ton of country rock o—Percentage of Sulphur in samples analyzed. Eruptive Dyke

Diagram 4. (See Table VI.)

Grains Gold Percent Sulphur.

No. 5: North Phoenix Gold Mining Co. Gympie, Queensland. Yield of gold, compared with percentage sulphur

Diagram 6. (See Table XIII.)

Tipperary and Premier Gold Mining Co. Otago NZ. Yield of gold, compared with percentage sulphur

Diagram 8. (See Table XX. and XXI.)

Comparisson of Yield of Vadose Region, Walhalla, Victoria, with deep circulation

Front Cover

Abana & Pharpar

Rivers of Damascus

By T. C. Williams.

McKee & Co., Printers Wellington: Custom House Quay. 1897

Introduction.

Popular Astronomy; a General Description of the Heavens,

By

Camille Flammarion.

Translated from the French with the Author's sanction

By

Jellard C. Gore.

(EXTRACT).

"Having reached these upper heights, we can now attempt to represent the constitution of the Heavens as a whole."

"In infinite space the stars are strewn in immense clusters, like archipelagoes of islands in the ocean of the heavens. To go from one star to another in the same archipelago light takes years to pass from one archipelago to another it takes thousands of years. Each of these stars is a sun similar to ours, surrounded, doubtless, at least for the most part, by worlds gravitating in its light; each of these planets possesses, sooner or later, a natural history adapted for its constitution, and serves fur many ages as the abode of a multitude of living beings of different species. Attempt to count the number of stars which people the universe, the number of living beings who are born and die in all these worlds, the pleasures and pains, the smiles and tears, the virtues and vices! Imagination, stop thy flight!"

O All Ye Works of the Lord, Bless Ye the Lord: Praise him, and Magnify him for ever.

O that Men would therefore Praise the Lord for his Goodness: and Declare the Wonders that he Doeth for the Children of Men.

Now, Naaman, captain of the host of the king of Syria, was a great man with his master, and honourable, because by him the Lord had given deliverance unto Syria: he was also a mighty man in valour; but he was a leper.

And the Syrians had gone out by companies, and had brought away captive out of the land of Israel a little maid; and she was waiting on Naaman's wife.

And she said unto her mistress, Would God my lord were with the prophet that is in Samaria; for he would recover him of his leprosy.

And one went in, and told his lord, saying, Thus and thus said the maid that is of the land of Israel.

And the king of Syria said, Go to, go, and I will send a letter unto the king of Israel. And he departed, and took with him ten talents of silver, and six thousand pieces of gold, and ten changes of raiment.

And he brought the letter to the king of Israel, saying, Now when this letter is come unto thee, behold, I have therewith sent Naaman my servant to thee, that thou mayest recover him of his leprosy.

And it came to pass, when the king of Israel had read the letter that he rent his clothes, and said, Am I God, to kill and to make alive, that this man doth send into me to recover a man of his leprosy? wherefore consider, I pray you, and see how he seeketh a quarrel against me.

And it was so, when Elisha the man of God had heard that the king of Israel had rent his clothes, that he sent to the king, saying, Wherefore has thou rent thy clothes? let him come now to me, and he shall know that there is a prophet in Israel.

So Naaman came with his horses and with his chariot, and stood at the door of the house of Elisha.

And Elisha sent a messenger unto him, saying, Go and wash in Jordan seven times, and thy flesh shall come again to thee, and thou shalt be clean.

But Naaman was wroth, and went away, and said, Behold, I thought, He will surely come out to me, and stand, and call on the name of the Lord his God, and strike his hand over the place, and recover the leper.

Are not Abana and Pharpar, rivers of Damascus, better than all the waters of Israel? may I not wash in them, and be clean? So he turned, and went away in a rage.

And his servants came near, and spake unto him, and said, My father, if the prophet had bid thee do some great thing, wouldest thou not have done it? how much rather then, when he saith unto thee, Wash, and be clean?

Then went he down, and dipped himself seven times in Jordan, according to the saying of the man of God; and his flesh came again like unto the flesh of a little child, and he was clean.

And he returned to the man of God, he and all his company, and came, and stood before him: and he said, Behold, now I know that there is no God in all the earth, but in Israel: now therefore, I pray thee, take a blessing of thy servant.

But he said, As the Lord liveth, before whom I stand, I will receive none. And he urged him to take it; but he refused.

And Naaman said, Shall there not then, I pray thee, be given to thy servant two mules' burden of earth? for thy servant will henceforth offer neither burnt offering nor sacrifice unto other gods, but unto the Lord.

In this thing the Lord pardon thy servant, that when my master goeth into the house of Rimmon to worship there, and he leaneth on my hand, and I bow myself in the house of Rimmon: when I bow down myself in the house of Rimmon, the Lord pardon thy servant in this thing.

And he said unto him, Go in peace. So he departed from him a little way.

But Gehazi, the servant of Elisha, the man of God, said, Behold, my master hath spared Naaman this Syrian, in not receiving at his hands that which he brought: but, as the Lord liveth, I will run after him, and take somewhat of him.

So Gehazi followed after Naaman. And when Naaman saw him running after him, he lighted down from the chariot to meet him, and said, Is all well?

And he said, All is well. My master hath sent me, saying, Behold, even now there be come to me from mount Ephraim two young men of the sons of the prophets: give them, I pray thee, a talent of silver, and two changes of garments.

And Naaman said, Be content, take two talents. And he urged him, and bound two talents of silver in two bags, with two changes of garments, and laid them upon two of his servants; and they bare them before him.

And when he came to the tower, he took them from their hand, and bestowed them in the house: and he let the men go, and they departed.

But he went in, and stood before his master. And Elisha said unto him. Whence comest thou, Gehazi? And he said, Thy servant went no whither.

And he said unto him, Went not mine heart with thee, when the man turned again from his chariot to meet thee? Is it a time to receive money and to receive garments, and oliveyards, and vineyards, and sheep, and oxen, and menservants, and maidservants?

The leprosy therefore of Naaman shall cleave unto thee, and unto thy seed for ever. And he went out from his presence a leper as white as; snow.

Blessed are they who Accept the King. Dom of Heaven as Little Children.

We have still, waters of Jordan—Abanas and Pharpars, Some content to wash as instructed in the waters of Jordan, pure and simple. Those again who have their amended waters of Jordan—some efforting to teach as instructed, some otherwise—some as before we find Gehazis. The greater majorities prefer some their Abanas, some their Pharpars. Heathens, Confucians, Zoroastrians, Hindoos, Mahommedans, with a great many others—many who bow down to wood and stone—Christians with their archipelagoes of churches,

archipelagoes of teachers, teachings, creeds, dogma and doctrine—Atheists, Deists, Infidels, Freethinkers, Agnostics, Evolutionists—till one finds oneself utterly mazed. Head this book; then that book is all nonsense. Read this book; then the Bible is all nonsense. Read the Bible; then that book is all rubbish. What do the Athiests, Agnostics, and all who think with them, and who with them jeer and scoff at the Bible, tell us? The following are extracts. Such might almost remind one, "Oh, that mine enemy would write a book!"—

"When we abandon the doctrine that some infinite being created matter and force, and enacted a code of laws for their government, the idea of interference will be lost. The real priest will then be, not the mouthpiece of some pretended deity, but the interpreter of nature." . . . Beyond the universe there is nothing, and within the universe the supernatural does not and cannot exist. The moment these great truths are understood and admitted, a belief in general or special providence becomes impossible. From that instant men will cease their vain efforts to please an imaginary being, and will give their time and attention to the affairs of this world. They will abandon the idea of attaining any object by prayer and supplication. . . . The plans of mankind will no longer be interfered with by the linger of a supposed omnipotence, and no one will believe that nations or individuals are protected or destroyed by any deity whatever. Science, freed from the chains of pious custom and evangelical prejudice, will, within her sphere, be supreme. . . . Man should cease to expect aid from on high. By this time he should know that Heaven has no ear to hear, and no hand to help. The present is the necessary child of all the past. There has been no chance, and there can be no interference. . . . Nature, so far as we can discover, without passion and without intention, forms, transforms, and retransforms forever. She neither weeps nor rejoices. She produces man without purpose, and obliterates him without regret. She knows no distinction between the beneficial and the hurtful. . . . Only through man does nature take cognizance of the good, the true, and the beautiful, and so far; as we know, man is the highest intelligence. And yet man continues to believe that there is some power independent of and superior to nature, and still endeavours by form, ceremony, supplication, hypocrisy, and sacrifice, to obtain its aid. His best energies have been wasted in the service of this phantom. . . . Man must learn to rely upon himself. Heading Bibles will not protect him from the blasts of winter, but houses I and fires and clothing will. To prevent famine one plough is worth a million sermons, and even patent medicines will cure more diseases than all the prayers uttered since the beginning of the world. . . . The thoughts of man, in order to be of any real worth must be free. Under the influence of fear the brain is paralyzed, and instead of bravely solving a problem for itself, tremblingly adopts the solution of another. So long as a majority of men will cringe to the very earth before some potty prince or king, what must be the infinite abjectness of their little souls in the presence of their supposed Creator and God? Under these circumstances what can their thoughts be worth? . . . Who can appreciate the mercy of so making the world that all animals devour animals; so that every mouth is a slaughterhouse, and every stomach a tomb? Is it possible to discover infinite intelligence and love in universal and eternal carnage? What should we think of a father who should give a farm to his children, and before giving them possession, should plant upon it thousands of deadly shrubs and vines; should stock it with ferocious reptiles; should take pains to put a few swamps in the neighbourhood to breed malaria; should so arrange matters, that the ground would occasionally open and swallow a few of his darlings; and besides all this, should establish a few volcanoes in the immediate vicinity, that might at any moment overwhelm his children with rivers of fire? Suppose that this father neglected to tell his children which of the plants were deadly; that the reptiles were poisonous; failed to say anything about the earthquakes; and kept the the volcano business a profound secret; would we pronounce him angel or fiend? And yet this is exactly what the orthodox God has done. . . . Having shown how man created gods, and how he became the trembling slave of his own creation, the questions naturally arise—how did he free himself even a little, from these monarchs of the sky, from these despots of the clouds, from this aristocracy of the air? How did he, even to the extent that he has, outgrow his ignorant, abject terror, and throw off the yoke of superstition? . . . In spite of all religion, the geologist penetrated the earth, read her history in books of stone, and found, written within her bosom, souvenirs of all the ages. Old ideas perished in the retort of the chemists, and useful truths took their places. One by one religious conceptions have been placed in the crucible of Hence and thus far, nothing but dross has been found. A new world has been discovered by the microscope; everywhere has been found the infinite; in every direction man has investigated and explored; and nowhere, in earth or stars, has been found the footsteps of any being superior to or independent of nature. Nowhere has been discovered the slightest evidence of any interference from without. These are the sublime truths that enable men to throw off the yoke of superstition. These are the splendid facts that snatched the sceptre of authority from the hands of priests."

After reading the above, then how most pitiable and absurd, "O that men would therefore praise the Lord for his goodness, and declare the wonders that he doeth for the children of men." Still, one might derive some little even of refreshment turning from the above to the Christian's song of reverential praise—parents with their little ones present and all joining:—

*Holy, Holy, Holy! though the darkness hide Thee.
Though the eye of sinful man Thy glory may not see,
Only Thou art Holy: there is none beside Thee
Perfect in power, in love, and purity.*

Then to the Christians sure and certain hope that they esteem their great and beloved privilege to know that they are themselves, and privileged to teach their little ones, that if they fear God and effort His commandments—Love the Lord Jesus Christ—and act as instructed, they are "children of God, inheritors of the Kingdom of Heaven." What again do the Evolutionists teach us? Shortly this:—Mankind, like all the other animals, were evolved originally from some protoplasmic sort of stuff. Heavenly Father they have none. How can they when old mother Evolution "bossed" and still continues to "boss" the whole show? Some animals evolved in one direction, some in another: man evolved till at one stage he was a baboon. Why so many baboons should be content still to continue baboons, evolutionists have not yet quite discovered. They will doubtless look more into their Bibles—the rocks—and tell us later on. And so the baboons evolved and evolved till man appeared. It might seem almost cruel at this stage to remind all those sweetly pretty creatures—the coming mothers of coming mankind—when seen playing golf, croquet, riding their bicycles, going to theatres, Ac., that their great grandpas and grandmas, uncles and aunts, with more or less of removes, were baboons; that all the kangaroos and puppy dogs, Ac., are with more or less of removes their cousins. Very cruel! then why do it? *Cui bono*? Some, unbeliever might ask, if man evolved and evolved originally from some protoplasmic sort of stuff, with no other guidance and control around than the guidance and control of old mother Evolution, what was to prevent an evolutionist evolving till of the same dimensions as Mount Tongariro, requiring a hat to protect his head when walking abroad wider and broader than Lake Taupo. Of course there would in such case be difficulties; when one may consider the vast of fat oxen necessary to give so enlarged an evolutionist a good meal, the vast of fleeces to give him a dress suit: houses he could have none—all vegetables and fruits of the earth would be utterly useless to him. Then to picture the consternation, the speedy and all round reduction to a condition of "cracky billy," followed by a general stampede of all the fishes on the occasion of a visit to the ocean of so enlarged an evolutionist to his morning bath. Happily it is not so. Evolutionists are just a nice convenient size; shearing his sheep to get his dress suit just the proper size; seated at his meals with his legs of mutton, vegetables, and fruits, all just the proper sizes. Wonderful little fellows! Of course there is this objection to the acceptance of all evolutionists teach—their extreme youth. Their brains are so very young—the bones used in their construction such young, almost quite new, bones—I only a few months since not bones at all, but some other sorts or somethings. Then to come down from archipelagoes of stars to evolutionists; they do look very small. Why, take any ordinary sized evolutionist, lop a little here, chop just a little there perhaps, he can readily be stowed away inside any ordinary corn or wheat sack. Any larger than ordinary, stow three or four of them in a wool bale and sew them up. Not much when inside such bags or wool bales; but just take any one of them out and stick him on top of a footstool, supply him with a telescope just a little longer than himself and let him take his spies abroad among the archipelagoes of stars, then hear him talk! Wonderful little fellows! Then try to puzzle an evolutionist to shut him up. Show him a watch; ask him "Did any one make that watch?" Make that watch? of course! Waterbury? keeps good time no doubt? Point him to the sun. Tell how the sun goes his course; keeps his appointed place in the heavens, taking with him all his "chicky-biddies"—the planets, the wonderful exactitude of the movements of the planets, enabling astronomers to foretell the transits of Venus, eclipses, &c. Ask him if there was a Maker, a Creator, an Overruler there. "Creator, Over-ruler? Tut! tut! Old Mother Evolution and Nature fixed all that up. What do evolutionists want with a Creator? 'A king can make a belted knight a marquis, duke, and a' that, but an evolutionist's beyond his might; good faith he may na' fa' that.'" Ask him about his Heavenly Father. "Heavenly Father, tut! tut! Do you ever hear our cousins the kangaroos, hyænas, puppy dogs, and others of our relatives talk about their Heavenly Father, tut! tut!" Tell an evolutionist how "all have sinned and come short of the glory of God;" ask him about his Redeemer. "Redeemer, tut! tut!" "Snarls and snails and puppy dogs' tails that evolutionists are made of." What do puppy dogs' tails want with a Redeemer? Tut! tut!" Ask him about his soul. He smiles: "Aven't got any!" Wonderful little fellows! Then they are so very generous. Their great generosity in inviting all mankind to share with them in all the elevating glories of their beauteous pedigrees, to wash with them in the waters of their glorious Abana, soon to lead them to washings in the Agnostics' Pharpar. Wonderful little fellows! They live their lives free from any responsibilities other than those dictated from time to time by their necessities and surrounding here. Soulless they came and, like their cousins the puppy Jogs, soulless they go They wither like the leaves, and like their cousins the puppy dogs, they die and there is an end of them. "O that men would sing the praises of their good mothers, Dames Evolution and Nature, and declare the wonders they have done and

are still doing for their little ones the children of men!"

Turn we to another picture—to see a Christian mother trotting about with her little ones like a hen with its "chicky-biddies." She points them to the sun, tells them how very big the sun is, that if this earth were in the centre of the sun there would be room for the moon to go round this earth inside the sun, leaving a very big, big, margin outside the circle so made by the moon inside the sun; tells them how the sun pursues his course, keeping always his appointed place in the Heavens, taking with him all his "chicky-biddies"—the planets; how the planets go all trotting along at great speed through space round the sun, from which they all derive their heat and light: how the earth is so placed in the Heavens as to give them their summer, autumn, winter and spring; how their Heavenly Father created and overrules all. When, exactly, He so created them she cannot tell them now, nor is it at all necessary they should know just now; how their Heavenly Father created all those pretty stars they see in the Heavens around them, all—with the exception of the planets—doubtless suns with their planets revolving round them; how their Heavenly Father created myriads of stars, which cannot be seen with the naked eye, in the vasty archipelagoes of stars in the ocean of the Heavens around them; how that if they are good little boys and girls, and if they live to grow up to be good men and women, ever remembering "the fear of God is the beginning of wisdom;" how that if they fear God and earnestly effort His commandments, they are privileged to love God and pray to Him and trust Him as their Heavenly Father; how that if they love the Lord Jesus, are truly repentant for their sins, and trust for forgiveness and salvation through His merits and all that He has done for them; how that if they love their neighbours and are kind to them, love and are kind always and to everybody, and are true and just in all their dealings; how that if they sing and duly practice their little

*I love to hear the story
Which Angel voices tell,
How once the King of Glory
Came down on earth to dwell.
I am both weak and sinful,
But this I surely know,
The Lord came down to save me,
Because he loved me so.*

*I love to hear the story
Which Angel voices tell,
How once the King of Glory
Came down on earth to dwell.
I'm glad my Blessed Saviour
Was once a child like me,
To show how pure and holy
His little ones might be;
And if I try to follow
His footsteps here below
He never will forget me,
Because he loves me so.*

*I love to hear the story
Which angel voices tell,
How once the King of Glory
Came down on earth to dwell.
To sing His love and mercy
My sweetest songs I'll raise;
And though I cannot see Him
I know he hears my praise:
For he has kindly promised
That even I may go
To sing among his Angels,
Because He loves me so.*

*I love to hear the story
Which Angel voices tell,
How once the King of Glory
Came down on earth to dwell.*

—AMEN.

How that if they bear patiently any of the ills of life, ever remembering their little "Thy will be done," ever keeping their attention fixed with the eye of faith, remembering this is not their abiding or final city, on the happy beyond, whether they die on land or at sea, die after a long and painful illness, die of this disease or that, when they die they will go to dwell for ever and ever in those blessed abodes prepared by their Heavenly Father, for all who love the Lord Jesus, ages and ages before the foundation of the world. Why, that Christian mother can give the mothers of the Atheists, Deists, Infidels, Freethinkers, Agnostics, Evolutionists all points, and have allotted to her, and walk away with, all the cakes.

"Time's up"—Just so! Time's up. Popes, Cardinals, Archbishops, Bishops, Archdeacons, Priests, Deans, Vicars, Deacons, Elders, Divines, and Christian Teachers all, what have you to say for yourselves? What happens to employees when they display a disregard for the instructions and wishes of their employers and masters! (A voice: "they get the sack.") Just so—they "get the sack." What have you to show why you should not all get the sack? Have you forgotten the commands and instructions of your great Master? "A new commandment I give unto you that ye love one another." "By this shall all men know that ye are My disciples, if ye have love one to another." Have you forgotten your sailing orders "Be of one mind, teach the same thing?" Again "Determine to know naught among mankind but Christ Jesus and Him crucified." Do not many of you teach that there is salvation for those only who are privileged to be in the bosom of this or that church? That those only can be saved who have the sacraments administered to them by those among you possessed of apostolic succession. Is not to teach thus, to "teach for doctrine the commandments of men?" Is not to teach thus to effort "to shut up the Kingdom of Heaven against men?" Were any of you with your apostolic succession and your exclusive churches crucified for the sins of the world? Was any of your "blood shed for the remission of sin?" Can it be said of any of you "He was wounded for our transgressions; He was bruised for our iniquities; the chastisement of our peace was upon Him, and with His stripes we are healed?" Do not many of you presume to teach that the infinite God and Father of all caused His little ones to be deceived when He ordained them to be taught—"God so loved the world that He gave His only begotten Son, that whosoever believeth in Him should not perish but have everlasting life." "The blood of Jesus Christ, His Son, cleanseth from all sin?" Do not many of you teach that it is necessary to salvation to eternal life that the souls of mankind must be detained in, and pass through your by man ordained human abomination, your Jordan of the Gehazis, you call Purgatory? Is not to teach thus a grievous offence against the Most High? Is not to teach thus most manifestly "to teach for doctrine the commandments of men?" Is not to teach thus to cruelly mislead and deceive your fellows? Is not to teach thus a distinct effort on your part to "shut up the Kingdom of Heaven against men?" Have you forgotten the terrible denunciations on record against those who so do? Go read!

Atheists, Deists, Infidels, Freethinkers, Agnostics, Evolutionists, what have you little chaps to say for yourselves? What do pas and mas do to their little chaps when they get too bumptious, think they know better than their pas and mas, and display distinct contempt for, and disobedience to the wishes and instructions of their pas and mas? (A voice "they lamb them.") Just so! Do not you think you would be better for a good "lambation" all round? You to despise the Bible! Because Moses' story of the creation and other portions of the Bible are not just in accordance with your little notions, does that make it any less a fact that David was King of the Jews, any less a fact that the prophet of God foretold—"Behold, a virgin shall be with child, and shall bring forth a son, and they shall call his name Emanuel, which, being interpreted, is God with us;" any less a fact "And there were in the same country shepherds abiding in the field, keeping watch over their flocks by night. And lo! the Angel of the Lord came upon them, and the glory of the Lord shone round about them, and they were sore afraid. And the Angel said unto them, "Fear not: for, behold, I bring unto you good tidings of great joy, which shall be to all people. For unto you is born this day in the city of David a Saviour, which is Christ the Lord. . . . And suddenly there was with the Angel a multitude of the heavenly host praising God, and saying: Glory to God in the highest, and on earth peace, good will towards men;" "any less a fact that Jesus Christ was born among the Jews, that Jesus Christ told to mankind "I am the light of the world," "He that believeth in Me hath everlasting life." Oh! but you say "someone said that for him." When you read in your histories what the great conquering Roman wrote when describing one of his victories, "*Veni Vidi Vici*," do you then proceed to say "Oh someone wrote that for him." Why in one case more than another? You to scoff at miracles! Why what are you but each a little, more or less, peripatetic trot-about miracle? You to look down from the lofty heights of your wonderous lambkin intellects with pitying commiseration upon Christian men and women who read their Bibles, who nightly and every day thank their Heavenly Father for their Bibles given to them and their little ones, "a light to their path, a lamp to their feet!" Who pray—

"Almighty God, Father of all mercies, we, Thine unworthy servants, do give Thee most humble and hearty thanks for all Thy goodness and loving-kindness to us and to all men. We bless Thee for our creation, preservation and all the blessings of this life; but above all for Thine inestimable love in the redemption of the world by our Lord Jesus Christ; for the means of grace and for the hope of glory. And, we beseech Thee, give

us that due sense of all Thy mercies, that our hearts may be unfeignedly thankful, and that we show forth thy praises, not only with our lips, but in our lives; by giving up ourselves to Thy service, and by walking before Thee in holiness and right cousness all our days; through Jesus Christ our Lord, to whom with Thee and the Holy Ghost be all honour and glory, world without end.

—AMEN.

The sort of people to be despised by little chaps like you, those Christian men and women, are they not? What you little chaps want is something to do to keep you out of mischief, here "Love thy neighbour as thyself." Rather a large order for little chaps like you! You may be told what a great preacher once told his hearers—"My friends, if you can't be religious, be as religious as you can be." There you are! If you cannot love your neighbours as yourselves, do the best you can; love them as well as you can love them. Make that your rule and guide. Perfection can scarcely be expected from you. When you have that properly fixed up, here "Do unto others as you would be done by." Whatever is the matter with all you little chaps? "What's gane wrang wi ye?" Is it not enough for you to know the Lord made the Heavens and the earth, "the sea and all that in them is," the countless myriads of the stars in the heavens, and so ordered that in time there should be produced on earth little chaps like you? Do you want to know what became of all the souls of men who died before Christ came, and the sort of wings you will have in the next world? Why not be content with what you have? Measure the diameter of the sun, the size and distance of the planets, see to your phonographs, photographs, electricities, and all such. Do not try to pry into the mysteries of creation; be content to "wait a wee." If you want to know the number of the stars, go and count them. Then how can you little chaps possibly count the stars, when you cannot see, may be, one hundredth part of them, even with your spectacles on. Try and think just a little less of yourselves. Try and be content with what you have. Are not "the means of grace and hope of glory" good enough for you? Is not eternal life long enough? Would you like it elongated a little! Be content to leave all you cannot possibly grasp, and cook prehend in all reverential submission to and with Him who is from everlasting to everlasting, to Him all pervading where ever is, is God, to Him who doeth all things well, your infinite Creator, God and Heavenly Father. You are all of you very careful with those bones of yours, when you ride your bicycles, your horses and carriages, climb up the riggings of your ships and otherwise, with many otherwises. Is it necessary for you to be told that ere long you will have to leave those bones and put in an appearance elsewhere and otherwise? Now would you not all like when you so put in an appearance elsewhere to be nice, clean little chaps? Just all try to be nice, good little chaps. You would soon all be much happier. You might! shortly find yourselves evolved into a condition of being possessed] of "joy and peace in believing." Go, like good little chaps, to those Christians and ask them, "What must I do to be saved. They will tell you, "Believe on the Lord Jesus Christ, and thou shalt be saved." They will tell you, "The blood of Jesus Christ cleanseth from all sin." And, so continuing in your resolve to be good little chaps, "Accept the Kindgom of Heaven as little children." Ta ta, little chaps, ta ta! *Au Revoir.*

decorative feature

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The Horowhenua Case.

Sir Walter Buller to the Right Hon. the Premier. Wellington,

November 16th, 1897.

SIR—A Memorandum by the Hon. the Minister of Lands, relating to the Horowhenua Case, has, with the leave of the House, been laid on the table and printed. As this Memorandum contains statements seriously affecting my honour, I desire to have an opportunity of replying to it in an equally public manner.

In justice to myself, will you have the kindness to lay on the table of the House, with a view to its being printed, the enclosed I reply to the Memorandum in question.

I have the honour to be, Sir,
Your most obedient servant,
(Signed) W. L. Buller.
THE RIGHT HON. R. J. SEDDON,

Premier,
Wellington.

The Right Hon. the Premier to Sir Walter Buller. Premier's Office, Wellington,

16th, November, 1897.

DEAD SIR,—I return herewith, unread, the Memorandum which you ask me in your letter of even date to lay upon the table of the House. I gather from your communication, however, that it bears upon the Horowhenua case.

I do not for a moment imagine that you seriously contemplated by complying with your request, and regret being forced to the conclusion that you have taken this course with a view to causing Amusement. If done with a view to causing irritation or dissension, we device is too thin. I am accordingly bound to treat it as a clumsy joke, and must decline to be a party to trifling with the House in respect to this matter.

I am, Dear Sir,

Yours faithfully.

(Signed) R. J. Seddon.

Sir Walter Buller, K.C.M.G.,
Wellington.

Now that my Land Transfer Certificates are proved to have been innocently acquired, so far as I am concerned, Mr. McKenzie (who, with charming candour, complains that my position according to the present law is secure) proposes to remedy this "miscarriage of justice," as he is pleased to term it, by a bold and daring step in the way of retrospective legislation. No XIV is to be declared Native Land, and thrown open to claims by original Maori custom; and the validity or invalidity of my Land Transfer Certificates, honestly acquired in 1892, is to depend on the question whether, say, in or before 1842—when the native title became crystalised—certain claimants did or did not catch rats on the land

A recognised mode of proving, in the Native Land Court, a right of occupation, and especially in the case of bush land.

In the meantime, my title is to be confiscated.

I repeat then: there is very little I need say in reply to the Minister. It is for the House—not for me—to determine whether my interest in No. XIV is now to be forfeited after some farce of an enquiry. My only object in writing this is to make it quite plain to Members that the propriety of my dealings with that Subdivision has been completely established in the recent Supreme Court proceedings; and that the Minister is now repeating, word for word, the same charges which the Public Trustee unconditionally withdrew, when forced by me to trial. I have appended to this Memorandum a reprint of the official report of Mr. Theo. Cooper's address, which speaks for itself.

I should have thought it hardly necessary to remind Members that the Supreme Court sat, under 'The Horowhenua Block Act, 1896,' on purpose to retry the Minister's allegations of fraud against me in connection with No. XIV, which had been found true by the Horowhenua Commission; or that the Public Trustee (the late Chairman of that Commission) was appointed, as plaintiff, to reformulate those charges, and so, if possible, justify his own Report, which had been impeached by me.

See Parl. Pap., 1896, No. 6.

But (on page 6 of his Memorandum) the Minister actually commits himself to the assertion that his present allegations are not those which Mr. Cooper withdrew. That assertion is directly contrary to the fact.

The Minister suggests (I am quoting from his own summary on page 6 of the Memorandum):—

- That Sir Walter Buller knew prior to his leaving in 1886 for England that the whole block was held by Kemp in one title in trust for the tribe, and that on his return to New Zealand he, without making enquiry to ascertain that the trust was extinguished, purchased part and leased other parts of the trust property.
- That Sir Walter Buller had knowledge that Kemp and Warena Hunia agreed in asserting that Major Kemp held this block, No. 14, for others as well as himself, both when he dealt with the land in October 1892, and, all the evidence goes to show, when he dealt with the land in May 1892.
- That Sir Walter Buller took his leases at a great undervalue from his own client.
- That Sir Walter Buller procured from Kemp a mortgage which he now alleges covers large sums of money for costs due to Sir Walter Buller, but which costs were never intended by Kemp to be covered by

the mortgage."

(I omit No. 5, because it has nothing to do with Subdivision XIV, and is mere irrelevant abuse of me to be disposed of, in a few words, later on.)

These four allegations were raised before the Supreme Court and expressly withdrawn by Mr. Cooper, who said:—

That he was satisfied that I had no notice of the trust alleged; and, further, that if there was any other trust affecting No. XIV I was not aware of it. (Members will notice that Mr. Cooper acquits me of knowledge of *any* trust.)

Also,

That he agreed with my counsel, Mr. Bell, that I was entitled to a frank withdrawal of the charge of having paid inadequate rentals and values, and of having obtained my mortgage by fraud and concealment.

In the face of this, how dare the Minister wind up his accusations with the remark—"It will be observed that my allegations are based on different considerations from those in the action brought by the Public Trustee"? Why, they are simply copied from the statement of claim; indeed, as to the mortgage, the Minister himself admits this.

Now, just let me clinch this matter and sweep away at a breath a number of ridiculous insinuations that I have burked an enquiry into the charges on their merits. On the contrary, this is exactly what the Government tried to do. Members, if they have taken the trouble to follow the reports of the proceedings, will remember how difficult I found it to force the plaintiff into Court.

After the devices of refusing to serve the writ and filing a discontinuance of the action—with a view to hang it up indefinitely—had been frustrated by me, the Public Trustee set up a dilatory plea based on a supposed construction of 'The Horowhenua Block Act, 1896.' That statute, the House may remember, had directed two separate and independent enquiries; the propriety or otherwise of my dealings was referred to the Supreme Court, the validity or invalidity of Kemp's certificate to the Native Appellate Court (which the Minister for short calls the "Appellate Court"). The Public Trustee, with a view to delay, raised the contention that the Supreme Court was bound to wait until judgment had been given by the other tribunal in Kemp's case—an argument, by the way, afterwards expressly abandoned by Mr. Cooper as untenable. About half a dozen motions and summonses to postpone the hearing on this ground were successfully resisted on my behalf by Mr. H. D. Bell, who, in round terms, demanded that, as my character was involved, the Court should not permit these attempts at procrastination.

Then came a despairing effort. The plaintiff struck out all the charges of fraud from the statement of claim, substituting the old dilatory technicalities. This device, if permitted by me to succeed would of course have rendered a trial of the facts impossible; but I applied to the Chief Justice and had the charges reinstated—showing I venture to say, that I was anxious to meet them.

The last device of the Minister's advisers was to notify me that they would call no evidence in support of the charges. To that my solicitors quietly retorted that they would call evidence on my behalf to disprove them. See correspondence, between Mr. Stafford and Mr. A. P. Buller, in the Appendix.

In a word I succeeded at last in dragging the plaintiff before the Court, and when (all subterfuges failing) the hearing came on, the Minister's charges at once collapsed, as I have always known they would. The House will note Mr. Cooper's express statements:—

- That his reason for withdrawing all the charges of fraud, as to my dealings, was a desire to save the expense of a trial of the facts which could only result in my favour; and,
- That before making this withdrawal he had for ten days carefully considered the whole of the evidence, taken before the Native Appellate Court and before the Royal Commission, and that it disclosed nothing against me. This—I need hardly remind the House—is the same evidence on the strength of one-sided extracts from which the Minister now seeks to re-open the matter.

The decree to which Mr. Cooper accordingly submitted is prefaced with the words—"The plaintiff, admitting that he can adduce no evidence to substantiate the charges against the defendant, Sir Walter Duller, alleged in the statement of claim, submits to a final judgment in favor of the said Sir Walter Buller."

The plaintiff confesses that he *can* adduce no evidence.

I hope I am not needlessly elaborating an obvious matter. But Members, if they will refer to Mr. Cooper's address, will see for themselves that, by forcing the Public Trustee to trial, I extorted from him (the man who, of all others, would have brought forward facts, if he could, to justify his Report) an acknowledgment that the facts were entirely in my favour.

So much for the nature of my vindication. Now, to return to the Minister's remarks, if indeed they need comment. Which is it, I ask—I or the Government—who throughout these proceedings has been afraid of the facts and sought refuge in legal excuses and delays? The Minister is surely (to use a colloquial phrase) taking the bull by the horns when he accuses *me* of that manoeuvre!

A rather amusing instance in point occurs on page 6 of the Memorandum. The Minister, in the last paragraph but two, argues all over again that the Native Appellate Court had first to give judgment. He hints indeed (not very candidly) that Mr. Cooper refused to call evidence because the Chief Justice would not listen to that contention, whereas Mr. Cooper expressly withdrew it, as I have already stated. But the last sentence of the paragraph is really most unkind. Mr. McKenzie actually winds up this rigmarole about the Native Appellate Court—the quibble by which, as I have shown, the Government for weeks delayed the trial of the facts—with the reproach that *I* have quibbled to escape that trial! The Hon. gentleman appears to be a little confused.

Before concluding I must inform the House of a tyrannical act of interference with the course of justice. On the eve of the hearing and when all efforts to prevent it had failed, my chief witness, Judge Wilson notified to the Registrar of the Supreme Court that, when actually on his way to Wellington, he had received a telegram forbidding him to attend on my subpoena "without the written consent of *the Minister of Land*."; and the interdict was only removed on the insistence of Mr. Cooper who, failing that, would no doubt have thrown up his brief. In view of this I shall venture to assert that Mr. McKenzie was more afraid of a fair trial than I was. Indeed, is it not notorious that, for the last two years, my one object has been to clear myself before a tribunal not of the Minister's creation, and his to prevent me?

He says that I have been impeached before "that Court of conscience." public opinion. True: so has he! And with what result? Which of us has the Press of the Colony—the mouthpiece of that public opinion—unanimously condemned?

I have now completed all that I am called upon to say in reply to fee Minister. He demands forfeiture of my interest in No. XIV on the ground of certain charges of fraud. I answer him by showing that these have been effectually disposed of; and, having done so much, I submit myself confidently to the justice of Parliament.

I hope I do not seem disrespectful to the length of Mr. McKenzie's Memorandum. I do not for a moment forget that, will praiseworthy assiduity, he has compiled six folio pages of close print in proof of my wrongdoing. But I repeat: the Hon. gentleman's proofs—where he does offer any proof at all—are selections from the very evidence which Mr. Cooper admitted discloses nothing against me. There is therefore nothing for me to argue.

I must indeed, for the entertainment of Members, briefly call attention to the ridiculous methods of the Minister. He seeks, among other curious things, to prove my "guilt" and does so, entirely to his own satisfaction, partly by means of quotations from the Horowhenus Commission Report (which I should hardly have expected at this day to find quoted against me as evidence) and partly by reckless assertion And all this after his terrifying announcement, on page 1, that he would convict me entirely out of my own mouth!

The number of "ifs" and "seems" in the document is phenomenal; and—to take an instance of the author's modest "suggestions"—he "ventures to suggest," without pretending to adduce any evidence, that I incited Kemp to claim what was not his own. (See last sentence of paragraph on page 2 headed SIR WALTER BULLER'S FIRST AGREEMENT.) The Hon. gentleman shows himself so ready to imagine evil of me that really, notwithstanding his comforting assurance on the point, I cannot altogether flatter myself that I enjoy his goodwill.

Mere barefaced guesswork like this hurts no one of course; but must remark that conjecture, if it masquerades as quotation from evidence, is highly misleading; and, further, that extracts ought not to be made up like patchwork. However, not to enlarge on these points, I assume that any Member industrious enough to read the paper will verify the references for himself.

I need not weary the House by any further comment on the Minister's very inconclusive manner of proof, but will dismiss the subject of my dealings in respect of No. XIV with one obvious remark namely, that if the Supreme Court trial had proceeded (and it was expected to last three weeks) I should have called a great mass of [*unclear: exdence*]. To take, for instance, the contention that I obtained my lease at an undervalue—one of the old contentions now re-stated by the Minister, with a confidence that was sadly lacking at the recent [*unclear: herding*]: I had briefed and subpoenaed eight witnesses to prove that [*unclear: is*] giving halt-a-crown an acre tor the bush land in question (all improvements to be surrendered at the end of the term) I was paying a *maximum* rent. To show the character of my witnesses as to value, I give their names:—Messrs. James Gear, John Davies, Frank Smith, Joseph Death, John Kebbell, Peter Bartholomew, John Gower, and John McLeavey.

I regret that, in conclusion, I must refer for a moment to entirely outside topics. The House will acquit me of having started these. Personally I am quite innocent of any desire to waste time. The Hon. gentleman's "sense of public duty," however, impels him, whenever he is discussing No. XIV, to indulge in all-round abuse of me, and in the present instance such manifestations of goodwill are not wanting. To mention a parallel: .during the debate last year on the Horowhenua Commission, Mr. McKenzie, just as an illustration of my general "villainy" (as he terms it), read out a long extract from the Native evidence given at the Owhaoko rehearing nine years ago.

I should mention that, during my absence in England in 1888, some Maori witnesses came forward and told the Court a very circumstantial tale, alleging that, acting on behalf of Mr. John Studholme, I had used gross fraud in order to obtain the signatures of Topia Turoa and others to a withdrawal of the application for rehearing. This story, so impressively declaimed by the Minister, is the one which Judge Puckey declared from the Bench (on the authority of documentary evidence then in his possession) to be a concoction. I find no mention, however, of Judge Puckey's remarks in the Hon. gentleman's speech.

Mr. McKenzie, even if he does not see the unfairness of attacking me in the House where I cannot reply, should at least give *all* the facts.

The Hon. gentleman's present Memorandum contains two more anecdotes of the same nature. Let me first deal with the more pathetic of the two. I appear to have "coveted" the last six acres of a "poor, old, landless woman" who, by the way, as the correspondence shows, had sixty-six acres of first-class land at the time. My further "villainies" (in the character of the wicked Ahab) seem to have been as follows:—According to Mr. McKenzie, I "induced" the poor old woman to part with her "last six acres," and then prevailed upon the Trust Commissioner to pass the transfer by promising to grant her a sub-lease of part of my leasehold in No. XIV, but afterwards endeavoured to repudiate that promise, and, when held to it by Judge Mackay, evaded it as far as possible by locating the woman in a part of No. XIV unsuitable for occupation. This is another illustration of the reckless manner in which the Minister puts forward his own vague surmises as accepted facts.

(1.) In the first place, so far from the woman (Ani Patene) being "induced" by me to sell, I was induced by her to buy; for she came to town of her own accord and threatened that if I did not purchase this piece of land, which adjoined my homestead and was cut off from the rest of her property, she would sell to some one else, as she was going North and wanted money. Bather than that should happen, I bought the land at the same high price per acre I had given for the rest, and paid the whole of the purchase money on the signing of the transfer. There was no suggestion at that time of any sub-lease. This was a subsequent proposal (as the Minister admits) to meet a technical difficulty raised by the Trust Commissioner.

(2.) Surely Mr. McKenzie knows that no Trust Commissioner will pass a transfer till the European has completed his part of the bargain. To do so would be absolutely contrary to law. Yet the Minister's cock-and-bull story rests on the assumption that Judge Mackay passed the transfer on my mere promise; whereas, on the contrary, the transfer was not passed till the 8th March, some six weeks after I had forwarded the lease to the Trust Commissioner executed by me in triplicate and duly stamped.

What then becomes of all this nonsense about my trying to wriggle out of a promise on the strength of which I got the transfer passed?

(3.) Even more absurd is the complaint about my not registering the lease to the "poor, landless woman." Of course it was not registered, and for a simple reason. After I had sent in the lease the woman died; and I presume the Minister will agree with me that, under these circumstances, a life-lease to provide land for her personal occupation, became unnecessary, not to say impossible. Accordingly, on the 8th March the Trust Commissioner passed my transfer unconditionally and the lease, which had been awaiting his certificate, was dropped.

(4.) As regards the fairness of the bargain—if I am called upon to discuss the terms of a lease which never took effect. I hardly need explain that in these dealings the European pays his money down and takes the risk of the Trust Commissioner passing or not passing the transaction. Unless, therefore, the dealing be fair to the Native, the purchaser is simply throwing his money away. I have every confidence in saying that the bargain in this instance was a perfectly just one. The Minister admits that I gave a fair value, but he omits to say that I was paying a fancy price for the land, and is equally silent as to the fact that the lease was at a peppercorn rent. The only reason for giving the lease at all was that the woman's remaining sixty acres were leased to Mr. Kebbell. To comply, therefore, with the technical requirements of the Act, I gave the woman a lease of the bush land in question without rent. As I pointed out to the Trust Commissioner, if I had given her a lease of cleared land (which had cost me £12 an acre) I should of course have charged a rent which she was not in a position to pay.

(5.) When the Minister talks (in italics) about the lease being for the old woman's "*personal occupation and residence*"—as if there had been really an intention of that she should occupy—he only proves that he has not read the correspondence, which shows that the "poor, landless woman" had arranged to quit the district and go North.

A word, in conclusion, as to the Minister's allegation (5) that I "fomented and encouraged legal proceedings which have resulted in casting the tribe in thousands of pounds of costs without making the least effort to avert this huge expenditure." This statement I meet with a direct and emphatic denial.

No one knows better than the Minister himself that, in my efforts to save the tribe from the ruinous cost of asserting their rights in a Court of law, I exhausted every possible remedy. Session after Session I approached Parliament by petition, in the name of Major Kemp, praying for relief. What I asked for was the setting up of a

competent tribunal to take evidence and determine whether Kemp and Warena Hunia were beneficial owners of No. XI or only trustees for Muaupoko. Twice over I obtained a recommendation from the Native Affairs Committee that there should be remedial legislation; but the Government would do nothing. Even as late as June 20th, 1894, I sent to Mr. Seddon, for his consideration, a Draft Bill to meet the case, and, in any letter covering it, I said:—"If you can see your way as Native Minister to initiate such a measure, it will give general satisfaction to Major Kemp and to the Muaupoko tribe and will put an end forever to the Horowhenua difficulty and that, too, in a perfectly legitimate way." Mr. Seddon's answer was:—"I have referred the Bill to the Native Department and I will, when advised thereupon, communicate with you further on the matter";

Parl. Papers, 1896, G-2, p. 300.

but I heard nothing more on the subject.

No legal proceedings, however, were taken by me till after the Minister of Lands had, with express notice of the trust, purchased what is now the State Farm from Warena Hunia. Before anything else was done, a deputation of Muaupoko chiefs waited on the Premier to protest against that purchase. Mr. Seddon's answer was:—"We say it belongs to Hunia. The title is perfect and cannot be upset. . . . The Government has bought the land and will retain it,"

Parl. Pap. 1896, G-2., pp. 313-4

It was not till then that I started the costly litigation which, as Members are aware, had the effect of proving my contention and establishing the trust. The total cost of these first proceedings in the Supreme Court and Court of Appeal amounted to £1000, the whole of which had to be found by me; and not one shilling of that money has yet been repaid.

All the subsequent, and no doubt ruinous, expense of proceedings before the Royal Commission, the Native Appellate Court, and the Supreme Court, has been the outcome of the violent attack made upon me, in the Session of 1895, by the Minister of Lands, who would not quietly accept the verdict of the Supreme Court as to Subdivision XI (including of course the State Farm) but argued that what was wanted was a tribunal which "Sir Walter Buller could not get round and his money could not purchase"!

Walter L. Buller.

Wellington,

November 16th, 1892.

Appendix.

SUPREME COURT, WELLINGTON: 11TH AUGUST, 1897.

Horowhenua Block.

(PUBLIC TRUSTEE V. SIR WALTER BULLER AND MAJOR KEMP.)

Mr. Cooper (who with Mr. Stafford and Mr. Baldwin apposed for the Public Trustee) said:—"If your Honour pleases. This is a statutory action brought by the Public Trustee under Section 10 of 'The Horowhenua Block Act, 1896,' a section which directs and empowers him to institute on behalf of the original owners of Division 14, Horowhenua Block, an action for the purpose of testing the validity of the alienations in fee-simple of Sir Walter Buller, and of the registered dealings with him by Major Kemp upon the original Certificate of Title. I should like to say before I proceed further that the Act is one very difficult to construe indeed, and that the Public Trustee was advised that the obtaining of the judgment of the Appellate Court was a condition precedent to the exercise of any jurisdiction by the Supreme Court under Section 10, and, entertaining that view, he applied to your Honour for a postponement of the trial until the question should be determined, or until the Appellate Court should have delivered its judgment. After argument you determined that the application should not be granted. Some ten days ago I was myself introduced into the matter, and I have given it the most careful and anxious consideration. My first impression was that the judgment of the Appellate Court was a condition precedent to the exercise of the jurisdiction of the Supreme Court, but, after going very carefully through the Act, I felt I could not successfully maintain that position and I think it my duty to say so at once. I have also made a most careful and anxious examination of the evidence which is in the hands of the Public Trustee, for the purpose of ascertaining whether that evidence shews any notice on the part of Sir Walter Buller of any trust which might have existed in Major Kemp, and I feel bound to come to the conclusion that the evidence does not show any such notice on the part of Sir Walter Buller. It is probably within the knowledge of

your Honour that there has been a very complete investigation of the circumstances connected with this portion of the Horowhenua Block in the Native Appellate Court, but the Court has not given its judgment, although the taking of evidence has for some time been concluded. We have no evidence in the matter further than that before the Appellate Court and the Commissioners. It is on an examination of the evidence more fully adduced at the further investigation by the Native Appellate Court, during which all the witnesses were fully examined and cross-examined, that I have felt it my duty with a full sense of the responsibility which rests upon me—a responsibility in which my learned friends associated with me are quite prepared to share—to advise the Public Trustee that there is no evidence of notice on the part of Sir Walter Buller of any trust—if any trust exists—in Major Kemp. Under these circumstances it seems to me—and I may say my view is concurred in by those learned friends associated with me—that it is the plain duty of the Public Trustee to say so to this Court, and to submit to a decree under section 10 of the Act, stating that the transactions appearing upon the original Certificate of Title are valid, and that they shall be re-registered upon any new Certificate of Title which may be issued under the provisions of the Act for the land the subject of such dealing. Those are the words of the section. It is only due to the Public Trustee that I should say that the views which were taken up to a few days ago have very considerable force in them in the provisions of the Act. They are views, however, which I have come to the conclusion I cannot be successful in maintaining. Then, the applications which were made for the determination of these questions, and for the postponement of the trial, although refused by your Honour, I feel it due to the Public Trustee to say, were made in perfect good faith. I think also—and my learned friends on the other side will agree with the course I am taking in stating the view I hold—that the view that I take, that there is no evidence to support any notice on the part of Sir Walter Buller of any trust which might have been in existence affecting Kemp, is one which I ought to state to the Court at the very outset, and so save the Public Trustee and the parties concerned the expense of a long and complicated trial, which, in my opinion, could only now result in a judgment in favour of Sir Walter Buller. I therefore submit to a decree being pronounced in terms of Section 10 of the Act. I think I may be permitted to remark that if the Native Appellate Court had, within the six months referred to in section 5, determined the question which manifestly was submitted to them for determination, and the judgment upon which they have not yet pronounced, a very considerable amount of difficulty and embarrassment would have been avoided. I make no reflection upon the Appellate Court. It is the unfortunate circumstance that the judgment of the Appellate Court has been postponed, it may be for a considerable time, which to my mind has placed this action in its present position. Had the Native Appellate Court before the trial of this action said "Aye" or "No," whether there was a trust or not in Major Kemp, there would have been no necessity for further investigations. If it had been decided there was a trust in Major Kemp, then I should have advised the Public Trustee that he could not show any evidence of that trust having been notified to Sir Walter Buller, and that would be a logical and consistent termination of the matter. Major Kemp is a party to this suit and I submit—and I do not think my friends on the other side will disagree with me—that, whatever view your Honour may take, no decree of the Court can be pronounced in favour of Major Kemp. The only decree that can be pronounced is one under Section 10 of the Act, to order the Certificates of Title for the two small sections which were conveyed in fee-simple to Sir Walter Buller to be re-issued, or decreeing their validity; and also ordering the re-registration of the dealings on the Certificate of Title to Block 14. The Native Appellate Court must in due course determine the question as between Major Kemp and the other Natives. It will in due course determine the question whether Major Kemp was a trustee, but in this case the only question is the validity of the dealings of Major Kemp, who was the ostensible owner of the property, and Sir Walter Buller. The decree, therefore that your Honour should pronounce is one under Section 10, setting up the validity of those two certificates which are mentioned in the Statement of Claim. The total area is 11 acres; there are also the leases and mortgage which are registered in the name of Sir Walter Buller. I shall also ask your Honour to include in the decree the lease to Mr. Bartholomew—a lease which has never been attacked; but the effect of the statute is to set aside all dealings upon the Certificate of Title unless they are ordered to be re-registered. I think my friends will agree with me that Mr. Bartholomew's lease should be validated, otherwise the effect of the statute might be to prevent his taking advantage of a lease which has never been attacked at all. I feel the course I am taking is the only one I could take, consistent with my duty to tender the best advice I can to the Public Trustee. It is a course which meets with the approval of my learned friends, Mr. Stafford and Mr. Baldwin, and I think, therefore, that the decree which I have suggested is the one the Court should make. I shall have something to say on the question of costs after my friends have said what they have to say on these questions, and will then leave the questions of costs to be determined by your Honour.

Mr. Bell (who with Mr. A. P. Buller, appeared for Sir Walter Buller) said:—I have listened carefully to the statement made by my learned friend, Mr. Cooper. He has omitted to notice that there are two charges in the claim of personal fraud against my client: one is, that he obtained land from Major Kemp while he was his confidential adviser, at grossly inadequate rentals and values; and the other is that he obtained the certificate to his mortgage by preventing matter coming to the knowledge of the Trust Commissioner. I submit that we are

entitled to a frank withdrawal, and I submit that there is no evidence—

Mr. Cooper:—That is so. It was an omission on my part. I have no evidence to support either of those statements, and I say so now.

Mr. Bell:—It has been stated publicly, not, I believe, by or in any way with the consent of my learned friend, that this action has been settled. The statement is absolutely incorrect. What I desire to do is to make it clear that no compromise of the kind has ever been proposed or suggested to us; and they will concede that if they had proposed anything of the kind we should have indignantly refused it. Charges have been made against my client which can be met and disposed of only in open Court, and Sir Walter Buller has consistently and persistently claimed the right of having the charges inquired into in the Supreme Court. As late as Saturday last this correspondence took place: A letter dated the 7th August—that is, on Saturday—addressed to the solicitor for my client, and signed by the solicitor for the Public Trustee, Mr. Stafford, was as follows:—

7th. August, 1897.

Dear Sir,

PUBLIC TRUSTEE AND BULLEK AND KEMP.

I hereby give notice that at the hearing of this cause the plaintiff will rely upon and argue the questions of law arising upon the amendments annexed to the original statement of claim, and discussed before His Honour the Chief Justice yesterday, and will adduce no evidence other than the proof that the Appellate Court has heard the evidence adduced upon the application to that Court by Major Kemp and others, and that such Court has not yet delivered its decision. No doubt you will admit these facts. The object of sending this letter to you is to enable you to avoid, as far as possible, the expenses of the attendance of witnesses.

Yours faithfully,

E. Stafford.

A. P. Buller Esq., Solicitor, City.

And immediately the following answer was addressed to Mr. Stafford:— Wellington,

7th August, 1897.

Dear Sir,

I am in receipt of your letter of to-day's date, giving me notice that at the hearing of this action the plaintiff proposes to rely upon and to argue the questions of law arising upon the amendments to the original Statement of Claim, and that he will adduce no evidence other than proof that the Appellate Court has heard the evidence adduced to that Court by Major Kemp, and that such Court has not yet delivered its decision. On behalf of the defendant, Sir Walter Buller, I give you notice that I object to the course you propose to adopt; that the defendant insists that he is entitled to have tried the issues of fact which the Public Trustee has taken upon himself to assert in the original statement of claim, or, at all events, such of them as are within the scope and intention of Section 10 of 'The Horowlienua Block Act, 1896.' The defendant will request the Court to try such issues, and to hear evidence to be adduced on his behalf as to the question of trust, as to the question of notice thereof, and as to the question of value.

Yours faithfully,

A. P. Buller.

E. Stafford Esq., Solicitor, Wellington.

That was on Saturday morning; and on the afternoon of Saturday my learned friend, Mr. Cooper, informed me that he intended to take the course which he has just notified to the Court. That communication was made in fairness and courtesy to Sir Robert Stout and myself, but it was a statement made by my learned friend to me without any suggestion of compromise, or any suggestion that we should accept it. If my learned friend chose

to take that course, that was for him. We discussed nothing and arranged nothing. It was simply an intimation made by one counsel to another of the course which the plaintiff intended to take. My client wishes through me to make it clear that we have not directly nor indirectly proposed or been asked by the other side to agree to the course which my learned friend has just notified to the Court.

His Honour:—I do not quite understand with regard to Mr. Bartholomew.

Mr. Bell:—My learned friend pointed out, and I understand that, this lease of Bartholomew's required to be re-registered; but the Public Trustee omitted to bring the action, and if there can be a validation of Mr. Bartholomew's lease in this action, there would be no objection on our part. It is a matter that does not concern us; but if Mr. Bartholomew cannot get his title, in consequence of action not having been commenced within the six months, we are quite content that there should be a validation of his title by this suit.

Mr. Cooper:—I should like to say there has never been any approach by one side or the other for a settlement of the matter. What Mr. Bell has said is absolutely correct. I considered it was only right and courteous that I should intimate to counsel on the other side the course I proposed to adopt, and that was done.

Mr. Bell:—Being absolutely at arms' length with the other side, I have not submitted to them the minutes of the decree. I will read them with your Honour's permission; and my learned friends can say whether they would accept them, or adjourn to consider them. These are the minutes:—

- The name of the original co-plaintiff, Wirihana Hunia, having been struck out by order of His Honour the Chief Justice on the day of August, 1897, on the application of the said original co-plaintiff, amend the statement of claim by substituting the word "plaintiff" for "plaintiffs" wherever the latter word occurs, and make all consequential grammatical amendments.
- The plaintiff, withdrawing all charges against the defendant, Sir Walter Buller, and submitting to a finding in favour of the said defendant upon (all) the matters of fact and law alleged in paragraphs 27 to 34, inclusive, of the original statement of claim, and upon all the matters of fact and law alleged in the additions made to the original statement of claim by amendment, decree that the said defendant El entitled to the final judgment of this Court upon the several issues of fact and law raised by such allegations.
- Decree that the validity of each and every of the dealings specified in sub-paragraphs (a) to (f), inclusive, of paragraph 28 of the original statement of claim, is established by this final judgment in this action.
- Decree that each and every of the said dealings is entitled to be re-registered, pursuant to Section 10 of "The Horowhenua Block Act, 1896."
- Adjudge that the plaintiff do pay to the said defendant his costs of the action, computed, &c.

Sir Robert Stout:—On behalf of Major Kemp I have to state that, unfortunately for him, Parliament did not yield to his suggestion that any charges made against him should be investigated by the Supreme Court, and, therefore, in this action he has only been brought into it almost like what is called a third party, viz., to be bound by any decision that might be made against Sir Walter Buller; and as this action is, under Section 10 of the Act, to deal with the validity of the dealings on the certificate of title of Division 14, of course he can ask for nothing further than that the action may be dismissed against him. As to costs, I suggested that there should be added to the decree words to this effect: "This Court doth further order that the action be dismissed so far as the defendant Keepa Te Rangihwinui is concerned, and that the plaintiff do pay to the said defendant the full costs of suit, on the same being taxed by the Registrar of this Honourable Court." Considering the litigation that has taken place in this matter, I suggest that we should have full costs of the suit, and not merely costs in accordance with the scale of which your Honour is aware. Major Kemp has really been brought into this matter because he had the temerity to say that he was trustee for part of Block 11. Otherwise there would have been no trouble. There would have been no Horowhenua Block case proposed. He was punished because he was honest, and because he dared to say he was a trustee for Block 11. Of course I do not wish to make any comments upon that matter. It would be improper for me to say anything further about it. As far as Major Kemp was concerned, he was always willing, and in fact he begged the Legislative Council to be allowed, to have his case tried by the Supreme Court; but that justice was denied him.

* * * * *

His Honour:—I think both the defendants are entitled to their costs. The amount can be fixed in Chambers. With regard to Bartholomew, all I am prepared to say is this:—if a proposal is brought before me in any way that looks at all right I shall offer no objection. The decree generally is in favour of the defendants.

Front Cover

Map showing tourists routes to Waikaremoana

Waikare-Moana, The Sea of the Rippling Waters: the Lake; the Land; the Legends.

Department of Lands and Survey, New Zealand.

With

A Tramp Through Tuhoe Land.

By Elsdon Best.

Published by Direction of the Hon. John McKenzie. Minister of Lands.

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General Reference to Contents.

Index.

Preface.

LAKE Waikare-moana is situated not far from the east coast of the North Island of New Zealand, to the north-west of that great indentation named by Captain Cook Hawke Bay. The completion of the main road—in the near future—that leads from Rotorua to Gisborne will allow of a visit to this beautiful lake with something like ease. At the present time it must be approached from Napier as a starting-point. Small steamers cross Hawke Bay from Napier with tolerable regularity to the Wairoa River—a short trip of four hours—near the mouth of which is situated the pretty Town of Clyde. From Clyde a ride or drive of thirty-one miles along the road leading up the Wairoa and Waikare-taheke Rivers will bring the traveller to the outlet of the lake at Onepoto. From this point a road is in process of construction northward along the shores of the lake, to Aniwanui, the north-east extremity of the lake, and at which point a junction will be effected with the main road from Rotorua to Gisborne.

Of all the New Zealand lakes, Waikare-moana probably stands second for beauty, Mana-pouri taking the first place. It is often called the "Star Lake," from the number of arms which run far away into the hills, offering a series of most beautiful views of great variety. Everywhere the forest comes right down to the water's edge, whilst on the east side cliffs rise almost perpendicularly to close upon 2,000ft. above its surface. The lake offers delightful places for camping on the many beaches. Its height above sea-level is 2,050ft.

The following account has been printed by direction of the Hon. John McKenzie, Minister of Lands, with a view of furnishing information to tourists as to the various scenes of beauty on the lake: and at the same time an attempt has been made to invest the different places with a human interest by preserving the old Maori history relating thereto.

Young countries like New Zealand are often wanting in the historic interest associated with so many of the sights of Europe. This is not because New Zealand has no history, but because the guide-books fail to touch upon it. In the case of Waikare moana, the isolation of the Maori inhabitants, until quite recently has tended to preserve in the breasts of its people much more detail of the doings of the early occupiers than is usual, and this has been gathered together in the following pages. The whole of it is new matter, now for the first time collected from the Maori people themselves, and principally from the "Kaumatua," so frequently alluded to. This old man, whose name is Tutaka-ngahau, is the hereditary chief of the Tama-kai-moana section of the Tuhoe Tribe, who by birth and education has the right to speak authoritatively on the history of his country. The Tuhoe tribes pride themselves on being the direct descendants of the aborigines whom the Maoris found here on the arrival of the fleet from Hawaiki in about the year 1350.

Thanks are due to T. Humphries, Esq., for most of the illustrations in this book.
S.P.S.

Waikare-moana road, near Te Whaiti

Waikare-Moana,

The Sea of the Rippling Waters.

decorative feature

WE were in camp at Te Whaiti-nui-a-Toi—the "Great Cañon of Toi—in western Tuhoe land, when the word came to take the Rua-tahuna trail for Waikare-moana.

It was well timed, for the Kaumatua

Kaumatua, old man, a term of respect.

was beginning to weary of the luxuries of life at the head camp, and to yearn for his beloved mountain solitudes, where the stern necessities of life suffice the hardy mountaineer, and the festive board is but indifferently well furnished; while the Pakeha

Pakeha, a foreigner, a white man.

looked forward with keen pleasure to viewing the mountainous region of the little-known parts of the famous Urewera country, the snow-wrapped peaks and mighty ranges, the vast forest and rushing torrents, the lone lakes and great gulches which form the leading features of Tuhoe land. And, more-over, there comes to him, as there comes to all who truly love to view the face of mother Nature, the desire to look upon the un-wrought wilderness and note the war which has waged for untold centuries between it and primitive man—neolithic man, who has opened up the trails through the great forest he could not conquer—trails by which the incoming pioneers of the Age of Steel shall pass along, to leave behind them peace in place of war, thriving hamlets for stockaded pas,

Pa, a fortified village.

fields of waving grain for jungle and for forest. And with this there also comes that strange sensation of vivid interest and pleasing anticipation which is felt by the ethnologist, botanist, and lover of primitive folk-lore when entering on a new field for research. For the glamour of the wilderness is upon him, and the *kura huna*—the "concealed treasure" (of knowledge)—loometh large in the Land of Tuhoe.

A word here as to the Kaumatua, for methinks he is the leading character of this sketch. An old man, probably sixty-five years of age, yet both strong and active, a leading chief of the Tuhoe Tribe, which has held these mountains for the last fifteen generations of mixed blood, also a lineal descendant of the ancient race who [unclear: du] in these lone lands long centuries before the present Maori [unclear: per] came across the great ocean from the isles of the sunlit sea warrior of the olden time, his face deeply scored by the chisel of [unclear: t] tattooer, possessing, moreover, a large-minded contempt [unclear: for] habiliments of the white man. Here is a man who has faced [unclear: dec] in many a fierce struggle, and led his hill-bred clan in many a [unclear: gall] charge. And yet withal a quiet-mannered and courteous [unclear: asspanion], ever ready to allay strife among his tribesmen, or to [unclear: ass] the stranger within his gates, be that stranger Pakeha or [unclear: Ma] Such is the Kaumatua.

When the route came he said: "Friend! The word has [unclear: cau] forth that you and I shall leave the parts trodden by the white [unclear: ma] and go out into the lone places of the land, there to observe the [unclear: ho] of the old-time people—even unto the 'sea of the rippling [unclear: wate] which lies beyond the dark mountains of Huia-rau. It is [unclear: we] O Son! I will be your guide through the great forest and [unclear: acr] the snow-laden mountains, for I know well those rugged [unclear: ped] and narrow passes, having trodden them many times. And [unclear: m] young men shall go with us to bear the heavy burdens, [unclear: inasmuch] it is not wise to ascend among the snows of Huia-rau without [unclear: gu] tents and much food. But do you keep in mind the [unclear: anc] proverb, 'Ka luiere te mata-tatahi, ka noho te inata-puputu.'

This may be freely translated, "Fools rush in where angels dare not tread."

[unclear: P] truly am I waxing old, and the rough trails of my native land [unclear: g] steeper year by year."

So that matter was settled, and, having sent forward by [unclear: paid] horse the necessary supplies as far as Te Umu-roa, the [unclear: Kauma] and the Pakeha set forth by the new road now being formed [unclear: fir] old Fort Galatea on the Rangi-taiki to Eua-tahuna, in the heart Tuhoe land.

The scenery along this road is extremely picturesque and [unclear: typ] of the country. Leaving the Government camp at Wai-[unclear: koti] eighteen miles from Galatea and sixty-three from [unclear: Rotorua,] road crosses the Whirinaki River at Rohutu, and winds [unclear: up] hill to Niho-whati. For some distance here the road [unclear: has] through vast deposits of pumice, in which are seen the [unclear: char] trunks of great trees destroyed by some great volcanic eruption the long ago. Looking back from the hilltop we see the fine [unclear: op] valley of the Upper Whirinaki, bounded by great forest [unclear: ranges.] historic district this, for here the "Multitude of the Marangarang the ancient people of the land, made a last futile stand against [unclear: t] conquering Maori, and the place teems with legends and [unclear: qus] old stories. Upon the terrace below is Te Murumurunga, the [unclear: lage] of the Ngati-Whare Tribe of aborigines, who are descended part from the autochthones. On yon bluff above the surging [unclear: r] are seen the ancient walls of the Pa-o-Taketake, where that of warrior fought so well nine generations ago. To the right [unclear: fr]

Ureweras, Chief Tutaka-Ngahau, his son Tukua-te-rangi, and his daughter-in-law.

is Te Harema, a palisaded fort on the hilltop, where a garrison of mixed tribes fought our Native contingent during the last war. The very spot we stand upon is an old battle-ground, where the descendants of Pukeko fell in the old pre-Pakeha days. Further up the valley are the ancient forts of the once powerful Ngati-Mahanga Tribe, who fell before the avenging spears of Tuhoe; while far away at the forest line across the upper valley is the Great Cañon of Toi, from which rugged chasm this district derives its name, and connected with which is many a strange legend of the days of yore.

We move on. The valley of the Okahu, a tributary of the Whiri-naki, is entered. Here the road is hewn out of the great rock bluffs which range steeply upwards, so that we look down through the tree-tops upon the rushing waters of Okahu far below. But a narrow gorge this Okahu, with high ranges on either side, covered with the far-reaching forest. Here is Ahi-manawa, so called from the fact that a chief named Tarewa-a-rua was here slain by his enemies, his heart torn out, cooked, and eaten by his delighted captors.

A warning cry comes from the "Children of Wharepakau," and we jump for the shelter of a protecting point. With a thunderous roar that makes the solid cliff tremble again a huge mass of rock leaps out from the bluff, and is hurled with a rattling crash upon the forest trees far below. The "children" have buried the war-axe, and taken to pick and bar and shovel. Oro-mai-take. another old Maori fort, is on the spur yonder, whence the warriors of Kihi fled from the men of Tawhaki after their futile attack on Te Hika Pa.

And so on, every hill and gulch and streamlet having its tale to tell of war and battle and sudden death, in token of the "good old days." And now a changed and changing land is here, for behold! that fluttering fragment hard by beareth the fearsome legend "Old Judge," and the guileless sardine-tin lurketh by the wayside. An ominous sign, my masters!

The road winds up the range and through the dense bush until we look down upon the green forest lining the ravine of Manawa-o-hiwi. The peak of Tara-pounamu shows out, the summit of the great range which divides the watersheds of the Whirinaki and Whakatane Rivers. From this point a fine view of the surrounding country is obtained. Ranges, ranges, ranges! bush covered, lone, and silent, as far as the range of vision extends in every direction. Away before us looms giant Huia-rau, over which our way lies—a colossal range cutting the blue sky line, the pure snow glittering in the rays of a midday sun. Along the sierra on which we stand the Leaks rise sharply up—Maro and Whakaipu and Te Pu-kiore, of which Te Arohana of old said, "*Kei pikitia a Te Pu-kiore.*"

"Climb not the peak of Te Pu-kiore," but most probably meaning "desecrate not," &c.

But it was, and by Hape of the Manawa Tribe, who fell at the taking of Oputara Pa, where the waters of Whirinaki rush forth from the gloomy gorge and ripple onwards through the plain of Kuha-waea.

But it is a far cry to Huia-rau, and so we leave the road of the white man and descend the steep range by the pack-trail, over which supplies are sent forward to the survey parties ahead of the road. A bush-track of the most primitive description winds down the rugged spurs and through the beautiful forest until we strike the Manga-pai Stream, a thousand feet below. Here is Te Wera-iti clearing, an old settlement of the Tuhoe, now long deserted. From here we travel down the channel of the stream through a wild forest gorge, with high ranges and rock bluffs on either side. After some miles of this mode of travelling, we leave the stream-bed and rise the terrace, emerging into the Native clearing at Te Umu-roa.

We are now in the heart of Tuhoe land, and within four miles of Mata-atua, the principal settlement of the Rua-tahuna district. Here reside the main body of the Tuhoe or Urewera Tribe, and here they have been for unknown centuries, for these are the lineal descendants of the ancient inhabitants of New Zealand. Century upon century have they held this mountain valley, ever keeping aloof from the tribes of the plain lands and of the coast, maintaining ever an aggressive attitude towards their neighbours, and holding in contempt those who could not trace their descent direct from Toi and Maru, and those deified ancestors who figure so largely in their ancient history. A strange people in a strange land, whose ancient system of *karakia*

Karakia—ritual, incantations, invocations, spells, charms, may all be included in this word as a general one, each division having its distinctive name.

is most intricate and elaborate; who have performed in these incantations hundreds of words from some archaic language of the shadowy past, and who are the remnant of a most ancient primitive race. And across the dark forest ranges which shoulder the rising sun, dwelling within the shadow of the sacra mountain Maunga-pohatu, are the remnant of Nga-Potiki—the "Children of the Mist," for are they not descended from Hincpukohu-rangi, the Goddess, or Maid of the Mist? who lured to earth Te Maunga, or the Mountain, and whose issue was Potiki, when comes the tribal name.

However, our route does not lie in that direction, and we camp at Te Umu-roa for the night. This is the

furthest point to which a horse can be taken in the direction of Waikare-moana at present, and from here the route lies up the Rua-tahuna Stream for some miles until the Ngutu-wera Creek is crossed, whence the track winds up the range to the summit, at Te Whakairinga, near the Whakataka Peak.

So we are at Te Umu-roa, and preparing to camp for the night when an offer is made by sundry young ladies of the Tuhoe clan to prepare for us our simple meal, or, as the sons of the Southal Cross put it, "to sling the billy." This offer we accept with cheer-

Junction of Rua-tahuna and Whakatane Streams, Tuhoe Land.

ful alacrity, albeit we are well aware that these fair damsels have a Seen eye to possible biscuits and cigarettes, two highly-prized luxuries in Tuhoe land. We then proceed to make ourselves corn-portable in the *wharepuni*, or sleeping-house, where we are immediately surrounded by young and old, for the Pakeha is a new-comer in these parts, and is an object of curiosity to the primitive people of Rua-tahuna. The Kaumatua holds forth upon the subject of the outer world, and of the strange things he has seen in the camp of the white people at Te Whaiti-nui-a-Toi. And the Pakeha lights the pipe of peace and listens to the conversation going on around him, noting the different types to be seen among these people, and the angular nasal twang peculiar to the denizens of this district. Not pat the latter sounds unpleasantly; rather the reverse, the women speaking in a soft, low-toned drawl, which may be noted among the high-dwellers of Tennessee and other southern States. The subjects of conversation in these sleeping-houses appear trivial to a man of the outside world; animated discussions are held anent the most minute details. This custom would seem to supply the place of written language to a primitive people, inasmuch as conversation supplies the place of literature.

And it was here in the *wharepuni* at Te Umu-roa, far away from those of his own race, and surrounded by the descendants of the unfortunate heroine, that the Pakeha first heard the sad story of Moetere and Houhiri, who died amid the snows of Huia-rau in the long ago. And as the tale applies to a certain place on our route we here relate it:—

HOW MOETERE AND HER LOVER PERISHED AMID THE SNOWS OF HUIA-RAU: A LEGEND OF THE GREAT SNOWY RANGE.

Manu-nui-taraki was a descendant of Tane-atua, who came to this land of Aotea-roa by the Mata-atua canoe (about the year 1350), and the generations from Manu-nui to the men of this time are eleven. Houhiri, son of Manu-nui, married Moetere, of the ancient tribe of Nga-Potiki, which tribe originally held all the lands from Maunga-pohatu to the waters of Tamahine-mataroa.

The ancient name of the Whakatane River.

And these two dwelt at Tuku-roa, near unto Mata-atua, where they erected a house, and snared the birds of the forest, which were very numerous in the days of old. During one winter they resolved to ascend the Huia-rau Mountains in order to hunt the kiwi, for these great ranges are the home of the "hidden bird of Tane." They separated at Te Umu-roa, Moetere following the course of the Rua-tahuna Stream, which heads at Rua-tahuna Mountain, while Houhiri ascended the peak of Whakataka, where the flag of the Pakeha surveyor now flies. On arriving at the base of Huia-rau, Moefore followed the stream, which now bears her name, even to the summit of the great range. But while they were hunting the kiwi and kakapo in that rugged country a great snowstorm came which lasted many days, and the snows piled high on Huia-ran Then these forlorn people sought shelter from the fierce storm, and Houhiri crept into a rock shelter on far Whakataka, while Moetere after vainly trying to make her way through the deep snow, gave up all hope of life, and laid down to die upon a rock which stands by the side of a small lakelet on the drear mountain. And so she died and that rock has ever since been known as the Tapapatanga-o-Moetere. Died alone in that lone spot, while, on the gloom-hidden crest of Whakataka, her husband Houhiri, was chanting his death-song. And our love still goes forth to our ancestors who perished alone on the Great Snowy Range.

When Manu-nui heard that his children were lost to the world of light, he resolved to search for their remains, that he might take their bones to his home by the great ocean, that the sacred ceremonies pertaining to the dead might be performed over these and that they might be laid away in the sacred place of his fathers.

So the old man journeyed to Rua-tahuna, and to Te Umu-ros, and to Te Mimi, where he entered the dark forest towards Whakataka. And as he went he murmured an ancient prayer of the Maori to enable him to find the bones of his son. Behold! by the power of that prayer did Manu-nui succeed in his quest, and the remains of his child were revealed to him by the gods of the ancient people. And the patriarch raised his voice in the wilderness and wept as he gathered the bones of his loved son, bleached by the snows of giant Huia-rau.

Then the heart of the old man went out to his daughter Moetere, and he traversed the rugged backbone of the *ika-whenua*

Literally the "land-fish," the main backbone range of the country. The North Island is "the fish of Maui," hauled up by him from the ocean depths.

in search of her death-camp—that the bones of his children who loved each other so well might lie together, through the holy *pure*

Pure, purification.

in far away Whakatane. And as he went by low peaks and through the darkling woods he uttered the sacred *karakia*, which contracts or draws together the earth, for such were the powers and strange works of the men of old. Neither was it in vain, for it brought him to the dark pond where stands the lone rock, and on that rock lay the remains of Moetere and a few fragments of her clothing. Even so, O Pakeha! did Moetere and her lover perish on the great mountain, over which lies the trail to the Sea of Waikare, and before to-morrow's sun is lost behind the peak of Maro, you shall look upon the stream, which yet bears the name of Moetere, and camp amid the snows of Huia-rau.

And the childless old man went down through the silent forest to the low lands, bearing his sad burden to the shores of the Sea of Toi. When he came to Whakatane the sacred *pure* fire was kindled, and the cry of Manu-nui-taraki went forth: "O children Here is food for the holy fire which gleams on Mou-tohora."

The bones of our ancestors were then placed upon a stage, and a portion of the sacred food was given to the dead—that is, the *aria*

Aria. essence, spirit, medium.

of such food was absorbed by them, not the substance thereof.

Such is the story of Moetere, as related by her descendants in the *wharepuni* at Te Umu-roa. But it is now past midnight, and we must follow the example of the Kaumatua, and sleep that we may acquire strength.

CROSSING HUIA-RAU.

We were astir at daybreak on the following morning, and preparing for the day's march. The "children" of the Kaumatua are on hand, and soon reduce chaos to order in the way of making up the swags of tents, blankets, and rations. By this time a divine Hebe, in the person of Riri the *uru-kehu*,

Uru kehu, light-haired: many of the Tuhoe people have light or reddish hair.

appears with a huge "billy" of steaming tea, together with sundry and various viands of a non-luxurious nature. This trouble over, the carriers struggle into the swag-straps of their heavy burdens, and at a word from the Kaumatua go forward on their way. So, with the morning sun slanting down on Tahua-roa, and the voices of the Natives crying a farewell, we lift the Huia-rau trail for Waikare-moana.

The track for some distance led up a spur of the range which appears to head at Mount Rua-tahuna, from which peak the district derives its name, until we arrived at Te Mimi clearing, the site of a thriving settlement in former times, but which merely boasts of one lone inhabitant at the present time, a crippled old lady, who drags out some sort of an existence by the help of her descendants at Te Umu-roa. From here a fine view is obtained of the valley and district of Rua-tahuna. Far down the forest-shrouded valley, with Native clearings appearing at intervals, the range of vision is bounded by the hills closing in on the Whakatane River away below Mata-atua. Across the fern-ridge at Otekura is seen the roof of the great Council Hall of Tuhoe land, Te Whai-a-te-motu, which stands near unto the ruins of the more ancient one, Te Puhi-o-Mata-atua. To the right is Kiri-tahi, where, in the old fighting days, the Ngati-Porou contingent, under Major Ropata Wahawaha, built a pa and presented an aggressive shoulder to the wild and warlike bushmen of the Urewera. A fine view is here, looking down upon this primitive vale of Tuhoe land, untouched as yet by the Pakeha with his practical views of life.

The trail now descends into the Rua-tahuna Stream, and for miles we follow up its bed, cross and recross the rushing waters, and scramble along steep sidelings by the narrow track through brush-and forest and fern-clothed gulches. And as we march, the Kau-matua discourses on places and incidents after the manner of his king. For is not this the ancient war-trail of the Tuhoe Tribes? by which they marched to attack the "Children of the Rising Sun," even from the days of Potiki and Ruapani of old; and by which also, those same "children," with their perverted ideas of the rights of man, were wont to countermarch on the mountain hamlets of Tuboe land in search of blood vengeance. How many a war-party has trodden this narrow track; fierce, tattooed warriors of the descendants of Awa, with their tribal priest skilled in the black arts, by which enemies are destroyed more surely than with club or war axe!

And just here is a good example of the non-progressive barbarian the conservatism of neolithic man. Here is an ancient highway between two districts—a path trodden by the Maori for full twenty live generations—a path barely 6in. wide, and overhung with brush and ferns. Forsake it for a few months and the forest will obliterate it. It is like Mark Twain's house, inasmuch as it needs watching less it be indistinguishable from the surrounding vegetation. Yet the Steel Age is here, and the stone *toki* (axe) is replaced by the products of Sheffield and Pittsburgh.

All these lands traversed by us from Te Mimi to Waikare-moans are now unoccupied of man, though the Kaumatua points out many places up the Rua-tahuna Stream, and on the western shores of Lake

Waikare-moana, where the Urewera or Tuhoe people lived in bygone times. But the old-time *kaingas* (villages) are once again dense bush, and Te Whai-a-te-motu are limited to a few scattered hamlets at Maunga-pohatu and Wai-mana, and the vale of Whakatane.

We stop at one of these ancient settlements, known as Kapiti, to "sling the billy" for dinner, and the Kaumatua seats himself by the fire and relates the origin of this place name:—

"In olden times certain men of the Ngati-Ruapani, went to Lake Waikare-iti to snare the wily parera (ducks), and by the little isle of Te Kaha-a-tuwai they arranged a set of snares. The kaha, of line, was stretched across the water and fastened to a stake at each end. To this line the snares were attached in a long row, the looks being so arranged as to be suspended just above the surface of the water. Ere long a flock of ducks (kawai parera) passed through the channel and under the kaha, with the result that each snare seventy in all—held a struggling duck. So stoutly did they struggle that their combined strength pulled up the stakes to which the kaha, was secured, and the long string of birds, with snares and line and stakes, rose in flight, and in that manner flew as far as [unclear: kap] where the line became entangled in the branches of a huge kahika-tea-tree, and they were secured by the people of Tumata-wbero Hence this place became known as Kapiti, or Karapiti, which [unclear: wo] signifies to be fastened in numbers side by side."

Here the Pakeha suggests that at least the stakes should be taken from the unhappy birds for their long flight over Huia-ran but the Kaumatua holds stoutly on to those stakes. And [unclear: wh] would you? for the kahika-tree still stands here, and Te Kah-a-tuwai is yet known of man. But these few clearings, hewn out with stone axes and enlarged by means of fire, cannot hold the forest in check, and when abandoned are soon lost again in the surrounding bush. So much for the Stone Age.

We now cross the Ngutu-wera Stream, and stop a while at Pou-tutu, so named from the circumstance of a chief of that name Belonging to the Ngati-Ruapani Tribe having been taken at this spot by the pursuing Tuhoe, of which more anon. On our left is a deep ravine wherein flows the Moetere Stream, of which we have seen the name origin, and up through the sombre tawai-trees comes the resounding roar of the falls. So far we have passed through a typical tawa bush, with rimu and tawai (*Fagus*) and ordinary undergrowth. We are now entering the higher regions, which are covered with a dense growth of tawai, tawari, and taw hero trees. The koareare shrub is here, the odorous leaves of which were woven into chaplets by the women of old, as also the tanguru-rake, which served a similar purpose. Further along, isolated on a peak of Huia-rau—to wit, Maunga-pohatu—are the kotara and pua-kaito, two rare and odoriferous shrubs, said by the Tuhoe people to be confined to that mountain. They were highly prized in former times, and were transplanted to the Native cultivations, though for some unknown reason it was considered an evil omen to transplant the kotara. For there were exquisites, mark you! in the days of yore among the warriors of Tuhoe land, and great pains were taken in the collection of sweet-scented leaves and herbs by the beaux of Rua-tahuna and Maunga-pohatu whereby to render themselves attractive to the fair-haired *uru-kehu* and the dark-browed daughters of Kuri. The oil of the titoki berries was scented with the gum of the tarata and the kopuru, a small plant found on rocks. In this oil was immersed the skin of a pukeko, or swamp-Ken (*Porphyrio melanotus*), which was then formed into a ball and suspended from the neck, the skin resting on the wearer's breast. But when the missionaries of the Pakeha came they condemned this practice as savouring of the Evil One, and calculated to lead the Tuhoean soul to perdition.

On this great range are also many of the common shrubs and smaller trees, the kotukutuku, papauma, houhou, and raurekau, With the singular and beautiful neinei, and the toi or mountain palm. As for ferns, of a verity are we in the very heart of fern land among the gulches and cliffs of Huia-rau, and the heart of the Pakeha goes forth in love for these youngest and fairest children of Tane, the god of forests. For here are many acres by the trail-pie covered with the beautiful punui (*Todea superba*), the reigning queen of ferns, and the graceful and feathery heruheru, the matata, and pipiko, and pakau-roharoha, and petipeti, and kawakawa, and many another, all interesting and all beautiful to those who will but look at them. Most common, however, here, as in many other districts, is the mauku, which, however, is not the less beautiful for being common. The young fronds, termed "*pikopiko*," formed an important article of food in the old pre-Pakeha days, and the matured fronds were rough-woven into coarse mats, used as clothing by the wild bushmen of these mountains of Tuhoe land For in former times many of the interior *hapus* (or tribes) seldom saw the open country, but dwelt in the fastnesses of the rugged ranges. And, by the same token, the Tuhoe Tribes did not possess the better kinds of flax which make good clothing; they merely had the inferior kinds of a brash-fibre, such as grow on cliffs and hillsides. Hence this use of the mauku, and hence the old sayings, "*Rua-tahuna kakahu mauku*," and "*Rua-tahuna paku kore*."

Rua-tahuna of the mauku garments. Rua-tahuna without property.

As we go onward many more varieties of shrubs are met with, the tapairu, and whinau-puka, and patu-tiketike, and tawheuwheu, and ngohungohu, and the kai-komako; which contains the sacred seed of fire according to ancient legend, for was it not to Hine-kai-komako that the primal fire fled in the days of Maui of

the evil deeds, who deceived Mahuika, the goddess of fire? And to whom came Ira, with fair words and beguiling tongue, to whom was given the task of regaining fire for the sons of man. And the seeds of fire are stilt contained within the heart of Hiue-kai-komako, and the generation thereof is well known by us. Here is the harsh tu-o-kura, from which the son of that famous warrior Te Kahu-o-te-rangi was named in the good old fighting days, and by yon stream is seen the hue-o-rau-kata-uri; on the cliff above is the trailing wae-ka.hu or *Lycopodium*. But the day weareth on apace, and he who lingers long by the wayside, of a verity shall he lay cold through the watches of the mountain night. After winding up the range above Ngutu-wera for some distance we arrive at Te Wharau-a-Te-Puia, which may be translated into the shelter of Te Puia. This gentle man was an ancestor of the Ngati-Awa Tribe, who flourished some eight generations ago. When leading an expedition against the East Coast tribes he camped a night at this spot, and caused a shed (*wharau*) to be erected wherein he might pass the night—hence the name. Some distance further on we come to Te Wai-tuhi-a-Te-Ao-horomanga, a small place with an overgrown name, and where, doubtless, Te Ao, &c., tarried awhile to assuage a fine thirst induced by swagging his colossal cognomen over Huia-rau, inasmuch as *wai-tuhi* is a term applied to water which has collected in a hollow of a tree or log, and does not apply to water lying in pools on rocks or the ground. However, the tree containing this *wai-tuhi* has long since returned to mother Earth, and the next time Te Ao wends his weary way over Huia-rau it would be well were he to leave his name behind him, or bring a "billy" along.

At Te Pakura we strike the snow-line, and go in to camp for the night. The carriers cast down their heavy burdens with a sigh of relief, the tents are soon pitched, and the broad leaves of the toi palm collected for bedding. But the worst task is the kindling of a fire, no easy matter at this altitude in midwinter, for between rain and mist and snow everything is wet and sodden to a painful degree. It is fully an hour and a half before we can raise sufficient fire to "sling the billy" on. It is accomplished, however, at last, and the primitive "William" swings low to the unwilling flames. Supper over, we get under our blankets as quickly as possible, for the cold is intense on the snow-line, the same being raw and damp from the recent rains. The Pakeha regrets in mournful accents the dry cold and huge fires of abertine and pitch-pine of olden camps, a remembrance of the Rio Plumas and Sierra Nevada of the far north. So we lay to rest on the rugged shoulder of rocky Huia-rau, being literally *sub tegmine fagi*, and listen to the wail of Tawhiri-matea

The God of winds.

on the snowy peaks above.

There were no laggards next morning, for the cold roused us out at daybreak, and we were soon mounting the steep ridge of Te Pakura, which leads direct to the summit. Here we pass a fine grove of the mountain palm (toi), with leaves 5in. wide; and here also is a small clearing, the first seen since leaving Te Mimi. Our progress is by no means swift, for the swags are heavy and the Kaumatua must be considered, albeit the old man keeps sturdily though slowly on the march. As we rise the summit we find the snow lies peep, and has obliterated all signs of the trail. The summit is covered with a dense growth of scrub, growing strong and close, a typical chaparral, and no attempt has ever been made to cut a trail through it, so that when a heavy fall of snow lies on the ground it is somewhat difficult to keep the right track. The Kaumatua, however, never seems to be at fault, but trudges on barefooted, with a serene indifference, through the ice-cold snow, dislodging heavy masses of the same from the sturdy bushes as he pushes his way through the thicket. We are fortunate, however, in having a fine clear day to cross the summit, as would-be trans-Huia-rau travellers are often detained on account of heavy snow-storms at this season, though the trip is a most enjoyable one in summer, when one can dispense with a tent, or even blankets, for a few nights. The brush being dense, we get no view of the lower country as we traverse this lone and silent region until we suddenly break out on a clear brow at Te Whaka-iringa-o-te-patu-a-Te-Uoro.

Here we rest awhile, for the name has tired us. Te Uoro was a chieftain of Tuhoe, who flourished in the classic vales of Tuhoe land some seven generations back, and as he was urging on his wild career across Huia-rau one fair morn he encountered at this spot one Te Amohanga, a lady of Ngati-Ruapani of that ilk, who dwelt by the rippling waters of Waikare-moana. After some conversation on the subject of tribal land rights, they decided that this place should be the boundary-mark between the two tribes, on which Te Uoro hung his weapon (*patu*) on a tree hard by as a sign of the compact. Hence the above name, "The suspension of the weapon of Te Uoro." This couple appear to have been well pleased with each other, for it is seen by a reference to tribal genealogies that the fair Amo was taken to wife by the warrior Te Uoro, though the weapon-suspending act would appear to have had but a transient effect, inasmuch as the aggressive sons of Tuhoe contracted a habit of shifting the weapon from tree to tree, and so the line crept further down Huia-rau year by year until the grim forts of Tuhoe rose one by one on the shores of the "Star Lake."

But it was worth the climb; for away below us lay the grand panorama of the lower country, the realm of the ancient Taurira, who held those lands by right from the god Maru of old, who held sway of Te Tini-o-Marua, far back in the very night of time. From the dark-blue waters of Waikare-moana, glistening in the trail of the

sunlight, and gleaming between the wooded spurs 2,000ft below: from the white cliffs of Pane-kiri to the massive range of Nga-moko, and far across the broken mass of ranges to the great bluffs which guard Kupe and Ngake, in the lone vale of Waiau, where nestle the lakelets of Te Putere, erstwhile the home of the banished "Children of Manawa," and sweeping northward across chaotic ridges, spurs, gulches, ranges, by the gloom-laden canons of Hangaroa and the silent caves of Tae: and past the sullen Reinga with its old-time memories, where the roar of the great falls crashes through the darkling gulch as in the days of old when, five hundred years ago, the ill-fated and lovely Raka-hanga went down to death in that dark cañon: and drifting over the lonely lakes of Waihou, and the historic island fort which fell to the prowess of Tuhoe-potiki: to the bold peak of Whakapunake, the home of quaint legend: and Te Rau-o-piopia, where the mountain fortress of Rakiroa fell to the army of Ngapuhi, and Tuhoe and Tana-kakariki went down, and Te Ure-o-whata was abandoned of man, and Wai-reporepo was deleted from the roll of Kahungunu pas: then to the fair east-lands and Te Whakaki-nui-a-Rua, with the great solemn ocean looking so near and yet so far away—the ocean of Kiwa of old—to far Tei Mahia, where Waikawa breaks through the golden haze, seventy miles away. From white-browed Whakapunake to the dim Matau a-Maui, which looms afar off upon the horizon—the whole of this noble scene is spread out below us as we stand on the snow-wrapped crest of giant Huia-rau. Then the silver mist, lying low down upon the foot-hill, breaks, opens out, and drifts away up the dark gulches which have scarred the seared backbone of Tuhoe land from the days of Maui of old.

The bright inlets of the Star Lake run far up between the bush-clad ribs, which trend downwards to meet them from the mother range above. And over all the wondrous scene a great silence reigns; the wind has died away, no sound comes from the voiceless forest, the rugged crags, the shimmering waters—silent, imposing, and grand—lies the untouched wilderness as upon the morning of the first day.

Even the talkative Native is silent, some looking upon the grand scene for the first time, others scanning the lower lands to locate some old-time camp, or the scene of some fierce struggle of the days when they raised the war-axe against the invading white man.

And then the silence is broken by the mournful sound of a Native *tangi*

A lament for the dead.

. Standing alone upon the cliff brow, the Kaumatua rests upon his staff and, looking down upon the well-remembered scene below him, chants a long wailing lament for his old comrades who have passed on to the Reinga; for his ancestors who dwelt and fought here in the long ago; for the lands they paid for in blood, and anguish, and much suffering. And listening to the lone old warrior as he gives vent to his feelings in a strange, weird lament, the Pakeha recognises the names of many an old-time hero of Tuhoe land, of deeds long passed away, of fights fought long ago.

"Hail! Ye lands of the rippling waters; all hail, ye lands of our ancestors of Tuhoe and Nga-Potiki. Hail to ye! Children of the mountain, whose bones lie beneath the dark waters, in the burial caves of old, on many a hard-fought *parekura*.

Battlefield.

It is you, O ancient Hatiti, who fell at Te Maire there below, in lonely Whanga-nui. And you, O Toko! of the strong arm, who died as man should die—in battle with upraised weapon. O helpless women and little children! whose bodies choked the Cave of Tikitiki—whose blood reddened the waters of Wai-kotero—your bones have long since been dust, but the hearts of Tuhoe still remember you. Rest you in peace in your chamber of death, beneath the silent waters of Wai-kare, for the forest holds the crumbling walls of Nga-whakarara, and from Te Ana-o-tawa, which darkens yon cliff at Ahi-titi, methinks I yet hear across the waters the wail of Ruapani as we drove them through the gates of death as *utu*

Payment, revenge.

for your lives. Greetings to you, O Children of the Mist! for your *kainigas* (villages) are silent and deserted and your lands trodden by a strange race. No smoke rises around the silent sea, even from Te Mara-o-te-atua to Te Korokoro-o-Tawhaki, and I alone of your generation am left—I alone remain of the fighting men of old. Remain in peace, O children! for the strength I held to avenge you in days gone by has now passed away, and the thought grows, that this is the last time I shall climb this great *ika whenua*

Backbone, main range.

to greet you. *E noho ra!*"

Equivalent to farewell.

As the old patriarch of the "People of the Mist" finished his *tangi* for the dead of his tribe, he grasped his staff and strode forward without a word. As silently the carriers take up their burdens and move on after the Kaumatua.

Just below Te Whakairinga the trail descends a cliff and strikes the head-waters of the Wai-horoi-hika Stream, misnamed by us as Huia-rau. The snow upon the face of the cliff is frozen and objectionably slippery, which renders our progress somewhat slow, from this point the track simply follows the creek-bed for miles, at

first over smooth rock, worn out by the erosive power of many waters until it resembles a huge trough. There are many falls in the course of the creek, some of which necessitate a detour by cliff or crevice. Lower down the bed of the stream is full of huge boulders, some of colossal size, which means much scrambling for the traveller. To those who have traversed this region it is some what amusing to be asked if horses can be taken to Waikare by the Huia-rau trail. The rocks here appear to be of three different kinds, *papa*,

A bluish-grey marl.

shell-conglomerate, and sandstone. But little water flows in the stream-bed as we descend, though we note great drift-logs stranded on rocks 20ft. above its surface. This, together with the worn channel and bare banks, betoken what great floods must pour down this steep, rough gulch, when the rains are heavy and the snows are melting on the ranges above. The sight must indeed be a grand one at such a time.

As we fare on down the canon the channel is enclosed by cliffs and steep ranges on either side. For some distance the hills are covered with a dense growth of scrub, the larger trees (*tawai*) having been killed by a bush fire years ago. Lower down we strike the bush again, and, looking down the rocky channel of Wai-horoi-hike it presents a singular appearance, as the sombre beeches stand thickly on either side and their branches mingle overhead above the rushing stream. On the hill-sides are huge rocks and isolated masses, worn into strange forms by the weathering of many centuries, and high upon their soilless summits are gnarled and stunted *tawai* trees, which have sent long roots down the rugged rock-faces to seek nourishment far below. And so by cliff and fall and rugged ways we wend our way adown this mountain stream until within a mile of the lake, where the track leaves the creek and rises the spur, continuing down the top thereof. Here we pass through a fine open forest of *tawai*, *tawhero*, *tawari*, and *toatoa* or *tanekaha* and also a good deal of *neinei*, which present a beautiful effect when their clean branches and tassel-like bunches of long narrow leaved Very handsome sticks and canes are made of this shrub, for when the bark is removed the surface is found to be fluted in a singular manner; also, as in the case of the *toatoa*, if the bark be removed by the agency of fire, the surface of the wood assumes a red colour which same is highly esteemed by stick-collectors of Tuhoe land. On the brow of this spur, where the steep descent to the lake commences, is a little opening in the forest, from which we see the blue waters of the Whanganui Inlet lying beneath us—a charming scene as viewed through the trees, for the bush-covered hills tread abruptly down to the waters below. So we pass down the gully where stand huge *tawai* of 6ft. and 7ft. diameter, and in a few minutes emerge into the world of light at Herehere-taua, the head of the, Whanganui arm of the lake. Here we find the boat, lately placed upon the lake by the Government, with its Native crew

Near the outlet, Waikaremoana

waiting for us, and in a few minutes we are seated therein and pulling out across the placid waters of Waikare-whanaunga-kore

Waikare, relationless; so called because its winds and waves are no respectors of persons. to One-poto, where the weary are at rest.

WAIKARE-MOANA.

But not for long. A bright and sunny morn finds us aboard our little craft, bent on the exploration of Waikare-moana. The tents and an ample supply of stores are stowed away, the Kaumatua takes his seat in the stern, as becomes the guide and philosopher of the party, the Native boatmen seize their oars, and we glide out of the little cove of One-poto and pass over the placid waters of the "Star Lake." Behind us rises the hill Rae-kahu, and between it and colossal Pane-kiri is a narrow pass or gulch, known as Te Upoko-o-te-ao, which faces the lake in the form of a steep cliff. This cliff was a famous *ahi-titi* in former times—that is, a place where the titi, or mutton-bird, was taken at night. This was done by means of a net, which was set up on the edge of the cliff, the net being braced or supported against poles, which were inserted in the ground and tied together at the top in the form of a triangle. The upper rope of the net was termed *tama-tane* (the son) and the lower one *tama-wahine* (the daughter); the X of the poles where lashed together above was called the *mata-tauira*. A fire was kindled on the extreme edge of the cliff in front of the net; behind the fire, and immediately in front of the net, the titi-hunters seated themselves, each with a short stick in his hand for despatching the witless birds. Two men remained standing, their task being the killing of such birds as flew against the *mata-tauira*. Attracted by the fire, the titi flew against the net, where they were killed with a blow from the bird-hunter's stick. Should the first bird taken chance to fly against the *tama-tane* or *mata-tauira*, it was deemed an omen of ill-luck—the hunters would be unsuccessful (*puhore*). Should the bird, however, strike the net at or near the *tama-wahine*—that is, near the ground—then the titi-hunters looked confidently for a good bag. A foggy night was selected for this important function, and great numbers of birds were thus taken in the old pre-Pakeha days, the same being highly prized as an article of food by the Maori. This industry is now, however, a thing of the

past, for the European rat has driven the titi to the more remote and inaccessible parts. There were many such places around the lake, where this bird was formerly taken, another famous *ahi-titi* being the cliff near Te Wharawhara, and immediately above Te Ana-o-tawa. At Te Upoko-o-te-ao is seen the old redoubt where a detachment of the Armed Constabulary was stationed for many years. The crumbling walls of this relic of the war-times show plainly that the days of peace are here, and have "come to stay." Looking at this old defence, it is somewhat difficult to imagine what earthly or unearthly reason the builders thereof can have had to build in such a position, for it is situated in a narrow saddle, with high hills on either side commanding it at short range. Fortunately, however, for the defenders, they were never attacked at this station.

We are now approaching the point known as Te Rahui, between which and Te Upoko-o-te-ao is Otau-rito. Te Rahui is a kind of meeting-place of the winds, and is much dreaded by Native canoemen when the lake is rough. The saying at such a time is "*Ku ata whakaputa i Te Rahui*"—that is, "Be careful in passing Te Rahui." If a canoe reaches Otau-rito safely when crossing in bad weather, the paddlers thereof consider that all danger is past. The *tohunga*

Wise man, expert, priest.

of "Mata-atua," as the Native crew have named our craft now commences his arduous task of initiating us into the ancient lore of Waikare-moana. Thus the Kaumatua: "The large, isolated rock you see at the point of Te Rahui is an ancient *whare pito tamariki*, or *takotoranga iho tamariki*, a spot where the *iho* (umbilical cord) of new-born children was placed as a *tohu whenna*. The custom, as it obtained in Tuhoe land, was to place the *iho* of children of succeeding generations at certain spots, in order to preserve the tribal influence over the lands adjacent. The *iho* was secured to a stone, and after the former decayed, the stone still maintained the name and power of that *iho*. This is an old custom and I myself have seen it carried out. And across the lake, where you see the hill Ngaheni, at Opu-ruahine, there lies the *iho* of Hopa's brother, which preserves our *mana* over those lands. And it is from such dangerous places as Te Rahui that the lake derives its name of Waikare-whanaunga-kore. '*Ka puta i Te Rahui, a ko te marama*'—'If you pass Te Rahui, you shall look upon the world of life.'"

We are now passing beneath the great Pane-kiri Bluff, which rises up 1,000ft. above us. This great cliff is one of the most imposing sights of this picturesque region, its white surface and bush crowned summit being a striking landmark from many [unclear: deffer] points. The encroaching forest which meets the waters of the [unclear: ls] has assailed the bluff of Pane-kiri, and strips of hardy shrubs [unclear: ch] desperately to its rugged face, fill the narrow ravines and [unclear: crevi] clamber along ledges, and finally, in several places, gain the [unclear: towing] crest far above. Frequently the softer strata of the perpendicular cliff have been weathered out, leaving a projecting ledge traceable for a long distance.

At Te Ara-whata is a steep ravine or cleft in the cliff face, when it is possible to ascend to the crest of Pane-kiri. This [unclear: diffic] ascent was often made in former times when the *kaingas* of [unclear: Nga] Ruapani were numerous on the lake-shores: hence the origin of the name.

Close to Ohiringi Bluff is a little cove, a good landing-place and here was situated one of the old Native settlements of years gone by. The old cultivations are grown up in scrub of many varieties; and at the base of Pane-kiri, which from this point trends off from the lake-shore, is the dark beech forest, mixed with rimu and miro. Looking out upon the lake from this point the scene before us is magnificent, for the waters of the lake, with a slight ripple thereon, are flashing in the rays of the morning sun: the green and beautiful forest sweeps up from the very water's edge to the peaks of the great ranges; the mass of Nga-moko stands boldly forth, while far away Manu-aha, snow-capped and rugged, looks clear and distinct across the lower ranges.

Past Te Papa-o-te-whakahu, a rock named after an ancestor of Ngati-Ruapani, who lived some ten generations back, we come to Tau-punipuni, where from the little inlet a noble view is obtained of the massive frontlet of Pane-kiri. The next little bay is Wai-tio, where a small stream runs into the lake, a stream famous for the number of pigeon-frequented trees which obtain near its source at the base of the cliff. Far above us we see the dark entrance to a cave, where doubtless the bones of many an old warrior lie, while far away westward across the Whare-ama Eange there loom the great snowy mountains which stand above Waiau and Parahaki. Then on across the rippling waters to Wai-kopiro, another ancient settlement, with its wooded spurs and shrubs of many shades. At this place a small rivulet trickles down a rock-face into the lake, and these waters are said to possess some strange properties (*he wai kakara*, scented waters), for at certain seasons the little maehe fish come in myriads to drink these waters as they flow down the rock into the lake, at which times they are taken in great numbers by the Natives. This maehe, a small species of kokopu, is said to be the only fish in the lake, together with the koura, or fresh-water crayfish. Some Natives say that eels are also to be found, but that they have been introduced in late times from the Waikare-taheke River. Next comes Te Umu-titi, so named from the ovens (*umu*) used for cooking the mutton-bird (titi) which formerly abounded here. Then Paenga-rua Bay, a place noted for being windy; if the wind down this opening be strong no canoe can come out of Wairau-moana. The saying, "It is bad weather at Paenga-rua," is heard as far away as Rua-tahuna. Te Piripiri, is a famous spot

among kaka (parrot) snarers, and Te Rawa, also a favourite resort of bird-catchers, the adjacent spurs of the whare-ama Range being a famous *whenua pua*—that is to say, a land rich in the peculiar berries, and so forth, which the kaka, koko (or tui), and kereru (pigeon) feed upon. We are here informed by the Kaumatua that his tribe have a reserve at this place; doubtless a clear-headed people, these Tuhoe. At Te Rawa is a delightful little bay with a sandy beach, an ideal spot for the genus picnicker. Indeed, all around this inlet are many little coves and camping spots, the scenery being delightful; the bush slopes running back from the beach, and white cliffs visible at intervals through the dense forest growth.

We now head our craft round for the entrance to Wairaw moana, a long arm of the lake, which extends miles away to the west and south. As "Mata-atua" glides through the blue waters towards the narrow strait between Wairau and Waikare-moans, the glory of a gallant sun is upon the far forest ranges, and snowy peaks, the white cliffs to the far east are reflected in the clear waters of the lake, and far away across the silent waters are seen the blue cliffs which mark the approach to the land of "The Rainbow" (Te Aniwanīwa). At the point known as Te Horoings the Kaumatua holds forth upon the local legend, which is to the effect that this point has the singular habit of changing its location, for it is said to recede before an approaching canoe, but remains stationary if the canoe stops—a habit doubtless that has been the primal cause of much aboriginal profanity. We note a reference to this belief in one of the local *waiata* or songs, "Ko te Horoinga e haere ana, e kore e tata mai":—

Tera te marama
Tau whakawhiti rua mai,
Kei runga;
Au ki raro nei noho noa ai ko au anake,
Aroha ki te iwi ka nawaki ke atu ki tawhiti.
Mokai ngakau,
Ako noa au ki te mahi,
Ka hua ai, a ko wai?
Ko te takakautanga i mua ra.
Hua mai koutou e noho tikanga ianei,
Tenei te tinana te whakapakia nei e te ngutu.
Tu au ki runga ki nga haere a Te Riaki,
Hei kawē i ahau,
Arai kamaka ki Wha-koau.
Au kia tu tonu he puna ngahuru,
Nga kari noa,
Koia ra nga tau i Te Horoinga.
E haere and e kore e tata mai.
I te puke nui kei mate au.

Behold the moon, there resting
In its double path above,
Whilst I alone am solitary below,
Filled with love for the tribe so distant.
In my despondent heart
Vainly seek I some diversion.
Methinks I am some other self.
Had I but the freedom of yore!
Thinkest thou that I am free from anguish
Whilst this body is pierced by the lips' weapons?
Would I could join with Te Riaki's company,
And bear me far away.
Beyond the screening rocks of Whakoau!
But stand I like the springs in summer,
Fruitlessly sinking, with vain striving,
Like Te Horoinga of the song,

Which passes onward, but is never reached.
Let me not hero die by the great hill's side.

All Maori poetry is acknowledged to be extremely difficult to translate indeed, to do so correctly requires the help of the composer. The above, and those to follow, are rough attempts to render into English something of the composer's meaning, but our language is wanting in many words to exactly express those of the originals. The Maori is a poet by nature, and his poetry contains many beautiful ideas when read in the original, which are universally marred in the translation.—EDITOR.

Ohiringi Bluf and the Outlet(Waikaretaheke)

Before entering the famous Strait of Manaia, we will take a look back at Waikare-whanaunga-kore,
See *ante*, "Waikare, the relationless."

for we shall not see the main lake again for some days.

This mountain-lake lies at an elevation of 2,050ft. above sea-level, and the Huia-rau Range rises some 2,000ft. above the lake. Waikare-moana is fed by many streams, the largest of which are the Wai-horoi-hika, commonly called the Huia-rau Stream by Europeans, the Opu-rua-hine, Mokau, Aniwaniwa, and Wai-o-paoa. There is but one outlet, which is at Te Wha-ngaromanga, also known as Te Wharawhara, close to Onepoto. The waters of this lake have an eccentric habit of rising and falling as if endowed with tidal power. This is due to heavy rains or melting snows, which cause the lake to rise and overflow through the narrow rock-channel at Te Wharawhara. Should the inflow from the many streams be merely normal, the lake waters sink until the outlet-channel is dry, and the only escape for the waters is by the subterranean passages which are so numerous in the vicinity of the outlet. During our visit the lake was at this low-water stage, and in traversing the rough boulder-strewn beach from Te Kowhai Point to Te Ana-o-tawa we could see in several places the waters rushing down between the rocks, and hear the hoarse rumbling far below. At many places, also, there are strong springs of water rising from below the bed of the lake, and as we passed over them in the boat we could see the rush of water issuing from the lake-bed and ascending with many air bubbles to the surface. The outlet is a narrow passage some 12ft. in depth, cut by the waters through the solid rock, and is about 16ft. to 20ft. in width. When overflowing the lake waters rush through this passage with great force, a tumbling mass of waters, in which, as my informant tersely expressed it, "neither man, dog, nor timber could live." At low water the underground outlets carry the escaping water through the narrow rock-ridge to various points some distance below the lake level, at which places it is seen issuing from the hillside with tremendous force, and thence descends the steep range in a series of cascades and foaming torrents to form in the valley below the Waikare-taheke River.

On account of the broken nature of the country, Waikare-moana is of somewhat singular form, there being so many inlets, bays, and points. The Wairau branch, known as Wairau-moana, contains the most beautiful scenery, for here are many little wooded islets, sandy beaches, and small bays, with forest-covered points extending out into the lake, the whole forming a most delightful and charming scene. The surrounding forest contains many varieties of the most beautiful ferns, and on the higher ranges are seen numerous rare plants and shrubs. Within two hours' walk of the Whanganui-o-parua Inlet is the Waikare-iti Lake, a beautiful and little-known sheet of water, which lies some 500ft. higher than Waikare-moana.

It would be difficult to select a more delightful place in which to spend a holiday than the bays and inlets of the "Star Lake," as it is often termed on account of its shape, and the camper, artist, or geologist who would fail to enjoy such a holiday in Tuhoe land, let him camp by city streets, nor venture to lift the trail for Waikare moana.

But we are now passing the narrow strait between Waikare and Wairau-moana, which is known as Te Kauanga-o-Manaia. This Manaia is said to have been a chief of the ancient tribe Te Tini-o-Tauira, and, having swam across this passage in those bygone times when his people held sway here, the strait has ever since been known by the above name. On our left is Nga-whatu-a-Tama, a small mound on a point of land jutting out into the lake, and connected with the mainland by a low, narrow neck. This mound was one of the ancient pas of the Ngati-Ruapani Tribe, by which then held this district. Hither the refugees from Whakaari fled when defeated by the sons of Tuhoe. Like all the old forts around the lake, it is now covered with a dense forest growth. It is said to have been named after Tama or Rongo-tama, another chieftain of the ancient Tauira Tribe. An historic spot this, as it guarded the entrance to Wairau-moana in the old fighting days, when the shores of the now lonely sea of Waikare, were covered with many cultivations, and men worked with weapons in their belts, and the many fighting pas were thronged with the children of Ruapani and Hinekura, of Te Uira-i-waho and Parua-aute. And well might Tama of old watch the Pass of Manaia, for were not the ancient Nga-Potiki, the "Children of the Mist," who dwelt among the snows and cliffs of Maunga-pohatu, ever watching and waiting for an opportunity

to attack the "People of the Rising Sun," who slew Hatiti, born of the "Mountain Maid"?

As we round the protruding "Eyes of Tama" the beautiful Inlet of Te Puna opens up to the west. The morning mist is rising from the glassy waters, the sun glitters and dances along the smooth surface and lights up the green forest, which meets the gleaming waters; the song of many birds comes from the hillsides and beautiful islets across the placid waters, the great ranges in the far distance bound the line of vision.

It is Ohine-kura, the place of many baylets and miniature isles, named from Hine-kura, an ancestress of Ruapani, slain by Tuhoe some ten generations ago. Here we are hailed with an old-time greeting by a son of the soil, Hurae Puketapu, of Ngati-Ruapani, the only human being encountered by us in our trip round the lake and who is hunting the wild hog and shooting pigeons on the lands of his ancestors, occupying the intervals in hewing out a canoe which we opine will be ready to launch some time before the dawn of the twentieth century. And Hurae is evidently a hospitable fellow, for he invites us to land and partake of his forest fare, and then, recognising a Pakeha, he bids him welcome to Wairau and the fatness thereof, "for we are one people now." So we exchange greetings from the shining waters below and rocky cliff above, while the crew of "Mata-atua" fill the cheering pipe and watch the koura, or crayfish, on the sandy bottom 30ft. beneath her keel. So we fare on by point and bay and wooded isle to Korotipa, remarkable for the number of pretty little coves in its vicinity, and from which place the view, looking ahead up Wairau, is a sight for the gods, for the great encircling ranges in the background seem to give the lake a double beauty. Then the baby islet of Nga-whakarara, another old stronghold of the Ruapani people, and where they were defeated by Tuhoe and hunted far away towards the coast. And where—but the Kau-matua here goes out on strike, and says that the story of that fight is too long to relate now, but we will have it round the camp-fire at night, merely stopping to point out the spot where Tipihau, of Tuhoe, slew Pare-tawai during that sanguinary struggle.

Thence we come to Nga Makawe-o-Maahu. We are drifting back into the remote past now, and the *ao marama* (or world of light and being) is far behind us, inasmuch as the renowned Maahu shad his being in the dim dawn of time when gods deigned to dwell on earth. For was it not he who engaged Haere, the rainbow god, in combat, what time the Tini-o-kauae-taheke people descended the sacred pohutukawa

The spirits of the dead descend over the cliff at the North Cape to Te Reinga, or Hades, by means of the roots of pohutukawa trees.

before the divine sons of Houmea? And Hau-mapuhia, son of Maahu; who has not heard of his great feat in forming the Waikare-moana Lake in the misty days of yore? Maahu, of the mystic land, a name to conjure with on the classic shores of Wairau-moana! And here is Nga Makavve-o-Maahu, the hairs of his sacred head, represented by those plants of harakeke (native flax) growing on the cliff yonder. They are very sacred hairs as befits so great a man, and if they are touched or interfered with in any way, woe betide the luckless wight who so offends, for if the gods do not kill him they will cause him to remain the balance of his days in Wairau-moana, and be the waters never so calm, and paddle" he never so bravely, yet shall it be in vain, and he who insults the hairs of Maahu shall never pass through Te Kauanga-o-Manaia, but spend his weary days in paddling ever towards Nga-Whatu-a-Tama, which he shall never reach.

Those singular round boulders on yon point are also named in honour of this famous ancestor. They are Nga Whanau-a-Maahu, the "Children of Maahu," who are probably awaiting the return of their erring parent from the great ocean of Kiwa. However, those "children" are by no means sacred, and you may go and look closely at them if you wish, or even at the sacred things of this land, for these laws do not possess *mana* (power, influence) over the Pakeha.

Past Te Ana-a-kakapu is the beautiful bay of Wha-kenepuru, a lovely spot, with a short sandy reach of shore-line, and the pictures some wooded isle of Te Ure-o-patae in the foreground. Across the [unclear: cal] waters of the bay a black swan

Black swans were introduced from Australia many years ago.

glides in a stately manner, followed by her young, wondering, no doubt, at this invasion of her [unclear: lo] domain.

One-tapu—the sacred strand of Maahu—where the Kaumatua tells us how the rebel leader Te Kooti, when retreating from Mohaka brought a mob of horses through the back country to Te Waii-o-paoa, at the extreme south-west point of Wairau-moana, thence by the rugged shore to the sandy beach of One-tapu, where he and his band camped for some days amusing themselves by holding horse races on the beach. From here Te Kooti took the horses as far as Nga Whatu-a-Tama, where he swam them over Te Kauanga-o-Manaia to the opposite shore, and then, ascending the rugged spurs of Huia-rau, managed to get some of his stud of stoles horses across that fearful country to Rua-tahuna, though marry were killed during the journey. As we glide past Motu-ngarars, a bush-covered island on which yet another ancient Maori pa stands, we see a large flock of ducks paddling along the shove front, and regret the absence of our gatlings.

At the promontory of Te Kaha, almost surrounded by water we land and lunch, and, while the boatmen are elevating the sober "William" that cheers without inebriating, we will take a look back on Wairau-moana. For it

is truly magnificent, with the little isles looking as groves of trees upon the face of the shining lake, and the sun flashing in the waters of many inlets; with the noble forest of Tane

Tane, the god of forests, and birds.

sweeping back by ridge and [*unclear: ran*] to colossal Huia-rau, with its covering of glittering snow, and Manu-aha, which pierces the distant sky-line. So the Kaumatus and the Pakeha look upon this most picturesque of mountain lakes, and discourse anent the ancient history thereof and the wondrous tales of old—of wood-elves in the sombre forests, and fierce *taniwha* (demons, dragons, &c.)—in deep pools, of strange creatures among the great mountains, and goblins by cliff and cave—until the call to a frugal meal comes from the "children," and is promptly obeyed.

It is well that we have dined, for we are now approaching there most sacred places where it would be the blackest sacrilege to convey cooked food. These places are Te Pa-o-Maahu, where that *tupuno* (ancestor) was wont to reside; Te Wai-kotikoti-o-Maahu the sacred spring of Maahu; and Te Puna-a-taupara, whence the Maahu household derived their water-supply for domestic purposes, and in which the ill-fated Hau-mapuhia came to an untimely end, and thereby acquired god-like powers. Te Pa-a-Maahu is a most picturesque little wooded knoll standing on a small flat at the head of the bay. Another relic of Maahu is

Wairau-moana, looking N.E. from Te Ure-o-patae Island.

his sacred dog, an animal possessed of strange powers, and which lives beneath the waters of Te Roto-nui-a-ha, a small lake at Te Tapere, where are also two other lakes, known as Roto-ngaio and Roto-roa. The aforesaid dog has the faculty of *makakite* or prophecy, and is heard to bark beneath the waters of the lake whenever the death of a chief is near. At Te Putere also the remnants of Ngati-Manawa found a refuge when they fled from Te Waiwai and Tarawera, where they had retreated after the fall of Okarea Pa, on the Wai-a-tiu, a tributary of the Whirinaki, near unto Te Whaiti-nui-a-Toi. And though Tuhoe had assisted Ngati-Pukeko at the siege of Okarea in order to avenge the killing of Matua, Tai-mimiti, and Tuara-whatu, yet they took the refugees of Manawa from Te Putere to Rua-tahuna, where they appear to have treated them well, with the exception of having put them in old *kmiara* pits in lieu of houses, and to this day it is not meet to mention those pits to Ngati-Manawa. And, again, at Te Putere is a waterfall which flows over a cliff on which are two projecting rocks, called respectively Kupe and Ngake, though how the names of those most ancient heroes and navigators came to be located here is indeed difficult to say. However, they serve a useful turn, as when, in chasing eels down stream, the Natives drive them over the fall, they are dashed by the waters down on to the back of Kupe, whence they rebound on to Ngake, who indignantly casts them far out upon the bank below, where the wily Maori secures them.

But we must return to Te Wai-kotikoti-o-Maahu, which is the name of a spring of water, and a sacred place (*tuahu*)

Tuahu, a place where incantations were offered up and other rites performed: an altar, in fact, though unlike one in shape.

) of Maahu of old, where the most sacred operation of hair-cutting was performed on his thrice sacred head. It was also a *wai-whakaika* of that ancient warrior, where, after the hair-cutting ceremony, he went through the rites of the *wai taua*, of which there are several, all attended with many sacred *karakia* (incantations) and due solemnity. The *tira* was one of these, a rite by which the sins and evil thoughts of the members of a war party were wiped out, and they went forth on the war trail with a clean sheet, prepared to serve the god of war, Tu, with faithful devotion. In this *tira* ceremony the *tohunga*, or priest, took off all his clothing and donned the *maro-huka*, the sacred girdle. In this scant attire he went to the *wai-whakaika*, where he termed two small mounds of earth, in each of which he placed a twig of the karamu tree, called a *tira*, or wand. One of these is the *tira ora*, or wand of life, and the mound of earth it rests in is the *tuahu-o-te-rangi* the (altar of heaven). The other is the *tira mate*, the wand of death, the mound being *puke-nui-o-papa* (the great hill of earth). By means of his potent *karakia* the priest causes the *tira mate* to absorb all the sins and evils of the members of the *taua* (war party)—that is, it is the *aria* (or medium) of those evils. The priest then dons his *tu-maro* (war-girdle) and proceeds to weaken the tribal enemies by means of *makutu* (or witchcraft), which comprehends a vast series of prayers, incantations, and ceremonies, the final *karakia* being those named *maro* and *wetewete*.

Also at this holy spring was cut the hair of the *tauira* or students of the *wharekura*, a building where the ancient lore, genealogies, and history of the tribe were taught. At the completion of the lesson in *wharekura*—that is, at dawn of day—the priest led the scholars to the spring, where he cut the hair of each one with a flake of *mata* (obsidian), which rite was termed *wai kotikoti*. After this came the *wai-whakaika* and *wai-taua*, as described above.

But we must leave the sacred spring of Maahu and urge on, for the sun is hanging low on the ranges and we must camp betimes. We are now approaching the end of Wairau-moana, and the opposite shore trends in

towards us as we advance. A lone rock with a single stunted tawai-tree growing thereon, the smallest of islets, lies 100 yards from the shore: it is Te Whata-kai-o-Maahu, where that old warrior was wont to store his food.

So "Mata-atua" is turned to the beach, and we land at Wai-o-paas and pitch our teuts on a little grassy flat, having hauled our good craft ashore. And while the "children" are fixing the camp and gathering fuel we will ascend the fern-ridge between the two streams, for a most beautiful view of the Wairau branch is obtained from that point. The lake lies far beneath, broken into innumerable inlets with bushy islets and points; the ranges shelve steeply down to the lake-shore; the range of Whare-ama cuts off the view of the main lake, though great Pane-kiri is still in evidence. A great silence broods over the shining waters of Wairau; the forest, the waters, the hills of this ancient abode of man are silent with the desolation of a passing race. The fighting pas of old lie numerous before us; the lake-shores are covered with the sites of former cultivations, each hill and point, bay and isle carries its legend of the long ago, when the children of the soil were numerous in the laud of the ancient people. No smoke arises in all this great expanse, no human beings but ourselves lay down to rest this night on the shores of Wairau-moana. *Kati!* Let us hurry back to camp that we may learn of Maahu, and Rua, and Maru of old before it is too late. For the lands of Waikare are in a transition stage—the Maori has gone, though the Pakeha has not yet arrived; yet a little while and in will be too late.

Night settles down upon the silent lake, the cheerful camp fire gleams brightly across the placid waters and lights up the white tents, a myriad brilliant stars are seen in the clear bosom of Wairau-moana, reflected from the clear sky above. The rime of white frost sparkles on sedge and rock, but the fire, built by cunning hands, is bright and warm, and the joy of the Bohemian mind is with us. Anon the white mist creeps down the sombre gulches and spreads out across the silver lake, obscuring isle, and mount, and rocky cliff.

The blankets are spread before the tent and facing the cheery

Wairau Arm, Waikaremoana, looking N.E. from Wai-o-paoa.

(From a sketch by S. Percy Smith.)

log fire, and, with the beloved pipe, which softeneth the heart of man, we take in the beauty of the glorious scene before us, while the Kaumatua recites the tales of yore, the deeds of the god-like men of old, strange doings of monsters and semi-human creatures which lived in these weird places of the earth, before the Maori came across the dark ocean. The boat has gone away in care of the "children"; gone to One-poto, the parts trodden by the white man, and the Kaumatua and the Pakeha are left alone in the realm of Maahu, the lonest spot in lone Wairau. And then, with the *kaingas* (dwelling-places) of the ancient people around us, the scenes of the exploits of the ancestors of Tuhoe and Ruapani, the forts of the old-time tribes still vivid in the mind, alone in the great, silent expanse of Wairau-moana, the time has surely come to learn what is known of those who lived and fought and died in these mountain solitudes, long centuries before the white man dared adventure the great ocean of Kiwa.

The Kaumatua draws his blanket around him, his deeply-tattooed visage lighting up with interest, he extends his bare arm towards the lake, and the "Oracle of the Rocky Mountain"

Rocky Mountain, Maunga-pohatu, the Kaumatuas' ancestral home.

speaks:—

"E pai ana, Ehoa!

It is meet, O Friend!

Now that Hine-pukohu-rangi is descending from her ancient love, our ancestor Te Maunga, whom she lured to earth in the days of long ago, and here among the silent homes of the ancient people, it is well that I should tell you the legends of the 'Sea of the Rippling Waters,' for that is why I followed you through the dark forests and across the snowy mountains which lie far away, where the sky hangs down. And it is not an idle journey, but one in which there is much to be learned and much to be seen. But do you not be alarmed at the monsters which inhabit this 'Sea of Waikare,' for I am an ariki taniwha,

Lord of dragons.

I am descended from Rua-mano, and Nga-rangi-hangu, and Te Tahi-o-te-rangi, who were taniwha ancestors of mine, though some descended from the trees of the forest—that is, from the children of Tane-mahuta, such as the Te Marangaranga Tribe—therefore it is well that I should be with you, for no taniwha will molest me; and do you be strenuous in retaining what I impart, for I know that you have not eaten of the sacred herb which binds knowledge acquired. Remember the 'Ahi-o-pawhera' and the fate which overtook that ancestor of Tuhoe land. Friend, it is well that we are alone, for my children who go with us have little love for the gallant stories of old, and I will tell them to you and to one other and no more, that you may preserve these traditions of my people and record their ancient customs, that they may be retained in the world of light. And do you write them plainly in your paipera,

Bible; any large book used for according is so called by the Maoris.

that all who love such things may understand, for I would even hope that my children may yet return to the kura
Knowledge, valuable possession.
of Tuhoe and of Potiki and be proud of the achievements of their ancestors. Tena!"

THE ANCIENT PEOPLE OF WAIKAKE-MOANA.

In the days of old, long before the time of Mura-kareke and Tuhoe-potiki—who lived eighteen generations ago—an ancient tribe known as Te Taurira, held all these lands of Waikare and far away to Waiau and Te Wairoa and Ruakituri.

Rivers flowing into Hawke's Bay.

These people were descended from Te Tini-o-Maru, a still more ancient tribe, and which sprang from the god Maru. And Te Tini-o-Taurira occupied these lands many generations before the arrival of Mata-atua (canoe or even of Horouta (canoe) from Hawaiki.

We do not know the history of that old, old race, but merely retain a few legends concerning them and their doings. But it was far back in the ages of darkness when Maahu and his people lived in this land, for he and others of his time were *atua* (gods) *thai* selves, and held strange powers. There were other great chiefs also of Te Taurira who abode here. There was Manaia, who swam across the Sea of Wairau, and Tama, or Rongo-tama, from whom the ancient fort Nga Whatu-a-Tama is named, and Hau, and Rua, and Paka, with other semi-*atua* of the distant past.

Hau, of Te Taurira.

Mu Rua Tams Irakewa = Weka Ruapani Toroa 20 generations to Hurae Puketapu, of Ngati-Ruapani, now living. 19 generations to Koro-amoamo, of Ngati-Pukeko, now living.

Now, Maahu must have lived many generations ago, for did he not engage in combat with Haere, the rainbow god, and each destroyed the other by supernatural powers?

LEGEND OF MAAHU, AND HAERE, THE GOD OF THE RAINBOW.

Tautu-porangi was the ancestor. He took Houmea-taumata and begat Haere-a-tautu, and Haere-waewae, and Haere-kohiko, and Hina-anga, and Hina-anga-tu-roa, and Hina-anga-whakaruru, and Moe-kahu. The three Haere became *atua piko*, or rainbow gods and when the gleaming bow appears in the heavens we can distinguish which *atua* it is by the form and different colours. Among the Ngati-Kahu-ngunu Tribe, Kahu-kura is the rainbow god, and to the people below

Below—*i.e.*, to the north.

it is Uenuku. I do not know if the Hina-anga sisterhood became *atua*, but Moe-kahu, the last-born of Houmea, was an *atua kuri Maori*, and appeared in the form of a dog. She is an *atua* of evil omen and destroys man. Moe-kahu is an *atua* of Nga-Potiki and Ngati-Kahu-ngunu. Maru-kopa-nui is another *atua*; he is represented by the glow seen above the horizon at eventide. Maru is a war god.

Tautu-porangi went forth to bear the *amonga*, or sacred food, to the god Wananga, whose *kauwaka* (medium of communication) was the priest Taewa. While engaged in this duty, Tautu was killed by Te Tini-o-kauae-taheke, an ancient tribe of very remote times. The word came to Houmea that Tautu-porangi was slain. Haere said, "Let us avenge the death of our parent." And Houmea replied, "Go forth to your duty, but be cautious, lest you cross the path of the gods—lest you tread upon the *aho*, which destroys man." So the children of Houmea went forth to attack their enemies, Te Tini-o-kauae-taheke; but on their way to the place of that people they trod upon the sacred *aho*, and perished by the *reti*. Their senses were destroyed by the *atua*, so fell they in the wilderness.

Haere and his brothers returned to their home. Houmea said, "What was the cause of your defeat?" The people replied, "We fell by the *reti* of our kindred, against whom we strove." Then Houmea gave them the means by which to overcome the sorceries of their enemies and retain life. She gave them the *taumata*, the ahi, and the *kete*, which are three very sacred and powerful incantations. Again they go out to attack the multitude of Kauae-taheke. On approaching the abode of their enemies they halted upon a hilltop and launched forth the sacred and powerful *karakia* known as the *ahi* or *kauahi* :—

Hika ra taku ahi Tu-e!
Tu ki runga Tu-e!
Tu hikitia mai Tu-e!
Kit kotahi te moenga Tu-e!

Ko te taina, ko te tuakana Tu-e!
Kai homai Tu-e!
Ki te umu Tu-e!
Ki te matenga Tu-e!

Kindle, then, my fire, O Tu!
Tu above, O Tu!
Tu, striding over, O Tu!
In one sleeping-place, O Tu!
The younger and the elder brother, O Tu!
Give, O Tu!
To the oven, O Tu!
To the death, O Tu!

This *karakia* being concluded, the *tohunga*, or priest, then uttered the following :—

Hika atu ra taku ahi Tu-ma-tere
Tonga tere ki te umu toko i a-i-i
Tere tonu nga rakau, tere tonu te umu-e.

I kindle my fire to Tu the swift,
Swiftly drag to the oven of wands,
Swift with the wands, swift to the oven.

And then—

Roki ai nga hau riri!
Roki ai nga hau niwba!
Ka roki i nga rakau
Ki roki i nga toa
Ka roki ki te umu-e
Ki te umu a Tu-mata-uenga——e!

Be calmed the angry winds!
Be calmed the barbed winds!
Enervate the weapons,
Make powerless the braves
By the effect of the spell,
By the spell of Tu the fierce-eyed!

Tu is the god of war: he has many qualifying names indicative of his ferocity.

Having uttered these sacred spells, they then performed the *taumata*, which is a *karakia* to raise a great wind and cause an enemy to believe that no one will attack them on so boisterous a day. Also they used the Haruru or *kete* spell, the purpose of which was to draw the spirits of their enemies into a confined space and there render them powerless.

These great performances being over, then Hina-anga-whakaran arose and exposed himself to the view of the multitude of Kauae-taheke, who cried, "It is a man!" Then Hina-anga bent down wards, and the multitude cried, "Not so; it is but a palm-tree Behold! it is bent by the fierce gale." So Hina-anga kept deceiving those

people, even until the shades of night fell.

In the dawning light the multitude of Kauae-taheke were attacked and defeated by the army of Haere and Houmea. And the *maawe*

A sacred emblem, often the head or war-lock of the first one slain.

of that battle was given to Moe-kahu, that she might bear it homewards. As she drew near this dog-woman barked loudly, and as she did so the knowledge came to Houmea-taumata that vengeance had been taken for the death of Tautu-porangi.

After this came the combat between Haere-a-tautu and Mull. Each strove to destroy the other by means of the great powers they held, and both fell, each being slain by the other. The end of Haere was this: He was conveyed by Maahu to the *paepae*, where [*unclear: Nok*] the earthworm, consumed him. As for Maahu, he was bewitched by Haere and caused to enter the sacred vessel Tipoko-o-rangi, in which he perished.

Such is one of the strange traditions handed down through many generations from the days of the ancient people, and which [*unclear: and*] known to but very few of the old men. Strange legends, many [*unclear: of*] these, localised here far back in the history of Aotearoa, but brought from older lands across the ocean in times long passed away.

A reference to this ancient story is contained in a lament composed or adapted by Titi, of the Ngati-Kahu-ngunu Tribe, who [*unclear: image not readable*] the medium of the god Po-tuatini, for his mother Rau-hanga and! relatives Pae and Puku, who had been slain by the Tuhoe people some three generations ago :—

Me he poko taku kuia Rau-hanga e ngaro nei,
Tenei to tamaiti wahine te tangi haere nei
Mauria atu ra kia taka i mua ki to korua nei aroaro
Ka toko ai e Toko-te-ahu-nuku.
Kotahi te kupu i hakiri ake i taku taringa,
Ko te mate o Tautu-porangi,
I haere ra te whanau ki te ngaki i te mate;
Ka tu i te reti, ka ngawha te upoko,
Hoki ana ki te kainga.
I mauria i reira ko te kete, ko te ahi, ko te taumata,
Ko te ra kungia,
Ka mate i reira Tini-o-kauae taheke.
Tena ko tenei, ma wai e ranga tena rakau tuki, rakau koki.
Rakau tu ki te tahataha
Ko Pito, ko Rere, ko Maika—e-e-a.
Like a fire extinguished is Rau-hanga lost,
Whilst her little daughter ceaselessly weeps.
Take her then, and prepare her in your presence,
And let her be supported by Toko-te-ahu-nuku.
A story, imperfectly heard by my ears.
Relates the death of Tautu-porangi,
Whose family went to avenge his death.
They fell by the *reti*, their heads split open,
Causing them to return to their home.
Then were taken three powerful charms.
And a fourth to obscure the sun,
Which was the death of Te Tini-o-kauae-taheke.
As for my affliction, who shall avenge the sudden blow?—
A blow delivered by the wayside,
Taking Pito, Rere, and Maika—e.

It seems doubtful if the genealogy of Maahu has been preserved by the Waikare people; if so, no Pakeha has been permitted to acquire it. There were many ancestors of this name among various tribes of olden times, but none have hitherto been identified as the particular Maahu who bestowed upon mankind the boon of causing the Waikare-moana Lake to be formed. Now, however, the Khmatua comes to our rescue with a *waiata*, or song, in which the full name of Maahu appears, and this will set conjecture at rest on this point.

LAMENT.

Lament for Te Whenua-riri, a chief of the Ngati-Kahu-ngunu Tribe, killed by the Ngapuhi Tribe at the fall of Titirangi Pa, near Waikare-moana, about the year 1824 :—

I tawhiti ano te rongo o te pu,
I ki ano koutou. Ma wai ra e homai?"
Ki te kainga o Maahu-tapoa-nui,
Ki a Tu-ma-tere ra,
Ki te oke ki te pae.

E koro! ki nui, ki patu, ki tata-e!
I te rangi maori
He mea ra kia kapi te waha;
Ka kitea a rikiriki,
Ka peke mai Tini-o-Irawaru,
Hai poke mo koutou.

Takoto mai ra E koro E!
Koutou ko whakahina;
I te hara kohuru
Nau era ngohi,
E ware koutou ki Te Toroa ma?
Tera te Poturu nana i kai atu.

Takoto mai ra E koro E!
I roto o Tauri
I hea koia koe ka aho ai i to tapuwae
Ata tu mai! ata tu hihiko mai,
He hihiko bei hiki mai i a koe
Ki te rangi i runga ra
Ko ana wai ano to mata nei whakataha.

Whilst distant was the fame of the guns,
All said, "Who will dare to bring them here?"
To the home of Maahu-tapoa-nui,
To Tu the swift, indeed,
To strive within our bounds.
O Sir! of great, of warlike words and blows,
Heard in this ordinary world,
'Twas so said that mouths should be closed.
Now, indeed, is seen inconsolable grief;
Spring forth the descendants of Irawaru
Irawaru, the father of dogs.
To worry and tease you all.
Rest thee there, O Sir!
Thee and thy grandchildren,

Through the evils of murderous war.
Thine are the slain.
Have all forgotten Te Toroa's death?
Still lives Poturu, who consumed them.
Prone thou liest, O Sir!
In the vale of Tauri
Where wast thou that thou charmed not thy steps?
Stand forth! arise with vigorous strides,
Strides that will bear thee on
To the heavens above us;
To those other waters turn thy face aside.

Toi = Mokotea. Iho. Whitiripapa. Te Marangaranga. Te Uira-i-waho. Tu-rere-ao. Mai-ki-te-kura. Te Rupetu. Hatonga. Maahu-nuku. Maahu-rangi. Maahu-tapoa-nui. Te Rangi-taupiri. Tamaka. Te Ao-whakahaha. Kuia-rangi. Tihore = Kopura-kai-whiti. Pau-mapuku. Hine-tara. Tama-ka-uru. Te Wherutu. Tu-whakarau. Te Whiua. Te Rangi-pakakina. Kurukuru. Tikitu I. Tikitu II. H. Tikitu. Te Uri Kore. Titirahi.

Now, here we have the full name of friend Maahu given, and Maahu-tapos nui is known to genealogists as an ancestor of the Ngati-Awa Tribe, of the Bay of Plenty district, on the aboriginal side—that is, he was of the people found dwelling here when the ancestors of the present Maori [*unclear: grated*] to New Zealand. Different lines give from eighteen to twenty-one generations from Maahu-tapoa-nui down to the present time. It is therefore probable that he flourished in Tuhoe land about five hundred years ago. His position is shown in the genealogical table printed in the margin.

But the great work performed in the time of Maahu was the formation of the Waikare-moana Lake by his son Hau-mapuhia, and we will now give the generally-received version of that most ancient and wondrous legend.

THE LEGEND OF HAU-MAPUHIA.

It is the story of Hau-mapuhia, and how this sea of waters was formed from the dry land in the days of yore, also the explanation of the name of this great lake.

Maahu took Kau-ariki to wife; their child was Hau-mapuhia. They dwelt at Wai-kotikoti, at Wairau-moana, and Hau', being well cared for, grew to be a fine young man, though some say that Hau' was a girl. And it happened, as the shades of evening fell, that Maahu bade Hau' go to the spring called Te Puna-a-taupara and bring thence a gourd of water. But Hau' was unruly, and refused to go to that spring, at which Maahu was greatly enraged. So he took the gourd and proceeded to the water himself, where he stayed so long that Hau' went after him. On his arrival at Te Puna the thought came to Maahu that he would kill his child for being disobedient; and he took Hau' and thrust him into the water and held him below the surface thereof. Then Hau-mapuhia called on the gods of the ancient people, and they came to his aid. This they did by endowing him with great and wondrous powers such as demons possess. Hau-mapuhia, son of Maahu, was transformed into a *taniwha*—a water god. Armed with these strange powers, Hau' forced his way through the solid ground and formed the great hollow in which lie the waters of Waikare. Previous to that time it was all dry land. Such a *taniwha* is called by us a *tuoro* or *hore*. And it was in forcing his way through the ground seeking an outlet that Hau-mapuhia formed the many arms and inlets which you see around this lake. The fierce struggle by which he forced his passage from Te Puna-a-taupara, which is the *tino*

Tino, the precise spot from which a district, &c., takes its name.

of Waikare-moana, so agitated the waters which followed him that the lake has ever since been known as the "Sea of the Dashing Waters." (*Ka hokari nga ringa me nga waewae, katahi ka pokare te wai, koia i kiia tona ingoa ko Wai-kare moana—ko te pokaretanga o te wai.*)

The first attempt made by Hau-mapuhia to escape was towards the west, that was how the Whanganui inlet was formed, even to Herehere-taua, where he was stopped by the great bulk of Huia-rau. He then turned and tried another direction, thus forming the Whanganui-o-parua inlet. But the great ranges again held him, and, after forming the other bays of Waikare, Hau the demon turned to the east whence he heard the roar of the Great Ocean of Kiwa

Te Moana-nui-a-Kiwa, the Great Sea of Kiwa, a term applied to the Pacific Ocean by the Maoris.

in the far distance, and the thought came that it would be well to reach that great ocean before the light of day appeared. So Hau' again forced his way downwards at Te Wha-ngaromanga and strove to burrow through

the ranges to the Moana-nui-a-Kiwa (the ocean). But when he reached the *komore*, where the waters rush forth, he became fixed there, and so lies even to this day. Maybe the emerging into the light of day caused the power of Hau-mapuhia to fail, or maybe the gods were alarmed lest his great efforts should release the waters of the newly-formed sea of Waikare.

And as Hau-mapuhia lay there in that ravine he moaned aloud in wailing tones, and Maahu, who had gone to the great ocean, overcome with remorse at having slain his son—Maahu heard his offspring wailing afar off, and he called upon the koiro and the tuna, the kokopu, maehe, and korokoro, and other fishes to go by the River Waikare-taheke, which reaches the great ocean, and ascend to where Hau-mapuhia lay, that they might serve as food for his child. But the koiro (conger-eel) would not face the fresh water, and the tuna (fresh-water eel) could not pass the Waiau River, and the maehe and korokoro (lamprey) were the only two fish which reached the Waikare-taheke River to serve as food for Hau-mapuhia, and it is said that the korokoro is not found in any other stream in the district.

And Hau-mapuhia still lies there where he emerged, transformed into stone. His head is down hill and his legs extend up the hillside, and the lake waters, rushing forth from the hill, pass through his body to form below the Waikare-taheke River, as you shall see. Also you may see his hair floating and waving in the foaming waters; this hair is in the form of what we call kohuwai (a water plant),

Then Maahu left these lands, and went far away to Pu-tauaki, where he remained; but his heart was dark for his deserted home at Wairau-moana and the lands of his ancestors, which he had deserted. Even so he raised his voice and lamented,—

Kaore hoki i te roimata te pehia kei aku kamo
Me he wai utuutu ki te Wha-ngaro-manga—e
Ko Hau-mapuhia e ngunguru i raro ra—e-a.
Alas, the tears weigh heavy in my eyes,
Like water gushing forth at Te Whengaromanga,
Where Hau-mapuhia rumbles down below.

Such is the legend of Hau-mapuhia and the formation of Waikare-moana. A strange legend and an ancient, viewed from the standpoint of an unlettered people possessing no knowledge of the graphic art, and relying entirely upon oral tradition. It original probably in the widespread and universal desire implanted in the human mind to assign a cause and origin to all material objects and manifestations of Nature.

There is little doubt that the lake was formed by a vast land slip, now covered with forest, which fell from the slopes of the mountains on the east of the outlet, and filled up what was formerly a valley. Probably this took place before the advent of the Maori; but he is quite equal to understanding the cause, and, with his love of the marvellous, to inventing a supernatural reason for it.—EDITOR.

There is another class of legend which obtains in several districts, the names being altered to fit local circumstances. Of such is—

THE STORY OF RAKAHANGA : A LEGEND OF THE TAUIRA, OR ABORIGINAL PEOPLE OF WAIKARE-MOANA.

Rakahanga-i-te-rangi was a *puhi* (a virgin, a betrothed girl) of ancient times, and dwelt with her people at Turanga (Poverty Bay) The fame of her beauty reached the chiefs of the multitude of Taurira, who dwelt by the shores of the "Rippling Sea of Waikare." So the thought grew, "Let us acquire this famous and lovely lady as a wife for one of us." Then Rongo-tama, a descendant of Whaitiri, with Hau and Rongo-i-te-karangi, formed with great care a party of seventy men, who were so selected as to be all men of fine appearance and of equal size. They were also well trained in the various kinds of songs and dances known to the ancient people Their object was to show what fine men the Taurira were, and how greatly accomplished, that Lady Rakahanga might choose a husband from the visiting chiefs. This kind of expedition is termed a "*kai tamahine*."

When about to commence their journey, the council of the chiefs decided that Hau was too ugly to form one of the party, as he wore a beard, so it was decided that he should be left behind, for it would never do to parade such a plain fellow before the famous beauty Rakahanga. Thus the party left without him; but Hau who was a man endowed with certain wondrous powers, hid himself beneath the *punake*, or bow, of the canoe which conveyed the party to Turanga, and so arrived safely at that place, where the men of Te Taurira landed and proceeded to the village where Rakahanga lived. When they were out of sight, Hau came forth from his place of concealment and hid himself until nightfall.

In the evening all met in the *whare-tapere* or amusement-house of the pa, where the visitors were to show

their various accomplishments, in order that one of their number might find favour in the Eyes of Rakahanga. And some of the village people were sent to collect fuel, which was to be carefully selected in order that the fires in the *whare-tapere* might burn clearly and not smoke. But that deceitful Hau drew near, and caused those fires to smoke dreadfully, by means of the following *karakia* :—

Ka pu auahi ra runga,
Ka pu auahi ra raro.
Gather together the smoke from above,
Gather together the smoke from below.

This incantation, in fact, produced so much smoke that many of the people, including our heroine, rushed forth from the house into the darkness of night, where Rakahanga was met by Hau, who, favoured by the gloom of night, which concealed his ugliness, and more so by a spell termed *tau-patiti*,

Tau-patiti. This *karakia* is now called by us an *iri*.

managed to ingratiate himself with the much-sought Rakahanga. So much indeed did he take that lady's fancy that she determined to choose this man as her husband, and so she marked him by pinching his forehead, that she might know him when they met in the light of day.

The next morning when all were assembled, Rakahanga proceeded to search for the man she had chosen as her husband, looking closely at each of the visitors in order to detect her mark. For a long time she failed to detect this marked man, until at last Hau appeared, and then poor Raka' was much disgusted to find in him so ill-favoured a man. And the other chiefs were much disgusted that this ugly fellow should win so charming a girl. So the chief Kiwi, disregarding Hau's claims, took Rakahanga as a wife for himself, and, accompanied by his friend Weka, they started by an inland track to Waikare. The deserted Hau was indignant at losing his promised wife, and started in pursuit. As he journeyed on through the forest he came to where two men named Tane-here-ti and Tane-here-pi were spearing pigeons in a tree. Hau inquired of these men whether they had seen any travellers pass by. They replied, "Yes, two men and a woman have passed here." So Hau went on until he reached Waimaha, where he overtook Kiwi and his companions, Hau armed with his famous greenstone battle-axe, Hawea-te-ma-rama at once attacked the two men, and slew Kiwi, but Weka and Rakahanga escaped and fled far away into the forest. Friend, lest you be misled, this is not the same Weka who married Toroa, for that was long after.

And so Weka and Raka' travelled on across the great hills until Bey came to Te Reinga Falls, on the Wairoa River. The night was falling when they arrived at that place; the darkness settled down as they traversed the summit of the dread cliff above the falls; a great fear came upon Raka', and she said, "Friend! let us [*unclear: l*] cautious, lest we fall from this great cliff." But Weka said, [*unclear: "Fe*] not; this is the track by which we go." But as he spoke they came to the highest and most dangerous part of the cliff, and [*unclear: We*] quickly turned and thrust the poor girl over the edge of the [*unclear: ro*] into the black chasm below. The reason of this act was the [*unclear: fas*] that Raka' had favoured the ugly man Hau at Turanga-nui-a-Rua.

Thus, in that fearful chasm, perished Rakahanga-i-te-rangi, the famous *puhi* of old. And her last words were, "*He po Rakahanga raru ai*" ("By darkness was Rakahanga confounded").

Those who have heard the story of Wairaka of Mata-atua [*unclear: cance*] will at once recognise the resemblance that this story of Rakahanga bears to it. It may be noted that many of the stories told concerning the ancestors of the present Maori people are also related by [*unclear: th*] descendants of the pre-Maori aborigines as having occurred in the times of their ancestors, and long before the arrival of the histories Maori fleet from the Hawaikian fatherland in about 1350. [*unclear: Were*] the origin of these old legends known, it is probable that the ancient people would carry the day as the originators thereof.

Another tradition of this kind is—

THE LEGEND OF RUA AND TANGAROA.—FROM THE ANCIENT NGA-POTIKI TRIBE.

[Rua was a famous ancestor, and lived in very remote times. [*unclear: H*] was the inventor of carving, hence the expression, "*Nga* [*unclear: mc*] *whakairo, nga mahi a Rua*."

"The art of carving, the art of Rua."

There are many terms and place names in connection with this ancestor. Te Whatu-turei-a-Rua is an ancient term for the meal made from the berries of the hunan tree; Turanga-nui-a-Rua is the name of Poverty Bay; Te Whakaki-nui-a-Rua is a lagoon at Te Wairoa; Tamaki-nui-a-Rua is the name of the Seventy-mile Bush; Te Awa-nui-a-Rua was the ancient name of the Whanganui River, but it is not clear whether such was [*unclear: fa*]

name given by the aborigines of the latter river, or whether it [*unclear: w*] so termed by Nga-paerangi of Horouta canoe, which people held [*unclear: th*] valley of the Whanganui some generations before the Aotea [*unclear: migra*] arrived there.

The following tradition of Rua and Tangaroa is a most singular and interesting remnant of an ancient mythological system, though unfortunately it is impossible to obtain an explanation of it at this late day. Tangaroa is the Polynesian Neptune, the tutelary [*unclear: geni*] of the great ocean of Kiwa; indeed, in many of the islands of that Pacific he is the Supreme God and Creator. He is represented [*unclear: fr*] this legend as dwelling in a house beneath the ocean, and his [*unclear: tri*] is composed of the fishes of the great sea. Maroro, the one member of Tangaroa's tribe who escaped, is the flying-fish. As in other old time legends of these gods and their subjects, the characters are [*unclear: a*] endowed with the power of speech.

The name of Rua is very common in the ancient traditions of Waikare-moana, and the aboriginal Nga-Potiki of Maunga-pohatu, but it does not appear to be now known which Rua is alluded to.]

Rua dwelt in his place in the days of yore, in the very distant times, remote beyond expression. The thought came to him that it would be well to visit Tangaroa-o-whatu. So Rua went to the house of Tangaroa, and on his arrival found that being jubilant over the fine appearance of his house, which, he asserted, had been embellished with wondrous carved figures by Hura-waikato. And Tangaroa said to Rua, "Do you come with me and behold my fine house, for doubtless you came to admire the grand work of Hura-waikato." Now, when Rua saw the house of Tangaroa he was much astonished to find that the wondrous carving of Hura was no carving at all, but simply painted figures, such as are seen on the rafters of our houses. Then Rua asked, "Is this your famous carving?" Tangaroa replied, "Yes, this is the carving." Rua said, "Do you come to my place and see what real carving is," for Rua was the father of the art of carving, and hence comes the expression "*Nga mahi whakairo, nga mahi a Rua*" (see *ante*). And the house of Rua was a truly brave sight, so adorned was it with carving and so fine were the figures.

On a certain day Tangaroa set forth to visit the dwelling of Rua. As he approached the house, and while some little distance off, he observed the carved human figure (*tekoteko*) which adorned the front of the house. So he greeted this figure with the words "*Tena ra koe*" (Salutations to you), and then, walking up to the *tekoteko*, he proceeded embrace it, or *hong*i (rub noses), according to our ancient fashion, not thinking but what this beautiful figure was a living man, so fine was the carving of Rua. As Tangaroa entered the house Rua laughed at him, saying, "This is indeed carving, you see how you have been deceived by it." Then was Tangaroa overcome with shame. He therefore returned sad-hearted to his own place, but before he did so he managed to obtain the pet *koko* bird (*tui*) of Rua, which was a clever bird, and much prized by its owner. This evil act he committed under the cover of darkness, and then carried the bird off to his own place, which lies within the ocean. When Rua discovered the loss of his *koko* he was much grieved, and at once sallied forth in search thereof. After wandering afar off he came to the shores of the ocean, and as the tide broke and flowed back to the Waha-o-Te-Parata

Te Waha-o Te-Parata : The Maoris account for the tides of the ocean by saying that a huge monster dwells at the bottom of the sea named Te Parata, and that it is the inhaling or exhaling of his breath that causes the tides.—EDITOR.

Rua heard the missing *koko* singing within the great ocean—that is, at the home of Tangaroa. So Rua resolved to obtain his pet bird, and therefore entered the realm of Tangaroa. On his arrival at the latter's house he found that Tangaroa was absent, having gone forth into his great domain. The only beings remaining at the *kainga* were Tatau the doorkeeper and the *koko*. Then Rua asked of Tatau, "Where is Tangaroa"? The doorkeeper replied, "He is abroad in the ocean seeking and slaying food" Rua said, "Will he return to this place?" "When the shades of evening fall he will return," said Tatau. Then Rua instructed Tatau how to act when Tangaroa returned. He said, "When the day dawns and Tangaroa cries out to you, 'Tatau E! draw aside the door,' do you repeat these words,—

E moe. Ko te po nui, ko te po roa,
Ko te po ka whakaua ai te moe
E moe!

This *karakia* is termed a *rotu*, its effect being to cause people to fall [*unclear: in*] a deep sleep.

And then, when the rays of the sun come steeply down, do you draw aside the door of the house, that the sun may shine with strength into the home of Tangaroa."

Tangaroa returned home in the evening and entered his house where he and his tribe slept. When morning came and he thought that daylight must be at hand, he cried, "O Tatau! draw aside the door." Then Tatau repeated this incantation :—

Sleep on! Through the great night, the long night,
The night devoted to sound sleep,
Sleep on!

So Tangaroa again slept. When the sun waxed strong, then the sliding-door was opened by Tatau. The sun flashed into the abode of Tangaroa and destroyed him and his people. Maroro was the lone survivor. *Heoi!*

Of a more singular nature still is—

THE STORY OF RUA-KAPANA : A LEGEND OF THE ANCIENT PEOPLE, As preserved by the Nga-Potiki people of Maunga-pohatu, and told by the Kaumatua.

Pou-ranga-hua was a chief of the ancient people of the land He took to wife Kanioro, who it is said was a sister of Taukata who brought the knowledge of the *kumara* to the aborigines, to [unclear: To] of old. Pou-ranga-hua's place of abode was at Turanga (Poverty Bay), and his were works of wonder in the days of old. One [unclear: of] these labours was the formation of a lake at Te Papuni, which he effected by means of a *karakia* or incantation, which spell contracted the hills and made them close in across the valley. In my young days I thought that it would be a good idea to drain this lake and so obtain a vast quantity of eels which frequented it. So I took with me a hundred of my young men of Nga-Potiki, and we commenced to dig a large ditch from the lower side of the lake. And as we neared the lake the great body of waters broke in upon us, and we fled swiftly, being nearly overwhelmed by the great rush of the flood. So great indeed was its force that the waters broke out two more small lakes which lay below, and we lost the greater number of those eels.

And Pou' bethought him of building a house at Turanga-nui-a-Rua. When the house was finished he set forth on a journey to the Kauae-o-Muriranga-whenua in order to obtain *takuahi* (stones) for a fireplace. When out upon the ocean in his canoe, the wind known as Te Hau-o-pohokura arose and drove his canoe far away across the dark waters. It is said by some that the dread *tuniwha* (demon) Rua-mano conveyed Pou' over the Ocean of Kiwa, and he was cast ashore at Pari-nui-te-ra, at Hawaiki. When Pou' looked about him he saw that he was in a strange land, for which reason he was sore dismayed. Then he came to the people of the land, and among them was the great chief Tane-nui-a-raugi, who took Pou', the cast-away, to his own place, and treated him with much kindness. And Pou' dwelt among the kindly people of Hawaiki, for the land was a fair land and a bountiful.

During all this time his wife Kanioro remained within the *whare-potae* (house of mourning) in this land of Aotea-roa, and there was no peace for her; neither did the bright sun shine, for she mourned the death of her husband, of Pou-ranga-hua.

And as Pou' dwelt in that strange land the thought grew, that he must return to the White World of Maui of old,

Aotea-roa, or New Zealand.

that he might greet his wife Kanioro of Nga Tai-a-kupe. Then he said to Tane, "How may I return to my home, to Aotea-roa?" Tane said, "Get your ancestor Tawhaitari to take you across the great waters." Now this Tawhaitari was a huge bird which belonged to that strange land. So Pou' obtained the services of Tawhaitari to bear him back to Kanioro; but first he went to the summit of Pari-nui-te-ra and obtained there two baskets of *kumara* (sweet potatoes), for that valued food was then unknown by our ancestors here. The name of one basket was Hou-takere-nuku, and of the other Hou-takere-rangi. Then he obtained the two *kaheru*, Manini-tua and Manini-aro. All these he secured upon the back of the bird, and then mounted himself. The great bird then attempted to rise and commence its long flight, but could not rise on account of the heavy burden. So Ta-whaitari was rejected by Pou'." Then Tane said, "Fetch your ancestor Te Manu-nui-a-Rua-kapana—the great bird of Rua-kapana. Pou' did so, and placed the burden on the back of Rua-kapana. Tane then spoke, "Farewell! Go forth to your home which lies far away across the dark waters; and do you keep firmly to my words—be kind to your ancestor, to Rua-kapana. Do not allow it to land in your country, but when, on nearing the shore, the bird shakes itself, do you quickly alight, that the bird may return safely here."

So the great bird of Rua-kapana rose into the air, and stretched out across the Moana-nui-a-Kiwa, bearing Pou-ranga-hua and his prize to the home of Kanioro. Now, the object of Tane in his warning to Pou' was this : On the summit of the Mountain of Hikurangi,

Hikurangi, a high mountain near the East Cape, New Zealand.

which lies far away towards the rising sun, there dwelt a *tipua*, or demon, in the form of an old man, whose name was Tama-i-waho An *atua* (god) was this Tama, possessed of evil powers. So great indeed was his command of sorcery and evil arts that no living thing could pass that dread mountain, all were destroyed and devoured by Tama, the goblin of Hikurangi. There was one time only during which this evil place might be passed, and that was when the sun declined so far as to cast its rays into the face of Tama, which so dazzled his

eyes that he was unable to see That was the only salvation for man—the fact that Tama could not see during strong sunlight.

Thus came Pou-ranga-hua and Rua-kapana from far Hawaiki, As they approached Hikurangi, they waited until the sunlight slanted into the eyes of Tama, then they fled quickly past that dreadful spot; and as they did so Tama-i-waho cried, "Who is this ascending the mountain of Tama-nui-a-rangi?" But when his sight came back to him Pou' and his bird friend had passed by. As they approached the shore at Turanga, the bird shook itself, as a sign to Pou' that he should descend and leave Rua-kapana to return safely to Hawaiki. But Pou' refused to get down, and kept his seat on the back of the bird, compelling it to take him to his home at Turanga. And the great bird of Rua-kapana knew then of the doom which awaited it should it pass within the evil shadow of Hikurangi. Then Rua-kapana said, "O Pou! what an evil man art thou." But Pou' only; said, "Pou' returns but once, the door is closed on the road to Hawaiki." Such were the words of Pou-ranga-hua.

And as they approached Turanga, Pou' reached under the wings of the great bird and plucked therefrom the fine plumes, which he threw into the sea. And from these plumes cast into the ocean as that place there grew a kahika,

Podocarpus dacrydioides.

the name of which is Makauri, and that tree still bears fruit out in the ocean. And a branch of that kahika was broken off and cast inland. From that branch came the fine forest which stands between Ma-karaka and Te Waerenga-a-hika, which forest is also known as Makauri.

So Pou' compelled Rua-kapana to bear him to land, even to the mainland, and the great bird set forth to return to Hawaiki, but on passing Hikurangi it came within the influence of Tama-i-waho, the ogre of the mountain, and was destroyed by that monster. So perished the Manu-nui-a-Rua-kapana.

Pou-ranga-hua planted his seed *kumara* in the cultivation at Manawa-ru, at Turanga. That is how the *kumara* was brought to that district.

He then went to his home, to the place where he left his wife. On his arrival he found the house shut up and bearing a deserted appearance, being overgrown with mawhai.

Mawhai, *Sicyos angulatus*, a plant.

Within the desolate house was Kanioro, mourning for her husband.

Then Pou' tapped the door of the house, and Kanioro cried, "Who is that tapping outside?"

"It is I, O Kanio! It is Ranga-hua."

The voice of the woman was heard :

"Ranga-hua was swept away by the Hau-o-pohokura."

"Give to me some of thy valuable treasures, O Kanio!"

"For what purpose?"

"As a reward, O Kanio A reward for the Manu-nui-a-Rua-kapana."

Then Kanioro pulled aside the door, and Ranga-hua entered their house and kindled a fire therein; and Kanioro gave her treasures unto Pou-ranga-hua, even as he had demanded, for her joy was great. But from that time she discarded the name of Kanioro, and took that of Tangi-kura-i-te-rangi.

And it is said that the Ngati-manu-nui Hapu of Tuhoe, who reside at Te Umu-roa, derive their name from the Manu-nui-a-Rua-kapana.

Meanwhile, Tane-nui-a-rangi was anxiously awaiting the return of the great bird of Rua-kapana to Pari-nui-te-ra, for the time he had arranged for it to arrive had passed. Then the knowledge came to him that the bird had been slain by Tama, the "Ogre of the Enchanted Mountain." So he summoned Taukata, and told him to set forth in search of the lost bird and the person who had killed it. And Tane said to Taukata, "By this sign shall you know the slayer of Rua-kapana—that is, by the sign of the *niho-tapiri*."

Niho-tapiri, uneven teeth, growing in an irregular manner.

These things were quite clear to Tane on account of his great powers in magic.

And Taukata came from far Hawaiki to this land of Aotea-roa, being conveyed over the vast ocean by a water-demon, such as were plentiful in the days of our ancestors, so wondrous were the works of old.

The blackness of night was descending upon the earth when Taukata came to the "Enchanted Mountain"—to Hikurangi. He then concealed himself near unto the doorway of the house of Tama-i-waho, where he busied himself in uttering the most potent incantations—the most sacred spells. Then he entered boldly the abode of Tama, the dread ogre, and seated himself among Tama's people. And Taukata listened to the talk going on around him, but could not understand it, as it was all nonsense and mere gibberish. When it came to his turn he spoke these words : "*E kore e tangi te whatiri no-e, no-e*" (the thunder will not sound, *no-e, no-e*). At the same time he patted the shoulder of the man whom he suspected of being the slayer of Manu-nui. This so amused the assembled people that they all laughed, showing their teeth as they did so. Here was Taukata's opportunity. He gazed intently. Aha! the *niho-tapiri* was seen. Then he cried, "Let us extinguish the fire and all go to sleep." It was done; the people slept. Behold! it is Taukata who produces a *kete*, a large basket,

into which he places the body of the owner of the *niho-tapiri*. Then the *karakia*, the magic spell, to induce profound slumber—oblivion. It was the *rotu* :—

E moe, E moe! Ko te po nui, ko te po roa
Ko te po i whakaau ai te moe. E moe!
Sleep on! sleep on, the great night the long night
The night devoted to sleep—Sleep on!

Such is the *rotu* spell to cause men to sleep. The *rotu-moana* is a different *karakia*; it is to cause the ocean to sleep or become calm, that canoes may pass over it in safety, and the other term for it is *awa-moana*.

So Taukata secured the sleeping man in the great *kete*. So sound was the slumber of that man that he never awoke through a the long journey to Hawaiki.

It is Pari-nui-te-ra, the land of plenty. The light of day comes, the sun shines brightly, and Taukata has returned from the mountain of Tama the ogre—returned with the slayer of the great bird of Rua-kapana. It is the day of vengeance. The multitude of the land are assembled; the great chief approaches; it is Taue-nui-a-rangi—Great Tane of the Heavens. Taukata stands by the body of his still sleeping prisoner. He speaks : "Awake! lest you think that you sleep in thine own place." Then the man awoke—a woke and looked forth upon the land; saw the strange land—land of the Great Cliff of the Shining Sun; saw the multitude assembled; saw Taukata and Tane : then the thought came, it is death.

So they killed that evil man, and ate him, as he had eaten their *tupuna*, Te Manu-nui-a-rua-Kapana. *Heoi!*

The above is a most singular legend, and interesting from many points of view. In the first place, it appears to be a local adaptation of the Polynesian tradition of Tinirau and his pet whale Tutu-nai which was slain by Kae; in fact, the stories are almost identical the same. The hero, Pou-ranga-hua, was a chief of the ancient people of New Zealand, and is well known to their descendants Tuhoe land. Te Hau-o-pohokura is a sea-wind which blows in the spring of the year. Rua-mano was a *taniwha* or demon of older times, who is said to have resided at Te Papuni during his latter days. He is said to have been the offspring of Tutara-kauiks which last appears to have been a kind of emblematical term for the whale.

The great bird of Rua-kapana is a decided puzzle, but it is possible that we may yet be enlightened as to what it was; for Nga-Paerangi, a tribe of Whanganui, have retained a legend anent one Rua-kapanga and a huge bird of olden times. Now, this tribe is descended from Paerangi, son of Paoa, who came from Hawaiki the canoe Horouta, and landed on the East Coast near unto Hiku-rangi. It is possible that they have preserved this legend, and that the names mentioned therein have become somewhat altered during the lapse of many generations.

The nature of the reward or payment given by Kanioro to Rua-kapana is not clear, but the light may yet shine thereon. There is some old, half-forgotten story of Kanioro as having been an *atua-pounamu*, or guardian of the greenstone, most prized of Maori treasures. It may be that the *kumara* was given to Pou-ranga-hua, and the services of Rua-kapana loaned to him, on condition of his sending back the precious greenstone in payment thereof. The two kakeru given to Pou' at Hawaiki are said to have been chaplets or Read-dresses.

The name of the human ogre of Hikurangi—Tama-i-vvaho—is also that of the *atua* who visited Te Kura-nui-a-monoa, wife of Toi, and by whom she had Oho-mai-rangi, also known as Oho-matua-rau;—though some tribes claim that Puhao-rangi takes Tama-i-waho's place. There is some mention in the Rev. R. Taylor's "Te Ika-a-Maui" of a legend concerning a great bird which existed on Hikurangi in olden times. The Tuhoe have a tradition of a bird called hakoke which frequented cliffs and mountains, but which has been long extinct. In fact, the legend appears to be a confused and half-lost fragment of a very ancient folk-lore system.

The *whare-potae*, or *whare-taua*, is, literally, a mourning-house, If a man of distinction dies, his son or near relatives remain for some time in the *whare-potae*, never venturing forth, and only taking food during the night-time. After a certain lapse of time a human sacrifice is made, to take the *tapu* off these imprisoned mourners : *hei keuenga mo te whare-potae*, or dispersal of the mourners. When Taupoki died, at Wai-koti-koti, a slave was sacrificed for this purpose, the body being cooked on the river-bank where the camp of the soldiers stands.

We will now cease these old tales and speak of the wars which waged between the tribes of Tuhoe land and Ngati-Ruapani, of Waikare-moana.

WARS OF NGATI-RUAPANI AND TUHOE.

The Ngati-Ruapani Tribe of Waikare-moana are an ancient people, and have dwelt in this district for many generations. The principal hapus or sub-tribes are Ngati-Hine-kura, Ngati-Tahu, Ngati-Haua, Ngati-Mate-wai,

and Ngai-Te-Amohanga. Among them are also a few Ngati-Ira, who came from Opotiki to the lake, *viâ* Rua-tahuna, about four generations back.

The hapus of the Tuhoe Tribe are : Ngati-Hine-kura or Ngai-Te-Riu (the sub-hapus being Ngati-hora-aruhe, Ngai-te-ua, Ngai-te-rurehe, and Ngati-rohe); Ngai-Tawhaki (the sub-hapus being Ngati-Tamakere, Ngati-Koro, Ngati-Tuheia or Ngati-Tu-haere-ao, and Ngati-Taokaki); Ngati-kaira; Ngai-tumatawhero; Ngati-rere-kahika; Nga-Potiki; Ngati-Ha; Ngati-Maru; Te Upoko-rehe; Ktu-heuheu (allied); Tuhoe-potiki; Ngai-taraparo; Ngati-te-umu-iti Ngati-Kakahu-tapiki; Ngati-Ruri; Ngati-Hamua; Ngati-Koura; Ngati-Rongokarae; Ngai-Turanga; Nga-maihe; Ngai-Tama; Ngati-manunui; Tama-kai-moana, or Ngati-huri, being the descendants of the ancient Nga-Potiki.

In the time of Hatiti, of Nga-Potiki—that is, some twelve generations back—fighting commenced between Tuhoe and Ngati-Ruapani, of Waikare-moana. A party of the latter tribe, under Tara-nga-a-kahutai, crossed the Huia-rau Range and attacked the Nga-Potiki pa of Raehore, which was situated on the range above the Rua-tahuna Stream, taking the pa and killing Hatiti, son of Potiki the Second. Tuhoe collected their men from many isolated settlements and drove the Ruapani back across Huia-rau.

Nga-Potiki then raised a *taua* (war party), under Tahaki-a-nins and others, and crossed the mountains to Waikare, where they found their enemies at the mouth of the Opu-ruahine Stream, at the Whanganui Inlet. The two tribes met and fought at Te Ana-putaputs, beneath the steep range on the eastern side of the small branch of the Whanganui arm of the lake. On this narrow strip of beach the battle waged fiercely for some time, with the result that Ruapani were defeated, losing the chiefs Taua-tu and Taunga-atua, with many men of lesser rank. As their enemies fled along the base of the cliff, Tuhoe pursued them, killing numbers among the rocky boulders which line the lake-side.

Ngati-Ruapani in their turn now marched on Tuhoe, at O-haua-te-rangi, on the ranges near Rua-tahuna. At O-te-rangi-o-raro they captured the wife of Hapopo, who, however, contrived to escape, and fled quickly to her husband, whom she apprised of the oncoming tauo Hapopo at once set about consulting his *atua* (deity) like a true Maori, in order to ascertain the truthfulness or otherwise of the story, and the possible result to himself of an appeal to arms. This *atua* Tu-a-kahu-rakiraki, which is an *atua whakaepaepa*, appeared to treat the matter very lightly, merely repeating the word "*Tikore! Tikore! Tikore!*" thus conveying the meaning that no danger existed. This set the mind of Hapopo at rest; but his sublime faith in the god was ill repaid, inasmuch as he was shortly afterwards slain by the war-party. The following well-known and much plagiarised saying, "*Na Tu-a-kahu-rakiraki, waiho te mate ki a Hapopo,*"

"'Twas Tu-a-kahu-rakiraki that abandoned Hapopo to death."

is applied to the false prophecy of this *atua*. Tuhoe now gathered their available warriors in the vicinity and attacked the Ruapani, who were defeated and forced to retreat homewards having lost the chiefs Taranga-a-kahutai, Whatai, Te Kawakawa and Te Tuhinga.

To square accounts with the Tuhoe for the death of the above chiefs, the lake-men then mustered a force which marched by Opuuahine across the ranges to Maunga-pohatu, where they attacked Nga-Potiki of that secluded district, but were obliged to fall back, after losing Tai-ka-ea, Haua, and Te Neinei, leading men of the party. Peace was then established between the two tribes, and continued for many years.

Then, again, about four generations ago, war arose in the land. Te Umu-ariki and Koko-tangi-ao, of Tuhoe, were killed by Ngati-Ruapani at Whanganui. The body of the latter was mutilated by his slayers, who made merry over it with bitter jests. Word came to Rua-tahuna of this dire insult, brought by refugees from the wrath of Waikare. Worse still, it was known that Mokoa of Ruapani had vowed that he would use the body of the Tuhoe chief, Tipihau, as bait for his *hinaki* (eel-basket). This was an insult of an appalling nature, and by all rules of Maori honour called for blood vengeance. The chiefs of Rua-tahuna met to consider ways and means; and the Council of Te Puhi-o-Mata-atua said, "Let us raise the war-axe, for this is an evil thing, a jeering at the dead; we will give them live men to jeer at." Then the army of Tuhoe land went forth from the vale of Rua-tahuna, under the chiefs Tui-ringa, Taitua, Koroki, Tipihau, Te Hiko-o-te-rangi, Moko-nui-a-rangi, Te Whare-kotua, Poho-korua, Te Purewa, Te Umu-ariki III., Tangata-iti, Moko-haere-wa, and Taua. About this time trouble commenced for Ngati-Ruapani, of Waikare-moana. Tuhoe assaulted and took the walled pa of Whakaari, situated on a little headland near Matuahu. The garrison fled in their canoes across the lake to Puke-huia Pa, and Tuhoe at once set about hewing out canoes in which to follow their retreating enemies; for to be canoeless at Waikare is about equal to being at sea without a vessel, owing to the many cliffs on the lake coast and the generally precipitous nature of the surrounding country. They made two canoes, which were named respectively Roimata-nui (the abundant tears) and Ruha-nui (the great weariless). The Tuhoe chiefs said, "Let us make a night attack, that none may escape," and this was agreed to. In the darkness of night the force crossed the black waters of Whanganui to the attack on Puke-huia. Te Hiko said, "*Ko au, manu oho ata tend,*" (I am the early bird of the morning). Te Rangi-pumamao uttered this saying, "*Ko au, ko te tangata i aitia mo te ata hapara,*" (I am the man created for the dawn).

Again the Ruapani fell, and Tuhoe took Puke-huia as they had taken Whakaari. The lake chiefs killed at these two fights were Rangaranga, Tauihu-kahoroa, Moko-ha, and Tu-taua, together with many men of lesser rank. Peace was once more established between these tribes by the raising of the *tatau pounamu*,

The *tatau pounamu* is an expression used by the Tuhoe people to denote a formal and enduring peace; it is peculiar to their dialect.

the "jade door" which closes on war and strife.

Some time after this the Ngati-Kahu-ngunu Tribe, of the Wairoa and adjacent districts, elected to march on Waikare for the purpose of assisting the Ruapani to attack Tuhoe, when an event occurred which gave them sufficient employment nearer home; for the tribes of Tuhoe land had arisen, and, dividing into two parties, prepared to square accounts, or to open new ones, with the "Children of the Rising Sun." The first detachment went as far as Te Tutira, where they attacked the Kahu-ngunu. This left the Ure-wera and Ngati-Hine-kura

Not to be confounded with Ngati-Hine-kura, a hapu of Ngati-Ruapani, a much more ancient hapu.

Hapus of Tuhoe, who held land on the western shore of Waikare-moana, comparatively defenceless, as most of the fighting men were away with the war-party of Tuhoe in the Mohaka country. Such a delightful opportunity was by no means to be discarded, therefore Te Horehore and Te Ariki, of Ruapani, took full advantage of it by falling upon the defenceless women, children and non-combatants of Tuhoe. Many were killed at small isolated *kaingas*—at Te Maire, Tapuae-nui, and elsewhere—in twos and threes, but the bulk of the people were living at Tikitiki, opposite the Mokau Inlet. Here they had cultivations, and a small [*unclear: pa*] defended with palisades, but no earthworks. Many lived in [*unclear: Te*] Ana-o-tikitiki, a cave or rock shelter on the western side of the promontory. The Ruapani surprised these people and slew a great number of them, and it is said that the cave was full of dead people. They also threw many bodies into the water, from which act the place and slaughter takes the name of Wai-kotero. Some of the survivors at once started for the south, in order to overtake and bring back the band of Tuhoe who were having, doubtless, an interesting time with the Kahungunu of Mohaka and Te Tutira. [*unclear: On*] learning of the tribal disaster at Tikitiki, the *ope*, or company, at [*unclear: once*] renounced the joys of invasion, and, marching by inland tracks [*unclear: to*] Wai-o-paoa, they skirted the eastern shore of Wairau-moana, [*unclear: ar*] riving opposite Nga-whakarara Isle about half an hour after the fall of that historic pa, but in good time to join in the pursuit, which they did with the fine zest of the Maori of old.

The majority of the Tikitiki refugees, however, fled to Ruatahuna, there to relate their woes to sympathizing friends. In the meantime the second detachment of the great Tuhoe East Coast expedition had left Rua-tahuna under the chiefs Tipihau, Koroki Te Rangi-pu-mamao, Te Ika-poto, Te Hokotahi, Te Pou-whenua Hautu, Waiari, Piki, and Waikato, together with a company of Ngai-Te-Rangi-ao-rere, a hapu of Te Arawa Tribe, under Te Awe kotuku, Te Ika-tarewa, and Mataka, numbering, all told, nearly eight hundred men. As this formidable army was ascending that Huia-rau Range, the *mata-taua* (scouts) met two men of Ngati-Ruapani at Poututu, who were going to Manawa-ru to fetch away six of their tribesmen, who were living at that place. As the Tuhoe scouts met them one remarked, "*Kua mate a Waikare*."

"Waikare has fallen." "Our people at Waikare have been killed."! or disaster has overtaken them.

Te Ika-poto asked, "What is the sign?" The old scout replied "*Inahoki te hahana o te kanohi o te tangata nei*" (Behold the [*unclear: glo*] in the face of the man)! However, the two men were allowed to proceed, and when the Tuhoe reached Te Pakura they there met the survivors of Tikitiki, who said, "Waikare has fallen; nothing remains but the drifting waters."

Then the army of Tuhoe rose in wrath and grief, travelling quickly to avenge their slain tribesmen of Tikitiki. They found some of their enemies living at Te Maire, whom they attacked at Whaka-komuka with commendable alacrity, killing Toko and his wife when they reached Whanganui, they could find no canoes in which to cross the lake, for the Ruapani had taken or concealed them all. After a long search they came upon the famous and historic canoe "Hine-waho," which had been dismantled and much damaged by her owners, so as to be unserviceable to the men of Tuhoe. But a great and wonderful treasure had just been acquired by the warriors of Tuhoe land in the form of a few European axes, though the gun was as yet unknown to them. So these new tools were placed in the hands of the Arawa contingent, who were probably the more skilful in the various arts pertaining to the Maori canoe. Under the able direction of Te Awe-kotuku, the big canoe was soon in good order, and the *tana* was quickly in camp on the eastern shore of the lake and preparing to attack Ngati-Ruapani, who had retired to the island forts of Nga-whakarara and Motu-ngarara and to Nga Whatu-a-Tama. The last two of these pas afforded but scant opportunity for the display of Tuhoe skill or courage in war, but the battle at Nga-whakarara was fierce and prolonged. The hapus of Tuhoe engaged in the storming of Nga-whakarara were Hine-kura, Ngai-Te-Riu, Ngai-Tumatawhero, Ngai-Tawaki, Tama-kai-moana, and Te Ure-wera, the latter hapu being the descendants of Mura-kareke. Having seized canoes belonging to their enemies, the war-party of Tuhoe, with the little band of Arawa allies, crossed the stretch of the lake separating the island pa from the mainland and made a simultaneous attack on both sides of the pa. The *taua*

war-party) were not inclined to linger by the wayside, and made so fierce an attack that Ngati-Ruapani elected to leave for pastures new. It seemed to them that Nga-whakarara was an excellent place to migrate from. So they took to their canoes and indulged in some record paddling for the mainland—that is, with the exception of a goodly number who stayed behind to furnish a fair repast for their cannibal enemies. Some of the refugees made by canoe for the Straits of Manaia, and struck lustily out for One-poto, on the eastern shore. These were pursued by Tuhoe in their canoes, and, as they overhauled several of the enemy's vessels, a series of small naval engagements took place, in which the sorrowing "children" of Ruapani would appear to have got decidedly the worst of it; the survivors landing at One-poto, where they abandoned their canoes and fled to Te Wairoa. Horu, the *tohunga* of Ngati-Ruapani, was killed by the pursuers on the little ridge above the beach between One-poto and Te Kowhai Point, the spot where Herrick's Redoubt was built in after years. At this place, also, Tuhoe built a pa, known as Te Pou-o-tu-matawhero, for the purpose of holding the Ruapani in check.

Those of the island garrison who landed on the mainland opposite Nga-whakarara were also pursued by the vengeful Tuhoe, who landed almost at the same time as the defeated islesmen. Just as the two parties were landing, a strong body of men was observed coming rapidly along the lake-side from the south. This was the southern war-party of Tuhoe, who had been fighting the Kahu-[unclear: ngu] at Te Tutira and elsewhere, and, recalled by messengers from Tikitiki travelled by forced marches to Wairau-moana, arriving just too late to take part in the attack on the island fort, but at once joined in the pursuit of the flying Ruapani. Tuhoe, their forces now being combined, chased the unhappy enemy around the shore of the lake Pare-tawai was killed by Tipihau just opposite the island fort.

The chief Karetao was also killed, fights occurring at Te Upoko-o-te-ao and Tutae-marō.

Tuhoe killed as they went (*patu haere*), and did not halt until reaching Whakamaro, down the Waikare-taheke River, where a forces of Ngati-Kahu-ngunu had collected to assist the lake hapus, with whom they are connected.

The Tuhoe *ope* appears to have remained for some time in this neighbourhood, and lost the two chiefs Hape and Te Ohinu, the latter a younger brother to Waikato. They were killed by the Kahu-ngunu at Tauranga-koau on a frosty morning, as they were lying in a sunny spot to warm themselves.

After this, Tuhoe marched to attack the pas of Pohatu-nui and Pa-nui, by which time they had obtained a wondrous ally in the shape of a *kope* or old-fashioned horse-pistol, called Marams-atea This *ope* attacked Ngati-Kahu-ngunu outside their pa and killed one man, upon which Kahu-ngunu retired into the pa. Tuhoe then made a sham retreat, appearing to fly in confusion, but the warriors fell aside one by one and concealed themselves in the brush. This was to induce their enemies to follow them into the ambush prepared, which they did (*kua hara mai he hurahura-kokoti*). As they followed the retreating Tuhoe, one of their number, who was in advance, was attacked and slain by Ruru, who took the dead man's *huata*, or spear, and personated him for some time, to delude the luckless Kahu-ngunu, who were defeated by the ambush.

The scouts of Tuhoe entered Pohatu-nui Pa under cover of night to reconnoitre the position. Te Aukihi-ngarae, who had the *kope*, fired it off as a signal to the *ope* without; these now rushed the pa which fell to them. The chiefs of Ngati-Ruapani killed in the above fights were Whatawhata, Rangaranga, and Te Karaka. Te Ariki escaped, but was captured after a long chase and slain; Tirawhi was enslaved. "*Te rahui kawau ki roto o Wairau*"

"The flock of shags within Wairau."

is an expression applied to the refugees of Nga-whakarara by Tuhoe, on account of the manner in which they flew from place to place.

The Arawa allies now returned home. As they left Rua-tahuna Te Purewa, of Tuhoe, said, "Return to your homes; but, lest you be assailed by hunger, do you return by way of Whirinaki, and help yourselves to my potato-heap (*pu taewa*) at that place," *pu taewa* being the people of Ngati-Whare, Ngati-Haka (Patu-heu-heu), and Ngati-Manawa, who were living in that valley. This the origin of the famous *pepeha*, or "saying," for Ngati-Whare, "*Te pu taewa a Te Purewa*," which same it is well to expunge from one's *whakatauki*, or proverbial sayings, when dwelling within the classic vale of the Great Canon of Toi.

Te Arawa were not slow in taking the hint, and attacked these people at Manga-kino, just below Umu-rakau. Te Rua-ngaio, chief of Patu-heuheu, was killed, and many others were led prisoners by the Arawa to the lake district, some of whom were released by their captors after Christianity had gained a hold on their heathen minds, one of these, Whare-kauri, still lives at Whirinaki.

After this crushing defeat Ngati-Ruapani remained peacefully quiet for some time; but Ranga-ika and his brother chiefs were dark in their hearts towards the tribes of Tuhoe land, and cast about for a plan by which they might obtain *utu*, or payment, for their reverses. And Mokoia uttered the ancient proverb, "*Me ai ki te hua o te renga-renga, me whakapakari ki te hua o te kawariki*" [Create them (men) from the fruit of the rengarenga (evening primrose), and mature them by the fruit of the kawariki (a plant)].

So it fell out that certain *kara* were sent to the Kahu-ngunu of the coast lands, which *kara* were tokens sent

by one tribe to another by which they ask assistance to attack an enemy. Closely allied to this *kara* is the *tiwha*, which denotes a similar request for assistance and may be a material token or merely a hint conveyed in a song. Should a party of people go forth to visit a relative dwelling with another tribe, and should that relative send or present to them a basket of cooked *kumara* or *taro*, and should they find a stone among that food, then is it clear to them that the stone is a *tiwha*, and by it they are silently asked to arise and attack their hosts. Such is the material *tiwha*.

When Te Mai-taranui, of Tuhoe, went north to ask the aid of certain tribes in attacking the Wairoa and Mahia people, he conveyed his meaning to them by means of a song, which he sang to the chiefs of the different tribes in succession—to Te Waru, to Tu-te-rangianini and to Pomare. This song was a *tiwha*.

However, the *kara* was accepted by the Wairoa tribes, who raised a band of warriors and marched to Waikare-moana, where they joined forces with Ngati-Ruapani, the combined hapus being led by the chiefs Ranga-ika, Waiho, Puahi, Toki-whati, and Te Rangi-paea. Tuhoe were not slow in taking up the challenge, and a great fight took place between the opposing parties on the rugged, boulder-strewn beach at Te Ana-o-tawa, a cave which is situated at the base of Te Ahi-titi cliff, close to Te Wha-ngaromanga. Then was heard the clash of weapons as men fought with the old-time arms of the Maori, and the death-cry of many a warrior rose high above the roar of Hau-mapuhia. About fifty men of the coast and lake tribes fell here, including the chiefs Waiho, Puahi, and Mahia.

Ranga-ika, as he saw his best fighting men fall around him, and others flying from the enemy, realised that the battle was indeed lost to him, and that the fighting Tuhoe were again victors. Then came upon him the sickening dread which men feel when they stand face to face with a fearful death, and the excitement is off. His throat was dry and hot and the flow of saliva ceased—an evil [*unclear: ome*] Stooping down, he lifted in his hollowed hands cool water from the lake-side, and crying in a strange, hard voice, "*Ka maroke te kaki kua mate! kua mate! kua mate!* (the throat is dry; it is death! it is death! it is death!) he drank the water. For it was a sign from the gods; it was a *miti aitua* (an evil omen).

Turning to the cliff of Ahi-titi, which rose above him, he clambered up the rocky ledge which slants upward from Te Ana-o-taws and so escaped into the forest above, while a fresh band of Tubal who were now approaching the battle-ground in canoes, lay on their paddles off-shore at Nga Hoe-a-Kupe and sang a deafening *puha*, [*unclear: or*] jeering song.

Tuhoe, now determined to hold their own at Waikare-moana built the pas Waimori, Te Waiwai, and Pa-pouaru, and proceeded to camp on the lands as well as harry their unhappy neighbours. Many fights occurred at Te Wairoa, Te Putere, Mohaka, Tutirs Maunga-haruru, Wairau, and Heretaunga. The war became a succession of skirmishes and desultory fights of no magnitude, the result being that Waikare-moana was practically abandoned by [*unclear: Ngai*] Ruapani, only the *taha-rua* remaining—that is, those who were related to both sides.

The long-suffering tribes of the lakes and coast then [*unclear: organin*] an expedition to avenge their defeats, and drive the Tuhoe from the eastern slopes of the great Huia-rau Range.

MOHAKA'S RAID ON TUHOE LAND.

Mohaka was a priest or *tohunga* of the Ngati-Kahu-ngunu Tribe and held strange powers of life and death, for he was the medium (*kauwaka*) of the god Po-tuatini, which *atua* some call Tu-nui-a-te-ika. He was also a seer (*matakite*), by aid of which wondrous power he could foretell events. It is not given to the multitude to [*unclear: posse*] this strange faculty.

So the army-of Kahu-ngunu arose, four hundred strong, and prepared to scale Huia-rau and attack the men of Tuhoe, who ever lived in scattered *kaingas* and small pas among their rugged forest ranger. And the priest Mohaka prepared to enter into the sleep during which the message or decision of an *atua* is given. So the *tohunga* slept, and his god spoke, saying, "There are two *papa* (or signs) for this war-party—the *rakau-tu-tahi* (the solitary tree) and the [*unclear: uru*] (light-haired one). When you capture the *urukehu* do not kill him, but simply degrade him. If you do this, and also see the *rakau-papa* then shall Rua-tahuna be yours, and Tuhoe will fall; but should you slay the *urukehu*, then the anger of the gods will descend upon you, and you will be seen scrambling away on all-fours (*Ka* [*unclear: kae*] *peke wha koutou*)." Then the *atua* uttered these words,—

Ka noho au i to whenua

Uki, uki, tau-e!

I will dwell in thy land

Generation after generation, years [*unclear: un*] told.

Then Mohaka the priest awoke from his sacred sleep and returned to this world. And he explained to the warriors the message of his oracle, or god : "There are two signs or tokens (*papa*) for our expedition, one is a tree token (*rakau papa*), and the other a human token (*tangata papa*). The human token is an *urukehu*, a fair-haired man, and should we find this man we must not slay him, but only degrade him before men. Then we must seek the tree token or sign—the lone tree (*rakau-tu-tahi*). If this is found, then shall the word of the gods be fulfilled, and Rua-tahuna shall fall. But if the word the *atua* be trampled upon, and ye slay the *urukehu*, then shall the children of the rising sun crawl away on all-fours like beaten dogs."

The *papa* herein mentioned is an object, person, or bird seen by, or disclosed to, the priest who is the medium of an *atua*'s prophecy, If this certain object be seen, or killed, or caught according to the supernatural direction, then shall that war party be successful, and glory in much slaughter. In the above *matakite* (or vision) are two such *papa*, the man *papa* and the tree *papa*. *Urukehu* is the term applied to the singular and ancient type seen among the Maori people, whose peculiarities consist of a very light-coloured complexion, as that of an octoroon, and red or light-coloured hair. They have ever been numerous among the Tuhoe tribes, and would appear to be the lingering but persistent remnant of some remote archaic type. There are many such singular examples of *matakite* on record here, such as the *kawau papa* for the great battle of Puke-kai-kaahu, between Tuhoe and the Arawa of Rotorua, which was fought out on the shores of the Rere-whakaitu Lake. A strange legend this, inasmuch as the kawau (cormorant) transformed itself into a pigeon, in which form it was much easier to approach and kill. As also Te Hiahia, the *waka papa* or canoe *papa* of the *atua* Te Rehu-o-tainui, which decided the day for Tuhoe when they attacked the warriors of Taupo-moana at Orona, in order to avenge the *kanohi kitea* (incursion) of Tai-hakoa at Rua-tahuna; that is to say it did so in conjunction with the man *papa*, the red-cloaked Te Kiore of Ngati-Tuwharetoa. For the men of the inland sea went down to Hades amid the thundering chorus of Tuhoe :—

Ko wai te waka-e!
 Ko Te Hiahia te waka-e!
 He he peke mai a Te Kiore
 Ki runga ki nga taumata o Uru-kapua ra,
 Ki reira tirotiro ai.
 Which is the canoe, eh?
 Te Hiahia is the canoe, eh!
 If Te Kiore shall spring
 Above to the summits of Uru-kapua,
 Then shall we see.

And, again, there was——*Kati!* We will now cease, for the trail is a long one, and the four hundred warriors of Mohaka have passed through the sacred *wai-taua* ceremony, and are eager to Break camp and lift the Huia-rau trail for Tuhoe land, though we shall see that they were still more eager to return.

The East Coast raiders marched by the Orangi-tutae-tutu Stream, falling into the Whanganui arm, thence across Huia-rau, and attacked the scattered Tuhoe *kaingas* of Te Kaha (near [*unclear: t*] Wai-iti), Tarewa, Te Hinau, and Mauri-awhe, killing people at [*unclear: a*] these places. They then built a pa at Manawa-ru and prepared [*unclear: o*] fulfil the *matakite* (or vision) of Mohaka, and conquer Tuhoe land So eager were they to commence this contract that they did not wait to properly finish their pa, but sallied forth to wipe out the descendants of Toi and Tuhoe-potiki, of Awa and Tawhaki. [*unclear: Th*] time they attacked Rae-whenua, where the Ure-wera were defeated and where, to the great joy of the Kahu-ngunu Tribe, they found [*unclear: at*] *urukehu*, one Matangaua of Ngai-Te-Riu, hapu of Tuhoe. Here [*unclear: wa*] the first *papa*. The survivors of this fight, including the fair-haired Matangaua, foredoomed to degradation by the god Po-tuatim, fled in dismay. The *urukehu* and Te Kaho ran together, and the latter escaped, but the hapless Matangaua was overtaken and captured beneath a lone totara-tree, which stood in the centre of a clearing Here was the *rakau-tu-tahi*, the lone tree *papa* of the *matakite*, and the hearts of Kahu-ngunu were glad within them.

Here was an opportunity for the descendants of that old [*unclear: tanga*] *kai paawe* (wandering idler), known to fame as Tamatea-kai-haumi to achieve greatness, and send their names ringing down to [*unclear: fut*] ages as the bold conquerors of Tuhoe land. But the gods who [*unclear: liv*] for ever had ordained otherwise, and, like the children of [*unclear: Houme*] of old, who trampled upon the sacred *aho*, the sons of Kahu-[*unclear: ngur*] broke the unwritten law, and so went down to the Reinga ([*unclear: ta*] Hades).

They killed him. Matangaua, the *urukehu* of the prophecy, [*unclear: wa*] slain by those who should have saved his life as the most [*unclear: valua*] on earth.

It is said that Matangaua's body was thrown upon a heap of fers [*unclear: ro*] (*aruhe*). Hence his

descendants term themselves Ngati-hora-aruhe.

Cast aside were the teachings of Mohaka, the [*unclear: tohun*] and it is said that the man who slew Matangaua was a *tangata kops rua*—that is, he had a friendly feeling towards Tuhoe, and so killed the *urukehu* to save him from eternal degradation—to himself and his descendants. If the act which had been commanded by the *atua* had been carried out on the body of Matangaua, it would have so weakened (*whakaeo*) the tribal *mana* and prowess, that the banner of Kahu-ngunu (had they possessed such a thing) would ere long have waved over the earthworks of Ruatahuna-paku-kore.

Tuhoe now collected all the available fighting men in the district and in a few days a formidable force of Te Urewera, Ngati-Rongekarae, Ngaitawhaki, Tama-kai-moana, and Warahoe had met [*unclear: at*] Ruatahuna. These Warahoe are not a Tuhoe hapu, but a division of Ngati-Awa. The name of the hapu is said to be derived from the name of a stream, and the saying is, "*Ko Warahoe te awa, ko Warabe* [*unclear: t*] *tangata*" (Warahoe is the river, Warahoe are the people also. And again, "*Ka urukehu te tangata, kua kiia no Warahoe*" (light haired people are said to be of Warahoe). These people were attacked by Ngati-Awa and driven to Taupo, from which place they were again expelled, and they were eventually allowed to settle at Ruatahuna. After a sojourn of two or three generations at that place they went to Te Whaiti-nui-a-Toi, where they may now be found, living among the Ngati-Whare at Te Murumurunga.

This force attacked Ngati-Kahu-ngunu at daybreak, and succeeded in defeating them, killing the chiefs Momo-kore, Tautaua, and Pouheni. The next day another engagement took place, and (another leading man of the Kahu-ngunu was slain. The invaders fled to the shelter of their fort at Manawaru, which, three days after, was assaulted by Ngaitawhaki and Tama-kai-moana, who killed the chief Poututu and two others of rank. The invading force now fled under cover of night, carrying the body of Poututu with them on a litter, up the Ruatahuna Creek towards Huia-rau. The pursuing Tuhoe came up to the flying *ope* at the junction of the Moetere and Ngutuwhera Streams, and a merry picnic ensued. And this is how that place obtained the name of Poututu. As for Kahu-ngunu, *kua haere peke wha ratou* (they had gone off on all-fours). And thus ended the great invasion of Tuhoe land.

The next and final link in the long chain of battles, murders, ambuscades, surprises, and repasts, which comprised a kind of profit and loss account between these tribes of Tuhoe land and those of Waikare-moana, consisted of the expedition of Ngaitawhaki and Tama-kai-moana (formerly known as Ngati-huri) to Kuha-tarewa, here they fought the enemy, and, when they reached Whakaari on their return, saw smoke over at Pane-kiri, which induced them to go over and extinguish that fire, together with the kindlers thereof.

The gleaming camp-fire has burned low down, a chill breeze comes in from the silent waters, as the Kaumatua ends his long speech anent the days of old. It remains but to pile on more logs to keep the fire in, put carefully away the valued note-book containing so much of the ancient lore of Waikare, conserved in the mysterious monographs so puzzling to the "children," and roll ourselves in the blankets within our sheltering tent. As the Pakeha drifts out upon the silent waters of Lethe, the murmuring sound of the Kaumatua's voice comes to him, crooning the old-time ballad of Haere and Houmea-taumata :—

Ko te mate o Tautu-porangi
I haere ra te whanau ki te ngaki i te mate
Ka tu i te reti, ka ngawha te upoko
Hoki ana ki te kainga-e-i.

But all *kaingas* are alike now, for the Lethan shore is reached.

Daylight struggles down through the fleecy mantle drawn across the face of Wairau-moana by Hine-pukohurangi, even as a mother of the Ao-marama (world of light—*i.e.*, every-day world) covers her-deeping child. Yet a little while and the "White Maid" lifts a stonier of her mantle, and behold! the gallant sun flashes down upon the forest ranges across the lake. Still lower down the wooded steep and crags creeps the sign of the sun-god until it glistens on the placid waters of the sea of Maahu. And tree and rock, and leaflet, each tiny grass-blade by the silent shore, catches the gleaming rays white with frost. Through the breaking mist a lone tree stands clearly out against the white background, and though we know right well that the rocky mass of the Whata-kai-o-Maahu lays unseen below that lone tawai, yet is the effect most strange. Anon the snowy mist rises and drifts across the calm waters, the cheerful notes of the koko are heard trilling forth among the silent "Children of Tane," the bronze-breasted kereru is seen among the rock-nourished kowhai. A pair of swans drift into view from the sheltering mist, looming strangely large as they glide towards the sunny inlet, their family of plump little ones following in their wake. Then, the far off snowy mountains seem to come to us through the vanishing whiteness as if eager to exchange greetings with Ra, the sun-god.

Then lift, O fleecy fog, and raise
The glory of her coming days.

For it is dawn on Wairau-moana, and it is a goodly sight.

Then we descend to the prosaic, for breakfast is ready. So the Kaumatua and the Pakeha seat themselves before the cheery fire and partake of the bounty of the gods. Let no word be said against such a meal, at such a time, in such a camp. For the tea, albeit guiltless of milk, is a beverage for kings, the ship-bread, however hard and unpalatable to those who dwell by city streets, is equal to the oleaginous bacon which hisseth in anger before the fire. Let us draw a veil over this painful scene.

The "children" are here with "Mata-atua," and the prow of that gallant craft is decked with plumes of the neinei. These are the *puhi* of Mata-atua. So we again embark and go forth upon the waters, coasting along the western shore of Wairau-moana. Very fair and good to look upon is the sea of Wairau, for the clear waters are shimmering brightly in the sunlight, the cliffs and trees and islets are reflected plainly in its calm waters, while above us the blue sky holds but a few snowy fragments of the mantle of Hine. Looking over towards the eastern shore, the scene is a lovely one, so numerous are the inlets, isles, knolls, points, and sandy beaches with scarce a bare spot, but forest, and forest, and forest. The hills also on that side are small, which permits a fine view of the bush sweeping back to great Pane-kiri. The view from this part is about the finest to be obtained on the lake, which same, as the *Greenville Bulletin* said, "is a big word."

We are now abreast the Korokoro-o-Whaitiri, a delightful little baylet, which would gladden the heart of the genus camper; and up yon creek is a waterfall most fine to look upon. Of a verity is this a lovely spot, and even the Kaumatua of ours, grim old warrior that he is—even he feels the effect of the scene, and the word comes forth, terse and expressive, "*Me te aroaro tamahine*" ("Tis like a maiden's presence). Then Te Kopuru—another charming little cove. We note that many of these wooded knolls on the points become islands at high water, but the lake is now "low stage"; also, the water is of great clearness, most noticeable where the rocky cliffs slope steeply but evenly down to the lake. The "children" here suggest that this spot be dubbed Te Wai-whakaata-o-Pehi, but the Pakeha objects to the name as savouring of sacrilege. Let us rather leave this realm to the men of old. The Kaumatua remarks that this is a *moana ware* (mean lake), as nothing but the tawai (*Fagus*) is to be seen, there are no *rakau rangatira* (valuable timbers, literally chief-like trees).

Marau and Marau-iti, an inlet dividing into two branches, is now before us—a most beautiful and picturesque spot, with great crags worn into singular forms upon our left, and many signs of ancient occupation on the hillsides, for here the Ngati-pehi dwelt in former days, and here also came that stout old warrior Ropata Wahawaha, of the fighting Ngati-Porou, to seek and slay the Hauhaus of Ngati-pehi and Ngati-Matewai; but this was in times modern.

From the head of Marau Inlet is an ancient trail to Waiau and Parahaki, and when the lake is "up" a boat can go up the little creek here for nearly a mile. But the "*moana ware*" expression is not good, for the brilliant rimu lights up the sombre tawai forest, and the koromiko and toatoa, neinei and tupakihi trees all tend to relieve the eye. Then on past Te Kopua, named from a pool where the wily duck is taken by the wilier fowler, to Nga Hina-o-Te-Purewa (the grey hairs of Te Purewa), which same is a tawai-tree overhanging the lake, and which is covered with long grey moss, giving it a most venerable appearance. And no wonder his hair turned grey, for a fiercer old paynim never lived, nor a more pronounced cannibal.

Just beyond Te Rata, the stern frontlet of Pane-kiri looms up again across Whare-ama, and then we glide over the placid waters of Te Totara, a lovely little bay, with a grassy slope running round to an inner bay, and before us is the picturesque and sacred isle of Pa-te-kaha. An ancient fort this isle, one of the oldest pas on the lake, but now covered with forest growth, for it has served as a burial-ground this many a year for the sons of Ruapani of old. It also has the distinction of being the largest island on the lake, which is not a "big word."

Now we pass through the little passage between Pa-te-kaha and the mainland, and enter the beautiful inlet of Te Puna, with its green slopes reaching back to Puke-hou. Past Wai-haruru, whence ran an old track to Huia-rau and Rua-tahuna, and Te Upoko-o-Hiwera (named from an ancestor of Ruapani) to the sloping beach under Pukehou, where we again go into camp and pitch our tent, though the Kaumatua stoutly maintains that to pitch a tent in fine weather is to ask for rain.

As the white tents arise in this lone spot, and the sun sinks down behind the western ranges, fain would we speak of that scene at Te Puna, looking across the little bay backed by wooded hills; but human endurance has its limits, as also human patience. But the Pakeha, who sits by his tent-door on that golden evening, sees not only the scene before him, but those which have passed by long years ago. He sees the ancient land of Maahu, as Hau and Tams of old saw it—sees the lone lands, unknown of man and innocent of human blood. He sees the coming of the ancient people from the shadow-laden fatherland, and knows full well their deeds and Strange

customs. He sees them multiply in the land, and the coming of war and strife—the smiting of the old-time people by the migrants of "Horouta."

One of the early canoes, before the time of the fleet.

He sees plainly the ancient *kaingas* by the lakeside, and recognises the men of old as they follow each his strange an. The trees have faded from the ancient forts across the shining waters, the palisades and great carved *himu* (posts) are again in place as of yore, the warriors are lashing the *huahua* (rails) and forming in line for the *tutu ngarahu* (war-dance). The *tohunga*, clad in sacred *maro* (girdle), approaches the *tuahu* (altar) to perform the holy rite of *tira ora*. The naked mass of bronze-hued warriors leap into life. Hark! It is the hoarse roar of the war-song which booms across the placid waters and echoes among the world-oil hills above.

The scene fades away, and then across the waters come the canoes of the men of old, carrying some chief to his last home on the "Sacred Isle." And as they paddle onward they chant an ancient lament for the dead, old as the days of Maui and of Taranga. They come to land as the first stars gleam in the calm waters beside them, the bearers take up the sacred burden, the priest wails forth a weird *karakia* (prayer), then the procession winds up the hillside and is lost to view in the glooming forest.

Long tails of fog were streaming up the gullies as we boarded "Mata-atua" for her third day's cruise, and the "Sacred Isle" stood out lone and distinct against a sea of mist.

Te Parua-o-Rora (the bowl of Rora): This point takes its name from a curiously-shaped stone at the base of the cliff. Paraharaha derives its name from a pool of black mud in which the flax-fibre was dyed in former times. As we pass out of Te Puna Bay, a singular effect of sun and fog is noted. The fog lies in a mass about 300ft. above the surface of the lake, and the sun shining through it imparts a beautiful golden hue to the mist beneath. We glide on to Pakinga-hau, a most suitable name for this place, and enter the Straits of Manaia. The mist breaks open and the sun flashes down on the face of the waters, following us quickly along the rocky coast and lighting up the forest above with a cheery gleam—to Te Upok-o-Hinewai, named from an ancestress of these parts who flourishes some twelve generations ago. So we turn our backs on the "Sacred Isle," and go forward over the shining waters of Te Kauanga-o-Manaia to Weka-ku, so called from an ancient member of Ngati-

Waikaremoana—A Peep from a Cave.

Rakaipaka, and once more pass over the broad surface of Waikare-moana. The waters are sparkling in the sunlight, and long streamers of silver mist lie against the wooded ranges under Ngamoko. In a little baylet over at Mokau, a wisp of blue smoke rises slowly from a camp of Natives, who have met here to perform some heathen ceremony in connection with taking the *tapu* off certain lands. A hail from the waters astern, and the next moment, shorn of her former glory and ancient beyond compare, "Hine-waho" swings past us on her way to the Hauhau camp.

Then the famous Ana-o-Tikitiki, named from a descendant of Kahu-ngunu. The "children" lay us alongside of the historic cave, and we look into the rocky chamber where so many of the women and children of Tuhoe went down to death. Then the equally famous Puke-huia Pa, now covered with forest growth, and no longer containing the fierce warriors of old—to Hau-taruke, a sacred spot in former times, for it was a *toronga atua*, the sacred altar of the gods Haere, Maru, Kahukura and Rongomai. Here came the priests of old bearing the sacred symbol of the god, a carved stick, which was stuck in the ground, and upon which the *tohunga* kept his hand as he uttered his prayers, and the *atua* would manifest itself by shaking the stick, and so give its decision. Past many ancient settlements, we pull in to the inlet of Whanganui and explore its many bays, so rich in old-time legend. At Tawhiti-nui we listen to the story of that ancestor who, after death, became a *taniwha* in the lake at this spot, though he does not appear to be of the man-eating variety. He simply appears to men, probably for the fun of seeing them run. Thus Te Waiwai, of Ruapani: "I was in my canoe, fishing for maehe at Tawhiti-nui, when I heard a strange sound, and two great waves came rolling in from the lake. Then resounded two loud reports like unto the cannon of the white men. Then I knew that the *taniwha* was angry. Friend! I quickly plucked a hair from my head and cast it into the water, at the same time uttering a *karakia* to render the demon harmless (*hei whakaeo i te taniwha*) and to calm the waters."

Here is Wai-mori Pa, at the head of the little bay where the Opu-ruahine Stream enters the lake, a picturesque spot and the scene of many an old-time fight in the days gone by; and the old battle-ground of Te Ana-putaputa, where the descendants of Ruapani went down before the "Children of the Mist." Here, also, a hundred feet from the shore, are strong springs of water, ice cold, gushing rapidly up from the lake-bottom. As we look over the side of the boat we can see the rush of the spring water from the lake-bed many fathoms beneath the keel of "Mata-atua." Here we appear to be in a small land-locked lake surrounded by high ranges, as the entrance is concealed by a projecting point; but on rounding this point we see before us the broad stretch of glassy waters reaching to far-away One-poto and Nga Hoe-o-kupe. On either side, the overhanging trees are

clearly reflected in the calm waters, presenting a singular and lovely sight. As we pull on down the rugged coast-line towards Mokau, it is most interesting to note the strange [unclear: irregul] in the strata of the rocky cliffs, for here they are horizontal, [unclear: an] hundred yards further are vertical, a little further and they [unclear: ag] have a heavy list to port, if this scientific term be [unclear: allowable.] past the houses of the old-time people, and the bush-covered [unclear: an] silent forts of Pa Pouaru and Te Waiwai, where the [unclear: Kauma] breaks forth into a *tangí* for the ancient homes of his tribe and [unclear: t] who held them. Then he descends to the practical, nineteenth [unclear: tury] view of matters, as he says, "Should it happen that the [unclear: for] Whakaari and Puke-huia were to be at war with each other now, think that the men thereof would be able to fight without leaving [unclear: th] pas, for a bullet will travel a hundred miles—or is it a hundred yards?"

The beautiful Bay of Mokau is now before us, and we glide [unclear: ov] the sunny waters towards the entrance of the stream of the [unclear: sa] name. Here the prow of "Mata-atua," the much-travelled, [unclear: n] brought to land, and, while certain of the "children" remain [unclear: an] boat-guard, the rest of our party wend their way up the [unclear: stream] obtain a view of the falls. A fine sight are these same falls, for they are situated in a most rugged and picturesque gulch. From a [unclear: rav] about 25ft. in width, the mass of waters fall over a cliff about a hundred feet high, not falling directly into the great pool below, but [unclear: ou] to a huge projection of the cliff, a semi-circular abutment—which has the effect of spreading the falling waters out into a great which expanse of foam. The steep forest-clad ranges, rising abruptly from the water's edge, the bush-clothed cliffs, and singular strata all combine to present a most striking effect. To the right is a cave, by which a person may pass behind the great mass of falling waters, and on the left is a smaller fall, almost concealed by the dense timber-growth.

Then, after duly admiring this tine scene, we wend our way back to our gallant craft, but decide to take the creek-bed instead of following the trail, which runs along the sideling above. So we pull off our shoes and start gaily down the shingle bed; but it is sad as relate that our aboriginal guide was left far behind by the Pakeha in tramping over the stony channel. Verily an unworthy descendant of Rakaipaka this same guide—a tine fellow to join a war-party best on scaling rocky Huia-rau!

So we drift out again into the gleam of sunny Waikare, and down along the abrupt coast-line to Whakaari the renowned Whakaari of Mokoia and many another bold warrior of the [unclear: lo] ago. This historic pa is situated on a little point in a small semi-circular baylet, with bush hills rising behind—a truly beautiful spot in summer days. Near by is the promontory of Matuahu a striking land-mark, and where the sons of the soil closed in battle with the invading Pakeha in the troublous days of the sixties.

But the commissariat of "Mata-atua" has now grown some what slim, and we therefore decide to pull across to One-poto, and there camp. On landing we find the historic canoe "Hine-waho" drawn

Fall on the Mokau River, Waikaremoana.

up on the beach, the lone survivor of the fleet of former days which floated upon the waters of Waikare. She is about 60ft. in length, and presents a poor appearance, for the *rauawa* (top-sides) have long gone, and her wounds are many. So we camp down by the old pa Te pou-o-tu-mata-whereo, which is near unto the walls of Herrick's Redoubt, on the spur above Te Kowhai.

The next day we elect to remain on shore, for a strong wind is blowing, and the Kaumatua as usual brings forth many proverbs and wise old saws to prove that it is not well to provoke the god, Tawhirimatea. So we stay by the land, and go out to look upon the homes of the old-time people and view the battle-grounds of old. "Friend," says the Kaumatua, "If we had a Pakeha canoe, what you call a buggy, we would go to Te Wairoa and look upon the lands of Te Tauira, but we shall view the Cave of Tawa, and look at that battle-ground where the Ruapani sank in death." So the Kaumatua and the Pakeha clamber round the rugged shore past Te Whangaromanga, and look upon the waters rushing down into unknown caverns below, to the cliffs of Ahititi, with their singular strata, symmetrically fissured, as if some Titan of old had amused himself by arranging here Cyclopean walls and buttresses, and strange overhanging table-rocks, the softer strata being worn out by the winds of many centuries; with caves and holes and strange chasms of uncanny aspect, an ideal spot for the cragsman. And we look upon Nga Hoe-o-kupe (the paddles of Kupe), which consist of a rock standing out in the water, a rock with singular vertical fissures dividing it. And here the Kaumatua points out Te Waka-o-Kupe (the canoe of Kupe), a sunken rock, which he declares is the canoe of that old sea-rover; and on a calm day you look down through the clear water and see the men of old seated therein, with paddles in their hands, as if waiting for their old commander to return from his wondrous voyages to far-away lands, and then they will once more go forth upon the dark ocean as of old, and follow the setting sun to his mysterious cave, and conquer the dread demons of the sea, by potent spells of fearful import, and sail down to unknown lands which lie beyond the sky, and see the strange men and strange products thereof, and camp again with Turi at

Rangi-tahua, and meet the rising sun on the edge of the world, and lift again the old landmarks at Rarotonga and Tawhiti; and the golden days of the brave old world-finders shall return at last.

Then the old warrior goes on to tell of wars of old and many strange things which happened in former times, and also explained that Nga Hoe-o-Kupe is a rock possessed of great *mana*, for should any one strike it, the wind will at once change. Then we enter Te Ana-o-Tawaat the base of the great cliff, and in that spot, where the men of Ranga-ika strove against the warriors of Tuhoe land, the Kaumatua once more opens forth, and describes that Homeric struggle in vivid language and with appropriate gesture—"And that was how we slew the Ruapani in the old days. Then we and the *taharua* (people related to both sides) held these lands, which are now lone and deserted of man. In my young days, when I lived on the further shore, I could see that the hill above One-pato was covered with large *whares* (houses), and the great *himu* (posts) were standing. And in those days it was that I heard Tutaua, the log-demon, singing in the darkness of night. This Tutaua was a *tipua* (a spirit, a demon) in the form of a totara tree or log, which was placed in the lake by Hau-mapuhia, son of Maahu. This demos log was ever floating on the surface of the lake, ever drifting across the waters from place to place; and it sang strange songs as it floated upon the dark waters of night-ridden Waikare—songs of strange import were they. The people living upon the lake-shores would often hear these plaintive songs afar off. At such a time the old people would say, '*Ko Tutaua e waiata haere ana*' (It is Tutaua, singing as it goes). I myself heard it at Rerewha, in my young days, singing in a strange voice, like the wind whistling. If the log drifted ashore, and should any person break or cut a piece of wood off it, Behold! the next morn that log demon had disappeared. Tutaua drifted away out of the lake through the outlet at Te Wharawhara when I was a lad—drifted away, singing as it went."

There is no holding him now; for the old fighter is once again started on the beloved subject of the men of yore—their deeds, evil and otherwise, in the world of light—and tale after tale comes of wars and sieges and priestly craft, as the Kaumatua drifts back over the stormy sea of his adventurous life, and greets again his old comrades of the war-path, and again takes his place at the camp-fires whose ashes have been cold for half a century.

Then we drift away from the historic Cave of Tawa and go back through the flying spray, with the roar of Hau-mapuhia in our ears, to the hill Raekahu, which stands above One-poto. And we ascend that hill to look upon the lands below, and the little lakelets, of Nga-whakatutu, Wherowhero, and Te Kiri-o-pupai. And here we stay awhile and observe that fine scene—

A ROUGH DAY ON WAIKARE-MOANA.

For a strong wind swoops down through the mountain-passes and inlets of Waikare, lashing the waters into foam. The white-crested waves are surging across the troubled lake, and break in wrath on the rock-bound shore at Te Wha-ngaromanga, on the great buttress of Ahititi. The spray is flying over Te Taunga-a-tara and Nga Hoe-o-Kupe, and drifts across the divide by the narrow outlet, for the "Sea of the Rippling Waters" is a wrath and pounds heavily on the imprisoning cliffs as if eager to be free.

To the west, the dark clouds are glooming over distant Huiarau, and driving down the rugged defiles which open out on Whanganui and Wairau. Then a struggle ensues between the storm and the westering sun for the mastery of Waikare, but the gallant sun-god triumphs, the rain-laden mists sag downwards and possess the inner arms of the "Star Lake," while the vapours above are white and fleecy beneath the conquering rays, and far away across the

Near the Outlet, Waikaremoana.

tossing waters a broad stream of gleaming silver stretches even unto Nga Whatu-a-tama and Te Upoko-o-Kahu-ngunu.

As we view the expanse of angry, surging waters, and listen to the hoarse roar of the white surf, it is hard to believe that this is but an inland lake, and not an inlet of the great ocean, with the swell setting in from the far Pacific.

Anon the sunlit mist settles down over the ranges of the west, obscuring the frontier of Tuhoe land—the giant Huia-rau. The white scud flies athwart the darkening ranges above Whanganui, the wind moans through the sturdy nock-nursed beeches, and among the weird cliffs of Ngamoko and Pane-kiri, but the bright sun flashes upon the heaving waters of Waikare, and the heart of man is glad.

Such is the view from Raekahu on a stormy day. But the following day was fine and calm, as we explored the wonders of the rugged cliffs around Pane-kiri and Awaawa-roa. The road now in process of formation from One-poto around the lake to Aniwanuiwa is a delightful walk, and from it is obtained a fine view of the lake. And here on either side are strange caves and holes, yawning chasms of unknown depth, huge galleries running

far into the range, and overhanging masses of rock. Yonder stands a huge splinter of a hundred tons or so, on the summit of which a great tree has perched; here is a rock, 20ft. in length, under which a rata has grown and lifted the great mass up bodily. Below us lies the now placid lake, and far away the snowy mountains rise sharply against the skyline. The sun sinks down on distant Huia-rau, and lights up the great Pane-kiri Bluff, as we wend our way homewards. A long streak of golden light glitters across the calm waters and follows us as we go forward. The shadows on either side deepen into purple, and from far away across the gleaming lake comes, the sound of a heathen song, as of Hau-ma-puhia or Tutaua, "singing as it goes." The canoe of the singers glides across the golden stream and is lost in the gloom of Pane-kiri, and then, with that glorious light gleaming on golden mountains and glittering waters, and the voices of the night around us, we go down into the darkening valley below.

WAIKARE-ITI.

Our next trip is to Waikare-iti Lake, which lies east of the Aniwaniwa Stream, and is about 500ft. higher than Waikare-moana. So one fine morning found us again setting forth and pulling down, the coast-line to the Whanganui-o-parua Inlet. Past the lone Wha-kangaere Rock, another famous *ahi-titi* of former days, and Kakata, so named from a sister of the famous chief Te Purewa, though it was no laughing matter for poor Kakata (laughter), for she was drowned here, together with six others, by the upsetting of a canoe. Then to the Hinaki-o-Tutaua, which exists in the form of a rock, but as to what use that cheerful *tipua* could make of a *hinaki* (eel-basket) is unknown; still it serves a useful purpose, for if a north-west wind is blowing, and one does but stroke the rock with the hand, the wind will at once change to the south, which same is useful [unclear: information], during a south wind this side of the lake is sheltered. And Te [unclear: He]-o-Hine-pehinga, where doubtless that maiden of yore was wont [unclear: t] prepare her simple toilet, inasmuch as this was a famous place [unclear: f] the heruheru fern, of which combs were made. Along the shore [unclear: a] many signs of ancient occupation, but now *ko te moana* [unclear: anake] *tere ana* (there remains nothing but the drifting waters). We [unclear: no] pass cliffs of blue papa, and the effect of the green shrubs and [unclear: bl] cliffs is quite striking; and the two rocks known as Tuara and [unclear: Ra] tapunui, which stand out in the lake, and many delightful coves [unclear: an] little beaches which make one yearn to camp down for a while. [unclear: A] Kirikiri was a famous *moari*, or swing, in former times, where [unclear: th] young people amused themselves by swinging out and dropping [unclear: int] the deep waters.

We camp at Te Papaki for the night, this place being at [unclear: th] head of the inlet, and, besides being a good camping-ground, is [unclear: wel] situated for the advance on Waikare-iti. A boat can pass up the Aniwaniwa Creek here to the first fall, but the big falls of [unclear: Pap] korito are some distance further up.

The next morning sees us ferried across the head of the inlet [unclear: and] landed on the right bank of the creek, from which spot a two-hours walk up the range brings us to Waikare-iti. On reaching the top of the hill, we descend a small spur for a short distance, and see through the trees before us the calm, silent waters of Waikare-iti. This beautiful lake is surrounded by low hills covered with dense forest, which extends to the water's edge, the branches trailing it the water in many places. There are none of the great cliffs and ranges of the larger lake here; the scenery is not grand, as is that of Waikare-moana, but it is nevertheless very beautiful, there being many little islands in the lake, all densely clothed with bush. One longs for a canoe at canoeless Waikare-iti to go out and explore those lonely islets, and paddle across the shining waters. We are fortunate in happening upon the one spot on this side, apparently from which a good view of the lake can be obtained. A great rock juts out some distance into the lake, and on this rock we seat ourselves, disturbing thereby two whio (mountain dock) which were taking a siesta below. The lake is probably a mile and a half across, but the view of the further shore is almost concealed by the islands, of which there are six—Motu-torotoro Motu-ngarara, Te Kaha-a-tuwai, Te One-o-tahu, Te Rahui, and another, of which our guide did not know the name. Truly a lovely scene this on such a day, the calm, clear waters glittering is the rays of the sun, the lone, silent waters, surrounded by dense forest, and, in the far distance, the snow-capped peak of Manuaha. There are no signs of ancient cultivation here, as on the shores of the "Star Lake," but this place was occupied by the Ngati-Ruapani Tribe as a place of refuge. When harassed by enemies in their *kaingas* at Waikare-moana they would retreat here and occupy the numerous islands in the lake, drawing their supplies probably from

Awa-awa-roa (Rosie Bay), Waikaremoana.

the surrounding forest, for the diminutive maehe is the only fish found in these waters, though wild-fowl were formerly numerous, including the whio, maka, weweia, and kaha, the latter a large bird which nested in the branches trailing into the water on the shoreline. The timbers seen here include the tawari, toatoa, tawai, horoeka, tawhero, parapara or houhou, neinei, miro, papauma, horopito kaponga, and the punui fern, with many

others of that beautiful tribe. The outlet from Waikare-iti is by a swift stream, which flows with a heavy fall towards Aniwanuiwa Creek.

A weird and silent place is Waikare-iti, with its unexplored isles land great forest; a most beautiful and unknown spot, but bearing no sign of the presence of man. Verily the Bohemian spirit longs to go and explore those silent islands and search for traces of ancient occupation thereon, from the days when the "children" of Ruapani and the ancient Taura held these lone lands. But we lack the time to go a canoe-building, so we turn and retrace our way to the camp at Aniwanuiwa—at least some of us do; but our worthy guide stoutly maintains that we are on the wrong trail, and, as we refuse to believe him, he set off on his own sweet way, with the result that he got lost and wandered around the spurs of the range while we are in camp discussing sundry viands furnished by the great harbour of Parua—to wit, *puwaha* (edible thistles) and *kakahi* (shell-fish). And in returning we get a fine view of the lower falls of Aniwanuiwa through the overhanging forest trees, which same is a truly fine sight, for the mass of foaming waters falls in two great leaps some 60ft. to the stream below. As we are striking camp, we hear a hail from across the inlet, and there behold our lost guide standing on a long sandspit running out into the lake. And as we pull out into the lake he wades out into the water to be picked up, looking very forlorn and comical. So we lay in and take him on board amidst many jeers and jibes from the "children," which somewhat annoy the old fellow, inasmuch as he remarks that he never knew so many fools to be contained in one boat—which same is distressing to a fine mind. Be not cast down, O faithful Waiwai! for truly art thou a goodly comrade and a cheerful, when camped in the lone places of the earth. And thou art the man who kept a given word and turned to help the strangers from across the snowy mountains when the whole of Ruapani had said, Waikare-iti should not be : trodden by the Pakeha. *Kia ora koe* (May you live)!

Then we proceed along the western side of the inlet, so as to complete our traverse of the shore-line of Waikare-moana. Past Te Ana-o-Tuaraia, so called from an ancestor of Nga-Potiki; and, lest you be surprised at the number of dead trees in the forest on the range above, it is as well to know that they were destroyed by witchcraft, by the Kahu-ngunu people of Te Wairoa, a tribe ever famous for their powers in *makutu*, hence the expression "*Wairoa tapoko rau*."

Wairoa, where hundreds sink.

And at Whaitiri yonder is a *tipua*, in the form of a log, which lies beneath the clear waters, and should that demos [unclear: b] interfered with, then assuredly the whole lake rises in wrath. [unclear: A] Te Wai-a-te-puranga is a strong spring of intensely cold [unclear: water] gushing up from the lake-bed, such as are seen at Te Ana-[unclear: putap]—hence the name of this spot. So on past Taumatua, where [unclear: o] Native allies fought the Hauhaus during the last war, and Te Mara-o-te-atua—where we wonder what the gods could possibly [unclear: haw] cultivated at such a rocky spot—and the long headland of Matuahu where the chain is complete, and we drift back across the shining waters to One-poto.

It is the summit of massive Huia-rau again, with the sun sinking in the golden west and the gloom of night settling on the far ocean for Waikare-moana is far below us now, as we stand on the show-wrapped peak of the great *ikawhenua* (mountain backbone). We have toiled up the rugged creek-beds of Te Onepu and Wai-horoi-hika, every rock and stone therein covered thick with slippery ice. Long icicles hang from the cliffs on each side like clear stalactites the great boulders and smooth bluffs are as glass, even the running water is frozen over in many places. So we go forward, barefooted and be-swaggered, through ice-cold waters, and toiling carefully up the ice-covered rocks. So slow, indeed, is our progress that the night is falling when we reach the summit, which means that we have been five hours in ascending 2,000ft. Here, then, we proceed to camp, and thus spend our last night in the wilderness. And, while the "children" go on to pitch the tents at Te Pakura, we tarry a while on the summit to take our last look at the "Star Lake" lying far below, and watch the wondrous glories of the setting sun across the western ranges. For surely it is a noble sight. Towards the west lies a great far-reaching chaos of rugged ranges, valleys, and peaks Here are many noted mountains of Tuhoe land; here is Maro, and Whawharua, and Tara-pounamu, and Te Ranga-a-Ruanuku, and Manawa-ru, and Manu-ruhi, and Nga-heni, and Tawhiu-au, and Te Ihu-o-Awatope, and Panui-o-Rehua, and Tane-atua, and Te Niho-o-Kataka; and far, far away is the great Pae-roa, and still further the giants which look down on Taupo-nui-a-Tia. A glorious light it on the distant mountains, a golden haze fills the valleys and lingers on the plain-lands, the ranges darken to south and north.

The "children" have broken a trail through the snow, and their camp-fire gleams brightly on the spur below, the sun disappears into that golden fairy-land of the west, as the Kaumatua and the Pakeha take their last look at Waikare-whanaunga-kore, and, turning to the gleaming *kura* (red light), go downward through the snows of Huia-rau, *en route* for the Great Canon of Toi.

Appendix I.

Fighting Between Native Contingent and Rebel Hauhaus.

THE FIGHT AT TE KOPANI, 1865.

For information concerning these engagements I am indebted to the kindness of Mr. Tunks, of Windsborough Station.

THE rugged country around Waikare-moana was a great rendezvous and stronghold of the rebel Natives during the Maori-European war, and troops engaged in the process of clearing the Hauhaus out of this section of country underwent many privations, for the life was a hard one beyond measure.

At Te Kopani, about four miles from One-poto, a severe fight occurred between a force of friendly Natives and rebels. This place is a narrow gully between two hills, and up which the old trail from Te Wairoa to One-poto ran. At the time of this fight, the gully and hills were covered with a dense growth of fern. Some five or six hundred rebels took their stand in this gulch, and proceeded to entrench themselves by sinking rifle-pits, which were skilfully masked by the wily Hauhaus. These were situated on three different slopes, and were not discernible by a person passing up the gully. The friendly chiefs, Ropata Wahawaha, Kopu, and Ihaka Whanga, led a force of five hundred of our Native allies from Te Wairoa against the enemy, and, when marching up the ravine at Te Kopani, they received heavy volleys from both sides, which killed six men and wounded about twenty-five. The friendlies were thus at a great disadvantage, as they were exposed to the fire of an unseen enemy, but the wily aboriginal was not long in seeking cover and replying as well as possible to the enemy's fire. After a period of desultory firing the enemy advanced, and then that gallant old warrior Ihaka Whanga called on his men to charge, and drive back the Hauhaus. But the sons of Kahungunu, never over-distinguished for prowess on the battle-field, declined the seductive offer. Ihaka, however, advanced, and in so doing received a wound in the hip. Having discharged his piece at the enemy, he took another carbine from one of his men, and again fired into the body of Hauhaus, receiving at the same time another wound, which felled the old warrior. His men now rushed forward to recover the body of their chief, which they accomplished, and Ihaka recovered to again meet the enemy on many a future field. All this time the enemy had a strong advantage, and [unclear: many] friendlies were killed. Whereupon the European officers ([unclear: Major] Fraser and Captain St. George) conferred with the [unclear: Native] chiefs, and a retreat was decided upon. But Ropata thought that it would be an excellent plan to fire the fern, and so [unclear: dislodge] the enemy. No sooner said than done, and in a few minutes the fire was roaring up the hillsides, creating dense volumes of smoke and driving the enemy from their rifle-pits. The exultant friendlies now took possession of the ridge, and opened a sharp fire on the retreating Hauhaus, who lost heavily in this engagement, and eventually fell back on the wilderness of Waikare-moana, leaving nearly eighty of their dead upon the field. It is certain, however that this does not represent the enemy's loss, and even now the oncoming Pakeha often finds mouldering skeletons in gully and cave with probably the remains of a gun by the side thereof.

COLONEL HERRICK'S EXPEDITION AGAINST WAIKARE-MOANA, 1869.

During the above year it was resolved to despatch a strong force against the rebel strongholds of Waikare-moana. This force consisted of nearly nine hundred men, of whom three hundred and fifty were colonial troops, and the balance made up of friendly Natives of the Ngati-Porou and Ngati-Kahungunu Tribes. The object of this enterprise was to destroy the crops and food-supplies of the hostiles, and to reduce several positions taken up by them at Matuahu and elsewhere on the western shores of the lake. This district had become noted as a refuge and recruiting-ground for rebel leaders such as Te Kooti, who, raiding down from these secluded ranges on the European settlements, rendered life and property alike insecure on the East Coast.

On arriving at One-poto, a redoubt was erected on a small hill overlooking the lake, the earthworks of which are still standing. Here a long stay was made, and great preparations undertaken for the destruction of Matuahu, the principal stronghold of the hostiles. Two large boats, each 40ft. long, were built, also some metal pontoons, which, with a whale-boat and dingy, comprised a most imposing fleet, by which it was calculated that two hundred men could be landed at one time on the western shore. Matuahu was described as a very strong place, and not to be taken without severe fighting, though it appears that many of the defences were fictitious, and merely intended for show. The intelligent aboriginal also bethought him of discharging at sunset on each day a heavily-loaded gun, the report of which was so magnified by echo that it was thought to proceed from a young cannon.

After this expedition had made preparations for transporting the force across the lake to attack Matuahu, and a start was at last to be made in the great cleaning-out of the lacustrine pas and retreats, of the enemy, they rose up one fine morning and retreated on Te Wairoa—whereupon the hostiles crossed the lake to the site of the abandoned redoubt, and there held a grand war-dance in token of derision. Trooper Noonan, shot down from

ambush while carrying despatches, was the only victim of this imposing campaign.

EXPEDITION AGAINST WAIKARE-MOANA, 1870.—FALL OF MATUAHU.

In this year some three hundred and fifty friendly Natives of Ngati-Kahungunu and Ngati-Pahau-wera were led by Native chiefs and three European officers—Messrs. Hamlin, Witty, and Large—against the Waikare-moana rebels. They went into camp at One-poto, from which base they proposed to proceed against the Hauhau stronghold of Matuahu. Their fleet was by no means a large one, consisting merely of two canoes and one small boat. The rebels, seeing these signs of a hostile demonstration, sent two men over to One-poto under a flag of truce. These men lay off the camp in their canoe, and pretended to have been sent for the purpose of opening negotiations for peace, but their real object was to spy out the position and numbers of the invading force. Shortly after their departure, a force of about a hundred and fifty Hauhaus crossed the pie from Matuahu, and landed at Ohiringi, their object probably being to ascertain if there was any chance of surprising the camp or of intercepting stragglers.

Early in June a start was made from One-poto. The two canoes and boat were manned by a portion of the force, under Lieutenant Large, and the remainder marched across the rugged hills to Mau-taketake. From this place a force of eighty men were conveyed across the lake and landed on the western shore. These were accompanied by Messrs. Witty, Large, and Saunders. On reaching Taumata-taua, a Native clearing, they received a volley from the bush, but held the Hauhaus in check while the balance of the men were landing. Then they advanced on the enemy and drove them back on Matuahu, upon which, as darkness was setting in, the force returned to the clearing and camped for the night. Another skirmish took place next day, in which Enoka, a leading man of the enemy, was killed. An advance was then made on Matuahu, and, after spending some time in planning and carrying out a careful advance, the famous pa of Matuahu was rushed and--found empty.

Appendix II.

Waikare-Moana.

By T. J. TUNKS, Te Wairoa.

Was thy basin formed by throes volcanic
Or fashioned out by imps satanic?
Ne'er could the ambitious mind of man
Conceive, design, or frame thy glorious plan—

Waikare-moana.

Beauteous gem in Nature's massive setting
Of wooded hill and rugged peak that, fretting
The azure, tower in solemn grandeur where
The winds shriek forth like spirits in despair—

Waikare-moana.

Hath lover ever o'er thy limpid tide
Sped forth in light canoe to woo his bride,
And, as the stars revealed their lights above,
Poured out his oft-told gentle tale of love—

Waikare-moana?

Or doth some legend dark brood o'er thy waters,

And tell how one of a chieftain's daughters
Sprang in the night from out her lover's arms
And in thy darkling depths flung all her charms—

Waikare-moana?

At early morning in the ruddy beams
Of the sun new risen all golden seems
Thy calm surface, while with each bright'ning ray
Fresh beauties ripen and break into play—

Waikare-moana.

At even, in the light of dying day
Thy purple-tinted hills, by golden ray
Of setting sun outlined in beauty bright,
Break like a fairy vision on the sight—

Waikare-moana.

The lady moon, gazing from out a veil
Of fleecy clouds upon her image pale
In thee reflected, smiles sweetly from afar,
Coquetting with full many a lusty star—

Waikare-moana.

By Authority: JOHN MACKAY, Government Printer, Wellington.—1897.

Plan of WAIKAREMOANA Scale of chains WAIKARE MOANA Height above Sea Level 2015 F! Depth
.....840" Phouo-Lithographed at the head Office, Department of Lands and Survey. Wellington
N.Z. May 1897 F.W Flanagan Chief Draftsman.

Souvenir Catalogue

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New Zealand

Wellington N.Z. Industrial

Exhibition

1896-97

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- G. H. SWAN (Mayor of Napier).

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- JAMES SCLANDERS (J. Sclanders & Co., Nelson).

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Palmerston North.

- JAMES YOUNG (N.Z. Farmers' Dairy Union).

Wanganui.

- E. N. LIFFITON (Accountant, Wanganui).

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- J. J. HOLLAND (Mayor of Auckland).
- A. H. NATHAN.

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- R. C. BISHOP (President Canterbury Industrial Association, Christchurch).
- JOHN WALLER (Vice-President Canterbury Industrial Association, Christchurch).
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Geothermal area

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B

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C

D

1000 Children's Knicker Suits to choose from at Te Aro House.

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F

G

For Table Damasks, Napkins and Covers go to Te Aro House.

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I—J

K

L

New Dresses for the Season at Te Aro House.

M

N

Newest styles in Ladies' Jackets and Mantles at Te Aro House.

O

P

R

For Dressmaking there is no place equal to Te Aro House.

S

T

U-V

W

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 - Architectural Drawing.
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 - Plumbing—Practical Work.
 - Carpentry.
- Stylish New Collarettes in any quantities at Te Aro House.

Index to Ground Plan.

decorative feature

For the New Bicycling Costumes, go to Te Aro House.

For the New Block Striped Print go to Te Aro House.

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Pelorus River.

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Price-One Shilling.

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Preface.

THIS pamphlet was intended for a second edition of "The Case Against Party Government" (published in 1891); but as it has grown to twice its original size, and is quite altered in arrangement, I have thought it better to Issue it as—what it practically is—a new publication. Although written last year, before the General Election, only a few verbal alterations were necessary to bring it up to date; but the form of its original publication—in instalments—must be my excuse for any repetitions which may be noticed. The whole subject has been treated, as far as possible, from the point of view of general principles, particular instances of the effects of the Party System being given only when necessary for purposes of illustration and explanation. To have enumerated and described in detail a tithe of the political improprieties, even of the last few years, would have necessitated a lengthy and wearisome treatise. Such a task is, moreover, unnecessary, as my intelligent readers can supply their own instances *ad nauseam* from their own observation, or from their study of Hansard and the daily Press.

Six years ago Party Government had been developed sufficiently in New Zealand to draw general attention to its absurdities and immoralities, and to bring its abolition "within the scope of practical politics." Sow, however, the position is a very different one. In the able hands of the Hon. Mr. Seddon (an almost ideal Premier for a perfected Party system) the inevitable development has been so rapid that reform has become the most urgent necessity, for every step deeper into the mire Bakes recovery so much the more difficult, if not doubtful. It is not too much to say that the political doings and sayings of the last six years have lowered the whole moral level of the community to an alarming extent, and have vastly increased the general cynicism and flippancy of tone about political matters, which is one of the most dangerous of symptoms in a Democracy.

At the last General Election commendable efforts were made, in Dunedin and elsewhere, to secure a better class of representatives for the House, and in some cases these efforts were crowned with success. I have, however, written to little purpose if I have not shown that these good results can be but temporary and ineffective; that honest and upright politicians, while in Opposition, can be but a very feeble check on a Party Ministry; and that, even should some accident enable them to obtain the support of a majority, they would be quite unable to retain office unless they condescended to adopt the crooked and corrupt customs of their predecessors. So great is the advantage the Party system gives to the astute and unprincipled party organiser. It is not that the people of New Zealand love to have it so. Other things being equal, they would much prefer an honest Government and intelligent representatives. But other things are not equal; and when a man's "bread and butter" depend on his support of a party, or on the favour of a Ministry, or when he believes that they may at some future time so depend, he must needs be singularly conscientious and patriotic to ignore the fact.

In scores of speeches before the late election the evils of Party Government were dilated upon by honestly indignant candidates; but it was generally overlooked that so long as the causes are left untouched, declamation about the effects is idle. To blame machinery for not doing work for which it was never suited is mere waste of time. In the following pages an attempt has been made to diagnose carefully the disease from which democratic politics is suffering, and to point out the only remedy. If any of the politicians, and of the people, who have not considered the matter should be induced by my arguments to study it seriously for themselves, the attempt will not have been made in vain. I have little doubt as to the conclusions at which they will arrive. Hitherto, although the disease has been very generally acknowledged, no other cure has been suggested, and any criticism of the real remedy has been merely superficial and trivial. Any thorough criticism that may occur to any of my readers will be thankfully received by

THE AUTHOR.

Dunedin,

June 1, 1897.

Parliamentary Reform.

CHAPTER I.

Is Democracy a Failure?

"It is better that the body of the people, with all its faults, should act for itself and control its own affairs, than that it should be set aside as ignorant and incapable, and have its affairs managed for it by a so-called superior class, possessing property and intelligence."—MATTHEW ARNOLD.

Alike to the student of political science and to the average citizen, the present position of politics in the more advanced nations of the world is one of intense interest. There is a marked and undeniable tendency in all the more civilised countries towards Democracy—that is to say, towards a principle of government the intention of which is, by means of a widely-extended franchise, to place the seat of all power with the people as a whole—and, therefore, the working of the political machine in those countries which approach most nearly to the democratic ideal is, naturally, noted with care by those who have the welfare of humanity at heart. Unfortunately the outlook is far from encouraging, and to those who cling to the high ideals of Mazzini—to whom Democracy meant purity of government and the brotherhood of man—the prospect may even be said to be profoundly disappointing. It is now a generation ago since the Prince Consort made the oft-quoted remark, that representative institutions were on their trial; and the course of events since then has certainly not tended to reassure thoughtful men as to their complete success. The main object of representative institutions is to make public opinion effective, but they seem to come no nearer to, if they do not grow further away from, achieving this end. Often, indeed, they do not appear even to represent the main characteristics of the voters. The French are the most thrifty and economical of all the European nations; and yet the French Government, for the last quarter of a century, has been conspicuous for its reckless extravagance in finance. The great American nation is probably composed of as many honourable men as any other civilised State, and yet we see their political world honey-combed with the most bare-faced corruption. The people even seem to be aware of the fact that their representatives do not really represent them, and the more democratic States of the Union are particularly distrustful of their politicians. Not only do they bind them down with constitutions full of minute details of legislation (compare, for instance, the "Sand-lot Constitution" of California with the constitution of any of the older Eastern States), but some of them are so anxious to minimise the evil their representatives are likely to do, that they only allow them a session once in two years.

Even in England Parliamentary institutions have fallen sadly into disrepute of late years. In spite of the introduction of the "closure," Ministers of the Crown have more than once admitted themselves unable to make any headway with the business of the country; while, from the language of the Press, it would seem that the House of Commons is rapidly becoming more an object of contempt than of respect and admiration. In Australia and New Zealand also, there has been of late years a growing impatience with the annual spectacle of the people's representatives constantly quarrelling and fighting for office when they should rather be minimising their differences, and working together for the good of their country. It would be difficult to exaggerate the danger of this growing distrust in, and contempt for, the Government, in countries where people are in a position to choose their own rulers; and when we see the present condition of affairs used by economists and philosophers—such as Herbert Spencer—as a strong argument in favour of confining the function of Government to mere police duty, it especially behoves all true democrats to spare no pains to try and discover the cause and also the remedy.

It would almost seem, on a casual survey of the facts, that the nearer we approach to a true Democracy, the further off we are from governing ourselves with wisdom and sobriety, or even with common honesty. There are many who believe that this is due to evils inherent in the principle of self-government by the whole people; and as this view, if justified by facts, would obviously be fatal to the future of Democracy, it deserves a careful examination. Its ablest exponents are Sir Henry Maine, in his work on "Popular Government," and Mr. Lecky, in his book entitled, "Democracy and Liberty." The latter has created more public interest than the former, and as it is the more recent and the more complete presentation of the difficulties and dangers in the democratic path, it deserves the more particular study. Before passing on to it, however, I would point out that Sir Henry Maine is apt to overlook the great development during the last half-century, in the mental, moral, and social

condition of the masses. He says, for instance—

All that has made England famous, and all that has made England wealthy, has been the work of minorities, sometimes very small ones. It seems to me quite certain that if for four centuries there had been a very widely extended franchise, and a very large electoral body in this country, there would have been no reformation of religion, no change of dynasty, no toleration of Dissent, not even an accurate calendar. The threshing-machine, the power-loom, the spinning-jenny, and possibly the steam-engine, would have been prohibited. Even in our day vaccination is in the utmost danger, and we may say generally that the gradual establishment of the masses in power is of the blackest omen for all legislation founded on scientific opinion, which requires tension of mind to understand it, and self-denial to submit to it.

Few democrats would venture to deny that two or three centuries ago a sudden experiment in the direction of manhood suffrage would have been a very dangerous step in England. It is obvious to all that compulsory education must go hand in hand with democratic government, and it is not yet a generation since Mr. Forster's great Education Act was passed. Moreover, to make them fit to govern themselves, political education is fully as necessary as general education. Now, there is only one way of teaching self government; *solvitur ambulando*. To blame men or women for being obviously unfit to share in the government of the country, when they have never been allowed so much as a vote, is to prohibit them from entering the water, and then blame them for being unable to swim. This seems to me an answer to Sir Henry Maine. At the same time, it is clear that the want of education, general or political, is not the only, nor, indeed, the main trouble of modern democracies, for we see these troubles more pronounced in the United States and Australia than in England, although the voters in the former countries have better opportunities for education of both sorts than are possessed by their fellow voters in Great Britain, even allowing for the franchise being not quite so wide in the Old Country. The reason for this will be apparent, when we come to consider the real cause of the dispiriting outlook in the main democratic countries.

Let us turn to Mr. Lecky's book on "Democracy and Liberty." These two large volumes by our ablest living historian, who is, moreover, by no means a "bigoted tory," naturally raise great expectations in the minds of all who are interested in the great political and social questions of the day. The perusal of them, however, is disappointing, if not actually depressing. They contain a great quantity of valuable facts, collected with care and industry, and a number of interesting criticisms on various views and theories, coloured, of course, with his personal prejudices, especially with regard to Ireland and Mr. Gladstone; but the whole work lacks definite purpose and unity. There is little or no method in the arrangement, and the general effect is that of a collection of essays bound together merely by the binding of the book. The tone on the whole is decidedly pessimistic, more especially in the earlier part of the first volume—which might, indeed, have been not unfairly entitled "The Case against Democracy"—and this is the portion which most particularly concerns the subject we are considering. Mr. Lecky's general views on the results of a widely-extended franchise may be judged by the following extract:—

One of the great divisions of politics in our day is coming to be, whether, as a last resort, the world should be governed by its ignorance or by its intelligence. According to the one party, the preponderating power should be with education and property. According to the other, the ultimate source of power, the supreme right of appeal and control belongs legitimately to the majority of the nation told by the head-of in other words, to the poorest, the most ignorant, the most incapable who are necessarily the most numerous. It is a theory which assuredly reverses all the past experiences of mankind. In every field of human enterprise, in all the competitions of life, by the inexorable law of nature, superiority lies with the few and not with the many, and success can only be attained by placing the guiding and controlling power mainly in their hands. That the interests of all classes should be represented in the Legislature, that numbers as well as intelligence should have some voice in politics, is very true; but unless the government of mankind be essentially different from every other form of human enterprise, it must inevitably deteriorate if it is placed under the direct control of the most unintelligent classes.

Passing over the obvious criticism that the "most unintelligent classes" have not infrequently shown a clearer and truer political insight than their superiors in station, and also that when the superiority and ability which ought to rule is placed at the service of the people, they will not improbably avail themselves of it, and be guided to a large extent by it—let us now turn from these generalities to the more particular indictments of Democracy.

Mr. Lecky then briefly points out what excellent work was effected by the Parliaments of Austria, Italy, Belgium, and Holland, so long as they were "elected on a very high suffrage;" and what "manifest deterioration," especially in the case of Italy, has set in since they have "entered upon the experiment of Democracy." It is, however, to France and the United States that he devotes most of his attention, on the ground that "Democracy has completely triumphed in two forms—the American and the French—and we see it fully working before us;" He then reviews the recent political history of France, more particularly in its financial

aspect, showing that the public debt increased during the three years of the Democratic Republic of 1848 more than it had done in the twenty-five years from 1823 to 1848; and that it expanded again, under the republic which followed the war with Germany, increasing during "the twelve years of perfect peace from 1881 to 1892" "by more than five milliards of francs, or two hundred millions of pounds, a sum equal to the whole war indemnity which she had been obliged to pay to Germany after the war of 1870." In 1848 the French debt was one-fourth, now it is about twice that of Great Britain.

It is undeniable that finance is the rock on which modern democracies seem most likely to split, and the main reason for this will appear later on. Mr. Lecky glances at it when he alludes to the "new system of prodigality" which began in 1871. "The enormous and wasteful expenditure on public works, which are for the most part unremunerative," such expenditure being simply a bribe or reward to the district for its support of the Government. Quoting Scherer

La Démocratique et la France.

he says:—

Nearly every deputy enters the Chamber encumbered with many promises to individuals; the main object of his policy is usually to secure his re election after four years, and the methods by which this may be done are well known. There is the branch line of railroad which must be obtained for the district; there is the fountain that should be erected in the public place; there is perhaps even the restoration of the parish church to be effected. But it is not less important that all public offices which carry with them any local influence should be in the hands of his supporters. He therefore at once puts pressure on the Government, which usually purchases his support by giving him the patronage [unclear: he] desires. There is a continual shifting in the smaller offices. Never [unclear: it] is said, were there so many dismissals and changes in these office [unclear: a] during the Republic; and they have been mainly due to the desire of the deputies to make room for their supporters or their children. The idea that a vote is a personal favour, establishing a claim to a [unclear: percent] reward, has rapidly spread. At the same time, any vote in favour [unclear: of] public works, and especially public works in his own constituency, [unclear: any] reorganisation that tends to increase the number of men in Government employment, increases the popularity of the deputy. The [unclear: socialis] spirit takes different forms in different countries, and this is the form [unclear: it] seems specially adopting in France The old idea that the representation Chamber is pre-eminently a check upon extravagance, a jealous guardian of the public purse, seems to have almost vanished in democratic countries and nowhere more completely than in France. In the words of [unclear: Les] Say, a great proportion of the deputies are, beyond all things, "[unclear: age] for instigating expense," seeking to secure a livelihood out of the public taxes for the greatest possible number of their electors.

Passing on now to the United States, Mr. Lecky has [unclear: a] difficulty in showing, by reference to American writers and records, and to such books as Mr. Bryce's "American Common-wealth," the appalling corruption which pervades the politics—whether municipal, state, or federal—of that country. It is unnecessary to follow him through his descriptions of the "[unclear: Spo] System," the war pension expenditure, and the lobbying and bribery, direct and indirect, which are such conspicuous features of the Great Republic, for the general facts are widely known and admitted. The curious fact, however, that their municipal politics have touched even a deeper depth than their State politics, deserves our attention in passing, because the [unclear: more] general rule in democratic countries (in Australasia, for [unclear: instance] is, that the local bodies are far less extravagant and less [unclear: corrup] than the central governments. There is no doubt as to the fact in America. Even Mr. Bryce, who minimises as far as possible the corruption in State politics, makes no attempt to [unclear: exten] the maladministration in the municipalities. He says:

The faults of the State Governments are insignificant compared [unclear: with] the extravagance, corruption, and mismanagement which mark the administration of most of the great cities. For these evils are not confined to one or two cities. There is not a city with a population of 200,000 where the poison germs have not sprung into vigorous life, and in some of the smaller ones, down to 70,000, it needs no microscope to [unclear: no] the results of their growth. Even in cities of the third rank similar phenomena may occasionally be discerned; though there, as someone has said, the jet black of New York or San Francisco dies away into harmless [unclear: gmy].

In the following passage Mr. Lecky gives some particulars, taken from Mr. Bryce and from good American sources, of the nature and methods of this municipal corruption:—

There are sales of monopolies in the use of public thoroughfares; systematic jobbing of contracts; enormous abuses in patronage; enormous overcharges in necessary public works. Cities have been compelled to buy lands for parks and places because the owners wished to sell them; to grade, pave, and sewer streets without inhabitants, in order to award corrupt contracts for the works; to purchase worthless properties at extravagant prices; to abolish one office and create another with the same duties, or to vary the functions of offices for the sole purpose of redistributing official emoluments; to make or keep the salary of an office unduly

high, in order that its tenant may pay largely to the party funds; to lengthen the term of office, in order to secure the tenure of corrupt or incompetent men. When increasing taxation begins to arouse resistance, loans are launched under false pretences, and often with the assistance of falsified accounts. In all the chief towns municipal debts have risen to colossal dimensions, and increased with protentous rapidity. . . . The New York commissioners of 1876 probably understated the case when they declared that more than half of all the present city debts in the United States are the direct result of intentional and corrupt misrule.

Mr. Lecky, of course, accounts for all this by pointing out that manhood suffrage rules in America even in municipal matters. Now, there can be little doubt that manhood suffrage is indefensible when applied to local bodies. A due regard for the liberties of the people necessitates manhood suffrage for the main legislative power in the State; but this, of course, does not apply to municipalities. Again, the close connection which Liberalism has always insisted on between taxation and representation, while it demands manhood suffrage for Parliament (for in any country with even moderate customs tariffs the day labourer probably pays as large a proportion of his income in taxation as any other man in the community), just as clearly forbids it in the case of local bodies, whose funds are derived solely from taxes on property. To allow one set of men to incur expenditure and accumulate heavy loans, the principal and interest of which have to be paid by another set of men, is no part of any liberal creed. It is, indeed, very like legalised robbery, and certainly might account for great extravagance in municipal expenditure. It would hardly, however, account for the surprising manner in which this money is spent, and this is the real crux of the matter. These no doubt improperly obtained, funds do not, in their expenditure, go to benefit the masses of the people at all; they go to make wealthy contractors and political "bosses" still wealthier. If we want to see a municipality really [unclear: administer] in the interests of the people, we have to turn, for instance. Glasgow, with its model lodging-houses, its good drainage [unclear: t] well-kept streets, its cheap and excellent water, gas, and [unclear: t] service; and not to New York, where are some of the worst-[unclear: l] streets and most disgraceful city slums in any civilised country.

No; manhood suffrage might account for extravagance [unclear: i] not for deliberate corruption and mismanagement. We have [unclear: n] to study the manner in which the funds of the city are spent, [unclear: a] to notice the apparent absence of control of the people who [unclear: n] the money over its expenditure, and we see at once that the [unclear: r] cause of most of the extravagance, and all the corruption, is [unclear: t] fact that in America, and in America alone, has the Party [unclear: system] of government, with its attendant principle—"the spoils to [unclear: th] victors," been carried out logically, by being applied to [unclear: th] government of cities. If there is any soundness in the [unclear: princi] of the Party system, it would be as applicable to one representative institution as to another. We have seen how it works in [unclear: th] cities. It is essentially the same in the States, but [unclear: is] conspicuous, because not so close at hand, and somewhat [unclear: l] extreme, because of the more equitable incidence of [unclear: taxat] The average American citizen is an honest and sensible man, [unclear: l] he is quite helpless before the Juggernaut Car which he calls [unclear: th] "Party Machine."

Mr. Lecky is naturally surprised at such a state of [unclear: things] this, and he sums up the situation thus:

America illustrates, even more clearly than France, the truth [unclear: wh] I have already laid down, and which will again and again [unclear: reappear] these volumes—that pure Democracy is one of the least [unclear: representative] governments. In hardly any other country does the best life and [unclear: eve] of the nation How so habitually apart from politics. Hardly any [unclear: oth] nation would be more grossly misjudged, if it were mainly judged by [unclear: is] politicians and its political life. It seems a strange paradox [unclear: that] nation which stands in the very foremost rank in almost all the [unclear: element] of a great industrial civilisation, which teems with energy, [unclear: intelligent] and resource, and which exhibits in many most important fields [unclear: a] of moral excellence that very few European countries have [unclear: attained] should permit itself to be governed and represented among the [unclear: nation] the manner I have described. How strange it is, as an Italian [unclear: states] once said, that a century which has produced the telegraph and [unclear: the] telephone, and has shown in ten thousand forms such amazing [unclear: power] adaptation and invention, should have discovered no more [unclear: succe] methods of governing mankind. The fact, however, is as [unclear: l] presented it, and there are few more curious enquiries than its [unclear: cause].

The results of Mr. Lecky's enquiries are at least as curious [unclear: is] the enquiries themselves. It is indeed astonishing that such a [unclear: careful] observer and acute thinker should be able to content [unclear: himself] with the conclusion that manhood suffrage, or Democracy [unclear: for] he sometimes uses the two terms as if they were synonymous), [unclear: is] the fountain and origin of all these evils. Had he only extended [unclear: his] survey of democracies a little further, he would have found, [unclear: without] going outside Europe, a country which has governed [unclear: self] in truly democratic fashion for many hundred years, and [unclear: yet] where the evils he deplores are conspicuous only by their [unclear: bsence]. For centuries before the first Federal Constitution of [unclear: Switzerland], in 1291, the folkmites of Uri, Schwytz, and

unclear: alden] had accustomed the hardy mountaineers to the duties and [*unclear: ivileges*] of self-government. Six of these cantonal folkmites [*unclear: remain*] to this day—recalling the governments of the ancient city [*unclear: states*], such as the famous *Ecclesia* of Athens; and where folkmites [*unclear: have*] given place to the modern idea of representative institutions, [*unclear: I*] need hardly say that manhood suffrage is the custom and the [*unclear: w*]. It is true that the present constitution of the country only [*unclear: ates*] from 1848, and was revised as recently as 1874, and that it [*unclear: ntains*] some ideas taken from the constitutions of Great Britain [*unclear: ud*] the United States; still, it is in the main a natural evolution [*unclear: f*] their own older methods of government, and "may be [*unclear: considered*] as the outcome of centuries."

"The Swiss Confederation," by Sir F. O. Adams and Mr. Cunningham.

Yet in this country—the very home and head centre of manhood suffrage—these [*unclear: vils*] of Democracy, the maladministration, the reckless extravagance in finance, the general corruption in politics, simply do not [*unclear: exist*]. On the contrary, the administration is generally admitted [*unclear: to*] be the best in Europe.

Sir F. O. Adams says:—"The members of the Federal Council, we will venture to affirm, yield to no other Government [*unclear: in*] Europe in devotion to their country, in incessant hard work [*unclear: for*] a poor salary, and in thorough honesty and incorruptibility." A more recent observer

Dr. J. M. Vincent, of John Hopkins University, in his excellent [*unclear: tittle*] work on "State and Federal Government in Switzerland."

fully confirms this eulogy. He says:

The administration of affairs has reached a high degree of [unclear: fection]. . . . The Swiss have certainly learned the science of administration, for in all departments they succeed in showing remarkable results for the resources at command. It cannot [unclear: be] that the pecuniary inducements to enter political life are great, but [unclear: th] honours attached to a Cabinet office, and the reasonable [unclear: security] tenure, have been sufficient to draw out an eminently respectable [unclear: cl] of men, who have served their country well.

I am quite unable to imagine how Mr. Lecky, [*unclear: although*] briefly reviewing the political condition of many countries [*unclear: whic*] have recently adopted manhood suffrage, and examining in [*unclear: so*] detail the democracies of France and America, can have [*unclear: pass*] over Switzerland; but the fact is undeniable. He mentions [*unclear: th*] country now and then, once in reference to its management of [*unclear: th*] trade in alcohol, and again when discussing the [*unclear: Referendum*] but nowhere does he review the condition of Swiss politics, [*unclear: st*] less attempt to account for the absence from the oldest [*unclear: democracy*] now existing, of the numerous evils which, according to [*unclear: him*], inevitably follow in the wake of manhood suffrage. The [*unclear: ol*] phrase of "Hamlet, with the Prince of Denmark left out," [*unclear: in*] positively inadequate to describe a study, in two large [*unclear: volumes*] of "Democracy and Liberty" with Switzerland omitted—[*unclear: the*] only really successful democracy in the world, and the [*unclear: only*] civilised country in the world where liberty is an actual [*unclear: f*] rather than a cant phrase or remote ideal—"A land where (in [*unclear: the*] words of Mr. Freeman) the oldest institutions of our race—institutions which may be traced up to the earliest times [*unclear: of*] which history or legend give us any glimmering—still live on [*unclear: in*] their primeval freshness, . . . a land where an [*unclear: immemorial*] freedom, a freedom only less eternal than the rocks that guard [*unclear: it*], puts to shame the boasted antiquity of kingly dynasties, which, by its side, seem but as innovations of yesterday."

"The Growth of the English Constitution."

The most interesting question, from the point of view of the student of political science, and the most useful enquiry for a statesman who wishes to build up a stable democracy for a young country such as New Zealand is clearly: What are the [*unclear: cause*] which make Democracy a complete success in Switzerland, [*unclear: and*] almost as complete a failure in other countries?

The first cause which suggests itself is the obvious one, [*unclear: the*] Swiss have been governing themselves for so many [*unclear: centuries*] that they are able to avoid the gross errors of newly-[*unclear: enfranchised*] nations. No doubt this political experience—which by this time may possibly be to some extent hereditary—when added to the political education they receive from their excellent systems of local government, might account for much. If this were all, we dwellers in democratic states might at least have hope for our children. That this want of experience is not, however, the real trouble in modern democracies is clear from the well-recognised facts that the political condition of these countries is steadily deteriorating, and that the political tone is worse where manhood suffrage has been long in force than in those countries where it has only recently been adopted. Compare, for instance, France and America with England, or the America of De Tocqueville with the America of to-day, in spite of the general improvement in morality during that time.

A cautious and reliable American historian says: "It is certain that in no Teutonic nation of our day is the difference so marked between the public and private standards of morality as in the United States. The one is lower than it was in 1860; the other, inconsistent as it may seem is higher."—Rhodes' "History of the United States, from the Compromise of 1850."

Want of experience in self-government, we may therefore conclude, is a wholly inadequate cause. Can there, then, be some radical difference between the Swiss system of government and that in use in other states—any difference sufficient to account for the great gulf between the success of the one and the failure of the other? Now we are, I consider, on the right track. If we examine the Swiss form of Government we find its most Miking feature to be the total absence of the "Two-Party System." There is a recognised Government, but no organised Opposition, whose business it is to oppose whatever the other side may propose. There are legislators and administrators, but they devote their energies and abilities to legislation and administration, and not to Party intrigues, nor to attempts to discredit the executive in the eyes of the people. The Government is more on the lines of that of our large cities—say Manchester, Glasgow, or Birmingham, perhaps the best-governed cities in the world—than according to the customs of the British Constitution as exemplified in the British Parliament. Further enquiry will show us clearly that this is the real root of the matter; that the Party system of government, when fully developed, lives and thrives on corruption alone; that it inevitably Bracts to its service, and places in power, the self-seeking, unscrupulous political adventurer; that it tends to [unclear: become] thinly-veiled alternate Autocracy; and that, for these and [unclear: other] reasons, it is hopelessly incompatible with Democracy.

That Party government is the source of many evils [unclear: is of] course, no new discovery. Mr. Thomas Hare long since wrote, [unclear: in] speaking of the United States, that "Every reader of its [unclear: history] knows that it is to the overwhelming power of Party, [unclear: pushed] onward by a covetous greed of the profits of Party, and [unclear: subduing] all individual conscience and action, that the evils of political [unclear: life] in that country are owing."

"The Election of Representatives."

Other English writers on [unclear: political] science have also repeatedly and warmly attacked the system. In England, however—the birth-place of the system—it is [unclear: not] fully developed as in some other countries, where the very [unclear: absence] of any natural and historical divisions among the people (a [unclear: facto] which should have made far greater ease and perfection in government) has hastened the development of the artificial or political party, which is fatal alike to political honesty and to any [unclear: real] democratic rule.

Mr. Lecky charges Democracy with reckless [unclear: extravagance] in finance, with hopeless corruption in administration, with being "one of the least representative of Governments," and with sundry other sins. I admit his charges, but intend to show that—like a letter which has been wrongly addressed—he should have directed them against Party government, and not against Democracy. Let the people, whether of New Zealand or any other democratic country, have a sane and suitable form of government, under which sound legislation and honest administration are possible; under which the tone of politics need not necessarily deteriorate; a form of government under which the people rule, and do not merely appear to do so, and we need have no fear of the result.

CHAPTER II.

On the Origin and Nature of Party Government.

"If a man could shake out of his mind the universal noise of Political doctors in this generation and in the last generation or two, and consider the matter face to face, with his own sincere intelligence looking at it, I venture to say he would find this a very extraordinary method of navigating."—CABLYLE.

The curious system of government by Party is so widespread, and has held the field—almost unchallenged—for so long, that we are apt to regard it as synonymous with parliamentary government. It is so completely in possession of all British parliamentary procedure, that the majority of people overlook both its purely accidental origin and its intrinsic absurdity; and, in spite of the fact, that it is quite unknown to any other of our representative institutions, they have come to look on it as an essential factor in "responsible government." That the system is so widespread, is mainly due to the fact that the British political model has been closely copied (as pointed out by Sir Henry Maine) by other civilised countries in search of a Liberal constitution. As to Party government having been almost unchallenged, that is, strictly speaking, only correct in reference to party politicians and the political Press—that is to say, by those who profit by the system. It is hardly to be expected that the professional politician (a designation which should be one of honour, but which this very system has made one of disgrace) would strive to upset a method of government which has created him, and by which he lives and moves and has his being. Similarly, a large proportion of the daily Press lives

and thrives on party warfare. On the other hand, the non-political Press, most writers on political science, and the most discerning of the general public, have long protested against the absurdities and immoralities of the present system. So long since as April, 1858, a writer in the "Westminster Review" begins an able article with the confident remark: "We may without rashness assert, that the nation, as distinct from the public men and from the journalists, is unanimous in desire for the overthrow of government by Party." This was doubtless an over-statement of the case; but that [unclear: cannot] said of the following extract from the "Quarterly Review" [unclear: of] 1886:—

A growing contempt and impatience of the whole [unclear: machinery] Party; disgust with a method which compels us to accept bad [unclear: rule] instead of good at the hands of a class, which is as yet [unclear: incompetent] distinguish good from bad; and shame at the waste of time, [unclear: the] interminable wrangling, and the ignoble ambitions which, in [unclear: spite] certain splendid exceptions, have marked the course of Party government for some years past, are certainly the most conspicuous [unclear: phenomena] of the present day.

All these criticisms and protests have, however, been in [unclear: vain] partly because of the strong vested interests against any [unclear: reform] partly because no well-considered alternative scheme has been [unclear: p] forward, and partly because Englishmen are naturally [unclear: disincline] to lay violent hands on their glorious constitution—the [unclear: growth] centuries. It should not be forgotten, however, that, [unclear: although] the Party system is now an integral part of the [unclear: British] Constitution, it is, nevertheless, in the form in which we know it merely a creation of the present reign. Its main [unclear: features] that the Premier is practically chosen by a majority of the [unclear: Hou] of Commons; that he selects his own colleagues—of course [unclear: from] one side of the House only; that the Ministry is collectively, [unclear: and] not individually, "responsible" (a word which sounds well, [unclear: bu] merely means "ejectable"); that all important legislation [unclear: m] be introduced by the Ministry, who must resign if one of [unclear: their] policy measures is defeated; and that the Premier has the [unclear: powe] of threatening his colleagues and his party with resignation, [unclear: and] even of recommending the dissolution of Parliament. These [unclear: a] the features which have degraded parties into fortuitous [unclear: con] nations of men, united only for purposes of obtaining [unclear: and] retaining office and power; which have caused government [unclear: by] Parliament to degenerate into government by Party, this [unclear: ag] into government by Cabinet, "to be further resolved into government by a single person,"

This prophecy (from Mr. Syme's "Representative Government in England") may be said to have been fulfilled already in New Zealand. We have recently seen all Parliamentary work abruptly stopped [unclear: a] account of the absence of the "single person" on a visit to England.

—an alternate despotism, [unclear: tempered] by abuse and vilification from the other side of the House.

Attempts have been made to trace the origin of [unclear: Party] government as far back as the Revolution of 1688, but [unclear: this] only be done by ignoring what is the real essence of the system. As recently as 1834 we see William IV. dismissing his Ministry and sending for Sir Robert Peel—an attempt at retaining the old rights of the Crown which the newly-formed Parliament would not brook, and one that has never been made since. Parliamentary government may, roughly speaking, be said to date from 1688; but the dawn of the Party system cannot be placed further back than the accession of the Hanoverian kings. Until that time Whigs and Tories had shared office together, and sat side by side at the Council table. George I., however, owed his throne to the exertions of the Whigs alone, and therefore gave them a monopoly of office, regarding the Tories as his natural enemies. This mere accident was the first step in the direction of Party government. Its most important effect was one that had not been foreseen:

It gradually weakened the monarchy. Under it the King became a sort of ward under the guardianship of the Whig party. And henceforward, if he wished to change his counsellors, it was not easy for him to do it. For the Whigs had only to close their ranks, to adopt the tactics of a trades' union, to impose their terms on the king by threatening a strike, and the king was in danger of a checkmate. He had alienated the Tories by treating them as rebels. Henceforth, he could not throw himself into their hands. He could only appeal from one section of the Whigs to another, and this thrust the Whigs might parry by taking pains to efface sectional divisions in their body.

"Introduction to Political Science."—Sir J. R. Seeley, K.C.M.G.

It was on this very ground—that the Party system tended deprive the king of all real power—that the ablest and most far-seeing Tories of the day, Swift and Bolingbroke for instance railed against the new system and tried to strangle it at its birth. Circumstances were, however, too strong for them. Aided by the peculiarities of George I., who could not speak the English language and cared little for English politics except that the Whigs should be in power, the Cabinet system and its Offspring, Party government, thrived apace. It was early in the reign of George II. that the Party system was brought nearer to a logical perfection by the evolution of a recognised Opposition—a party whose aim and end was to oppose the party in power, and endeavour to turn

them out of office. This no doubt inevitable development was due to the brilliant brain of Pulteney. In the words of Mr. Justin McCarthy:

With Pulteney and his tactics began the party organisation which, inside the House of Commons and outside, works unceasingly with tongue and pen, with open antagonism and underhand intrigue, with all the various social as well as political influences—the pamphlet, the Press, the petticoat, even the pulpit—to discredit everything done by the men in office, to turn public opinion against them, and, if possible, to overthrow them. . . . Inside the House he made it his business to form a party which should assail the Ministry on all points, lie in wait to find occasion for attacking it, attack it rightly or wrongly, attacks even at the risk of exposing national weakness or bringing on national danger, keep attacking it always. . . . Pulteney and his companion set themselves to appeal especially to the prejudices, passions, and ignorance of the vulgar herd. They made it their business to create a public opinion of their own. They dealt in the manufacture of public opinion.

"History of the Four Georges."

Such a party was a novelty then—more, indeed, of a temporary faction than a permanent party—but similar tactics have been, as Mr. McCarthy goes on to say, "unquestionably the policy of all our more modern English parties."

George II. was but little more of an Englishman than his predecessor, and by the time George III. ascended the throne Ministers had begun to feel themselves as much dependent on Parliament as on the Crown. This king spent nearly the whole of his long reign in struggling to regain the old regal right of appointing and dismissing Ministers at his pleasure, but with little success; and after his death the theory of the Ministers' practical independence of the Crown was generally acknowledged. We see, then, that Party government in its early stages was of some service to the country, at all events from the democrats' point of view. It enabled England, quietly and gradually, to effect the great reform of transferring the real governing power from the king to the representatives of the people—a reform only achieved in France by means of bloody and terrible revolutions—a reform which Germany has not fully accomplished even yet. No doubt, this transference of power could have been effected without the aid of Party government,

"You must begin by distinguishing two great developments which have taken place in modern England—the development which has given so much power to the representative assembly, and the other which [*unclear*: has] given so much power to the Minister. You must consider also that [*unclear*: be] wields this power in accordance with the rules of the Party system. These things are wholly distinct. Parliament might have [*unclear*: gained] supreme power, and yet the Minister might not have taken the place of the Crown. And again, these things might have happened without the establishment of that strict Party system which we see."—"Introduction to Political Science."—Sir J. R. Seeley, K.C.M.G.

but this system materially assisted to make the reform more easy, more complete, and more peaceful.

At the beginning of the present reign, Party government, though firmly established, was still something very different from the system to which we are accustomed. The legislative power, for instance, was still, to a large extent, in the hands of the House. Measures of first importance were frequently introduced by "private members." This is now considered unconstitutional, and the time allowed during the session to private members is rapidly approaching the vanishing point. In short, the Cabinet, having deprived the king of his power, now proceeded to rob the Commons of theirs, and thereby to impair the liberty of the people; and on these lines the system has continued to grow and develop ever since, until now the Prime Minister may fairly be said, in the words of Professor Seeley, to have "taken the place of the Crown."

This assumption of legislative power by the Cabinet is clearly opposed to the best interests of the people. The words of Blackstone are as true now as when he wrote them:

Whenever the power of making and that of enforcing the laws are united together, there can be no public liberty . . . Where the legislative and executive authority are in distinct hands, the former will take care not to entrust the latter with so large a power as may tend to the subversion of its own independence, and therewith of the liberty of the subject.

"Commentaries," Bk. I., Chapter 2.

The question now arises, Why is it that Party government, which in its early stages did England good service, should have developed rapidly in England, and much more rapidly elsewhere, into the harmful and immoral system we now know so well? The answer is, that the seeds of decay were in the system from the first. At the time of its birth, England was divided into two great parties, Whigs and Tories, parties to which the well-known definition of Burke might fairly be applied—"A body of men united for promoting by their joint endeavours the national interest upon some particular principle in which they are all agreed." So long as principle was the foundation of the parties, little harm was done by Party government. Burke himself (in spite of Goldsmith's accusation that he "narrowed his mind, and to party gave up what was meant for mankind") deserted his party as soon as, in his opinion, his party proved false to its principles. Parties based on principle

are, by their very nature, temporary. Perhaps the reform desired is effected, and the *raison d'être* of the party is no more. If the unifying principle is mainly a negative one, such as the preservation of ancient time honoured institutions and a general dislike for change, the party has a longer chance of life, and we see at once why the Conservative Party in England exhibits more continuity and cohesion than the Liberals. But, even then, new times demand new method and members of the party will differ on every new question which comes to the front. Now, Party government could not work on these terms. It must have permanent parties; these must be divided by as sharp a line as possible, and their members must look upon "party loyalty" as the supreme virtue, regardless of their personal opinions. Such parties being essential to the working of the system, have accordingly, sooner or latter, been evolved, and may fairly be called artificial parties in contradistinction to Burke's natural parties of men united by principle.

The most completely-developed organisations of this nature are, no doubt, the two great parties in America—the Republicans and Democrats. They were once supposed to represent respectively, the centripetal and centrifugal tendencies in government; but for a long time they have been without any definite discoverable principles. As Mr. Bryce says:

The chief practical issues which once divided them have been settled. Some others have not been settled; but as regards these, one or other party has so departed from its former attitude, that we cannot [unclear: nov] speak of any conflict of principles. . . . Neither party has any principles, any distinctive tenets. Both have traditions; both claim to have tendencies. Both have certainly war cries, organisation, interests enlisted in their support. But those interests are in the main the interests of getting or keeping the patronage of the Government. Tenets and politics, points of political doctrine and points of political practice, [unclear: have] all but vanished. They have not been thrown away, but have been stripped away by time and the progress of events, fulfilling some policies, blotting out others. All have been lost, except office, or the hope of it.

"The American Commonwealth."

In England the two historic parties retain some of their old principles, and still more of their traditions; and this, by itself, is sufficient to account for the evils of Party government being [unclear: so] much less striking there than in the Colonies, in France, or in America; nevertheless, the steady advance towards the artificial political party is very marked. The Tories have a larger residuum of original principles than their opponents; yet we have seen them, in 1867, pass a Reform Bill, for widening the [unclear: suffrage] on more democratic lines than Mr. Gladstone's Bill, which they had previously opposed on the ground of its ultra-democratic character. We have seen them again, in their anxiety to "dish the Whigs," pass a Free Education Bill in 1891, which must have been gall and bitterness to a large proportion of their party. But there is no need to accumulate proof of a fact so generally recognised. This gradual transition towards the purely artificial party demanded by this system of government has often been noticed and deplored by writers on such subjects, and by the Lore conscientious politicians. The manner in which the change has been brought about, and its general effect on public life, are well expressed in the following few lines by Mr. Auberon Herbert:—

Organisation, like many other things, is an excellent servant, but a most evil master. So long as we use organisation to push some definite opinion—in other words, so long as it expresses true agreement among the organised—it is a right instrument to use; but the moment we subordinate opinions and ends to organisation, giving up a part of ourselves, Acquiescing where we have no real sympathy, adding our personal weight and force to measures or doctrines which are not a truthful expression of ourselves, it becomes a most evil and soul-destroying thing. . . . Professedly existing merely to express opinion, it (i e., political organisation) has encroached and encroached, until, to a large extent, it dictates opinion. We have been learning far too much to shape our opinions to give effect to our organisations, instead of shaping our organisations to give effect to our opinions.

"New Review," February, 1894.

We have now traced the origin of the Party system of government, and of the political or artificial party which that Eastern inevitably develops—a party united merely for the purpose of obtaining or retaining power. We have still to Examine what are the effects of this system. In brief, the effects are little short of disastrous both to administration and legislation; while the general tone of the political world is lowered and demoralised. Self-preservation being the first law of nature, the greater part of the energies of the Government is necessarily devoted to maintaining its own existence against the attacks of the Opposition; and the main desire of the *outs* is not to see that *She ins* govern well, but to make it impossible for them to govern at all, to demonstrate their incapacity to the country, and to secure the power for themselves. Moreover, the main reasons which must influence a Premier in the selection of his colleagues I makes it little more than an accident if any of them have any marked administrative ability. He is obliged to look on [unclear: goo] fighting power in debate

The system of *debating* (originally, one would presume, a [unclear: me] aid to legislation) has grown out into a principal object, a great end [unclear: in] itself, with a special set of rules and notions which have no [unclear: connection] whatever with efficient law-making. Men are made Ministers, [unclear: Und] Ministers,

and Secretaries, judges, ambassadors, governors, [unclear: cons] anything in the world, by more or less readiness in putting together [unclear: a] few adroit sentences. . . . The thing is too ancient a by-word to [unclear: be] dwelt on here. All that is now suggested is the doubt if the system [unclear: has] not been abused almost till it bursts. Can any qualities of [unclear: mind] character be less like those which are needed to carry through the [unclear: most] arduous of political tasks?—"Order and Progress," by Frederic [unclear: Harrison]. and tact in Party management as [unclear: the] first qualifications; he has to consider past services rendered [unclear: to] the party: he has personal friends to promote, and [unclear: not] infrequently he feels compelled to try, by an otter of office, [unclear: to] secure the adherence of some waverer. The main [unclear: consideration] all through is the Party, and not the country. Even if, by [unclear: some] lucky chance, one or two good administrators should be selected, the necessary struggle to keep their places and to "keep the party together" leaves them little leisure to attend properly [unclear: to] their duties. In addition to this, the uncertain and usually [unclear: brief] life of ministries assists to prevent even the most [unclear: conscientious] minister from obtaining that thorough mastery of the details [unclear: of] his department, which we all, in private life, know to [unclear: be] essential to the successful management of any business.

The result of this intrigue and favouritism in the [unclear: appointment] of ministers, and of their subsequent want of knowledge [unclear: and] experience, is that the real government of the country [unclear: is] excepting under exceptional circumstances, left to the [unclear: permanent] heads of the departments, subject to a little interference for Party reasons. That this leads directly to extravagance, inefficiency bureaucracy, is obvious, and need not be enlarged upon. The effect on foreign policy is even more dangerous, and [unclear: show] clearly the folly of the real principle of Party government—namely, that "Unless a house be divided against itself, it cannot stand." Lord Salisbury, in a speech at Glasgow some years [unclear: ago], pointed out the great difficulty of managing Foreign affairs, [unclear: and] even the Government of India, with Party feeling "so [unclear: much] more bitter" than it used to be. He said:

Combination of the Party system and the electric telegraph [unclear: will] shake your Empire to its base. . . . And therefore, thought the diminution of Party action in domestic affairs is a counsel of [unclear: perfection] to which I do not for a moment aspire, I do venture to impress upon you the paramount duty of discouraging, as far as possible, the operation of our Party system upon the vast and tremendous interests which we have at all events abroad, whether they are in countries where our own dominions are concerned, or whether they are in countries that live under other potentates.

The Times, May 21, 1891.

Lord Salisbury was, of course, referring to the difficulties caused by an Opposition anxious to discredit and defeat the Government. A somewhat different source of danger to our Foreign policy, under the Party system, is well exemplified by the following extract from a private letter, written in April, 1879, by the late Lord Derby—a patriotic statesman of the first rank, who, it will be remembered, severed himself from the Disraeli Government in 1878, owing to the Premier's "Jingo Policy," by which he drove England to the very verge of war with Russia. Lord Derby writes:—

I do not believe that Lord Beaconsfield ever wished for a war, or that he cared really to alter materially the conditions of the San Stefano arrangement. But without a diplomatic success—no matter how short lived—his Ministry would have been in great danger, and he preferred the risk of war to that of personal failure. . . . Perhaps it is impossible to be for thirty years a party leader without coming to consider that keeping the party together is the one result for which everything else must be risked. At any rate, I am sure that has been the object of the proceedings of 1878; and as a Party move they seem to have answered. But I cannot think them safe or wise in a national point of view.

The Sneaker, April. 1893.

Such examples as these might easily be multiplied; but we must pass on to consider the effects of Party on legislation.

It is an old saying that "bad laws well administered are better than good laws badly administered." Unfortunately, however, the Party system makes the existence of the Government depend more on its legislation than its administration. It necessitates each Government having a "policy," which is usually framed more in the interests of the party than the country, whether important legislative measures are really necessary for the country or not, they are always necessary for the Party, for no Party can hope to succeed without a "live policy" and a good battle-cry. The very basis of Party government is the wholly fallacious idea that in every country there must always be some "question" before the public of sufficient importance to keep two opposing parties compact and distinct. As this is seldom really the case, the main work of Party leaders is to provide [unclear: such] questions, and to try and excite throughout the country [unclear: a] artificial enthusiasm for and against them.

In normal times the occupations of legislatures and [unclear: governments] will be matters of current administration, not one of which is likely [unclear: to] form an issue of sufficient importance to swallow up all

the rest, [unclear: and] form a rational ground for the division of the nation into two [unclear: organised] parties, struggling each to place its leaders in exclusive possession of the powers of the State. In the second place, questions of expediency, however important, do not last for ever; in one way or another they are settled, and disappear from the political scene. Slavery dies and [unclear: is] buried. Parliamentary reform is carried out with all its corollaries, and becomes a thing of the past. What is to follow? Another question [unclear: of] sufficient importance to warrant a division of the nation into parties must be found. But suppose no such question exists, are we to manufacture one? That is the work to which the wire-pullers devote themselves [unclear: in] democracies governed by party.—GOLDWIN SMITH, [unclear: macmillan's] Magazine., 1877. This is the explanation, not only of the amazing hollowness of Party fights, but [unclear: all] of the extraordinary number of legislative measures [unclear: brought] forward by every Government under the Party system—[unclear: manures] which, not infrequently, it is never intended or desired should [unclear: be] passed. Artificial questions, indeed, suit the system much [unclear: better] than real ones, for enthusiastic convictions and honest principles interfere sadly with the smooth working of the Party machine. On the rare occasions when a nation is stirred to [unclear: its] depths by some great issue—like that before America the other day as to the advisability of returning to the "dollar of their forefathers"—the outlines of the artificial parties are temporarily obliterated, and the new lines of cleavage disturb and annoy the professional Party leader, and may even engulf him altogether.

The "policy measures" are therefore necessarily decided upon with great care. They are then discussed in Cabinet meetings—an ordeal from which a bill often emerges robbed of any consistency it might have had if it had been the sole work of one man, and sometimes in such a changed form as to cause its originator to hope it may never pass. The key of the [unclear: situation] is, of course, with the premier. He has chosen his colleagues, and can dismiss them, or even threaten to resign. If a strong man, he has probably taken good care to have no rival in the Cabinet. There are strong ministers and weak ones. The latter will sacrifice their own principles at the bidding of any small [unclear: but] irreconcilable faction of their Party. The former will decide on the outlines and details of their measures, and then force them on the House with almost as little regard for the feelings of their followers as they have for those of the Opposition. As John Morley says:—

On the one hand, a leader is lavishly panegyrised for his high-mindedness in suffering himself to be driven into his convictions by his Party. On the other, a Party is extolled for its political tact in suffering itself to be forced out of its convictions by its leader. It is hard to decide which is the more discreditable and demoralising sight.

"Compromise."

The nature of the legislation proposed would not, however, be a matter of so much moment, if every measure introduced were sure of an honest discussion on its merits by both Houses of Parliament. But, unfortunately, this is rarely if ever the case. And it must continue to be rarely the case, so long as Party is the uppermost thought in every member's mind; so long as the downfall of a Ministry, with its wide-spreading consequences, is hanging on the result of the debate; and so long as the power of recommending a dissolution is in the hands of the Premier. A member who would dare to disregard his party, and to speak and vote on a mere consideration of the right and the wrong, would be looked on with indignation and contempt by other public men. If he escaped being termed "traitor," he would at least be considered henceforth as quite unreliable, and, of course, "unfit for office." Such a hopeless perversion of morality as this can only be explained by the fact that even the best of men cannot serve two masters—either Party or Patriotism must be the first consideration. As Thackeray puts it: "We do not call it lying; we all it voting for our party" That this evil is inevitable under the Party system is admitted by no less an authority than Lord Salisbury, who is liable to occasional fits of frankness—or indiscretion, as his fellow-politicians call it. In the speech previously referred to, he says:

The evil of which we have to complain arises from this—that each member of the House of Commons has at the same time to perform two different duties. When you are voting here for a measure for the City of Glasgow, you only think whether the measure is a good one or a bad one according to your judgment, and you give your votes, whatever they may be. But when you are in the House of Commons voting for a measure, do you also think, "How will this effect my principal object, to turn out the Government to which I object, if I pass this Bill, and give the Government the credit of passing a useful measure which may confirm them in their seats? I had better oppose this Bill; I [unclear: had] vote for any amendment which may throw out the Bill, or I had [unclear: be] make a long speech which will occupy the time in which the Bill [unclear: will] otherwise pass." That double object pursues, and necessarily [unclear: a] pursue, all party men, to whatever side they belong, but it has [unclear: a] disastrous effect upon legislation.

The Times, May, 21, 1891.

Advocates for the Party system sometimes contend [unclear: that] without it there would be none of that watchful criticism [unclear: which] the best interests of legislation and administration alike [unclear: require]—none of that "eternal vigilance" which is the; "[unclear: price] liberty." It is difficult to see, however, how this can be

[unclear: seric] argued. The absence of Party government does not [unclear: imply] absence of parties, still less of differences of opinion. [unclear: Inste] the present style of criticism, the main object of which [unclear: is] injure the other side as much as possible both in the [unclear: Ho] and in the country, with any weapons that come to [unclear: hand,] might then hope for the honest expression of each [unclear: membe] own views. Instead of the misrepresentation, the *ad* [unclear: capto] arguments and special-pleading speeches, which aim at [unclear: making] point at the expense of the other side rather than at [unclear: getting] the bottom of the question at issue—a style of debate [unclear: wh] makes the House so congenial to the lawyers, and, we may [unclear: a] to the pressmen—we might then reasonably look for a [unclear: critice] not less sharp and far more honest, and therefore of much [unclear: gre] service to the country.

Much might be said as to the more indirect evils which [unclear: th] Party system entails on legislation, such as the great [unclear: waste] time, ability, and energy it involves. Not infrequently, in [unclear: th] House of Commons, the greater part of the day and [unclear: night] spent in rabid attacks by one side on the other, in [unclear: mut] recriminations, in raising needless points of order and [unclear: question] of privilege; and it is only when the physically weaker [unclear: member] have been obliged to retire, and when those remaining [unclear: are] mind and temper absolutely unfit to criticise carefully [unclear: th] simplest bill, that the real business of the country is a[unclear: approac] Both sides of the House keep their "eternal vigilance" [unclear: f] watching each other—like cat and dog. They use the [unclear: best] their brain power and their animal vitality for party free [unclear: figh] and when at last they come to legitimate business they can [unclear: on] bring to its consideration disordered tempers and jaded [unclear: intellec] The result is a protracted and expensive session, in which much [unclear: ll]-blood is roused and very little good work done. Acts are [unclear: passed] which can only be interpreted through much litigation; [unclear: and,] even when the meaning is clear, they are often so ill-[unclear: considered] that an amending Act is necessary the next session. Sometimes important measures and estimates are rushed through [unclear: a] worn-out and inattentive House in the last few days of a [unclear: ession] by an unscrupulous Government—measures which would have had no chance before a House alive to its real duties and responsibilities. The choice of bills to be rushed through in this manner is, of course, entirely in the hands of the Government. Those of no immediate interest to the party are ruthlessly sacrificed. They are added to that list of failures—witnesses to the folly of the Party system of legislation—which are abandoned without discussion at the end of every session. So regular has this practice become, that the "massacre of the innocents" is now one of the recognised phrases of political slang.

Such are some of the more prominent effects of the Party system on legislation. We must now very briefly consider how it affects the politicians, the Press, and the public.

One of the very worst evils of the Party system is the class of men it inevitably attracts. The more complete the evolution of the purely artificial political party, the worse is the average character of the politicians; and necessarily so. The successful leader of such a party must be an astute man, physically robust, so as to be able to stand the wear and tear of Party strife; without principles, and unhampered by conscience; plausible, and fond of intrigue, and skilled "to make the worse appear the better reason." And his followers must be more or less like unto himself. In the United States, where artificial parties are most fully developed, the character of the average wire-puller and party "boss" is simply beneath contempt; but to give this as the reason for the degradation of their politics is to mistake cause and effect. If a thoroughly honest, patriotic man were, by some oversight of the party agents, elected to Congress, he would find himself debarred from any chance of rising to eminence and power unless he was prepared to throw honour to the winds and to revise completely his code of morality. Even in England, where the opposing parties have still some remnants of principle, we see Mr. Balfour pronounced a failure, and Mr. Chamberlain looked upon as his only possible successor. The Party system, in short, tends to foster and develop in its followers all [unclear: th] worst failings of human nature—malice, hatred, and [unclear: a] uncharitableness, and above all, dishonesty.

Among the bad effects of Party is to be reckoned the [unclear: want] candour it necessarily produces. Few men can enter into the [unclear: hest] political contention, backed by a body of friends who [unclear: animate] support each other, without attributing to their [unclear: adversaries] intentions and corrupt motives, of which they are no more capable [unclear: th] themselves. Another evil is, that men become unwilling to give [unclear: way] the natural bent of their minds when their understandings [unclear: would] them to admit any error upon which their adversaries have [unclear: insisted,] to render them liable to reproach for weakness and [unclear: inconsiste]. Obstinacy in supporting wrong because an admission of what was [unclear: right] and true would give a triumph to opposition has led many a Minister [unclear: of] England into a course injurious to the country.—"The [unclear: English] Government and Constitution," Earl Russell.

There is another cause of degradation to politicians [unclear: whi] must not be passed over without notice, and that is the [unclear: growing] tendency to look on members of Parliament as delegates [unclear: rather] than as representatives. This is directly due to the fact that [unclear: th] Party system is slowly but surely transforming Parliament [unclear: from] a deliberative assembly to a mere voting machine. It [unclear: would]

impossible to contend that a member should first [unclear: receive] instructions from his constituents as to how he was to vote, [unclear: an] thereafter sit in Parliament and deliberate carefully [unclear: on] measures brought before him. What is the use of his [unclear: forming] honest opinion from the arguments advanced, if he is [unclear: nevertheless] to vote as he is told? Can anything be more absurd than [unclear: that], in the words of Burke, "One set of men should deliberate; [unclear: and] another decide?" But if a member's sole duty is to try and [unclear: keep] in or turn out a Government, he might as well receive [unclear: hi] instructions from his constituents as not. Such a degradation [unclear: of] the once honourable position of Member of Parliament is [unclear: enough] to make Burke turn in his grave. His noble words are as true now as when he spoke them:—

Your representative owes you not his industry only, [unclear: but] judgment; and he betrays instead of serving you, if he sacrifice [unclear: it] your opinion. . . . Parliament is not a confess of [unclear: ambasa] from different and hostile interests. . . . it is a [unclear: deliberation] assembly of one nation, with one interest, that of the whole, [unclear: where] local purposes nor local prejudices ought to guide, but the [unclear: general] good. . . . You choose a member, indeed; but when yon [unclear: have] chosen him, he is not a member of Bristol, but a Member [unclear: of] Parliament.

The whole subject of "delegates or representatives" is one of great interest and importance, but all we need notice in this connection is, that the very idea of this suggested degradation of politicians is due to the artificial Party system. In this, as in other respects, it cannot be denied, and should not be forgotten, that it is Party government which degrades the politicians, and lot the politicians who "abuse" Party government.

The evils of a Party press are too conspicuous to need much comment. In every country under Party government the news-pipers attach themselves to one side or the other, and consequently—just as with the politicians—the interests of their party are their first, if not their only, consideration. In many cases, the political parties own, or at least subsidise, the papers, and the more devoid of principle the parties, so much the more degraded and virulent in tone is the Press. The following sketch of the American Press, of more than thirty years ago, might pass, with very little alteration, for that of any country under Party government; except that in England the private characters of public men are hardly considered "fair game" as yet:—

The present vitiated state of the public taste admits of no neutrality, no lukewarmness. The mangling of the public and private character of political men, the debasing of the motives of action of the loftiest and purest to a level with the meanest, the fomenting of party rage and party hate, these are the dishes that are devoured with most avidity. At this (lay no politician cares for the boldness, frankness, or integrity of an individual editor. He buys a paper because it is an agent of his Party, to promote or preserve its elevation. Whenever an editor undertakes to think for himself or to differ from party dictation, the party ceases to sustain him. The editors do but imitate our leading politicians, who themselves imitate the lawyers. They handle all political questions like hired advocates, and consider themselves as standing in that attitude before the country, and as such, feel justified in making the most of the cause in which they are enlisted—good or bad. All this is most pernicious, when we consider the immense influence they exercise over public opinion and public morals. Though a politically debased public Press is rather the consequence than the cause of a vitiated taste of public morals, yet such is the influence of the Press in augmenting such a state of morals, that nothing is better deserving of anxious care than the preserving it pure, independent, and respectable, and the removing from our institutions everything that bears upon it with a contrary tendency.

Essays by S. S. Nicholas, of Louiseville, 1863.

When we consider what a large proportion of the people read hardly anything else than their daily or weekly newspaper, and that, in a vast number of cases, the Press is their pulpit as [unclear: well] their platform, their only teacher in morality as well as [unclear: in] politics, the disastrous results that must needs follow [unclear: su] demoralisation become at once apparent. The argument [unclear: wi] force itself upon even the dullest mind, that if malice, [unclear: intrig] and lying are allowed in the most important matters, and [unclear: a] practised by the foremost men in the country, there can [unclear: be] harm in comparatively insignificant folk employing such tools [unclear: i] the minor matters of everyday life. And so it comes [unclear: about,] use the words of John Morley, "That the coarsest [unclear: political] standard is undoubtedly and finally applied over the whole [unclear: real] of human thought."

It is only fair to admit, in reference to the Colonial Press, [unclear: that] several of our best newspapers have warmly supported the [unclear: abolition] the Party system. Unfortunately, however, they are all apt to [unclear: overload] the subject just when attention to it is most necessary—when, [unclear: for] instance, a general election is at hand. One of the most [unclear: consisted] advocates of the reform is the *Sydney Bulletin*. The following [unclear: speci] of its vigorous English is taken from a recent article on the [unclear: introduction] of the Party system into the Constitution of the new Australian [unclear: Common] wealth:—

"The first voice raised in the Convention against importing [unclear: the] clumsy foolishness of government by contradiction into [unclear: the] Federal Legislature was that of Richard Baker, of [unclear:

South] Australia. . . . His theory (one which the [unclear: Bulletia] persistently advocated for many years) is compressible [unclear: into] four propositions—

- A system which required one party to uphold [unclear: practically] everything the Government does, however bad it [unclear: may] be, and another party to denounce practically [unclear: every] thing the Government does, however good it may [unclear: be,] demoralising.
- A system by which the country pays (say) 45 men [unclear: to] everything that is wanted, and (say) 35 men to [unclear: prove] them doing anything that is wanted, is idiotic.
- A system by which Parliament must accept or reject the whole Ministry, and must accept or reject the [unclear: whole] Ministerial policy—by which it can't keep Turner [unclear: and] throw out Duffy, or keep Reid and bounce the [unclear: fish-like] Gould, and according to which it can't accept [unclear: those] features of the Government policy that it wants [unclear: without] also accepting those it doesn't want, and under [unclear: which] can't have Freetrade without also approving [unclear: Rei] and his mendacious budget, or have Protection [unclear: without] cordially endorsing Lyne and his heavy-going Toryism—is utterly pig-headed.
- A system by which a great part of the time of the House is taken up by considering whether the Government shall be thrown out or not is wasteful and wearisome and utterly profitless.

The remedy advocated by this paper, and supported so unexpectedly by Baker, K.C.M.G., is the Swiss method of government whereby the House elects Ministers for a fixed term; retains the right to endorse or alter their policy, instead of merely retaining the right to follow them blindly or eject them blindly; has no want-of-confidence motions; and isn't compelled to support a bad administrator because he has become identified with a good policy, or support a bad policy in order to retain a good administrator. The utter accursedness of the Party system, if it is applied to the Federal Parliament, will be that it will be necessary to organise an Opposition, then it will be necessary to find something for the Opposition to quarrel about, and, when the quarrel is thus carefully constructed, it will open a breach which will keep open for centuries. Yet there must be an Opposition if the Party system is to last, and there must be a quarrel and a chronic row and a bitter animosity to keep the Opposition alive. Party government is bad enough in the old Legislatures where the quarrel is already established and in full blast; to import it into a new Legislature which might otherwise get along without any such established shindy is sheer insanity."

There is, in every party-ridden country, another evil, perhaps even more serious than this demoralisation—first of the Press and then by the Press; and that is, that, as the Party system lives by extremes, men of moderate views are practically prevented from taking any active share in the government. This is one of the causes which tend to make Party government "the least representative of governments." Of course, the result of the warring extremes is often a judicious compromise. It must needs be so; "for the excess of either party would disperse government into chaos, and therefore it is that Party politicians hope for a strong Opposition, and pray to be saved from themselves."

Still, there is no doubt that the Party system—

"directly tends to give extreme views an undue prominence and Importance, while moderate counsels are left disregarded. It leaves, in short, unrepresented the very views which are most sound, and perhaps most widely accepted. . . . A man may well hesitate to adopt either the immobility of one side, or the recklessness of the other. Yet he is bound to choose one or the other of these extremes, or renounce his share in the government of the country. And it consequently happens that the majority either hold aloof altogether, or give a lukewarm support [unclear: to] that party which seems to them to entertain the least objectionable views. Such a result cannot be regarded with indifference. To [unclear: alienate] the sympathies and support of the most worthy, and perhaps the [unclear: most] numerous, class of citizens cannot be the part of any good system of government; cannot but lead to serious mischief.

"Party and Patriotism," by Sydney E. Williams.

These and similar considerations might be enlarged upon at some length; but perhaps enough has been said to show cause, for believing that the reason for the "growing distrust and contempt for representative bodies," which, according to Mr. Lecky, "has been one of the most characteristic features of the closing years of the Nineteenth Century," is not Democracy in all, but simply the more perfect development of the system of Party government by permanent political parties. This truth will be made still clearer when we come to consider the position of Party government in New Zealand, and also the fundamental incompatibility of Party government and Democracy.

CHAPTER III.

Party Government in New Zealand.

"The devotion of factions to their chiefs, the reference of [unclear: patric] to party, and not to the common weal, perverted morality, and [unclear: co] founded the rules of right and wrong."—J. C. S. DE SISMONDI, on [unclear: the] cause of the decline of liberty and virtue in the Italian Republics.

Just as the Pilgrim Fathers of New England framed [unclear: th] Constitution of the United States as nearly as possible after [unclear: th] model of their ideas of the British Constitution under [unclear: George] III., so the Constitution granted to the Pilgrim Father [unclear: of] New Zealand was as close a copy as the [unclear: circumstances] would permit of the British Parliamentary institutions [unclear: of] the time. It was inevitable that this should be the [unclear: ca]. Only the most farseeing statesmen could have foretold [unclear: wh] was likely to be the result of transplanting the [unclear: Cabi] and Party system into a young colony with no natural [unclear: parti] Now, however, with our added experience of nearly half a century—experience of the development of the system in other countries and colonies as well as our own—it is high time for us to examine the tacit assumption that whatever was once good for England must therefore, necessarily, in spite of suffering such sea-change as to be hardly recognisable, be now and henceforth the most suitable system possible for a democratic colony, with nothing in common with the Old Country except the race of its inhabitants. Mr Justin McCarthy hit the nail on the head many years ago, when he said:

The conditions under which the colonies have to create a constitutional system are entirely different from those of England; so different, indeed, that there must be a certain danger of going astray simply from trying to follow England's example under circumstances entirely unlike those of England.

"Short History of Our Own Times."

In England, as we have seen, the two political parties have inherited, from the old historic Whigs and Tories, principles and traditions which have hitherto delayed the development of some of the worst evils of the Party system. In New Zealand there were, of course, no historic parties, so there was nothing to delay the evolution of the necessary artificial parties, excepting the high-minded public spirit of her early statesmen, and the peaceful and orderly character of the population. Even now, it is doubtful if there is in all the world a country more homogeneous as to its inhabitants, and better adapted in any way to be governed easily, economically, and without enmity or bitterness, on sound democratic lines. Instead of this, we find continual borrowing and reckless extravagance; we find the House of Representatives more like a bear-garden than an assembly of reasonable men anxious to forward the best interests of the country. And worse than this, we find all political means and methods—legislation, Administration, public speeches in the House and out of it—used to try and stir up ill-feelings and jealousies; to set class against class; to create and widen and crystallise slight differences of opinion; in short, to build up, by means of exaggeration and misrepresentation, the antagonistic artificial parties without which the party machinery would not work. It is not natural that there should be any marked class distinctions in a colony like this. Of course, the educated and the uneducated, the virtuous and the vicious, the successful and the unsuccessful, will always be with us, and equality (excepting in the sense of equality of opportunity) is an idle dream; but the object of wise rulers would be to minimise these differences as much as possible, and to endeavour to build up a contented and homogeneous nation. To draw a horizontal line through the community, and try to rouse ill-feelings between the two sides, is a crime against humanity and democracy.

It is quite obvious that in New Zealand it is not parties that instituted Party government, but the adoption of Party government which necessitated the formation of parties. Although an attempt has been made to apply the names of Liberals and Tories to the two opposing sides in New Zealand politics, it is abundantly clear that neither in the House nor in the country is there that distinctive division of opinion which those names would imply. Sir Harry Atkinson, Sir John Hall, and Mr. Rolleston are three typical Tories, according to the nomenclature of the day. Yet Sir Harry introduced the first legislation for the protection of the wages class—which was, of course, opposed by the other side of the House, and then copied by them when they came into power. He also introduced a carefully-considered scheme for old-age pensions. Mr. Rolleston gave us the most liberal land law known in this or probably any other country—the perpetual-lease principle, which was, however, shorn of much of its value to the country by the insertion, against his own wish, of a clause allowing the leaseholder the right to purchase the fee simple. This again has been travestied by the party now in power by their "lease in perpetuity"—a sort of copyhold tenure, by which the community parts with the land without either receiving its present cash value or reserving the future added value, which must accrue from increase of population and settlement. Then it was Sir John Hall who brought forward, session after session, his resolution in favour of conferring the franchise on women—a reform bitterly opposed by the now dominant party, and yet subsequently passed by them, obviously against their own convictions, in the hope that they would find their

reward in the grateful support of the new voters. We might add to this list the Hon. Mr. Bowen (who gave us our excellent system of national education) and other well-known names.

On the other hand, it has been the fate of the party styling themselves "Liberals," to pass some of the most capitalistic legislation in the history of the Colony, such as the propping up of two moribund financial institutions at the expense of the taxpayers, and the Mining Act amendments, enabling foreign syndicates to take up very extensive areas of ground. It might be a little unfair to judge a party by measures which did not become law, but a Ministry at all events must be judged by the Bills it introduces rather than by those which the House decides to pass; so various other Tory proposals (such as the Hon. Mr. McKenzie's Bill to limit the liberty of the Press) might be mentioned. It is unnecessary, however, to bring forward further evidence of this nature. To see what sort of principles really govern a Party Ministry, we have only to note the conduct of the leader of the House, and the occasions on which he insists on a strict party vote. On the appointment of Colonel Fraser, as Sergeant-at-Arms, the whips must account for every member of the party. When the great subject of the liquor trade and the Prohibition programme is before the House members are told they may vote as they see fit, the Government declining to stake its existence on such a trifle. When we come to the question as to whether the Premier is to have the appointment of the servants of the House, or whether the Government is to take over the management of the railways from the Commissioners, pressure is again put on members to "vote straight." The matters of vital importance are evidently those which tend to increase or decrease the power and patronage of the Government. Occasionally a strict Party vote is used to support a Minister when refusing the House some needful information, or even to express confidence in members of the Ministry who have broken not merely constitutional custom, but statute law; the idea obviously being that a vote of the House can condone any offence, and change wrong into right.

This fairly complete evolution of the artificial political party—devoid of anything worthy the name of principles—is the main reason why the evil effects of the Party system are so much more pronounced in New Zealand than in England. There are other reasons, however, such as the necessarily smaller number and inferior quality of the men from whom our administrators must be selected, which makes it so much the more ridiculous that they can only be chosen from one side of the House. A still more important reason lies in the fact that our Public Works, Railway, and Lands Departments offer great opportunities for corruption of various sorts. Were it not for these departments, indeed, it is not likely that the artificial party would yet have arrived at anything like its present state of perfection. So long as the spending or not spending of large sums in different districts depends on the decision of the Government, so long will they be able to retain their hold over constituencies, and, in many cases, practically dictate whom they shall return as their representatives. The present Premier has actually had the audacity, in a speech in the House, to advise an hon. member not to forget that his seat belonged to the Government and not to himself. Unfortunately, this is no doubt the case with regard to a large number of seats in the House, and, in the hope of increasing this number still further, a Loan Bill for a million sterling was passed during the session of 1896, the bulk of the sum to be spent practically where and when Ministers chose. It was, in short, a vast bribery fund for the General Election then at hand. In the days of our fathers the bribery of voters at an election was a common occurrence; but the candidate had to find his own bribery fund. It has been left to these later days to improve on that process by adding theft to bribery, and corrupting whole constituencies out of the public funds. Legislation has caused the old style of bribery to become practically extinct, and it can, if properly applied, be equally successful with the later form. As matters stand at present, a constituency must needs be exceptionally virtuous to elect an Opposition candidate, when it is known that, should the Government nominee be returned, the long-awaited-for public works—the new railway station, gaol, or whatever it may be—will be put in hand at once.

Two incidents which came under the present writer's own knowledge will serve to show how the Government departments can be used under our present system to influence the people's choice of representatives. In the first case, a country settler, who had been denouncing the Government in strong language, happened to mention subsequently that he was going to vote for their candidate. When charged with inconsistency, he explained that, if the Opposition man was returned, there would be no hope of a subsidy for a large bridge which, being near his farm, was a matter of great importance to him. The second case was that of a poor man trying to make a living out a small pastoral lease. He defended himself for supporting the Government candidate—a man without a single qualification for the position of legislator—on the ground that he might someday be in arrear with his rent, and what consideration was he likely to receive from the Lands Department if he was known to have opposed a Government man? It would be unfair to blame a man, with a wife and family to keep, for his want of public spirit. The blame really lies with the system which makes Ministers masters, instead of servants, of the people. That this settler's idea of the principle of land board administration, as now practised, is not entirely imaginary, will be admitted by those who have noted the changes brought about by the present Minister of Lands.

Mr Pirani (at the time one of the Government Party) on one occasion, in a speech in the House, "speaking

as a member of the Wellington Land Board, complained of the Minister's attitude towards the land boards, and said that, if it were continued, no man with any respect for himself would continue to act. It was high time the land boards were entrusted with sufficient means to enable them to resist any encroachments on their functions by any Minister."

It is obvious indeed to anyone that Government interference with the freedom of electors is a wide spread and growing evil in this Colony. Only during the last few years have we been liable to the shock of reading such paragraphs as the following in the daily press:—"It is alleged that a police official in Picton has since the general election been shifted to a more difficult and less lucrative position because of his refusal to vote for the Government candidate." The last two elections for the Wellington Suburbs seat have been very instructive. The disgraceful "Mulvaney letter episode" was however, only unique inasmuch as the facts were brought out in a court of law.

For doing this service to his country the Premier had the audacity to brand Mr Hislop as dishonourable! Surely, if B happens to find a letter in which A suggests to C a plot for stealing a mob of sheep, B would be very much to blame if he did not hand over the letter to the police at once. Yet it can hardly be asserted that such an illegal transfer of a few sheep is as great a crime against the community as the tampering with the purity of elections.

In the following election, necessitated by the unseating of Mr Wilford, the usual Government influence was brought to bear, and Mr Wilson was elected by the votes of public servants of the "right colour"—that is to say, of men who, whatever their political opinions, were, first of all, anxious to retain their means of livelihood.

The fact is undeniable, that the main principle on which the great departments of the Colony are now being administered is simply the principle of "keeping the Party together"—consolidating it, and making it the private and personal interest of each voter to vote for the Government nominee. The taxpayers' money is used on behalf of these nominees in various ways—from the travelling expenses of Ministers on electioneering "campaigns to expenditure on public works; and, to make sure that this expenditure of time and money will not be wasted, as attempt has even been made to extract from the Government candidates a written pledge to support the Premier. Burke once pointed out that the principle of "an indiscriminate support to Ministers is totally corrupt," that it "destroys the very end of government as a control, and is a general previous sanction to misgovernment." New Zealand has proved the truth of this observation to the letter. Disraeli once said that the first duty of a Premier was loyalty to his Party. So far have we advanced since then, that a more correct political maxim for the present day would seem to be that the first duty of a Party is loyalty to its chief—a maxim more immoral and certainly more deadly to liberty and good government than the older one.

In the words of Charles James Fox—words that should be painted in letters of gold round our legislative chambers—*the main object of good government should be to obtain independent where*. It would be difficult to imagine a system of representative government better calculated to produce dependent and subservient voters—both as to the electors and to the representatives when elected—than our present system. It is idle to object, as is often done, that these evils are merely an abuse of Party government—that the real evil consists in the character of the men we send to Parliament. The steady deterioration in the *personnel* of the House is an admitted and melancholy fact; but what sort of members can be expected when the first duty of a representative comes to be that he must truckle to the Government, and support it through thick and thin, in order to get fair play to his constituents? As to the Party system being "abused," either the interests of their country or the fortunes of their Party must dominate men's thoughts. If the former, then all Party traction are at an end: if the latter, then it is simply absurd to talk of party being abused. It is all abuse from first to last. You might as well talk of selfishness being abused, or dishonesty, or hypocrisy. The marked similarity, moreover, of the present state of things with Scherer's account of the political condition of France

See page 9.

shows that it is an inevitable evolution of the Party system as soon as unscrupulous men get possession of the Party machinery—as *they are certain to do sooner or later*; for the whole system places a premium on corruption, and gives an immense advantage to unprincipled politicians, who will not hesitate to use the public funds and work the public departments with a single eye towards keeping the party together and placing all power and patronage in the hands of the Premier.

To describe all the methods by which the departments are administered in the interests of party would be wearisome, and is not necessary. One or two may, however, be briefly mentioned; such as the moving of bodies of men, especially those on relief works, to districts where their votes are most needed. Analysis shows that no less a person than the Minister of Lands would have been defeated at the election of 1893 but for the "co-operative whose increase in numbers on the Otago Central railway shortly before election time was very noticeable.

Compare the following extract from the *Woodville Examiner* on the Pahiatua election of 1896:—"While we acknowledge Mr. O'Meara as; our member, we would point out to him that there is great dissatisfaction in

Woodville, Pahiatua, and Mangatainoka, the three centres of the electorate, over the fact that they have practically had no say in the election. Indeed, this feeling runs not only through the centres, but through a very large part of the settlements besides. Electors in these places feel that their decision has been overthrown by the vote of three or four camps of co-operative labourers, who have no interest in the district, who have been in it barely long enough to qualify, if so long, and who will very likely be away from the district in a couple of months. The feeling is very strong that it is hard to be beaten, not by our residents, but by utter strangers. And we would tell Mr. O'Meara, in all friendliness, that he must be prepared for any hard things that may be said about this, and they will be many. We strongly object to the Government interfering with elections, either by Ministers speaking in electorates after the issue of the writs, especially when they get all travelling expenses, including special trains, charged to the country; or by dumping a law hundred co-operative labourers into an electorate two months before an election. This has been done not only in the Pahiatua, but in several other electorates of the Colony."

The matter of the Government advertising in the newspapers all over the Colony is worthy of passing notice. This valuable patronage is, of course, mainly bestowed so as to build up a reliable Party Press; the editors and proprietors who are willing to sell their souls to the party in power, and to prove when necessary that black is white, being duly rewarded by an extra share of advertisements. As to ordinary political jobbery, it is carried on with a boldness, and to an extent, which must shock the public conscience, if it is not seared by too long acquaintance with Party politics. Very little of it, however, becomes known to the public; and when a case is brought up in the House, there is, of course, no satisfaction to be obtained. The following extract from one of the daily newspapers, though referring to a very small matter, is a characteristic sample of these cases:—

"Mr. Lang stated this afternoon that he had been informed that the contract for printing the Waipawa and Waikato rolls had been accepted at 7s., whereas a tender for 5s. 3d. had been put in. Mr. Lang wanted the matter cleared up, but he was told by the Colonial Secretary (Mr. Carroll) that it would be unwise to give this information piecemeal [unclear: as] the printing of the electoral rolls throughout the Colony. Mr. [unclear: Lang] 'Will you give that return?' Mr. Carroll: 'That will be decided when the matter comes up.' The matter did come up soon afterwards, and then the Premier declared that he would like the matter debated, which as Mr. G. Hutchison pointed out, meant that the return would [unclear: be] refused. The Premier also stated that he was not going to provide [unclear: his] opponents with pabulum to use against the Government. To this Mr. Hutchison replied that the inevitable conclusion was that underlying the pabulum asked for was something which might be used against the Government, and which pointed to jobbery and favouritism in [unclear: connection] with these rolls. Mr. Lang remarked that the man whose [unclear: tender] of 7s. was accepted was of the right colour, while the man who [unclear: tendered] at 5s. 3d. was not, yet the latter knew his work, and could have [unclear: carried] out the contract well. This was using the taxpayers money [unclear: for] rewarding the supporters of the Government. Mr. Crowther supported Mr. Lang, and strongly condemned the action of the Government in ignoring the reiterated recommendations of the Petitions Committee in favour of the petition of the late J. H. Field, of Auckland. Mr. Crowther spoke very warmly, and characterised Mr. Carroll's answer [unclear: to] Mr. Lang as being 'not only evasive, but insultingly evasive.' In reply, the Premier declared that the Government did not bind [unclear: themselves] accept either the lowest or any tender, and the tender referred to was [unclear: at] sweating price. To this a member interjected, 'But you [unclear: accepted] tender at 4s. 10d.' and the Premier then declared that it depended [unclear: upon] the place and circumstances."

One of the most serious results of administrative [unclear: corruption] we have left to the last; and that is the deterioration and degradation of the Civil Service which inevitably follows the adoption of the Party principle known as "The Spoils to the Victors." This evil has not yet attained the logical perfection we see in the United States; but it has gone far enough the lower the tone of the Civil Service; to make real or pretended adherence to the Government a most important qualification for office or Government emoluments; and, in short, to put a premium on time-serving hypocrisy. Nor is this policy merely carried out in a quiet and underhand manner. It has been boldly acknowledged, and even defended, by some of the leaders of the party now in power. Of course, in a country where so large a proportion of the population is, directly or indirectly, in the service of the Government, this is a far more serious matter than it would be in the case of such a country as England. It has often been suggested that the remedy for this evil is that no one in the employment of the Government should be allowed to vote! Such a clumsy, and only partially effective cure as the disfranchisement of a large number of worthy citizens is so unnecessary, and so opposed to democratic principles, that it need not be discussed, while we have as an alternative the sound and radical remedy of the annihilation of the permanent political party, which alone makes such tactics requisite or even possible.

It is almost needless, after what has already been said, to point out how Party government leads directly to gross extravagance in administration, and, in New Zealand at all events, makes borrowing a necessity. Only once, since the initiation of the Public Works scheme, has an earnest attempt been made to live within our

means. Sir Harry Atkinson—no doubt realising the madness of continued borrowing while money was steadily appreciating—reduced the cost of the Civil Service, and, by means of the "tapering-off policy," had virtually stopped the increase of the public debt, when the inevitable result happened. The party melted away, and he was promptly turned out of office. That his policy was, nevertheless, in accordance with the wishes of the country was obvious, from the fact that a large majority of the new House was pledged to a "non-borrowing, self-reliant" platform. The Ballance Ministry and then the Seddon Ministry made this their main battle-cry. They insisted on it on every occasion, in the House and outside, in speeches and financial statements. Perchance our leaders did protest too much; but whether they were ever in earnest or not about their "self-reliant policy" is not now the question. To those who knew the real nature of Party government, it was perfectly obvious that, whether they were in earnest or not, they would find it quite impossible to consolidate and keep together an artificial political party on those terms. The result proved the correctness of this view. The very men who had cried out for economy when they were in Opposition now became conspicuously extravagant in their administration. Not daring to borrow boldly in London, they contrived to tide over some years by means of increased [unclear: taxation] by using accumulated sinking funds, and by other [unclear: questionable] methods of "raising the wind." This divergence [unclear: between] practice and "policy" was disguised as long as possible by [unclear: m] leading and incorrect statements, and by unjustifiable [unclear: refusal] parliamentary returns. The truth had to come out some [unclear: time] however, and part of it may be seen in the following table, [unclear: take] from Mr. Seddon's financial statement of 1896:—

These figures need no comment, except that Sir Harry [unclear: Atkinson] rather than Mr. Ballance, was responsible for the position of [unclear: th] Colony's debt on March 31, 1892. Deception is, of course, [unclear: dis] carded, now that it is no longer possible, and one million [unclear: sterling] has been authorised, for one year's use only. This is [unclear: additional] evidence, if any were needed, to show how much principle [unclear: ther] is in the composition of a political party, and also to what [unclear: extent] the people really rule under Party government; for there [unclear: is] proof of any change of opinion, on the part of the people, [unclear: as] the necessity, or propriety, of a "self-reliant policy."

When we come to examine the effects of the Party [unclear: system] on the legislation of New Zealand, we find them [unclear: only] disastrous than its effects on administration. Much of [unclear: this,] course, is due to so many of our representatives being [unclear: qu] unfitted for legislators; but this again is chiefly due, as [unclear: already] pointed out, to our system of Government. It is the [unclear: time] serving truckler who can obtain from the Government [unclear: th] advantages of various sorts which his constituency desires; [unclear: mo] of which, if we had an adequate system of Local Government, should be outside the scope of the Central [unclear: Administration] altogether. It is useless to complain of the want of character [unclear: and] ability in our Parliamentary candidates or members, so long [unclear: a] the upright man of honour, who would decline to beg [unclear: favour] from a corrupt Government, must needs thereby [unclear: injure] constituency materially. He is little likely to stand for [unclear: election] and is still less likely to be elected; and even if returned, he would be so disgusted with the atmosphere of intrigue and chicanery, of envy, hatred, malice, and all uncharitableness, in which he would find himself during the session, that unless he were a man of unusual patriotism, he would be hardly likely to seek election again. The loss which the country suffers from the low level of morality and ability in its legislators—the direct result of Party government—is incalculable.

The effects of this system on our legislation are, briefly, of the same nature as those already noticed in the case of England, only so much the more pronounced, as the artificial political party is more fully developed here. Members do not even pretend that they vote according to their convictions. It is quite a common occurrence for them to speak strongly against a measure, and then express their intention of voting for it. We have become quite used to this sort of thing, and remarks such as the following (taken from the press reports of proceedings in the House) excite but little surprise and less disgust:—"Mr——was diametrically opposed to the bill, but as he had annexed himself to a certain extent to the Government party, he should fete for the second reading."

"Mr——had full confidence that the present Minister of lands would not abuse the power placed in his hands by this bill, but at the same time he did not like the principle of it, and if he were on the Opposition side of the House he should no doubt potest strongly against it."

And a comparatively honest member, one of the most straightforward men in the House, when announcing some time since that he could support the Government no longer, made the following ingenuous avowal, without any apparent sense of shame "Hitherto I have supported them, and, as a good Party man, I have often, in my constituency and in this House, endeavoured to defend them and their measures when I felt myself that I could not approve of them."

Parliament is supposed to be a deliberative assembly, one of its main objects being to discuss and decide on what is best for the country. What the valuation of its deliberation and criticism of proposed measures may be, under the present conditions, is easily surmised. Insincerity is the "hall-mark" of all legislation under the Party

system. The Premier, for instance, will introduce a measure of which he strongly disapproves. He will [unclear: spe] and vote for it, if he thinks it advisable to do so, while all [unclear: th] time he is quietly intriguing against it, putting up some of [unclear: h] own Party to stonewall, or arranging that it shall be [unclear: killed] some later stage. Sometimes, if he thinks it safe, he will [unclear: simp] rely on the Upper House throwing it out. This method has [unclear: th] extra advantage of enabling him to abuse the Legislative [unclear: Cou] cillors and giving a fresh battle-cry with which to go to [unclear: th] country. The Cabinet, of course, have complete control over [unclear: th] legislation. The "Standing Orders" are altered to suit [unclear: th] Government, and a "private member" practically cannot [unclear: g] even a resolution voted upon without the concurrence of [unclear: th] leader of the House.

We have, however, reached even a lower depth than [unclear: th] subserviency of Parliament. Just as Parliament is [unclear: supposed] be custodian of the rights and liberties of the people, so [unclear: th] Speaker is supposed to be the custodian of the rights and [unclear: libeties] of Parliament. Under a comparatively respectable [unclear: Party] government such as we see in England the Speaker is abot [unclear: al] parties, and treats the Government and the Opposition [unclear: wi] strict impartiality. In New Zealand, the present Ministry [unclear: ha] attempted to deprive the Speaker of his constitutional rights, [unclear: an] even to intimidate him, and that not without success. [unclear: The] appointment of the officers of the House (Hansard report, [unclear: in-]terpreters, assistants, messengers, &c.) was always made on [unclear: the] recommendation of the Speaker; but Mr Seddon, [unclear: anxious] secure this patronage for himself, ignored these [unclear: recommendations] and made several appointments on his own authority. [unclear: Sir] Hall brought the matter before the House as a question of [unclear: pri] lege; but of course the Party nominees on the Committee [unclear: o] Inquiry "voted straight," and the House robbed itself and [unclear: in] Speaker of their rights, thereby giving the world another [unclear: instance] of the fact that alterations of the Constitution, under [unclear: Party] government, are invariably in the direction of placing more [unclear: power] and patronage in the hands of the Government.

A further degradation of the Speaker was seen during [unclear: the] session of 1896. Acting under extreme pressure from [unclear: the] Government, he actually apologised to the Minister of Land [unclear: for] a well-deserved rebuke administered to him for coarse [unclear: and] parliamentary language. The apology was toned down [unclear: in] Hansard, but the fact remains. Later on a private member, [unclear: who] brought up a question of privilege very similar to that of the Minister of Lands (a personal attack in the Party press), was not even allowed to read the objectionable extract. It may be said that no strong Speaker would be guilty of partiality or subservience to any Government. But a Speaker is but human. His appointment depends mainly on the support of the Premier, and even his election to Parliament may be seriously jeopardised by a Government who will not scruple to use its influence and the tax payors' money to run one of its nominees against him.

Rapidly as we have advanced, it must not be thought, how-ever, that Party government has yet attained perfection in New Zealand. Compared with the Government Party, the Opposition is but a thing of shreds and patches, without cohesion or unanimity. It contains, if names must be given, a few Tories, a number of Radicals, and a sprinkling of Socialists—a fair representation, in fact, of the people of the Colony. Most of them have the courage of their opinions, and this, which should rewound to their credit, is the cause of great grief among orthodox politicians, who consider a strong and united Opposition as a necessary factor in the game.

As Mr Syme says:—"The position taken up by the advoeates of Party government is indeed an extraordinary one. They assume that strong Governments are desirable; but by a strong Government they mean a strong Party government—that is to say, a Government supported by an organised party and opposed by another organised party, with a proper balance of power between them—and they assign as a reason for having an organised Opposition that it is necessary there should be a check upon strong Governments. In other words, they want Party government, because by that means a strong Government may be kept in check. They want, in fact, to do and to undo at the same time and by the same means."—"Representative Government in England."

It is with some such idea of forming an organised Opposition that a "National Association" has been brought into existence, and it appears to have met with considerable success from Auckland to Otago. Whether, however, it is to prove a blessing or the reverse to New Zealand depends entirely on its methods of working and on the aim of its leaders. If it is content to turn out the present Government, reform parliamentary usages, and then dissolve, future generations will have good cause to reverence its memory. Unfortunately, however, it bears on its face certain marks of the permanent artificial Party—the curse of modern polities. I he very breadth and vagueness of its [unclear: schedul] of "principles" have a suspicious ring about them. Of course, [unclear: i] will be argued that two political parties will neutralise each [unclear: other] and do less harm than one; but this is very doubtful, as [unclear: th] resulting outbidding of each other for votes would most [unclear: likely] make the last state of New Zealand worse than the [unclear: presence]. This, however, is not the real question before the country. [unclear: The] true alternative to the present state of things is, not to [unclear: develop] our

system of Party government still further and make it [unclear: perfect], but rather to abolish it altogether. As Mr Labouchere says

Truth, June 25, 1896.

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To restore respect for parliamentary government is far more [unclear: im] portant than that "outs" should stalemate "ins." The primary [unclear: dut] of each elector should be to insist upon the House of [unclear: Commo] being made an effective legislative machine, and one able to [unclear: exeri] proper control over the Executive. As it is, it is neither one nor [unclear: the] other.

To effect this reform the Cabinet system—that [unclear: excrescence] on the body politic—must go. King George III. used to [unclear: mi] his ministers, that he might the better control them." King Demos must do the same. The full discussion of the [unclear: remedy] will, however, come later. In the meantime, we need only point out that the question is now ripe for decision. Although always theoretically sound, it is only of late years that it has become, not only eminently one of practical politics, but also the most urgent and pressing question of the day. And this we [unclear: owe] chiefly to Mr Seddon. It is mainly due to his strong will [unclear: and] unscrupulous determination that the one political party [unclear: ha] developed its inevitable fruits more rapidly than the other [unclear: side] of the House—more rapidly even than the parties in the other colonies. The abolition of the Party system has been strongly advocated by leading men both in Victoria and South Australia but there is little doubt that New Zealand, which has led the way in various other reforms, will in this, the most important of all, be again to the front.

Mr Lecky, in speaking of the United States, points out that—

There is one thing that is worse than corruption—it is [unclear: acquiescence] in corruption. No feature of American life strikes a stranger so powerfully as the extraordinary indifference, partly cynicism and partly [unclear: good] nature, with which notorious frauds and notorious corruption in the sphere of politics are viewed by American public opinion, notorious profligacy in public life and in the administration of public funds seems to excite little more than a disdainful smile. It is treated as very natural—as the normal result of the existing form of Government.

"Democracy and Liberty."

We have hardly as yet reached this depth of degradation in New Zealand; but we shall certainly be there before very long if we do not exert ourselves to rise up and break the Party "machine" to fragments before it becomes too strong for us.

CHAPTER IV.

Party Government and Democracy.

"The virtue, spirit, and essence of a House of Commons, consists in its being the express image of the feelings of the nation. . . . It was not instituted to be a control upon the people, as, of late, it has been taught by a doctrine of the most pernicious tendency. It was designed as a control for the people."—BURKE.

Some of the reasons which show the peculiar unsuitability of the Party system for a democratic government may be gathered from what has been said about our own politics in New Zealand. The subject is, however, of such an important nature as to warrant a somewhat closer inquiry.

There is no need to go back to Aristotle for definitions of an aristocracy or a democracy. Aristocracy, which to him meant government by the best, has become in modern thought hopelessly confused with oligarchy; while democracy, which according to Mazzini is a "Government freely consented to by all, and acting for all," was used by Aristotle to signify a government warped to [unclear: uit] the interests of a part—namely, the common or poorer classes. In modern phraseology, democracy simply stands for "a government in which everyone has a share," to use Professor Seeley's words. Even this is, of course, understood with limitations. Children and lunatics have no votes; nor, for other reasons, have criminals. These disqualifications might, perhaps, be added to with advantage. In a country where education is compulsory and free, it is doubtful if illiterates should be allowed to vote. The principle of "No representation without taxation" (which, [unclear: in] a heavily-indebted country, is just as truly Liberal a maxim as its converse) would disfranchise the inmates of charitable institutions, as they do not contribute in any way to the public revenues. [unclear: It] might be as well, also, if judges and stipendiary magistrates [unclear: were] authorised to add to the term of a criminal's incarceration [unclear: a] further sentence of disfranchisement for a number of years proportionate to the anti-social nature of his offence. Although [unclear: the] direct effect of this might be but small, it would have the [unclear:

valuable] indirect effect of increasing the public estimation of the value of [unclear: a] vote, and of emphasising the fact that it is a social and sacred [unclear: trust].

Taking democracies, however, as we find them, their [unclear: main] characteristic obviously is that all the people have political power. This fact alone increases the difficulty of government, and more especially of Party government. It is obvious, from what [unclear: we] have already seen of the permanent political party, and [unclear: the] methods which have to be adopted to "keep it together," [unclear: that] the more extended the franchise the more widespread the evils of the system must be. It is difficult to persuade the majority of men to take sides even on a real issue of considerable moment. When the issue put before them is a fictitious one, and obviously of no importance to themselves, the feat is impossible—by [unclear: far] means, at least. Party strife, with its accompanying tendency [unclear: to] look on politics as a game, has always been a failing of the "classes" rather than the "masses." As Sir Henry Maine says—

Party disputes were originally the occupation of [unclear: aristocracies] which joined in them because they loved the sport for its own sake; [unclear: an] the rest of the community followed one side or the other as its [unclear: client]. Now-a-days Party has become a force acting with vast [unclear: energy] multitudinous democracies, and a number of artificial contrivance [unclear: have] been invented for facilitating and stimulating its action. Yet, [unclear: in a] democracy, the fragment of political power falling to each man's [unclear: share] is so extremely small that it would be hardly possible, with all the [unclear: aid of] the caucus, the stump, and the campaign newspaper, to rouse the [unclear: interest] of thousands or millions of men, if Party was not coupled with [unclear: another] political force. This, to speak plainly, is corruption.

"Popular Government." Compare Earl Grey's statement [unclear: that] "Parliamentary government derives its whole force and power [unclear: from] the exercise of an influence akin to corruption."—" [unclear: Parliamentary] Government.

Experience teaches us that this statement is perfectly true. There is not a democratic country governed by permanent political parties which is not contaminated by public corruption of one sort or another. Even in the early days of Party government the intimate relation between the Party system and corruption was quite apparent to clear-sighted men. Sir Henry Maine goes on to say—

A story is current respecting a conversation of the great American, Alexander Hamilton, with a friend who expressed wonder at Hamilton's extreme admiration of so corrupt a system as that covered by the name of the British Constitution. Hamilton is said to have, in reply, expressed his belief that when the corruption came to an end the Constitution would fall to pieces. . . . Hamilton, of course, meant that amid the many difficulties of popular government, he doubted whether, in its English form, it could be carried on unless support was purchased by Governments.

The usual method in those days was to buy votes in Parliament. This has now been superseded by the bribing of constituencies to return members who will not require any further outlay, and even by the bribing of whole classes—granting them some advantages at the expense of the rest of the Community. It requires no explanation to show that class corruption and class legislation are quite incompatible with the "government of the whole for the whole."

Corruption of the people by the Government may be said to be enough to condemn any form of government, if only because it is fatal to the principle laid down by Fox (previously quoted) that the main object of good government is to obtain independent voters. In a democracy, however, purity of administration is much more essential than in any other form of government. The more democratic the country, the more closely are the State and the individual brought into contact, and necessarily so. Indeed, one of the most essential characteristics of Democracy is the increased and increasing use of the machinery of government in the interests of mankind. With an upright and patriotic Government this would act to the advantage of the community; but it is obvious that with a corrupt and self-seeking Government the more limited its sphere of action the better. And not only does a widely-extended field of administration make corruption indefinitely more dangerous to the community, it also makes it very much easier. The working of State railways, the retention of the fee simple of Crown lands, and the right of resumption by the State, at a fair price, of land already sold, are all experiments in State Socialism on the lines of the truest democracy; but they offer opportunities to a corrupt Government to demoralise the people, and thereby to degrade Democracy itself in the opinion of the unreflective but honest citizen. Even the co-operative scheme for public works has much to be said in its favour, if wisely and honestly administered, but the following extract from the *Auckland Herald* (although but a mild specimen of the sort of thing continually recurring) is enough to make thoughtful men almost despair of the future of their country if State Socialism and Party politics are to be allowed to advance hand in hand—

A number of men were employed at Pahiaqua, who were to be paid according to the measurements of the proper officer of the Public [unclear: Works] Department. That officer did his work; and, as he had no interest [unclear: in] defrauding the men, we have no doubt that his measurements [unclear: were] accurate and fair.

But the men, knowing this to be a Liberal Government, disputed these measurements, and apparently they [unclear: confided] their case to the Wellington Trades and Labour Council. The Ministers state to that Council that they believe the measurements of their officer to be accurate, but offer to "split the difference." They do not consider the money to be due, but they make the offer "simply as an [unclear: indieatis] on the part of the Government that they desire to act generously with the men." The "generosity" is to be exercised with the money [unclear: wrong] from the taxpayers by the yellow papers that have been in [unclear: circulation] lately. Have Ministers a right to be "generous" with public [unclear: money]. The fact is that the generosity is inspired by the belief that the Trades and Labour Council can make and unmake ministers, while those who pay [unclear: the] taxes have very little power or say in the matter. It would simplify proceedings if, after this, the Public Works Department received [unclear: instructions] to add one-half to the measurements of all these co-operative works.

As to the Editor's comment on the cause of the Ministers "generosity," we may point out, in passing, that the [unclear: recipients] of the Government bounty were taxpayers also—if only [unclear: through] the Customs House. The real cause of the safety of all [unclear: such] corruption is that the few receive direct, tangible, and [unclear: obvious] benefit, whereas the many pay for it by an addition to their taxation so small and unknown, in each particular case, that their resentment is not roused sufficiently to make them resist the robbery and stop the abuse. Instances of somewhat similar [unclear: corruption] by the Lands, Railway, and other departments could easily be given, but perhaps it is unnecessary to say more on this point.

The following extract will serve to show that the [unclear: dangerous] nature of this unholy alliance between State Socialism [unclear: and] Party Government is widely recognised. It is from an article entitled "Why Not Abolish Party Government?" which appeared in the *Speaker* (the ablest English Liberal Weekly paper:—I "Apart from the sweetening of public life, what seems to me to specially recommend the abolition of Party government is the near advent of 'Collectivism.' The combination of State Socialism with Party government in a purely democratic State can lead to but one goal—national debauch, ending in national collapse. We see the tiling working out before our eyes in Australia—a reckless piling up of debt to create wages, each party outbidding the other in the evil competition, no party able to hold power for many months without sending to London to procure the sop with which to quiet its Cerberus. . . . But there are other ways of reaching disaster besides bankruptcy. If the struggle for place and the rancour of political life (in England) were to maintain their present level at a time when 40 per cent, of the electorate were in State or municipal employ, it would be impossible to maintain any order in the finances, any discipline in the services, any method in administrative business. In struggling madly for the votes of the State stokers, the municipal milk-pen, and the district dentists, the politicians would outbid one another in promises of high pay, short hours, easy tasks, and early pensions, until the whole fabric of English life came down in one mighty crash. We see a foretaste already of what would happen in the sordid manoeuvring for the police vote, the postal vote, and the school-teacher vote, in constituencies where such votes are potent."

One of the most generally-accepted principles of Democracy is that the majority must rule. Here again we see the hopeless incompatibility of the Party system and Democracy, for under Party government the majority does not rule, excepting quite occasionally and accidentally. Mr. Syme explains this apparent anomaly thus—

Government by Party is usually spoken of as if it were the same thing as government by the majority. This is a great mistake. It is true, as I have said, that the Government of the day is now chosen from the majority in Parliament; but it by no means follows from this that the Government is carried on by a parliamentary majority; on the contrary, we know that government by Party is not government by the majority, but government by the majority of the majority—that is to say, the majority of the party which has the majority in the House. And this majority of the majority may be, and often is, really a minority of Parliament. Let me explain what I mean by an illustration. . . . The Government introduce a Bill, some of the details of which are not acceptable to more than a bare majority of their supporters. The ministerial minority wish to amend it, and the amendments which they desire would also be acceptable to the whole of the Opposition. But Ministers refuse to give way, and the Bill is eventually carried, the whole of the ministerial following voting for it, rather than break up the Ministry. In this case the majority of the majority would be a very small minority of the whole House. Government by Party and government by the majority are therefore two very different things. Indeed, Party interests are often antagonistic to parliamentary government, or government by the majority.

"Representative Government in England."

As another acute writer says—"A Party government is essentially a weak government. It cannot venture to offend or, estrange anyone who commands votes. It is unable to grapple with the selfishness of local interests, sections, rings—the perpetual enemies of the common weal." And so, whenever, as is usually the case, the balance between the two permanent parties is fairly even, it becomes a very easy matter for a third party, compact and unanimous, though numerically insignificant, to bargain and intrigue with both sides—playing off one party against the other—until it discovers which is the more amenable to pressure—that is to say, which is

the least conscientious and the most anxious for office. Such a third party as this, consisting, perhaps, of a dozen members, or even less, is said to "hold the balance of power," and by the skilful use of ordinary Party tactics—by giving support in exchange for concessions—it is able to keep one side of the House in power so long as its demands are acceded to; and thus it imposes its will on the majority, and so practically governs the country. It would be easy to give examples of this, for it is of common occurrence in New Zealand and elsewhere; but no observer of contemporary politics will attempt to deny it, nor can anyone deny that it is an essentially anti-democratic state of affairs.

The mere position and standing of the Ministry under our present system is opposed to all democratic principle. Ministers were once servants of the King, appointed and dismissed at his pleasure. Now that the people is King, Ministers should bear very much the same relation to the representatives of the people as they once did to the Crown. Instead of this, the Premier (as Professor Seeley points out) rather than the people, has been invested with the royal power. The other Ministers naturally look to their chief—who has appointed and may dismiss them with feelings of loyalty and subservience which they do not extend to Parliament or the country. The Cabinet system—the parent of Party government—is at the bottom of this mischief, as it is also of the "collective responsibility" principle. There was a time when "responsible government" was no mere fiction; but no Minister is now really responsible at all. He can always shelter himself behind the Cabinet, and his colleagues must support him or fall with him. Mr. Syme describes the situation thus—

Ministers cannot be punished for wickedness of policy, however great, for folly, however disastrous, except if it should be in violation of an express statute—a circumstance never likely to occur. They are not punishable, even by solemn personal censure, for any wrong use of the enormous power committed to them, so long as they act together as a Party, observing the forms of routine. The fundamental idea of a Party is, that after they have collectively agreed on a policy, each individual is publicly to adopt it as his own, even though he dissuaded it previously in private, and is both to act for it, and to argue for it, as if he sincerely approved it. . . . Out of this fundamental subjection of individuals to the corporate vote rises a necessary inference, that it shall be concealed how each voted in the Cabinet. The Ministry could never show their faces publicly, as unanimously promoting a certain measure, if it were known which of them had previously opposed this very measure. Of course, that is kept in profound darkness. Not only so, but each one of them, being liable to the humiliation of having to argue in solemn Parliament against his secret sentiments, demands that no record shall be kept of the reasonings and votes in which his sincere judgment was testified. This is the essential difference between a Cabinet (which is nothing but a cabal) and a legitimate Privy Council, like that of Queen Elizabeth. In the latter a register is kept of every proceeding which leads to practical result; the presence of all is enforced; and each member signs his name for permanent record of his vote. It is then open afterwards to demand of the Sovereign the names of those who have given pernicious advice; hence to enforce the responsibility, though always difficult, is not wholly impossible. But so long as it is uncertain which of them apposed in secret Cabinet the baneful acts which they collectively carried out no legal punishment is imaginable, nor, indeed, any strong ban of parliamentary opinion. On the Ministry collectively no worse punishment can possibly fall than that of losing office temporarily; a lot which ordinarily befalls the most innocent of Cabinets from mere accident, as from the death of a leading man. And the contingency of such temporary displacement is called Responsibility! Ejectable, not responsible, is the word which describes the fact. Moreover, when they are ejected, the indignation which ejects them is cumulative; the final act is an occasion, not the cause; hence, their worst deeds avoid any public stigma, and often any parliamentary discussion.

"Representative Government in England."

For a concrete example of the great advantage this "collective ejectability"—and, indeed, the whole Party system—is to Ministers, and of the disadvantage it is to the country, we need only to look at one of our latest bumbles—the banking legislation of the last year or two. The country has been committed to the expenditure of an unknown number of millions to support the Bank of New Zealand, owing to the Cabinet having strongly recommended, and, indeed, forced through the House, in 1894, an initial advance of two millions—a sum which Parliament was assured was adequate to put the bank on a thoroughly [unclear: sound] footing. The House was misled by the Government, and the Government plead that they were misled by the representative of the bank. They appear to have accepted the statements of [unclear: an] interested person—Mr. John Murray—without obtaining any figures or other proof of their correctness. The country, by [unclear: its] representatives, should be in a position to sheet home such [unclear: gross] carelessness, such unbusiness-like imbecility, to the Minister or Ministers mainly responsible for it. This is, however, impossible. Even if any records had been kept of the Cabinet meeting of June 26, 1894, they would not be accessible to Parliament. The House then appointed a Committee to inquire into this matter, and into the amalgamation of the Colonial Bank with the Bank of New Zealand, which had also been carried, on the recommendation of the Government. But the inquiry was burked, as far [unclear: as] its main objects were concerned, by the Ministry forcing two of themselves on to the Committee, and filled up most of the other places with their own nominees.

This exhibition of the power of the Cabinet is only a [unclear: mild] sample (though a more expensive one to the country than [unclear: usually] of the fruits of Party government; but it shows how the "collective responsibility" principle prevents the people having any real control over Ministers, and also how any question can [unclear: be] made a Party question, if Ministers think it to their interest that it should be. Nothing can cure this but the complete [unclear: abolitions] of the Cabinet system, and the relegation of Ministers from their present position of masters, with power to threaten, to their rightful one of servants, whose duty it is to advise, the House.

Perhaps nothing shows more clearly the incompatibility [unclear: of] Democracy and Party government than the fact that this [unclear: system] is fatal to the real liberty of the people, and leads directly [unclear: to] despotism. Liberty is a word of various meanings; but in [unclear: this] connection what is meant is, of course, political liberty—that [unclear: is] to say, that—after due allowance is made for the necessary political fiction that the will of the majority is the will of the whole—every man has a fair share in making and enforcing the laws which [unclear: he] has to obey. Under our present system the people are practically not even allowed the elementary liberty of electing whom they choose for their representatives—so long as the "Government candidate" is supported by Government influence and the taxpayers' money. Not even with the utmost vigilance and vigour can the electors prevent an unscrupulous Party government exerting influence, direct or indirect, over elections. And with this liberty all is lost; for with representatives that are no representatives, but Government nominees, the people have no real control over administration or legislation. They are living under a despotism, and not in a Democracy. No doubt liberty is just as valuable a possession under a monarchy as in a Democracy. But there is this difference: a monarchy, or even an autocracy, can exist and flourish without the people having any real political liberty. A Democracy, under such circumstances, is not only impossible; it changes at once into a despotism of a peculiarly dangerous description.

The actual political equivalence of all citizens becomes the engine of a subtle and secret despotism, because the government is exercised in the name of the whole people, and all insurrection in pursuit of popular aims, as against a monarch or aristocracy, is out of the question. Public liberty is not ignored or defied, as in a State overtly governed by a despotic authority, but it is rather silently eaten away under all the forms of a Government holding its mandate from nothing else than the popular will.

"The Science of Politics," by Sheldon Amos, M. A.

Nothing is more essential in a Democracy than the adoption of carefully-considered political institutions, which will make for freedom, and thereafter the greatest vigilance to preserve them from deterioration.

This brings us naturally to the subject of local government; for all the best writers on political science are agreed that liberal local-governing institutions are the surest safeguard for the liberty the people, and, in a Democracy, may be said to be an absolute necessity. No Democracy, at all events, can hope to prosper without them; and it is worthy of note that in Switzerland (the only successful Democracy in existence) the system of local government is the most thorough and complete in the world. The clear-sighted De Tocqueville truly says—

A central administration enervates the nations in which it exists by incessantly diminishing their public spirit. It may contribute admirably to the transient greatness of a man, but it cannot ensure the durable prosperity of a nation.

Nor is it only as the best means of ensuring the [unclear: preservation] of public liberty that a liberal scheme of local government [unclear: is] valuable; it is also the best school for the political education [unclear: of] the people. John Stuart Mill says—

I have dealt in strong language on the importance of that [unclear: portion] of the operation of free institutions which may be called the [unclear: public] education of the citizens. Now, of this education, the local administrative institutions are the chief instruments.

To emphasise the importance of this education in a Democracy seems hardly necessary; for it is obvious that, where the power is, there should the knowledge and experience be also, and that [unclear: if] Democracy means government by the ignorant, it is doomed to [unclear: a] very brief existence. The manner in which these direct governing responsibilities furnish the needful education and [unclear: experience] is almost as obvious. They replace the comparative mystery which enshrouds a distant administration by publicity; they teach the useful lesson that the Government has no resources but the pockets of the taxpayers; and there is no better and [unclear: surer] way of fostering a desire for honest and economical administration than that all men should realise the immediate [unclear: connection] between expenditure and taxation. They teach, moreover, the general management of affairs, and so make both the State more useful to the citizen and the citizen more valuable to the State. Of course, to preserve the unity of a country its main legislation must always be centralised, and so must certain of the administrative departments; but all friends of Democracy should [unclear: insist] that the onus of proof lies with those who say that any particular act or department is best administered by the Central Government. This applies with particular force to New Zealand-[unclear: a]

country embracing different islands, several degrees of latitude, and various climates.

It is doubtful if there is another country in the world where, if only for geographical reasons, a sound system of local government is more necessary in the best interests of the people [unclear: or] more easy of accomplishment. Nor are we without local traditions of self-government. Just as in Switzerland the Cantons [unclear: are] older than the Confederation; just as in England the county, the parish, and the hundred are older than either the monarchy or Parliament; so in New Zealand some at least of our provincial settlements are older than our central authority. It is unfortunate that our Provincial Governments, when they fell a little out of repair, should have been ended rather than mended. They cannot now be revived; but something more of their old spirit of independence and self-reliance must be breathed into our local institutions if New Zealand is ever to be a successful Democracy. At least we must have municipal and county councils with liberal powers and an "assured finance," not liable to undue interference, not obliged to beg for subsidies, from Wellington. Roads and ridges must no longer be regarded as convenient means of corruption for the Central Government. The land boards and education boards should have their powers increased; and, speaking generally—for the subject is too vast a one to discuss in an incidental manner—the people should be encouraged in every possible way to manage their own affairs for themselves.

But what hope is there of any such reform so long as Party government is supreme? We have been promised a new Local Government Bill for the last two sessions, and some of its proposals have been made public; but when it is passed (unless Party government is abolished first), I for one shall be much surprised if it is any improvement whatever on the Counties and Municipal Acts of 1886, with their 176 pages of, for the most part, minute and vexatious restrictions and regulations as to the most insignificant details, their narrow limitations of the powers to frame bye-laws, and their general air of disinclination on the part of the central authorities to delegate any more of their powers than they could possibly avoid. So long as Party government exists it will be to the advantage of the Central Executive that all the revenues of the country shall pass through their hands, and that the local representatives should come to them, hat in hand, whenever a new bridge is needed over the Clutha or a new gaol at Blenheim. So long as Party government exists, we may hope in vain to see this country on a safe Democratic basis, with an active and intelligent centre of public life in every district, and a people educated and anxious to manage their own affairs with ability and economy.

To sum up briefly: We have shown that under government by Party, in a Democracy, corruption is absolutely inevitable, and that it is fatal to the safe extension of the sphere of Government action—an essential feature of any true Democracy. We have seen that the Party system is inconsistent with the political liberty of the people; that under its baneful influence the people, although appearing to rule, have really very little control over either administration or legislation; that, in short, its [unclear: nature] tendency is towards despotism. It is obvious, therefore, [unclear: that] Democracy and Party government cannot co-exist; the [unclear: fight] between them is a fight for life. That thought should help [unclear: to] nerve us for the struggle. As Dr Sandford Fleming (the [unclear: well] known Canadian statesman) says—

Our ancestors succeeded in overthrowing many theories which [unclear: were] destructive of the liberty of the subject and the well-being of the [unclear: nation]. We will be unworthy of our ancestry if, on our part, we hesitate [unclear: to] grapple with the theory of party supremacy and injustice, [unclear: however] strongly entrenched by prejudice and interest.

"On the Rectification of Parliament."

The ultimate result is not in doubt; but, in the [unclear: meantime] the bitter feelings, the low passions and sordid motives so [unclear: can] fully cultivated and excited by the Party system cause [unclear: incalculable] harm to the human race and bring discredit and [unclear: disgrace] on Democracy. The opinions of Mr Lecky (as touched upon [unclear: in] the first chapter) are not of importance because they are [unclear: his] opinions, but because they are shared by large numbers of the best citizens in all civilised States. If these worthy members [unclear: of] the community will but give the subject a somewhat closer [unclear: study], they cannot fail to discern what is the real disease from which the political world is suffering, and what the remedy must be.

The first step towards any improvement must be to recognise [unclear: the] truth about our actual system. In what is not so much a system [unclear: as] accretion of expedients, compromises, and adaptations, our obvious [unclear: duty] is to look at the realities behind the veil of contention and [unclear: usage;] test the true working power of forces apart from their [unclear: nominal] official strength; to gauge the efficient bearing capacity of the [unclear: venerable] devices which served as the piers of the original construction. The parody of Conservatism, which clings to names as if they were [unclear: things] which struggles to preserve the forms of institutions by forswearing [unclear: the] principles they exist to foster; which calls in the spirit of [unclear: anarchy] order to defend the symbols of order;—this is that dry-rot by [unclear: which] many States have passed through silent decay to ultimate ruin. [unclear: These] is nothing destructive in probing the rottenness and dilapidation of [unclear: old] institutions if our purpose be that they may be made equal to [unclear: their] actual requirements. Nor, again, is there anything Conservative [unclear: in] patching up with

gilding and paint the façade of old institutions which we know to be within, in many a cardinal feature, cumbrous, [unclear: ricket] and unwholesome. Institutions may often be altered without [unclear: destr] tion or harm; the true political evil is the tampering with organic [unclear: truth], which are the life of all societies. "Order and Progress," by Frederick Harrison.

No doubt the evil influence of our present system will disappear only gradually—the period of convalescence will be a difficult one in some respects; but that the result will be health and strength to the body politic is just as certain.

A pure Democracy is without doubt the best, if not the only permanent, form of government for any civilised and educated race: but it is a true old saying that *Corruptio optimi pessima*. And although it is true of all forms of States that "It is righteousness that exalteth a nation," it is especially true of Democracies. The greatest care is therefore needed to see that our institutions are calculated not only to preserve freedom to all, but also to train up the citizens of the future in the paths of integrity, honour, and fraternity. It is only necessary thus to set down what the aim and end of the political institutions in a Democracy should be to show once, more and finally how completely incompatible with such an ideal is any form of Party government.

CHAPTER V.

The Remedy.

"La Suisse, qui marche a l'avant garde des reformes démocratiques, nous a montré le chemin."—EMILE DE LAVELEYE.

Before discussing what is the most thorough and practical method of parliamentary reform, it may be well to meet the objection often raised, and more often dimly felt, that the British Constitution is a sacred institution, against which no impious hand should be uplifted. It might be sufficient to reply that it is the constitution of New Zealand with which we are concerned, and that as it is not yet half a century old, it can hardly be considered an object of reverence even by the most conservative. But we may go further, and point out to these objectors that the British Constitution is continually changing. One of its most valuable characteristics has been its power of alteration and adaptation to new times and circumstances, and, in short (to use the words of the Hon. T. A. Cockburn, Minister of Education, S.A.), "they are the innovators who would seek rigidly to [unclear: resis] further change."

"Review of Reviews," Australian Edition, April, 1895.

There has been very considerable alteration even in the short life of the Constitution of this country. [unclear: The] question to be considered is not "Shall we allow any change [unclear: in] our Constitution," but "Shall we allow it to be altered by [unclear: party] managers and dictators to their own advantage, and as they [unclear: se] fit, or shall we reform it with our eyes open, deliberately and intelligently, and in the direction of milking the people, through their representatives, real, and not merely nominal masters of the situation?"

It is objected again, that we cannot do this without passing statutes and inflicting a "Paper Constitution" on the country. We might reply that statutes have already been passed altering the New Zealand Constitution; and that even in England the Constitution is every year becoming more and more a matter [unclear: of] statute law. But we can again take much higher ground [unclear: then] this. Only those who have never studied the question at all [unclear: will] sneer at a "Paper Constitution." The necessary alternative—[unclear: as] omnipotent Parliament—has many obvious dangers, [unclear: mem] especially in a Democracy. "Trust the People," is a good rule [unclear: (If] one could understand it; who it is, for instance, who is to [unclear: trust] us); but "Trust the Politicians," is not a maxim that [unclear: has] hitherto commended itself to the intelligence of their employes. We have recently seen our own Parliament harking back to the [unclear: old] "Star Chamber" days, in the now famous farce of the fining of Mr. Watson £500 for his refusal to answer certain questions before the Banking Committee—a most dangerous precedent to [unclear: review]. Occasions of excitement or panic—in the House or the country—may lead to most injudicious action being taken, or laws being passed, which under a carefully-considered Constitution [unclear: would] have been impossible, at all events without first effecting a [unclear: chan] in the Constitution—a process which would allow time for [unclear: cah] reason and sound judgment to re-assert their sway. It is [unclear: worth] of note that in the United States men of all parties and [unclear: schol] of thought are agreed on this one point—that a written [unclear: as] statutory Constitution, to be interpreted by the highest [unclear: leg] court in the Republic, is absolutely necessary in the interests [unclear: of] sound and stable government. This opinion is well expressed [unclear: in] the following extract from a letter by "an eminent [unclear: America] publicist, Mr. Seth Low"—

So long as England's problem continues to be largely of this character (*i.e.*, democratising her system of government), her omnipotent Parliament will continue to be of service to her. When, however, this process is substantially completed, so that all men in England are politically equal, and all men equally enjoy the right to take part in the government of the country, the experience of the United States would indicate that an omnipotent Parliament would then be full of peril. The United States have enjoyed the measure of prosperity which they have had by trusting completely the whole of society. But written Constitutions, in the nation and in each of the States, protect at once the individual, the State, and the nation from hasty and ill-considered action on the part of the majorities as to matters fundamental. Laws may be passed by majorities, and may be removed by majorities; but majorities cannot change in a moment the fundamental relations of government to the people. In other words, written Constitutions interpose effectual bars of delay to the passions and prejudices of the people. The people have it in their power in the United States, as surely as in England, to change even the fundamental features of government. But they cannot do this under the impulse of a mere whim. They can do it only by prolonged and intelligent effort directed to this end through a series of years.

Mr. Bryce's "American Commonwealth."

It is only necessary to add, that these arguments are obviously of far greater force in the case of New Zealand than of England.

The main objects to be attained by a reform of our Constitution have already been touched upon incidentally. We have now to consider what the leading features of this reform must be, in order that these desired ends may be achieved. All the [machinery of State is but a means to an end—good government and the welfare of the people. But in order that good government, on honest democratic lines, may be possible, the machinery must be suitable for the purpose. When that is the case, it will be directly our own fault if the country is governed in a corrupt or despotic manner. At present, we can only be blamed for retaining machinery so ill-suited for the work we want done.

The first necessity is to alter radically the relation of Ministers to each other and to Parliament, so as to give to Parliament that control over legislation and over the Executive which has been usurped by the Premier. We have to avoid not only the evils of our present system, but also the evils of the American system, where the Legislature and the Executive are so completely divorced as to have no connection with each other. The members of the Executive of the United States are nominated by the President, and are therefore strictly a Party government, but they are not allowed to be members of Congress. They have no control over the Legislature, but neither has the Legislature any control over them. We must have Ministers nominated—that is to say, elected—by Parliament. They must be appointed for a term, say for three years; or, more accurately, until the beginning of the first Session of the next Parliament. This would destroy the "unity of the Cabinet," "collective responsibility," and, indeed, the whole Cabinet system, at one blow. Corruption in the Civil Service would be checked at once, and the "Government candidate" would be no more. Each Minister would have his own department, and would be irremovable, except by effluxion of time, or a direct vote of censure for misconduct. As Ministers would then not be liable to be turned out of office on account of the passing, or not passing, of any particular legislative measure, the Members of Parliament would find themselves in an independent position, able to discuss any Bill on its merits, and to speak and vote according to their real opinions, with no thought of supporting or upsetting a Government. It would be the duty of ministers to bring in any measures they thought necessary or advisable for the better working of their departments; but it would be for Parliament to decide whether or no these measures should become law. Ministers would, in short, take their instructions from the House and, without wasting their time and energies on intriguing for office or "keeping the Party together," they would be able to devote their whole attention to their real business—the administration of their respective departments. Administrative ability, honesty, and energy would then take their rightful place as the main qualifications for the post of Minister. The business of the country would be managed on business-like principles, and the whole tone of the House would be raised. And this, it will be generally admitted, is one of our chiefest needs.

No one expects nor even desires our politicians to be saints and philosophers. . . . But we have a right to expect that they will exhibit, on the platform and in the Press, the common virtues of every day life, that they will be straightforward and fair dealing, that they will display ordinary courage and sincerity, and above all, abstain from misrepresentation and calumny.

"Party and Patriotism," by S. E. Williams.

This reform of the election of Ministers was suggested many years ago for England, by Mr. David Syme, whose argument is worth reproduction. He says—

The nomination of the Executive by Parliament would, in my opinion, bring about a vast and beneficial change in the government of the country. It would put an end to the dominating influence of the Premier, and destroy the unity of the Cabinet. Parliament could then remove at pleasure any Minister whose conduct it disapproved of. It would have the selection of Ministers in its own hands, and the best men of both sides of the

House would be eligible for office in the same way as the Speaker is now. The selection would not be from one section of Parliament, but from all sections, and the Ministry would represent all shades of opinion. At present, one half of the best men in Parliament are permanently excluded from office. There would also be a possibility of differentiating the functions of administration and legislation. Both kinds of functions are now exercised by the Cabinet. Ministers attempt too much when they undertake to administer the affairs and, at the same time, to provide legislative measures for a great Empire. The functions of administration are sufficiently onerous and important to engage their undivided attention. By relieving them of the business of legislation, which properly belongs to Parliament, there would be some chance of obtaining an efficient system of departmental supervision; while, by leaving Parliament unhampered by considerations of changes of Government, it would be able to devote itself zealously to the work of legislation. If the heads of departments found it necessary to recommend legislation, their proposals would no doubt be impartially considered by Parliament. In this, as in other matters, Ministers would take their instructions from Parliament, not Parliament from Ministers, as at present. Probably it might be necessary, in order to prevent the time of the House being wasted in discussing the various proposals which might be introduced by private members, to appoint a legislative committee to examine and report, as is now done in France and several Continental States where parliamentary government exists. The whole system of Party government could, in this manner, be quietly and effectually got rid of. There would be no striking at Ministers through their policy; no rejecting of good measures in order to bring about a change of government. Members would be in a position to discuss measures on their merits, or at all events without permitting party questions to influence them. There would be no weak Governments, and no danger to the liberties of the people from too strong ones. As Ministers would not be appointed because they belonged to a party, there would be no motive for turning them out of office. They would be, in deed and in truth, the Ministers, not the masters, of Parliament.

"Representative Government in England."

It may be pointed out, for the benefit of lovers of precedent, that the election of Ministers was not unknown to the British Constitution before ever Party government was thought of. In the words of the Hon. J. A. Cockburn, of South Australia:

At various periods in English history Ministers have been elected by Parliament. Among other instances, they were so appointed during the minority of Richard II., and at the commencement of the Commonwealth the government of England was carried on by a committee elected by Parliament, consisting of forty-one members, of whom [unclear: ni] formed a quorum. That committee was chosen yearly; and, says [unclear: Todd] "it ruled England with singular vigilance and success for four and a-quarter years."

The management of our secondary representative institutions may also be looked on as a valuable precedent. The article is the *Speaker*, previously mentioned, points out that—

A British Ministry is an executive committee chosen by the [unclear: House] of Commons to carry on the government of the country. The House of Commons differs from every other public body in choosing its executive exclusively from the majority, assigning to the minority no share of either the pleasures or responsibilities of office. In a model town [unclear: council] the various executive departments are managed by committees, on which the majority and minority are represented roughly in proportion to their strength in the full council. The result of thus associating the [unclear: minority] with the work of administration is to beget good feeling and loyalty, and to minimise factious obstruction. The councillor feels that his first duty is to the council, his second to his party within it. The town [unclear: presents] a proud and united front to outsiders. Progress is continuous and assured. Why not extend this system to the highest of all councils—the House of Commons?

If there were any real merit in the Party system, it would be as applicable to cities as countries. It has never intruded [unclear: into] municipal government in Great Britain, and the result is that the government of our great cities is held up as a model by almost all students of the subject. Even Lord Salisbury (in a speech which quotation has already been made) draws a [unclear: compa] distinctly unfavourable to Parliamentary institutions, even in the matter of legislation. He says:

In my judgment, the institutions of Parliament and the [unclear: institutions] of the municipalities of this country are rather running a race [unclear: against] each other. They both of them have to provide laws for the government and comfort of the people. To the municipalities undoubtedly are [unclear: a] signed the less important laws, and to Parliament the more [unclear: important]. But that is not the only difference between them. There is [unclear: another] difference: that the laws which the municipalities within their [unclear: pow] pass are quickly despatched, carefully considered, conceived in a [unclear: week] manlike shape, and effect the results for which they were designed. [unclear: The] laws that Parliament passes are only passed after infinite and [unclear: hes] rending delay. They appear in a crude and mutilated form. [unclear: Every] salient point is rubbed down, in order to enable them to pass [unclear: through] the narrow channel that is open to them, and the result at the end [unclear: is] that they have been so well arranged and so well conceived that [unclear: as]

amending act is necessary next year.

The most noteworthy precedent, however, is of [unclear: cou] Switzerland. It is a great advantage, as a reply to the [unclear: charge] that we are merely theorising, to be able to point to a country to whose truly democratic institutions the absurdities and corruptions of the Party system are absolutely unknown, and where, consequently, the government is successful, enlightened, and dignified. A radically sound system of government may be said to be a necessity in Switzerland; for it is by no means a country easily governed. It comprises three nationalities and two hostile religions, and is, moreover, a veritable Cave of Adullam, whereunto resort all the extreme socialists, the anarchists and nihilists of Europe when their own countries become too hot for them. It is worthy of note, by the way, that Switzerland has no such foes of society of her own. Even the demagogue and the professional agitator are not natural products of a democracy, but of an incomplete or a burked democracy. It is when the body politic is out of health and knows not what ails it that the quack doctor finds his opportunity. It would be reasonable to expect to find Party government in its most virulent form in a country divided into inevitable and permanent parties by national and religious differences. Its complete absence from Switzerland is conclusive proof, if any were needed, that it is unnecessary in any country; and in a country where parties have to be created, where a homogeneous people have to be stirred up into two rival factions in order to enable the system to work, that it is not only unnecessary but ridiculous.

It may be as well to set out briefly what are the main features of the Swiss Constitution. This can be most conveniently done by means of extracts from "The Swiss Confederation," by Sir F. O. Adams and Mr. Cunningham, a thoroughly reliable work. Passing over the local government of the communes and the cantons, which is, however, well worth study, we will come at once to the Federal Assembly and the Federal Council, the two powers by which the federal sovereignty is exercised, the former being the Parliament and the latter the Executive Government:—

"The Federal Assembly consists of two chambers—viz., the National Council and the Council for the States. The former emanates from the people the latter from the cantons," and together they form the legislative government of the country. "The National Council is elected for a period of three years, in the month of October. After the commencement of the session at Berne the following December, the two Chambers meet together and elect the seven members of the Federal Council or Executive Government of the Confederation, chosen also for three years, from all Swiss citizens eligible for the National Council. . . . If during his three years of office any member resigns or dies, his place [unclear: is] filled up for the remainder of the triennial period by the Assembly at [unclear: its] next meeting." It is noticeable that the choice of members of the Federal Council is not limited to members of the Assembly. Still, "the constant though not invariable practice since 1848 has been for each member [unclear: to] be chosen out of the Assembly. . . . This previous election [unclear: is] considered to be proof of the confidence and attachment of the voters [unclear: to] a fellow citizen, and he takes his place in the Executive Government—holding his office, indeed, direct from the Assembly, but at the same time vested with popular confidence equally with the other [unclear: deputies]. Supplementary elections are then held in order to fill up the [unclear: seats] vacated by those deputies who have become Federal Councillors, as they cannot during their term of office as such be deputies as well."

This appears to be a sensible provision, for undoubtedly the constituents of a member of the Government should be the people of the colony and not the electors of any particular district. These members of the Executive are, moreover, debarred from engaging in any way in any other business or profession so long as they retain office—a clause that should certainly be adopted in New Zealand. Not only should a Minister devote his whole time and energies to the public service; but, also, it is surely as unseemly for him to be a director of a trading company or chairman of a foreign mining syndicate as it would be for a judge of the Supreme Court to be director of a company whose affairs might have to be brought before him in his judicial capacity.

It is unnecessary to give details of the mode of electing the President and Vice-President. The account of the special duties of the former conclude with the remark that "He may, indeed, without any disrespect, be likened to the chairman of a board." It should be noted, however, that care has been taken that [unclear: this] office should be a rolling one. In order to prevent any [unclear: undue] ascendancy of one member of the Council, it is specially provided that a retiring President, at the end of his year of office, shall be ineligible for re-election; he may not even become Vice President.

To continue our extracts—

The business of the Federal Council is divided among seven departments, each presided over by one of its seven members, who probably keeps his particular post for several years, and who lias for his substitute, during absence, another member of the Council, appointed as such by that body. . . . Matters of importance are discussed and decided [unclear: at] the regular Council meetings, which are generally held twice a week. . . . All the members (of the Council) have the right to speak in either Chamber, of which they avail themselves whenever their presence is required, or indeed whenever they wish to take part in the debates, but they cannot vote. Perhaps the most remarkable sight is that which occasionally occurs, when a debate arises in either

Chamber upon a question where the difference of opinion of members of the Federal Council is very marked; and it has happened that two of the body have pen in succession to support dissimilar views. The debate once over, no particular friction results between the two colleagues; both victor and vanquished may spend the evening at the same café, continue their discussion amicably, or not at all; and they will sit serenely together on the morrow in Cabinet Council as if nothing particular had happened.

That our authors should consider such a simple occurrence as this a "most remarkable sight," speaks volumes for the virulence which the Party system has imported into the political world.

The members of the Federal Council are re-eligible, and in point of fact the same individuals remain in office for a number of years, notwithstanding the existence of well-known differences among themselves, and between some of them and a majority in the Assembly. There have been hitherto only two instances of a member willing to serve not being re-elected. . . . The Federal Council, having been elected by the Federal Assembly for three years, cannot be dissolved by that body in the interim, any more than it can itself dissolve the Assembly. It does not in any way depend on the majority in the Assembly. Its members, each in their own department, prepare bills and resolutions, either suggested by one of the Chambers or on their own initiative, and these measures, when agreed to by the Council, or even by a majority of its members, are submitted to the Chambers. . . . Federal Councillors do not represent the majority in the Assembly, otherwise they would be all Democrats or Radicals. There is a certain understanding, one might almost say a certain feeling of fair play, which leads the majority in the Chambers to concede the principle, that other parties should at least be represented in the executive government; and, again, a conservative vice-president, who is almost certain in any case to be elected president for the ensuing year, often succeeds to that office by an almost unanimous vote. . . . The practical harmony between the members is secured by the minority giving way to the majority, if the whole body cannot agree among themselves to a compromise.

Collisions between the Federal Council and the Federal Assembly do not exist. If any measure proposed by the former is rejected by both Chambers, or by one, and thus does not become valid, the Federal Council . . . accepts the rejection; it asks for no vote of confidence, nor does anything ensue in the shape of what we should call a Ministerial crisis. Similarly, there is no question of a dissolution of the Chambers, when the people reject measures passed by them. The Federal authorities whether legislative or executive, being chosen for a fixed term, remain at their posts during that term. In 1882, a measure relating to education, . . . which was avowedly the work of one member of the Federal Council, had passed both Chambers with some modifications, but was, nevertheless, rejected when submitted to the Referendum. There was, however, no question of its author giving in his resignation, [unclear: a] might well have been expected by many foreigners. So far, indeed, [unclear: from] this being the case, an influential Swiss newspaper, totally opposed [unclear: to] him in politics, remarked that it was lucky the parliamentary system [unclear: on] not exist in Switzerland, as otherwise there would have been [unclear: an] immediate resignation of a capable, honest, and devoted administrator.

It is suggestive to contrast the tone of that newspaper criticism with the style of comment we should find in a "Party organ" under similar circumstances. We will conclude [unclear: image not readable] extracts with our author's brief summary of the character of the Swiss Executive—

The members of the Federal Council, we will venture to [unclear: affirm] yield to no other Government in Europe in devotion to their country, [unclear: is] incessant hard work for a poor salary, and in thorough honesty and [unclear: in] raptibility.

Such, then, is a slight sketch of what is generally admitted to be the most successful and economical administration [unclear: in] Europe. The more closely it is examined, the more clearly [unclear: does] it give "the lie direct" to all Mr. Lecky's charges [unclear: against] Democracy. Reasons more or less fanciful may possibly [unclear: for] adduced why a similar system of Government should not [unclear: produce] similar results in New Zealand; but this can only be urged by admitting that we are less able, practical, and honest men [unclear: than] the Swiss—an admission I, for one, am not prepared to [unclear: make]. All we need is the adoption of the main principles, and the adaptation of the details to our somewhat different circumstances. We should take over the Referendum and the Initiative (which I have not described at length, as their principles are now [unclear: as] generally understood), taking care, however, that they should be sparingly used; that is to say, only on questions of the [unclear: first] importance, or on the occasion of a block between the two [unclear: Houses] of the Legislature. The Referendum is a particularly valuable institution, if placed under regulations which prevent its [unclear: frivo] and improper use. By its means, last year, the Swiss [unclear: nation] decided to nationalise their railways—a reform which in [unclear: any] country under Party government would not have been [unclear: carried] without many years of hard fighting, misrepresentation, [unclear: bit] animosity, and the upsetting of Governments. It would [unclear: of] course, be absurd to copy the Swiss or any other constitution [unclear: t] slavishly. It is still more absurd, however, to decline to [unclear: benefit] from the ideas and the experience of other countries. It is [unclear: an] true of countries as of men, in reforming constitutions as in [unclear: min] matters, that "any fool can learn from his own experience, but the wise will

learn from the experience of others." Yet we have seen a Premier of this Colony so bitter in his opposition to the proposed reform that he did not scruple to attempt, on a public platform, to rouse race-prejudices by "warning" the people "not to be led away by Swiss schemes, or by schemes of any foreign governments," but rather to "stand by the principles of their own Constitution"—with much more fustian of the same sort, artfully mingled with misrepresentations.

Mr. Ballance at the Princess Theatre, Dunedin, October 20, 1891.

It is curious to notice that it is often the same men who take up this position who clamour for the abolition of the Upper House, although the change to a single legislative chamber would be a far greater divergence from "our glorious British Constitution" than any reforms advocated in these pages.

We have not yet touched upon the necessary reform of the Upper House. To those who would reform it away altogether, as a useless superfluity (and even talk of "replacing" it by the Referendum), I can only say that this is too large a subject to discuss incidentally, but that both theory and experience are strongly opposed to one-house legislatures. They have been tried and abandoned more than once in the United States. There is, indeed, little to be urged in their favour, excepting a very fictitious economy. A large part of the feeling in favour of a single House in this country is no doubt due to the unsatisfactory nature of our Legislative Council. A nominated chamber is, without doubt, an anomaly in a Democracy. The first statesmen of New Zealand felt this to be so, and there was no nominated chamber in the Constitution which the House of Commons was asked to grant us. That House, however, insisted on inserting this anomaly, and we have had to put up with it ever since.

Our Upper House must be elected, but on a basis different from that of the Lower House, or it will be merely a duplicate. If we had a thoroughly satisfactory system of Local Government, with strong and independent county and municipal councils, the election of our Legislative Councillors might well be in their hands. This would, of course, be an indirect election by the ratepayers of the Colony. For the present, at all events, I would suggest their direct election by the ratepayers. Some will no doubt object that this is "giving a vote to property," but the more correct way to look at it is that it is giving an extra vote to the man who has, to some extent at all events, identified [unclear: himself] with the welfare of the Colony. The distinction between [unclear: ra] payers and non-ratepayers is by no means that between rich [unclear: and] poor. A very large number of our ratepayers are [unclear: mortgag] and struggling farmers, freeholders or tenants, who toil from [unclear: ot] year's end to another without even making wages, while [unclear: ma] comparatively rich men take good care to keep their wealth [unclear: in] more portable forms than land. It must be remembered, [unclear: als] that this is a very heavily-indebted country, and that all [unclear: the] indebtedness is secured, in the last resort, on the land. Men [unclear: can] leave the Colony and take their deposits with them, but the [unclear: la] and buildings on which the rates are levied must remain and [unclear: bear] the burden. All the Australasian colonies have suffered [unclear: very] severely from the migratory habits of colonists. Large [unclear: numbers] of immigrants, rich and poor, have voted and worked for [unclear: public] works schemes, heavy borrowing, and large expenditure; [unclear: have] made good use of the time while the sun shone; and then, [unclear: whe] the inevitable reaction came, they have packed up their [unclear: carp] bags and left for some other colony, to play the same game [unclear: again]. It seems only common justice and common sense that the [unclear: me] who cannot leave when "times are bad"—at all events not without great sacrifice—who must stay and bear the brunt of the extravagance and mismanagement—should have a larger share [unclear: in] the direction of the affairs of the Colony than should the "[unclear: floating] population." Had this been the case during the last quarter [unclear: of a] century, it is highly probable that our finances would not have been in their present deplorable condition. This implies, of [unclear: cour] that when both Houses are "representative chambers" [unclear: they] should have equal rights over what are known as "money bills"

If any timid democrat should fear that such an Upper [unclear: Ho] might possibly become a danger to the rights and liberties of [unclear: the] people, I need only point out that any reformed [unclear: Constitut] would certainly include a clause to the effect that any [unclear: means] which had twice passed either House in two consecutive [unclear: sessi] and had twice been rejected by the other House, should be [unclear: refer] to the people by compulsory Referendum.

I would advocate, therefore, an Upper House, elected by the ratepayers, of, say, thirty-five members (to seventy in the [unclear: Low] House)—one for each of the four large towns, and the rest to [unclear: be] divided among constituencies to be defined by the Commissioner appointed for the purpose.

There is no use, however, in discussing the minor details of Parliamentary Reform. A special commission should be appointed to go into the whole matter, and draw up a draft Constitution for New Zealand, taking as a basis the main principles, but not necessarily the details, of Major Steward's Elective Executive Bill, which was agreed to by the House in 1896.

Local government reform has been already referred to. I need only repeat that, in order to be effective and thorough, it must be preceded by the great reform—the abolition of the Party system. The reform of the Upper

House is quite a secondary matter, compared with the rehabilitation of representative government. When the Party system is no more, the necessary collateral reforms will be easily effected, for the people's representatives will then be at liberty to consider the welfare of their country, instead of the welfare of their party. The artificial party will have expired with the Cabinet. With the unity of the Cabinet replaced by the individual responsibility of Ministers, there can be no Government Party, and, above all, no Government candidates at elections; and thus the very basis of the corruption with which democracies are taunted will be cut away. This alone will raise the general level of the class and character of candidates very materially; and the position of independence and the added responsibilities with which the reform will endow the members of the House, will act in the same direction.

It is sometimes said that our prominent politicians would decline to accept office on the terms proposed; that the Hon. Mr. Duthie, for instance, as Colonial Treasurer, would be quite unable to work with the Hon. Mr. McKenzie, as Minister of Lands. The simple fact is overlooked, that, under the proposed reform, we shall no longer require Ministers to be, even nominally, "all of one mind." Each Minister will attend to his own department, and their "working together," as at present, is precisely what we wish to avoid. In no period of English history did the Executive Government display more harmony and energy than under Queen Elizabeth; yet the Ministers sitting at her council table were often bitter enemies. The Queen decided the policy, after hearing the advice of her Ministers, and they had to execute it, and did execute it ably. The only necessary difference now is, that the House should determine the policy.

It is also objected that, although the position of members of Parliament will be raised and dignified by the reform, the status of Ministers will be correspondingly lowered. Certainly, [unclear: the] power and patronage of the Government will be very [unclear: much] decreased, and office will be far less attractive to the [unclear: ambit] power-loving, self-seeking demagogue. This is, indeed, one [unclear: of] the great merits of the reform. But to the man whose [unclear: make] desire is to serve his country and generation, a seat in [unclear: the] Executive will have an attraction which it certainly has not [unclear: now]. Nor will a first qualification then be a robust physique and [unclear: at] iron constitution. We have seen two Premiers' of New Zealand killed, within a very short time of each other, by the work and worries of Party strife. Under any sensible system, there is [unclear: no] reason why the post of Member of the Executive should be any more detrimental to health than any other business or profession.

Democracy allows individual influence, one trusted, to play a larger part than it plays under any other political system; and this fact alone makes it imperative that the highest offices of the State should be both accessible and attractive to our best men which they can never be under the fully-developed Party system.

Many other incidental advantages which would follow [unclear: free] parliamentary reform might be mentioned, but perhaps it is [unclear: better] to keep our eyes on what is, after all, the main object to [unclear: be] attained—the cleansing and elevating of the whole scheme [unclear: of] politics. As Mr. S. E. Williams says—

What is most urgently needed is a truer and higher view of [unclear: politics] And, indeed, it may be said that there is no nobler study for the [unclear: human] intellect, no loftier object for human endeavour, no higher field [unclear: he] human enterprise. On it depend not merely our lives and liberties, [unclear: to] our happiness and our progress. Surely such a subject ought to [unclear: ins] us with the highest purpose and purest zeal. But it is, as we know, [unclear: as] otherwise. There is hardly a profession in which chicanery [unclear: and] insincerity, passion and prejudice, petty arts, and mean ambitions, [unclear: and] so rife.

"Party and Patriotism."

The evil wrought among the foremost nations of the [unclear: wor] by this degradation of politics is incalculable. I have [unclear: endeav] to show that it is truly a degradation, and no essential [unclear: pa] either of politics or of Democracy. "Rings and bosses," say [unclear: Mr.] Bryce (which terms, to the American ear, stand for the [unclear: which] machinery of Party craft and corruption), "are the product, [unclear: image not readable] of democracy, but of a particular form of democratic government acting under certain peculiar conditions. They belong to [unclear: demo] eratic government, as the old logicians would say, not *simpliciter*, but *secundum, quid*; they are not of its essence, but are separable accidents." I have pointed out that these "accidents" must needs be fatal to any true Democracy. I have endeavoured to show how the necessary "separation" may be best effected; and I now appeal to the many who do not believe in Democracy to give their country a chance, and to give Democracy a chance—which it can never have under Party government—before they condemn it. To my fellow-believers in Democracy I appeal still more urgently to bestir themselves, and take no rest until we have shown to the world, beyond dispute, that, both as a system of government and as a social and moral force, Democracy is indeed worthy of the enthusiasm with which it has inspired some of the noblest spirits the world has ever known.

I cannot conclude without one word of warning. It must not be supposed that all the advantages which will eventually flow from this reform will be apparent at once. The words of Mr. Bagehot are very true, that "A new

Constitution does not produce its full effect as long as its subjects were reared under an old Constitution, as long as its statesmen were trained by that old Constitution. It is not really tested till it comes to be worked by statesmen, and among a people, neither of whom are guided by a different experience." The fact that the shadow of our present system must needs darken our path for some time to come, is, however, no reason for delaying reform. It is rather a reason for setting to work at once. Although we have no arguments to fight against, we have more troublesome foes—to wit, prejudices and strong vested interests—and nothing will be done, unless the people show themselves thoroughly in earnest on the matter. We need expect no help from the Party leaders. We have to put on one side the politicians who look on politics as a game. They say it is impossible to abolish Party government; but what they mean is, that without the Party fights and intrigues, they themselves would take no interest in politics. Whereby we see another benefit the reform has to bestow. In getting rid of Party government, we shall get rid, gradually but surely, of the whole tribe of Party politicians—of those men who make a government "an organised hypocrisy" (as Disraeli, in a moment of candour, once defined a Conservative Government). But in order to effect this, the country must show itself determined to be put off no longer. In the words of Auguste Comte, "the hypocrisy inherent in English Constitutionalism can [unclear: ne] be effectually suppressed without the intervention of the people. In 1891 Mr. Eugene O'Connor's Committee of the House [unclear: repor] strongly in favour of the abolition of Party government. In [unclear: 188] an "Elective Executive" Bill was allowed to pass its [unclear: second] reading, and was then carefully dropped. And so it will [unclear: continue] until we make our representatives understand clearly that [unclear: w] mean to have, without further loss of time, "the Reform, [unclear: the] whole Reform, and nothing but the Reform."

decorative feature

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The Land System of New Zealand.

and Description of Land Districts.

[Extracted from the New Zealand Official Year-Book.]

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The Land System of New Zealand.

BY S. Percy Smith, F.R.G.S.,

Secretary for Crown Lands and Surveyor-General.

THE Crown lands of New Zealand are administered under "The Land Act, 1892," together with its amendments and the regulations made thereunder.

The distinguishing features of the present land system are the outcome of ideas which have been gradually coming to maturity for some years past in this colony. These features involve the principle of State-ownership of the soil, with a perpetual tenancy in the occupier. This, whatever may be the difference in detail, is the prevailing characteristic of the several systems under which land may now be selected. In New Zealand this tendency to State-ownership has taken a more pronounced form than in any other of the Australasian Colonies, and the duration of the leases has become so extended as to warrant the name, frequently given to them, of "everlasting leases." In point of fact, most of the Crown lands are now disposed of for terms of 999 years. The rentals are based on the assessed value of the land at the time of disposal, without increase or recurring valuations. Under this system there is a fixity of tenure practically equal to freehold, and which, like freehold, necessarily carries with it the power of sale, sub-lease, mortgage, or disposition by will. Since all lands held under the Crown by "lease in perpetuity are subject to the land-tax, the necessity for the periodical revaluations under the perpetual-lease system is done away with, the State reaping the advantage of the unearned increment through the before-mentioned tax. At the same time the improvements made in the soil by cultivation, &c., are secured to the tenant.

The advantages of this system to the selector are manifest. When it is taken into consideration that, with few exceptions, the Crown lands are, in their prairie condition, incapable of producing anything until brought into cultivation, the advantage to the settler of setting free his capital to develop the capabilities of the soil, rather than having to expend it in the purchase of a freehold, is very apparent. One of the most striking benefits of this system is the advantage it gives to the poor man, who, with little more capital than his strong right arm, is enabled to make a home for himself which, under the freehold system, he is frequently unable to accomplish.

The values placed on the Crown lands are, as a rule, low, for the State does not so much seek to raise a revenue directly therefrom as to encourage the occupation of the lands by the people; this secures indirectly an

increased revenue, besides other advantages resulting from a numerous rural population.

Again, underlying the whole of the New Zealand land system is a further application of the principle of "the land for the people"—viz., the restriction in area which any man may hold. This subject has been forced upon the attention of the Legislature by defects in former systems, under which one individual with means at his command could appropriate large areas, to the exclusion of his poorer fellow-settler. Under conditions where the price at which the land is offered is fixed, and where choice of selection is by ballot, the poor settler has the same chance as the rich one, and may, should he wish it, hold as much land. The limit that a selector may hold is so fixed as to encourage the class of small farmers, and up to that limit the amount he may select is left entirely to himself. The Act defines the amount of land any one may select at 640 acres of first class, or 2,000 acres of second-class land, inclusive of any land he may already hold. These limits apply to lands which are thrown open for "free selection," as it is termed, but in some cases, when found desirable, the limit is by regulation made much smaller.

In addition to the many advantages offered by the "lease-in perpetuity" system, the Land Act provides others, to meet the wants of different classes. The rule is almost invariable, that land thrown open for so-called "free selection" is offered to the public under three different tenures, and the choice left entirely to the would-be settler. The three tenures are:—

- For cash, in which one-fourth of the purchase-money is paid down at once, and the remainder within thirty days. The title does not issue until certain improvements have been made on the land.
- Lease with a purchasing clause, at a 5-per-cent. rental on the value of the land; the lease being for twenty-five years with the right to purchase at the original upset price at any time after the first ten years.
- Lease in perpetuity, at a rental of 4 per cent, on the I capital value, as already described above.

The present land-laws have been in force since the 1st November, 1892, and, therefore, the returns of the Department of Lands and Survey for the year ending the 31st March, 1897, in respect of lands the tenure of which is optional, will give a fair idea of the proportions in which lands have been disposed of under the three systems during last year, and they show that the occupation with right of purchase and lease in perpetuity are just about equal in popular favour:—

- Cash: 90 selections, 9,835 acres.
- Occupation with right of purchase: 277 selections, 59,648 acres.
- Lease in perpetuity: 278 selections, 62,229 acres.

"The Land Act, 1892," provides for a special class of settlement called "small-farm associations," which found favour with the public to a very considerable extent during the first three years after the Act of 1892 came into force, but is now superseded to a large extent by the "improved-farm settlements" system. The "small-farm association" system provides that, where not less than twelve individuals have associated themselves together for mutual help, such an association can, with the approval of the Minister of Lands, select a block of land of not more than 11,000 acres, but there must be a selector to each 200 acres in the block. The extreme limit that one person may hold is fixed at 320 acres. Settlements of this class are held on "lease in perpetuity" for 999 years, in the same way as Ends under the same tenure when thrown open for free selection. The conditions of residence and improvement are the same. The system offers many advantages to the settler, so long as the blocks of land are judiciously chosen, having regard to quality of land, access, markets, and the probability of employment being obtained in the neighbourhood. In the eagerness to obtain lands on such easy terms, these points have, in the past, not received sufficient attention by some of the associations, and in consequence their success remains to be proved.

The following figures show the extent to which settlers have availed themselves of this class of settlement during the five years ending the 31st March, 1897; the figures represent approved applications only: 1,770 selectors have taken up 349,899 acres, in various parts of the colony, but principally in the Wellington District.

The "village-settlement system" of New Zealand has become widely known in the Australian Colonies, and has excited much inquiry with a view to its adoption in other parts. It is believed, however, that this and the "small-farm association" settlements, referred to above, are often confounded in the minds of the public, for of recent years there has been no very great extension of village settlements in this colony. (For details, see Mr. March's article, p. 8.) The system was initiated in 1886 by the late Hon. John Ballance, with the intention of assisting the poorer classes to settle on the land. It became immediately very popular, and by its means a considerable number of people were settled on the land who might otherwise never have become landholders. The features of the system were, originally, the possession of a small farm, not exceeding 50 acres in extent, held under a perpetual lease for terms of thirty years, with recurring valuations at the end of each term. The rental was 5 per cent, on a capital value of not less than £1 an acre. Residence and improvement of the soil were compulsory. The new and important feature in the village-settlement scheme, however, was the advance by the State of a sum not exceeding £2 10s. per acre, up to 20 acres, for the purpose of enabling the settler to cultivate the land and of a further sum not exceeding £20 to build a house with, on which he paid interest at the rate of 5

per cent. Road-works were also very frequently undertaken in the neighbourhood of these settlements, and have been of very great help to the settlers. Under this system a number of settlements were formed, and, where the sites were chosen judiciously, a large measure of success has resulted therefrom.

The present law admits of similar village settlements, but the area which a selector may hold has been increased to 100 acres, and; the tenure changed to a "lease in perpetuity" for 999 years, on a 4-per-cent. rental. Advances for clearing and house-building have, however, practically ceased, and, indeed, few settlements have lately been started, one of the principal reasons being the dearth of suitable lands on which to plant them. Crown lands adapted to the special features of "village settlements" are scarce.

The "improved-farm settlements" system, so far as can be judged at present, will eventually take the place of both the "village settlement" and the "small-farm association." In order to find work for the unemployed, considerable areas of forest-clad Crown lands have been set aside, and small contracts for the clearing burning, and sowing these with grass have been let. The land is then subdivided into small farms, and let on "lease in perpetuity," at a rental sufficient to cover the cost of clearing, &c., together with a fair rental of the land. Up to the 31st March, 1897, forty three settlements had been allocated, covering an area of 70,196 acres, situate in various parts of the colony. At that date 646 settlers had been allotted sections, and they had felled and grassed 9,894 acres. The amount paid to the settlers up to the 31st March was £36,221, and the value of improvements on the land (including the Government advances) was £49,690. At the same date 1,229 persons were living on the lands.

The size of holdings averages about 100 acres.

With respect to other methods of dealing with the Crown estate, the "Digest of the Land-laws" appended hereto will give sufficient particulars.

THE LAND FOR SETTLEMENTS ACTS, 1892 AND 1894.

Allusion has already been made to the dearth of Crown lands suitable for small settlements in localities where they are most needed—*i.e.*, in settled districts, where the lands are frequently held in large estates, whose owners employ a good deal of labour. Not only is this the case in many parts of the colony, but there is also a want of land where the sons of settlers can obtain farms, not far from the homes of their parents. To meet this want the Hon. J. McKenzie, the present Minister of Lands, introduced into the Legislature in the session of 1892 a Bill intituled "The Land for Settlements Act," which authorised the purchase from private individuals of suitable properties for subdivision into small farms not exceeding 320 acres in extent. Under the provisions of this and the amending Acts several properties have been acquired, and subsequently divided into small farms and leased in perpetuity at a 5-per-cent. rental, on a capital value fixed at a sufficient rate to cover first cost, together with survey, administration, and roads (if required). The process of acquisition is as follows: Whenever a property is offered to the Government, if it is so situated as to meet the object of the Act, a report on it is obtained by a qualified Government officer, and, should his report be favourable, the question of purchase is then referred to a Board of Land Purchase Commissioners, composed of the Inspector, who is the permanent Chairman, three other Government officers, and a member of the local Land Board, whose training and duties qualify them to advise the Government as to whether the purchase is a suitable one, and as to the price which should be given for the property. It is only on the advice of this Board that the Government acts. In nearly all cases the properties acquired have been improved farms, situated in settled districts, where the tenants have some chance of obtaining employment in the vicinity. The amount which may be expended per annum under the Act of 1892 was £50,000; but the Act of 1894 extended this amount to £250,000, and it also provided that the limit of land which might be selected should be the same as under "The Land Act, 1892." The Act also provides for the exchange of high-lying pastoral Crown lands for low-lying agricultural lands suitable for small holdings.

A new feature was introduced into the Act of 1894—namely, the power of taking lands compulsorily in cases where the Board could not agree with the owner as to price, &c., and where the Governor in Council decides that the possession of the land for purposes of subdivision is otherwise desirable. The amount payable to the owner is decided by a Compensation Court, composed of a Judge of the Supreme Court and two Assessors; one appointed by Government, the other by the owner of the property. Only one property has hitherto been acquired compulsorily, and that has since been disposed of on satisfactory terms. Up to the 31st March 1897, thirty-three estates had been purchased and offered for selection, at a cost of £471,960, including roading, surveys, &c., which covered an area of 95,348 acres. At the same date there were living on those estates which had been subdivided and selected 1,051 persons, in place of the few who held those lands formerly. The whole of these estates at the date given, in some cases, had not been selected, but the farms leased were bringing in a rental of 4.98 per cent, on the capital sunk in them. This extension of the provisions of the previous Act should prove beneficial in providing homes for a large class of persons, who, from

inexperience in the breaking in of new country or other reasons, are in a measure prohibited from occupying the waste lands of the Crown; and, moreover, as the properties acquired are all more or less improved, they seem to afford to the small-farmer class of the Old Country an opening for building up homes for themselves where their previous experience will be of use, instead of having to learn—often by sad experience—the methods adapted to a new and wild country.

"The Land for Settlements Act Amendment Act, 1896," contains special provisions as to the disposal of lands acquired under "The Land for Settlements Act, 1894," giving the preference to landless people, and requiring applicants for rural land to satisfy the Land Board as to their means to stock and cultivate the same and erect suitable buildings thereon. It gives the Board, in fact, a discretion as to who shall be entitled to apply for the lands. It also provides, in cases where buildings are on the land to be disposed of, that their value, apart from the capital value of the land, shall, with interest thereon at the rate of 5 per cent, per annum, be paid by the tenant in half-yearly instalments extending over a term of years.

There are also regulations as to advances by Government, to successful applicants for allotments, in aid of the cost of fencing and planting the same and building dwelling-houses thereon, and special provisions as to allotments for workmen's homes, the area of which should not in any case exceed 3 acres.

Regulations giving full directions to applicants under this Act have been issued during the past year, which should be in the hands of every one before applying for lands under this Act.

VLLAGE-HOMESTEAD SETTLEMENTS.

By J. E. MARCH, Superintendent.

The plan of forming village settlements was first commenced in the Provincial District of Canterbury by the Hon. Mr. Rolleston. It was on a small scale, but it worked admirably. In 1874 and 1875 there was a difficulty in finding quarters or employment for immigrants, who had arrived in Canterbury in considerable numbers, and it was decided to try the experiment of settling them on the land in districts where they were likely to obtain work. The course adopted was briefly as follows: On the line of railway, or adjacent thereto, as at Rakaia, Orari, and Arowhenua, blocks of Government land were laid off into sections varying in area from one-quarter to five acres. Assistance was given to the extent of £10 towards the erection of a small hut or cottage. The terms of occupation were as follows: For the first year, rent free; and for the second and third years a rental of 2s. per week was charged, to recoup the Treasury the amount advanced.

In the formation of some of these settlements, notably at Geraldine, Timaru, and Waimate, the idea was not to permanently locate the immigrants, on whose behalf the plan had been adopted, but merely allow them to occupy the land temporarily; and it was considered that in three years they would be enabled to find situations or places elsewhere. All traces of the settlements formed in the localities named have long since disappeared.

The land comprised in the village settlements formed at Rakaia, Arowhenua, Beaconsfield, and other districts in Canterbury was sold to the original settlers on the deferred-payment system.

From 1876 to 1886, a period of ten years, very little was done in extending the system, but in the latter year the late Hon. Mr. Ballance, then Minister of Lands, introduced regulations for the formation of village-homestead special settlements. These were of a liberal character; and the assistance granted by way of loans for dwelling-houses, bush-felling, grassing, &c., enabled an industrious man to make and establish a comfortable home, while he was precluded from parting with the freehold.

A large number of settlements were thus formed, and, generally speaking, the settlers and their families have comfortable homes, and look healthy and contented; the financial results prove conclusively that the settlements are successful.

The number of village-homestead settlements now in the colony is 158. Of these, 51 are situated in the North Island and 107 in the Middle Island. The settlers number 1,543. The total acreage held is 35,247 acres: of this, 15,719 acres are in the North Island, and 19,528 acres in the Middle Island. The average area to each settler is $22\frac{3}{4}$ acres. Up to the end of March last the settlers had repaid the Government £1,911 of the amount advanced for cottages, bush-felling, &c., leaving £23,938 outstanding. The annual rent and interest is £4,904; and during the past year £4,905 14s. 10d. was received. The settlers have paid for rent and interest from the commencement of the system and up to the 31st March, 1897, £27,014: namely, rent, £20,806; and interest, £6,208. Of this amount, £11,834 was paid by settlers in the North Island, and £15,180 by settlers in the Middle Island. The arrears of rent and interest on the 31st March last amounted to £1,820. The improvements made by the settlers on the land are valued at £109,529.

PURCHASE OF NATIVE LANDS BY GOVERNMENT.

From about the year 1823 (which is the date of the first recorded deed) until the 6th February, 1840, the

date of the Treaty of Waitangi, lands in New Zealand were acquired by direct purchase from the Maoris by individual members of the white races. During the years 1837 to 1839, or about the time it became probable that the sovereignty of the islands would be assumed by the Queen, the greater number of these purchases were made, and they extended to most parts of the country. These purchases are technically known as "the Old Land Claims," and their total number (including pre-emptive claims), as estimated by Commissioner F. Dillon Bell in 1862, was 1,376, covering an area of about 10,322,453 acres, out of which large area grants were recommended for 292,475 acres. These figures have been slightly added to since, but not to any very large extent. The large area shown above was reduced on survey to about 474,000 acres, situated principally to the north of Auckland. The difference between the amount granted and the total area surveyed became what are termed "surplus lands of the Crown." It was held that the Native title had been fully extinguished over the whole area surveyed; but, as by statute the claimants could only be granted 2,560 acres each, the balance became vested in the Crown on the assumption of the sovereignty, the Native title having been fully extinguished.

In many cases the titles did not issue to those to whom the land was awarded, as they were compensated by scrip issued by the Government, with the understanding that such scrip was to be exercised in the purchase of Crown lands in the neighbourhood of Auckland, to which place it was desirable—so soon as the capital was founded—to draw a population. The lands thus paid for in scrip became Crown lands, and these, together with the surplus lands, have from time to time been disposed of by the Crown and settled on. The amount of scrip, &c., issued up to 1862 was over £109,000.

On the signing of the Treaty of Waitangi on the 6th February, 1840, the pre-emptive right of purchase from the Maoris was ceded to the Queen, and consequently private purchase ceased. This remained the law until the passing of "The Native Land Act, 1862," when, the Crown relinquished its right of pre-emption, whilst at the same time the purchase of Native lands for the Crown did not abate, but continued side by side with the private purchases up to the passing of "The Native Land Court Act, 1894."

From time to time since 1840 various sums were appropriated by Government or by Parliament for the acquisition of a Crown estate. Up to the date of passing of "The Native Land Act, 1862," these operations were conducted by officers of the Government specially appointed, who, from a knowledge of the Maoris, their customs and disposition, were successful in securing large areas of land for settlement. It must be conceded that their operations as a whole were successful, and that the number of disputed cases arising out of their labours was exceedingly small. The Waitara purchase is, however, here excluded, for there were reasons of general policy affecting that sale which did not prevail in other cases. This purchase was the ostensible cause of the war of 1860 and following years, but the motives which led to it were far deeper than the mere purchase of a few acres—there was a great principle at stake.

The difference effected in the mode of purchase by "The Native Land Act, 1862," was this: Previously, the title of the Maoris who were to receive payment for the land was decided by the Land Purchase officers; but the Act quoted set up a Court, presided over by able Judges, who determined the titles, which were afterwards registered in a special Court. Purchases have since been effected with the registered owners.

It is difficult to obtain figures showing the actual area acquired by the Crown from the Maoris up to 1870, but in round numbers it was 6,000,000 acres in the North Island; whilst the whole of the Middle Island, with the exception of reserves for the original Native owners, was acquired prior to the passing of "The Native Land Act, 1862." Stewart Island was purchased from the Native owners by deed dated 29th June, 1864.

The Native rebellion of 1860-1869 brought Native-land purchases, for the time being, practically to a standstill.

The Immigration and Public Works Acts of 1870 and 1873 appropriated £200,000 and £500,000, respectively, for the purchase of lands in the North Island; and these amounts have, up to the 31st of March, 1897, been augmented by further annual appropriations from the public funds and other loan-moneys, covering altogether a total expenditure since 1870 of £1,789,796, with the following results: Area finally acquired in the North Island from Natives, from 1870 to 31st March, 1897, 6,735,433 acres. Area under negotiation in the North Island on 31st March, 1897, 1,541,879 acres; interests therein finally acquired, 613,778 acres.

DIGEST OF THE LAND-LAWS.

Administration.

The Crown lands are administered, under the authority of "The Land Act, 1892," by the Hon. the Minister of Lands at Wellington. For convenience the colony is divided into ten land districts, each being under the local direction of a Commissioner and a Land Board. The Commissioner's office is known as the principal land office, and in some of the larger districts there are one or more sub-offices. It is with these land offices the selector has to transact all business, from the first consultation of the maps to the final receipt of the Crown title.

Land Districts and Principal Land Offices.

The names of the land districts and of the towns where each principal office is situated are, beginning with the most northerly and taking them geographically, as under:—

Classification of Lands, &c.

Crown Lands are divided into three classes:—

- Town and village lands, the upset prices of which are, respectively, not less than £20 and £3 per acre; such lands are sold by auction:
- Suburban lands, the upset price of which may not be less than £2 an acre; these lands are also sold at auction:
- Rural lands, which may be disposed of at not less than £1 per acre for first-class, and 5s. an acre for second-class lands; such lands may be sold or leased by auction, or sold or leased on application.

No rural section may be larger than 640 acres in extent if first-class land, or 2,000 acres if second-class land, whether offered by auction or application. No person can select more than 640 acres of first-class or 2,000 acres of second-class land, including therein any land which he then holds. Pastoral runs are limited to areas which will carry 20,000 sheep or 4,000 cattle. No person can select more than one run.

Mode of acquiring Crown Lands.

Crown Lands may be acquired as follows:—

- By auction, after survey, in which case one-fifth of the price is paid down at the time of sale, the balance within thirty days:
- By application, after the lands have been notified as open for selection, in which case the applicant fills up a form (to be obtained at any of the Land Offices) and makes the declaration and deposit required by the particular system he wishes to select under.

All applications, whether for surveyed or unsurveyed lands, are deemed to be simultaneous if made on the same day, and, if there be more than one applicant for the same land, the right of selection is determined by ballot.

Lands thrown open for application may be either surveyed or unsurveyed, and those not selected the first day remain open.

The Optional System of Selection.

Lands for selection are notified as open for application on and after a stated day, and, *at the option of the applicant*, may be obtained on any of the three following tenures: (a) Cash; (b) Occupation with the right of purchase; (c) Lease in perpetuity.

(a.) Cash.

If the land is surveyed, one-fifth of the price is to be paid down at the time of application, and the balance within thirty days; or, if the land is not completely surveyed, the survey-fee is paid on application, and goes towards the purchase of the land; the balance must be paid within thirty days of notice that the survey is completed.

A certificate of occupation will issue to the purchaser on final payment, which will be exchanged for a Crown title so soon as the Board is satisfied that the improvements mentioned below have been completed.

(b.) Occupation with Right of Purchase.

Lands selected on this tenure are held under a license for twenty-five years. At any time subsequent to the first ten years, and after having resided and made the improvements hereinafter described, the licensee can, on payment of the upset price of the land, acquire the freehold. If the land be not purchased, the license may be exchanged for a lease in perpetuity.

The rent is 5 per cent, on the cash price of the land; a half-year's rent has to be paid in with the application, if surveyed land, which represents the half-year's rent due in advance on the 1st day of January or July following the selection. If the land is unsurveyed, the cost of survey is to be deposited, and is credited to the selector as so much rent paid in advance, counted from the 1st day of January or July following thirty days'

notice of the completion of survey.

Residence and improvement of the land are compulsory, as hereinafter described.

(c.) Leases in Perpetuity.

Lands selected on this tenure are leased for 999 years, subject to the conditions of residence and improvements described below. The rental is 4 per cent, on the cash price of the land, and applications are dealt with in the same way as under the previous tenure (b), but there is at no time a right of purchase.

Two or more persons may make a joint application to hold as tenants in common under either of the two last-named tenures.

Residence and Improvements.

Under the two last-mentioned tenures, the conditions as to residence and improvements are:—

RESIDENCE—

- Must commence on bush or swamp lands within four years, and in open or partly open land within one year, from the date of selection:
- Must be continuous for six years on bush or swamp land, and for seven years on open or partly open land, on lands occupied with a right of purchase:
- Must be continuous for a term of ten years on lease-in-perpetuity lands.

The Board has power to dispense with residence in certain cases, such as where the selector is residing on adjacent lands, or is a youth or unmarried woman living with parents, and in a few other cases.

RESIDENCE implies the erection of a habitable house to be approved of by the Board.

IMPROVEMENTS which must be made are as follows:—

- Cash-tenure lands must be improved within seven years to an amount of £1 an acre for first-class land, and 10s. an acre for second-class land.
- Lands held on lease with right of purchase, or on lease in perpetuity, must be improved to an amount equal to 10 per cent, of the value of the land within one year from the date of the license or lease; within two years must be improved to the amount of another 10 per cent.; within six years must be improved to the value of another 10 per cent., making 30 per cent, in all within the six years. In addition to the above, the land must be further improved to an amount of £1 an acre for first-class land, and on second-class land to an amount equal to the net price of the land, but not more than 10s. an acre.

Improvements may consist of reclamation from swamps, clearing of bush, planting with trees or hedges, cultivation of gardens, fencing, draining, making roads, wells, water-tanks, water-races, sheep-dips, embankments or protective-works, or in any way improving the character or fertility of the soil; or the erection of any building, &c.; and *cultivation* includes the clearing of land for cropping, or clearing and ploughing for laying down with artificial grasses, &c.

Special-settlement Associations.

Under the existing regulations any number of persons, not less than twelve, may apply for a block of land of not less than 1,000 acres or more than 11,000 acres in extent, but the number of members must be such that there shall be one for every two hundred acres in the block, and no one can hold more than 320 acres, except in swamp lands, where the area may be 500 acres.

The capital value of lands within a special settlement is fixed after survey by special valuation, but may not be less than 10s. an acre; the rental is not less than 4 per cent, on the capital value, and the tenure is a lease in perpetuity.

Residence, occupation, and improvements are generally the, same as already described, and applications have to be made in manner prescribed by regulations.

Applicants should apply to a Commissioner for a copy of the regulations, as they are liable to change at any time.

Improved-farm Settlements.

Special regulations are in force for this class of settlement, which should be applied for, but briefly the terms are as follows: Those who form settlements under these provisions are selected from the applicants by the Commissioner of Crown Lands, preference being given to married men. The areas of the farms may vary from 10 acres to 200 acres, according to locality; no settler can select more than one farm. The land is leased for 999 years at a rental of 4 per cent, on the capital value, to which is added 5 per cent, on the amount advanced by

Government for clearing, grassing, &c. The rates allowed for felling are those current in the district, but must not exceed £1 15s. per acre. Advances to cover cost of sowing with grass will be made, if required, likewise not more than £10 towards building a house or erecting fencing. Not more than 100 acres of felling will, however, be paid for. As a rule, the settlers can get employment on the road-works in the neighbourhood, but Government does not guarantee this.

Residence for the first ten years is compulsory, and improvements must be made in terms of Part III. of "The Land Act, 1892." (See *ante*.)

Village Settlements.

Village settlements are disposed of under regulations made from time to time by the Governor, but the main features are as follows:—

Such settlements may be divided into:—

- Village allotments not exceeding one acre each, which are disposed of either by auction among the applicants or by application, as already described, with option of tenure, the cash price being not less than £3 per allotment;
- Homestead allotments not exceeding 100 acres each, which are leased in perpetuity at a 4-per cent, rental on a capital value of not less than 10s. per acre.

Residence, improvements, and applications are the same as already described. The leases are exempt from liability to be seized or sold for debt or bankruptcy.

The Colonial Treasurer is empowered in certain cases to advance small sums for the purpose of enabling selectors to profitably occupy their allotments.

Small Grazing-runs.

Small grazing-runs are divided into two classes: First-class, not exceeding 5,000 acres; second-class, not exceeding 20,000 acres in area. The rental in both cases is not less than 2½ per cent, on the capital value per acre, but such capital value cannot be less than 5s. per acre. Small grazing-runs are leased for terms of twenty-one years, with right of renewal for other twenty-one years, at a rent of 2½ per cent, on the then value of the land. The runs are declared open for selection, and applications and declarations on the forms provided have to be filled in and left at the Land Office, together with the deposit of one half-year's rent, which represents that due on the 1st day of March or September following the selection.

No holder of a pastoral run, and no holder of freehold or leasehold land of any kind whatever, over 1,000 acres in area, exclusive of the small grazing-run applied for, may be a-selector under this system; and only one small grazing-run can be held by any one person.

The lease entitles the holder to the grazing rights, and to the cultivation of any part of the run, and to the reservation of 150 acres round his homestead through which no road may be taken; but the runs are subject to the mining laws.

Residence is compulsory, if bush or swamp land, within three years; if open, within one year; and must be continuous to the end of the term, but may in a few cases be relaxed. Improvements necessary are as follows: Within the first year, to the amount of one year's rent; within the second year, to another year's rent; and, within six years, to the value of two other years' rent: making in all a sum equal to four years' rental, which must be expended within six years. In addition to these improvements, bush-covered first-class runs must be improved to an amount of 10s. an acre, and second-class bush-clad runs to an amount of 5s. an acre.

These runs may be divided, after three years' compliance with the conditions, amongst the members of the selector's family.

Pastoral Buns.

Pastoral country is let by auction for varying terms not exceeding twenty-one years; and, excepting in extraordinary circumstances, runs must not be of a greater extent than will carry 20,000 sheep or 4,000 head of cattle. Runs are classified from time to time by special Commissioners into: (1) Pastoral lands, which are suitable only for depasturing more than 5,000 sheep; (2) pastoral-agricultural lands, suitable for subdivision into areas of under 5,000 acres, which may be either let as pastoral runs, generally for short terms, or cut up for settlement in some other form. Leases of pastoral lands may not be resumed; leases of pastoral-agricultural lands may be resumed at any time after twelve months' notice, without compensation.

No one can hold more than one run; but, in case of any one holding a run of a carrying-capacity less than 10,000 sheep, he may take up additional country up to that limit.

Runs are offered at auction from time to time, and half a year's rent has to be paid down at the time of sale,

being the amount due in advance on the 1st day of March or September following the sale, and the purchaser has to make the declaration required by the Act. All leases begin on the 1st day of March, and they entitle the holder to the grazing rights, but not to the soil, timber, or minerals; and the lease terminates over any part of the run which may be leased for some other purpose, purchased, or reserved. The tenant has to prevent the burning of timber or bush; in open country to prevent the growth of gorse, broom, or sweetbriar; and to destroy the rabbits on his run. With the consent of the Land Board, the interest in a run may be transferred or mortgaged, but power of sale under a mortgage must be exercised within two years.

In case it is determined again to lease any run on expiry of the lease, the new lease must be offered by auction twelve months before the end of the term, and if, on leasing, it shall be purchased by some one other than the previous lessee, valuation for improvements, to be made by an appraiser, shall be paid by the incoming tenant, but to a value not greater than three times the annual rent excepting in the case of a rabbit-proof fence, which is to be valued separately. If the run is not again leased, the value of rabbit-proof fencing is paid by the Crown, but the tenant has no claim against the Crown beyond the value of the rabbit-proof fence; he may, however, within three months of sale, remove fences, buildings, &c. Runs may also be divided with the approval of the Board.

Survey Charges on Unsurveyed Lands.

The following is the scale of charges for surveys of unsurveyed lands:—

- Not exceeding 30 acres, £6.
- Exceeding 30 and up to 50 acres, 3s. 6d. per acre, but not less than £6.
- Exceeding 50 and up to 100 acres, 3s. per acre, but not less than £8 15s.
- Exceeding 100 and up to 200 acres, 2s. 6d. per acre, but not less than £15.
- Exceeding 200 and up to 300 acres, 2s. per acre, but not less than £25.
- Exceeding 300 and up to 500 acres, 1s. 8d. per acre, but not less than £30.
- Exceeding 500 and up to 1,000 acres, 1s. 4d. per acre, but not less than £41 10s.
- Exceeding 1,000 and up to 2,000 acres, 1s. per acre, but not less than £66 10s.

For the survey of any area of rural land, being open land, the scale of charges shall be two-thirds the foregoing rates.

Description of land Districts.

The Auckland Land District.
G. MUELLER, Chief Surveyor.

Introductory.

THE Auckland Land District covers about four and a half degrees of latitude, extending from 34° 30' to 39° S., its greatest length being about 365 miles, from the North Cape to the 39th parallel, south of Lake Taupo, while its greatest width is about 180 miles. In the peninsula north of Auckland, indented at it is on either side by harbours and arms of the sea, and with a mean width between the Pacific Ocean and Tasman Sea of little over forty miles, the range of temperature is remarkably small. The thermometer seldom registers above 80° in the shade in the middle of summer, whilst the heat is always tempered by a cool breeze, bringing the mean summer temperature to under 70° in the shade. The fronts are hardly worth mentioning, as the minimum register is seldom below 40°; but south of Auckland sharp white frosts occur very often, more especially beyond 38° of latitude, and snow lies upon the summits of some of the highest hills or mountains in winter.

Physical Features.

This land district may be said to have no real mountains, as the most prominent peaks of the several scattered ranges or hills seldom exceed 3,000 ft. in height above the sea-level, an altitude just enough—south of 38°—to clothe the last 1,000 ft. with snow in the depth of winter. North of Hokianga and the Bay of Islands there is one well-defined range of hills rising to a height of 2,463 ft.; whilst south of these place, and extending to the Wairoa River on one side and the Whangarei Harbour upon the other, the country is all more or less broken into ranges from 1,000 ft. to 2,000 ft. in height, with valleys between. The next really well developed main range lies within the Coromandel and Thames Peninsula. With a length of over 150 miles, it has an average height of over 2,800 ft., commencing with Moehau, or Cape Colville, 2,800 ft.; next, Te Aroha, a peak of 3,176 ft.; and ending at Weraiti with a height of 2,527 ft. There are two other well-defined ranges—namely,

Tawairoa and Hauturu—lying between the West Coast and the Waipa basin, with their highest peak at Pirongia, which rises to 3,156 ft., and is often snow-capped. There are other ranges forming the watershed between the basins of the Waikato and Waipa Rivers, and dividing both from the streams running into the western side of Lake Taupo. Their highest peak is Pureora, rising to 3,793 ft. The eastern side of the land district is occupied by a very broken, forest-clad country, known as the Urewera Country, the average height of which is about 2,500 ft. It is practically unexplored, and, being still in the hands of the Natives, is not as yet available for settlement. To the east, of Lake Taupo lie the Kaimanawa Ranges, of about 4,500 ft., and generally open on the ridges, with valleys clothed in beech forests. Nearly the whole of the Auckland Land District is indented on both coasts with harbours and arms of the sea, forming a cheap and easy means of access. Of rivers, properly so called, there are only two of any great length—namely, the Wairoa and Waikato. The first empties itself into the Kaipara Harbour, a large arm, or rather succession of arms, of the sea, giving hundreds of miles of inland water-carriage to all parts of the Counties of Hobson, Otamatea, Rodney, and Waitemata. This river is navigable from its mouth to its junction with its tributaries Wairua and Mangakahia, a distance of ninety-one miles from the sea, and for forty miles it is navigable for ships of large burden. The River Waikato has a course of 200 miles, measured from its source in the Ruapehu Mountain through Lake Taupo to the sea on the West Coast. It is navigable for river-steamers for seventy-five miles from its mouth. Another river—the Thames, or Waihou—though of no great length, affords a valuable means of inland water-carriage, and is navigable for small steamers for twenty-five miles. Generally speaking, every part of the district has an abundant water-supply, now and then lessened for a short time at the end of a very dry summer.

Plains.

Of plains proper, this district has only the stretch of country called Kaingaroa, extending from the eastern side of Lake Taupo towards the Bay of Plenty, all more or less of a pumice formation; the valley of the Thames, which is generally level, the quality of the soil varying very much in different parts; and the Central Waikato basin, already thickly settled. Here and there in the North there are level plateaux of volcanic soil, more or less densely wooded, and along the main rivers there are stretches of level country, but there are no large plains of alluvial soil such as the Middle Island can show.

Lakes.

Of these, which add so much to the scenery of a country, this district possesses a fair share, there being eight principal lakes, with some twenty or more smaller ones. To the north of Auckland, in the Bay of Islands district, there is only one lake of any size, called Omapere, three miles by two miles, an old crater, in the Waikato are Lakes Waikari and Whangape, the first six miles and a half long by three miles across, and the second five miles by one mile. These lakes are generally covered with numerous wild swans and ducks, and, being both connected with the Waikato River by navigable creeks, form a convenient waterway for transport of goods to settlers living around their shores. All the remaining lakes of large size are within the watershed of the Thermal-springs District, and are mostly from seven to eight miles long, and from three to six miles wide, except Taupo Moana, the queen of the North Island lakes, which is twenty-five miles long and eighteen miles broad, with a depth of 500 ft. The scenery round its western shore is of the most romantic kind.

Forests.

The greater part of the Auckland Land District has been covered in the part with dense forests, which are now fast disappearing under the axe of the settler and being transformed into rich pasture-land. The only really good Crown lands fit for settlement in the North are still all covered with forest, and must be cleared and sown before any returns can follow. The area of forest-land in the Auckland District at the present time is about 1,800,000 acres north of Auckland, and 3,420,000 acres south of it. The forests contain a mixture of trees of all kinds, from the giant kauri to scrubby tea-tree or manuka, but all the bush is useful for building, fencing, and household purposes, or at any rate may be converted into charcoal for sale. Of the giant kauri (the most valuable tree in New Zealand) great quantities, worth as much as £400,000 per annum, are being yearly cut, and exported or used for home consumption. To give some idea of the size of these trees, and the amount of timber contained in them, it is estimated that upon the Crown land to the north of Auckland, in the Counties of Hokianga, Hobson, Bay of Islands, and Whangarei, there are still remaining 498,000,000 feet, of a value, as the timber stands, of £1,294,000.

Soils.

With respect to the soils of Auckland, nowhere in New Zealand within such short distances is there such a diversity in the quality—a distance of half a mile often makes all the difference between rich alluvial and barren pipeclay. To the north of the Bay of Islands and Hokianga the lands are chiefly clay and sandstone, with here and there a volcanic area intervening. In and about the valley of the Mangonuiwae River, in the Hokianga County, there is some of the richest alluvial soil in the district; and, taking the whole Crown land remaining to the north of a line between the Hokianga and Bay of Islands Harbours, the really available good land fit for settlement, would be about 40,000 acres. There are large areas outside of this which will carry good grass and feed one or two sheep to the acre, after clearing and laying down in grass; and there is also land highly suitable for fruit-growing. South of Hokianga, and between that place and the Wairoa River, the soil is, generally speaking, very good, being both volcanic and alluvial. Here the Crown has probably 200,000 acres of such land fit for settlement. Immediately south of the Bay of Islands, and extending thence to Whangarei, the soil is, for the most part, clay lying upon sandstone or marl, with alluvial flats in the bottoms of the valleys; but these are, as a rule, very narrow. Within the Puhipuhi State Forest there is an area, say, of 16,000 acres, more or less, volcanic soil, over a large portion of which a fire has run; having been surface-sown with grass, it is now carrying most luxuriant pasture. Approaching Whangarei, at Hikurangi, the limestone crops out, overlying coal-deposits, and round Whangarei itself the soil becomes a rich volcanic, in a high state of cultivation. South of Whangarei Harbour, and from thence to Auckland, the Crown lands generally are of a broken character, with soil varying from alluvial swamps—as in the case of the Tokatoka Swamp of 16,000 acres—to the limestone areas round Maungaturoto, the sandstone and clay lands of Rodney County, and the poorer clay-lands lying north of the City of Auckland, which have, however, proved eminently suitable for fruit-growing.

For about 200 miles south of Auckland the land (with the exception of the Cape Colville Ranges) is, generally speaking, far less broken, and gradually opens out into large tracts of level country in the Waikato and Waipa basins. Immediately south of Auckland the soil is rich volcanic until it is gradually superseded by the prevailing clays; the greater portion of Manukau County, for thirty miles south of Auckland, may be classed as pastoral, and is under occupation as such. The Crown areas available for settlement—say, 16,000 acres—are chiefly in the Otau Parish, varying from volcanic clay to ordinary clay land, forest-clad, and well adapted for pastoral purposes. In the Counties of Waikato, Raglan, Waipa, Piako, West Taupo, and Kawhia, there is a still greater diversity of soils; Raglan County contains large areas of good limestone country, broken, but with rich black soil, and carrying most luxuriant grass. The lower Waikato country consists of clay soil and extensive swamps, almost undrainable, but at a distance of eighty miles from Auckland is found a flat and undulating country, lying partly within the Waikato and Waipa basins, and partly within the valleys of the Piako and Waihou Rivers, formed mainly of alluvial deposits of rhyolite sands brought, down from the volcanic districts. In the Kawhia County there are some 300,000 acres of excellent limestone land, a large portion of which is heavily timbered, with numerous warm valleys. Most of this land is now being acquired by the Government from the Native owners. Beyond this there is a large stretch of country consisting alternately of open valleys and forest-clad hills, a fair proportion of which is good land, both pastoral and agricultural. The County of Coromandel, with portions of Thames and Ohinemuri Counties, is chiefly devoted to the mining industry. The soil is nearly all clay, the land very broken, but suitable for pastoral purposes if cleared of the dense forest that now covers it. The western portion, however, of the Thames and Ohinemuri Counties contain large areas of alluvial and swamp lands, now in the hands of the Crown, but, through want of drainage, not yet available for settlement.

In the County of Tauranga, the clay lands extend from Te Aroha Mountain to Katikati entrance, changing, near Tauranga, to sandstone and black pumice soil of rich character, which improves towards Te Puke and Maketu, where the land is all good, and more or less volcanic. In Whakatane County there are very extensive swamps, of which large portions are drainable, and back from the coast seven miles or so are large areas of Crown lands, broken and forest-covered, open for settlement. The soil is chiefly clay or light loam, with alluvial flats in the valleys, and all well watered. This kind of country extends to the boundary of the land district. The coastal lands are nearly all alluvial flats in a high state of cultivation, and the settlers mostly well-to-do.

Review of Soils: Uses and Returns.

Briefly to set forth the capabilities of the Crown lands in the district, it will suffice to say that north of the Bay of Islands and Hokianga the land is suitable chiefly for two classes of persons—the gum-digger, and the fruit-grower or small farmer. The former has the range over large areas of Crown lands upon paying a small fee, and his earnings average from 5s. to 10s. a day. As for the latter, in and around Hokianga, with its 250 miles of water-frontage, almost anything can be grown, from the tropical banana to the more prosaic potato, whilst oranges and lemons flourish side by side with all kinds of apples, pears, and plums. Wheat does fairly well, and maize gives a return of fifty to sixty bushels an acre. Sheep also thrive; and most of the lands, when

properly grassed with artificial grasses, will carry two or three sheep to an acre, but ordinary rough-grassed lands only one and a half to two sheep per acre. The clearing of forest-lands, ring-fencing and grassing them, will cost about £3 to £3 10s. per acre. The same remarks apply to the Bar of Islands and Whangarei, and to the country as far south as Auckland. Round about Whangarei district, and under similar conditions of culture, the average return for good agricultural or pastoral lands would be fully 12s. an acre per annum. South of Auckland, throughout the Waikato, Piako, Waipa, and Raglan Counties, and thence south to the district boundaries, the land is both agricultural and pastoral. All the cereals do well, wheat averaging 27 to 30 and up to 40 bushels per acre, and oats 26 bushels per acre. Potatoes average from 5 to 7 tons per acre. Dairy-farming is carried on, yielding (upon well-cultivated farms) a net profit of 15s. to 20s. an acre per annum; whilst sheep-farming yields a profit of from 5s. to 7s. 6d. a sheep per annum on very large estates; allowing for greater losses from disease, &c., the average return would still be 4s. per sheep. The cost of clearing fern and scrub is generally from 7s. to 10s. an acre, and laying down fern-land by surface-sowing and harrowing, about 17s. an acre.

The seaward counties of Tauranga and Whakatane are both agricultural and pastoral, growing wheat and maize alike to great perfection. In fact, the County of Whakatane, upon its alluvial shores and uplands, grows the greater portion of the maize produced in the district, and from the ports of Whakatane and Opotiki in one year some 34,000 sacks have been exported. In these counties the average yield of wheat is from 22 to 25 bushels per acre, oats about 29 bushels per acre, and maize 45 to 60 bushels per acre. It is quite possible within this district to select land early in the winter, fell and burn off by the ensuing summer, sow in grass in the autumn, and put on stock within twelve months from selection.

Rainfall.

The rainfall during the year averages about 39in., the greater portion of which, as a rule, falls between the 1st of May and 1st. of November, or during the winter and spring months. Owing to the constant changes of wind, caused by the configuration of the coast-line, the shortness of the distance between the two coasts, and the influence, greater or less, of the trade-winds, it is quite common for one neighbourhood to have double the rainfall of another, even though the two be only twenty miles apart. Droughts of more than a couple of months are practically unknown, and grass is always abundant.

Winds.

One of the chief means whereby the great healthiness of the climate is maintained is the constant presence of fine breezes, blowing both summer and winter, the prevailing winds being north-east and south-west, and very seldom passing into really heavy gales. In the middle of summer, the sea-breeze during the day and the land breeze at night are almost unvarying.

General Products and Industries.

Timber.—The vast forests of kauri and other valuable trees have given this district the foremost place for production and export of timber. There are many safe and sheltered harbours for shipping, while streams and rivers without number form convenient highways for conveying logs to the mills or ports. Some idea of the extent of this industry may be given by quoting from the official returns made at the time of the last census. There were then forty-nine steam saw-mills situated in various parts of the district, with engines of a total of some 2,000 horse power. These mills employed over a thousand men, and produced yearly some 80,000,000ft. of sawn timber, valued at £301,328; of timber resawn into flooring, skirting, &c., some 21,000,000ft., valued at upwards of £91,000, not to mention posts and rails, mouldings, sashes, and doors. Besides this output, in the remoter parts of the district large quantities of timber are hand-sawn. The durable puriri is converted into railway-sleepers, for which there is a great demand, and the totara is largely sought after for telegraph-posts and wharf-piles.

Kauri-gum.—The most unique production of this portion of the colony is kauri-gum, obtained for the most part from the country north of Auckland. It is formed by the hardening of the exuded turpentine from the kauri tree, and is dug out of ground from which the forest has been burnt off. The Royal Commission lately appointed elicited the fact that in 1893 the procuring of the gum gave employment to no less than 6,897 persons. Last year 7,126 tons were exported, valued at £431,323. The kauri-gum is extensively used in the manufacture of varnish, and also for glazing calico. Nearly two-thirds of the varnishes in the market are produced from this gum. The average earnings of a digger may be taken as from £1 7s. to £1 10s. per week.

Flax (Phormium tenax).—An industry, which is for the present in a languishing condition, is the conversion of the broad leaves of the *Phormium tenax* into marketable flax suitable for the manufacture of rope,

twine, mate, mattresses, and numerous other articles. The flax-mills are scattered over different parts of the district, as near rail-or water-carriage as possible, and employ about eighty men and boys, whilst the local rope-and-twine works give work to some forty more.

Gold.—This district has in the past produced large quantities of gold, but the area over which auriferous quartz-reefs have been discovered is limited to the Counties of Coromandel, Thames, Ohinemuri, and a small portion of Piako. In 1896 the output of this neighbourhood was 35 per cent, of all the gold produced in New Zealand, the quantity (92,346oz.) entered for duty for exportation having been valued at £350,355. From 1878 to 1892 the Thames Goldfield alone produced some 600,000 oz. Now that the area over which auriferous quartz-reefs have been discovered has increased, a much larger output may be expected in the future. The total estimated value of the gold was £358,317 for 1896-1897, against £378,107 in the previous year. All the gold won was obtained by battery amalgamation, and the bullion by the cyanide process. There is a large amount of English capital being expended in developing new discoveries in out-districts away from the goldfield, but it will be some time yet before these discoveries have reached their full development. At the Thames there is a School of Mines, well attended and showing good results.

Coal.—Coal is found in most parts of this district, and is being worked with more or less success at Kawakawa, Hikurangi, Kamo, and Ngunguru, to the north of Auckland; whilst in the south there are three mines at Huntly, all turning out a good household coal. The total output of all the mines in 1896 was upwards of 139,000 tons.

Fruit.—The climate of the Auckland District is well adapted for the growth of the orange, lemon, vine, and olive, as also for the fruits of England, America, and Japan. The subtropical kinds flourish about Hokianga, in the north; those of the temperate regions, in the Waikato and neighbourhood. Now that the problem of how to land fruit in good condition in the London market has been solved, orchard planting is rapidly progressing, and it has been found that, the culture of the hard varieties of the apple will repay export to England. Of late years a demand has set in for the poor clay-land that used to contain gum, as it is admirably suited for fruit-growing. Orchards are now planted in neighbourhoods where the soil has lain idle for years, for it has been proved that apples grown on this poor soil keep longer than those grown on richer land. More attention is being just now paid to stone fruits, for which there is always a steady local market, than to apples, which have of late years been heavily handicapped by blight. The fruit industry in Auckland is yet in its infancy, and is capable of great extension. At present peaches are the only fruit canned, though there is also a good deal done in the way of drying fruits and vegetables by the process of evaporation.

Fishing.—The sea and harbours abound in fish. At least eighteen different varieties, suitable for the table, are caught with little labour, and settlers living near the sea-coast, or any one of the many harbours and tidal rivers, can always obtain enough for all necessities. At present the canning industry is confined to mullet, of which there is a large amount exported, and an equal quantity used for home consumption. The rock-oyster is found over a large area on these coasts, and large quantities are sent both to the southern ports of the colony and also to Australia.

Chief Centres and Surrounding Districts.

The City of Auckland lies on the southern shore of the Waitemata Harbour, one of the finest havens in the colony, on a narrow neck of land between the Waitemata and the Manukau. Alike from the sea and from the neighbouring hills the city and surrounding country present a charming picture. Especially fine is the view from Mount Eden, a low volcanic hill in the suburbs. Facing the town are the green hills and white houses of the North Shore, and the remarkable peak of Rangitoto; beyond lie the many islands of the Hayraki Gulf, with the blue hills of Coromandel and the Great Barrier in the far distance. Clustered near the foot of the hill, and scattered for many miles to the southward, are charming villa-like houses, with tasteful gardens and shrubberies, while to the north-west the view is closed by high wooded ranges. The city is unrivalled for its commercial position; it has communication by sea with both sides of the Island, while the Kaipara and Waioara Rivers leading far into the northern peninsula, and to the south the Waikato and Thames Rivers leading into the heart of the Island, give it excellent natural facilities for inland communication. In April of last year the population of the city and suburbs amounted to 57,616 persons. The city is well supplied with gas and water, and amongst public buildings may be noticed Government House, the new Government Offices, Post and Telegraph Offices, Supreme Court, &c. There is a Free Public Library and Art Gallery, and a good Museum, containing what is probably the best Maori collection in the world. The Auckland University College is affiliated to the New Zealand University. The Victoria Arcade, the Exchange, Harbour Board Offices, hotels and clubs, as well as many commercial buildings, compare favourably with those in other parts of the colony. There are admirable recreation-grounds, including the Government Domain of about 180 acres, as well as the Botanic Garden and the Albert Park in the centre of the city. There is a tramway system extending through the

suburbs. Auckland has numerous industries including, amongst others, ship-building, sugar-refining, timber-converting, wife, and-door manufactories; rope-and-twine, pottery, brick-and-tile, and varnish works, printing-offices, &c.

The City of Auckland is the centre from which radiate all railways, road-, and steamer-routes. From it, by rail, lies the way to all Crown lands south of the Waitemata, while the Kaipara Railway connects it with the country north of Helensville. All lands to the north and along the Bay of Plenty are reached from its wharves by the Northern Company's steamers. The chief centres to the north are:—

Warkworth, on the East Coast, forty miles from Auckland, with communication by coach and steamer nearly every day. It is a thriving township, with post-and telegraph-office, public halls, hotels, &c., and is the starting-point for the Tauhoa and Pakiri Crown lands. It is also the site of important hydraulic-lime and cement works. A good deal of agricultural and pastoral farming is carried on in its neighbourhood.

On the West Coast an important centre is Helensville, on the Kaipara Harbour, distant thirty-six miles from Auckland, with which it is connected by rail. It has all the conveniences required by travellers in the shape of good hotels, scores, &c, and is the starting-point of the river-steamers running to all places in the Otamates and Hobson Counties. It is also one of the main centres for sawmilling, and for the export of balk timber by large vessels to other colonies, and has several flax-mills.

Dargaville, on the Wairoa River, is a town of about 400 inhabitants, with all conveniences for travellers. It may be reached by rail and steamer from Auckland three times a week. Dargaville is the starting-point of the Kaihu Valley Railway, which is open for traffic for twenty miles from the town, and from the terminus of the railway all the Crown lands in the neighbourhood are reached, even so far north as Hokianga. The town is also the centre of a very large timber export. There are only two townships of any importance north of Dargaville—Port Rawene, or Hokianga, and Kohukohu, about four miles further up. Both have post-and telegraph-stations, and comfortable hotels, with fortnightly steam-communication from Auckland.

Whangarei, on the East Coast, is distant seventy-five miles from Auckland, with which it has steam-communication twice a week. The town is a thriving and important place, having a population approaching 800, and is the centre of a large agricultural and pastoral country. In the neighbourhood is also a large coal-bearing and gum-producing district, while the export of oranges and lemons, which thrive magnificently on the rich volcanic soil, is increasing fast. From here a coach runs weekly to Kawakawa, upon the arrival of the Northern Company's steamer, and from it, by carriage or horse, all lands can be visited within a radius of thirty to forty miles.

Kawakawa, at the head of the tidal portion of the river of the same name, is-connected by a short railway-line with Opuia, the calling-place of steamers from Auckland. Kawakawa possesses good inns. From it coaches run weekly to Hokianga and Whangarei. It is the centre of a coal and gum industry, and a port of lading for those products. The old town of Russell is situated further down the bay, and has good inns, besides having a post-and telegraph office. To Whangaroa and Mongonui the Northern Company's steamers run every week. Whangaroa is famed for its exquisite scenery, and is the centre of a large timber-and gum-export trade. Mongonui is the starting-point and centre from which to visit, by carriage or horse, all the Crown lands in the Mongonui County, and from it the steamer "Staffa" runs to Awanui and ports beyond, in connection with the weekly steamer from Auckland.

South of Auckland, along the Waikato Railway, there are numerous townships of more or less importance, but no starting-point for Crown lands, until Mercer is reached at a distance of forty-three miles. It is situated at the borders of what is known as the Waikato Country, upon the Waikato River, which is tidal up to this point, and the township has a post-and telegraph-office and other conveniences. At sixty-five miles from Auckland by rail is Huntly, also on the Waikato River, a flourishing township, with a very large output of valuable coal. It has also pottery-, brick-, and tile-works. On the opposite side of the Waikato River large areas of Crown lands are being brought into use, and are carrying many sheep and cattle. The next town is Ngaruawahia, or Newcastle, seventy-four miles from Auckland, situated at the junction of the Waikato and Waipa Rivers, with hotels, bank, post-and telegraph-office. It is a centre from which portions of Crown lands in Raglan County are reached, and also from it river-steamers run north and south to the various settlements. Ngaruawahia has a flourishing creamery, a brewery, and a cooperage. At eighty-four miles from Auckland the train reaches Frankton Junction, where a line branches off to Hamilton, Te Aroha, and Oxford, the main line going to Te Awamutu, ninety-nine miles from Auckland. The latter is a thriving town; but to reach available lands for future settlement the traveller passes on by rail to Otorohanga and Te Kuiti, fifteen and twenty miles further on respectively, at both of which places there are accommodation-houses, forming convenient centres for visiting the fertile undulating limestone lands in the vicinity. Hamilton is a busy, flourishing town, situated on both sides of the Waikato River, with a population of about 1,300 persons, and is the centre of a large agricultural-and pastoral district. It possesses a creamery, flax-mill, brewery, and two soap-factories, besides other local industries. Cambridge, about thirteen miles by road and fifteen miles by rail from Hamilton, has a

population of about 900, and is the headquarters of the Farmers' Club. It is a busy, thriving township, surrounded by food farming country. Between Hamilton and Cambridge, and in the country round, there are numerous creameries, cheese-and butter-factories; wine-and cider-making is also successfully pursued, and there are several apiaries, from which large quantities of honey are produced. There are three flour-mills in the district, one at Cambridge, one at Hamilton, and the third at the terminus of one of the before-mentioned branch lines. One hundred and sixteen miles from Auckland by rail is Te Aroha, a quiet township, celebrated for its thermal springs and good hotels.

The settlements at the Thames and Coromandel are essentially mining town ships. The first is situated thirty-eight miles by steamer from Auckland, on the Firth of Thames, and at the mouth of the Waihou River. It has a population of about 5,500 persons. There is daily steam-communication with Auckland, and a railway connecting it with Paeroa and Te Aroha. Coromandel is about thirty five miles from Auckland, with which it has constant communication by steamer; it is another mining centre, situated at the head of a picturesque harbour. Tauranga, with a population of about 1,020, is situated on the harbour of that name in the Bay of Plenty. Coaches run thither from the Thames, and from Rotorua; it has also constant communication by steamer with Auckland, and with Matata, Whakatane, and Opotiki. From the fact of the harbour being the only one on the East Coast capable of receiving large vessels the town is bound to be of importance in the future. Tauranga has a new and well-anointed flour-mill upon the Waimapa River, also a chemical and sulphuric-acid works, and a cheese factory.

Opotiki, the second town of importance in the Bay of Plenty, is situated about sixty-five miles by steamer or road from Tauranga. It has weekly steam communication with Auckland, and is connected with Gisborne by a bridle-track. It is the headquarters of the maize-producing district, and has rich alluvial lands, from which good returns are obtained. It is a good starting-point from which large blocks of Crown lands suitable for pastoral purposes may be readied.

The Township of Rotorua is situated on the shores of Rotorua Lake, at a distance of 172 miles from Auckland. Since the railway from Oxford was opened travellers can now reach Rotorua in one day from Auckland. It is the chief township in the hot-lakes district, and has also a large area of fairly good Crown land near, adapted for pastoral purposes. Considerable quantities of sulphur are obtained from the neighbourhood.

Crown or Native Lands available for Future Settlement.

In the Mangonui County the Crown possesses 106,700 acres of fairly-good forest-land, tolerably easy of access.

In the Bay of Islands County there are only about 24,600 acres of available Crown land, both forest and open, but the Natives still own some 152,000 acres, chiefly forest land, except about Kaikohe, where it is open and rich volcanic land, most of it broken, but fit for settlement.

In Hokianga County there are some 147,550 acres of available Crown land, of good quality, nearly all covered with forest, and fit for immediate settlement. the Natives still own some 126,000 acres, almost all good land, and fit for settlement.

In Whangarei County there are about 59,175 acres of available Crown land, mostly broken and forest-clad. The Natives still retain some 51,400 acres of land, part of it very rich.

In the Otamatea County the Crown retains only about 14,540 acres, a goodde deal of this being alluvial swamp, and well worth draining. The Natives still own about 20,000 acres, but not much of it is fit for settlement.

In the Rodney and Waitemata Counties about 15,162 acres of Crown lands are left, most of it fit only for pastoral or fruit-growing purposes. The Natives still own about 14,000 acres in these two counties, some of it very good land.

In the Manukau County the Crown owns some 22,035 acres of broken forest land, fit for pastoral purposes. The Natives still own about 15,000 acres, a portion of which is fairly good.

In the Waikato and Raglan Counties the Crown lands amount to about 55,780 acres, all fairly good land, mostly forest, and easy of access. In Raglan County the Natives still own the freehold of 150,000 acres, all good land, but difficult to secure.

In the Coromandel, Thames, and Ohinemuri Counties there are about 42,850 acres of available Crown lands. In the last two counties a good deal of the land is swampy, and requires draining. The Natives still own 27,512 acres, much of which is very good.

In Tauranga, Whakatane, and Rotorua Counties the Crown owns 487,075 acres, nearly all forest-clad, and generally broken; but in the last-named county the Natives retain a very large area, the greater part too broken or too much covered with pumice or volcanic ash to be fit for settlement.

In the Kawhia and West Taupo Counties the Crown is acquiring from the Natives large areas of very good

land, all fit for settlement, and easy of access. About 300,000 acres are really first-class land, and about 1,000,000 acres' fairly good land, all suitable for pastoral purposes, and accessible from the Main Trunk Railway-line.

The Taranaki Land District.

J. STRAUCHON, Chief Surveyor.

The Taranaki Land District is situated on the western side of the North Island of New Zealand, at about its widest part, and may be said to be the most compact and fertile district of the colony, for, with the exception of the upper half of Mount Egmont, and of the ranges adjoining, which absorb about 36,000 acres, the whole of the area—minus what is taken up by the rivers, streams, and lakes—is suitable for settlement, and certainly two-thirds of the district is good land. The gross area of the district is 2,430,000 acres.

Physical Features.

Of mountains, the principal one is the beautiful volcanic cone from which the district takes its name, Taranaki, otherwise called Mount Egmont, which has an altitude of 8,260 ft. This mountain is the centre of distribution for a radius of twenty miles of the volcanic formation known as the "drift," which covers the volcanic rocks below an altitude of 3,000ft. Hummocks composed of trachyte boulders and cement crop up here and there and make excellent metal-quarries.

Beyond the volcanic formation—that is, from about Urenui on the north and Hawera on the south—the country is generally broken, and the formation is known as papa, a calcareous blue clay, capped in many places by shelly limestone.

The northern portion, between the Tongaporutu and the Mokau Rivers, contains also limestone, greensands, and coal outcrops. At Panirau, a small tributary of the Mokau, about thirty miles from the sea, there is an isolated patch of volcanic agglomerate and tufas, and a similar formation is found at the north-eastern corner of the district.

Eastward of the base of Mount Egmont there are few, if any, mountains worthy of the name, although there are many ranges varying in height from 1,000ft. to 1,500ft. above sea-level, and, in a few instances—such as the Matemateonga and Waiaria Ranges—they run up to 2,500 ft.

The principal river is the Wanganui, which bounds the district on the east between Taumaranui and Pipiriki, a distance of about ninety miles. Its average width varies from 2 to 3 chains. For nearly the whole distance it is shut in by high precipitous hills, and in many places by perpendicular walls of rock. The scenery is very grand and beautiful. There are numerous rapids, but few of them are dangerous to skilful canoeists. A steamer runs regularly from Wanganui to Pipiriki, a distance of fifty-five miles. Another small steamer of light draught and considerable power is now being built. This is intended for opening up the tourist and trade traffic on the upper portions of the river between Pipiriki and Ohura, a distance of some sixty miles. A channel is now being snagged up the Tangarakau River as far as Putikituna, a distance of twelve miles. From this point it is proposed to construct nine miles of road to join the Ohura (or East) Road at a point about forty-seven miles from Stratford, and in the middle of the Whangamomona Improved-farm Settlement, the settlers in which and surrounding blocks will thus have double communication, with Wanganui on the one hand and Stratford on the other. When the road is completed through to Auckland (say within the next two or three years) tourists can enjoy a trip up the Wanganui River as far as Ohura, then back, and up Tangarakau River across to Ohura Road, then on to Auckland, or back to Stratford, as they desire. The principal tributaries flowing into the Wanganui on the Taranaki side are the Whangamomona, at eighty-two miles; Tangarakau, at eighty-five miles; Ohura, at 114 miles; Ongaruhe, at 143 miles respectively from the Town of Wanganui.

The next river in size is the Mokau, bounding the district on the north. It is navigable for small steamers of 20 tons or 30 tons as far as the coal-mines, about twenty miles from its mouth, and for canoes as far as Totoro, twenty-six miles further up. Several outcrops of coal are found on its banks, and, as limestone is also present, the river is likely to become the most important waterway of the district. The scenery on either side, although not on quite so grand a scale as may be seen on the Wanganui, is very beautiful.

The other large rivers are the Waitara and Patea. The former has its source about midway between the coast and the Wanganui River, in an easterly direction from Pukearuhe, between New Plymouth and the Mokau. It is about a hundred miles in length, and runs out at the Town of Waitara, some ten miles north-west from New Plymouth. There is a bar at the mouth, but steamers of 300 tons can enter safely in calm weather, and, although there are numerous rapids on its course, it is navigable for canoes for about ninety miles.

The Patea River rises in Mount Egmont, and, after traversing a tortuous course of about 110 miles, runs out

at the extreme southern end of the provincial district. It has a bar-harbour, with a depth of 13ft. to 14ft. at spring-tides. Steamers of from 40 tons to 50 tons trade regularly to the town of Patea, which is situated a mile or so north of the mouth. The Patea is navigable for canoes for fifty miles.

Besides these rivers there are many smaller ones, and streams innumerable—in fact, no district in the world could be better watered and at the same time so secure from disastrous floods. It is estimated that between the Mokau and the Patea there are no fewer than eighty-five named streams emptying themselves into the Tasman Sea, fully sixty of which flow from Mount Egmont.

Excepting the Ngaere Swamp, a block of open land near Eltham, 3,700 acres in extent, now partially drained and recently disposed of for settlement purpose, there are no plains, properly so called, in the district, although the stretch of very fertile country lying between the Waingongoro and Otakeho Rivers, comprising an area of about 25,000 acres, is known as the Waimate Plains. Of this area 13,500 acres have been disposed of, and the remainder, 11,500 acres, has been handed back to the Natives as a reserve.

There are no lakes worthy of the name. The largest sheet of water is Rotokare, situate about twelve miles from Eltham; it is about half a mile in length, with an average width of six chains. There are also a few small lakes inland from Waverley, at the southern end of the district.

The whole of the district, with the exception of a fringe of open country along the coast from Pukearuhe to Patea, averaging three miles in width, and containing about 250,000 acres, and some valleys at the north-eastern corner of the district, about 150,000 acres in extent, was originally covered with heavy forest. Estimating the area already cleared for settlement at 210,000 acres, it will be seen that there still remain about 1,630,000 acres under bush.

The larger timber is chiefly rata, rimu, matai, tawa, kahikatea, kohekohe, pukatea, re ware wa, hinau, with a few totaras scattered here and there. Among the smaller trees may be mentioned the kotukutuku or fuchsia, karaka, and mahoe.

As regards the timber industry, there are altogether twenty-two saw-mills, and the total quantity cut in 1896 was 12,422,000 ft., chiefly rimu (red-pine), kahikatea (white-pine), and matai (black-pine).

An area of 72,565 acres, measuring six miles on every side from the summit of Mount Egmont, has been set apart as a forest-reserve. At about two miles within the reserve the forest begins to get stunted; and at three miles it gives place to low wiry scrub, which ceases at four miles, or an elevation of about 4,000 ft. At 5,000 ft. the moss ends; beyond this point to the summit the mountain is composed of loose scoriæ and lava.

A comfortable mountain-house has been built at an elevation of 3,200 ft. on the northern face of the mountain, at a distance of nineteen miles from New Plymouth by the Junction and Egmont Roads. Fifteen miles can be driven over, and the remaining four ridden. This house is maintained by the North Egmont Forest Board of Conservators, and is open for the accommodation of visitors from the middle of December to the end of March in each year. The keeper acts as guide also. There are women's rooms at one end of the house, men's at the other, with large common living-and dining-room in the centre. Visitors provide and cook their own food; a small charge is made of 2s. if stay is for one night only; if for longer, then 1s. per night throughout the visit. Guide's fee for mountain, £1 per party. During the past season there were 283 visitors, remaining various periods of from one or two days to as many weeks, while the total number of visitors to the mountain was for the season 520. In fine weather, when the snow is off, the mountain can be ascended without risk.

The mountain can also easily be ascended from Stratford side, the return journey occupying about thirteen hours, including stoppages. Tourists can ride over the first twelve miles to a rough shelter-shed near the grass-line, altitude 4,325 ft.: time occupied, about three hours. Here the horses are left, and the remaining climb has to be done on foot: time required for fair walker, a good three hours, although, coming down, the distance can be done in two hours. 436 persons visited the mountain by this route during the season. Good hotel accommodation, guide, horses, and provisions, can be obtained in Stratford on reasonable terms. The return trip can be varied by visiting Dawson's Falls and Kendle's Cascade.

Another route now coming into favour is from Hawera or Eltham *viâ* Manaia or Kaponga and Dawson's Falls. At the latter place a comfortable shelter-house, capable of accommodating over thirty people, has recently been erected (altitude' 2,990ft.). This house, which is close to the Falls (65 ft.), is within an easy two hours' ride of Kaponga. During the season the house is in charge of a caretaker, and food, bedding, horse-feed, and paddocking can be obtained. The number of visitors to Falls and mountain by this route is said to have been about a thousand for the season. From the house to top of Mount Egmont occupies a good six hours' climbing at a moderate pace. From the top, where the whole Taranaki District lies spread out to view at one's feet, the tourist can, instead of returning by same route, drop down to the mountain-house on the north or New Plymouth side of and 3,000 ft. up the mountain. The walk would not occupy over two hours, easy walking.

Soils.

The volcanic soil, the boundaries of which have been already described, varies a good deal in quality. The best is believed to be on the south side of the mountain, between Stratford, Hawera, and Opunake, but not less than two or three miles from the forest-reserve boundary. It is thought that the country now being opened to the north and east of the volcanic deposit—that is, the papa and limestone formation—will, from the presence of lime, be much richer and more lasting as pasture-land than that around the mountain. The carrying-capacity of the land is, on an average, three sheep to the acre.

Dairying, Grazing and Agriculture.

Taranaki is essentially a grazing and dairying district, its chief products being butter and cheese, of which, during the year 1896, there were 3,228 tons exported, valued at £276,443. There are forty-seven registered dairy-factories and thirty-three creameries scattered over the district, besides numerous smaller private ones of which we have no records. Of those registered, thirty-one produce butter only, ten combine butter and cheese, and six cheese only; forty of the factories and creameries are proprietary companies, while the other forty are run on co-operative lines: the total output of these, last season, to 31st August, being 1,786 tons butter and 1,124½ tons cheese. This return does not include unregistered producers on farms, &c. The enterprising owners of the Crown Dairy Company also propose during 1897 to establish a factory for the manufacture of condensed milk, the necessary plant for which has been ordered.

In September, 1896, a new work in correction with the dairying and meat industries was started in the shape of the Taranaki Freezing Works. They are situated at Moturoa, near the breakwater, and close alongside the railway-line. Substantial buildings have been erected, and a railway siding laid down. The machinery consists of a "Paxman" compound surface-condensing engine of forty indicated horse-power, driving a "Livide" compressor, capable of freezing 400 sheep per diem: although up to the present time the company has confined its attention wholly to the freezing of dairy produce, 59,264 packages of butter and 6,570 cases of cheese having been sent from the works to the Home market, besides 1,000 packages of butter for the local and Australian markets. During the hot season the factories and railway-vans carrying butter have been supplied with ice from the works at a nominal cost.

Another somewhat similar industry has just been commenced at Fitzroy, called the Taranaki Bacon Factory. Substantial buildings have been erected, and a 6-horse power "Livide" machine fitted up, and the owner, Mr. Drake, hopes to hare the works in full swing during the season of 1897. The pigs are purchased from the farmers in the district and delivered at the styes in connection with the factory, where they are topped off with corn-feeding for fourteen days before being slaughtered. An industry like this should prove a boon to all dairy-farmers, and should be vigorously supported by them.

There are in the Taranaki Provincial District 17,912 horses, 201,518 cattle, 402,258 sheep, and 17,672 swine. These figures include all kinds and ages.

Agriculture has not hitherto been carried on largely. The total area under grain-crops (for threshing) was 8.203 acres; under green and other crops (including those cut for chaff, green food, and ensilage, also root crops, gardens, and orchards), was 14,205 acres; area in sown grasses, 595,878 acres; total under all kinds of crops, 618,286 acres, 617 acres fallow land, and 1,397 acres of forest-tree plantations.

The average yield of different grain-crops in bushels per acre, as estimated for season of 1896-1897, is: Wheat, 30; oats, 33; barley, 32; rye, 23.

Mining.

The only mining going on at present is at the Mokau Coal-mine, which is situated on the Mokau River, about twenty miles from the sea, the river being navigable right up to the mine for vessels of 6 ft. 6 in. draught. This mine recently changed hands, and is now held by a Scottish company, known and registered as "The Mokau Coal-mines Syndicate (Limited)," which occupies under a sixty years' lease from the Native owners. The coal is of best class of pitch brown, and is rapidly gaining favour as an excellent household coal, and is also good for steam purposes. Eight distinct seams of this coal are already known, one overlying the other, and varying in thickness from 2½ ft. to 8 ft. The one now being worked is the fourth of the series, and 8 ft. thick, with a 6 in. band of slate in middle, but this band is rapidly running out. At the entrance to the drive, which runs some 15 chains into the hillside on an upward incline of 1 in 24, and is laid with the usual light mining rails, on which the trucks are worked by horses, the altitude above level of the river is about 40ft. The broken ground has now been passed through, and a face of 250 ft. of good sound coal exposed. It is proposed to sink on the lower seams to test their thickness and quality. Ten men are at present employed, and the coal continues to improve. The output for 1896 was only 1,943 tons. The operations of the company have been greatly hindered through loss of two small steamers at sea. Extensive improvements have, however, been made in the shape of new

buildings, in relaying the lines with iron rails, and in pushing on the construction of a new air-drive, which, when finished, will be sufficient, to thoroughly ventilate all the workings for years to come. The company hopes to have one or more steamers in the trade again shortly. A considerable amount of work has been done both by the Government and coal company in snagging and opening up the river for traffic, which must also prove of great advantage to the lands on both sides for miles above the mines. A signalman has been appointed at the entrance of the river.

After a lapse of many years, boring for petroleum has been resumed. A new bore was sunk at Moturoa, close to the former bore, and at a depth of about 875 ft. oil was struck in considerable quantity. After fully testing this well, it was found that it was impossible to "shut off the water" from below, which seemed to rise and fall with the tide, thus indicating the existence of some fissure or other means of inlet, from the sea. The result was that only about two or three barrels, of 42 gallons each could be got per day, the oil rising at intervals only, and all efforts to pump having continuously failed. The company then chose a site about half a mile inland, and sank a bore to the depth of 1,534 ft. without, however, obtaining any oil. A third bore, which is still open and cased, was then sunk about a quarter of a mile from the first, and in this gas in a great volume was struck at about 908 ft., followed at 910 ft. by oil in great quantity and of excellent quality. Unfortunately, this was struck in soft papa, and after about twenty barrels had been pumped, and when the company was beginning to sell and to export its crude petroleum, the supply suddenly ceased. The gas, which had previously issued in sufficient quantity to enable the company to dispense with other fuel, ceased at the same time. The most probable explanation of this mischance is that the soft papa, of which the roof of the oil-seam is composed, having been deprived of the Support of the formerly imprisoned gas and oil, has collapsed, and thus choked the oil-seam lying in the vicinity of the bore. After further efforts to pump out the mud filling the bore, the company resumed drilling with the hope of obtaining another oil-supply at a greater depth. At 1,384 ft. oil was obtained in small quantities, and gas was thrown up in great volume. At 1,865 ft. the bore passed through the sedimentary papa rock and entered sandstone, which continued to the bottom at 1,976ft., where a large quantity of oil and gas was struck. The bore was cased with 6-in. casing down to 1,379 ft., where a thin hard streak of sandstone was found embedded in the papa, and was taken advantage of to shut off the water from above; but, unfortunately, water was again met with below this, and as no other hard stratum was passed between that and where the oil was struck, it was found impossible to shut off the water, although a 5-in. casing was sent right to the bottom. Packing was also tried several times. Each time the packer succeeded in shutting off the water for a few days when oil was pumped at the rate of about eight barrels per diem; the sides of the bore around the packer, however, kept crumbling away each time, and the rush of water from above effectually prevented further pumping of oil, and the company was reluctantly compelled to abandon this their third bore, the plant being unequal to deeper boring. Undaunted by frequent failures, another bore has been commenced about 100 yards further west, and at-time of writing this bore is down some 700ft., the strata passed through being similar to those in last bore, but considerably harder. It is expected oil will be struck in papa at between 900 ft. and 950 ft., but it will probably be necessary to go down 2,000 ft. to clear the papa deposit. The local directors are in favour of extending boring operations inland, including procuring a second plant and an additional staff of borers; but, as the difficulties are numerous and disappointments frequent, it is doubtful if the necessary capital will be forthcoming.

An enterprise like this, if successful, would enrich and give an immense impetus to the trade and importance, not only of the district, but also of the colony generally. Should the efforts now being made be abandoned through lack of capital, it is unlikely that further steps will be taken for many years to further test the value of these deposits, of the existence of which there can be no doubt.

Ironsand is found in great abundance on the seashore from Mokau to Patea, a distance of 130 miles. It produces, when smelted, from 50 to 60 per cent, of iron of the finest quality. The first attempt to smelt this sand was made in 1848, and several trials have been made since, but the heavy cost of production and the absence of capital and modern appliances have, so far, retarded the industry. Strong efforts are now being made to remedy this by the introduction of outside capital and it is hoped these will shortly be successful.

Climate.

The climate of Taranaki is remarkably healthy, without any extremes of temperature. Below is given a table of mean, maximum, and minimum temperatures in shade for each month of the year ending December, 1896:—

The mean barometric reading was 29.86 in.

At New Plymouth, rain fell on 186 days during the year, the total rainfall being 66.66 in., or an average of 5.55 in. per month. But the rainfall varies considerably with the locality; for instance, at Norfolk Road, near Waipuku, the highest point of the railway, about east from Mount Egmont, and twenty-four miles south-east from New Plymouth, the fall for the year was 106.61 in., while rain fell there on 208 days. The average yearly

rainfall at Norfolk Road during the past five years equals 122.57 in.

Chief Towns.

The principal town of the district is New Plymouth (population about 3,850), situate on the seashore, about two miles from and to the north-east of the picturesque rocky islets known as the Sugar Loaves. The general appearance of the town is very attractive, and it abounds in neatly-kept gardens. The Recreation Grounds, from which a good view of Mount Egmont is obtained, form a favourite resort.

New Plymouth is 252 miles by rail from Wellington, the railway running in a northerly direction through the district from Patea to Sentry Hill, where it turns at right-angles westward for eight miles to New Plymouth. From Sentry Hill there is a branch line to Waitara, four miles distant.

The Port of New Plymouth is situated at the Sugar Loaves, two miles from the town. Protection for shipping is afforded by a concrete mole or breakwater running in a north-east direction for a distance of 1,900 ft. Under the lee of this there is wharf-accommodation provided for the coastal trade. Steamers of 500 tons can be berthed here in almost all weathers. The wharf is connected with New Plymouth by both rail and road. The breakwater was built at a cost of £200,000, borrowed under security of one-fourth of the land revenue of the Provincial District of Taranaki, and the right to levy a rate over certain lands. The present rate levied is $\frac{3}{4}$ d. in the pound on the capital value. The principal exports for the year (by sea and rail) were: General merchandise (mostly dairy produce), 3,973 tons; wool, 884 bales; hides, 3,991; grass-seed, 472 tons; horses, 278; cattle, 3,774; sheep, 892; timber (by sea), 6,500 ft. Value of over-sea exports only, £204,612. Imports by sea: General merchandise, 9,863 tons; flour, 1,283 tons; grain, 1,283 tons; potatoes, 247 tons; coal, 2,590 tons; timber, 114,300 ft.; cattle, 76; vehicles, 29. Value of imports from over sea, £35,963. During the year 378 steamers, of gross tonnage of 96,931 tons, also two sailing vessels of 193 tons, visited the port.

Manufactures in New Plymouth are represented by a sash-and-door, a boot, butter-keg, and three coach-factories, a brewery, a cordial, and also a patent stopper-factory, a flour-mill, tannery, fellmongery, bone-mill, and iron-foundry, with freezing-works and bacon-factory in the suburbs. The town has both water and gas laid on.

Hawera, the next largest town, is situate on the eastern edge of the Waimate Plains. The population is about 1,800. The Wellington-New Plymouth Railway runs close to it, the distance by rail from New Plymouth being about forty-eight miles. Hawera is surrounded by a first-class dairying and grazing country, capable of carrying a very large population.

The Town of Patea is situated on the coast, at the extreme southern end of the district, and has a population of about 750. There is a splendid grazing district inland, with a large area of land yet to be opened up. The principal industry is the canning, freezing, and boiling-down of meat. A dumping-plant has been erected by the Harbour Board. Exports for the year were: Wool, 5,086 bales; fungus, 147 bales; tallow, 950 casks; pelts, 180 casks; hides, 3,402; corn, 10 tons; grass-seed, 1,899 sacks; butter and cheese, 5,357 boxes; flax, 306 tons; tinned meats, 4,542 cases; cattle, 70; sheep, 209; bone-dust, 385 tons; potatoes, 346 tons; sundries, 82 tons. Gross value, £113,784. Imports: General merchandise, 5,314 tons; coals, 452 tons; number of steamers in and out, 128.

Stratford, a comparatively young town, lies about midway between Patea and New Plymouth. It has already a population of about 1,300, and is growing fast. The height above sea-level is 1,000 ft., and the climate is bracing though somewhat moist. The main road to Auckland—known as the Stratford-Ongarue (now Ohura Road)—starts here. It has been formed as a cart-road for thirty-eight miles, and as a bridle road to fifty-three miles. If the work is continued energetically, communication with Auckland should be opened up in about three years' time.

Waitara, a small seaport town of 500 inhabitants, is situated on the river of the same name, a mile up from the sea, and about ten miles north-east from New Plymouth. The meat-freezing works have been reopened, and during the year exported 1,039 tons of frozen meats, 20,267 boxes of dairy produce, 2,204 bales wool, and 124 tons tallow. These Egmont freezing-works possess two powerful Haslam freezing-machines, capable of freezing five hundred bullocks per month; they are also gazetted a Government grading and cool store, a great advantage to the outside dairy factories, whose butter thus avoids all risk of injury after grading. All produce is conveyed on board the New Zealand Shipping Company's ocean-going steamers (which anchor in Waitara roadstead) in specially-constructed and insulated bags.

Inglewood, situated on the railway-line, sixteen miles south-east of New Plymouth, is a flourishing little town of some 650 inhabitants, rapidly coming to the front.

The only other towns of importance are Eltham, population, 582; Opunake, population, 400; Manaia, population, 480; and Normanby, population, 400.

Roads and Railways.

The chief means of communication is the railway from Wellington, which traverses the district between Patea and New Plymouth—a distance of sixty-six miles. Trains run every day between New Plymouth and Palmerston North—164 miles—and on Tuesdays and Fridays there are through trains between New Plymouth and Wellington—252 miles. The Main North Road runs from New Plymouth, passing through the Towns of Waitara and Urenui; it is formed as a cart-road as far as Pukearuhe, a distance of thirty miles. From here a horse-track connects with the Mokau and Awakino Rivers, and from Awakino there is a track to Te Kuiti, in the Auckland District. About midway between New Plymouth and Waitara on the above road the Mountain road diverges and runs almost due south, and chiefly along the railway, for a distance of forty miles, connecting with the Main South Road at the Town of Hawera. This is at present the principal road in the district, tapping, as it does, large numbers of district roads, and passing through the Towns of Inglewood, Midhurst, Stratford, Eltham, and Normanby.

The Ohura Road branches from the Mountain Road at Stratford, and is formed as a dray road for a distance of thirty-five miles; it is being extended into the interior so as eventually to connect with Auckland, and will open up a large area of fertile country.

The Main South Road from New Plymouth follows the trend of the coast to the south, and was at one time the coach-road to Wellington. It passes through the Villages of Omata, Oakura, Okato, Rahotu, Otakeho, Manutahi South, and Kakaramaea, and the Towns of Opunake, Manaia, Hawera, and Patea.

The Junction Road runs south-east from New Plymouth, and crosses the Mountain Road and railway at Inglewood. It is formed and metalled for nineteen miles, and formed only for a further distance of thirty-two miles beyond this point, connecting with the Ohura Road at a distance of thirty-one miles from Stratford. This road crosses a number of district roads; hence its name.

The Opunake Road runs from Stratford to Opunake, twenty-six miles, skirting the southern base of Mount Egmont. It is formed and metalled for twelve miles from Stratford; the remainder is open for horse-traffic only.

The Eltham Road runs from Eltham to Opunake, twenty-five miles, connecting with the Opunake Road at Punehu, seven miles from Opunake. This is formed and metalled throughout.

The other main roads in course of construction are the Awakino Road, branching from the Main North Road at the Mimi; the Rawhitiroa Road, leaving the Mountain Road near Eltham; the Waitotara Valley Road, starting from the Main South Road at Waitotara Township; and the Otaraoa, Moki, and Okoke Roads.

Crown Lands available for Settlement.

Of the above, about 150,000 acres are open valleys and hills in the north-east corner of the district; a good deal of it more or less pumice-land, but still suitable for grazing. From the rest may be subtracted perhaps 10,000 acres for area absorbed by rivers, gorges, &c., and there remain 795,460 acres of forest-land yet to be dealt with. Of this area perhaps 50,000 acres, made up of strips of flats and terraces, may be suitable for agriculture; while the balance—745,460 acres—will be good pastoral land.

It may be said, in conclusion, that there is every sign of genuine prosperity throughout the district, which has advanced rapidly during the last few years, and will no doubt continue to do so.

Hawke's Bay Land District.

E. C. GOLD-SMITH, Chief Surveyor.

The Land District of Hawke's Bay comprises that portion of the east coast of the North Island from Cape Turnagain, in latitude 40° 30', northwards to Lottin Point, about thirty miles beyond the East Cape.

It has a seaboard of 300 miles, with an average depth from the coast of forty-five miles, and embraces an area of 6,063,000 acres. Its western limit is defined by the Ruahine, Kaweka, Ahimanawa, Raukumara, and other high ranges that form the watershed between the rivers flowing through it to the sea, and those that run to the west coast and the Bay of Plenty.

Physical Features.

The Ruahine Range extends northwards for about sixty miles from the Manawatu Gorge as far as the valley of the Ngaruroro River. Its altitude varies from 3,000 ft. to 6,000 ft., and for a considerable distance its summit is snow-clad during the winter months.

The Kaweka, a shorter range, divided from the Ruahine by the Ngaruroce River, attains an altitude of 5,650

ft., is very rugged and steep, and a prominent feature in the landscape in winter, covered as it then is with snow.

From these two ranges, which fall very abruptly on the Hawke's Bay side the land slopes gradually to the sea, forming in some parts fine rolling hills—the essence of a sheep-country—in others extensive plains, with comparatively little poor soil.

Northwards from the Kaweka there is a series of forest-clad ranges of varying "height, stretching away in the direction of the East Cape. Hikurangi, the highest point, is a bold peak with an elevation of 5,606 ft., rising so abruptly on all sides that the ascent can be made only at one point, and that with difficulty.

The only lake in the district of any extent is Waikaremoana, so famous for its magnificent scenery. It lies about thirty-five miles inland of the Wairoa (Clyde), and is eleven miles in length, with a breadth at the widest part of about eight miles. Nestled among precipitous mountain-ranges, wooded to the water's edge, with numerous bays and inlets, it has a natural beauty hardly to be surpassed.

From Wairoa there is a formed road to within four miles of the lake, and for the rest of the way a good riding-track.

The principal plains are: (1.) The Ruataniwha, some fifty miles south of Napier. This is 120 square miles in extent, is for the most part occupied as sheep-runs, and carries a large quantity of stock. (2.) The Heretaunga Plain, with an area of ninety square miles, lying immediately to the south of Napier. This is rich alluvial land; a large portion is thickly settled, the remainder used for grazing and agriculture. The only other plain of any extent is at Poverty Bay. It has an area of sixty-five square miles, is very fertile, well cultivated, and bears a large population.

The land district is well watered throughout by numerous rivers and streams, but none are navigable except the Wairoa and Turanganui, and these only for vessels of light draught. They are both tidal, and serve as ports to the Towns of Wairoa (Clyde) and Gisborne.

Communication.

The chief outlets from Napier are three in number. First the Napier-Palmerston Railway, which traverses the centre of the southern half of the district for its whole length of 100 miles, and may be called the main artery of communication. Parallel to it throughout runs an excellent gravelled road, which was made before the construction of the railway. On either side there are numerous branch roads, which act as feeders, making a very complete system of internal transit. Another main road runs in a westerly direction to Kuripapanga, distant forty-five miles, a favourite resort in the summer time, removed as it is from the heat of the country near the coast. A coach runs thither twice a week, and on thence to Inland Patea, where the Napier Road meets the roads to Hunterville, Tokaanu, and the Wanganui River.

The part of the district served by these two main lines—viz., that between Napier and Woodville—contains the greater portion of the population, and from the extent of arable land within it is likely in the future to be very thickly peopled. Notwithstanding that so much of the Native land in this part is unoccupied, and in its natural state, there are nearly a million of acres of land in sown grasses, carrying 2,200,000 sheep and 63,277 cattle, and the population, inclusive of towns and tillages, is 35,022 persons.

The only main road northwards from Napier is the coach route to Taupo, which, soon after leaving the fertile Petane Valley, begins to traverse poor country, and twenty-five miles out enters the light pumice soil.

From Napier to the Wairoa the journey must be done on horseback, as there is a break of thirty-five miles between Tongioio and Mohaka unfit for wheeled traffic; but this is being gradually remedied. As a natural consequence, the traffic between these two places has to be done by small steamers.

From the Wairoa a main road runs northward, through the Village of Tiniroto and on to Gisborne, a distance of seventy-five miles. For a considerable distance it runs through hilly country, and, as it has not been gravelled, wheeled traffic is suspended during the winter months; but a coach runs weekly for nine or ten months out of the year.

Between Gisborne and Opotiki, in the Bay of Plenty, communication is not good. The road, which is 120 miles in length, has been formed only to the edge of the Motu Forest, a distance of fifty miles. In the neighbourhood of the forest a large area of Crown lands has been taken up and settled in the last two or three years. The rest of the journey must be done on horseback.

In the country north of Gisborne, formed roads for wheeled traffic are few in number, and not continuous; but small steamers trade regularly along the coast, calling in at Waipiro, Tuparoa, and Awanui, Kawakawa, and other small bays.

Pastoral Industries.

The Hawke's Bay District is pre-eminently a sheep-grazing country. The extent of land in sown grasses in

the provincial district, according to the latest returns, was 1,673,883 acres, and this notwithstanding that a considerable amount is unused, or forest country—and therefore unproductive—while other parts are made use of for tillage only. In April, 1896, there were in the provincial district 3,241,477 sheep; and in November, 1896, 84,400 cattle and 16,849 horses. The value of the wool exported during the twelve months ending the 31st March, 1897, was considerably over a million pounds sterling, that shipped from Napier alone representing £801,928.

Freezing-works have been established at Woodville, Waipuknrau, Tomoana, Napier, and Gisborne, and the export of frozen meat from the port of Napier alone during the same period was of a value of £112,916, while further shipments were made from Gisborne. This industry gives employment to a large number of persons, both directly to those engaged in breeding, shearing, freezing, and shipping, and indirectly to those who labour at bushfelling, grass-seed sowing, fencing, and otherwise opening up new country. Nor must the cutting of the immense amount of firewood consumed at the works be forgotten. All this benefits the settler with limited means, by providing him with funds to improve his holding, and to this is due, in a great measure, the general prosperity.

Agricultural Pursuits.

Agriculture is not carried on to the extent it might be with so much land suitable for root-and grain-crops. No doubt this is due to the profits made in sheep farming. It is chiefly confined to the Heretaunga Plains and the flat lands near Gisborne. The soil is favourable to root-crops; potatoes range from 12 to 15 tons to the acre, and in some instances exceed this amount. Only a moderate quantity of grain is grown; barley, for which the soil seems well adapted, returning iron 20 to 60 bushels of good sample to the acre.

Dairying.

Settlers are now turning their attention to dairying, and lately factories have been established in the bush districts at Norsewood, Ormondville, Maharahars, and Woodville, whilst several others are in contemplation. At the last-mentioned town a cheese-factory has been in existence for some years, and turns out an excellent article much sought after in other parts of the colony.

Timber Industry.

The timber industry is considerable, numerous saw-mills being in full work in different parts of the district. In the forest between Takapau and Woodville there are twelve, with an estimated yearly output of 10,000,000ft. This tract of forest is the one most used for milling purposes, and will yield a plentiful supply for a long time to come, notwithstanding that for years past a large amount of totara timber has been taken out of it to send to other parts of the colony. Further north there is no totara to speak of, though rimu, white-pine, and other milling timbers are to be found scattered throughout the forests, and in the Poverty Bay District [*unclear*: pur] is found in some quantity.

Other Industries.

Other industries, such as fellmongeries, soap-works, boot-, coach-, and sash-and door factories, &c., are established in the principal towns.

Climate.

The climate is generally of a mild character, and, though hot along the coast lands in the height of summer, it is, owing to the dryness of the atmosphere, not as relaxing as in parts of the island farther north. The rainfall is light, excepting in the bush districts and high inland country.

Napier itself is recommended by many medical men as a resort for invalids suffering from pulmonary complaints, chiefly on account of the mildness of its winter season.

Towns.

Napier is pleasantly situated on the peninsula known as Scinde Island, which is joined to the mainland by a narrow shingle-bank of several miles in length. It is a busy town, with a population of 9,300. The business part is on the flat, land at the foot of the group of hills that take up the greater part of the peninsula. These hills, formerly barren and waste, are now occupied by numerous private residences, and the very general

tree-planting has given the upper town a distinctive and pleasing character. There is an excellent water-supply, derived wholly from artesian wells of large size, and pumped by machinery to reservoirs on the tops of the hills. The shipping trade, as the large exports show, is especially active during the wool and frozen-meat season. It is at present carried on at Port Ahuriri, about a mile from the town; but will, before long, in a large measure be transferred to the fine breakwater which is now advancing towards completion.

Gisborne, the trade-centre and port of what is known as the Poverty Bay District, is a prosperous town of about 2,300 inhabitants, rapidly increasing in size and importance, as the large quantity of unimproved land in the Cook County is fast becoming settled and made productive. There are nearly 700,000 sheep now in Cook County.

Clyde, the county town and port of the Wairoa County, is picturesquely situated on the Wairoa River, about three miles from the mouth. The river is navigable for small craft as far as the village of Frasertown, twelve miles further up.

With a few exceptions, the towns and villages to the south of Napier are all situated on the line of railway running from that city to Palmerston North. The principal are: Hastings, a rising town of 3,190 inhabitants, Waipawa, Waipukurau, Dannevirke, and finally Woodville, about three miles from the Manawatu Gorge, and distant ninety-eight miles from Napier. It is at this end of the district that the Crown has, in the last few years, successfully planted settlement, and, in place of the continuous forest known as the Seventy-mile Bush of earlier days, there are now prosperous townships, with various thriving industries established.

Crown Lands.

The land held by tenants of the Crown under the various systems of tenure amounts to about 450,000 acres, and there remains about 414,000 acres not yet dealt with in any manner.

The latter is, for the most part, suitable for pastoral purposes only, any fit for agriculture lying in small, isolated spots, widely scattered, and such as could not be selected independently of the surrounding inferior land. Nearly the whole is broken forest country, fitted more for sheep than cattle, and having an average carrying-capacity, when cleared, of about one sheep to the acre, though the best of it might possibly graze from two to three. The land is chiefly in the Hangaroa, Koranga, Mangatoro, Norsewood, and Motu Districts, and the "back-country" of the Waiapu County.

About 45,000 acres are now open for selection. Of these, 5,000 are in the Nuhaka North Survey District, not many miles from the Mahia Peninsula. This is hilly forest country, with light soil, but well suited for grazing purposes. In the Waiau Survey District, near Waikaremoana, there are over 8,000 acres, also hilly country, of limestone formation. In the Motu District, between Gisborne and Opotiki, there are about 16,000 acres open, and in the Mata and Hikurangi Survey Districts, situated from fifteen to twenty miles inland from Waipiro, there are 13,700 acres of rough forest limestone country, at the present time not easy to get at; but a road to the block will shortly be put in hand. There are also 1,000 acres open in the Pohui District, about twenty-eight miles north of Napier.

Native Lands.

Of the Native lands in this district, a very considerable portion has been leased to Europeans, but there still remains in the hands of the Maoris a valuable estate, comprising both agricultural and pastoral country, and including some 800,000 acres of excellent land. This land lies for the most part in the Waiapu County, towards the East Cape.

The Wellington Land District.

J. W. A. MARCHANT, Chief Surveyor.

The Wellington Land District is bounded on the north by the Districts of Auckland and Hawke's Bay, on the west by that of Taranaki, on the east by the sea, and on the south and south-west by Cook Strait. The area contained within these limits is about 6,000,000 acres. It lies between the parallels of 39° and 41° 30' south latitude; its greatest length north and south is about 180 miles, and its mean width east and west about sixty miles.

General Physical Features.

The district is divided into two well-defined parts by a mountain range, which forms part of the backbone of the North Island. At its northern end this range—there known by the name of Ruahine, and averaging a

height of about 4,000 ft—divides Wellington from Hawke's Bay; but after passing the point where it is intersected by the Manawatu River, the range takes the name of Tararua for many miles, until, at about forty miles from the termination on the shores of Cook Strait, it divides into two main ranges, known respectively under the general names of Rimutaka and Tararua, both ranges averaging from 2,500 ft. to 3,500 ft. in height, the highest point being Mitre Peak, 5,154 ft. Parallel to the main range, and divided from it by the Wairarapa Plain and the undulating country to the north, is a series of ranges at a few miles inland from the East Coast, known as the Puketoi, Taipo, Maungaraki, and Haurangi Ranges. Lying on the northern border of the district are the Kaimanawa Ranges, offshoots from the Ruahine. They are for the most part open and grass-covered, rising to a mean height of about 4,500 ft. Westward from the latter mountains, and divided from them by a deep, broad valley, in which flow the Waikato and Wangaehu Rivers, is the volcanic chain of mountains containing Ruapehu, 9,008 ft., and Ngauruhoe, an active volcano, 7,515 ft. high. The long sweeping curve of Cook Strait, forming the south-western limit of the district, is bordered, from the Patea River to within thirty miles of Wellington, by a comparatively level and undulating country, now nearly all under cultivation, having an average width of about fifteen miles. This is one of the finest parts of the colony, and is celebrated for its stock-raising capabilities. It was originally in a great measure open, though the southern part, where the plain is narrowed in between the sea and the Tararua Range, has a good deal of forest on it, now fast disappearing under the axe of the settler.

Inland of this coastal plain, at varying distances from the sea, the country gradually rises to a mean height of about 1,500 ft. to 1,800 ft., and becomes a good deal broken in character. It was originally forest-clad almost throughout. It is much cut up by rivers and streams flowing from the interior to the sea, of which the principal, commencing from the north, are these: The Waitotara, the Wanganui, the Wangaehu, the Rangitikei, the Oroua, the Pohangina, and the Manawatu, which last, after leaving the gorge in the Ruahine Ranges, runs through level land to its mouth in Cook Strait. This broken country, being everywhere composed of papa, or marly formation, which takes grass excellently, promises in the near future to be a large sheep-carrying district.

At about fifteen miles south of the volcanic peaks of Ruapehu Mountain the papa country terminates in a fairly well-marked escarpment, giving place to a more level and undulating country formed of volcanic matter, the greater portion of which is forest-clad, though on the south-east, east, and west sides of that mountain there are open grassy plains, of no great fertility, but yet suited to pastoral pursuits.

To the eastward of the main range formed by the Rimutaka and Tararua Ranges is the great depression known at its southern end as the Wairarapa Plain, which gradually rises northwards from the lake of that name into wooded, somewhat broken country, of no great height, at a distance of some forty-five miles from the sea. From here the country falls again slightly to the Upper Manawatu River, the depression in this part being marked by the extensive flats in the neighbourhood of Pahiatua, and by the shallow valleys of the Mangahao, Mangatainoko, and Tirau-mea Rivers and their branches. For thirty miles from the sea this great valley is mostly open, with patches of forest here and there, but becomes more plentifully wooded at the base of the Rimutaka and Tararua Ranges. The quality of the soil varies from light and stony, on the Wairarapa Plains proper, to rich papa country, as the northern end is approached. The southern end of this country is watered by the Ruamahanga River and its tributaries. Generally the district is a pastoral one, though agriculture is also pursued successfully. The neighbourhood of the Puketoi Ranges is in many places composed of limestone, and promises in the future to become a very rich pastoral district, such as will carry a considerable population. In the forks formed by the Tararua and Rimutaka Ranges the Hutt River takes its rise, and runs in a southerly direction through an undulating or level country, finally falling into Port Nicholson. The valley contains some very fine land, generally held in small holdings.

Plains.

The two most important of these have already been mentioned. On the eastern side of the main range the Wairarapa extends northward from the lake of that name for about forty-seven miles, with an average width of about nine miles. In some parts, especially on the flats along the Ruamahanga River, the soil is alluvial and rich; in others, though stony and unfit for cultivation, it is nevertheless grassed, and carries stock well in the winter and rainy seasons. The plain is watered by the Waiohine, Waingawa, and Ruamahanga Rivers, and contains altogether about 200,000 acres, much of which is good agricultural land. On the other side of the district, west of the Tararua and Ruahine Ranges, there is a large block of land so nearly level that it may be called a plain, extending from Paikakariki (thirty miles from Wellington) to Marton (a few miles north of the Rangi-tikei River), and contains about half a million acres. Starting as a narrow strip between the hills and the sea, the plain widens out by degrees until at Fielding it is at least twenty miles in breadth. Along the beach runs a fringe of sandhills, but behind this is to be found some of the best farming and grazing land in the colony. There are two plains inland—Murimotu and Waimarino—both lying some 2,200 ft. above sea-level, in the

neighbourhood of Mount Ruapehu, the former to the south and the latter to the north-west of the mountain. The soil is covered with a coarse native tussock, and, though capable of carrying stock, is of a light porous nature, and cannot be classed as agricultural land.

Rivers.

First among these is the Wanganui—"the Rhine of New Zealand"—with a length of over 110 miles from its source, near Mount Tongariro, to its outlet. The Rangitikei, the next in size, rises in the Ruahine Mountains, and flows through the Awarua country, where it is joined by the Hautapu and other large tributaries. After a course of over a hundred miles it reaches the sea some little distance below the Township of Bulls, on the West Coast. The Manawatu is third in importance. Rising in the Ruahine Range, it flows through the picturesque Manawatu Gorge, joining the sea at the port of Foxton. Lesser rivers on the West Coast are the Waitotara (north of Wanganui), the Wangaehu (which takes its rise in Mount Ruapehu, and from its source to its mouth is so strongly impregnated with sulphur that fish cannot live in it), the Turakina, and the Otaki. The only other rivers of any size are the Hutt (Heretaunga), emptying itself into the Wellington Harbour, the Ruamahanga, flowing through the Wairarapa Valley and lakes into Palliser Bay, and on the East Coast the Pahaoa, Aohanga, and Akitio.

Lakes.

The only lake of any size in the Wellington District is the Wairarapa, lying between the Rimutaka and Haurangi Ranges, towards the southern end of the Wairarapa Valley. It is about twelve miles long and four broad, and is connected by the Ruamahanga River with Onoke, a small lake separated from Palliser Bay by a narrow shingle spit only. A passage through the spit is opened from time to time when the lake rises above its natural level and overflows the low-lying flats along its margin. Water-fowl of every kind—among them numbers of black swans—are to be found round about these lakes.

Scenery.

The views obtained from the railway-line in the ascent and descent of the Rimutaka Range are among the best in the neighbourhood of Wellington, and the road through the Forty-mile Bush was long considered one of the most beautiful drives in the North island; but much of its pristine beauty has been destroyed by the felling of the bush consequent on the increase of settlement. The same may be said of the Manawatu Gorge, famed in the old coaching days for its lovely scenery, but now sadly marred by the construction of the railway-line. The most beautiful drive now left is through the Awarua Bush, from Ohinguiti to Moawhango. From this road, as it winds round the spurs, most charming glimpses are obtained of the Rangitikei River and the blue hills beyond, and at other points the traveller looks up deep ravines where the graceful fern-tree stands out in bright relief against the dark green of the native bush. Another road from Pipiriki, on the Wanganui River, to the Murimotu Plain, traverses one of the most magnificent forests in the North Island. Here the bushman's axe has felled only the timber standing on the road-line, and the track runs beneath the shade of the largest and stateliest maire and rimu known. Beautiful as these drives are, the scenery on the Wanganui River is still more lovely. A few miles below Taumaranui the river enters a series of gorges, shut in by high precipitous cliffs. Sometimes the canoe glides slowly through quiet reaches, sometimes shoots rapids which make the traveller hold his breath till they are passed, and then again traverses places where the water is ever in turmoil, boiling and eddying in whirlpools, taxing the energies of the most skilful Native steersman, and testing the nerve of the most courageous tourist. These experiences, with the views obtained of the banks, densely wooded even where the papa rock rises almost straight from the water edge, make the eighty miles journey from Taumaranui to Pipiriki an event not easily effaced from the memory. Between Pipiriki and Wanganui an excellent steamer is now running, so that the beauties of the lower part of the river may be seen by all without trouble or discomfort.

Forests.

The Wellington District is essentially a forest country, for out of the 6,000,000 acres contained within its borders 3,400,000 are still under bush. By far the largest forest is the Waimarino, having an area of at least three-quarter million acres, a large portion of it being nearly level land, containing magnificent timber, principally totara, maire, matai, rimu, and other pines. This forest is as yet hardly touched, though one sawmill has lately been started at Raetihi to cut timber for the settlers now making their homes in the neighbourhood. The distance from the settled districts or any port will render the timber in this part useless as a marketable commodity until the country is opened up by the proposed Auckland Main Trunk Railway.

The next in size is the Rangitikei-Hautapu Forest, containing an area of about 400,000 acres, a considerable portion in the Awarua Block being first-class milling timber, which will be available as soon as the extension of the Hunterville Railway-line taps it. Between this and the Waimarino Forest there is a large extent of bush land, drained by the Turakina, Mangamahu, and Wangaehu Rivers, extending up to the Wanganui River, and containing about 350,000 acres. Very little of this, from its inaccessibility, will be utilised for saw-milling purposes, but a great deal of it, together with a further block of 230,000 acres on the west side of the Wanganui River, will be cleared by the settlers and sown down with grass. A further block of about 100,000 acres of forest-land lies in the Pohangina Valley and on the slopes of the Ruahine Range. A large portion of this has been taken up and is now being settled.

The forest-land on the West Coast extends from Pukerua to the Manawatu Gorge, on the west side of the Tararua Range, and contains an area of about 380,000 acres, the bulk of it being fit only for turning into pasture. The most available part of it, alongside the Wellington-Manawatu Railway, is being extensively cut into by sawmillers at Levin and other places on the line.

After this in size is the forest commonly known as the Forty-mile Bush, containing 260,000 acres. It lies immediately north of Masterton, and is tapped by the Wairarapa Railway and the extension to Woodville, now nearly completed. It is at present being quickly denuded of timber by the sawmills established at Eketahuna and Pahiatua, and by the increasing number of settlers. A tract of fully 100,000 acres lying to the east of the Puketoi Range cannot be utilised for milling purposes, as it is not tapped by any branch railway-line, and its distance from the main line would render the business unprofitable. Nor are there any suitable ports along the coast where timber could be shipped.

The other forests are, one near Lake Taupo, the Wairarapa-Tararua Forest on the east, side of the Tararua Range, and its continuation on both sides of the Rimutaka Range, and the Haurangi Forest on the east side of the Wairarapa Lake. These consist for the most part of birch-covered hills, and cannot be considered as valuable for milling purposes.

Soil.

It may be said that the Wellington Land District contains within its borders a greater quantity of good land than any other in the North Island, very little, except the mountain-tops, being unfitted for use, while some of it is of very superior quality, suited for the growth of the productions of every temperate climate. As much of it is still forest-clad, settlers must look forward to having to make their farms by felling and burning the bush before grass can be sown, and, as it takes from ten to fifteen years before the plough can be used in bush-land, grazing, for which the climate and soil is admirably adapted, will be the principal industry for sometime to come. It is generally calculated that the cost of felling and burning ordinary bush varies from 25s. to 35s. an acre. To this must be added about 20s. for seed and fencing. It is nouncommon thing for a return to be received at from twelve to eighteen months after felling. The usual practice is to put sheep on to the new lands soon after the grass has obtained a good hold. The process of improving the lands by the gradual "logging up" and burning of the fallen tree-trunks is a long one, but it pays in the end, for in this way fine pasture-lands are obtained on the hills, and agricultural lands on the flats.

Climate.

The climate of Wellington District is healthy and mild, the mean annual temperature (in the city) being 55 4, whilst the mean rainfall is 57 55 in. per annum. The rainfall differs, however, according to locality. Inland and near the ranges it is much greater. The top of Ruapehu Mountain is covered with perpetual snow, which lies also on the tops of Kaimanawa, Ruahine, and Tararua in the winter. Frosts are heavy in the interior.

Harbours and Ports.

The coasts of Wellington are not so well supplied in this respect as are some other parts of the colony; but what is lost in number is made up in a great measure by the excellence of the chief haven—Port Nicholson—which, from the position it occupies, at the meeting-point, as it were, of the coastal traffic of both Islands, and from its sheltered position and depth of water, may be considered one of the most convenient harbours in the world. The Wanganui River, which has been considerably improved by artificial means, is the second port in the district, and has a considerable trade carried on by coastal steamers. Patea and Manawatu Rivers are also used by coastal steamers, whilst several other places along the shore afford shelter and stopping-places, according to the direction of the wind. The extension of railways along both coasts has, in a large measure, done away with the inconveniences arising from want of harbours.

Towns.

The capital of the colony—Wellington—is situated in the south-west angle of Port Nicholson, on Lambton Harbour. The wharfage accommodation here is second to none in the colony, and the wharves present always a busy scene of life with the numerous steamers and sailing-vessels continuously loading or discharging. As many as four ocean-going steamers are not unfrequently seen alongside, loading with wool, frozen meat, and other products, for conveyance to Europe. The port possesses a patent slip at Evans' Bay, within a short distance of the city. Founded in 1840 by the New Zealand Company, the city occupies the flats skirting the original shore line, long since obliterated by the reclamation of the foreshore, which is now mostly covered with fine buildings. Rising close behind the old shore-line is a range of hills, the lower parts of which are all built over. The population of the city at the present time is about 38,600. Being the seat of Government, it contains the residence of the Governor and the head-quarters of the Government departments, which are placed in what is said to be the largest wooden building in the Southern Hemisphere. There are several noticeable public buildings, amongst which must be mentioned the Parliamentary Buildings, containing a valuable library, General Post Office, Government Life Insurance Offices, Public Library, School of Art, and Harbour Board Offices. The Colonial Museum, under the management of Sir James Hector, and the Botanical Gardens, are also worthy of notice. The city is lighted by electricity, and its streets are well kept and clean, whilst an excellent supply of water is obtained from the Wainui-o-mata River, on the other side of the harbour. The principal industries are represented by iron-and brass-foundries, factories, sawmills, soap, and-candle works, boot-factories, aerated water, meat-freezing works, coach-building, rope-and-twine works, sash-and-door factories, brick-, tile-, and pottery-works, besides a match-factory and innumerable other smaller works of various kinds. The city is increasing with rapid strides; its excellent position, together with the fine back country, places it in the front rank of New Zealand towns. Its principal suburbs are Onslow, Melrose, and Karori, each containing from 1,000 to 2,000 inhabitants.

The Township of Petone is situated near the mouth of the Hutt River, seven miles from Wellington, on the railway-line. It had in April, 1896, a population of 2,685, and is a rising township, containing the Government Railway Workshops, a woollen factory, and a meat-freezing establishment. The Lower Hutt, almost immediately adjoining, has also a large population, and some well-built residences with beautiful gardens. The Upper Hutt, situated at the head of the valley, has many small farms, owned by some of the very early settlers. The railway here starts the ascent of the Rimutaka Range.

Featherston, situated at the foot of the Wairarapa Valley, fifty-one miles by rail from Wellington, is a small township, with butter and cheese-factories in the neighbourhood. Roads lead from it to Martinborough and the East Coast, and also down the Wairarapa Valley to Palliser Bay.

Greytown North is situated three miles off the main line of railway, and near the middle of the Wairarapa Valley, fifty-three miles from Wellington. The chief industries are saw-milling and coachbuilding. The population in April, 1896, as was 1,129.

A few miles further north is the Town of Carterton, where are to be found timber-mills, cheese-factories, &c., and a population of 1,291 persons. There is some splendid farming land in this locality on the banks of the Ruamahanga River.

Masterton is situated at the head of the Wairarapa Valley, on the Wellington Eketahuna Railway, sixty-seven miles from the capital. It is the centre of an agricultural and pastoral country, and had in April, 1896, a population of 3,493. It is lit by gas. and has several industries, such as fellmongery, rope-making, flax-mills, coach-factory, &c., and, in addition, has some excellent fish-breeding ponds, from which many of the rivers in the colony have been supplied with trout. An important coach-road leads from here through a fine pastoral district to Tinui, and on to Castlepoint on the East Coast, where a large quantity of wool is annually shipped to Wellington for export.

North of Masterton is the Opaki Plain, and beyond is the entrance of the Forty-mile Bush, which is now fast becoming a thriving pastoral, agricultural, and dairying district. Butter-factories have been established at Hastwell and Mauriceville, where a large number of Scandinavians are settled, forming hard-working and thriving communities.

Eketahuna is, by rail and road, ninety-four miles from Wellington. From there a main road leads to Alfredton, and up the Tiraumea Valley. The road is in process of extension through the East Puketoi country, now being opened up in farm-homestead settlements, and will eventually lead to Weber and Dannevirke, on the Napier Railway-line.

Pahiatua, a rising township about fifteen miles beyond Eketahuna, has a resident population of 1,200. It is the county and market-town of a large and improving district, and will probably also become the centre of a large dairying industry. Coaches run daily from Eketahuna through Pahiatua, and eleven miles farther on to

Woodville, where they connect with the main railway-line. Several branch roads run from Pahiatua into the adjoining country, the principal one leading to Makuri through a beautifully-wooded gorge. From there another branch road passes over the Makuri saddle into the East Puketoi country.

On the West Coast, Pahautanui, at the head of the Porirua Harbour, is the centre of a small agricultural community of early settlers, the old coach-road to Paikakariki running through it; and there is a branch-road leading over to Havward's in the Hutt Valley. Paikakariki, twenty-seven miles from Wellington, may be considered the commencing-point of the West Coast settlements, which are springing up in every available valley along the coast. At Otaki, forty-seven miles from Wellington, by rail and road, there is a small township, and a large Native settlement. At Manukau, Levin, and Shannon, small townships have arisen since the Manawatu Railway Company opened up the land round about., much of it being rich farming and grazing country. Between Shannon and the Manawatu River there is a large raupo or flax swamp, named Makurarua, containing at least 15,000 acres of fine alluvial soil, which is being gradually drained by the company, and will probably at some future period become grazing-land.

Foxton, a township at the mouth of the Manawatu River, is a small shipping port, containing about 1,100 inhabitants. It is connected with Palmerston by a branch railway, and is the outlet, for a large area of good agricultural land.

Palmerston North is an inland town at the junction of the Wellington-New Plymouth and the Palmerston-Napier Railways, situated on a fine plain in the midst of a most excellent farming district at a point eighty-eight miles from Wellington, and 110 miles from Napier. Its population in April, 1896, was upwards of 5,900. It is lit with gas, and has a good water-supply. A fine bridge across the Manawatu River connects it with the Fitzherbert Block, a tract of rich agricultural land. Nine miles from Palmerston is the Township of Ashurst, at the mouth of the Pohangina Valley, up which settlement has now extended for a distance of twenty-two miles.: Several large farm-homestead association blocks have been selected up this valley.

Feilding, 104 miles from Wellington by rail, with a population at last census of 2,045, is becoming one of the most important towns on the West Coast, as it is the centre of a very fine locality, and the outlet for a large tract of inland country, the forest on which is fast being felled. A coach-road connects it with Birmingham and Pemberton, about thirty-two miles distant. On the seaward side for a distance of twenty miles there is also much good agricultural land, extending on the northwest to the Rangitikei River, and including the Township of Halcombe. There are several dairy factories established in the neighbourhood.

Marton, 123 miles from Wellington by rail, with a population of 1,151, one of the earliest of the West Coast settlements, is also the centre of an agricultural country. The Township of Bulls, on the north side of the Rangitikei River, lies between Marton and the coast. From Marton Junction the southern part of the North Island Main Trunk Railway extends up the Rangitikei Valley to Hunterville, a good-sized township in the centre of a grazing district, and from thence as far as Mangaonoho, twenty-three miles from Marton; from there a coach-road has been made to Ohiongaiti, beyond the Makohine, where a large viaduct has to be built before the railway- line can be continued. From Ohingaiti the coach-road has been made to Turangarere, and from thence to Tokaanu, on Lake Taupo, in the Auckland District.

Wanganui, situated near the mouth of the river of that name, is the oldest town after Wellington, from which it is 151 miles by rail—the distance by sea being only a hundred and twenty miles. It is the centre of an excellent farming district, and has a considerable trade, and several manufactories. Near the mouth of the river are freezing-works, the meat from which is conveyed by lighters to the large English steamer lying off the mouth of the river. The town is lit with gas, and has a good water-supply. Not far from it are some extensive railway workshops. Altogether it is a thriving place, with a population in April, 1896, of about 6,000. The Wanganui River is navigable for a light-draught steamer up to Pipiriki, a distance of fifty-six miles, and for canoes a further distance of eighty miles to Taumaranui. A branch road extends from Pipiriki through the Waimarino Forest to Ohakune, and on to Karioi on the Murimotu Plains, thence by way of Turangarere and Moawhango to Napier.

Crown or Native Lands available for Future Settlement.

On the east side of the Wairarapa Lake there are 43,000 acres, known as the Dry River-Haurangi Block, but most of this land can be considered only third-class pastoral country. It has not been opened for sale yet, owing to the difficulty of getting proper access into it.

White Rock Block.—An area of 10,700 acres of second-class pastoral land in the White Rock Block, situated in South Wairarapa, lately withdrawn from sale, will shortly be more fully explored, &c., with the object of re-offering when a new scheme of subdivision has been approved by the Land Board.

Kaitangata, Te Mara, and Kaiparoro Blocks.—These blocks, containing about 58,000 acres of second-class pastoral country, were opened for sale in September, 1893. The lower portions have been taken up and are

being settled on, but the balance of the blocks, to the extent of about 35,000 acres, has lately been withdrawn from sale, with the object of having this area more fully explored, back lines laid off, road access provided for, &c. The remaining unsold portions of these blocks will be re-offered when a new scheme of subdivision has been approved by the Land Board.

There is a further area of 155,000 acres in the Tararua Mountains, some of the valleys in which may eventually be settled, but the difficulty of getting roads into them is too great to be undertaken at present.

North-east Puketoi Block.—About 3,000 acres of North-east Puketoi Block will shortly be re-offered as second-class land. This block, generally speaking, lies between the Coonoor Special Settlement and sold lands on the east and the North Puketoi Block on the west, the main part being the slopes of the Waewaepa Ranges, consisting chiefly of hilly and undulating lands.

Dannevirke Centennial Block.—Thirty-two sections, of an area of 6,400 acres, have been withdrawn from sale in this block, as it is intended to re-offer them shortly, grouped into larger and more suitable holdings. It has been found that this block is not suitable for 200-acre selections.

Rangiwaia Block.—This block consists of about 10,800 acres near the end of the formed portion of Hale's Track, lying north-west of Ruanui Station, between the Turakina and the Wangaehu Rivers. This country, although hilly, is believed to be fair country for settlement, and is being subdivided into sections of from 320 acres and upwards.

Tauakira Block.—Situated near Athens, on the Wanganui River; about 26,700 acres. This consists chiefly of country suitable for second-class pastoral occupation, in areas of from, say, 1,000 acres and upwards.

Mangapapa Block.—This block is situated on the east side of the Waitotara River, and contains land suitable for pastoral purposes. The area is about 5,800 acres.

Town Land.—Further sections in Raetihi, Ohakune, and Makuri Townships will probably be opened for sale at Wanganui and Pahiatua on dates due notice of which will be given in the local papers.

About 20,000 acres, known as the Retaruke Block, on the Wanganui River. It is proposed to open this under the small grazing-run system during next summer.

Forfeited Farm-homestead Sections.—A large number of farm-homestead sections which have reverted to the Crown in the different Association Blocks in the Wairarapa North and South, Rangitikei, Wanganui, and other counties, are now being prepared for sale, and will be re-offered at early dates under the optional systems of the Land Act.

Due notice of these dates will be given in local papers, and sale notices, with full particulars, will be published.

Improved-Farm Settlement Lands.

All the available land suitable for holding under the improved-farm conditions has now been allotted, but if any of the sections now held under this system should be forfeited, they will probably be balloted for amongst applicants in the district who are known to be of good character and likely to make good settlers, if further blocks of suitable land for this system are found, they will be cut up and opened on the same conditions.

Lands Open and Available for Ordinary Selection.

Awarua Block.—Out of the Awarua Block, lying north of Ohingaiti, several blocks, containing over 140,000 acres, have lately been purchased from the Natives by the Crown. A great deal of this land is of first-class quality, though other parts will be treated as second-class land only—not that the soil is inferior, but because the land is too broken to be worked otherwise than as pastoral country in good-sized holdings. Several blocks have been surveyed; one of 15,000 acres west of Mangaweka, or Three-Log-Whare Township, was opened for sale in 1895, and subsequently another, of 7,500 acres, between the Hautapu and Rangitikei Rivers. A further sale of quarter-acre sections in the Mangaweka Township has taken place, and the Taihape Township will be subdivided into town or suburban lots of which some will be offered for sale. A block of 12,500 acres lying south-east of Moawhango was opened for application, and this has all been taken up. Further purchases in the Awarua Block, to the extent of about 97,000 acres, have been made, the surveys are being put in hand, and the bulk of the country will probably be opened for selection during the next twelve months.

North of the Kawatau, on the east side of the Rangitikei, a block of 17,173 acres of second-class pastoral country was opened for selection in February 8,800 acres of which are still open for sale, and a further area will be roaded and prepared for sale during the summer.

Waitotara.—The Te Ngaue Block, 1,546 acres of second-class pastoral land, is now open for selection.

Waimarino.—Three blocks, containing about 10,000 acres, have had road-lines laid out through them, and are now open for application. A further block of about 46,550 acres, on the Retaruke, Oio, and Kaitieke Rivers,

has had roads surveyed through it, and is now open for selection. There is an additional block of 27,000 acres, which is being surveyed, and will be offered as grazing-runs. 32,000 acres at the head of the Retaruke and Makino Streams have also been roaded. The rest of the Waimarino country, containing about 250,000 acres, is more or less broken, and will probably be opened as second-class pastoral country or small grazing-runs, to enable it to be taken up in larger sections.

A large number of Forfeited Farm-homestead Sections are now open for selection in the following blocks: Gladstone, Wanganui United East, Hunterville Nos. 1, 2, and 3, Sommerville, Palmerston North Knights of Labour, Marton Nos. 1 and 2, Pohangina and Uinutoi, Delaware, Onslow, Pahiatua Nos. 1, 2, and 4, Masterton Reform, Christchurch, Woodville, Mekalickstone, and Waiwera.

Tongariro, Rangipopo, and Kaimanawa Blocks.—105,000 acres have been acquired by the Crown, but none of it is likely to be taken up for settlement for a long time to come.

"Crown Land Guides" and sale lithographs, giving full particulars of lands open for selection in this Land District, will be forwarded to any one on application to the Commissioner of Crown Lands, Wellington.

Native Lands.

Townships are now surveyed at Pipiriki and Tokaanu, sections in which will be opened for leasing under "The Native Townships Act, 1895."

The allocation of the Crown's purchases in the Raetihi, Tauakira, Matinga karetu, Mangapapa, Raketapauna, Rangiawaea, and Ngaurukehu B. Blocks, has been made by the Land Court; and the survey of the land allotted will be put in hand early next season, and should be available for settlement soon after.

The blocks under lease to Europeans contain about 475,000 acres, the principal being the Murimotu, Rangipowai, Owhaoko, Mangohane, and Ruanui, occupied by Mr. Studholme; and the Oroumatua, leased to Mr. Birch. Of others passed through the Native Land Court there are about 526,000 acres which are fit for settlement, the principal being the balance of the Awarua and the Motukawa, Raketapauna, and Rangiawaea Blocks in the central district, Raetihi in the Waimarino district, and Tauakira on the Wanganui River. Those not suitable for settlement at present are the Te Hautu, Ohuanga, and Kaimanawa, on the east side, and the Oahukura on the west side, of Tongariro Mountain, containing an area of about 345,000 acres.

The Native lands which have not passed the Native Land Court contain an area of about 140,000 acres, the principal being the Tupapanui and Mairekura Blocks, between the Wangaehu and Wanganui Rivers, and some others on the west side of the latter river.

Pastoral and Agricultural Industries.

The pastoral industry is by far the more important, the total area in grass in 1897 being 2,064,938 acres as compared with 78,967 acres under crop. Of the area in crop, 8,978 acres were in wheat, 20,609 in oats, and 29,036 acres in turnips or rape the rest being in potato or other crops.

The following figures will show the average return per acre of grain, for the year 1897: Wheat, 25 bushels; oats, 30 bushels; barley, 29 bushels.

The area in sown grass now exceeds that in any other district in the colony though the area under crop is very small as compared with either the Otago or Canterbury Districts. In 1896 there were 3,746,622 sheep; and in January, 1897, the cattle numbered 223,724, and horses 39,797. The total area in gardens is given as 2,154 acres; in orchards, 3,466 acres; and in plantations, 3,001 acres.

Dairy Industry.

Both soil and climate are well adapted for the production of butter and cheese, and hence we find creameries and butter factories increasing in number very considerably each year, and the export constantly augmenting.

Eighteen butter-and cheese-factories were returned in April, 1896, as at work in the Wellington Provincial District.

Phormium Tenax.

The principal flax-mills working are at Featherston, Carterton, and Martinborough, in the Wairarapa, and at Foxton on the West Coast. This industry fluctuates greatly, in accordance with the price ruling for the dressed article. In 1896 thirteen mills were at work, employing 207 men and 35 boys; the machines driven by water-wheel or engine working up to 124-horse power.

Timber Industry.

Sawmills are to be found in different parts of the district where the means of communication are sufficient, the timbers cut being principally totara and red pine, both of which are largely used in house construction and other works. Others of the native woods are very beautiful, but are utilised only to a small extent.

The principal mills are at Pahiatua, Eketahuna, Masterton, and Carterton in the Forty-mile Bush and Wairarapa districts, and at Levin on the West Coast besides which there are several mills in Wellington for dressing the rough material. In the whole district there were in 1896 sixty-four mills, of an aggregate of 1,117-horse power, engaged in this industry, employing 975 hands, the output of sawn timber being 34,605,504 ft., and the total value, including posts and rails, resawn timber, doors, sashes, &c., £157,107, which, next to Auckland, is the highest for any provincial district in the colony.

The Marlborough Land District.

C. W. ADAMS, Chief Surveyor.

Boundaries.

The Marlborough Land District, occupying the north-east corner of the Middle Island, and containing about 2,560,000 acres of land, is bounded generally on the north and east by Cook Strait and the East Coast as far as the Conway River; thence by that river to its source; from this point, by straight lines, rivers, and the summits of watersheds to the western side of Tennyson Inlet, Pelorus Sound. From the Conway to Pelorus Sound it abuts on the Land District of Nelson.

The widest part of the district is from Cape Campbell to Tophouse, a distance of about sixty-seven miles.

Physical Features.

The district throughout is generally mountainous, but none even of the highest peaks are covered with perpetual snow, although Tapuaenuku, the highest of the Inland Kaikouras, attains an altitude of 9,462 ft. Of the Seaward Kaikouras, or Looker-on Mountains, the highest points are Kaitarau and Whakari, which are 8,700 ft. and 8,500 ft. respectively. There are several lesser peaks, from 4,000 ft. upwards.

The view from Kahautara Bluff, south of Kaikoura Settlement, looking northwards, when the Looker-on Mountains are snow-capped, is said to be one of the finest in New Zealand.

Geologically, the district may be briefly described as follows: North of the Wairau River the rocks belong chiefly to the Upper and Lower Devonian series, with a belt of Silurian between them, embracing the country along the west of Queen Charlotte Sound to Cook Strait. Within these series auriferous deposits are found, and at present worked at Mahakipawa, Wakamarina, and Wairau Valley. In Endeavour Inlet an antimony-mine has been worked for some time. The country south of the Wairau River may be said to belong chiefly to the Carboniferous Age, with patches, along the coast and up the Clarence Valley, of Cretaceous-Tertiary and Lower Greensand formations; while along and between the Awatere and Clarence Rivers volcanic formation and numerous intrusive dykes occur. The Red Hills also, at the head of the Wairau Valley, are of volcanic origin.

Coal has been discovered in the neighbourhood of Picton, and in the Clarence Valley, but none has been as yet successfully worked within the district. A narrow belt of Tertiary limestone, suitable for building purposes, extends, with small interruptions, from Cape Campbell to the boundary of the Canterbury Provincial District. The Marlborough land may be divided into three classes: Open land, generally covered with associated grasses; forest-land; and intermediate, or land partly forest, partly covered with scrub, fern, or other rank vegetation. This original condition of the soil naturally gave rise to a localisation of industries, and a very unequal distribution of settlement. Thus the open country was taken up for pastoral purposes; in the forest country the timber industry was developed, and the intermediate land passed into the hands of farmers. Though agriculture is now extending into the pastoral and forest country, and considerable areas of forest-land have been cleared and laid down in grass, the portions of the district characterized by these respective industries are still well defined.

In the northern part of the district, bounded by Cook Strait, numerous deep fiords and bays run far into the land. The principal of these are Queen Charlotte and Pelorus Sound, which are remarkable for the number of their reaches and inlets, and the beauty of their precipitous and forest-clad hills, culminating in Mount Stokes, 3,943 ft. above the sea.

Rivers.

Four considerable rivers, the Wairau, Awatere, Clarence, and Conway, rise towards the western boundary of the district; the two former, running east and north, fall into Cook Strait; the two latter, taking a southerly and easterly course, discharge into the sea on the eastern side of the Island. These rivers water large and fertile valleys, but none can be entered by vessels except the Wairau, which is navigable for small steamers for about ten miles from its mouth.

Plains.

The Wairau Plain, containing about 65,000 acres, on which stands Blenheim, the capital of Marlborough, is the principal block of agricultural land within the district. The soil, generally good, is, on the lower or seaward side of the plain, extremely fertile, especially in the neighbourhood of Tua Marina, Spring Creek, and near Blenheim, which is surrounded by numerous gardens, with rich deep mould, and well sheltered with trees. The average yield of wheat for the plain is about 25 bushels per acre; of oats and barley, 35; of peas, 30; and of potatoes, 10 tons per acre. Hops have been successfully grown for many years in the neighbourhood of the town, but, owing to the high price of labour, their cultivation has not extended. The plain, traversed in all directions by good macadamised roads, and dotted over with numerous comfortable homesteads, standing in clumps of trees amidst well-cultivated fields, has already an old-world appearance. More than half the population of the Marlborough Land District—12,677, according to the last census—is centred in the Town of Blenheim and on the Wairau Plain. Besides this plain there are several thousand acres of terrace flats and valleys along the larger rivers, notably at Starborough, on the Lower Awatere, all suitable for closer settlement, and capable of sustaining a large population.

Lakes.

There are not any lakes worthy the name. The largest is Kapara te Hau, more familiarly known as Grassmere, situate on the coast between the Awatere River and Cape Campbell. It is about three miles in diameter, and very shallow, being, indeed, no more than a lagoon, as during a dry season there is little or no water in it.

The only other known lake is Lake McRae, situate in the open country between the Awatere and the Clarence Rivers.

Forests.

The portion of Marlborough north-west of the Wairau River, extending to the boundary of the Nelson Land District, and including the County of Sounds, in all about 280,000 acres, was originally covered with dense forest. In the valleys and on the lower hill-slopes, rimu, kahikatea, matai, totara, miro, and tawa were the principal forest-trees. The higher portion of the hills and steep spurs are clothed with the various species and variety of birch (beech), to which along the shores of the Sounds were added pukatea and kohekohe, the latter locally called cedar.

Since 1860 sawmills have been at work in various parts of the district. Thirty-two mills have been erected, and have worked for longer or shorter periods. Haw-lock, on the Pelorus Sound, is at present the head-quarters of the timber trade.

The hills along the shores of the Sound will, for many years, furnish birch sleepers. There are other timbers left in places, but nowhere sufficient to justify the erection of a mill, unless pukatea wood, hitherto neglected, could be utilised. It is a light, tough timber, well adapted for boat-building and for packing-cases. The quantity of pine timber remaining in the Kaituna and Onamalutu Valleys is small but there is a good supply of birch and other wood, suitable for fencing and fire-wood. On these valleys the Wairau Plain is mainly dependent for timber.

The Pelorus Valley, with its tributaries the Wakamarina, Rai, Ronga, and Opouri Valleys, still contain about 300,000,000 ft. of convertible timbers, exclusive of the birch, of which there is a large amount of the best quality on the hills and terraces. The Wairau, Blenheim, and other districts extending southwards most depend for the future on this source for all their building material.

In the neighbourhood of Kaikoura, along the base of Mount Fyffe, and in the Hapuku Valley, there is another small block of forest-land in which three small sawmills have been erected. The quantity of timber suitable for sawmill purposes in this block is very limited, but it will furnish the neighbouring country with firewood and fencing for many years.

Soils and their Uses.

The Wairau Plain, which is the principal block of agricultural land, has been already dealt with. The second agricultural centre is in the neighbourhood of Kaikoura. The land extending along the base of Mount Fyffe, between the Kohai and Hapuku Rivers, about 13,000 acres in extent, is held in small or moderate-sized forms; the soil is good, the block known as "The Swamp," between Mount Fyffe and the Peninsula, being particularly rich. In the Pelorus, Kaituna, and Onamalutu Valleys, and in the Sounds, settlers following in the wake of the sawmills have already converted much of the land worked over into grazing-farms. The land is of three descriptions—alluvial flats, terraces, and hill-sides. On the flats in the larger valleys the soil is rich, producing heavy crops of oats, peas, beans, and potatoes, wherever it has been brought into cultivation. The terrace-land varies much in quality, but generally grows good grass, as do also the hills on which tawa formerly grew; the birch country being very barren. On the small bush-farms cattle-grazing is the chief pursuit. Out of over 11,400 head kept in Marlborough, 7,000 belong to the forest country.

Grazing.

About 1,680,000 acres of the Marlborough Land District are at present devoted to keeping sheep. The leaseholds in the northern parts of the district contain a large extent of scrub-and fern-covered country, now producing little or no food for sheep, but capable of improvement. The total number of sheep depastured is 827 597, distributed as follows amongst the counties into which the land district is divided: Marlborough County, 518,845; Sounds County, 119,567; Kaikoura County, 189,185. On the natural pasture of the open country merino sheep are kept almost exclusively, the land carrying from half to one sheep per acre. In the forest country, on sown grass, the land keeps from two to four crossbred sheep per acre. Along the shores of the Sounds large areas of hill-land have been taken up on lease, and are now being cleared and laid down in grass expressly for keeping sheep, but generally throughout the forest country the holdings are small or of moderate size, hence this is, after the Wairau Plain, the most populous portion of the district. The export of wool during last year amounted to about 13,000 bales.

Industries.

Gold-mining has been carried on for some years, principally at Mahakipawa, Wakamarina, and Wairau Valley. At present not much gold is being obtained, although there are now strong indications of a great improvement in the gold-mining industry.

There is one dredge at work in the Wakamarina River, giving fair results for the outlay.

There are at present four sawmills at work within the district: one at Kaikoura, and the others in the Pelorus, Kaituna, and Onamalutu Valleys. The principal one is Messrs. Brownlee and Co.'s, in the Pelorus Valley, the annual output being about 3,000 000 superficial feet. The value of the sawn timber shipped in 1896 from the company's wharf was £8,904, and they have recently imported new machinery, which will, when erected, increase the annual output by more than another million feet. The mill at Kaikoura turned out 120,000 ft.

Owing to the low price of dressed flax several of the mills have recently been closed, there being only four or five now at work. The quantity of hemp shipped during the year was 3,000 bales.

In connection with one of the mills, a rope-factory has been established, in which binder-twine made of short, flax or tow is the main product.

There are two flour-mills at work—one at Spring Creek, near Blenheim, owned by Messrs. Redwood Bros. This is a complete roller-mill, driven by water-power, and can turn out about 14 tons of flour in twenty-four hours. It is electric-lighted, and the sack-working machinery is driven by electric motor. The mill is not worked full time, but during the year the output was 758 tons of flour and 333 tons of bras and sharps. The other mill, which is also worked by water-power, is Messrs W.B. Parker and Co.'s, at Blenheim.

There is a dairy factory at Spring Creek which contains all the latest improvements in machinery; 22 tons of butter was produced in 1895.

There is a first-class cheese-factory at Tua Marina. The output last season was 50 tons, but the factory is capable of turning out 80 tons. There is also a good cheese-factory at Kaikoura, the output of which last season was 60 tons.

A rabbit-preserving factory has lately been reopened at Blenheim.

Climate.

Marlborough possesses one of the finest climates in the world; and at Blenheim it is fine weather nearly all the year round. There is almost a total absence of the boisterous winds that so frequently visit Wellington.

The original distribution of the open and forest lands was entirely due to climatic causes. At Cape Campbell, one of the barest places in the district, the annual rainfall is only 23.25 in.; in the Pelorus Valley, the centre of the forest country, it is over 65 in. This difference between the climates of the northwestern and south-eastern portions of the district explains why the artificial pasture-land, when compared with the natural pasture, supports such a large amount of stock. Winter and spring are the wettest seasons, hence the dry climate is not unfavourable for agriculture. Wherever the soil is suitable, crops sown in winter and harvested in early summer can be successfully grown. Everywhere near the coast the range of temperature, considering the latitude, is very small. The thermometer seldom falls below 30 deg., or rises above 78 deg. Along the shores of the Sounds the mildness of the winter, owing to the curious distribution of land and water, allows lemons, oranges, passion-fruit, figs, and other sub-tropical fruits to be grown in favourable situations. On the lower hills and terraces of the forest country the chestnut (*Castanea vulgaris*) grows rapidly, and commences to bear fruit in five or six years. A few trees planted in the Pelorus Valley some twenty years ago are not yielding annually about 2 cwt. of nuts a tree. In all parts of the low country the common English fruit-trees—apple, plum, pear, cherry, &c., yield abundantly, the fruit, owing to the clearness of the atmosphere, being of excellent quality. In the high country, where snow falls occasionally during winter, red, white, and black currants can be produced in such quantities that with little labour they might be made an article of export to the warmer parts of Australia.

Towns.

The chief town, Blenheim, is situate on the Wairau Plain, at the junction of the Opawa and Omaka Rivers—a third river, the Taylor, would join at about the same point were it not that when not in flood it disappears beneath the surface, about three miles south of the town. Blenheim has been termed a miniature Christchurch, doubtless from its extreme flatness. Considering this, its streets are not so straight, and wide as they should be. The Government Buildings, which comprise the Post and Telegraph Offices, Lands and Survey Offices, Courts of Justice, &c., form a handsome edifice in the centre of the town, which is well planted with deciduous and evergreen trees. It is about eighteen miles and a half from Picton by rail, and about nine miles from the sea by the Qpawa River, which is navigable for small steamers. Blenheim is lit with gas, and supplied with water, principally by artesian wells. The population at the last census was 3,018.

The next town in importance is Picton, the principal port, only fifty-three miles by sea from Wellington. This little town, both in position and appearance, may be said to be the antithesis of Blenheim, being most picturesquely situated at the head of Queen Charlotte Sound, and nestling among hills, some of the higher ones still densely covered with birch and other forest. There is frequent communication with Wellington and Nelson by steamers averaging 500 tons, and vessels of 1,200 tons can lie at the wharf at low-water, where there is a depth of 25ft. Vessels of the largest tonnage can approach within half a mile. The direct exportation of frozen meat from Picton commenced in 1892, when 16,433 carcasses were shipped; last year Messrs. Nelson Brothers, who had a freezing-hulk at work, shipped about 20,000 carcasses. This year the business of Nelson Brothers was acquired by the Wairau Freezing Company, which exported from Picton for the six months ended 30th June, 1897, mutton, 2,983 carcasses, weight, 165,872 lb.; and lambs, 16,044 carcasses, weight, 641,291 lb. The company expects to double this output during the ensuing season. Picton possesses a malting establishment also, producing for export, as the excellent quality of the barley grown on the Wairau Plain insures a ready market. A small quantity of oysters, mostly procured in Queen Charlotte Sound, is annually exported from Picton; with culture the supply might be almost indefinitely increased, many of the sheltered bays in both sounds being well adapted for the purpose. What is now being done along the Marlborough coast is a mere trifle compared with what might be accomplished if capital and knowledge were brought to bear on the fishing industry. Around the whole coast, from the mouth of the Conway to near the French Pass, the sea abounds in fish. Within the Sounds and amongst the islands of Cook Strait, hapuku, schnapper, moki, barracouta, raturi, kahawai, and rock-cod are extremely plentiful. Immense shoals of the southern herring (*Clupea sagax*) and of anchovies (*Engraulis encrasicolus*) frequent the inlets at certain seasons of the year, and quantities of fresh fish are exported from thence to various places within the colony. As steamers arrive at and leave Picton almost daily, shipments can be made without delay to all parts. Picton possesses a good gravitation water-supply. Its population is about 870.

Havelock, situate at the head of Pelorus Sound, is, as has been already stated, the present head-quarters of the timber trade, Messrs. Brownlee and Co.'s steam sawmill, at the mouth of the Pelorus River, being only a mile or so from the town. Between Picton and Havelock there is a mail service twice a week, *viâ* Cullensville, on the Mahakipawa Gold-fields. The population of Havelock is about 365.

The Town of Kaikoura, the greater part of which is built on a raised shingle beach, is situated at Kaikoura Peninsula, near the southern boundary of the district. The town, with the adjoining settlement of small farms, forms one of the most picturesque spots in New Zealand, lying as it does under the Seaward Kaikouras, or Looker-on Mountains. At the back of the town the peninsula, which is composed of Cretaceous-tertiary limestone, rises abruptly for about 100 ft., and affords splendid sites for dwelling-houses. Kaikoura is connected with Blenheim by a weekly coach service, the distance being about ninety-five miles. There is also direct steamer communication with Wellington and Lyttelton. The population of the town is about 395.

Roads and Railways.

The only railway is that between Picton and Blenheim, about eighteen miles and a half in length. The train, starting from Picton, runs twice a day. The railway has been completed for a distance of three miles south of Blenheim, and it is in contemplation to extend it as far as the Awatere River, which is shortly to be bridged with a railway and traffic bridge at a cost of £19,000, which will be a very great boon to the district.

The Main North Road to Nelson, distant seventy-eight miles, is a good metalled road nearly the whole way. It runs up the Wairau Valley from Blenheim for about six miles, crosses the Wairau River into the Kaituna Valley, which it follows as far as Havelock—about twenty-eight miles. It then runs up the Pelorus and Rai Valleys, and ascends by easy gradients to the Brown Saddle, where it crosses the boundary into Nelson. An excellent coach-service—probably the best in the colony—has been established for some years, the coach running to and from Nelson on alternate days, covering the distance in eleven hours, and another bi-weekly coach service has lately been established between Blenheim and Havelock.

The Main South Road, running over the Taylor Pass into the Awatere Valley, and through the Starborough, Flaxbourne, Kekerangu, and other properties, connects Blenheim with Kaikoura and the south, and is a good road during dry weather, although it might be much improved in places.

The portion between the Clarence River—over which a fine bridge was built some years ago—and the Hapuku River, runs along the coast under steep and picturesque hills covered with forest. Were a road constructed south of Kaikoura to connect with Cheviot it would open up some of the most beautiful coast scenery in New Zealand.

A good road has been formed up the Wairau Valley, passing through the Bank-house, Erina, Lansdowne, Hillersden, and Birch-hill properties and connecting with Tophouse, just outside the boundary, and distant fifty-six miles from Blenheim. At Tophouse there is an hotel and a telegraph-station, and from thence a good road leads to Belgrove, the present terminus of the Nelson Railway.

A coach runs twice a week between Blenheim and Wairau Valley—twenty-five miles—where there is an hotel, a post-and telegraph-office, and one or two stores.

There is also a good cart-road running up the Awatere River—which it crosses and recrosses several times—as far as Molesworth Station, about seventy miles from Blenheim. Between these points there is a weekly coach-and mail-service.

There are other minor roads and bridle-tracks throughout the district too numerous to specify.

The area of Crown lands at present available for settlement is about 200,000 acres, but of this area 135,000 acres are of very poor quality, being chiefly the summits of high, rugged country. The balance of available area lies principally in the Pelorus, Rai, and Wakamarina Valleys, and in the Sounds, and will doubtless be readily taken up when thrown open for selection.

The Nelson Land District.

T. HUMPHRIES, Chief Surveyor.

General Physical Description.

The Nelson Land District comprises the north and north-western portion of the Middle Island, the greater part being high and mountainous, and on the western and inland ranges covered with dense forest to the bush-limit, at from 4,000ft to 4,500 ft. Cape Farewell, the northernmost point, is situated at the western entrance of Cook Strait, on the south side of which lie Golden or Massacre Bay, and Tasman Bay, more commonly called Blind Bay. The former derives its name from the massacre of a boat's crew belonging to Tasman, who visited it on the occasion of his discovery of New Zealand in 1642. At the head of the latter, which has a depth of fifty-four miles from its entrance, stands the town of Nelson. From Separation Point, on the western side of Blind Bay, a range of mountains from 3,000ft. to 4,000 ft. in height extends southward to

Mount Murchison. It consists of a granitic formation, with slate, limestone, and sandstone belts. From Pelorus Sound, on the east, commences another range—a portion of which is serpentine, forming a mineral belt immediately south of Nelson City. It reaches an elevation of 6,000 ft., and runs in a south-westerly direction to the St. Arnaud Range, terminating in the Spencer Mountains, a large central mass attaining a height of 8,000 ft. above the sea-level. To the westward of the Spencer Ranges and those on the further side of Blind Bay are the Brunner, Lyell, Marine, and Tasman Mountains from 5,000 ft. to 6,500 ft. in height. Still further westward along the coast are the Paparoa, Buckland Peaks, and Papahaua Mountains, about 4,500 ft. at their highest point, and the Whakamarama Range, extending from Rocks Point to Cape Farewell. There are also a number of isolated mountain-masses here and there through the district.

The inland Spencer Mountains are the source of the principal rivers of the district south of the Buller River, and are thus described by Sir Julius von Haast: "On the southern slopes of this wild alpine-stack we find the principal sources of the Grey, or Pohaturoha; on its north-east side the sources of the Wairau; on its eastern side those of the Acheron and Clarence; and in the deep recesses of these snow-clad giants those of the Waiau-ua, or Dillon: so we may say that, with the exception of the Takaka and Aorere, which fall into Massacre Bay, the Wangapeka, and Motueka, which run into Blind Bay, the Karamea and smaller streams, which reach the sea on the West Coast to the north of the Buller River, all the rivers of any size in the northern part of this island take their rise in this magnificent chain."

Rivers.

The Buller River (Kawatiri) has its source at a point about sixty miles southwest from Nelson, where it flows out of the beautiful alpine lake Rotoiti, lying 1,800 ft. above sea-level at the foot of the lofty St. Arnaud Range. This river breaks through the massive mountain chains of the interior in a transverse or easterly direction, forming, where it receives no tributaries, a succession of magnificent rocky gorges, and, after a course of about one hundred miles, finally discharges its waters into the ocean on the West Coast. The Go wan River, a tributary, has its source in another exquisite lake, Rotoroa, 1,623 ft. above sea-level. Other tributaries of the Buller are: the Matakitaiki, Maruia, Owen, Matiri, and Inangahua, all of which take their rise in the snowy ranges.

The Grey River (Mawhera), also discharging its waters on the West Coast, takes its rise in Lake Christabel, near the western flank of the Spencer Range. It has a very large basin, and numerous tributaries, of which the Ahaura is the chief.

The rivers on the eastern side, named above as taking their rise in this district, flow for the most part through mountain ranges and open valleys utilised as pastoral land.

Lakes.

The lakes of the district are alpine in character, surrounded by grand mountain and bush scenery. The principal are: Rotoiti, lying east, and Rotoroa south-east, of Mount Murchison; Matiri, to the west of Owen Range, 980 ft. above the sea; Lakes Tennyson, 3,614 ft., and Guyon, 2,658 ft., on the eastern flank of the Spencer Mountains; Lake Christabel, on their western flank; Lake Hochstetter and Lake Sumner, the latter 1,725 ft. above sea-level, lying under Mount Emerson (6,000 ft.).

Plains.

The plains of this district are limited in extent, the principal being the Amuri, in the valleys of the Hurunui and Waiau-ua, in the centre of which rises a partly isolated mass of hills called the Percival Ranges, the highest peak of which is Mount Percival, 5,335 ft. These plains, being well covered with native tussock-grass, were either purchased or taken up with pre-emptive rights as pastoral land very soon after the commencement of the settlement. The Waimea Plains, near Nelson, with the Lower Motueka, Riwaka, and Takaka Valley lands, formed part of the original settlement of the New Zealand Company, and are occupied mostly by small settlers. Inland are the Tiraumea Plains, 1,100 ft. above sea-level, and the Maruia, 1,300 ft. These are, together, about 30,000 acres in extent. They are surrounded by high mountains heavily timbered, and the land is of only second-rate quality. On the West-Coast the level lands are Totara Flat and Ikamatua Plains, in the Grey Valley, Mawhera-iti, and Inangahua Valleys, lying on the eastern flanks of the Paparoa coastal range. There are also open *pakihis* at Addison's Flat, on the south side of the Buller, and low swampy lands on the north side; northward is the heavily timbered country of the special settlement at the mouth of the Karamea.

Forest.

The area of the district is estimated at about 7,000,000 acres, of which the area of open land under 2,000 ft. in altitude is, approximately, 1,835,000 acres; the area of forest-land under 2,000 ft., about 1,745,000 acres; open land over 2,000ft., about 1470,000 acres, including summits. The forest-lands may be approximately estimated at 3,290,000 acres, including good forest, mountain-forest., timber patches in gullies, &c. Of this area probably about 1,000,000 acres would be the utmost available for clearing. The timber on the western side consists of red-and white-pine, matai (or black-pine), totara, kawhaka (or cedar), rata, and occasional silver-pine, besides black-and red-birch (*Fagus fusca*). These varieties are also found, but in smaller areas, on the eastern side; birch preponderating. A large amount of timber is used in the mining industry for props and planking, and throughout the districts generally for shingles, fencing, firewood, sleepers, &c. There are forty-two-sawmills at work, with an output of about 9,000,000 superficial feet per annum.

Agricultural.

Nelson has little land suitable for agriculture, most of it already taken up. On the Waimea Plains is grown excellent barley, a small quantity of which is exported. Oats and chaff are sent in large amounts to the West Coast and elsewhere. Hope also form one of the chief exports. Wheat, maize, rye, and root-crops of most varieties are grown, and fruit is plentiful. The weekly wage of a farm-labourer is 20s. with board; without board he would receive 5s. a day. Ploughmen can get 20s. per week with board; without, 7s. f.d. a day.

Pastoral.

The total area of pastoral lands held under the Crown by 120 tenants on the 31st March, 1897, amounted to 438,475 acres. As the agricultural land is limited, settlers are turning their attention to the timbered mountain-slopes for grazing, purposes. These, when the timber is felled and burnt, and the ground sown with suitable grass, will, after three to four years, carry about two sheep to an acre on fair soil, and more on the limestone country. The cost of felling and burning, green timber is from 15s. to 20s. per acre; cost of mixed grass seeds and sowing about 15s. per' acre; and a good paling-fence on ordinary bush-lands with double No. 8 wires at top and bottom, with ½ in. palings and 7 in. posts sunk 2 ft. in the ground, can be erected at about 12s. per chain.

Mining.

The western side of the Nelson District was a *terra incognita* till about the year 1863, when gold was first discovered in large quantities. Miners flocked in at first from the other goldfields in New Zealand, then from Australia California, and other parts of the world, until in 1865 the whole coast-line was peopled from Broken River in the north to Jackson's Bay in the south. Mining, at first altogether alluvial, developed into quartz-reefing, and hydraulic-sluicing of large areas. The agricultural lands about the Grey and Inangahua were taken up and cultivated; and, as mining became a more settled industry, the miners occupied and tilled the non-auriferous alluvial flats in the many valleys: hence at the present time a number of homesteads are scattered throughout the district.

Reefton and its neighbourhood forms one of the chief quartz-mining districts in New Zealand; and the West Coast, including Westland, has produced about 45 per cent, of the total gold raised in the colony. The oldest alluvial field is at Collingwood. Among other minerals found in the district are: silver, copper, chrome, antimony, manganese, and hæmatite. Extensive deposits of coal are found on the West Coast, within the areas of the Grey and Buller Coalfields Reserves. Coal is also found in Collingwood, in Blind Bay, and in West Wanganui Inlet; and there are numerous smaller areas of coal-bearing strata here and there throughout, the district. The output from the mines at work within the district during the year ending 31st December, 1896, was 404,885 tons. Copper-ore is found in a serpentine rock-formation near Nelson, but the companies which have worked the ore have not hitherto been successful—the last, one, "The Champion," failing from want of sufficient capital. Deposits of chrome ore are also found here. Silver ore has been worked in the Collingwood District; and at Para-para, in Blind Bay, there are widespread deposits of hæmatite iron-ore, combined with limestone and coal, waiting only for capital to develop them. There is also a small industry in flax. It will be readily gathered from the above brief description that mining is the chief industry of the Nelson District. A great impetus has been given to the mining industry on the West Coast, in a manner similar to that which has taken place on the Auckland goldfields. In the Reefton district a large English syndicate has bought out several properties of quartz-mining companies, which have been paying concerns, although worked with limited capital and old-fashioned machinery, with the view of introducing the newest methods of working and the most improved gold-saving appliances. A number of wealthy syndicates are now in the field, and a great revival has taken place in prospecting for now reefs, and in developing numbers of others known to be auriferous, the

working of which has hitherto languished for the want, of capital to develop them.

The timber industry on the West Coast has now become a very important trade. During the past year about 4,000,000 ft. of various kinds of wood, principally red and black pine, have been cut in this district alone for export, and silver-pine has been largely in demand for railway-sleepers for home consumption.

Towns.

The chief town is Nelson, situated at the head of Blind Bay, in 41° 16' S., and surrounded on all sides, except the north, by mountains reaching an elevation of 3,500ft. With a mean temperature of 54.8° Fahr. it possesses a climate almost unequalled for its beneficial effects on invalids suffering from pulmonary diseases. There are many picturesque spots in the suburbs, and the town itself, with its cleanly-looking buildings and well-kept gardens, is one of the most charming spots in New Zealand. There is an old-established Boys' College, and a High School for Girls, besides Government and other schools. The Anglican Pro-Cathedral, built on the summit of a central hill, memorable as being the site of fortifications erected in the early days of the settlement for defence against an expected attack of the Natives, is a striking feature. The Roman Catholic Church, Convent, and school-buildings cover a large extent of ground. There is also at Stoke, a small village three miles from Nelson, a central Catholic Orphanage, surrounded by grounds of considerable area. There is a good supply of excellent water from a reservoir in the hills at the back of the town, and the streets are well lighted with gas. The several Government departments are housed in one roomy building, containing a large hall used for Supreme Court sittings and other public purposes. Nelson has a small natural harbour, formed by a boulder-bank running for eight miles parallel to the shore, deep enough at high tide to admit vessels of 1,000 tons burden. It is a port of call for the Union Steamship Company's coastal steamers, and has a small local fleet plying between the West Coast, Blind Bay, Picton, and Wellington. The town is reached from the eastward by a good main road from Marlborough. A railway-line has been constructed up country to the southward for thirty miles, passing through the farming villages of Stoke, Richmond (borough), Brightwater, Wakefield, Foxhill, and Belgrove. Leaving for the West Coast by a good main road, the traveller starts from the Belgrove Station on one of Cobb and Co.'s coaches, crosses Spooner's Range, the Clarke and Hope River saddles, and enters the Buller Valley at the junction of the Hope, about sixty-seven miles from town. He then enjoys a succession of views of mountain-gorge scenery, and, after traversing a gorge of seventeen miles in length, arrives at the Lyell, 107 miles from his starting-point. This is an alpine township, in a small quartz-mining neighbourhood. Here is a fine cast-iron girder bridge, spanning a rocky gorge of the Buller, and springing boldly from a bluff on the northern side. At 116 miles the junction of the Inangahua with the Buller is reached, the main road continuing to Reefton, with a branch road twenty-eight miles to Westport, which for twelve miles passes through some of the grandest river-gorge scenery in New Zealand.

Westport, the town next in importance to Nelson, is situated at the mouth of the Buller River. The harbour is sheltered from southerly gales by Cape Foulwind and its outlying rocks, and is accessible in nearly all weathers. A large sum has been spent on a system of harbour-works, designed by the late Sir John Coode. Westport is the place of shipment for the coal-mines lying northward as far as the Mokihinui River. The character of this coal for steam purposes stands almost unrivalled. The long line of coal-staiths on the northern bank of the river, with a fleet of steam-colliers loading alongside, does not fail at once to impress a visitor with a sense of the importance of the trade. Though much has already been done, yet the industry, from the extent of the coal-bearing strata, is capable of much larger expansion when the necessary capital can be found. The Westport-Ngakawau Railway to Mokihinui, connects with the mines and conveys the coal to the port. At the foot of the Mount Rochfort plateau, nine miles from Westport, is Waimangaroa, and on the plateau itself is Denniston—both coal-mining villages. The latter, built at an elevation of 1,960 ft., is said to be the highest township in New Zealand. On a clear day it is well worth a visit, for the sake of enjoying the magnificent, panoramic view of the southern Alps, which reach their highest point in Mount Cook, 12,349 ft. high, about 100 miles south. South of Westport are the alluvial gold-mining centres of Addison's Flat, Croninville, Nine-mile Beach, and Charleston.

From the Inangahua Junction, the main road continues southward through the Inangahua Valley, passing through cultivated lands, which are being gradually won from the heavy bush, and at a distance of 136 miles from Nelson reaches the township of Reefton. Here, as at Westport, are good hotels, and, as in every one of the larger coast towns, a hospital receiving a Government grant in aid. This town was the first in New Zealand to be lighted by electricity. Through the Midland Railway Company's extension of the Grey-Brunner Government line, Reefton is now connected by rail with Greymouth, from whence it is for the most part supplied. About two miles inland from Reefton is Black's Point mining township, with several batteries at work in and about the place, a visit to which is generally paid by tourists wishing to see something of the gold-mining industry. Other small mining townships are: Boatman's, Capleston, Antonio's, Noble's, Orwell Creek, Hatters', Nelson Creek,

and Twelve-mile.

Leaving Reefton by rail, and passing into the Grey Valley through a short tunnel, and by a bridge over the Grey River, Totara Flat is reached, nineteen miles distant. Here there is a considerable area under cultivation. Seven miles farther on is the decayed mining township of Ahaura. Small townships are springing up along the railway-line, and several large sawmills are working.

At the Grey River Gorge, eight miles from Greymouth, we enter the Borough of Brunner. This place is the oldest centre of coal-mining in the district Owing to the effect of the coal-smoke from the coke-ovens on the surrounding cliffs and bush, and the appearance of the numerous miners' cottages nestling on the mountain-slopes, it has the look of a veritable "Black Country," such as may be seen in some coal-districts in England.

Several large sawmills are at work between this place and Greymouth, which we reach at a distance of 180 miles from Nelson, the centre of the Grey River from its junction with the Arnold being the southern boundary of the district at this part. The Midland Railway line, to connect with Canterbury by way of Arthur's Pass in the Otira Gorge, has been constructed on the Westland side of the Arnold River to Lake Brunner, the eastern shores of which it skirts for some distance, and from thence to the Teremakau River.

The town of Greymouth is situated on the south bank of the Grey River, in the Westland District, and is the shipping-port for the products of the coal-basis included within the area of the Grey Coalfields Reserve, the larger portion of which lies on the north bank of the river in the Nelson District.

The small town of Cobden is situated opposite the town of Greymouth, and is connected with it by a substantial bridge.

Roads, Tracks, &c.

Situate on the coast, fifty miles north of Westport, is the Karamea Special Settlement, principally settled from the Nelson and Motueka Valley districts. This part of the district contains some excellent but heavily-timbered land, and is reached from Westport by a good road, connecting with the Westport-Ngakawau Railway at the Mokihinui River. A bridle-track, also, connecting with Collingwood and Golden Bay, is nearly completed by the Government. This track passes along the coast northwards, thence up the Heaphy Valley to the Golden Downs, and down the Aorere Valley to Golden Bay. Here again is another coal-basin, which, though of inferior value to the older deposits on the western side, is likely to become of importance, having at the present time one mine in full work. Another coal-basin exists at West Wanganui and Pakawau.

In the Aorere Valley, of which Collingwood is the port, alluvial mining is still found to be payable, and the country contains some valuable timber in the upper part not yet utilised. Nineteen miles south, in Blind Bay, lies the small port of Waitapu, from which a considerable amount of sawn timber is exported, drawn from the Takaka Valley, and brought down by a steam tramway from the upper mills. From the head of this valley the main road is carried over a pass in the Pikikirunga Range, 3,476 ft. high, through the villages of East and West Takaka, Riwaka, Motueka, and Moutere to the town of Richmond, eight miles from Nelson. Inland are also the villages of Ngatimoti, Dovedale, Tadmor, and Sherry, each the centre of a number of small farms, and all connected by fairly-good dray-roads.

An inland road, partly bridle-track and partly dray-road, has been made from Nelson to Canterbury, by way of Tophouse, Wairau Gorge, Tarndale, Clarence Valley, Jollie's Pass, and the Waiau Plains. On the Hanmer, a tributary of the Waiau-ua, is a Government Sanatorium, at an elevation of 1,000 ft. above sea-level, and among hills 6,000 ft. high. Here there are hot mineral springs, much visited by persons suffering from rheumatism and skin-diseases. It is reached by coach and rail from Christchurch in ten hours. The main-trunk railway-line is constructed to Culverden, twelve miles north of the Hurunui, the southern boundary of the district. From Culverden a good coach-road passes through Rotherham and Waiau-ua to the East Coast at Kaikoura, connecting with Blenheim and Nelson.

Crown Lands.

About 3,000,000 acres of Crown lands still remain unoccupied in the northern part of the Nelson District; they consist principally of high bush-country, with occasional patches of good valley-lands, the greater part being classed as second-class land. Of these, the area open for selection to date comprises 30,142 acres of surveyed lands, and 272,258 acres unsurveyed lands, of which the location, nature of soil, &c., have been briefly described in the foregoing pages.

The Westland Land District.

W. G. MURRAY, Chief Surveyor.

The Westland District occupies the central portion of the western watershed of the Middle Island, joining Canterbury on the east; its north and south boundaries with Nelson and Otago being the Grey, Arnold, and Awarua Rivers. The mean length is 200 miles, and its average width 24 miles. The area is 4,759 square miles, composed, for the most part, of the great central snow-clad mountain chain and its out-running ranges, intersected by narrow bush-clad valleys, and subsiding westward into undulating plateaux, river-straths, and shelving coasts.

Physical Features.—Mountains.

The great dividing range which constitutes the eastern boundary from Harper's Pass to Mount Aspiring presents a magnificent, facade of snow-and ice-clad summits, representing every aspect of mountain grandeur, such as spires and battlements of rock protruding from ice and snow; precipices of enormous height, with cascades; drifted expanses of snow-fields, feeding glaciers; canons, and ravined foot-hills covered to the top with forest.

Rivers.

A few of these lead from the foot-hills, and are of small volume; the others are snow-born streams descending from the central range, at first in narrow gorges amongst the mountains, but spreading widely on reaching the sea-board country. They are shallow shingly streams in winter, but swift deep rivers in summer. In the northern district all the larger rivers are bridged; and southward, ferries are placed on all the main streams, which, from the melting of the snow, are practically unfordable from September to January.

Forests.

Generally speaking, the whole of the district is covered with dense forest, from the sea-beach to the grass-grown tops of the high ranges, even the gaunt, broken mountain-faces being wrapped with exuberant foliage. The varieties of trees differ considerably according to soil and altitude. Kamahi and rata are the chief timbers, very useful for firewood, and, spread over the whole country, constitute as almost inexhaustible supply. Rimu is the chief milling timber, and this also is widely distributed from the sea-board to the interior uplands. Valuable stretches of white-pine belt the low-lying depression of the coastal lands, and the same may be remarked concerning the imperishable silver-pine. Clumps of black-pine of good quality are met with, also rarer patches of marketable totara; while serviceable cedars are scattered along the flanks of the inland ranges and all over the lower hills and plateaux. The approximate area of forest equals 2,394,951 acres, of which about 940,500 acres carry timber fit for the saw-mill, and some 903,785 acres dwarfed alpine varieties.

Lakes.

A considerable and varied number are dotted over the district, no two being alike, but varying in character: comprising mountain tarns; coastal tidal lagoons; shallow reedy sheets; deep mountain-girt waters—all more or less forest-locked, and presenting every form of lacustrine beauty. In conjunction with their effluents they form valuable water-ways for light transport to adjacent districts.

Soils.

The high pastoral uplands have a coating of rich moulds, and this continues fairly good down to the heavy timber lands. The alpine forest is readily cleared, burns clean, and imported grasses grow luxuriantly, cocksfoot being the best, as it withstands fire and frosts. The lower flanks of the mountains hold a thinner soil, which at present hardly repays the heavy labour of felling; while the lower heights are somewhat abrupt and unfitted for cultivation. A margin, varying in width, of fertile slopes and fans fringes the bases of the hills, and, having a natural drainage, constitutes an area of excellent agricultural land.

The upland soils of the coastal undulations and terraces are light loams of moderate fertility, which rest upon transported gravels, the drifted accumulations of eroded hills. On these plateaux are numerous "pakihis," or natural clearings, which are mostly extensive tracts of swampy lands, with a peaty soil resting on thin layers of impervious clay, and non-porous gravels, or, in a few cases, on impacted glacial moraines: these formations all overlying loose drifts. The reclamation of these areas is only a matter of time, as the bulk of them are quite drainable.

Stretches of good alluvium border the rivers, streams, and sea-coast, and form the favourite location for

settlers.

Climate.

The climate is equable and temperate, remarkably free from storms and fogs; and immediately after bad weather the clouds roll inland, and there is a prevailing clearness of sky. The rain-bearing winds are mostly from the north-west and north east. The southerly winter gales usually coat the great ranges with snow, which, however, rarely falls below 2,000 ft.

Pastoral Lands.

The total area of pastoral lands amounts to 2,002,577 acres, 103,801 of which constitute high mountain grass districts, the balance, 1,898,776 acres, comprising the ordinary bush-clad country, much of which is quite inaccessible to stock. All over the coastal lands, along the slopes of the lower hills and in the bottoms of the valleys, large herds of cattle are bred and fattened on the dense undergrowth of the forest. The tussock herbage of the high lands is being gradually used by sheep farmers, and in the near future these natural pastures will support large flocks.

Agricultural Lands.

The agricultural lands comprise some 307,344 acres of forest and 16,440 acres of open surface, such as swamps, grass-grown river-beds and fringes, &c. The bulk of these lands, when cleared of bush, grow abundance of root-crops, especially turnips, which are much used for fattening purposes. The event and moist temperature encourages the almost uninterrupted growth of grass and clover, which are very luxuriant, and favour stock-raising. Oats are also grown abundantly for local consumption, and for the most part are cut into chaff. Year by year the imports of potatoes, fruits, butter, and fat stock are decreasing, owing to increased local production.

Means of Communication.

The district is fairly well provided with means of communication. The railway now extends from Hokitika, *viâ* Greymouth, to Reefton, branching at Stillwater to Jackson, in the Upper Teremakau; and a further extension to Otira is now being constructed. Coaches twice a week connect with Canterbury, *viâ* Arthur's Pass, and ply daily between Ross, Hokitika, Kumara, Greymouth, and the neighbouring towns: while once a week a mail is conveyed on horseback southward to Gillespie's Beach, and once a fortnight to Jackson's Bay. A subsidised steamer runs between Hokitika and the numerous southern ports as far as Jackson's Bay, plying every two months, thus enabling settlers to obtain supplies and to ship their cattle and produce to market. The Government steamer also calls at Big, Jackson's, and Bruce Bays on her quarterly trips from Dunedin. Steamers also trade regularly between Hokitika and Greymouth, and other parts of the colony. The Main South Road, which for many miles skirts the foot of the main range, has been so greatly improved of late years that the traveller can now ride comfortably and safely *viâ* Haast Pass right through into Otago. Numerous bridle-tracks branch from the trunk line to various points, while the large open river-beds likewise give access to the country on either hand. From Jackson's Bay horse-tracks have been made, *viâ* Cascade River and Barn Bay, to open up the southernmost country. Sundry *cols*, varying in height from 1,800 ft. to over 7,000 ft., leading down the central range, have been explored, mapped, and during the summer months are crossed from time to time by experienced mountaineers. Of these depressions, the only sub-alpine saddle is Haast Pass, all the others being liable to blocks by winter snows. A coach-road Over Arthur's Pass and a horse-track through Haast Pass have been made. Another bridle-road is also in course of construction across Whitcombe's Pass, but between these points no trans-insular road exists. Tracks have also been constructed giving easy access to the Franz Josef and Fox glaciers, and in the future, as population increases, doubtless tourist and stock tracks will be constructed along many of the intervening routes. From Okarito northward the district is in direct telegraphic communication with the rest of the colony.

Harbours and Ports.

The harbours and ports of Westland are the following:—

Greymouth, twenty-four miles north-east of Hokitika: Extensive harbour-works have been carried out. A breakwater or sea-wall extends some 3,392 ft. seaward from the mouth of the river on the south side, and on the north side 1,125 ft., with internal half tide training walls, the result being an average depth of water on the bar

of 207 ft. at high water and of from 8 ft. to 16 ft. at low water. Vessels of 1,000 tone can now come alongside the wharf. There is berthage accommodation of 1,821 ft., with a minimum depth of 12 ft. to 16 ft. at low water. The principal exports are gold, coal, coke, and timber. The number of vessels that entered the port during the year 1896 was: 550 steamers, tonnage 136,572; 45 sailing-vessels, tonnage 7,319; being a total tonnage of 143,921 for the year. The train runs down the wharf, and the coal-trucks, specially made for the purpose, are lifted and emptied into the vessel's hold by means of powerful cranes, of which there are six, with capacities of from 1½ tons to 12 tons, so that every encouragement is given to quick despatch.

Hokitika: Two training-walls have been constructed, the one on the north side being about 2,000 ft. long, while that on the south is 670 ft. The bar is one of shifting sand, and the depth at high water varies from 9 ft. to 15 ft., while inside the depth is from 6 ft. to 22 ft. for three-quarters of a mile up from the entrance. For ten months out of the twelve the port is usually safe for vessels drawing 8 ft. to 10 ft. of water. The berthage space amounts to 1,000 ft., with from 18 ft. to 22 ft. of water. The principal exports are gold and timber. The number of vessels that entered the port during 1896 was 75; tonnage, 4,992.

Okarito, fifty-five miles south-west of Hokitika: A bar harbour, sometime completely blocked by a high sand-bank thrown up by heavy seas. When open, the entrance is good, with a maximum depth of 10 ft. There is a small jetty about half a mile from the entrance.

Bruce Bay, ninety-five miles south-west of Hokitika: An open roadstead, well sheltered from the south and south-westerly winds by Heretaniwha Point, which juts out fully a mile to the northward. Good anchorage in 18 ft. of water opposite the Green Rock, which stands up out of the water. Good boat-landing with above winds on a smooth sandy beach.

Paringa River, 104 miles south-west of Hokitika: Open roadstead. Vessels coming in and out should give Hauata Reef (off the north head) a wide berth. There is also a sunken reef, awash at low water, in the middle of the bay, and a dangerous sunken rock just off the south head, two or three chains away, facing a small sandy bay, and right abreast of the trig. station. Vessels lie inside and a little to the northward of this rock, about a quarter of a mile from shore, and are quite safe with southerly winds.

Haast. River, 118 miles south-west of Hokitika: A constantly-shifting bar at entrance, which is nearly opposite and a little to the southward of the Alhambrs Rock. This rock stands well out of the water, and vessels entering can go on either side with safety. Average depth of water on bar from 6 ft. to 8 ft.

Okuru and Turnbull Rivers, 138 miles south-west of Hokitika: These rivers join just inside the entrance. Good, straight channel; average depth, 8 ft. to 10 ft. The port is well sheltered by Open Bay Islands, which lie about three miles away, just opposite the entrance, bearing a trifle west of north. A dangerous reef lies about: two miles and a half from the south-west point of the smaller island, and immediately to the north-west of a line drawn from the last-named point to the extreme end of Jackson's Head.

Jackson's Bay, 153 miles south-west of Hokitika: Good shelter and anchorage open only to north-east, with 12 ft. of water within a few chains of shore. Jackson's Head runs out about one mile and a half in a north-easterly direction from the southern end of the bay. This is the only ocean harbour on the coast of Westland and could be converted into a first-class port at comparatively small cost. No doubt Jackson's Bay will eventually form a great coal port, as indications of coal are found from the bay to Tauperikaka, a distance of thirty miles. Moreover, the recent discovery of a practicable pass through the main range, *viâ* the Waiatoto and Axius Rivers, will make it in the near future the natural outlet for the Lake Wanaka country.

Big, or Awarua Bay, 200 miles south-west of Hokitika: At the extreme south-west corner of Westland. An open roadstead, sheltered from east and south-west winds; 24 ft. of water on south side anchorage and 30 ft. on north side, just opposite Crayfish Rock, in a spot sheltered from northerly winds.

Steamers have also, in past years, entered the Teremakau, Waitaha, Wataros, Wanganui, Waiatoto, and Arawata Rivers, all of which have bar-entrances. The Cascade River is likewise navigable, though no steamer has as yet been in; and goods and passengers are also landed at the roadsteads of Saltwater, Gillespie's Beach and Abbey Rocks.

Towns.

Brunnerton: A borough of about 1,632 inhabitants; is a coal-mining center. Coke and fire-clay bricks are also manufactured. Railway communication with Greymouth Port, Reefton, and Upper Teremakau.

Greymouth Borough: Population, 3,099; the shipping port for Grey Valley Railway communication with Reefton, Upper Teremakau, and Hokitika. Railway workshops, foundry, and quarries. The principal business portion of town is build on Native land, rents being paid to the Public Trustee, who distributes them to Natives entitled thereto.

Kumara: Borough, of 1,149 inhabitants. This is a brisk mining town, and in probably the largest hydraulic-sluicing mining centre in New Zealand. It has two suburbs—Dillmanstown and Larrikin's—with

populations of 467 and 162 respectively.

Hokitika: Borough, of 2,059 inhabitants. This is a pretty town, the political capital of Westland, the port for shipping and centre of supply for a number of little townships, and for the whole district south of Teremakau.

Ross: Borough, population 727. A clean and neat little town, the centre of a considerable mining district, with a few good sluicing claims on a large scale.

In addition to the above, there are several small mining centres, such as Stafford, Kanieri, Woodstock, Rimu, Blue Spur, Okarito, and Gillespie's.

Mining and Minerals.

The District of Westland contains the greatest area of alluvial auriferous ground on the West Coast. In the Mines Report of 1896 the number of miners employed was given as 2,365, and the amount of gold produced as 49,893 oz., valued at £199,626.

All the Westland rivers carry more or less gold, but the two great golden rivers are the Arahura and Waiho, the bars and ripples in which appear to be replenished with fresh deposits of gold after each flood. Standing on the summit of Mount Turiwhate, the ancient beds of the Arahura can be easily traced northward to the Kumara and southward to the Rimu diggings. Similarly the Waiho has, in olden times, flowed both northward down the course of the Okarito River and southward to the Omoeroa River, the lateral terraces in both directions being well defined and gold-bearing.

There are three main gold-bearing deposits in Westland: the first, which may be called riverine leads, run generally westward. These are ancient river-beds, often lying at considerable elevations, of which the bulk has been washed away, leaving detached portions, as at Kumara and Rimu; the second are beach leads, both those along the present coast-line, and others running parallel thereto at distances varying from one-quarter to four miles inland, and at levels from a few feet below to a couple of hundred feet above sea-level; the third are extensive masses of gravel, &c., occurring in large isolated patches, as at Big Dam Hill, Humphrey's Gully, and Bald Hill, north of the Haast. These drifts have all one notable peculiarity, viz., that they invariably coat the seaward faces of the hills, and neither gold nor drift is to be found on the inland slopes. Gold-bearing fans from Mount Greenland have been found at different levels on Ross Flat, having probably been deposited in deep water by successive land-slides.

Hydraulic sluicing on a large scale is successfully carried on in various portions of the northern district, and is rapidly being extended to many other localities. Kanieri Lake is being re-utilised, and an abundant quantity of water is now available for the sluicers in the Kanieri Valley. The extension, now proposed, of that race to Back Creek would develop a very large field. The tapping of the Arahura River will, when completed, enable the miners at Blue Spur to obtain an unfailing supply of water, and command a large area of auriferous country, at present unworkable from want of water at a sufficient altitude. Numerous and costly experiments have been made with dredges of different types in the endeavour to work economically the gold-bearing sands which lie along the sea-beaches for a distance of over 140 miles; but none have proved a success as yet. A considerable number of miners (black-sanders) work on some of these beaches, and seem to make a fair living, many of them having been so employed in one neighbourhood for over twenty years.

Gold-bearing quartz has been found throughout the district, the most promising finds being at Taipo Range, Browning's Pass, and Cedar Creek, where extensive and costly prospecting is now in progress. Silver ores, associated with gold, have also been found, notably at Rangitoto, where a systematic and expensive search is being continued for the main lode. Copper lodes have also been discovered throughout the country, the finest outcrop being on the western slopes of the Matakitainge, with good seams and beds of coal and limestone adjacent.

The Canterbury Land District.

SIDNEY WEETMAN, Chief Surveyor.

Boundaries—Physical Features.

The Land District of Canterbury comprises the central portion of the Middle Island, and is bounded towards the north by the Hurunui River, with an extension northward to the Waiau-ua River for about twelve miles from the sea; towards the westward by the summit of the Southern Alps to Mount Aspiring; thence towards the south by a right line and by the Ohau and Waitaki Rivers to the sea; and towards the east by the South Pacific Ocean. It lies between south latitudes 42° 45# and 44° 55#, and east longitudes 168° 50# and 173° 20#. The length of

the district north-east and south-west is about 190 miles; the breadth W.N.W. and E.S.E., from the summit of the Alps to the sea, averages seventy miles. The sea-board has a length of about 240 miles, consisting generally of low-lying beaches, broken by the projection eastward of Banks Peninsula, which contains the only large natural harbours. That portion of the district which fronts the ocean between the Ashley and Opihi Rivers is flat land, about 2,500,000 acres in extent; north and south of those limits the plain is interspersed with undulating and hilly country.

This great plain stretches westwards, rising and merging into downs and hills, which again extend westward and merge into the Southern Alps and the offshoots therefrom. Banks Peninsula, which has an area of about 250,000 acres, is wholly composed of ridges and hills, deeply intersected by basins and gullies, the result of volcanic action.

The Southern Alps, which form the backbone of the island, are a continuous chain of mountains, with a succession of magnificent peaks, attaining their culminating point in Mount Cook, or Aorangi, 12,349 ft. above sea-level; there are, besides, numerous peaks ranging in altitude between 7,000 ft. and 10,000 ft. Offshoots, extending to great distances eastward and south-eastward from the main range, attain elevations of 6,000 ft. to 9,000 ft. On these mountain-ranges are numerous and extensive glaciers, from which emanates the river-system of the district, comprising the Hurunui, about 85 miles in length; Waimakariri, 90 miles; Rakaia, 85 miles; Ashburton, 64 miles; Rangitata, 74 miles: the Waitaki and its main feeders, 140 miles. These rivers rush down from the mountain-gorges, through the intervening ranges and hills, and traverse the plains to the sea. The channels on the plains are shallow, and extend in some instances over a mile in width.

These rivers serve as outlets for a portion of the Lake system of the Middle Island, Lake Sumner being connected with the Hurunui, Lakes Coleridge and Heron with the Rakaia, and the Mackenzie Country lakes—Tekapo, Pukaki, and Ohau—with the Waitaki. Another important lake is that known as Lake Ellesmere west of Banks Peninsula; it is separated from the ocean by a narrow shingle-spit only 5 chains across at one point, through which, at certain seasons, the flood waters force a channel to the sea.

Climate.

The climate of Canterbury is well suited to Europeans. It resembles that of Great Britain, but on the plains is far more equable, the mean daily range of temperature being 17.10° Fahr. Observations taken at Lincoln (fourteen miles from Christchurch) for a period of ten years, ending December, 1892, give the following results: Barometer, reduced to 32° Fahr. and sea-level, 30.06 in.; mean maximum daily temperature, 61.47°; mean minimum daily temperature, 43.27°; mean average temperature, 52.37°. The extremes of temperature were 92° and 22° Fahr. The rainfall for the same period averaged 26 809 in. per annum, the extremes being 35.287 in. in 1886 and 14.836 in. in 1890. The average annual number of days on which rain fell was 123, the extremes being 149 in 1887 and 98 in 1891. Snowfalls are very light on the plains, but in the high uplands the climate is much colder and more severe. The changes of weather and temperature are sudden, calms and gales, rain and sunshine, heat and cold alternating. The prevailing winds are north-east, south-west, and north-west—the last a hot, wind. The climate, as a whole, is splendidly healthy, bracing, and most enjoyable.

Foundation and Settlement.

The district was occupied, in the first instance, by settlers sent out by the Canterbury Association, which was formed in 1848, and incorporated by Royal Charter in 1849, under the auspices of prominent men in England, including the Archbishop of Canterbury and Lord Lyttelton. The step was not taken until after due inquiry as to the most suitable part in which to establish a settlement. Captain (now Sir George) Grey, at that time Governor, recommended the Wairarapa, but it was finally decided to take over from the New Zealand Company a tract of the Canterbury Plains, in the neighbourhood of Port Cooper. Captain Thomas, the agent of the association, who had advised the selection, superintended the surveys and the preparations for receiving intending settlers. The original intention of the founders was that the settlement should be independent and complete in itself, and should embrace only such persons as were members of the Church of England and were approved of by the association. This was frustrated by the influx of numbers of persons of all classes and beliefs. The first body of emigrants arrived at Port Cooper on the 16th December, 1850, and the settlement remained under the control of the association, as directed by a committee of management in England, and under the active personal supervision of Mr. John Robert Godley, until 1853, when the whole of Canterbury became a province of New Zealand by the provisions of "The Constitution Act, 1852."

Thenceforward the control of the settlement was vested in the Superintendent and the Provincial Council. The first Superintendent was Mr. James Edward FitzGerald, who held office till 1857; he was followed in succession by Mr. William Sefton Moorhouse, 1857-1863; Mr. Samuel Bealey, 1863-1866; Mr. Moorhouse

again till 1868; and Mr. William Rolleston till the abolition of the provinces in 1876, when the district came directly under the control of the General Government.

Internal Communication.

In no part of New Zealand are the means of communication better than in Canterbury. The natural facilities of the country have been abundantly supplemented by railways and roads. Lyttelton, the chief port, is connected by rail with Christchurch, the heart and centre of the whole district. From Christchurch the main line extends northwards to Culverden, striking the Hurunui River at a distance of 57 miles; southward the main trunk line runs to Waitaki, 138¾ miles. These lines tap and serve the whole coastal district, and the lands adjoining on the western side. As feeders to these trunk lines, eight branch lines have been constructed westward, and two lines south-eastward; the former, in most instances, extending to the foot of the hills.

Combined with the railway system is a complete network of main, district, and subsidiary roads, extending into all parts of Canterbury. The total length of railways is 455 miles, and the roads probably exceed 10,000 miles in the aggregate. The completion of this splendid system is due, partly to the foresight of the original settlers, partly to the exertions of the Provincial Government, and partly to the railway and public-works policy of Sir Julius Vogel.

Geological Formation.

According to Sir James Hector, the main western ranges are composed of Upper Palaeozoic rocks, having at their base extensive plains of Tertiary fluvial formation, with occasional protruding ridges of Upper Mesozoic, forming low mountain-ranges subordinate to the main axis. Banks Peninsula consists of basic volcanic rocks.

Area, Nature, and Disposition of Lands.

The area of the Canterbury Land District is 8,776,655 acres, of which the estimated area of forest land is 492,130 acres. Forest-lands are found in Banks Peninsula and in the Mount Peel and Waimate districts, where the timber consists chiefly of rimu, totara and matai; at the sources of the Ashley, Waimakariri, Hakaia, Hopkins, and Hunter Rivers, at Lake Wanaka and near Springfield and Methven, the timber in these localities being mostly native beech; and near Oxford, where the beech is interspersed with rimu, totara, matai, &c.

The lands of Canterbury are classed as follows: First class, 1,840,681 acres; second class, 4,707,173 acres; third class (barren lands and lands of small value) 2,228,801 acres: total, 8,776,655 acres.

In explanation, it may be noted that No. 1 comprises the freehold lands conveyed, and that tenants of Nos. 2, 3, and 5 have the right of acquiring the freehold, which is not the case with tenants of Nos. 4, 6, 7, 8, 9, 10, 12, and 13. Crown lands proper are: 14, open for selection; 15, being prepared for selection.

Soils.

The Southern Alps and mountains adjoining are, owing to their great altitude, subject to disintegration, and form for the most part rocky barren wastes.

The lower ranges and hills, the high tablelands, and the light stony portions the plain form the pastoral areas.

In the northern and southern districts and in the great central plain are the agricultural areas. This latter class of land comprises rich alluvial tracts about Cheviot, Rangiora, Kaiapoi, Lincoln, Ellesmere, Longbeach, Temuka, and Wainate, and the splendid plain-and down-lands which extend from Cheviot to the Waitaki.

Banks Peninsula, where the soil is of a rich volcanic nature, though exceedingly hilly, has alluvial areas in the valleys and about the bays.

Pasturage and Crops.

Below a certain level, the mountainous and hilly regions, and the high upland country in the western and northern part, are covered by native grasses, with as admixture of English forage-plants where the character of the soil and other circumstances are favourable.

The pasturage, which is very suitable for sheep-farming, is taken full advantage of by the pastoral tenants of the Crown, and is used to some extent by freeholders. The light stony portions of the plain also contain native grass lands, well adapted to merino sheep.

The lower hills, downs, and better kinds of plain-country have been widely cultivated, and have proved

well fitted for the production both of cereals and of grasses.

The chief crops grown are wheat, oats, barley, turnips, rape, clover-and grass-seed; while amongst other crops produced are maize, rye, peas, and beans.

Of the cereals, wheat is the most largely grown, and was for many years a large item of export. In the season 1896-1897 the area under crop was 174,579 acres, estimated to yield an average of 21 bushels per acre, or 3,666,159 bushels in all, equal to nearly two-thirds of the whole yield for the colony.

Oats also are very successfully grown, the figures for the same period being 130,113 acres, estimated to yield 3,122,712 bushels; or an average of 24 bushels per acre, or nearly one-third of the total yield for the colony.

Barley of superior quality is also produced, the figures being 10,929 acres, 327 870 bushels: average per acre, 30 bushels, or over two-thirds of total yield. Grass-seeds are abundantly grown, cocksfoot mainly on the splendid Banks Peninsula country, and rye throughout the land district.

Hay was grown on 49,661 acres.

Root-crops.

Potatoes, which yield crops of excellent quality, were grown in 1896-1897 on 7,781 acres; turnips and rape were grown on 167,042 acres, and the combined area of other crops grown, including rye, peas, beans, mangolds, beet, carrots, and onions, was 15,219 acres. The area of oats for green fodder and hay was 52,723 acres. The area ploughed and laid down in English grasses was 1,531,011 acres. Surface-sown lands comprised 431,945 acres. The total area under crop was 582,844 acres, and the area broken up but not in crop, 10,292 acres.

Stock.

The pastoral and agricultural lands provide grazing and fodder for a large number of sheep, cattle, horses, and other stock. Of late years the value of the plains has been much enhanced and the carrying-capacity thereof greatly increased by the water-race system, which supplies water throughout the length and breadth of the dry areas, and enables the country to be occupied in smaller holdings than would otherwise be possible.

The following table shows the extent, cost, and other particulars regarding the water-race system in the several counties in 1897:—

The sheep in the Provincial District of Canterbury, in April, 1896, numbered 4,301,300. In November, 1896, there were 45,782 horses, 94,930 cattle, and 46,034 pigs.

The district has a well-deserved reputation for the classes and splendid quality of its sheep. On the mountains and higher lands the merino still predominates; but on the richer low-lying ranges, hills, and plains the prevailing types are crown between the merino and Leicester, Lincoln, Romney Marsh, and other breeds. Is proof of the superior character of the flocks, pasturage, and climatic conditions is the Middle Island, the following percentages of lambing returns are quoted—these are "fair average returns, but much higher might have been exhibited": Mountain native pasture—pure merino, 75.36; pure merino and Border Leicester, 88.94 English-grass pasture—crossbred and Border Leicester, 80.8; half-bred Border Leicester, 82.79; Border Leicester, 90.77; Lincoln, 88 08; Romney Marsh, 111.46; English Leicester, 93.34.; Shropshire, 97.41; Southdowns, 96.87. It must [*unclear*: bor] in mind that the flocks and herds are supported by the natural and artificial pastures without housing.

Owing to the development of the frozen-meat trade a great impetus has been given to sheep-breeding. The bulk of the prime meat exported from the colony is supplied by this district, with Marlborough, and commands the highest price in the London markets. In the year 1896 the number of carcasses frozen was 609,359 of the value of about £358,000, being over two-fifths of the total output of the colony in this line. Large quantities of preserved meat, tallow, bonedust, neatsfoot and trotter-oil, are also produced annually.

The total quantity of frozen meat exported from Canterbury during the year ended 31st March, 1897, was 484,103 cwt., valued at £566,075. At Belfast, Islington, and Timaru, freezing-works are established, each containing a complete plant for carrying on the industry, as well as departments for curing, preserving, boiling-down, fallow rendering, fellmongering, and the manufacture of manures. The Belfast Company have at their command steam-power equal to 500 horse-power, and employ about 220 men. They have storage for 26,000 sheep, and can put through 3,000 a day. The Islington and Timaru works, which are owned by the Christchurch Meat Company, employ from 250 to 300 men. The former can put through 2,000 sheep and 1,000 pigs per diem, and have storage for 36,000 carcasses. The latter can deal 1,000 sheep in a day. At Hornby there has recently been established by Messrs, Nelson Brothers (Limited) a well-equipped factory for freezing only, with engines of 300 horse-power, and a capacity of dealing with 1,000 sheep per diem. This factory has storage

room for 50,000 sheep.

Wool.

During the year ended 31st March, 1897, there were shipped at Lyttelton and Timaru 29,686,765 lb. wool, valued at £1,022,888; and to this must be added the amount (about 1,000,000 lb.), bought for manufacture by the woollen-mills in the district. The staple of the New Zealand wool, especially the long-wool and crown bred, is remarkable for its freedom from breaks and other imperfections. The average clips are approximately as follows: Merino, 4 lb. to 7 lb.; quarter-breds, 6½ lb; half-breds, 7½ lb.; three-quarters, 8½ lb.; Leicesters, 10½ lb.; Lincoln, 11 lb. From special flocks clips up to 25 lb. and 30 lb. are obtained.

Butter and Cheese.

Banks Peninsula and the rich tracts of country previously mentioned are excellently suited for dairy farming. The pasturage and climatic conditions are favourable, and a great increase in the production of butter and cheese may be looked for, more especially as housing and hand-feeding are in some districts unnecessary. A central co-operative dairy factory has been established at Addington served by twelve creameries, situated at Marshlands, Oxford, Halswell, Springton, Doyleston, Little River, Ladbroke, Lakeside, Kaiapoi, Green Park, Brookside and Ashburton, each capable of dealing with the milk of 1,000 cows. There are several very complete dairy factories at Taitapu, Sefton, Temuka, Southbrook, Belfast, Tinwald, and Le Bon's Bay, as well as a cheese factory at Flemington.

In 1895 the production of butter at the Canterbury factories alone amounted to 1,213,942 lb., and of cheese to 582,400 lb.

Timber.

The sawmilling industry finds its development chiefly in the Oxford, Little River, Mount Somers, and Waimate districts. The number of mills in Canterbury in 1896 was twenty-two, employing 232 hands, the horse-power being 318. The output in 1895 was 3,697,230 ft., valued at £17,608. The timber comprises birch, totara, red-and white-pine. The first-named is used chiefly for sleepers and fencing, the totara and pine for building purposes. Including the work done by the planing-and moulding-mills the value of all the manufactures under this head was £26,154.

Fruit.

The district is eminently adapted for the growth of a large variety of fruits, especially all that flourish in Great Britain. Attention has recently been directed to landing supplies of fruit in London; the attempts so far have proved satisfactory, and point to the possibility of a large trade being established.

Coal.

Brown coal is found at the Malvern Hills, Homebush, Whitecliffs, Springfield, Mount Somers, Albury, and various other places. Lignite is also commonly distributed. For the year 1896, the output from 12 collieries, employing about 40 hands, was 11,817 tons, bringing the total amount raised from 16 collieries up to the 31st December, 1896, to 338,632 tons. The seams worked vary from 16ft. to 2ft. 3 in., the average width being 8 ft. At Acheron, near Lake Coleridge, a true anthracite is found, the other pits in the district being of brown coal or lignite.

Building-stones.

The building-stones of Canterbury comprise some excellent varieties. The Halswell quarries produce an exceedingly hard and close-grained stone of a dull leaden-grey colour. Granular trachytes are obtained from Governor's Bay, Lyttelton; porphyrites at Malvern Hills; good limestone at Malvern Hills, Waikari, Mount Somers, and various other places; bluestone rock is found at Timaru suitable for millstones. There is abundance of limestone in North Canterbury, Mount Somers, Castle Hill, and various other parts, which is well adapted for making lime.

Fisheries.

Deep-sea fishing is carried on from Lyttelton and Akaroa, the kinds of fish chiefly caught being groper

(hapuku), ling, conger, moki, butterfish, barracouta, soles, whiting, red-cod, herrings, guffy, and garfish. From Lake Ellesmere and the river estuaries excellent flounders are obtained. In 1896 there were employed on the lake and along the coast 68 boats, manned by 105 men.

Trout thrive amazingly in the rivers and fresh-water lakes, affording excellent sport.

Manufactories.

Excluding mines and quarries, the total number of manufactories in Canterbury in 1896 was 448, employing 4,944 males and 1,110 females, their annual wages respectively being £376,748 and £34,973; the number of engines 296, of 4,343-horse power.

The total value of manufactures for 1895 was £2,629,822, and the value of land, machinery, and buildings was £1,178,112. Included in the above were 20 printing, 9 agricultural-implement, 27 coach building and-painting, 29 fellmongering, tanning, currying, and wool-scouring establishments, 5 ship-and boat-building works, 12 sail-and oilskin-factories, 3 woollen-mills, 5 clothing, 17 boot-and shoe factories, 4 rope-and-twine works, 5 flax-mills, 5 boiling-down, meat-preserving, and freezing works, 14 cheese-and butter-factories, 32 grain-mills, 3 fruit-and jam-making works, 16 breweries, 10 malt-houses, 30 aerated waters and cordial works 6 sauce-and pickle-making factories, 5 soap-and candle-works, 22 sawmills and sash-and door factories, 4 gasworks, 15 brick, tile, and pottery manufactories, and 10 iron-and brass-foundries.

Libraries and Churches.

As an indication of the progress of the district, it may be noted that there were in April, 1896, seventy-three public libraries, mechanics' institutes. and scien- tific institutions, with a membership of 3,647; and 277 churches or chapels, attended by 42,615 persons.

Educational Institutions.

Primary Schools.—The district is divided into two parts, termed North and South Canterbury, each presided over by an Educational Board. Under the contra of the Boards schools have been established throughout the whole country wherever population warrants their erection.

The number of children attending the public primary schools in Canterbury, on 31st March, 1897, was 26,758. Average daily attendance, 22,448. Number of teachers—males, 291; females, 387: total, 678. Number of schools, 262.

There is a Normal School at Christchurch for the training of teachers.

Secondary Education.—For the further education of children ample provision has been made by the establishment of secondary schools. The principal schools of this class are the Boys' and Girls' High Schools at Christchurch, Rangiora, Ashburton, Timaru, Waimate, Akaroa, and Temuka. For more advanced student Canterbury College, Christchurch, is available. This institution was founded and endowed by the Provincial Government in 1873. It is presided over by a Board of Governors. The teaching staff comprises eight professors and three lectures, and the number of students attending lectures is over 300.

It should be recorded here that the Provincial Government of Canterbury fully alive to its duties as regards higher education. It made reserves for the purpose of endowment for the following objects: (1) College, 101,640 acres, reserved June, 1873; (2) technical science, 103,000 acres, reserved July, 1873; (3) School of Agriculture, 100,950 acres, reserved June, 1873; (4) Boys' High School, 9,230 acres, reserved at various dates; (5) Classical School, 8,953 acres, reserved at various dates. To these were subsequently added the following: (6) Girls' High School, 2,578 acres, reserved January, 1878; (7) Medical School, 5,000 acres, reserved December, 1877.

Primary Schools.—There are numerous private schools, independent of the State the chief amongst them being Christ's College, Christchurch, connected with the Church of England. The Roman Catholics support schools of their own in Christchurch, Lyttelton, Timaru, Addington, Papanui, Halswell, Ashburton, Aro-whenua, and Waimate. There are besides, in Christchurch, some excellent privats boarding-and day-schools for both boys and girls.

Other Institutions.

Canterbury has the advantage of possessing many flourishing public institution The School of Art, Christchurch, was established by the College Governors in 1882; the Art Gallery owes its origin to the Art Society, the site being the gift of the Government. The Canterbury Agricultural College, Lincoln, also founded by the College Governors, is surrounded by 660 acres of land. The commodious buildings which cost over

£20,000, provide accommodation for the Director and teaching-staff and for forty-five students. The fees are on a low scale. The farm buildings are complete, and include a well-equipped dairy. Instruction is given in agriculture chemistry, botany, mechanics, physics, surveying, &c.

The Public Library, Christchurch, under the control of the College Government contains reading-rooms, a circulating library of 16,842 books, and a [unclear: refere] library of 10,178 volumes. Numbers of magazines and newspapers are provided. The number of subscribers is 1,620, and the average daily attendance between 700 and 800.

The Museum, Christchurch, is a handsome pile of stone buildings; the collections are large and varied. They are separated into two groups: (1) Those from New Zealand; (2) those from foreign countries. In the New Zealand department the skeletons of whales and moas, as well as the collections of shells (tertiary and fossils) and rocks, are specially good; and the Maori collection, exhibited in a [unclear: Ma] house, is also of considerable interest. In the foreign department, the [unclear: geologi] mineralogical, and ethnological collections are the most extensive, but there is also a good illustrative series of Egyptian and Roman antiquities, as well as of the remains of prehistoric man in Europe and America.

This institution owes its origin and success to the foresight, skill, and energy of the late Sir Julius von Haast, and to the munificence of the Provincial Government.

The philanthropic institutions embrace the Christchurch, Akaroa, Ashburton, Timaru, and Waimate Hospitals; the Sunnyside Asylum for the Insane; the Rhodes Convalescent Home; the Memorial Home for the Aged at Woolston; the City Mission and Destitute Men's Home, Christchurch; the Deaf-and-Dumb Asylum at Sumner; the Orphanage, Lyttelton; and the industrial School at Burnham.

Towns.

Christchurch, the capital city of the Canterbury District, is situated on the plains. It is practically level, laid out in rectangular form, two miles by one mile and a quarter, and is intersected diagonally by a street. The streets are 66 ft. in width. There are numerous open spaces, including the Cathedral Square in the centre, and Cranmer and Latimer Squares. The Avon, a pretty stream, overhung by willows, runs through the town, presenting from all points charming vistas. The city is surprisingly English in its appearance, architecture, and surroundings. The central portion, where stands the Cathedral, Government offices, and other substantial structures, has a handsome, well-built look. Other parts contain fine public buildings, such as the Museum, Canterbury College, High Schools, &c. The whole is admirably set off by Hagley Park, 400 acres in extent, the Domain and Botanical Gardens, 79 acres, Lancaster Park, the Town Belts, and other public and private gardens and plantations. The suburbs can show many handsome houses and beautifully kept grounds.

The city is surrounded by the populous boroughs and districts of Sydenham, St. Albans, Linwood, Papanui, Woolston, &c. The population of the city was at the last census in 1896, 16,964, in 3,400 houses; including the adjacent boroughs and other suburbs the population amounts to 51,330. Tramways connect the city with the suburbs of Addington, Sydenham, and Papanui, and with the seaside villages of New Brighton and Sumner. The city has been drained at considerable expense, the sewage being conveyed three miles and discharged on the sand wastes near the sea. A pure and copious water-supply has been provided by nature, and is obtained by artesian wells. The affairs of the municipality are controlled by the City Council, presided over by the Mayor. Christchurch is the centre of trade and commerce for the North Canterbury agricultural and pastoral country, and the head-quarters of many manufacturing industries, including carriage, boot, and clothing-factories, flour-mills, breweries, meat-preserving and-freezing, biscuit, planing and moulding, bicycle, and other works.

There are large and well-equipped show-grounds at Addington.

Recreation and amusement are provided for by the Theatre Royal and various public halls, the famous Riccarton racecourse, the numerous cricket and football grounds, &c., while boating men have the River Avon and the Heathcote estuary.

Christchurch is connected with the outside world by Port Lyttelton, seven miles distant. The railway-tunnel of 1½ miles in length, through the Port Hills, is on this line. Christchurch is not only the centre of the splendid Canterbury Plains, but is also one of the chief railway centres of the colony. Addington railway-workshops are extensive and fully equipped.

Lyttelton, the chief port of the district, is situated on the northern shores of the inlet of that name, sometimes called Port Cooper. The surrounding country consists of high precipitous hills, which separate the harbour from Christchurch and the plains; but by the construction of the railway and tunnel the natural difficulties have been overcome, with the result that the whole of the imports and exports of northern and central Canterbury pass through Lyttelton. The origination and accomplishment of this great engineering work is due to the late William Sefton Moorhouse, at that time Superintendent of the Province. The natural advantages of the port have been enhanced by reclamation and harbour-works, which include breakwaters,

2,010 ft. and 1,400 ft. in length respectively, extending from Officer and Naval Points, enclosing about 107 acres; long lengths of wharf accommodation, 10,041 ft.; a patent slip for ships up to 400 tons; and a splendid graving dock 450 ft. long, width on top and bottom 82 ft. and 46 ft. respectively, the entrance being 62ft wide, well equipped with machinery and all requisites for repairs. Ships drawing up to 25 ft. can berth alongside the spacious wharves and sheds. The railway electric-light, machinery, and appliances are available throughout, which renders loading and unloading practicable both by day and by night. The town nestles on the side of the range, the streets being generally steep, flanked by solid stone buildings and a background of green spurs and bold rocky faces gives to the whole a charming and picturesque appearance. The water-supply is obtained from artesian wells on the Christchurch side of the hills. To Christchurch there is a bridle-track over the range, and a carriage-road via Sumner. The harbour is well defended by fortifications and batteries on Ripa Island and the mainland. The population in 1896 3,898, with 801 houses.

Timaru, the third town in importance, is situated on the coast and railway-line between Christchurch (100 miles) and Dunedin (131 miles). It has a well constructed artificial harbour, the port of shipment for the agricultural and pastoral districts of Geraldine, Timaru, and Waimate. The harbour is enclosed by a break, water built of blocks of concrete; a rubble wall—the North Mole—starts from the shore a quarter of a mile away to the north, and extends easterly to a point 350ft from the breakwater. The enclosed space is 50 acres. The town is picturesquely situated on rolling hills overlooking the sea. The streets are irregular, but the public and commercial buildings, churches, and private houses are generally well, and handsomely built of stone. The chief industries are meat-freezing, saw-milling, flour-milling, &c. The town has a good high-pressure water-supply, and is connected by well-made roads with the surrounding districts, and by rail with Fairly the route to the Mackenzie Country and Mount Cook. The population in 1896 was 3,613, with 744 houses.

Of other towns in Canterbury the following deserve mention: Rangiora, population, 1,869, with 382 houses, twenty miles from Christchurch by northern line of railway, is situated in the centre of a fine farming country, and possesses manufactories, including seven flax-mills, flour-mill, and brewery. The town and neighbourhood are much benefited by plantations.

Kaiapoi, on the Waimakariri, population 1,828, about fourteen miles from Christchurch by the northern railway-line, lies in a rich farming country, rendered pleasing and attractive by the extent and variety of plantations and gardens. There are factories and various industries, including ham-and bacon-curing, saw mills, brewery, and agricultural-implement, works. Here also is the famed Kaiapoi Woollen-mill, which employs 600 hands when trade is brisk. The Waimakariri is navigable for small vessels to the centre of the town.

Ashburton, the newest of the towns, has a population of 2,082, with 380 houses, and is fifty-three miles from Christchurch on the southern trunk line. It is a well-built town, with extensive and beautiful recreation-grounds and gardens. It owes its existence to the settlement, of the plains, the surrounding country being well adapted for farming. There are two breweries, a cordial-factory, three flour-mills gasworks, ironworks, woollen-mill, brickworks, &c.

Geraldine, population 841, is situated on the Waihi River, four miles from Orari Railway-station, about eighty-six miles south-west from Christchurch. It is a neat and pretty town, in a first-class farming district, and has a beautiful park of native forest-trees.

Temuka, eighty-eight miles from Christchurch, on the southern railway-line, is a well-built town, with good agricultural land all round. It possesses three flour-mills a butter-and cheese-factory, brewery, foundry, fellmongery and paper-mill. There is a beautiful park and domain. The population, with that of Arowhenua, is 1,449 persons.

Waimate, population 1,286, is situated on the Waihao Forks Railway, about four miles from Studholme Junction, some 111 miles from both Christchurch and Dunedin. This town is the centre for an extensive back-country, and a splendid agricultural area. It owes its origin to the sawmill industry of the Waimate bush Industries: saw-milling, flour-milling, &c.

Akaroa, population 613, situated on the noble harbour of that name, was founded in 1840, in the first instance by the French. It is a quiet, picturesque little place, much patronised by Christchurch residents and others as a summer resort and watering-place. It was here that Captain Stanley hoisted the British flag on 11th August, 1840, when he took possession of the Middle Island on behalf of the Crown, forestalling the French by a few hours only.

The Otago Land District.

J. P. MAITLAND, Chief Surveyor.

Boundaries and Area.

The Otago Land District lies between the 44th and 47th parallels of south latitude, and extends from 167° 20# to 171° 10# of east longitude. It is bounded on the north by the Canterbury Land District; on the south-east and south by the ocean; on the west and south by the Waikawa, Mokoreta, Slopedown, Waikaka, Chatton, Wendon Waikaia, Gap, Rockside, and Kingston Survey Districts, the western and southern shores of Lake Wakatipu, the Mid-Wakatipu, Mavora, Swinton, Eglinton, Arran, and Doon Survey Districts, and a straight line from the north-east corner of the last-mentioned district to the nearest arm of George Sound, and by George Sound to the ocean; and on the north-west by the ocean to Big Bay.

The district measures about 160 miles from Milford Sound on the west coast to Waikouaiti Bay on the east coast, and the same distance from north to south. Its area is 9,004,800 acres.

Physical Description.

The country generally is mountainous, the highest land being to the north-west, and culminating in Mount Aspiring, 9,960 ft. above the level of the sea.

The west coast mountains are remarkably rugged and grand; and of the thirteen sounds that pierce this coast, three are within the limits of the Otago Land District, the remaining ten being on the west coast of the Southland District. These three are Milford Sound, Bligh Sound, and George Sound. Milford Sound, though only eight miles in length, contains some of the grandest scenery in the world; and fourteen miles inland from its head is the great Sutherland Waterfall, 1904 ft. high, possibly the highest waterfall known. Bligh Sound is smaller than Milford, and not nearly so interesting; but George Sound is larger, and very picturesque.

A tourist track has been opened from the head of Te Anau Lake to Milford Sound, and a practicable route has also been discovered, and a track formed, from the north-west arm of the middle fiord of Te Anau Lake to the head of George Sound.

Te Anau Track.—A guide works on this track from December to April. He carries a fortnightly mail between Lake Te Anau and Milford Sound, and also meets each trip of the "Tarawera." There is ample accommodation for tourists who wish to make the journey in short stages, as there are huts erected at six different places on the track.

For nearly one hundred miles inland from the west coast the country is very mountainous, but at a distance of sixty or seventy miles from the south-east coastline it begins to get gradually lower, taking the form of rolling hills and downs along the sea-shore.

Rivers and Lakes.

The largest rivers are the Clutha, Taieri, and Waitaki: the first-named drains Lakes Wakatipu, Wanaka, and Hawea; the last, Lakes Ohau, Pukaki, and Tekape, in the Canterbury District. Te Anau, the largest lake in the Middle Island, lies partly in the Otago and partly in the Southland District. The dimensions of these lakes are as follows:—

These lakes are situated in mountainous country; they are of glacial origin and all very deep.

The Clutha River is the largest in New Zealand, and is estimated to discharge over 1,000,000 cubic feet per minute. It has a rapid current, but is navigable for small steamers for a distance of forty miles from its mouth. The Waitaki is not a navigable river. For some seventeen miles from its mouth the Taieri River is affected by tides, which run up one branch into Waiholo Lake, and up the other branch as far as Greytown.

There is a small steamer on Waiholo Lake, and another on the Taieri River at Henley. During the summer season both run excursion trips to the mouth of the river when required. The distance in each case is about eight miles.

Plains.

There are some considerable areas of tolerably level land in the interior, the largest being the Maniototo Plains, the Idaburn, Manuherikia, and Upper Clutha Valleys. Their dimensions are approximately as follows: Maniototo Plains, length, twenty-eight miles; average breadth, ten miles; Idaburn valley, twenty-five miles by four miles; Manuherikia Valley, thirty-five miles by four miles; Upper Clutha Valley, thirty-three miles by five miles.

The Taieri Plain, nearer the coast, is about the same size as the Idaburn Valley, and is very fertile. Other plains are the Waitaki in the north, the Toko, mairiro, the Strath-Taieri, the Tapanui, and the fertile Inch-Clutha, lying between the two branches of the Clutha River, and consisting entirely of alluvial deposit. There is also a good deal of low country, chiefly rolling downs, on the south west side of the Clutha near the sea.

Forests.

The forest-land lies mostly along; the sea-coast, the largest area of bush being Tautuku Forest, about forty miles in length and fifteen miles in breadth. The western part of this forest is in the Southland District. The other principal forest areas are in the following localities, viz.: north of Dunedin, east of the Tapanui mountains, in the upper valley of the Waikaia River, and towards the north-west coast.

The forests of Otago contain a large variety of useful timber, both hard and soft wood; some being suitable for building purposes, while other varieties are highly ornamental, and much prized for cabinet work

Building Stones.

Building-stones of good quality are found in various places throughout Otago. The Port Chalmers quarries afford an inexhaustible supply of bluestone, a basaltic stone of great hardness and durability. A hard freestone of excellent quality is found at Waikawa, where there is a large hill of it close to the water's edge. Blocks of very great size can be obtained. A soft white building-stone—the well-known Oamaru limestone—is found in large quantities along the railway-line near Oamaru, from whence a good deal is exported to other parts of New Zealand, and to the neighbouring colonies. A similar kind of stone is found at Otekaike, about two miles from the railway-station, and it may be interesting to note that during the years 1891-1891 about 3,000 tons of stone were sent from the Otekaike quarries to form the facings of the Melbourne Fish-market.

Coal.

No first-class coals have yet been discovered in Otago suitable for steamships making long voyages, but very excellent brown coal exists in various neighbourhoods, and is used on the railways in large quantities. There are seventy-two coalmines at work in Otago, in twenty-two different places, furnishing very good fuel for household and domestic purposes. The output for 1896 was 237,615 tons. Beds of lignite are also found in numerous localities, chiefly round the margins of the old lake-basins, and along the courses of the older river-valleys.

Limestone.

Limestone is found in the following places: Oamaru, Otekaike, Otepopo, Wai-hemo, Maniototo Plains, Waikouaiti, Lower Harbour, Peninsula, Waihola, Millburn, and Wakatipu.

The Millburn Lime and Cement Company burn large quantities of lime at their Millburn works, from whence it is sent to all parts of Otago, for building purposes, gasworks, &c. It is also largely used in farming, and the productiveness of the Tokomairiro Plain has been greatly increased of late years by its application to the soil. Large cement-works belonging to the same company have been open for some years on the reclaimed land in Otago Harbour, near Dunedin. The cement manufactured at these works is considered fully equal, if not superior, to the best imported, and is largely used in building and other constructive works.

Climate.

The climate of Otago varies greatly in different neighbourhoods, and sometimes a distance of a few miles only separates districts very dissimilar in this respect. A large area in the interior of Otago has what may be called a dry climate. This area includes the Maniototo Plains, the Idaburn and Manuherikia Valleys, and extends to Lakes Wakatipu, Wanaka, Hawea, and Ohau on the west and north, and to the Waitaki River on the north-east. From Oamaru the direction would be across country to the Lammerlaw Ranges, and thence to Mount Benger and the southern end of Lake Wakatipu. This part of the country is well adapted for sheep of all kinds, especially merinos. Some of the runs in the hilly country are capable of carrying 20,000 sheep.

West Coast.

In marked contrast to central Otago is the West Coast District, which may be described as having a wet climate. Not that the number of wet days in the year is very great, but it is subject to very heavy rains from the north-west, the fall generally exceeding 100 in. per annum. But, although wet, the climate is mild, and the vegetation is consequently luxuriant. The only settlers of this part of the country are Mr. and Mrs. Sutherland, who keep a house of accommodation for tourists at the head of Milford Sound. There are very few visitors to the Sounds during winter, but in summer the tourist traffic is considerable. Towards the south-east and south

coasts of the district the climate is moist, being somewhat similar to that of Dunedin, where the average rainfall is 35 in., distributed over 163 days in the year.

Fruit.

There are some fine fruit-growing districts in the valley of the Clutha, from below Roxburgh right up to Lake Wanaka. The summers are dry and warm, and the soil suitable. Apricots, peaches, &c., come to maturity fully a month before they do at Dunedin, and grapes ripen in the open air. There is a great future for this neighbourhood in the growing of those varieties of fruit which agree with and thrive in a dry climate. The grape might be cultivated either for wine-making or for the table, and some varieties could be made into good raisins. The hops grown at Alexandra are far superior to any grown in other parts of the colony, and quite equal to the best Californian. The dryness of the atmosphere is favourable for preserving all kinds of fruit, while the Otago Central Railway will bring the neighbourhood into direct communication with a market.

Crops.

Cereals of all kinds do very well over nearly the whole of the provincial district, which includes Southland. The following are the agricultural statistics:—

Total area under cultivation (Otago Provincial District) on 31st March, 1897: Land broken up but not planted, 31,313 acres; land under crop, 281,949 acres in corn, and 275,574 acres in green and other crops; land broken up and grassed 1,360,243 acres-, land grass-sown without being previously ploughed, 261,342 acres-land in garden, 3,982 acres; land in orchard, 2,003 acres; land in plantation, 4,674 acres: giving a total of 2,224,080 acres in cultivation.

Stock.

The total number of sheep in the Otago Provincial District, including Southland, on the 30th April, 1896, was 3,995,496, of which rather more than two-fifths were merinos. On an average, about one-third of the flocks consist of breeding-ewes. The shearing is mostly done by hand, but the Wolseley shearing-machines have been introduced on about ten stations, the number of machines in each wool, shed varying generally from ten to fifteen, though there is one shed at Benmore, near Lake Ohau, where there are twenty-eight machines driven by a turbine.

In November last there were 53,076 horses; 57 mules and asses; 185,109 cattle; and 28,048 pigs.

The rabbit-pest is still a severe tax on the stockowners; the number of skins exported last year for the whole colony being 10,828,612, nearly the whole of which came from Otago.

Freezing Establishments.

There are nine meat-freezing and preserving-works in Otago. The principal freezing establishments are at Oamaru, at Burnside, and at Port Chalmers. At Oamaru there are two Bell-Coleman machines. The capacity of the smaller one is 60,000 cubic feet of cold air per hour; and the larger one can supply 90,000 cubic feet per hour. The smaller machine is driven by water, obtained from the Oamaru town supply, the larger by steam. Together they can freeze 800 sheep a day, and there is storage-room for 20,000 carcasses. At Burnside there are two Haslam machines, both driven by steam. One can supply 40,000 cubic feet of cold air per hour, and the other 60,000. The Burnside works can freeze 500 sheep a day, and have storage-room for 14,000 carcasses. The Port Chalmers freezing-works, erected last year by the Otago Dock Trust, cost £4,500. They are used principally for the storage of butter prior to shipment, but the freezing-chambers have also been used for sheep, rabbits, and fish. The refrigerating machinery includes a 12-ton Hercules refrigerator. The capacity of the building is 30,000 cubic feet, and 50 tons of butter can be handled per week.

Woollen-mills.

There are four woollen-mills at work in Otago, employing some 780 hands. The amount paid in wages is about £50,000 per annum, and the machinery is 750, horse power. £64,000 worth of wool and other materials are used per annum, and the turn-out of manufactured goods exceeds £140,000 yearly. The woollen industry in Otago is of greater magnitude than in any other district of New Zealand.

Clothing-factories.

In clothing-factories, also, Otago takes a prominent place, having nine, employing 700 hands, whose wages amount to £28,000 per annum.

Dairy factories.

Otago takes also a good position as regards cheese-and butter-factories and creameries, whether in respect of the number of hands employed, wages paid, or the value of the annual output, which amounts to about £93,875. In April, 1896, there were forty-four factories, and new ones are being started from time to time. From Port Chalmers this year were shipped 1,627 tons of cheese, and 159 tons of butter.

Gold Production.

Otago produces about one-third of all the gold taken out in New Zealand. The Quantity of gold obtained last, year amounted to 88,362 oz., having a value of £359,991. Number of Europeans engaged, 3,885; and number of Chinese, 964.

Gold is found very generally distributed throughout Otago, except in the southern portion of the district. The principal localities are: Clutha Valley, Tuapeka, Shotover, Cardrona, Tinker's, St. Bathans, Mount Ida, Nevis, Bannockburn, and Maerewhenua.

Chief Towns.

The following are the chief towns of Otago, with their population as on the 12th April, 1896, including all having 1,000 inhabitants and upwards: Dunedin, and suburbs, 47,280; Oamaru, 5,225; Port Chalmers, 2,084, shipping included; Mosgiel, 1,382; Milton, 1,139; Kaitangata, 1,362; Lawrence, 996.

City of Dunedin.

Dunedin, the capital city of Otago, is situated at the head of Otago Harbour, which is divided into two parts—the upper and lower. The lower harbour is six miles long from Taiaroa Heads to Port Chalmers. The upper harbour, from Port Chalmers to Dunedin, is seven miles in length. Dunedin and Port Chalmers are also connected by railway.

Although the hills surrounding Dunedin are rather tame in character and outline, the city itself is picturesquely situated. The business part of it is on level land near the harbour, and the residences occupy the sloping hills which rise on the west side of the city. The city proper is about two miles and a half long by seven-eighths of a mile wide, and is bounded on the land side by what is called the Town Belt. Tins reserve averages one-fifth of a mile in width, and comprises 500 acres, a great part, of which is virgin bush. A pretty road, called the Queen's Drive, has been laid out through the Belt, from end to end, from which many fine views of the town and harbour can be obtained.

It is thirteen miles down the harbour to the Heads in a north-easterly direction, but the Ocean Beach, lying to the south-east, is only two miles from the centre of the city, and the favourite seaside resort—St. Clair—is about three miles. Trams run to both these places at short intervals. The city is also connected with the suburban boroughs, lying on the hills overlooking the town, by excellent cable-tramways. The Botanical Gardens to the north of the city are well laid out, the native bush contrasting with the cultivated parts. The Reservoir also, which is within easy walking distance, and the drive to Blueskin Bay, have many beauties.

Dunedin is well supplied with elementary schools, there being six large schools in the city proper, and eight more in the suburbs.

There is also in Dunedin a training-college for teachers. The students in training number eight men and twenty-one women. They devote every fifth week during the session to practice in teaching and management of classes in the ten. associated schools of the city and suburbs.

The School of Art and Design is in the same building as the Normal School, and has a staff of four teachers.

The Otago Boys' High School stands on a commanding plateau 300 ft. above the business part of the city and the harbour. The school was opened on the 3rd August, 1863, in the building in Dowling Street now occupied as the Girls' High School. The new buildings were opened by Sir William Jervois, Governor, in February, 1885. The teaching staff, including the Rector, numbers ten; the attendance is 204.

The Otago Girls' High School was opened on the 6th February, 1871, with a roll of 78 pupils. The present attendance is 144, with a teaching staff of eleven. Otago holds the proud distinction of having established the first Girls' High School in the Australasian Colonies. Among the earnest band of workers who laboured to establish this first High School for girls the name of Miss Dalrymple stands preeminent, and will ever be held

in grateful remembrance by the people of Otago.

The Otago University was founded in 1869, and opened in 1871. It is well housed in a handsome pile of buildings in the domestic Gothic style. There are four separate faculties in the University—viz., arts and science, law, medicine, and mining. The School of Medicine provides the full course for a medical degree of the University of New Zealand. There is a Medical Museum in the University buildings containing anatomical, pathological, and other preparations and models. The teaching staff numbers at present twenty-four professors and lecturers. Of undergraduates keeping terms there are 227—viz., 136 men and 91 women. The University Library contains over 5,000 specially selected volumes, and is open to the public under certain conditions for purposes of reference. The Chemical and Physical Laboratories are well fitted up, and furnished with all necessary instruments and appliances. There are six scholarships tenable at the University," ranging in value from £15 to £10 per annum.

The public Museum, of which the Professor of Biology is Curator, is under the control of the University Council. It is situated in Great King street, about five minutes' walk from the University. There is an art gallery attached, which contains some good works of art. Up to the present time only the central portion of the original design has been erected.

The Dunedin Athenaeum and Mechanics' Institute possesses a fine library of over 16,000 volumes, and a membership of over 1,000 subscribers. Besides the Circulating Library there is a Reference Library, and two good reading-rooms, well supplied with newspapers and magazines.

There are some fine specimens of architecture in Dunedin, the buildings for the most part having an air of permanence and solidity. Some of the churches are very handsome, and St. Joseph's Cathedral (Roman Catholic) has a particularly imposing appearance, although only about one-third of the original design has been completed. It is built of stone in the decorated Gothic style. The portion at present constructed will seat 1,000 persons, and has cost £23,000.

The First Church, in Moray Place, and Knox Church, in George street, belong to the Presbyterians, and are both handsome stone structures. The Cargill Monument, which was erected to the memory of the late Captain Cargill, the founder of the Otago settlement, stands in the Triangle, between the Customhouse and the Bank of New Zealand. It is an ornate specimen of early decorated Gothic.

Towns and Surrounding Country.

Port Chalmers (eight miles from Dunedin) situate on Otago Harbour, midway between the Heads and Dunedin, has a population of nearly 2,000 inhabitants. It is the chief port of Otago, and possesses every accommodation for Home vessels, including dry dock, 80-ton sheer-legs, steam-hammer, and other appliances, besides several private foundries, cool-storage chamber, &c. The Port. Chalmers graving dock is described in the article on page 58.

Leaving Dunedin by the northern railway, winding in and out through the hills which surround the town, and skirting the precipitous cliffs of the coast-line, the first station of importance reached is Waitati, a favourite seaside resort in Blueskin Bay; distance, seventeen miles. Fifteen miles beyond is Waikouaiti; population 760; pleasantly situated on the Hawksbury lagoon, the centre of a flourishing farming country. The next place of note is Palmerston, forty-one miles from Dunedin, with 775 inhabitants. A branch-line leaves Palmerston and runs nine miles up Shag Valley to Dunback. Six miles further on the main line there is a branch to Shag Point, a coalfield, with two pits being actively worked.

Oamaru (seventy-eight miles) is the second town in Otago, having a population of 5,225. It is the centre of a large farming district, and has a good harbour, formed by a concrete breakwater, for the reception of ocean-going ships. The chief exports are wool and grain. A branch-line runs from the junction near Oamaru up the Waiareka Valley to Ngapara, seventeen miles, and Tokaraki, twenty-six miles from Oamaru, and another seven miles by road brings us to Livingstone.

Starting from Oamaru, and proceeding to Central Otago, *viâ* the valley of the Waitaki River, the first part of the journey is accomplished by rail across the fertile Papakaio Plains to Awamoko (ninety six miles), and thence following up the Waitaki River past Duntroon to Kurow (120 miles). At Kurow the traveller leaves the railway and follows the course of the Waitaki through pastoral country to Rugged Ridges Station (133 miles); a little beyond Rugged Ridges the road leaves the Waitaki River, and crossing the Ahuriri Pass (141 miles), strikes the Ahuriri River, which it follows up past Omarama Station (158 miles) to the junction of Longslip Creek; it then ascends this creek until Lindis Pass saddle is reached (172 miles), at a height of 3,185 feet. Here begins the descent to the Clutha Valley *viâ* Morven Hills Station (181 miles) and Tarras Station (200 miles). From Tarras Station the road runs through settled farming country up the Clutha River, which is crossed by means of a punt at Newcastle (219 miles), and four miles more brings the traveller to Pembroke, on the southern shore of Lake Wanaka.

From Dunedin the main trunk railway runs southward to Invercargill, a distance of 130 miles. Passing through the Caversham Borough and tunnel the traveller reaches Burnside (five miles) and Abbotsford (six miles), industrial centres, with coal-mining, tanning, iron-smelting, and other works. Farther on is Wingatui, the junction of the Otago Central Railway; and ten miles from Dunedin is Mosgiel, a rising township with 1,382 inhabitants, noted for its woollen mills. The railway-line now skirts the Taieri Plain, an alluvial flat eighteen miles long by five miles broad; the most fertile portion of Otago. A branch-line from Mosgiel junction runs to Outram (nineteen miles), on the farther side of the Taieri Plain. Passing the smaller Townships of Grey town and Henley, and Lakes Waiholo and Waipori, the line strikes Milton (thirty-six miles). Milton, in the middle of the Tokomairiro Plain, is a town of 1,139 inhabitants, with flour-mill, dairy-factories, flax-mill, pottery works, and tannery. The next place of importance is Balclutha (fifty-three miles), on the banks of the Clutha River, with flax-mills, dairy-factories, and chicory works; population about. 950. Kaitangata, situated lower down the Clutha River, and connected by a branch-line, has extensive coalfields, and a population of 1,362. Leaving Balclutha, the main line runs through the Clutha downs, passing the small centres of Waitepeka, Warepa, Kaihiku, and Waiwera, and reaches Clinton (seventy-three miles), on the Waiwera stream, a favourite resort of anglers. The next station of note beyond Clinton is Waipahi Junction (eighty-three miles), on the Waipahi River, likewise a favourite fishing-ground. Further on is Gore (ninety-nine miles), on the Mataura River, in the Southland district. Gore is a fast-rising township of over 2,000 inhabitants, with paper-mill, flour-mill, freezing-works, dairy factory, coal-mines, &c.

A branch-line from Waipahi follows up and crosses the Pomahaka River and connects Tapanui (ninety-six miles), Kelso (ninety-eight miles), and Heriot (102 miles).

The Otago Central Railway starts from Wingatui, crosses the Taieri Plain, and then winds round to the Taieri River, which it follows up to the present terminus at Hyde. In its course along the river it runs for some distance through a rocky gorge, but after crossing the Sutton Stream enters Strath-Taieri—a comparatively flat, open country. Near Hindon Station (twenty-five miles), in the Taieri Gorge, and Barewood (thirty-six miles), there are quartz-reefs being worked. In traversing the Strath-Taieri the line passes the Blair-Taieri Village Settlement (forty-four miles), Middlemarch, a rising township (forty-eight miles), and reaches Hyde (sixty-four miles), the present limit, although the formation is well-advanced as far as Hamilton's. When this section is complete the Maniototo Plain will be tapped, and the extension of the line to Clyde presents no engineering difficulties. Central Otago has a great future before it, as in the opinion of experts it is naturally adapted for producing fruit of all kinds in perfection.

Another means of access to Central Otago is by the Clutha Valley.

Two miles beyond Milton the Lawrence branch leaves Clarkesville Junction, runs up the Tokomairiro River and the gorge of Manuka Creek, and down to Waitahuna (fifty-three miles), and Lawrence (sixty miles), goldmining centres, with an aggregate population of 1,500. Gold was first discovered here in 1861, and the mines are still yielding freely. From Lawrence a coach runs to Beaumont (seventy-two miles), on the Clutha River. Crossing the Beaumont Bridge the road follows the west bank of the Clutha, passing numerous dredging-claims. At eighty-nine miles is Ettrick, and seven miles further on is Roxburgh—the Teviot—(ninety-six miles), a town of 433 inhabitants. Recrossing the Clutha River by the Roxburgh Bridge, and proceeding up the east bank, the traveller reaches Alexandrs South (124 miles), at the junction of the Manuhierikia River with the Clutha, and Clyde—the Dunstan—(130 miles), the chief town of Vincent County. The next place of importance is Cromwell (143 miles), at the junction of the Kawarau River with the Clutha. Cromwell is a small town of 539 inhabitants, and has a good bridge over the Clutha River. If the traveller wishes to pursue his journey farther he can either follow the road up the Clutha to Newcastle and Pembroke, on Lake Wanaka, or take the Kawarau Gorge road by way of the Crown Terrace to Queenstown, on Lake Wakatipu.

Queenstown, a picturesque township situated on the shores of Lake Wakatipu, has a population of 781, and is the centre of a large gold-mining district. The chief feature of Queenstown is the grand mountain and lake scenery in the neighbourhood, which attracts large numbers of tourists every year. There are two ways of reaching Queenstown—the one by the Clutha Valley and Kawarau Gorge, as above described, and the other by rail to Kingston, at the foot of Lake Wakatipu, and thence by steamer, which runs to suit the trains.

The Tautuku bush, in the south of Otago, has only lately been opened up, but already a large number of settlers are making their homes there. Starting from Balclutha the Catlin's River branch-line runs southwards to Romahapa (sixty miles) on the crossing of the main road to Port Molyneux, thence to Glenomaru (sixty-four miles), and Owaka (seventy miles from Dunedin), is nearly complete. The Catlin's Waikawa main road is formed the whole way through, as are also numerous district roads, and the adjacent lands are being taken up as fast as they are thrown open.

Railways.

The principal lines are as follows: (1.) The main trunk line from Dunedin to Christchurch, with branches from Oamaru to Hakataramea, forty-three miles; and Oamaru to Ngapara and Tokoraki, twenty-five miles; also, Palmerston to Dunback, nine miles. (2.) The main trunk line, Dunedin to Invercargill, with branches, Mosgiel to Outram, nine miles; Milton to Lawrence, twenty-four miles; Stirling to Kaitangata, five miles; Balclutha to Owaka, eighteen miles; and Waipahi to Heriot, twenty miles. (3.) The Otago Central, from Wingatui to Hyde, fifty-six miles. Rails are laid to Ryan's, seven miles beyond Hyde, and the line is in course of formation to Eweburn.

Statistical.

The total population of the Otago Provincial District at date of last census, 12th April, 1896, was 163,944.

Area of Otago Land District: Open land below 2,000 ft., 5,252 square miles; forest-land below 2,000ft., 1,919 square miles; open land above 2,000ft., 6,480 square miles; forest-land above 2,000 ft., 419 square miles; area of lakes, &c., 275 square miles: total, 14,345 square miles.

The following table shows the disposition of the land in the Otago District on 31st March, 1897:—

Item No. 1 includes 340,517 acres of vested reserves, of which about 26,470 acres have been sold, leaving a balance of 314,047 acres, a portion of which will probably be open for sale at a future date.

Tenants of lands included in 2 and 4 have the right of acquiring the freehold, as have tenants of 3 up to twelve years from the date of issue of the lease, and of 6 in the case of leases issued prior to the Act of 1891. There is no right of acquiring the freehold for tenants of lands included in 5, 11, 12, 14, 15, 16, and 17 and in the case of No. 13 the right of acquiring freehold applies to portions only.

The Crown lands proper are: (18), open for selection (see Crown Lands Guide), 83,061 acres; and (19), being prepared for selection, 70,356 acres.

Local Industries.

There is not space to give in detail particulars of the various local industries throughout Otago and Southland, but amongst others may be noticed the following: There are four bone-mills and artificial-manure factories, where substances that might otherwise go to waste, or pollute the air and water, are turned to profitable account, and made to increase the fertility of the soil. The lime-and cement-works at Dunedin have already been mentioned. There are thirty brick-, tile-, and pottery-manufactories, the largest pottery-works being at Milton, where all kinds of useful household crockery ware are made. Twelve agricultural implement factories are in operation, and turn out annually a large supply. There are fourteen boot-and shoe-factories; six boat building, eighteen coach-building, twenty-eight fell-mongering, tanning, and wool-scouring establishments; twenty-two aerated-water and cordial manufactories, seventeen breweries, five coffee and spice works, three fruit-and jam-factories, one ink-making establishment, three paper-mills, six rope- and twine works, one soap-and candle-making establishment, six gasworks, and fifty-one sawmills and door-and sash-making factories. There are also twenty, four foundries, including brass-founders and coppersmiths, beside stove and range manufactories, iron-rolling works, and works for making every description of engineering and mining machinery and appliances; and there is a piano manufactory in Dunedin, which has been open for the last ten years. During that period 210 pianos have been made and about 180 sold. The types manufactured are cottage pianos and upright grands, at prices ranging from thirty to sixty guineas. The present output is from twenty-five to thirty per annum.

Besides the above there are eighteen bacon-curing establishments, eight fish-curing and preserving works, two rabbit preserving works, twenty-three grain-mills six sugar-boiling and confectionery works, six malt-houses, two colonial wine-making establishments, three sauce and pickle factories, one vinegar works, one glue factory, two boiling-down works, three cooperages, four wooden ware factories, six chaff-cutting establishments, one paper bag and box factory, one tobacco-pipe factory, six tinware factories, twenty-nine printing offices, four basket and perambulator factories, two brush and broom factories, one cutlery factory, four cycle factories two saddlery and harness factories, one portmanteau factory, eight sail and oilskin factories, thirteen furniture factories, four Venetian-blind works, two starch manufactories, four chemical works, one haematite paint factory, one sheep-dip factory, one match factory, two flock-mills, three cleaning-and dyeing-works, two waterproof factories, three hat and cap factories, three stocking-weaving factories, one bag and sack factory, seven flaxmills. Also the following, which have been more fully described in preceding paragraphs—namely, nine meat-freezing and preserving works, four woollen-mills, nine clothing factories, forty-four butter and cheese factories: making a total of 516 industrial establishments, employing 7,055

persons. Approximate value of manufactures yearly, £2,153,473.

The Southland Land District.

D. BARRON, Chief Surveyor.

Physical Features.

The Southland District, comprising the Counties of Southland, Wallace, Fiord, and Stewart Island, bounded on the north and east by the Otago District, and on the south and west by the Tasman Sea, may be roughly said to lie between south latitudes 45° and 47° and east longitudes 166° 15# and 169° 15#. For administrative purposes, however, the Snares, Auckland, Enderby, Campbell, Antipodes, Bounty, and all other islands within the limits of the colony south of the 47° parallel of south latitude are included in it.

Area, Nature, and Disposition of Lands.

The total area of the district, including Stewart Island, but exclusive of Solander, Ruapuke, and the other small islands enumerated above, is 6,966,592 acres, of which 500,000 are covered with bush. The bulk of the bush-land lies between the lakes and the south and west coasts, in the neighbourhood of Forest Hill, Hokonui, Waikawa, &c. The timbers of commercial value are totara, rimu, miro, matai, rata, and kamahi, in mixed bushes; but *Fagus fusca* and other beeches predominate on the high lands between the lakes and the fiords on the west coast.

The open land in its natural state carries tussock and snow-grass, fern, flax, and manuka, &c., and there is a very considerable area of marsh-land, interspersed here and there with peat bogs.

The disposition of the land is as follows:—

The most striking feature of this district is the number of well-defined rivers and valleys, the latter often widening out to such an extent as to form very extensive plains. Commencing with the eastern side, the Mataura, Oreti (or New River), Aparima (or Jacob's River), and Waiau are the most prominent illustrations of this; but these rivers by no means exhaust the list, as they all have numerous tributaries, which exhibit the same features on a smaller scale.

Speaking generally, the watersheds of these rivers do not attain any great height until followed far inland, and near the great lakes to be presently noticed. From what has been said above it follows that the extensive plains and valleys referred to are of alluvial formation, in many places of very rich and fertile quality, and capable of raising crops of every known product, subject, of course, to climatic limitations. Generally these plains and valleys rise from the river-levels in a very gradual slope, sometimes into a series of terraces from 10ft. to 50ft. in height, and sometimes into undulating hills, intersected at frequent intervals by lateral gullies, affording natural drainage and an abundant supply of water.

These hills are covered with an indigenous growth, consisting of tussock and other grasses, fern, flax, &c., and even in their native state afford excellent grazing for sheep.

Near the large lakes, such as Wakatipu, Te Anau, Manapouri, Hauroro, and others, and between these and the West Coast, the country becomes very high, often reaching 5,000ft. and 6,000ft. above sea-level, with very steep and rugged spurs and ravines, these in most cases being covered with a dense growth of timber, principally of the birch or beech tribe, for two-thirds of their height: the tops, however, often carry tussock and other herbage, affording admirable pasture for sheep in summer; but stock have to be removed from April to October, during which period this country is generally covered with snow.

Southland does not contain so much forest as most of the North Island districts, nevertheless there is a very considerable quantity in the eastern, southern, and western parts, and a large export trade is done in the different kinds of pine and other timbers used for building, engineering, and furniture-making, &c.

From what has been said of the river systems it will be evident that the country is well supplied with water, although none of the rivers can be used for purposes of internal communication; but the plains are traversed by railways for considerable distances from the principal towns, and where the railways end communication is continued by good roads, so that there is probably no part of the colony so well off for means of transit.

Agriculture.

Having already touched on the character of the soil, it only remains to say that the plains, terraces, and lower hills are well adapted for raising wheat, oats, and other cereals, turnips, mangolds, beets, and the various other crops common to temperate climates. Wheat is not so widely grown as it might be, for the reason,

probably, that the pastoral branches of farming receive more attention than the agricultural, and wheat is not required for these; whereas oats are largely grown to feed sheep in the form of chaff; turnips also are much cultivated for winter food. Where wheat is grown the yields are very satisfactory, ranging from 40 to 60 bushels per acre, while oats frequently give 80 to 100 bushels.

Linseed is now receiving some attention from farmers, as they find ready sale for it to the manufacturing chemists at remunerative prices, a fair crop yielding over £5 per acre.

Dairy-farming, &c.

Dairy-farming is becoming a very important industry, and is rapidly expanding under the impetus it has received through improved appliances and the favourable state of the Home markets. There are a number of cheese-and butter factories, and one for preserving milk on the Swiss system. One firm makes Stilton cheese, which is considered to be equal to cheese of the same kind made in England.

Sheep-farming.

By far the most important industries are those connected with the raising and export of mutton and wool. Some years ago sheep-farming was much hindered by the inroads of rabbits; but owing to the repressive measures adopted there has been a marked abatement of the pest, even on high back-country, and thus it has come to pass that country which a few years ago was absolutely denuded of vegetation now shows unmistakable signs of recovery. The hill-country, although it does not carry a large proportion of stock to area, is eminently healthy. The average carrying-capacity over the whole district would probably be under one sheep to the acre. Until within the last few years most of the runs were stocked with merinos, but owing to the decline in price of merino wool, and to the carcase being unacceptable to the European market, these sheep have, generally speaking, been re-placed by Leicesters, Lincolns, Romney Marsh, Cheviot, and crossbreds of various kinds, better suited to the existing demands. Large establishments for slaughtering and freezing sheep are at work. The latest of these, erected near the Bluff Harbour is considered to be the most complete in the colony, being provided with all possible labour-saving machinery and appliances for working up the by-products into articles of commerce.

Coal and Gold.

Extensive seams of coal and lignite are distributed over the district, and in many places the annual output is considerable. Peat is also found in some up country neighbourhoods, and is used for fuel where wood and coal are scarce. Gold is found all over the district, and a large number of persons are engaged in obtaining it either by sluicing or dredging. A considerable amount of capital has been invested in beach-dredges worked by steam. Not long ago gold-bearing reefs, reported to be of great richness, were discovered at Wilson's River, near Preservation Inlet.

Fish.

Salt-water fish abound in great quantities in the waters surrounding Stewart Island, and oysters are found on banks between that island and the Bluff. All the large rivers, and many of the tributaries, are well stocked with trout, and one river—the Aparima—had salmon-spawn put into it some years ago.

Fruit.

The small English fruits, such as gooseberries, currants, raspberries, strawberries, &c., grow in great profusion, as do also apples. Stone-fruits are not so common although peaches, nectarines, apricots, &c., do well when trained against nursery walla in favourable aspects.

Climate.

The climate is bracing in winter, and warm and genial in spring and summer. The old residents state that there has been a marked decrease in the rainfall within the last decade. No regular observations have been recorded for the last few years, but it is believed that the average is about 30in. a year. It may, however, be observed that more rain falls near the coast than inland, and also that the rainfall is more evenly distributed throughout the year than is the case in the northern part of the colony. The temperature varies from 40—in winter to 70—in summer.

Towns.

Invercargill, the chief town, was from the first well laid out with wide streets, and liberal reserves in the town belts for recreation purposes. The Corporation exercises a paternal care in providing water, gas, and in disposing of sewage, &c., for the citizens; and the streets are well lighted, paved, and maintained. Artesian water is pumped to the top of a handsome brick tower—which, by the way, is a very conspicuous landmark—and stored there in a tank, from which most of the houses within the town boundaries are supplied. The population, including suburbs, is nearly 10,000. All religious denominations are represented. There are rope-and-twine, carriage-and implement-factories, flour-and saw-mills, fellmongeries, brick-and pottery-works, iron-foundries, and various other industries. Exceptionally good beer is brewed here, and there are three first-class hotels. The Government Buildings, lately enlarged, are on a scale not often seen in a town of the same size. A clock and chimes of New Zealand make have been placed in the central tower. Although the Bluff is the principal port, Invercargill is provided with a second harbour for smaller vessels, in the New River Estuary, where there is a jetty with appliances for handling and receiving goods within the town boundaries.

The Bluff Harbour, which is connected by rail with Invercargill, does a very large shipping business, and derives additional importance from being the first and last port of call for steamers trading with Victoria and Tasmania.

Next in size to Invercargill is the Town of Gore, situated on the Mataura River, and at the junction of the trunk railway with the Waimea Plains Branch. Owing to this fact, and to the goodness of the land in the neighbourhood, Gore is rapidly growing in size and importance.

Riverton is a pretty little town, about twenty-five miles from Invercargill, with which it is connected by rail, and is situated on the estuary of Aparima or Jacob's River. This is the oldest settlement in Southland, and was a great resort for whalers in former years. The harbour is available for coasting-vessels, but the principal carrying-trade is done by rail. There are several sawmills in the neighbourhood.

The Town of Winton is on the Invercargill-Kingston Railway, about twenty miles distant from the latter, and is the centre for a good farming, sawmilling, and coal-mining district.

Lumsden is the junction of the Kingston and Waimea Plains lines. Coaches starting from this place take passengers and mails to the Lake country.

East of Invercargill is Fortrose, on the estuary of Mataura River, which can be entered by coasting-steamers. This place is surrounded by an exceptionally fertile agricultural and pastoral country.

Eastward of Fortrose and about midway between that place and Catlin's River is Waikawa, a newly-settled township with a first-class harbour for coasters, and a very large area of Crown land around it available for settlement. Steamers trading with Dunedin and Invercargill call here and at Fortrose at regular intervals.

Crown Lands for Disposal.

There remains for disposal a very large area of Crown land, probably more than 500,000 acres, but this can be estimated only roughly, because much of the district west of Waiau River is practically unexplored. It is true that this is chiefly forest-land, but it is beginning to be recognised here, as in the North Island, that when such land is once cleared and laid down with grass it is distinctly superior to most open country for grazing purposes; and grazing is and will long remain the principal industry of the colony. The land referred to lies around Waikawa Harbour, along the Waikawa-Catlin's Road, between the Jacob's and Waiau Rivers, and to the west of the Waiau. Stewart Island also contains a wide extent of Crown lands, mostly forest-clad. There are also considerable areas of open hilly country, carrying natural grasses, still in the hands of Government. These are to be found in various parts of the district, but are being rapidly taken up.

John Mackay, Government Printer, Wellington.

Front Cover

Report of Meeting of Board of Conciliation

To Consider Demands Made by Federated Seamen's Union of N.Z. Upon Union Steam Ship Co. of N.Z., Ltd.,
And Mr. Keith Ramsay.

Dunedin, February 4, 5, 8 and 9, 1897.

(Reprinted from Otago Witness, Thursday, Feby. 11, 1897.)

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STREETS. MDCCCXCVII.

The Conciliation Board.

The Seamen's Demands.

THURSDAY, FEBRUARY 4.

The first meeting of the Conciliation Board for the Industrial District of Otago and Southland was held in the Supreme Court on Thursday morning. All the members of the board were present—viz.: Mr ff. A. Sim (president), Mr G. P. Farquhar, Mr R. Ferguson, Mr J. A. Millar, M.H.R., and Mr G. L. gise. Mr G. A. King, clerk of awards, was also present.

The matter set down to be dealt with related to questions affecting the Union Steam Ship Company and Mr Keith Ramsay as a shipowner. The points in dispute were brought before the board by the following communication:—

"Federated Seamen's Union of New Zealand,

"January 20, 1897.

"Mr King, clerk of awards under 'The Conciliation and Arbitration Act, 1894.'

"Sir,—A dispute has arisen between the Dunedin branch of the Federated Seamen's Industrial Union of Workmen and the Union Steam Ship Company of New Zealand. As all efforts to arrive at an amicable settlement have failed, I am directed by resolution of the above union to request you to convene a meeting of the Conciliation Board for the Industrial District of Otago, to whom it is our intention to refer the following points in dispute between the two bodies above referred to—viz.:

- £1 per month increase of wages for firemen, seamen, trimmers, greasers, lamptrimmers, and ordinary seamen.
- Overtime rates to be increased to 1s 6d per hour.
- Holidays to be Christmas Day, Boxing Day, New Year's Day, Good Friday, Easter Monday Labour Day, and Queen's Birthday. Full days overtime to be paid for any work done on any of the foregoing holidays or for leaving port on any holiday or Sunday.
- Members of Federated Seamen's Union to have preemptive right of employment when available.
- Membership of Union Steam Ship Company's Benefit Society to be optional; non-members to have equal right to employment as members.
- Abolition of engagement of hands by any agent. Officers to select their own crews.
- Permission for Seamen's Union representative to visit members on board ship.

"Signed on behalf of the Federated Seamen's Union—

"JAMES W. M. WATT, President.

WILLIAM BELCHER, Secretary."

The notice in regard to the dispute between the union and Mr Keith Ramsay was in similar terms, with the exception that the clauses numbered 5 and 6 in the claim with regard to the Union Steam Ship Company were omitted.

The President said he did not know that it would be convenient to take these matters together.

Mr W. Belcher, secretary of the Seaman's Union (who had handed in his authorisation to appear to represent the union), said he would suggest that the two matters should be taken separately.

Mr James Mills, representing the Union Steam Ship Company, said he would submit in the first place that his company had no dealings with the Seamen's Union, and had not had any since 1890. He did not know whether it was competent for the union to assume a dispute.

Mr Belcher said that if the president would look at the provisions of the act he would see that the union's position was legally assured. Only unions were recognised by law, and they were the only bodies that could bring matters before this board, and this they could do irrespective of whether they were recognised or not.

Mr Mills said that his company knew of no dispute with the union. They had had no dealings with the Seamen's Union.

The President: The union allege that there is a dispute, and it will be for the board to ascertain whether there is, and, if we find there is, to try to bring about conciliation. Mr Belcher says there is a dispute.

Mr Mills: Quite so. Well, we have no dealings with the union.

The President: The board understand you to say that there is no dispute?

Mr Mills: Just so.

Mr Ferguson: As a matter of fact, Mr Mills, your company have a considerable number of union men in their employment?

Mr Mills: Not that I am aware of. I have no knowledge that there is one.

Mr Millar asked Mr Belcher what the membership of the union was.

Mr Belcher replied that the number was 438 by the returns to the registrar made two days ago.

Mr Mills asked what the number was when the representation to the company was first made.

Mr Belcher answered that he could not say exactly from memory, but approximately it was 340.

Mr Millar: And the bulk of these are employed by the Union Company?

Mr Belcher said that such was the case. He added that the question of the number of members was not material to the bringing of this matter before the board. The act said that if seven men were banded together they constituted a union. The Seamen's Union had legal recognition.

Mr Mills said that another point he wished to raise was that, though seven questions were set down, the only possible one to come before the board was as to wages. The other matters had never been raised by the men. One of the points was referred to, certainly, but it was stated that there was no intention of making a claim. He referred to the question of overtime.

The President: The board think it is their duty to ascertain whether there is a dispute or not. The Seamen's Union allege that there is a dispute. If the board find there is a dispute it will be their duty to endeavour to settle it. So I call on Mr Belcher to proceed with the case.

Mr Belcher then proceeded to submit the case on behalf of the union, speaking at great length—his address not being concluded until half-past 3 o'clock. In the first place he desired to express his appreciation of the action of the Legislature in enacting legislation which provided for disputes between capital and labour being settled in an amicable manner. It was his firm conviction that but for this legislation there was a probability that a dispute or a strike similar to that of 1890 would have occurred in 1897. It was very gratifying to him to be able to come before the board and speak about these matters without any appearance of police or a fear of the Riot Act being read, and without the company of the gaudy swashbucklers who were generally about when disputes arose between capital and labour. Before proceeding with the case he would read the correspondence between the company and the union. Some time ago he received information from Wellington with reference to the peculiar tactics of the company in respect to withholding payment for overtime. That matter was considered by the union, and he was instructed to communicate with the company. On the 28th January, 1896, he wrote to the Union Company by direction of the Executive Committee of the union, with the view of ascertaining if the company would recognise the union as an organised body for the purpose of establishing and continuing amicable relations between employers and employed. In this letter he also drew attention to complaints made regarding the non-payment of overtime for work done on days which were specified in the company's rules as holidays, and he stated that, according to his information, every effort had been made by the crews affected to gain redress, but without result. He added that the men generally were very much dissatisfied with the existing indefinite arrangements, and he suggested the desirability of securing uniformity of action in accordance with the spirit of the company's regulations. To that letter he received a reply, dated 30th January, stating that the general manager would take an early opportunity of laying the letter before his directors, borne considerable time elapsed without a further reply from the company, and he was requested to remind them of the matter, which he did by note of the 3rd March, asking whether the matters referred to had been considered by the directors, and when a reply might be expected. On the 12th March Mr Whitson wrote: "Your favours of 28th January and 3rd inst. were duly laid before the directors, and I am instructed to inform you that they do not feel there is any call for them to consider the questions raised." It had taken the company from the 30th January to the 3rd March to find out that there was nothing to call for remark. Had the positions been reversed—had it been the union who were in a position to dictate terms to the company, and the company had said that they were paying too much and wanted reduction or anything of that sort, and the union had treated the company in the curt and contemptuous manner in which the union had been treated, the country would have rung from one end to the other with remarks about the arrogance of the union. Seeing from the reply received that it was useless to appeal to the company's better nature and sweet reasonableness the union let the matter drop for a while, but on the 18th December he again wrote, by instructions of the union, to ask whether the company were prepared to grant an increase of £1 per month to the men. He said the union were conscious of the fact that for the last two years there had been a very pronounced improvement in shipping business, which in the union's opinion warranted them in requesting that the rate of wages existing prior to 1893 be reinstated. He said that the union had no desire at present to interfere with the rates for overtime, notwithstanding the serious loss to the men, and he reminded the company that the employees had made the request for a reduction in 1893 in the best possible spirit. To that he received a reply from Mr Mills, dated 23rd December:—"I regret that I cannot discuss

with you the question of seamen's wages I may mention, however, that the matter has been brought before me by a deputation from the men themselves, and I will reply direct to the latter." The union did not deem that reply satisfactory, and he was again instructed to communicate with the company, which he did on the 31st December, 1896, pointing out that no request had been made to discuss with Mr Belcher personally the question of an increase of wages, but that he was acting as the representative of an organised body of men duly registered under the Conciliation Act, and who justly claimed that their grievances should be ventilated by the methods they thought best to adopt. The union took no cognisance of private deputations, and they again asked the company to treat with the union as a body through accredited representative, failing which an appeal would be made to the Arbitration Court. The answer to this by Mr Mills, dated 6th January, was: "The directors do not know of any grievance which the union have, unless it be the matter of wages, and as this has been already dealt with by direct communication with representatives of steamers' crews, the directors cannot see their way to reopen the question with you." The company had, however, a benefit society in existence, and at the last annual meeting of that society, he believed, a deputation of the company's employees approached the company with the view of getting an increase of wages. They were told that they would get an official reply, and Mr Mills had favoured him with a copy of the reply sent, dated 24th December. It was addressed to Mr M. Cree, of the Flora. The directors said they regretted that they could not at present see their way to entertain the application. They pointed out that when the general reduction was made three years ago the wages in New Zealand were only reduced by £1 per month, while in Australia they were reduced £2 per month, and that, although subsequent to that date business became so unremunerative that the company did not pay a dividend, they continued to pay the higher rate of wages. Should business in the colonies so improve that a higher scale was made possible the company's employees might depend upon the directors using their best efforts to urge its general adoption, that was the correspondence so far, and the board would notice in the company's replies a tone of contempt that did not augur well for the settlement of any dispute. It was all very well for Mr Mills to try to ignore the fact that a dispute existed, but the fact that they were all then assembled went to prove the contrary, and he (Mr Belcher) would give the board facts which would go in the same direction. Mr Mills said that in the first letter to the company the only matter referred to was the question of wages. That was perfectly correct. The union would have been perfectly satisfied if the company had at that stage increased the wages. But when they saw that the company were not inclined to listen to reason, and the union found that they would have to go before the board, they thought they might as well bring up their other grievances at the same time. As he (Mr Belcher) was not a trained legal man, and had had very little experience in matters of this sort, he had prepared in writing some remarks on the various subjects to be dealt with, and presumed he would be allowed to read them. Mr Belcher then read and commented upon extensive notes which he had prepared in order to present the case for the Seamen's Union. He said it would be seen from the tone of the company's first reply that they treated the official correspondence of the union in a somewhat contemptuous manner, and attempted to ignore the existence of the union altogether, notwithstanding the fact that they had complied with all the conditions of the law for the purpose of settling in an amicable manner any differences which might arise. This was, however, characteristic of the U.S.S. Company, which always assumed a lofty and contemptuous tone towards those they had in their power; but this was in marked contrast to the utterances of their managing director, Mr James Mills, who subsequent to the strike of 1890 professed to regard unions with favour, provided they were conducted on lines which met with the company's approval. It was an open secret, however, that the Union Company for years past had strenuously endeavoured to annihilate the Seamen's Union, and in proof thereof it was only necessary to state that they insisted on the men signing a document renouncing the union prior to their resuming work after the strike. Several rules in connection with their benefit society showed unmistakably their antipathy to the union. And since they have relegated the employment of their hands to an agent, instead of allowing the officers to select their crews as formerly, the intimidation and coercion exercised over their men had assumed more the aspect of a private detective surveillance than anything else.

Mr Mills: This is conciliation, I presume?

Mr Belcher thought he must show conclusively that the Union Company had tried to annihilate the Seamen's Union, he would try to put it as mildly as possible, but it was necessary to show this.

Mr Sim: It is our duty to try and effect reconciliation between the parties, and I do not know that an attack upon the Union Company can help us.

Mr Belcher: It is not an attack, but merely a statement of facts.

Mr Sim: It is criticising the company very severely.

Mr Mills: I could bring up a great many facts about the strike in 1890.

Mr Sim: It is our duty to try and bring about reconciliation. If you think, Mr Belcher, it will help us to bring that about to go into these matters, very well.

Mr Belcher: I think it is necessary to show that the Union Company has taken up an adverse attitude towards the Seamen's Union.

Mr Mills: I think I may admit that to save time.

Mr Ramsay submitted that they should confine themselves to the matters contained in the documents before the board.

Mr Sim understood Mr Belcher was explaining the circumstances under which the dispute had arisen.

Mr Ramsay: Is that necessary? I respectfully submit that the whole case is within the four corners of these documents, and I think we might on all sides confine ourselves to them

Mr Sim: Mr Belcher is dealing with the dispute, and it is quite competent for him to go into the whole matter. All I suggest is that, our duty being to try to bring about reconciliation, it is better not to indulge in strong criticism.

Mr Mills: Personally I have no objection, except that I shall claim the right to go fully into the events and incidents of the strike in reply. It is all very well to speak of the arrogant and overbearing conduct of the Union Company, but I think the public records of the press will show that there was far more arrogance and more overbearing in the conduct of the Seamen's Union in 1890, and quite enough to justify the very strong objection on the part of the Union Company to getting into the power of the Seamen's Union at all.

Mr Sim: What we wish to do is to effect a reconciliation on the subjects in dispute.

Mr Millar: Does Mr Mills admit that there is a union?

Mr Mills: I admit there is one registered.

Mr Ferguson: I think Mr Whitson's letter recognises the union.

Mr Millar asked whether Mr Mills admitted that the union had officers and a paid secretary and so forth; and, if they had, did he suppose this was all for nothing?

Mr Mills: No doubt that is one of the most important duties of the union, I suppose.

Mr Belcher: There is such a thing as a managing director's salary, too, I suppose. I think Mr Whitson's letter recognised the union.

Mr Sim: Speaking for myself I say there is no doubt if it is clear that a large number of members of the union, or any members of the union, are in the employ of the Union Company then there is a dispute between the Seamen's union and the Union Steam Ship Company.

Mr Millar suggested, to save time, that if there were any points the Union Company were prepared to submit without taking evidence they should be mentioned.

Mr Mills: I do not know that there are any that I can admit without taking evidence. They are all very debatable points, and raise considerable issues. He hoped that the matter would proceed as expeditiously as practicable as time was valuable.

Mr Belcher said he did not know that anyone had any right to take exception to loss of time. They were there to endeavour to arrive at a settlement, and if it took a week he presumed the parties concerned would remain. He thought it necessary to point out that there had been coercion on the part of the employers.

Mr Mills would point out that it was Mr Belcher's duty to produce evidence in support of the claims.

Mr Sim thought that Mr Belcher was entitled to state his grievances.

Mr Belcher: If that is so I shall proceed I have done with the matter that does not seem to please the representative of the Union Company.

Mr Mills: I object to that I simply stated that I thought what Mr Belcher was saying was irrelevant. If all the occurrences about the strike of 1890 are gone into I should have to go into matters beyond what I think I should be called to go into.

Mr Belcher: We are not going into the strike. I must fix a date, and I fix it after that. However, I will go into the peculiar circumstances of a seaman's life. That, I presume, will not be objected to. Continuing to read from his manuscript and to comment thereon, Mr Belcher drew attention to the hardships of the seafaring life, and he proceeded to say that the £6 per month paid on the coast was equal to 3s 10d per day—(Mr Mills: "And found.")—and on this many of them had to support families and put up with spells of idleness. The consideration that their food was provided did not amount to very much of a reduction in the cost of maintaining a home. Whether the man was there or at sea the house had to be kept going. It must be admitted that they earned also a certain amount of overtime, but this was hardly-earned money. The ordinary hours averaged between 12 and 14 per day, and he believed that was an under estimate, and this time had to be worked before the men got a penny for overtime. They had to work cargo by day and take their watch at night, and when a man had the eight-hour watch at night—namely, from 8 p.m. to 12 and from 4 to 8 a.m., and the vessel arrived in port, as most of them did, between 5 and 9 a.m., that man had only four hours' sleep. Sailors could not expect an eight-hours day. But something could be done to reduce the number of hours these poor unfortunate men had to work. The argument of owners was always the argument of £ s. d., and the men were very little removed from a condition of slavery. The Union Company's vessels were carrying full cargoes, and the passenger trade lately had been very heavy; and, according to the newspapers, the company were building three vessels, besides which they had added the Rakanoa to their fleet and were doing up others. These things

did not betoken hard times. Then the expenditure had been materially reduced. He would give Mr Mills's own figures. On this heading, however, he (Mr Belcher) would first say that the crews had been largely reduced in some ships. The Rotomahana, at one time carrying 14 able seamen, now had nine; the Mararoa, he believed, had been reduced—he did not assert this positively, but he believed she had—from 13 to nine seamen. This imposed a lot of extra work on the men who were left to work the vessels, and it also reduced the company's expenditure. Coming to Mr Mills's figures as to the reductions since 1893, Mr Mills said that in that year the company had 830 seamen and firemen in their employ. These men were reduced £1 per month; some, in Australia, were reduced by £2, but he (Mr Belcher) would not take that into account. The annual saving was thus £9060. Then 60 men were dispensed with. He was under-estimating the number, but would put it at 60. Their wages would average £6 a month. Sixty at a month meant £4320 per annum. At the same time the company reduced the overtime by 6d an hour—that was to say, a third. And Mr Mills said that they were paying over £7000 a year in overtime, so that, roughly speaking, the reduction meant £2300 per twelve month. Putting these things together, the saving in the three years since 1893 came to £49,740. Add to this the £13,000 paid into the benefit society, and it would be seen that the spending power of the employees had been reduced by £62,000 during the last three years. And this did not take into account the saving to the company in not having to provide food for the men who were dispensed with, nor did it take notice of the fact that some men were reduced by £2 per month. Moreover, the company had reduced the wages of the engineers by 10 per cent., by which he (Mr Belcher) estimated they had saved about £5000. These things ought to have put the company into a pretty fair position. The £70,000 should have enabled the company to pay a pretty fair dividend. But they were told that the company had been forced to encroach on some fund—an insurance fund or a reserve fund, he forgot which. This, he thought, was their own fault, and owing to the lavish expenditure incurred in trying to run Huddart-Parker off the coast. First they tried to run the Warrimoo and Miowera off, and later the Tasmania and Anglian. He thought it was traceable to this endeavour that the Union Company had not been able to pay a dividend. Yet after this, they said it was only natural to ask the employees to take a reduction. He (Mr Belcher) maintained that if the shareholders chose to indulge in that sort of thing they were the ones who should pay for it. The shareholders went into the company as a speculation, and they should be the men to suffer, instead of throwing the burdens upon the seamen. Employers always said that they could not allow unions to interfere with their business. Well, he had been in the company's employ, and never, so far as he knew, had the union wanted to interfere with the business as a business pure and simple—they had never interfered with such matters as the running of the boats; but when wages were going to be affected it brought another factor in, and that other factor was that labour had a perfect right to say how much it thought it was worth and to get as much as it could for the work. In 1894 the engineers' wages were reduced 10 per cent, and now after the bad times that the Union Steam Ship Company complained of they can see their way clear to give an increase in the engineers' wages equal to the amount that was reduced in 1894. He did not begrudge the increase, but he thought there was something wrong when the lowest paid engineer got £12 a month, which was double the amount that was paid to seamen.

Mr Mills: Will you bring evidence of this? What you are saying are misstatements. Mr Belcher said he brought the newspaper reports, and read a Press Association telegram from Wellington stating that the Union Company had agreed to the increase in engineers' wages to what they stood at prior to the reductions. Of course what the newspapers said was not always correct, but when such a statement as that was put forth and not officially contradicted they must accept it as correct.

Mr Mills: It has been contradicted.

The President: Are we to understand that you have contradicted that statement through the newspapers?

Mr Mills: No.

Mr Belcher (continuing) said if the fourth engineers were not getting £12 per month they were receiving considerably over a "living" wage. Theirs was skilled labour, and they were entitled to the wages they got, but he thought if there was any attempt to increase wages of the employees the increase should start with those who were lowest paid, and whose wage was barely enough to live upon. That was quite sufficient reason why an increase in wages should be asked. Seamen could not help seeing the amount of business that was being done by the company, and when it was taken into consideration that the Australasian casting sailor was about the hardest-worked labouring man on the face of the earth it must be admitted he was justly entitled to an increase to the rate from which the reduction was made in 1893. On the question of overtime, Mr Belcher said that the seamen had no option, for when they signed their agreement with the shipowner they signed an agreement to work overtime whenever required. At a terminal port the men were sometimes given the option of working overtime or not. The men were practically 24 hours every day at the service of their employers. When shoremen were engaged they got 2s or 2s 6d an hour overtime, but the seamen who had to work with the shoremen and do exactly the same work got only 1s an hour. This was manifestly unfair, and the seamen were justly entitled to receive 1s 6d an hour for overtime. Coming now to the question of holidays, there were disputes in

connection with these holidays whenever holidays occurred, and the Union Steam Ship Company's rules were by no means adhered to when it came to payment of overtime for holidays. There were five days which were regarded as holidays—namely. New Year's Day, Christmas Day, Good Friday, the Queen's Birthday, and the Eight Hours' Demonstration Day. The latter was a very ambiguous holiday. There was a Demonstration Day in most of the Australasian colonies and unfortunately it happened that it was held on a different day in each colony. The Union Steam Ship Company held that no man having received a holiday on Labour Day in one colony was entitled to have another in another colony; but what the seamen wanted was, if possible, to fix the New Zealand day, which was now recognised as Labour Day, and was, he believed, proclaimed a public holiday. It would be seen from the order of reference that the seamen were also asking for two additional holidays namely, Boxing Day and Easter Monday. Their reason for asking for this concession was that these two days were universally recognised as holidays all over the Australasian colonies. He submitted also that the seamen should receive a full day's overtime for working any portion of time on any of the holidays referred to. Now, with regard to Sunday sailing, they expected the same thing to be observed in regard to Sunday sailing as in regard to holidays. It was only reasonable that when men were compelled to leave port on Sunday and do necessary work they should be adequately paid for doing it. The next point he would deal with was that men belonging to the union should have priority of employment. Mr Justice Williams, in giving his decision in connection with the bootmakers' dispute, had already ruled that it was only right and just that men who went to the trouble to form themselves into an organisation to fight the battle of labour should be entitled to any good that accrued from that battle. He thought himself that the Union Company, notwithstanding their opposition to the union, would be considering their own interests in conceding this point voluntarily with regard to men belonging to the union getting priority of employment. He ventured to say that the union was a necessity, and the company would have to recognise it sometime or other. The company had to recognise it now, notwithstanding all their opposition. But there was no necessity that the union should be hostile to the Union Company, or that they should unnecessarily harass them. Men were generally reasonable. There was, indeed, more sweet reasonableness about them than there was about the employers; and there was no doubt that since the company had had their innings in 1890 they had lost no opportunity of retaliating for what they considered had been forced upon them when the union was in full swing. Differences would arise, and he said again if the Union Company had to deal with an organised body it would be far better for them, and for the men too. If the men were not organised into a union they might appeal again and again to have their grievances adjusted, and there would be absolutely no hope for them at all. This point with regard to recognition of a union had been decided by the Arbitration Court, as he had before stated, in the case of the bootmakers' dispute, and he fancied if it was not conceded in the case of the seamen it would be taken to the Arbitration Court to decide. He thought that the company could concede the point without in any way lowering their dignity at all. By employing union men the company had a certain guarantee that the men were capable, and he thought that was a most important point so far as the employers were concerned. He now came to the next point, which was that the membership in connection with the Union Steam Ship Company's Benefit Society should be optional. Since the inception of the company's benefit society in 1891 it had been compulsory for all those receiving employment from the company to become members of the same. In other words, compulsory membership was a condition of employment. It had been, and would be again, stated that no necessity existed for this; but let him explain the indirect pressure cunningly exercised to effect this purpose. Men in search of work, relying on the assurance that holding membership in another society was sufficient to comply with the unreasonable exactions of the company, usually found that they were ignored, and they experienced the disappointment of seeing others who were members of the benefit society getting employment before them, the same men probably not having been so long idle themselves. Indeed, several men had been bluntly told that members of the benefit society had to get a preference of employment. This naturally compelled men to join who were members of other societies, and, having once joined, fear of further reprisals deterred them from withdrawing. He knew men in the company's employ who were only earning £6 a month and were paying contributions to their benefit society on shore and paying contributions to the Union Company's society at the same time.

Mr Mills: How many?

Mr Belcher said he knew of several of his own knowledge. There could not be any possible doubt as to the compulsory nature of this society. It was a most unwarrantable restriction of the liberty of the subject. The rules unmistakably said that the men must be members of the benefit society, and they must not be members of other societies. The rules said that the men shall not belong to any other society of which the company did not approve.

Mr Mills: Will you read the rules, Mr Belcher? Read rule 8.

Mr Belcher said he would read the rules when he thought proper. Rule 5 said that no member of the society should be a member of any union of which the Union Company did not approve. What did that amount to? The Union Company did not approve of the Seamen's Union, therefore a member of the Seamen's Union could not

be a member of the company's benefit society—*ergo*, a member of the Seamen's Union could not be an employee of the Union Steam Ship Company. It was an absolute condition that a man must sell himself body and soul to the Union Steam Ship Company. They must have him by the throat to do what they liked with. These rules were an absolute proof of that. Rule 7 said there was to be no compulsory membership, yet two-thirds of the employees of the company were members. If membership was not compulsory was it rational to suppose that there would be such a rush of men to become members of this society? Rule 8, which Mr Mills was so anxious about, said that any member of any other recognised benefit society shall not be required to join the society. That might appear to be a very fair thing indeed, but when one knew the amount of coercion, intimidation, and terrorism that the men in the Union Company's vessels were subjected to there was nothing left in the apparent fairness. Rule 9 said that if a member of the society left the service of the company with the consent of the company he would have returned to him a portion of the money he had paid into the society. That was not fair, for if a man left without the consent of the company he forfeited all his payments.

Mr Mills: Are you aware that the rules that you have been reading are not in existence now?

Mr Belcher said the rules were in existence for five years, and it was not becoming on the part of Mr Mills to say now that the rules were altered at the last annual meeting of the society. Rule 12 made it necessary for the consent of the company being obtained before the society could do anything.

Mr Mills: They are all struck out.

Mr Belcher said it was all very well to say they were struck out. As a matter of fact he did not believe they were struck out yet. Certainly they were not struck out of his books. The company had power to outvote anything brought up at a meeting of the society. The *personnel* of the committee was far from satisfactory, and Mr Belcher referred to the rule which said that the vice president shall be the marine superintendent, and also that the trustees shall be the chairman and managing director of the company. It was most improper that the trustees should be relieved of all liability, as was the case under the rules, of making up any deficiency that might occur in the funds. It was no wonder that the society could not be registered. Mr Belcher proceeded to refer to a number of letters from different seamen with the object of proving his contention that employment was made dependent on men joining the benefit society. He also pointed out that the rules provided that a man could not become a member of the society after he was 40 years of age. It was, he contended, a most unjust and unfair attitude on the part of an employer of labour to say that a man should not be employed after the age of 40.

Mr Mills: I think Mr Belcher must know that he is misstating the case. Apparently no new men are taken on after 40; but Mr Belcher contends that men who have reached 40 years of age have to leave the service. That is not the case.

Mr Belcher said he would give documentary evidence to show that that was largely the case, and proceeded to read a number of letters from seamen bearing on the subject. Another important matter, he said, was the manner in which the Union Steam Ship Company evaded their obligations. The institution of the benefit society meant that the company were relieved of their responsibility to provide for those who fell sick, subject to certain limitations, and to those who were injured while in the employment of the company. The men were also supposed to pass a medical examination, but this examination was performed very perfunctorily. Then the company's rules had not yet been registered, because the Registrar-general declined to register them. Therefore the men belonging to the society had no legal status on this account, and there was no legal power to compel fulfilment by the company of their responsibilities to the men. That was an injustice to the men. But it was not the function of an employer to start benefit societies, as there were dozens of *bona fide* benefit societies in existence. It was surprising the amount of solicitude that employers showed for their employees at particular times, and it was a peculiar thing that almost immediately after a reduction of wages had taken place the employers expressed themselves as being very strongly concerned in watching over the interests of the men in their employment, and in order to do that they brought forward some benefit society scheme which they compelled the men to join. If the employers wanted so much to benefit their employees it would surely be a simple matter to give them an increase of wages to the extent say of 10s a month, and allow them to spend that as they deemed best. The Union Company's benefit society had not even the merit of originality. It chimed that it had been adopted from the London and North-Western Railway Company's Society, which society had been referred to as eminently successful. A leading London daily paper, referring to that Railway Company, said: "The London and North-Western Railway Company is well known for its organising ability, for its pretensions, and for the peculiar loftiness with which it treats its customers. It is famous also for its professions of philanthropy towards its own people—a philanthropy of perhaps a somewhat mixed kind. They stand to-day as the autocrat at whose nod its armies are expected to tremble. A man who enters the ranks of this organisation has, it seems, not only to swear away his rights under the law, but to take an oath of undying fidelity to the company. To join a trade union is to be guilty of an act of mutiny. To be discontented if the hours are too long, the pay too low, and the system too hard is treason against this Sultanate. Even to think to yourself, or confess

in confidence to your mates that the London and North-western Railway Company is other than a matchless and Heavensent employer is a grievous breach of discipline to be visited by condign punishment . . . That this odious tyranny will break the men's spirit or throw back the trade union movement we do not for a moment believe. The company's uniform may fit tight, but the employees are citizens of a free country, and are hardly likely to sell their souls into slavery at the bidding of the London and North-western Railway Company." This extract from the leading columns of the London Daily Chronicle fitted the Union Company beautifully. The pledge extorted from the men showed that right through the piece the Union Steam Ship Company had done the best they could to try and crash unionism out of existence, and to get their employees to go exactly in the direction they wanted them. The next point was the engagement of hands by an agent. Prior to the strike of 1880 it had been the custom for men to get their employment on their merits from the officers. Up to the time of the strike that system worked very satisfactorily. The Union Company since then had employed an agent to engage all their labour for them; one man did the whole thing so far as Dunedin was concerned, and before a man got employment in the other centres he had to pass muster with the agent of the company in the place. This system had been brought into existence simply to work in conjunction with the benefit society to see that that was kept going properly, and also to keep a keen eye on the individuals the company employed. The company had a most reprehensible system of reports. There had been instructions given to the officers to lend down reports as to the men's characters periodically. This, in his (Mr Belcher's) opinion, was a piece of espionage that was characteristic more of a man-of-war than of a merchant service and there was this bad feature about it, that, as officers were not infallible if a man gave an officer a back answer, or offended his dignity, or had the temerity to look the officer in the face, he did so at the risk of being reported to Dunedin, and he was punished without any chance of self-defence. The result of such reports was that the man was kept out of employment, and was compelled to do what the men called a "perish." The system was wrong and injurious to the interests of the men, because it made a trifling fault a subject of report and punishment, and no opportunity was given of defence. Then, he supposed the Union Company did not care about the matter, but as a fact, he believed the system to be distasteful to the officers. He thought it only right, since the officers were responsible for the safety of a vessel, that they should themselves select the men. He had been told, further, that the agent who was employed for this selection of the men had spoken in very disparaging terms about past and present officers of the Seamen's Union, and had endeavoured to bring them into contempt among the men. In conversation with some of the men, this same individual had asserted that they had Mr Millar to thank for their having to pay shipping fees, when as a matter of fact he must have known that it was through Mr Millar's instrumentality that the shipping fees had been reduced. He also asserted that from what this same official had said to men here, it was clear that a very keen eye was kept upon them, for one of them had been asked, immediately on his arrival here how it was that a certain matter of dispute respecting shipping fees had been published in the papers. In Wellington, Mr Belcher stated, the man who was employed there to engage the men had threatened one man that if he did not take the engagement offered him, whether he liked it or not, he would know what the consequences would be. The fact was, the men had to pass through what was nothing more nor less than a labour bureau somewhat similar to that instituted by employers in other colonies. Another point he desired to mention was that he was prevented visiting the Union Company's vessels and seeing members of the union on board them. He could not say that instructions had been given that he should not be allowed to go on board these vessels, but that appeared to be the case. He had been ordered from one of the vessels and very rudely; in fact he had been hounded off it, and it seemed as though the officer who had spoken to him was desirous of inciting a quarrel, though he was personally a stranger to him. It seemed to him that in this matter, the officer must have been acting under instructions not to allow him to board the vessel, and he wished to point out that the union: was recognised by law, and that legal duties were put upon him, to discharge which it was necessary he should have means of communicating with the members of the union. He would say it did not follow that because an officer of the union went on a boat he did so for the purpose of stirring up strife. The union had been going ahead for the last five years, and would still continue to go ahead, and he did not think the Union Company could point to any bad effects as having arisen from allowing an individual to go on board its boats to see members of the union when he wanted to. He had omitted to mention the fact that out of the very meagre wages the seamen received they were compelled to buy the company's uniform, and this was an additional tax upon them, and practically meant a reduction of wages, which should be taken into consideration. As to the contention that the wages in New Zealand and Australia should be the same, he would point out that men could live considerably cheaper in Australia than they could in New Zealand, and therefore he did not think that the contention that the wages should not be higher here than in Australia was valid. The weather on the New Zealand coast was worse than in other parts, and owing to the climate considerably more had to be paid for an outfit than was the case with men employed in the other colonies. He might also mention that he had received official intimation from Wellington to the effect that the two companies in Wellington were conceding what the Seamen's Union asked for, and if those companies could make sufficient profit out of their ventures to pay the

increased wages, surely the Union Company, with its large ramifications, could succeed in doing the same.

Mr Mills asked what those companies were.

Mr Belcher said one was the Wellington Steam Packet Company and the other was the owner of the Wairoa.

Mr Mills: How many men do they employ?

Mr Belcher: That is immaterial. That is not the point at all.

Mr Sim: What was the number of members of the union according to your last return?

Mr Belcher: 438.

Mr Ramsay: Is that throughout the colony?

Mr Belcher: No. That is in Dunedin. It does not take into account Wellington, but includes seamen and firemen

Mr Millar asked if Mr Belcher had authentic information as to the wages paid by the San Francisco boat running the man service in conjunction with the Monowai.

Mr Belcher said he could not say exactly what the wages were, but he believed that the other boat paid £2 a month in excess of what the Union Company was paying.

Mr Ferguson asked how many hours firemen and trimmers worked out of the 24.

Mr Belcher replied that they worked eight hours out of the 24; but in some cases, and in small boats, they worked six-hour shifts instead of two four-hour shifts, in which case they worked 12 hours a day.

Mr Ramsay: And they get extra pay for it.

Mr Belcher: Yes; some of them do.

Mr Sim: Do you wish to ask Mr Belcher any questions, Mr Mills?

Mr Mills: No; I think not.

Mr Belcher then intimated that he had submitted his case to the board.

Mr James Mills, in replying said: It is rather difficult for me to reply offhand to the long address given by Mr Belcher, as I have not the same aptitude that he has shown. I must compliment him on the vigorous manner in which he has handled the subject. I do not suppose I am expected to reply to everything he has said, because he has roamed over a great deal of ground which is not at all pertinent to the present inquiry. I shall confine myself as far as possible to the demands which are now before the board as subjects for conciliation. It must be readily observed that a great deal Mr Belcher has put forward has been largely mere assumption. There are not many charges regarding which he has produced actual instances in support of his statement, although he should have no difficulty in doing so, seeing, we understand from him, that the bulk of the men in our employ are members of his union, and who appeared in some cases to be only too ready to come forward and bring their small grievances before him. It is not to be supposed, therefore, that they did not bring everything before him. Mr Belcher has also gone to some extent into the management of our business, into the policy of running off an opposition, and that sort of thing. I do not think it necessary to follow him there. I will say that, with him, I am very glad this tribunal has been provided by the State for the settlement of grievances rather than we should have to resort to the much more brutal method adopted in 1890. Although I raised the point in the first instance that we had no dispute with the Seamen's Union, and therefore I did not think we could be brought before the board—and I still maintain that point,—yet it is no doubt purely a technical one, and I am not disposed to press it, but should be glad to waive it and to allow the inquiry to go on before you on its merits. Before replying to the various points *seriatim*, I will lay before the board the printed regulations dealing with the hours of labour and the conditions of labour on board the steamers, which are of vital importance in considering the various questions now before you. If you will allow me will refer to these. They seem to me to be of importance in the present inquiry, and I desire to put them on record. The regulations have been in force practically since 1890, and the copy I have before me is the revised edition, and is dated February 1895, some little time after the reduction of wages. These provide that the following rates of wages should be paid:-A.B.'s, £6 per month; trimmers, £6; firemen, £8; greasers, £8; donkeymen, £9; lamptrimmers, £6; lamp trimmers and A.B.'s, £7; boatswains, £7; first, class ordinary seamen, £4; second-class ordinary seamen, £3; first-class boys, £2; second-class boys, £1 10s. Wages are due on completion of articles, but payments are made to the end of each month, at the first convenient port of arrival thereafter. The hours of labour are as follow:-On deck, watch-and-watch of four hours each; in stokehold, watches of four hours on and eight hours off, except on small steamers running short trips. On these watch-and-watch shall be kept. Between the hours of 5 a.m. and 5 p.m. on intercolonial steamers, and between 6 a.m. and 5 p.m. on coastal steamers, seamen on watch will perform, any work required of them. Any work performed outside these hours shall be paid for as overtime, with the following exceptions:-Work necessary for the navigation or safety of the ship; clearing decks, stowing cargo, gear, &c., after leaving port When the watch below is required to do any work otherwise than what is necessary for the navigation or safety of the ship, they shall be paid overtime. The hours of labour for seamen in all ports, bays, and roadsteads shall be eight—viz, from 7 a.m. to 5 p.m., with two hours allowed for meals.

During these hours the seamen shall work cargo, &c., as required. It shall be optional with married members of the crew to work overtime at their home port or go ashore, so long as not less than one-half of the crew remains on board; the selection, when necessary, to be made by the officer in charge. When a ship arrives at Port Chalmers on Sunday or stated holiday, and has to wait for the tide before proceeding to Dunedin, no overtime shall be paid for mooring or unmooring ship. Overtime in port shall be from 5 p.m. to 7 a.m. and shall be paid for at the following rates—viz.: A.B.'s, Firemen, &c., is per hour; ordinary sea-men, 9d; A.B.'s when engaged in trimming coal at loading ports, 1s 3d; A.B.'s when engaged in boating cargo in roadsteads, 1s 3d; A.B.'s when carrying or stowing grain bags in cargo steamers only, 1s 3d. Boys are not to be worked overtime. Overtime on Sundays and holidays:—(a) When a ship arrives in port after 5 p.m. on the day preceding Sunday or a holiday, two hours shall be allowed, from 6 to 8 a.m., for washing decks and decorating ship without payment of overtime. (b) When a ship arrives in port on Sunday or a holiday, or after 5 p.m. on other days, the crew shall land mails, luggage, or live stock without payment of overtime. (c) For any work necessary for the safety of the ship, no overtime shall be paid. (d) When vessels leave port on a Sunday or a holiday, only those of the crew actually employed in loading mails, luggage, or cargo shall be allowed overtime at schedule rates for the time so employed. (e) Firemen getting up steam before ship leaves port shall also be allowed overtime for the time so employed. (f) When a vessel is employed on an excursion on a Sunday or stated holiday, overtime shall be paid for the time so employed, not exceeding in all 8s, and not less than 4s per man. (g) When a vessel arrives in port on a Sunday or holiday, and sails again same day, overtime shall be paid for the time the crew is actually engaged, not exceeding 8s. (h) Only one holiday shall be allowed for Demonstration Day. Any crew having had one such holiday shall not be entitled to a second, or to overtime on any other Demonstration Day at any other port. Do skymen's overtime shall commence from the time steam is ordered to be ready, public holidays in port:—These comprise Christmas Day, New Year's Day, Good Friday, Eight Hours' Demonstration Day, and Queen's Birthday, or any other day declared by law in place thereof.

These are the most important rules connected with the matters with which we are dealing now.

Mr Belcher: I hardly think they are adhered to Mr Mills, are they?

Mr Mills: I believe they are. Possibly there may be some instances in which they may not have been, but I do not know of any. With regard to the demands of the Seamen's Union, I will refer to them *seriatim*.

(1) £1 per month advance to seamen, firemen, trimmers greasers, and lamptrimmers: We have about 700 men of this class in our employ, so that the amount involved is about £8400 per annum. The increase is not justified, as our wages are the same as paid in all the coastal companies in Australia, and much higher than in English-owned vessels trading in the colonies and to the colonies. The proposal advance of £1 per month all round is inequitable, being 12 ½ per cent, on the wages of firemen and greasers, 16 ½ per cent, on trimmers and A.B.'s, and 25 per cent, on ordinary seamen. There cannot be any justification for such a disproportionate scale of advances. Taking the month at 30 days—a sailor's month—the wages now paid are: 5s 4d per day, or 37s 4d per week, to firemen and greasers, and 4s per day, or 28s per week, to seamen and trimmers. This daily wage is paid on Sundays as well as other days, although, as a matter of fact, there are many cases where the men get nearly every Sunday to themselves ashore. In addition to these wages the men are paid overtime as per the regulations, and are, of course, found on a most liberal scale (copy of Crews Victualling Bill is attached). These rates of pay are out of all proportion to those paid for shore labour other than highly skilled. The current rates of wages in employments where the men are found are as follows:—Station hands, 12s 6d per week; ploughmen, 15s; grooms, 12s 6d to 15s; cooks, 15s to 17s 6d; gardeners, 20s. It must also be remembered that in occupations such as are mentioned above no overtime is paid. The men have simply to work as required, irrespective of hours. Ploughmen, for instance, at certain times of the year, are at work from daylight in the morning until late at night. The present rate of wages for good labouring men is 6s per day for six days, even if constantly employed, and find themselves. Seamen's labour cannot be classed with highly, skilled labour, where a long apprenticeship is required, as the qualification for an A.B. in a steamer is only two years' service, and that of a fireman three months' service as a trimmer, while any untrained robust lad can be employed as trimmer, for which he is paid 4s per day and his keep. The hours of labour for firemen and trimmers are eight hours out of each 24 in port and at sea, while for seamen they are eight hours in port and 12 hours at sea. At sea the work, as a rule, is light, as, except for the man at the wheel and the lookout, they are idle when not engaged in keeping the ship clean. The wages paid in steamers trading from abroad to Australia are as follow:—Seamen, £3 10s to £4 5s per month; lamptrimmers, £3 10s; trimmers, £3 10s; firemen, £4 10s; greasers, £4 10s; doneymen, £5.

Mr Belcher mentioned as an argument in support of his contentions that increased wages should be given, that times had very much improved, that a large number of passengers travel, and that we carry a good deal of cargo. As I admitted in one of my letters, times have improved, but it is only within the last year. I do not know if it is necessary to submit any figures in support of my contention that the time has not arrived for an increase, but if we take the average for the last five years the return for the capital employed has been entirely

inadequate. I have looked into the matter, and I find that the average interest on the capital employed in our steamers during the last five years has only been 2 ½ per cent, per annum. That, of course, can be verified. I took pains with the figures before making such a statement; so that it cannot be contended that the capital employed is receiving any adequate return. I have no doubt that the time will come when that view will have to receive some consideration. I hope it will come, and that the seamen will share in the continuance of good times. Mr Belcher also mentioned that three years ago, when the wages were reduced we gave as a reason for not exacting the full reduction of £2 a month from the men, as was done in Australia, that our men had to support the benefit society, which meant a reduction. That was a reason we gave not only to the men but to our co-shipowners in the colonies for not reducing the wages to the full extent to which they were reduced in Australia, and no doubt the men might have found it hard to pay the fees if the full reduction had been made. As to the time worked, it is quite possible that the men in the coastal boats have a larger average than the others, but it is quite out of the question to say that they average twelve or fourteen hours per day for the month round, or that their employment is but a little removed from slavery. Then Mr Belcher brought forward the argument that we are netting new and larger boats, as showing the prosperity of the company. The reason we are getting a larger class of boats is that we find that the older boats are not well adapted to carry cargo at the present rates, and the company have had at some sacrifice to make up their minds to get other boats to replace them. The rates received for passengers and cargo are about one-half what were received six or seven years ago. We have to put up with that, and we find that some of the older boats of smaller capacity are not remunerative at the rates for passage and freight at present ruling. That is why we have had to go in for larger carriers: it is to meet the altered circumstances. Mr Belcher also makes the point that he believes two Wellington companies have conceded the extra wages, and he says if these two small companies can do it, how much more can this larger one. On investigation it turns out that the one company owns one boat employing four men, and the other three or four boats employing twelve men. If they have made the concession I do not think much can be argued from that. Then the fact that the wages here are now the same as those ruling in Australia supplies no good ground for asking for an increase. The conditions are very little different, and, in so far as they are different, I contend they are in favour of the New Zealand labourer. Mr Belcher uses the argument that living is less costly on the other side. I confess I should like to have some evidence of that; as I would, of some, indeed of many, of the other statements he has made. I have before me a schedule of the prices of some of the food supplies we get for the company, and I think they may be taken as some criterion of the cost of living to individuals. I find that we pay for beef in Sydney 2d a pound, and in Melbourne 2 ¼d, while in Wellington and Lyttelton we pay 2d, so that in beef, New Zealand is evidently cheaper. Mutton is much about the same, but somewhat cheaper in New Zealand parts. Then take vegetables; common vegetables are about half the price in New Zealand that they are in Australia. We know that clothes are as "heap, if anything cheaper here, and I believe also that house rent is no dearer; but" altogether I think there is nothing in the contention that the cost of living is dearer in New Zealand than in Australia; in fact, I feel confident it is quite the reverse.

With regard to the question of overtime, they claim that overtime should be increased to 1s 6d per hour.

(2) Overtime to be increased to 1s 6d per hour: We now pay ordinarily per hour to A B's, and firemen, and 9d to ordinary seamen, and a special rate of 1s 3d for a certain class of work. The increase demanded is therefore 50 per cent, to A.B's. and 100 per cent, to ordinary seamen, and we contend that the present rate is adequate and proper when it is considered that the men are not casually employed, as is the case with ordinary labour, but are in regular employment and receiving their keep. The overtime paid by the company to the crews for the last three years, while the present rates of overtime have been paid, amounts to £17,510, or an average of about £5840 per annum. In the case of the donkey men and the deck hands engaged in cargo operations this yielded an average of 30s per man per month throughout, so that the pay received by deck hands averaged £7 10s per month. In the case of several ships the average was over £2 per month per man, while in some cases it did not exceed 21s. The increase now asked for therefore may be stated at £3000 per annum on that score.

(3) With regard to the demand *re* holidays: Prior to 1890, when we had dealings with the Seamen's Union, the recognised holidays were Christmas Day, New Year's Day, Queen's Birthday, Good Friday, and Labour Day, and we still recognise these holidays, paying overtime for any work done on them. The union now demand two additional days—Boxing Day and Easter Monday,—and also that for any work done on holidays and Sundays, if only for an hour, the sum of 12s shall be paid per man. It will readily be seen that this means simply a further increase of pay, as it is impossible that in all cases work can be avoided on these days—especially Christmas time, when there are two holidays proposed immediately in succession. Steamers cannot be stopped *en route* without great inconvenience to the travelling public, as their dates are fixed from port to port in advance, so that not only those at the port where the steamer is stopped would be inconvenienced, but this would be the case all along the line for possibly a week later. Especially is this the case with passenger steamers parsing through minor ports, such as Gisborne, Napier, Picton, Nelson, Plymouth, or Westport, where there is generally very little cargo to work. At these ports it is not any advantage to the men

to have a holiday, but they now seek to exact a further 12s each.

Mr Sim: There is a demand for extra holidays, and in the question of holidays the matter of overtime is involved.

Mr Mill: I object to the extra holidays and to the demand for 12s for holidays. Under our rules we pay for holidays for the work done on them. If excursions are run we pay from 4s to 8s They ask for Boxing Day as well as Christmas Day. Of course that is out of the question. There are fifty steamers in the fleet, and they could not lie in port three days indeed four—because they might arrive the day before Christmas. The amount involved for seven holidays at 12s each for, say 700 men is about £3000, not including Sundays, presuming them all to be working on each holiday, but to take a moderate estimate and reduce it by one half, the demand will probably involve an extra charge to us above what we now pay of £1500. It will thus be seen that these three items demanded by the Seamen's Union—increased pay, increased overtime, and payment for holidays-together are estimated to amount to about £13,000 per annum.

Mr Belcher: There is a strange coincidence—that in refunding that it would be the amount they pay into the Benefit Society.

Mr Mills: Mr Belcher estimated that the company saved £60,000 a year, but he also included the sum paid by the men to the benefit society-£13,000—and calls that a saving to the company. Of course that is absolutely misleading.

Mr Belcher: Mr Mills is misrepresenting me a little bit. If I did say so I did not intend to refer to that as a saving to the company, but to say that they had reduced the spending power of the employees.

Mr Mills: You mentioned £62,000

Mr Belcher: That is not the question. Their spending power has been reduced to that extent. I did not say it was any advantage to the company

Mr Mills: It is their contribution to their own benefit society. The implication you made was that we were getting the money. But even if you put it as reducing the spending power of the men that is not correct, because the men draw an equivalent in sick allowance, and get medicine and medical attendance, as I will explain directly. I think what I have said will show that the coastal sailor is not—as Mr Belcher says—the hardest driven man on earth, although while the boats are trading on the coast they have certainly a few long days calling at the most important ports; but for the great portion of the voyage they are not hard pressed with cargo work, and especially when they go to sea they have very little to do when going to and from Australia; and a great many of the cargo steamers make a much longer voyage than the four and a-half days from Australia, and the men then have comparative, in fact almost total, leisure. As to the men being obliged to work overtime, and having no option but to work when they are required; that is not entirely so. I think there is a rule dealing with that; it says: "It shall be rational for the married men to work overtime at their own port, or to go ashore, so long as half the men remain on board. The selection to be made by the officer." I think that is reasonable.

Mr Belcher: The legal agreement is not that, but that the men must work overtime when required.

Mr J. Mills: I think we are dealing with the conditions under which the men work and the custom on board our vessels. The next demand before the court is (4) That preference of employment shall be given to union men. This demand we do not recognise, as we are not, we say, dealing with the union, but with our men individually. However, I think I may give some reasons why we should not do so. Previous to the strike of 1890, when the union was in full force, they took control of our labour, and this proved to be unworkable and intolerable. The Seamen's Union limited the number of their members and would not take new members unless it was evident there was a scarcity of men, and even then the entrance fee was raised to an exorbitant limit It was almost impossible for a respectable man, whether a seaman from other parts or a beginner, to get admission to the union except by favour of those who controlled its affairs, and these latter were largely composed of the idle men ashore, who, for various reasons, were not in regular employment and therefore not in sympathy with their employers. When vacancies occurred we were, therefore, obliged to accept those who were put forward by the Seamen's Union although in many cases they were men who had been dismissed from the company's service for misconduct, or incompetency. These men recognised their power and defied their officers, often disputing the latter's orders on the ground that they were not in accordance with the rules of the union. Drunkenness among the men in the stokehold was a common occurrence, and at times from this cause engineers have been obliged to go into the stokehold and work the fires themselves in order to get up steam for a start, and the condition of things became so intolerable that the management, and the officers and engineers of the ships began to recognise that the management of the ships, so far as the internal arrangements were concerned, was taken out of their hands. Since 1890 every-thing has been quite different, and the officers and engineers testify that compared with the state of affairs on board their ships in the days of the union the present is as the difference between Purgatory and Paradise, while the men have enjoyed to a large extent the same privileges which they had previous to 1890. There has been a healthier feeling among them, and, speaking as a whole, their work has been done willingly and well. A careful record is kept, and objection able and

intemperate characters are weeded out from time to time Mr Belcher made a point of the officers being allowed to engage their own men rather than that they should be engaged through a labour agent, and submitted that if it were done under the supervision of the union that would ensure our having competent men. Well, I dispute that. During the last six years we have had an exceedingly competent lot of men in our ships, both on the deck and in the stokehole. We have had the men under proper control, and have been able to dispense with inferior, incompetent, and drunken men. (5) Benefit society—Membership of the U.S.S. Company's Benefit Society to be optional, non-members to have equal right to employment as members: We consider that we have a perfect right to make it a condition of our employment that members of the company's crews should be members of a benefit society. In 1891 we formed the U.S.S. Company's Mutual Benefit Society, believing that its establishment would be beneficial both to the employees and the company, and that it would have the effect of each taking an increased interest in the welfare of the other. The company subsidised the society, thus enabling it to confer benefits on its members at lower rates, in proportion to the benefits given, than could other societies which had no such support. The society has been a boon to those who have had to avail themselves of its benefits, and who, but for its establishment, would have had to go without assistance during times of sickness, as until its formation it was the exception for seamen to belong to any society of the kind. During the five years of its existence over £5750 have been expended in sick pay, funeral benefits, surrender values, &c., and £3600 in payment for medical attendance and medicine, while towards the total receipts of £15,000 the company have contributed £2600.

Mr Belcher says the society is under the control of myself as president, and the marine superintendent as vice-president, with a committee of twelve, of whom six are elected by the men and six appointed by the company. As a matter of fact the management of the society is almost entirely in the hands of the men elected by the members, and, if there are any little irregularities in the management of the concern, the company cannot be held responsible. But I think the conduct of it by the committee, which, as I say, is largely controlled by the elected members, is deserving of very great praise. Mr Belcher quoted extensively from a number of rules, which were framed for the purpose of preserving the indirect control of the society more largely in the hands of the company. Well, they have that appearance, and it was done designedly. In 1890, after the strike, when there was a great deal of bitterness amongst the men, it was not known how the thing would be managed if we did not preserve some control. It was said when the society started that it was to be run on those conditions for five years. Those five years have elapsed; it has been found that the society has been well managed, and all those rules which he has quoted, and to which he takes exception, have been deleted.

Mr Sim: Have you a copy of the rules as amended?

Mr Mills: I have a copy of the alterations, and the new rules are in type. I will put in a corrected copy. As regards any personal control or interference with the society I may say I have not been to a committee meeting I think since it was formed. I preside at the annual meeting largely out of compliment to the members, but beyond that I have no power, and I have no knowledge of what goes on except general—what almost any man in the street might know. However, as I have said, we consider we have a perfect right to make it a condition of employment that members of the company's crews should be members of a benefit society. It is misleading to state that the company save that £13,000. However, Mr Belcher has explained that he did not quite mean that. The benefits which the society confers include medical attendance and supply of medicine to members and their families at all main ports in New Zealand, as well as at Melbourne and Sydney, and in Tasmania; while those who leave the employ after two years' service have the privilege of remaining members of the society if they desire to do so. Of 860 members of the society on September 30 last, 150 are under the age of 25, 208 are between the ages of 25 and 30, 219 are between the ages of 30 and 35, 144 are between the ages of 35 and 40, 139 are over the age of 40 years. This destroys the contention of Mr Belcher that men over 40 were dismissed the company's service. It is the case that neither respecting men ashore or afloat do we take on elderly men. It would be absurd to do so. Men grow old in our employment soon enough, and we have responsibility for them, and it would be absurd for any large institution to burden itself with elderly men joining the service.

Mr Ferguson: I see the sickness benefit is 20s a week for the first, six months, and 10s a week for the second. Does the reduced sick pay extend beyond the six months?

Mr Mills: No; the benefit extends only over 12 months.

Mr Ferguson: With ordinary benefit societies the 10s weekly extends throughout all sickness.

Mr Mills: Some make it 5s.

Mr Ferguson: Yes, the Forresters do.

Mr Mills: We think, therefore, that we are following the proper course in giving a preference to men who are members of the company's society when there are vacancies to fill up. Members of other societies are only handicapped to that extent. That they are not excluded or interfered with is shown by the fact that there are at present 92 members of other societies in the company's steamers, and of these 29 were in the boats when the society was established, while the others have joined at various dates ranging from then until the present time,

During last year 26 members of other societies joined the service, so that there is no restriction unless where there is a choice of men. If we have one of our society men ashore he naturally gets the preference, which is only right and proper. Then the fact that when our society was formed there were only some 60 members of other societies out of our whole crews of 800 to 900 men is evidence that seafaring men have not previously gone in for that sort of thing.

The next demand is (6)—That the union wants our labour agent to be done away with, and that officers should select their own crews. This we cannot submit to—it would simply mean a return to the state of affairs existing previous to 1890, when officers had practically to take whomsoever was offered to them, and had no means of knowing whether the men had been discharged for misconduct from any other ship, or, perhaps, knowing full well that the men offered had been already dismissed from other ships for misconduct. Our labour agent at headquarters keeps a record of all men engaged or discharged, and also selects the men when required at headquarters. Changes are less frequent away from home, and these the officers attend to them, selves, our labour agent knows whether a man is a good man or not; he knows his record. A man gets three chances, and for misconducting himself a third time is debarred the service. I believe that rule is carried out in its enormity, and I contend that it is fair treatment to give the men. They are not dismissed for one piece of misconduct, unless, of course, it is of some very gross character. The total number of the company's employees afloat is 1616, distributed as follows Officers and engineers, 317; petty officers, deck, and stoke-hold hands, 756; boys, 38; victualling department, 505. It may be of interest to give here from our books a record of the nationalities of the seamen, firemen, and trimmers composing our crews at 31st December last. Of those engaged in the above departments there were approximately 200 colonial. 400 British, 100 foreign, making up 700 These are exclusive of boys and employees in the victualling department, who are mainly colonial born.

With regard to the next demand—(7) Permission for Seamen's Union representative to visit members on board ship—we have the same objection that we have to giving the preference entirely to union men, or to the abolition of our labour agent, that it will be injurious. Past experience has shown us the evil of permitting free entry on board our ships to officers of the Seamen's Union. The liberty previously enjoyed in this respect was taken advantage of to the company's detriment and to the men's loss. Discontent was fomented amongst the men, and trifling grievances were magnified, with the result that a spirit of unrest was introduced amongst the crews which contributed materially to the disasters of 1890. The company's regulations make ample provision for the settlement of any questions arising between the company and its employees without going outside the ship, and we are not prepared to grant permission to any representative of the Seamen's Union to visit the crew on union business. The demand for such liberty is an attempted interference with the management of our own business, which we cannot allow. I would point out that we have a clause in our regulations in reference to this, which reads as follows:—It is the desire of the company that a good feeling should be created throughout the service, and that all departments should feel that it is to their interest to work together harmoniously for the general welfare. Officers are therefore expected to see that, while exacting from every man his fair work, every man also gets proper treatment. To facilitate settlement of questions arising under these rules, the crew shall appoint one of their number from each department—that is, one from the deck and one from the stoke hold—to be spokesmen, and it will be their place to bring any matter requiring adjustment before the captain, or chief engineer, or, when at headquarters, before the marine superintendent or superintending engineer. The spokesmen to be chosen by ballot of the crew, and to hold the position for one month only, so that each member of the crew may fill it in turn. These will be the only persons whom the company will recognise as entitled to make representations on behalf of the crew." It is the case now that the crew, when they have a grievance, appoint one of their number to represent it to the proper authority. Provision was made that the men should hold the position only for a month in turn so that no man should feel that if he was made to act as spokesman he was a "marked" man for that. As they are to take it month about, it would be ridiculous to think of "marking" any particular man for acting as spokesman. I almost feel inclined to say that if any other argument was wanted to show how inadvisable it is that we should be entirely in the hands of the seamen's union again, it would be found in the animus shown by Mr Belcher today in dealing with this subject, and especially at the outset.

Mr Belcher: Not conscious animus.

Mr Mills: Well, I thought it boded very ill for the possibility of harmonious feeling being restored between us, and I cannot help thinking that on all these little matters that so much has been made of there has been a good deal of unnecessary feeling displayed, and an unnecessary colour given to a great many statements; and a great many charges which it should have been a very simple matter to have established by evidence, have been left to mere assertion. For example, take one that occurs to my mind, the statement that the existence of the benefit society was designed for the purpose of relieving the company of their legal liability for sickness or injury to the men. Surely after an experience of five years, and having the bulk of the men, as he says in his society, ready to inform him of any point where the company may trip—surely he should have been able to bring forward some instance where a man had had an accident, or where a man has been sick and had claims on

the company, and has got nothing from the company? It may be there is such a case. I cannot say. I should hope not; but I can say there is not the slightest intention on the part of the company to evade its legal liability, even if it has been done by acquiescence on the part of the men. I am inclined to think nothing of the sort has occurred. As a matter of fact we know that when a man falls sick or has an accident he draws from the benefit society as well as anything he is entitled to from the company. Then, for any ailment for which the company is not responsible, any ordinary ailment, he gets £1 a week, or whatever it may be, from the society, and medical attendance; while married men get medical attendance for wives and children within the limits recognised by benefit societies. There is also one thing I may point out in our benefit society which presents an enormous advantage over other benefit societies for sea-faring men. If a man belongs to the Odd fellows or Druids in Dunedin he only gets medical attendance when in Dunedin. Now our society has a medical man in every port of importance—there are eight or nine of them—one in every port where the families of the men reside, so that the men can get medical advice anywhere almost, which is an immense advantage. Mr Belcher has referred to the arrogance and overbearing conduct of the employers, but I do not think much of that has been shown, and I could retort by pointing to the arrogant and overbearing conduct that was shown against employers some six years ago. However, it is not worth while stirring up feeling on those questions. He says our letters from the Union Company indicate a tone of contempt. As a matter of fact, there was no intention to show any contempt. The letters bear evidence of our intention, which was simply to make it clear that we were not prepared to recognise the union. We had a bitter experience of the union six years before, and it was quite-comprehensible that we could wish to manage our own business in our own way, since we had: done so very successfully for the last six years, and, I contend, satisfactorily to our employees. He presumed that the objection to the benefit society was merely one of principle and not a question of management in detail. The company did not see their way to concede the demand for higher wages, because the present rate of wages was what was paid all over Australia. With regard to overtime, it came to 30s per month on the average. Then the overtime on most of the boats was only occasional. In a few boats it was possible that the overtime was more continuous than on the larger boats going long voyages, but it was not what Mr Belcher termed it—slavery. With regard to the benefit society and the various demands that the union men should have the preference over non union men, and that there should be permission for the union officers to visit the ships, the company were not prepared to agree to them.

Mr Sim said it came to this: that Mr Mills's company was not prepared to meet the union in any way.

Mr Millar pointed out that the court were bound to give a decision in any case.

Mr Sim said before making any recommendation the court would try to get the two parties together if they could.

After some consultation between the parties,

Mr Sim said the court would take the dispute between the Seamen's Union and Mr Ramsay.

Mr Belcher said that what had been stated by him with reference to the Union Company's employees, so far as the long hours and the arduous nature of their employment were concerned, applied, he thought, with almost equal force to Mr Keith Ramsay's employees. He again reiterated that the coasting sailor was the hardest driven in the Australian colonies. The Invercargill and the Napier worked similar hours to what he had mentioned the Union Company's boats did, and, if any thing, the work on them was more arduous than on the Union Company's vessels. There was, however, no necessity to go very lengthily into the matter of the hours, but he again repeated that the men on these two vessels averaged from 10 to 14 hours per day. With reference to holidays, the seamen thought the same argument that had been applied in the case of the Union Company applied with equal force to Mr Ramsay's vessels. He believed Mr Ramsay had a different system of dealing with the men from the Union Company, and did not allow them any overtime payment for holidays. He might say Mr Ramsay's vessels were favourites for bay excursions, and he reaped a considerable amount of benefit therefrom. But instead of paying the men overtime for working on holidays, he believed it was a custom to allow a couple of men to go ashore. They were supposed to get a day to themselves, but they went down in the morning to get the vessel ready for the excursion. Those who were not required after that could go away for the day. But the men had to be down again at 6 or 7 in the evening, so as to go away to see that night. The day was broken into to a large extent, and he thought it was only right there should be some monetary compensation for those men who were compelled to lose their holidays through no fault of their own. They were ministering to the pleasure of other people, and at the same time the owner of the vessel was reaping a pretty fair advantage from the transaction, it might look a lot to make him pay 12s for a day's work, but it might not occur probably once in 12 months. Mr Ramsey's vessels were carrying cargo from Dunedin every trip, and bringing back timber. He did not reduce his wages at the same time as the Union Company did, but continued paying £7 a month to seamen till 1894, and increased the rate to £10 a month to his firemen, and he (Mr Belcher) might state that he had a little conversation with Mr Ramsay at the time he reduced his wages. Mr Ramsay then pointed out certain anomalies in connection with railway freights from Invercargill. He did his best to get that

matter rectified, but unfortunately did not succeed, and that was the reason Mr Ramsay advanced to him for reducing the men's wages. There was no dispute with reference to any benefit society. He believed Mr Ramsay was just as satisfied to employ a union man as any other man that came along, and it was only in the matter of wages, overtime, and holidays that the seamen had any dispute with him. The seamen contended £7 a month and 1s 6d an hour overtime was only sufficient to give a man enough to live on decently and respectably and to keep himself in anything like a comfortable manner.

Mr Ramsay: I shall not occupy much of your time. It is my intention to confine my reply to the subject matter of the correspondence that has taken place between Mr Belcher and my elf, and to the order of reference which you as a court are called upon to consider. Before making that reply, it seems necessary I should just note one or two of the remarks made by Mr Belcher. I may say I hardly admit that the men on board my steamers work harder than they do on the Union Company's steamers. They do their work very well; that is all I can say of them, and I say it quite heartily. But it is a mistake, I think, on the part of Mr Belcher to say that the men average 12 or 14 hours a day all the year round. I think that is an extraordinary statement, and not justified by the facts of the case. With regard to running excursions, I only run one steamer, and I may inform the court that the arrangement between the captain and the men with regard to holidays works to their mutual satisfaction, and it seems to me hardly necessary to disturb it. I have no complaint on either side. The system answers the purpose, and I believe it would be a mistake to disturb the existing state of affairs. Mr Belcher also refers to the fact that the steamers were laid up a good deal. The Napier has been laid up, but not recently, and practically the Invercargill is never laid up. I may say, however, that the disadvantage of having a steamer laid up is a very much more serious matter to me than it can be to the men in my employ. In reply to the demand made by Mr Belcher I will just say this: In Mr Belcher's letter of 18th December last he bases claim on the pronounced improvement of a shipping business during the past two years. In my reply to him I affirm that the improvement has not come my way, and I have also pointed out that the unfair competition of the Government railways makes it quite impossible for me to benefit by it so far as my chief business is concerned, which is trading between Dunedin and the southern ports. Some 18 months ago I petitioned Parliament and prepared a statement in connection with this matter and I take the liberty of placing copies of both documents before this court for the purpose of showing how much I am handicapped by the unfair action of the Railway department. The first demand is £1 per month increase for firemen, seamen, trimmers, greasers, lamp trimmers, and ordinary seamen. In my business I have only to do with firemen, seamen, and ordinary seamen. I do not know on what principle the demand is made. In the case of able seamen the increase asked for is 16 per cent., and for ordinary seamen 25 per cent., in that of firemen 111.9 per cent. Perhaps our friends will give some explanation of this happy-go-lucky proposal! It certainly wants it. Referring to the relative wages of seamen and firemen, I never could understand why the latter's wages should be 50 per cent. higher than the former. Would not this difficulty be met by an adjustment of wages in these cases? On the question generally I would say, as Mr Mills pointed out, that the earnings of seamen and firemen are much higher than those of shore labour, except highly skilled labour. As to the question of overtime and holidays, I would suggest that when vessels are detained, as they often are, for days on the West Coast—and in my own case, at Fortrose, Catlins River, and even Waikawa,—some allowance off the wages should be made, but at present none is made; but if a man, no matter how long he and the vessel may have been idle, has to work extra time to get a vessel away, he has to be paid overtime. A vessel may be detained for days at any of these harbours, and the first opportunity to get out may be a Sunday or other holiday, in which case the unfortunate owners would have to pay overtime for a full day in addition to the wages, no matter how short a time the men have to work. It must be obvious to everybody that this is an entirely one-sided arrangement and should not be allowed to come about. It is proposed to intensify this evil by adding to the number of holidays and by increasing the rate of overtime by 50 per cent. As a matter of fact it is practically impossible to work a bar harbour in one tide, and in winter time this always means a day's detention. Supposing a steamer arrived at a place on Saturday, is she not to be allowed to leave again till Monday without the payment of overtime for a whole day? It has always been my custom in Dunedin when possible to give the men Sunday to themselves, but if this overtime business is to be enforced, I will have no option but despatch on Saturday. The union rules do not include Boxing Day or Easter Monday as holidays, and the addition of these would seriously injure all shipping business. The proposed increase of 50 per cent. on the rate paid for overtime is quite unreasonable. The amount now paid to seamen is double the rate they receive as wages, and they now want three times as much, in addition to their ordinary wages, and if they are asked to work on a Sunday or holiday their proposal, if given effect to, would mean that a seaman now receiving 4s per day and found would get 16s per day and found, whether he worked the whole of the day or only part of it, however short that part might be. With regard to the demand that members of Federated Seamen's Union should have pre-emptive right of employment when available, I have personally no objection to giving union seamen and firemen the preference so long as the union is open to all competent persons who may wish to join it. As to granting permission for Seamen's Union representative to visit members on board ship, I do not think that,

under any circumstances, this should be allowed between the hours of 8 a.m. and 5 p.m., or at any time when the work of the vessel is being carried on. I go so far as to say that it should be entirely in the option of the owner whether these visits should be made at all. It seems to me to be the duty of the union to provide facilities for meeting with their members ashore. It can hardly be urged that the interest of the owners is the object of their visit, and it seems unreasonable that their property should be used for any other purpose. Some years ago a wonderful production known as the Seamen's and Shipping Bill made its appearance in the House of Representatives, under the auspices of the Seamen's Union. That little bill provided for the payment by myself of an extra £640 per annum on my steamers Invercargill and Napier when the expenditure of as many extra pence was altogether unnecessary. I asked a warm friend of this measure who is possessed of a great amount of common sense how on earth he could support such a bill. His reply was to the effect that it was better to ask for a great deal more than they expected to get. My friend's mantle seems to have fallen on the shoulders of the representatives of the Federated Seamen's Union, who have gone in for quite a feast of fat things, in the hope that sufficient may be granted as may possibly in some measure justify this present agitation.

Mr Belcher, in reply, would like to point out that a great deal had been made of the difference in percentage of the increases proposed, but that question had never been raised when the reductions were made, which effected changes which were much more disproportionate in their incidence. It appeared to him that while now possibly the only view taken of the question by the capitalist was the pounds, shillings, and pence question, other and moral considerations in connection with these matters must be regarded. He was sorry to see that there was no probability of a settlement being effected.

Mr Sim: We are not without hope yet, Mr Belcher.

Mr Belcher replied that there did not appear to be a great deal of chance of anything being done.

Notwithstanding what Mr Ramsay had said, speaking as a man who had had 18 years' experience at sea and 10 years' experience on the New Zealand coast, and as one who, without being egotistical, thought he could say he had always given his employer the best of his intelligence and muscle, he (Mr Belcher) could say that a seaman's life on the Australasian coasts was a dog's life. Almost every man who could see any possible chance of getting away from that life was getting out of it as speedily as possible, and, as a matter of fact, a new class of men altogether were being drafted into the boats.

Mr Ramsay said a tremendous lot of people tried every week to get on board his boats.

Mr Belcher said that might be so, but he would venture to say that after a little experience they would be only too glad to get out of them.

Mr Ramsay said he had some men with him who had been on them for six or seven years.

Mr Belcher said no doubt that was so, but looking at the subject generally, he said without hesitation that the bulk of the men who had been employed by the Australasian shipowners in the past were gradually drifting out into other employments, because they really could not put up with the conditions on board. The money might seem a great deal to the man who was paying the wages away, but some little consideration would have to be given to the men who did the work. The shipowners' capital could bring in no return without the labour of the men, and consequently the thing that ought to be considered before capital was labour. So far as labour organisations were concerned, they did not war against capital. Capital was inert; it could not possibly do harm, and the members of those organisations recognised how essential capital was. What they warred against was rather the exceptional privileges that the capitalists got—that was the privileges to the men who monopolised the capital. Those who were making the profits for the capitalists would have to receive consideration before dead, inert capital. That was all he had to say.

The board then adjourned until 3 o'clock next afternoon.

FRIDAY, FEBRUARY 5.

The adjourned meeting of the Board of Conciliation was held in the Supreme Court at 3 o'clock on Friday afternoon. All the members of the board were present—namely, Messrs W. A. Sim (President), G. P. Farquhar, J. A. Millar, M.H.R., G. L. Sise, and R. Ferguson.

Mr Belcher, the secretary and representative of the Seamen's Union, and Messrs James Mills (managing director of the Union Steam Ship Company) and Mr Keith Ramsay were also in attendance.

After conference and consultation amongst the members of the board and the parties to the dispute extending over half an hour,

Mr Sim said: There is a prospect of an arrangement being come to between the parties, and so the board has determined to adjourn until 3 o'clock on Monday afternoon.

The board adjourned accordingly.

MONDAY FEBRUARY 8.

An adjourned meeting of the Board of Conciliation was held at the Supreme Court on Monday afternoon, the following members of the board being present: Messrs W. A. Sim (president), G. P. Farquhar, J. A. Millar, M.H.R., G. L. Sise, and R. Ferguson. Mr Belcher (the secretary and representative of the Seamen's Union), Mr James Mills (managing director of the U.S.S. Company), and Mr Keith Ramsay were also in attendance. After the members of the board and the parties concerned in the dispute had consulted together from 3 to 4.35 p.m., Mr Sim intimated that negotiations for a settlement were still proceeding, and the board had arranged to adjourn again until 3.30 on Tuesday afternoon.

TUESDAY, FEBRUARY 9.

The Board of Conciliation again met on Friday afternoon for the purpose of, if possible, effecting a settlement of the seamen's dispute. Negotiations had been progressing under the auspices of the board since the matter was heard on the previous Thursday, and several adjournments had taken place after conferences with a view to settlement had been held between the parties to the dispute and the board. All the members of the board were again present—namely, Messrs Sim (president), G. L. Sise, G. P. Farquhar, J. A. Millar, M. H.R., and R. Ferguson.

Mr James Mills (managing director of the Union Company), Mr Keith Ramsay (a shipowner), Mr Belcher (the secretary of the Seamen's Union), and Mr G. A. King (clerk of awards) were also present.

After another series of consultations with the parties and amongst the members of the board, at 4 p.m. it transpired that a recommendation had been unanimously agreed upon, and that it would probably be accepted by all concerned.

Mr Sim said: With respect to the dispute between the Seamen's Union and the Union Steam Ship Company the board has recommended the parties to agree to the following compromise as a settlement of the dispute:—

- The wages to be increased by 10s per month as from the 1st of March, 1897.
- Overtime rates to remain as at present.
- Holidays and payment for holidays to remain as at present.
- The company to have the same right of employing non-members of the union as at present, but to afford to members of the union the same right of employment as to others.
- Membership of the company's benefit society to be optional after the 30th September next, which will be the end of the society's financial year. In the meantime the company may require the employees to join the society, and may give its members preference of employment.
- The company to have the same right as at present to engage hands by agents.
- The Seamen's Union's representative is not to visit members on board ship, but the company recognises the right of such representative to visit the men in their own time at any other place.

I may say that Mr Mills, the representative of the Union Company, has agreed to these terms, and Mr Belcher approves of these terms, but before definitely agreeing to them he has to obtain the authority of his executive.

Mr Belcher: Pardon me. I do not say I approve of them.

Mr Sim: I understood you to say you would recommend them.

Mr Belcher: That is a different thing altogether.

Mr Sim: Well, then, Mr Belcher will recommend that these terms be accepted by his executive. The board have recommended the parties to embody these terms in an industrial agreement to remain in force for a period of two years. Then with respect to the dispute between the Seamen's Union and Mr Ramsay, the recommendation already made in connection with the other dispute covers this dispute, and Mr Ramsay agrees to accept the terms already suggested with regard to the other dispute.

Mr Ramsay: That is so far as they apply to me.

Mr Sim: Yes, so far as they apply to Mr Ramsay. That will end the matter so far as the Conciliation Board is concerned.

Mr James Mills: Shall I be at liberty to make a few remarks?

Mr Sim: I suppose the members won't object

Mr Mills: I merely wish to say how I recognise the anxious care the chairman and members of the board have given to this matter and their great desire to bring it to a fair and just conclusion. It was largely in deference to their wish, and indeed pressure, with also other consideration?, that on behalf of the company I have agreed to this concession in wages, and perhaps also from a desire to merit from Mr Belcher the character for "sweet reasonableness," which he has denied us hitherto. I may say—indeed, I cannot help saying—that I still think the present rate of wages is ample under existing circumstances, but the company have to recognise that since the appeal was made to them by the deputation from their men some three months ago, when they declined at that time to make any concession, the supply of this class of labour has not been so plentiful, and

they also recognise that the effect of recent legislation, which provides for a certain number of men being carried on a ship and that every man shall have a certain qualification, be he seaman or fireman, somewhat limits the number of men available for their purpose and consequently attaches some additional value to their services. Having these things in view, the company thought that the circumstances justified them in making some concession in the present instance. As regards the employment of men not members of the union, we are glad that you have seen your way to award that there should be freedom of employment as hitherto. We have a large number of non-union men in the company's employ—good, deserving men,—and it is only fair and just to them, and to others like them, that this liberty should be allowed. As regards the benefit society, I may explain that we have conceded to a great extent the demand. We have practically conceded the demand, for we have agreed that membership of the society shall be optional after the 30th of September. During the interim I feel confident we shall be able to reorganise the society on such a basis that the members will still very largely take advantage of it, and the company will continue to foster it as they have hitherto done. I may say that the immediate necessity which appeared to exist for the formation of the benefit society five years ago does not now exist. The object then was to keep the men in touch with the company, and endeavour to create a mutual interest so that if strained relations arose at any other time they might probably consider the company's interest as much as their own. However, recent legislation has to a great extent done away with the necessity for that, as is evidenced by our appearance here. When differences arise the State has provided a board before which we can appear and discuss matters, and probably, in most cases, come to an amicable settlement. There is no doubt that this concession in wages, together with the concession recently made to the engineers, and possibly other similar concessions which will probably necessarily follow in the wake of these will involve a large extra expenditure on the part of the company. This concession and the concession to the engineers between them will amount to £7000, and the others will probably bring it up to £10,000. I think we are justified in saying this is a sum which we cannot very well afford out of the present earnings of the company. It will have to be made up to us in some way by an increase of fares and freights where it appears that can be done without injury to the trade so that we may recoup ourselves as far as possible. I am obliged to you for allowing me to make these few remarks Mr Chairman, and I thank you and the members of the board for your kindness in this matter.

Mr K. Ramsay said: Mr Chairman, I have only to thank the board of Conciliation for the my great attention they have given to the dispute between the Seamen's Union and myself, and also for their desire to bring about an agreement between the union and the shipping interests in this place. While not admitting that an increase in wages is justifiable under the present circumstances, I felt it my duty to join with Mr Mills in agreeing to the increase that has been given. As I mentioned before there are some special circumstances in my case which render it somewhat difficult to me to be over-generous in the matter of the payment of the men in my employment I refer, to the strong competition—the unfair competition—on the part of the Railway department. At the same time I have to say that I have great pleasure in falling in with Mr Mills's agreement so far as its provisions affect myself. With regard to the Seamen's Union, of course I have all along felt it ray duty to encourage that union up to a certain point, and I have generally given the preference to those who are members of the union. I shall continue to do so; of course reserving to myself the same right that Mr Mills reserves—the right to employ others. On the whole, the relations between the union and myself are friendly; indeed, I recognise that combinations should exist both of employers and employees, and holding that belief I feel it to be my duty to act as I have done I have to again thank the board for its kindness.

Mr Belcher said: I only wish to thank the board most sincerely for their very honest efforts to effect a settlement and for the large amount of patience they have shown in listening to the various stories told them by both sides. We have had your ears on several occasions in private, and I must say you have tendered the best advice you possibly could, I think, under the circumstances. So far as the concessions themselves are concerned, there are seven items asked for, and all we have got out of it is a very small piece of one and part of another, with a very big reservation in connection with the matter. Looking at it from my point of view, well, the concession is almost infinitesimal I can only say I will endeavour to do my utmost to influence the men I represent to accept those terms. I cannot say definitely whether they will do so or not. I cannot pledge them in any shape or form; all I can say is that I will use every effort I have at my command to try and induce the men to accept these terms. Of course it is obvious—indeed it has been referred to both by Mr Mills and Mr Hamsay—seeing the legislation we have in existence at the present time, the recognition of the union, or anything that might be done in that connection is to a large extent compulsory by statute law. However, I am pleased to have been here, and I sincerely trust if we can manage to effect this agreement and get it drawn up in proper form, in the future we will get along together a great deal better than we have been doing during the last five years. I think Mr Mills himself will admit that in a large employ like theirs, where so many men and so many interests are involved, notwithstanding every effort that is made by employers to control the employed, disputes will arise; and I say when a dispute arises there must be some good ground for it. I sincerely trust the Union Company will relax a little of their antipathy to the union and lend a reasonable ear to anything brought

before them. I do not suppose they will be troubled with trivialties. There will have to be some good cause of complaint before they will be troubled again. I have only again to thank the board for what they have done in connection with the matter.

Mr Sim said: The members of the board thank Mr Milk, Mr Ramsay, and Mr Belcher for what they have said of the efforts and labours of the board. The fact that the board has been able unanimously to make a recommendation which has been practically accepted by the parties to the disputes is of itself & sufficient reward for their labours. If the future operations of the Conciliation Board prove as successful as they have been on this occasion we shall have no reason to regret our appointment to the position.

The proceedings then closed.

decorative feature

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Front Cover

The Degeneration of Liberalism In New Zealand.

Reprinted from "The Evening Post."

By "A Citizen."

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MDCCCXCVII.

The Degeneration of liberalism.

(Reprinted from the Evening Post.

"It is not freedom, but the use of freedom, that ennobles man."

That a great change has come over liberalism in New Zealand, and that it is in the direction of degeneration and degradation, there can, I think, be no doubt. Nothing is more common than to hear men who have all their lives regarded themselves as Liberals, and who still claim to be such, repudiate with scorn the idea of their being Liberals according to the acceptation of the term now prevalent. Such men not only regard them-selves as Liberals, but protest in all sincerity that they are the only true Liberals, implying that those who have arrogated to themselves the exclusive right to that honourable name are mere pretenders. This is the position of thousands of the most earnest and thoughtful men in the community—many of them Scotsmen of like type with those who constituted the van of the Liberal army that carried Mr. Gladstone from victory to victory—men such as those who in Great Britain would have remained loyal to the Liberal Party until it gave itself up to that "radicalism" which led it into the wilderness at the last general election, just as they adhered to the Liberal Party in New Zealand down to the end of the Premiership of Mr. Ballance, but fell away when that Party became the mere instrument of the autocratic will of one man for exploiting the commonwealth in the interest of the Party individually and collectively. It is no doubt true that in New Zealand the so-called Liberal Party is still in the ascendent, and is likely so to continue, and its members can about to the "true Liberals":—

"We have marched triumphing, not through your presence;

"Songs have inspired us, not from your lyre."

But a Party in the true and noble sense in which Burke used the word they certainly are not, and it is on such men as I have described that the Liberal Party must depend if it is ever again to become a truly national Party, seeking the good of the country as a whole, instead of being, as it is now, a mere faction used by individuals and classes for their own aggrandisement. Such men regard the present ascendancy of the self-styled Liberal Party as the triumph of a mere numerical majority consisting mainly of the blind and mercenary followers of self-seeking demagogues—men who place their own and their Party's interests before those of the nation as a whole. They believe that Liberalism has ceased to have any connection with liberty or even with political morality, and just as in the very midst of the reign of corruption in Great Britain in 1761, the principle that inspired the leading Liberals was embedded in one sentence by Burke—"The principles of true politics are those of morality enlarged"—so the "true Liberals" amongst us continue to protest amidst the political corruption surrounding them that "Seddonism," which lives and moves and has its being in corruption, is separated, *toio cælo*, from Liberalism.

Just as religion when it degenerates into a mere profession of belief in certain dogmas becomes a useful cloak for selfishness and hypocrisy, so with Liberalism in New Zealand; it has become a mere *credo*, the articles of which are altered and added to from time to time by the leaders of the Party to meet the demands of the hour. Anyone who refuses to subscribe to any of those articles ceases to be a Liberal, whilst on the other hand anyone who is prepared to pronounce the shibboleth becomes at once a Liberal, no matter what his political past may have been, or how recently he may have denounced the Liberal Party and all its ways, or how sudden his conversion. The recent general election furnished several remarkable instances of such

"conversions." In one case a politician who had been a member of a so-called Conservative Ministry, and who had denounced the "Liberal" Government in the most unmeasured terms within a few weeks of the election, was accepted as the "Liberal" candidate for one of the leading constituencies, and the "Liberals" and the Labour Party elected him as one of their representatives. We do not know whether this politician professes to have undergone any conversion, but the appalling fact is that to the "Liberal" Government that accepted him as its candidate and to the "Liberals" who elected him the question of the sincerity of the conversion is of no importance at all; indeed, such a question seems to be regarded as quite irrelevant—to this complexion has "Liberalism" come in New Zealand! It seems to have adopted the notion that the change from Conservatism to Liberalism may be an instantaneous one, like the process seen in the first act of Gounod's "Faust." A despairing and ruined man learns that if he pronounces the words "I believe," and succeeds in persuading himself of their magic power, a complete change will take place in him—hey, presto! off go the philosopher's dingy robes, his hoary locks, his palsied gestures and accents, and a young hero steps down to the footlights to sing fortissimo of the glorious new life that is now his.

Here we see one material distinction between true Liberalism and the counterfeit which designing men are now passing off for it. Liberalism is not a mere *credo*, the repetition of which makes a man a Liberal; it is rather a matter of temperament and cast of mind, a disposition to look at matters political in a particular way. But, in politics as in religion, there are always multitudes of people who, like Dugald Dalgetty, simply choose the side that is likely to pay them best, and those who at the present moment in New Zealand call themselves the leaders of the Liberal Party are fully alive to this fact, and are deliberately availing themselves of it to the uttermost. What else is the meaning of that shameful declaration of the Premier that in the making of appointments a "Liberal" is entitled to the preference? Is it possible to imagine anything better calculated to degrade Liberalism? And could there be a worse symptom of the progress of the disease in the body politic than the fact that such a *pronunciamento* has been received with such indifference? Some years ago a leading English Liberal published a book with the title "Why am I a Liberal?" If that question were answered truthfully by our New Zealand "Liberals" what would be the answer in most cases? "Because the Liberal Premier has said that Liberals are to have the preference, and I have a son or daughter who expects to get an appointment under this grand new principle." "Because the Premier says his Government is the People's Government, and he considers it his special duty to look after the interests of the working men." Can it be questioned that such answers disclose the real moving springs of "Liberalism?" Is it not inevitable that, human nature being such as it is, Liberalism should in such circumstances be degraded, and should become a synonym for individual and class selfishness? And can it be denied that it is to their adroitness and unscrupulousness in appealing to such selfishness the "Liberal" Government owes success? True Liberalism is an appeal to the highest motives and noblest aspiration of its votaries, whilst the spurious Liberalism I have been describing builds upon the much surer foundation of self-interest.

The Right Hon. G. J. Shaw-Lefevre, in answer to the question, "Why am I a Liberal?" says, "Because in domestic legislation it (Liberalism) prefers the interests of the nation to those of any section or class of it, while it endeavours to secure its objects without doing wrong or injustice to individuals." Can it be said that our self-styled Liberals in New Zealand could adopt those words as embodying one of their principles? Would not the following express more correctly the true inwardness of New Zealand Liberalism?—"I am a Liberal because in domestic legislation Liberalism professes to seek the interests of one particular class, the working class, regardless of the interests of large landowners and other Tories." There is no doubt that such a proposition as this propounded in a stentorian voice by the "Liberal" Premier, would be received with acclamation and delight by the great majority of his followers, and anyone who ventured to demur would be branded as a Tory. Is it any wonder, then, that real Liberals repudiate with scorn a title of which they used to be proud? To them Liberalism meant the struggle of the masses of the people against the strongholds of privilege—not specially in the interests of the people in the sense in which that word is now used by demagogues, but in the interests of the nation as a whole. In their view the true Liberal is

"Justitiae cultor, rigidi senator honesti, In commune bonus."

But not one of those terms can with propriety be applied to our self-styled New Zealand Liberal. He cannot be described as *justitiae cultor*, a lover of justice, for justice knows no distinction between Liberal and Conservative, Aristocrat and Democrat. Time was when there would have been nothing inappropriate in describing a Liberal as *rigidi servator honesti*, but, alas! to do so now would simply raise a smile of derision; and, as for being *in commune bonus*, good towards all, our New Liberal would regard the idea as simply Quixotic. According to a leading English Liberal, the ideal of a Liberal Party consists in a view of things undisturbed by the promptings of interests and prejudices, in a complete independence of all class interests, and in relying for its success on the better feelings and higher intelligence of mankind. If this be a correct description of the true ideal of a Liberal Party, how wofully the Liberal Party in New Zealand falls short of it; Not one of those three essentials can be predicated of it—indeed, the converse of each of the three might be

applied without impropriety. So far from being independent of all class interests and relying on the better feelings of mankind, its leaders rely for their success upon appeals to pure selfishness and class interests, and men who persist in dinging to the principles of true Liberalism are vilified as renegades because they refuse to surrender their principles and independence.

Liberalism in New Zealand presents a remarkable illustration of the tendency inherent in human nature for men to deceive themselves with mere words and phrases, and to cling to the shadow after the substance has fled. A truly magical power is attached to the mere use of the word "Liberal," and yet nothing is more certain than that Liberalism in New Zealand has ceased to have any connection with liberty, and has become the most intolerable form of despotism: a Party destitute of the feeling and idea implied by true Liberalism arrogates to itself the exclusive right to the name. So there are many who, whilst scorning to be called Liberals according to the prevalent acceptation, yet claim to be true Liberals. Liberalism means the advancement of the general interests of the community and of all classes without distinction as against the privileges of an aristocratic ruling caste. In a country in which there is no aristocracy and no ruling caste and no class privileges to fight against, Liberalism either changes its meaning or ceases to have any meaning at all. This is the explanation of the remark so often heard that in New Zealand there are no Liberals and no Conservatives; and the statement is perfectly correct if the terms are used in the sense they bear in England to distinguish two great political parties. In England Liberalism derived all its significance and all its power from the fact that for generations the aristocracy had selfishly used political power for its own self-aggrandisement. History shows that in the past no body of men ever found political power in their hands without being tempted to make selfish use of it, and the question of questions for the future is whether the great Democracies of the twentieth century are to resist the temptation to use political power as a means of material self-enrichment. With a higher sense of duty than has been shown by some of the governing classes which preceded them, will they refrain from jobbing the Commonwealth? In so far as New Zealand is concerned at the present moment, if we answer truthfully, we must admit that Democracy, that Liberalism, means government in the interests of a particular class. It will no doubt be replied that, if this be so, the favoured class constitutes a majority of the people of the colony—namely, the working-class, and that as in the past in England the aristocracy exploited the Government and Legislature of the country in their own interest, it is but natural and right that the People (Demos) should do likewise when they find themselves in possession of political power. That it is natural seems only too true, but that it is right is certainly not true, however "Liberals may preach and practise to the contrary.

It was inevitable that when the preponderance of political power came to be placed in the hands of the numerical majority a class of politicians should arise who would set themselves to the task of flattering the people for their own selfish ends, and this form of adulation offered to Xing Demos is just as detestable as that which in the past surrounded kings and potentates. In New Zealand politicians of this class call themselves Liberals, but in reality they are mere demagogues. Just as the self-seeking flatterers of kings and princes professed to regard the interests of the nation as subordinate to the interests of the sovereign, so our New Liberal boasts of carrying on the government of the country especially in the interests of the people, and the Liberal Premier describes his Administration as the "People's Government." Now, let me say at once that I regard the government of the people by the people and for the people as the highest of political ideals; but I use the word people to mean the nation as an organic whole, whilst the demagogue, masquerading as a Liberal, uses the word people to signify a mere numerical majority consisting of one particular class of the community. This doctrine of the Divine Right of the numerical majority, which has come to be a fundamental dogma of our degraded Liberalism, is just as mischievous and tyrannical as that of the Divine Right of kings, and there is no more unpopular and yet no more necessary duty imposed upon those who claim to be leaders of the people than that of exposing the danger lurking in this pestilent doctrine of the infallibility of mere majorities. Charlatans and demagogues and sham Liberals never tire of bawling from the house-tops "Trust the People!" The sham Liberal places his trust not in the people (*i.e.*, the nation as a whole), but in the People (*i.e.*, a particular class of the nation). The true Liberal is the true Democrat—that is, the man who, whilst he prepared to give effect, not to the mere whims of any faction or temporary majority, however large, but to the real will of the nation, is yet just and tenacious of purpose, not to be shaken in his solid resolves by the ardour of citizens clamouring for what is base and bad, nor yet by the frown of the monarch urging his behests.

The author of the book before referred to, in defining the true Liberal, gives as the first feature by which he may be recognised the following:—"He will love the approval of his own conscience more than the approval of the people. He will prefer to the applause of the multitude the still small voice within him acknowledging him in the right. He will stand like a lion with the people when he thinks they are right, but he will fight like a tiger against them if he believes them to be in the wrong." I leave it to you to say whether this description of a leading trait of true Liberalism given by a leading British Liberal is applicable to either of our so-called parties. I am under the impression that those whom our *soi-disant* Liberals brand as Conservatives or Tories would at any rate claim that the description applies to them; whilst I am quite certain the "bosses" of the Liberal Party (it

has no leaders) would consider it no compliment to apply it to that Party. Instead of guiding himself by the still small voice of conscience, the Liberal turns his ear to catch the least murmur of the voice of the people—a voice which is much more likely to be *vox Diaboli* than *vox Dei*, if it be not at bottom the voice of individual judgment and personal conviction; and how seldom can that be said of it!

*"They praise and they admire they know not what,
And know not whom, but as one leads the other."*

There is no subject on which there is more need for political education of the average elector than the question of the rights and power of the numerical majority. It seems to have become one of the essential principles of our degraded Liberalism that a mere numerical majority is to be considered the people, and that the majority must be right; that it is no use—nay, that it is wrong—to resist the will of the majority, and therefore it must go unchecked. If Liberalism has any principles at all it must be admitted that this is one of them, and "Liberals" do not hesitate to say that to place any check upon the power of the majority is a violation of the principles of Democracy. Our Liberals artfully endeavour to identify Liberalism; with Democracy, and thus try to make it appear that all who are not prepared to proclaim themselves Liberals must necessarily be enemies of the People. I venture to say that the People (using the word in the "Liberal" sense) is not the nation, that the interests of the People are not necessarily the interests of the nation, and that it is not necessary to choose between the sacrifice of democratic ideas and the sacrifice of national interests. If this were necessary a true patriot could have no hesitation in saying that democratic ideas must go to the wall. That our spurious Liberalism is incompatible with true Democracy, and that the interests of the "Liberal" Party are antagonistic to the national interests, I am fully convinced, and have endeavoured to prove elsewhere. But "Liberalism" and Democracy are not identical, however it may suit "Liberals" to say so, and so no such choice as that between the sacrifice of democratic ideas and the sacrifice of national interests is presented to us for acceptance, and one may still be a true Democrat without being a "Liberal."

The true Liberal, whilst heartily accepting Democratic Government, does not pretend to believe that the majority is always right, and is prepared to withstand them to the uttermost when he believes them to be in the wrong; and, although he believes that the rule of the majority is, under the circumstances of our times, on the whole beneficial to the nation, he does not admit that he is either morally or logically bound to concede that the power of a majority ought to be unchecked; whilst recognising that the majority is ultimately supreme, he holds that it should exercise its power subject to checks imposed by the Constitution, and should thus be forced to act slowly and deliberately, and that the will of the majority, however large the majority may be, cannot render just that which is unjust or right that which is wrong. The "Liberal"; or demagogue professes to believe the opposite of all this, and by fawning flattery, by loathsome lying, by abominable appeals to his meanest motives, by profligate promises made in reckless profusion and incapable of performance, he deludes the "Liberi" elector and secures his vote.

The Liberal dogma of the supremacy of the mere will of the majority is constantly landing its professors in difficulties, and an excellent illustration of this is seen in the excuses invented to justify the requiring of more than a majority of votes for the introduction of Prohibition. The Prohibitionists charge the Liberals with being untrue to their great principle, and what answer is available? We read in "As You Like It" of a certain knight who "swore by his honour they were good pancakes, and swore by his honour the mustard was naught." "Now. I'll stand to it," says Touchstone, "the pancakes were naught, and the mustard was good, and yet was not the bight forsworn swearing by his honour, for he never had any; or if he had he had sworn it away before he saw that mustard and those pancakes." The like may be said of the principles of the Liberal party individually and collectively. They cannot be said to have acted contrary to them, for they have no principles worthy of the name, as they can be altered at a moment's notice. When a "Liberal" orator appears before a crowd of "Liberal" electors he lays it down as a fundamental principle of his Party "to trust the People" because the majority is always right, and he charges his opponents, the "Conservatives," with blasphemy against the Democracy because they dare to suggest that the majority may err. The sardonic Heine represents Napoleon as saying to the French nation, Thou shalt have none other gods but me" and this is precisely the claim that "Liberals" are so eager to set up on behalf of" the People." As to the sincerity of their worship the less said the better. When called upon to put their principle into practice, as by recognising the right of the majority to impose Prohibition, they devise all kinds of excuses for departing from their grand principle.

It is scarcely possible to imagine any dearer proof of the insincerity of those who claim to be the leaders of the Liberal Party, and of their total want of loyalty to principle of any kind, than their action in connection with the female franchise. That they were secretly doing their utmost to avert it, whilst professing to be earnestly striving for it, there cannot be the slightest doubt. Their duplicity in this matter is almost beyond belief. One of the principal reasons alleged as necessitating the appointment of twelve nominees to the Legislative Council was the fact that the Council had prevented the great "reform," and yet it is beyond doubt that those of the twelve who have always proved themselves the most "Liberal" voted against the measure, whilst those who

supported it have been denounced as renegades and Tories. Could anything show more clearly what a sham Liberalism has become since the death of Mr. Ballance I That he was sincere in his advocacy of woman's franchise there is no doubt; but it is equally certain that its realisation was mainly due to those whom Liberals are in the habit of describing as Conservatives. It is surely high time that the people woke up to the fact that they are being deluded with mere words and distinctions that mean nothing—that in point of fact there are no Parties in the sense in which the term is used in England. It does not follow that there are no Liberals and no Conservatives; for it is as certain that many, of those who call themselves Liberals are really Conservatives, as that many of those whom the "Liberals" brand as Conservatives are really Liberals. Judged by any rational test, a politician like Mr. Rolleston is unquestionably a Liberal in the proper sense of the word, whilst a man like Mr. Larnach, for instance, is as unquestionably a Conservative. The truth is that the distinction is meaningless as applied to Parties, and at the present moment the only real distinction is between those who are prepared to obey Mr. Seddon and those who are not.

That the "Liberal" Party is not in the true sense Liberal is plain to any person not blinded by Party feeling. True Liberals feel that no Party and no individual can be worthy of the name of Liberal that is a slave to the will of one man. That this was unfortunately the case with the so-called Liberal Party individually and collectively during the Parliament of 1893-1896 there can be no doubt. The circumstances were exceptional, but the fact remains, and the result is the degradation of Liberalism into a synonym for slavish subservience to the will of a self-constituted master. I say a master, not a leader; for a leader is one who leads, and is followed; whilst a master is one who has the power to drive. How the Leadership of the Liberal Party came to be converted into a Dictatorship on the death of Mr. Ballance will form an interesting chapter in the inner history of New Zealand political intrigues, and it is not for me to descant on the subject.

*"Truth is great and must prevail!"
Trite the adage: how and when?
Trial tells another tale.
Truth has failed, will fail again
If not backed by truthful men."*

Not truth prevailed on this memorable occasion, but personal ambition, backed by fixity of purpose, strength of will, and force and determination of character. The men who knew the truth as to the last wishes of their lost leader as to his successor backed the untruth, and it prevailed, and Richard Seddon found himself Premier, with the largest and most obedient following ever known in the history of Party government in New Zealand. Thus opened the Parliament of 1898-96, which is regarded by "Liberals" as the high-watermark of Liberalism. That it was fertile in legislation there can be no doubt, and especially in its first session, and at least one truly great and beneficent enactment was made in the Industrial Conciliation and Arbitration Act. But I am not concerned with the details of legislation. "What I desire to ascertain is how liberty fared during the course of this most "Liberal" of all Parliaments.

Now, there can be no doubt that the two most striking features in that Parliament were—(1) the decline in the quality of the members in general respect, in education, in public spirit, and in care and deliberation, and I fear, it must be added, in morality and integrity; and (2) its complete subjection to the will of one man. To prevent misunderstandings, it is necessary to explain the sense in which I use the word "morality." I do not mean that in personal morality the New Liberals or the Labour members in that Parliament were inferior to the members of preceeding Parliaments. To say anything of the kind were to do them a great injustice, for in regard to private morals they contrasted favourably with men who regarded themselves as their superiors in social position.

One of the arguments most commonly used in favour of the extension of the franchise to women was that their influence in politics would tend to raise the *morale* of the Legislature; and if the increase in the number of members who advocated Prohibition is to be accepted as a test, the most "Liberal" Parliament was also the most "moral." But apart from the fact that many of those who had pledged themselves to Prohibition were quite insincere, there can be no doubt that such a test of morality is not merely inadequate but is positively erroneous. A Prohibitionist, even when he is sincere, is not necessarily a better man than his neighbour who happens to be a moderate drinker; and with regard to a community, it may even be questioned, as it was by Renan, "whether a people that drank nothing but water would be the greater for it. Would it illustrate a more beautiful page in human history? Would it reach a higher standard of life and thought?" And with regard to the Prohibition Parliament of 1893-6, can it be said to have been more moral than its predecessors by reason of its licensing legislation? It is perfectly well known that neither the Government that introduced the Licensing Bills, nor all the members who voted for them, wished them to become law. They were moved by compulsion and

calculation, not by conviction, and it is an evil sign when public opinion looks without serious reprobation on those whom it believes to be acting without convictions, to be playing with great national interests for party or personal ends as if they were cards in a game or horses in a race. That this description applies to the action of the "Liberal" Party and its leaders in many instances, notably Prohibition and the woman's franchise, there can be no doubt, and such conduct must be admitted to be highly immoral in the sense in which I use the word. A Party capable of acting in this way cannot be said to have a very lofty ideal. That a Liberal leader should introduce legislation in which he does not believe on a highly important subject, and should coerce his Party to pass it, betrays a degree of turpitude and subserviency that is almost incredible, and yet this happened again and again. And as for voting for resolution against their convictions in obedience to the commands of their master, that was a matter that gave "Liberal" members of this most "Liberal" of Parliaments very little trouble after the first effort.

The complete subjection of the "Liberal" Party to the despotic will of its master is now so notorious that it is unnecessary to enlarge further upon the theme. Even more remarkable than its subserviency on the one hand were its arrogance and despotic tendencies on the other. These qualities were specially apparent in its attitude towards the Legislative Council, the least sign of independence on its part being treated as a thwarting of the supreme will of the people. Whilst casting the rights and privileges of the people under the feet of an autocrat, the House of Representatives strained to the uttermost its so-called privileges not only against the Upper House but even against the people. Privilege, which formerly was a protection against the encroachments of the Crown and the Ministry, has now come to be used by members for the purposed securing to them the right of slandering their betters with absolute impunity. The privileges which the House of Representatives is so fond of asserting as against the Upper House are largely mere usurpation resting on no authority but its own.

It has been well said that English history from a constitutional point of view, is little else than a record of the transactions by which the prerogatives of the Crown have been transformed into the privileges of the people. In New Zealand, the most democratic of colonies, the privileges of the people and their representatives are being rapidly transformed by a servile Chamber into the prerogatives of an autocratic Minister. As Lord Acton said not long ago, "Achieved liberty is the one ethical achievement resting on the converging and combined conditions of advancing civilisation"; but it is also true that it is not liberty, but the use of it, that ennobles men, and eternal vigilance is the price of liberty. And with our talk of liberty and Liberalism there is very real danger of our losing the substance whilst hugging the shadow. Taine justly observes that it was by invoking liberty and fraternity that the Jacobins able to "instal a despotism worthy of Dahomey, a tribunal similar to that of the Inquisition, and to accomplish human hecatombs akin to those of ancient Mexico." And it is in the name of Liberalism that in New Zealand a servile Parliament sacrificed those dearly-bought privileges of which it is the unworthy heir, and of which it knows neither the price nor the value.

In the name of Liberty the "Liberal" Party has jobbed and exploited the common-wealth in its own selfish interests. It has sold the birthright of the people, and the price is a mere mess of pottage—the spoils and power of office. And what do the people say to such a state of matters? Alas! they no longer prize liberty as their greatest boon. They have bartered it for *panem et circences*. The most Liberal Government is the one that is prepared to treat the wealthy man as a social pest and to strip him of his wealth in order to provide the *panem et circences* (food and amusements) for the people. Liberty has ceased to be an end in itself, and has become merely a means to a social end—the attainment of improved material welfare for "the People." Demagogues arise who proclaim the first duty of the State to secure the happiness of the majority by plundering the minority.

As I have said, Liberalism, when it was a vital power and not a mere name, meant the struggle of the masses of the people against the selfish privileges of the aristocracy. We have no privileged aristocracy in New Zealand, but it cannot be said that we have no privileged class. The privileged class now consists of the majority—the People—and I do not hesitate to say that such a state of matters is even more dangerous than the other, because the evil is more widespread and consequently more difficult to remedy. The old theory—and a very erroneous one was that only the rich were fit to regulate society; but no less mischievous is the doctrine, which demagogues are so assiduously preaching, that the government of the country should be "run" in the interests of one particular class—the People—and that, it is the business of the State, of the Government, to make the rich pay for whatever the poor want. We hear a great deal now-a-days about equal political rights, but very little about political and social duties, and matters have come to such a pass that no leading politician durst proclaim the elementary doctrine that in a free State every man must take care of himself and his family, and that any individual that looks to the State to provide for him and his family has ceased to be free, although he has the right of voting for a member of Parliament. Cieons will always arise in a democracy to tell the people that it is the duty of the State to provide for them, to tax the rich for the benefit of the poor, to provide them employment at a living wage and pensions for old age without any sacrifice or effort on their own part. It is the capital error of paternal government to undertake to do all for the people, forgetting that the true end of society is not to do work, but to train workers. We shall no doubt be told that if this is despotism, then it is at any rate a

benevolent despotism that seeks to procure all those good things for the people. The answer is that a benevolent despotism is the worst of all—a people's worst scourge, more mischievous than the rule of the bloodiest Cæsar or the foulest and most corrupt Stuart. The most grievous treason against society is that officious zeal which paralyses the energies of the governed, chills the high spirited into apathetic disgust, and relieves the idle of unwelcome responsibility. The spirit of self-reliance in a people, if once destroyed, can never be restored, and who can deny that this process is rapidly going on in New Zealand? We have a despot who undertakes to provide work at a living wage for the have-nots by taxing the haves; but he makes the reservation that Liberals are entitled to a preference, so that, not content with destroying the self-reliance of the wage-earners by undertaking to find or make work for them, he also makes hypocrites or "Liberals" of them—for the terms are rapidly becoming synonymous.

But what has all this to do with Liberalism? I answer, Liberalism now-a-days spells Despotism. I am quite prepared to be assured that Liberalism means Democracy, and that Democracy means the government of the people by the people for the people. And I reply, Liberalism in this country to-day means government of the people by an autocrat for the benefit of the autocrat and the Party that supports him, who try to delude the people into the belief that we are a Democracy. We fondly imagine that Democracy and Despotism cannot exist together—that Despotism is a monster of the old bad days of the torture and the Inquisition, and the name brings before our imagination a Tiberius, a Ghengis Khan, or a Napoleon; but a democratic despotism is just as possible as a monarchical despotism, and more difficult to get rid of. The fact is we have neither true liberty nor true democracy, but despotism and demagoguery. Liberty and Liberalism have no real meaning with us. The people are led to believe that Liberalism means entrusting the government of the country to one set of men who call themselves Liberals rather than to another set whom they call Tories—a fatal mistake! Liberty is not at all a matter of parties, or elections, or universal suffrage, or democracy, but of laws and institutions, and liberty is in greater peril under a Government calling itself Liberal or Democratic than under any other. There could be no greater mistake than the prevalent idea that an increase in popular power implies an increase in personal freedom. The problem of civil liberty is continual renewal: seemingly solved once, it reappears in a new form, and we must not forget that we are face to face with old foes—the vices and passions of human nature—just as dangerous in the guise of Liberalism as in any other. The new foes must be met as the old ones were met—by institutions and guarantees. The old constitutional guarantees were all aimed against kings and nobles, but they must now be directed against demagogues calling themselves Liberals and Democrats. One thing we may rest assured of—that no demagogue ever has advanced or ever will advance the cause of liberty one step, and the man who professes to govern the country in the special interest of the "people" is not a democrat but a demagogue. The true democrat is one who regards power as a sacred trust to be used for the good of the country as a whole, according to his earnest convictions. The demagogue has no convictions, no sincere beliefs, no guiding principle except this—

*In short, I firmly do believe
In humbug generally;
For it's a thing that I perceive
To have a solid vally.
This hath my faithful shepherd been,
In pastures green hath led me,
And this'll keep the people green
To feed as they have fed me.*

One cannot help thinking that so long as the present confusion exists in men's minds as to the meaning of liberty and Liberalism—so long, in fact, as they imagine that the possession of political power is liberty, it is impossible to get them to realise that they may be living under an autocracy. History shows that it is only when misrule becomes personal oppression that the mass of the people can be roused into serious and resolved resistance. Niebuhr has observed that in the great constitutional struggle at Rome the plebs were totally indifferent to the most important interests of the State. Time after time they bore contentedly civil and political injustice. It was to famine or successfully resisted outrage that the Romans were indebted for that spirit of freedom which hurled back the tide of conquest to the gates of Carthage and subdued the world to their will. We see the same thing illustrated in the history of France, where long years of unscrupulous despotism, gross abuses, and flagrant inequalities could not arouse the people to save themselves from bondage without the aid of starvation and a monetary crisis.

Do we not see, with only a difference of degree, a similar state of matters in New Zealand at this moment—the most glaring corruption on every hand; appointments created and conferred for the sake of

rewarding political supporters; the Civil Service crowded with men of the "right colour," in defiance of the law, and the public service degraded by intimidation and espionage; public money converted into "boodle," and squandered in the purchase of political support; leading "Liberals," who pose as friends of the People, enriching themselves with incomes derived from offices obtained; through their official positions? And all this in the name of Liberalism! It is almost incredible that such a state of matters should exist in New Zealand, and it is stranger still that it should have come to be acquiesced in as a matter of course. How is this to be accounted for? Simply by the fact that human nature is at bottom the same now as it was 2000 years ago in Ancient Rome, and the mass of the people are indifferent to most important public issues, whilst demagogues delude them by professing to run the country in the interest of the "People;" because Liberalism has been degraded by selfish and unscrupulous men, and Liberals have become mercenary and self-seeking, each man having received or expecting to receive some advantage to himself or to his class at the expense of the Commonwealth or of some other class. Not until the country has been brought to the very brink of financial ruin will they realise the hollowness of the promises and schemes with which designing men have been deluding them, or appreciate once more that liberty which they have bartered for a mess of pottage. A shrewd observer has said that the secret of governing a democracy consists in never interfering to check an evil until it has attained such proportions that all the world must see plainly the necessities of the case; that any amount of moral and material power could easily be obtained, but that, if interference were attempted at an earlier period, neither thinks nor assistance would be forthcoming. However cynical such a doctrine may seem, there is only too much reason to fear that it is correct.

The truth is that "Democracy" and "Liberalism" in the mouths of "Liberals" have no more meaning than that blessed word "Mesopotamia." Neither of them has in itself any motive force whatever. As has been shown over and over again, this "Liberalism" of to-day bears absolutely no relation to liberty and been degraded into despotism. Democracy is merely a form of government as monarchy and aristocracy are, and like them, when it ceases to represent the whole nation, it degenerates. The Democracy becomes demagoguery and ochlocracy just as the monarch becomes a tyrant and the aristocracy an oligarchy. *Corruptio optimi pessima*; the corruption of Democracy and of Liberalism is the worst, the most costly, and the most shameless. When the Government of a country falls into unworthy hands it cannot but be employed for the injury of the community; the worst is the negative of the best, as the noblest of mankind are they who devote their time and talents to the public welfare, so they are the meanest who pervert a public charge to their personal aggrandisement or gratification. And this is what "Liberalism" has come to in New Zealand. It is the art of living profitably in office, and at the same time getting perquisites for personal and political friends.

decorative feature

Printed at the Evening Post Job Printing House, Willis Street, Wellington.

Front Cover

WISE'S BOOK AND STATIONERY WAREHOUSE, The new proprietor (MR. J. G. SAWELL) of this well-known business, begs to inform Teachers and Pupil Teachers of Otago, that he intends to make a speciality of Books and Literature suitable to their requirements. Works on Kindergarten, Gymnastics, Method, etc., are continually being imported. Any Book wanted will be procured in Dunedin or ordered from Australia or London first mail. Mr. Sawell invites all Teachers to visit his shop and inspect the stock. NOTE ADDRESS WISE & Co., Princes Street, (Next to Pryor's).

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The Twentieth Annual Report of the Educational Institute of Otago. 1896-97.

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- WILLIAM McELREA ESQ., B.E. (Balclutha).

Vice-Presidents.

- MISS ANDERSON, (Central Otago)
- MR. J. A. VALENTINE, B.A., (Bruce-Chutha).
- MR. W. J. MOORE, (Dunedin).

Secretary & Treasurer.

- MR. WALTER EUDEY.

Librarian.

- MR. JAMES JEFFERY.

Elected by Institute.

- MESSRS W. DAVIDSON, D. R. WHITE M.A., W. G. DON,
- A. M. BARNETT, A. TYNDAL.

Auditor.

- MR. J. E. RUTHERFORD, B.A.

Past Presidents of the Educational Institute of Otago.

- 1878—PROFESSOR JOHN SHAND, M.A., L.L.D.
- 1879—SIR ROBERT STOUT, K.C M.G.
- 1880—PROFESSOR JAMES G. BLACK, M.A. D.Sc.
- 1881—PROFESSOR D. MCGREGOR, M.A., M.B.
- 1882—J. B. PARK, ESQ.
- 1883—WM. MACDONALD, ESQ., M.A. L.L.D.
- 1884—W. S. FITZGERALD, ESQ.
- 1885—WILLIAM MILNE, ESQ., M.A.
- 1886—JAMES REID, ESQ.
- 1887—ROBERT PEATTIE, ESQ., M.A.

- 1888—DAVID WHITE, ESQ., M.A.
- 1889—DAVID A. MCNICOLL, ESQ.
- 1890—ALEX. A. WILSON, M.A.
- 1891—CHARLES CHILTON, ESQ, M.A. D.Sc.
- 1892—JAMES RENNIE, ESQ., B.A., S.C.
- 1893—R. G. WHETTER, ESQ., M.A.
- 1894—W. DAVIDSON, ESQ.
- 1895—C. R. SMITH, ESQ.
- 1896—JAMES JEFFERY, ESQ.

Twentieth Annual Report of the Educational Institute of Otago, 1896-97

In submitting the Twentieth Annual Report to the Teachers of Otago and others interested, the Committee of Management, in pursuance of the policy adopted in last year's Report, embody in it the resolutions passed at the last Annual Meeting together with any slight explanations that may be deemed necessary. The Committee of Management also think that a *resumé* of the most important work done by the Committee during the year will increase the value of the Report, as a permanent record of the work of the Institute.

1. That a Committee consisting of Headmasters and those present be formed to consider the question of Schoolbooks.

Moved by Mr. D. White. See page 10.

2. That the Secretary be requested to communicate with Members of both Houses urging them to support the Teachers' Court of Appeal Act Amendment Bill.

Moved by Mr. Davidson. Action was taken as directed; and Members stated their willingness to support the Amendments desired; but it was afterwards learned, from the Secretary of the New Zealand Institute, that the Premier considered that it was not advisable to amend the Act in the direction asked for. Members will see from the Report of the Council Meeting that the Question is being kept steadily in view.

3. That the text-books on History at present in use are unsuitable either as reading books or as history books.

Brought forward by the Central-Otago Branch. See page 10.

4 That if members of the Education Board are to be elected by School committees, all committees should vote on the same day; but in the opinion of those present, the best mode of election would be a general popular vote, such as determines the election of M.H.R's.

Brought forward by the Central-Otago Branch and referred to Committee of Management. As an almost similar motion was passed last year, the Committee of Management took no action. It is generally conceded that the present method of election is open to three strong objections. (1) Committee's whether composed of five, seven, or nine members have equal voting powers. (2) Committee's representing a very small majority of parents can out-vote Committees representing a large majority. (3) Through the voting not being taken on one day, it is possible for circumstances to arise which might influence Committees to vote, not in accordance with their convictions, but rather from motives of policy.

It was not considered advisable for the Committee to take action at the time, seeing that an Act of Parliament is necessary to alter the system of election. (See Council's Report)

Page 11.

This question has been taken up by the Dunedin and Suburban School's Conference, but though strong arguments were brought against the present system, there seems no possibility of change in the immediate future. It can however again be taken up and remitted to the Educational Institute of N.Z. to take further action.

During last election to the Board the Dunedin Press very wisely abstained from publishing the votes of the individual Committees, giving only the total votes gained by each candidate.

5. That the Education Board be asked to consider the following proposal, "that no pupils be allowed in class rooms after 4 p.m.; and that the pupils doing Standard work be in no case allowed on school premises longer than 6 ½ hours, this time to include one hour for lunch."

Proposed by Mr. Jeffery. Motion lost.

6. That the Institute is in hearty sympathy with the Board's regulations re keeping-in and home lessons.

Moved by Mr Botting, and carried.

7. That the Secretary write to the other Branches of the Otago Educational Institute asking their opinion as to the advisability of the members taking more active and united interest in the election of Members of the

Education Board.

Brought forward by Otago Central Branch. Referred to Committee of Management. No action taken.

8. That it is not advisable to introduce the Bible into our Public Schools.

Proposed by Mr. Jeffery.

9. That it is not advisable at this Meeting to take a vote of Teachers on the question of the introduction of the Bible into the Public Schools, nor that the Committee of Management be requested to take steps to get the opinion of the Teachers of Otago on the question.

Amendment to 8. Proposed by Mr. Davidson.

10. That it is not desirable to take a vote of the Teachers on the matter.

Amendment to 9. Proposed by Mr. McElrea.

No. 10 was finally carried.

11. That in the election of President of the New Zealand Educational Institute, the Council shall in future receive nominations from the Branches, and shall at the Annual Meeting elect one of the Nominees as President for the ensuing year.

Remitted from Council of New Zealand Educational Institute for opinion of Branch Institutes. On the motion of Mr. Peattie it was resolved to disagree with the remit.

12. Mr. Peattie brought up the question of Syllabus for Class X.

It was explained that after an interview with the Chairman of the Board and with the Inspectors, the Syllabus had been amended, and in its amended form would give the teachers reasonable freedom, as the Inspectors only required from each school a Syllabus for Class X suited to the circumstances of that school.

13. That the members of this Institute are pleased to note that the Education Board has seen fit to appoint two of its teachers as Assistant-Inspectors; and that the Members congratulate the gentlemen so appointed.

Moved by Mr. Davidson.

14. That a hearty vote of thanks be passed to Mr. D. White, M.A., for his services as a member of the Executive representing this part of New Zealand.

Proposed by Mr. Davidson, seconded by Mr. Rennie.

Resume of Committee's Work,

Since the last Annual Meeting the Committee of Management has met seven times, the average attendance being 7.

Mr. Moore attended 7 times; Mr. Jeffery 6; Mr. Aldred, 4; Mr. W. G. Don, 5; Mr. Harnett, 3; Mr. Garrow, 4; Mr. McElrea, 3; Mr. White, 3; Mr. Davidson, 6; Mr. Valentine, 2; Mr. Eudey 7.

Scholarships.

Early in the year the Board proposed to change the date of the Scholarship examination from December to Midwinter, and the Committee on being asked its opinion on the proposed change, passed the following resolution:—"That while fully recognising the value of the reasons advanced by the Board for the change of date, the Committee of Management is of opinion that weightier reasons can be advanced for adhering to the present arrangements." At a subsequent meeting of the Board, it was decided to hold the Scholarship examinations as usual in December.

Quite recently the Board, in dealing with new regulations re Scholarships, asked the Institute to give its opinion on those for the Junior Scholarships, and to appoint a deputation to confer with the Boards' Committee and Inspectors. The Committee of Management expressed the opinion that it was not advisable to make any increase in the requirements for the Junior Scholarships, and appointed Messrs White, Moore, Jeffery and Eudey as a deputation to confer with the Boards' Committee and Inspectors.

The Conference was held on Tuesday, May 18th., and dealt exhaustively with the question, the Inspectors and the teachers bringing forward facts hitherto unknown to the Board, and in some instances to each other. At the conclusion of the proceedings it was generally conceded that Conferences of this nature are helpful to the Board, and are conducive to a better understanding among the three parties so closely connected with the Public Schools of the Province.

On the following Thursday, the Board agreed to revert to the old regulations for this year, and to ask the Inspectors, the Institute, and the Heads of the High Schools to meet for the purpose of drawing up, if necessary, a new syllabus of work.

The Committee thinking that the publication of the names of the defeated Scholarship candidates often did an injury both to the candidates and to the School which they attended early in the year, asked the Board not to publish these names: but the Board resolved to continue the practice.

Corporal Punishment.

In August, 1896, the Committee of Management, by invitation, conferred with Boards' Committee on Corporal Punishment regulations, and soon after were issued the regulations at present in existence. While there are admittedly defective, it must be remembered that they differ materially from what the Conference agreed to, and are less harassing than if the Executive had not been consulted. The Committee, feeling that some slight amendments were necessary, have recently asked the Board to require neither the registration of minor punishments, nor the presence of head-teacher while an assistant is administering a major punishment.—This question is to come before the Board's meeting in June.

Text Books.

At the last Annual Meeting, the question of School reading-books and histories was considered, and was referred to a large and representative Committee. This Committee determined to refer the question of Infant Readers to the matrons of the schools in and around Dunedin, and the question of Standard Readers and Histories to a sub-committee consisting of Messrs. White. Smith, Rennie, Kyle, Jeffery, South wick, and Eudey. This Committee, after long and careful deliberation, drew up the following report, which was forwarded to the Education Board by the Committee of Management.

The Committee recommended the following Readers:—

- For Standard Classes.
Longman's New Readers (New edition), or
 - Nelson's Crown Readers.In order of preference.
- For Infant Classes.
Nelson's Crown Series, or
Chambers's Fluent Series, or
Longman's Ship Series.

As selected by Matrons of Dunedin and Suburban Schools.

With regard to Histories, the Committee recommended:—

1. For Small Schools Where Stds. Are Grouped:—

- Blackwood's Short Stories for Std III.
- Chamber's Senior History for Stds. IV. V. and VI.

2. For Large Schools Where Stds. IV. V. and VI. and Under Different Teachers:—

Arnold's Historical Reader. No. 7, for Std. VI. No. 6. for Std. V.; No. 5. for Std. IV.; No. 4. for Std. III.

If the Board thought it preferable to have a single volume for the three upper Stds., the Committee recommended Chamber's Senior History for these; and the retention of Blackwood's Short Stories for Std. III.

If it is preferable to have a single volume for the Standards, the Committee recommends that Chambers's Senior History take the place of Gardiner's History for Standards 4, 5, and 6, and that Blackwood's Short Stories be retained for S. 3.

The Education Board referred the matter to the Inspectors, who reported:—

"The superiority (if any) of the readers recommended by the Institute over those in present use is not, we think, sufficiently great to justify us in advising the Board to make the change. An entire change of readers would entail a heavy expense on parents—an expense that only very decided improvement in matter and manner would justify.

With respect to history, we advise the Board to adopt the teacher's recommendation to substitute Chamber's Senior History for Gardiner's. To enable the children to work off their old books (Gardiner's) the change should, we think, begin in Std. IV.

The Board decided to adopt the recommendation of the Inspectors, and has since issued a circular authorising the use of Chambers's Senior History, which is admittedly easier and at the same time better adapted for use in Country Schools. The Committee of Management again communicated with the Board giving its reasons for desiring a change, and the letter was referred to the Board's Books Committee.

Incorporation.

In order to comply with the provisions of the Public School Teachers' Incorporation and Court of Appeal Act (extracts from which are given below), your Committee took steps during the past year to have 'The Educational Institute of Otago' registered and incorporated.

Extracts from Act.

4. Any society consisting of any number of teachers, not being less than *ten*, who reside in any one education district, and are associated for any lawful purpose connected with their profession (not being for purposes of gain), may be registered under this Act on compliance with the following provisions:—

- An application for registration, stating the name of the proposed society, and signed by two or more officers thereof, shall be made to the Inspector General of Schools (hereinafter called "the Registrar").
- Such application shall be accompanied by—
 - A list of the members and officers of the society;
 - A copy of a resolution passed by a majority of the members present at a meeting of the society specially called for that purpose only, and desiring registration under this Act;
 - An address (to be called the "registered office") at which the business of the society is conducted.

5. On being satisfied that the provisions of section *four* hereof have been complied with, and on payment of a fee of *one* pound, the Registrar shall register the Society in a book to be kept for the purpose, and thereupon the society shall become a body corporate by the name mentioned in such application, with the addition of the word "registered," which shall be, its corporate style and title.

6. The Registrar shall issue to such society a certificate of incorporation in the prescribed form, and such certificate shall be evidence that the society named therein is duly incorporated under this Act.

7. The members of a society incorporated under this Act, and their successors, in general meeting assembled, may make rules for the government of the society, and alter and annul any such rules, and, in particular, may by such rules provide, *inter alia*, for

- The qualifications and subscription for membership;
- The method of election of new members;
- The number and designation and the powers of the officers;
- The control, investment, and disposition of the funds and property of the society;
- The method of enforcing observance of the rules by members of the society;
- The control and use of the common seal.

8. *Prima facie* evidence of the rules shall be afforded by the production of what purports to be a copy thereof, if sealed with what purports to be the seal of the corporation, and signed by the President or Chairman thereof.

9. Every society when incorporated shall have perpetual succession and a common seal, and, in its corporate style and title, may hold and dispose of real and personal property, and may sue and be sued may recover any moneys due to the corporation by any person whether a member thereof or not.

10. Any member who resigns, or in any other way ceases to be a member of the corporation, shall, unless the rules of the society otherwise provide, thereupon cease to have any right or interest in its property and concerns, but shall not thereby be freed from any then existing liability to the corporation whether for subscriptions or otherwise.

11.

- Every society registered under this Act shall be deemed to be situate in the education district wherein its registered office is situate.
- Every such society shall forward to the Registrar, at prescribed periodical intervals, prescribed returns containing prescribed particulars.
- If any such society fails or neglects to furnish such returns, or to otherwise comply with the provisions of this Act, the Minister may cancel its incorporation.

12. It shall not be lawful for any society to be registered under this Act without the previous consent of the Minister, nor for any society to be registered under a name so similar to that of any registered society as, in the opinion of the Registrar, to lead to confusion.

COURT OF APPEAL.

13. There is hereby constituted a Teachers' Court of Appeal (hereinafter called "the Court") for the purpose of hearing and determining appeals by teachers against dismissal or suspension.

14. (1.) the purposes of each appeal, as it arises, the Court shall consist of three persons, as follows:—

- Such Stipendiary Magistrate in the district wherein the appellant teacher was employed at the time of his dismissal or suspension as the Minister appoints;
- One person of either sex, to be nominated in the prescribed manner by a corporation situate in such district, and
- One such person to be similarly appointed by the respondent Board which dismissed or suspended such

teacher.

(2.) The Stipendiary Magistrate shall be Chairman of the Court, and shall have an original and, in the event of an equality of voting, a casting vote.

The above extracts deal with Incorporation and the Court of Appeal. The remainder of the act supplies regulations for the method of appeal, and for the carrying out of the Act.

Appointment of Teachers.

The new regulations for the appointment and promotion of teachers have now been in force for 15 months; and the table on page 5 of the Board's Annual Report just issued, is interesting, as showing how the regulations have worked during that time. These regulations have now had a fair trial, and on the whole have given pretty general satisfaction, especially to country teachers. The experience gained, however, has shown that there are defects in connection with the working of the regulations; for in some cases, length of service has not received due consideration either by the Board or by the appointing school committee, as, other circumstances being equal, short-serviced teachers have been preferred.

The Library.

Though the Institute possesses a Library, it has been of but little value to members. Want of funds has prevented the circulation of parcels of books, and the Institute does not possess a room; for these and other reasons the Home publishers have not been asked to forward specimen copies of their latest educational works. During the year there has been a movement on foot towards renting a room for the exclusive use of members of the Institute; but as yet the movers have not felt justified in taking the financial responsibility connected with the proposal; so in the meantime, the matter is in abeyance. The Dunedin Branch has, however, made arrangements with the Principal of the Normal School for the use of a room to house the Library, and it is proposed that this room be open on Saturdays from 9 a.m. to 4 p.m., and that the leading Educational Journals be placed on the table. The Executive and the Dunedin Branch cordially invite country teachers to make the freest use of the room. The Home publishers will be communicated with, and it is hoped that during the year the Library will be considerably augmented. Perhaps the Executive will then be able to see its way to circulate up-to-date educational works among Branch centres.

The Institute and the Education Board.

By reference to other parts of the Report, it will be seen that the Board has been anxious to get the opinion of the Institute on questions connected with the effective administration of our Educational System. Teachers will fully appreciate this action, and it is to be hoped that the practice will continue; for a Conference consisting of representatives of the Board, of the Institute, and of the Inspectorial staff, must bring about good results and minimise misunderstandings and friction.

But in this connection it will not be amiss to say a word to teachers not connected with the Institute. The Board and its Inspectors, however willing to consult the Institute as representing experts, can only do so with dignity and with confidence in the results, when the Institute embodies the general opinion of the teachers as a whole. A great deal has been said about the Institute not being a fully representative body. The remedy lies with the teachers themselves, for the times are past when individual opinions can be listened to by a governing body taking charge of interests so varied and having results so far reaching. More would have been done in the past if teachers had been true to themselves. When an opportunity has occurred to voice the opinion of the Institute, the Executive has been brought face to face with the fact that teachers themselves might not be in agreement what the Executive might advance, and the Board also was able to retort that the Institute's opinion could not be taken as a representative one. It is therefore hoped that all certificated teachers in the Board's service will see their way to become members; for when the Institute represents the whole, of the teachers, the Board and its Inspectors will be still more willing to consult with the Executive, knowing that the outcome of such consultations will be welcomed by the majority of the profession.

Annual Meeting of Council,

The Annual Meeting of the Council of the Educational Institute of New Zealand, was held in Auckland on January 4th., and the two following days. There was a record attendance, representatives being present from every Education District in the Colony with the exception of Marlborough. The delegates were welcomed to Auckland by Sir G. M. O'Rorke. Canon Bates, Mr. Monk, M.H.K. and others who take great interest in education. A report of the Council meeting will be forwarded to each member of the Institute. It is unnecessary

here to mention in detail the business transacted at the Council meeting, as no doubt our representatives, Messrs Davidson, Hodge, Mahoney and Moore will, at the Annual Meeting, report fully on the work done. Mr. Wm. Davidson, who, for four successive years has represented Otago at the Council's meetings, was elected president for the present year. The next meeting of the Council will be held in Dunedin beginning on January 4th 1898. It is hoped that Otago teachers in general, and those of Dunedin and suburbs in particular, will give the visitors a hearty welcome, and do what they can to entertain them during their stay in our district.

The Educational Institute of New Zealand.

It has been urged that the connection of the Otago Educational institute with the New Zealand Educational Institute is a useless one, and therefore results in an unnecessary addition to the annual subscription. But this appears to the Committee to be an extremely narrow view of the position. If it is necessary for the Otago teachers to be a united body, so that the Board in consulting it does not lose dignity and will feel certain that the results will be satisfactory to all; it is also necessary for the Provincial Institutes to be united in one central body, which the Government may consult. In the past the Government has consulted the New Zealand Educational Institute, and has adopted proposals forwarded by it; it is therefore only reasonable to assume that the stronger the central body is, the greater the respect it will receive from the Executive of the Colony.

File of Back Reports Wanted.

It has been deemed advisable to procure and keep for future reference a complete set of the Institute's Annual Reports. Such a set would be most valuable, as showing the history of the Institute. Unfortunately, the Secretary has only a few odd reports, and he will be pleased to receive copies of reports from any member who may happen to have a spare copy.

The Constitution.

The Committee of Management thinks the time has arrived when the Constitution of the Institute should be revised, now that the Institute is incorporated. Great care should be taken in this work, and a strong endeavour made to bind the Branches of the Institute more closely together. A motion dealing with the question is to be tabled at the coming meeting.

The Institute's Finance.

Last year and this, it has been represented that the subscription to the Institute is large for the benefits received. The Otago Educational Institute receives from its Branches 7/6 from males and 4/- from females, giving an average last year of about 6/- per member. Of this, 2/6 is forwarded to the central body, the Educational Institute of New Zealand, leaving 3/6 per member for the Provincial Institute. By reference to the Report it will be seen that printing, advertising, and Secretary's expenses absorb about 2/6 of this amount, leaving about a shilling for incidentals. And this is too little rather than too much. Again and again the Institute has had to allow opportunities to do good to pass by, owing to want of funds. Further, the expenses for years past have been below the normal, for delegates to the Annual Meeting of the Educational Institute of New Zealand have not received their travelling expenses, nor has the item of rent appeared in the Balance Sheet.

The subscription can only be reduced by reducing the expenses; and expenses can only be reduced by one or both of the following: an increased membership or severance from the New Zealand Educational Institute. The printing, advertising, etc., of the Institute would cost but little more if the membership were doubled; but even then, those intimately connected with the working of the Institute know that it would not be advisable to reduce the subscription. Nor is separation from the Central body to be thought of. If it is advisable to have a strong Provincial Institute which the Provincial Education Board can consult with confidence) it is the more necessary that there should be a Colonial Educational Institute, which the Executive of the Colony can look upon as an advisory body. It is just as well to remember too, that forty per cent of the subscription to the New Zealand Educational Institute goes to the Defence Fund, which now amounts to £150, and stands behind any member suffering an injustice. In one respect it may be that the subscription at present is partly a useless expenditure. That, however, will cease to be the case when teachers swell the membership of the Institute, for then teachers will be able to exercise a public influence consonant with their position.

In connection with the financial position of the Institute there is a very general misconception connected with the Balance Sheet issued with the Annual Report. A balance of say £25, may in reality be a debit, for out of the balance, the expenditure for the ensuing year has to be paid; and reference to the Report shows that the Balance does not do much more than meet that expenditure.

Many teachers in outlying districts may not see the necessity of joining a Branch when distance prevents them from attending the meetings such Branch may hold. When it is seen that Branch membership is not convenient, then teachers can enroll themselves by sending 7/6 in stamps or otherwise, direct to the Secretary of the Institute.

A Charitable Appeal.

About three years ago the head-teacher of the Waikoikoi School had to apply for leave of absence on account of mental troubles brought on by overwork. After a lengthened holiday, spent for the most part in Australia, he recovered sufficiently to take up his work again; but in a short time it became necessary for him to retire from the service, and he has since then been quite incapacitated from work of any kind. His helplessness and misfortune have been further increased by the recent loss of his wife, who had been for some time in ill-health. Seven young children are left practically without parents. The savings of years have been more than absorbed in household and medical expenses; and, though some of the children are permanently placed, and the rest at present cared for by friends had relatives, a few pounds will be of extreme service in relieving pressure and in providing for immediate necessities. Subscriptions, sent in the way most convenient to givers, will be received and acknowledged, either by J. Jeffery, Anderson's Bay School, or W. Eudey, Kensington School.

Annual Meeting.

This year's Annual Meeting will be held in the Y.W.C.A. Rooms, Moray Place, and as the schools will be closed at the time of the Diamond Jubilee celebration, it is to be hoped there will be a record attendance.

The Committee unsuccessfully endeavoured to procure for the schools a fortnight's holiday in connection with the Record Reign Celebration. In doing so it was prompted by the fact that schools usually get one week at Midwinter, and it therefore thought that, to mark the very exceptional event, an extended holiday might be granted to the children.

The Committee regrets being unable to have the Annual Report in the hands of the teachers at an earlier date. As the meeting this year, has been brought forward about three weeks, this has caused the Annual Meeting of the Institute to follow very closely upon the Annual Meeting of the branches.

As in former years, the Institute is indebted to the Education Board for the use of the Normal School and for issuing circulars to School Committees advising the closing of the schools; and to the Inspectors for kindly refraining from holding examinations during the week immediately following the holidays.

The Report issued this year is intentionally more exhaustive than was the case in previous years. The Institute passed through a crisis last year and now that it stands on a firm basis it has been thought advisable to make the report fuller so that non-members may not plead ignorance of the Institute's work and may be in a position to realize the necessity for falling into line.

Branch Reports.

Reports From the Dunedin, Bruce-Clutha, and Central Otago Branches are attached. From a perusal of these it will be seen that there is considerable vitality in some parts of the province; and it is to be hoped that during the year Branches will be re-established in the Oamaru and Tuapeka districts.

Report of Dunedin Branch.

1896-7.

President.—J. GARROW, B.A.

Secretary.—O. J. HODGE, ESQ.

During the year the Executive have held eight meetings all of which have been well attended.

In reply to a request to the Committee of Management to recommend to the Board the advisability of showing on Scholarship and Pupil Teacher Examination papers, the marks allotted by the examiner to each question, the Executive were informed that there was little difference in the number of marks allotted to each question.

In view of the increase made in the requirements in Scholarship examinations the Executive supported the Hon. John Macgregor's motion to raise the age limit to 13yrs. 6mths. and 15yrs. 6mths.

As you are aware the increase proposed is withdrawn for the present year.

The question of Corporal punishment bulked largely in teachers' minds during the year and the Committee

of Management was the object of many unkind remarks on the part of teachers.

The Executive viewed with alarm the attitude the Committee was reported to have taken up on this question, but on enquiry found that the interests of the teachers were being carefully guarded by that body.

Acting under directions given by ten at the general meeting of members, the Executive arranged for holding a picnic at the Glen Outram.

Unfortunately the weather proved unfavourable. Those who were present expressed themselves as thoroughly pleased with the outing, and the Executive is of opinion that the teachers' picnic now inaugurated, will in its yearly recurrence prove a great means of bringing teachers together in social intercourse.

The success of the picnic under adverse circumstances leads the Executive to the conclusion that the time has arrived when one or two evening gatherings could with advantage be held.

Another of the recommendations of the General meeting was, 'that a room should be obtained in which teachers might meet, and in which educational books and journals could be read.' After obtaining information as to the rent of suitable rooms, the Executive decided that for the present at least it would be better to use one of the rooms in the Normal School. The library is now in that room, and Educational papers will be filed. Teachers will in turn be in charge of the room on Saturdays from 9a.m. to 4p.m. and all members of the Institute will be cordially welcomed and are invited to make the freest use of the room.

It was thought that on account of the Diamond Jubilee, schools should be closed from June 19th to July 3rd, and that the Inspectors' examinations should not begin till a fortnight after the re-opening of the schools. Suggestions to that effect were made to the Board through the Committee of Management, but the proposals were not favourably received.

Your Executive also took into consideration another matter that seemed to them of pressing importance; that was the payment of subscriptions. Though the Branch has been supported this year even better than last there are many teachers who are not members. The custom has prevailed of paying subscriptions at all times before the year begins and after it has closed. This leads to confusion both as to membership and as to the actual financial position of the Branch—a state of affairs that should not be allowed to continue. The Branch now forms a part of a duly registered society, with a legal standing, and if membership is of any use at all, teachers should see that they are on the roll of members. The Executive have therefore to recommend to their successors the urgent necessity of devising some means of collecting subscriptions and compiling the roll in the beginning of the Institute's year, as a roll is absolutely necessary, now that the Branch forms part of an incorporated society.

Another matter that must soon be considered is the drawing up of a set of rules for the Branch, in accordance with the Constitution to be drawn up by the Institute.

While convinced of the greater facility in the despatch of business obtained by present arrangements, the Executive consider that the general monthly meetings were of good service, and would recommend that arrangements be made for again holding general meetings.

When Unions of all kinds are so flourishing it is strange that "The Teachers' Union," which has for its object, not only the improvement in the position of teachers as a body, but also the advance of general education throughout the Colony, should be so feebly supported.

The Incorporation of teachers as a legally registered society, the gathering in social intercourse, and the opening of a teacher's reading-room are the main distinguishing points of progress during the past year, and these, the Executive trust will be effective in destroying the apathy which at present so largely exists, so that our Union may become more powerful, not only for the furtherance of the interests of teachers but also for the good of the whole community.

List of Members.

- Miss Jessie Cairns, High St. School.
- Mr. Robert Huie, Totara.
- Mr. John F. Botting, Broad Bay.
- Mr. O. J. Hodge, Normal.
- Dr. J. B. Don, Waitaki.
- Mr. Wm. G. Don, Caversham.
- Mr. Geo. Balsille, Sandymount.
- Mr. Arthur W. Tyndall, Blue Spur.
- Mr. Fred. S. Aldred, Greytown.
- Mr. Wm. Davidson, Waitati.
- Mr. Miss Farquharson, Waitati.
- Mr. Miss Kirby, Waikouaiti.

- Mr. Joseph Southwick, St. Leonards.
- Mr. D. McNicoll, George St.
- Miss Turnbull, George St.]
- Miss Jane Campbell, Kaikorai.
- Miss Mary Alexander, Kaikorai.
- Miss Jane Wilson, Kaikorai.
- Mr. John Robertson, High St.
- Miss Jane Hooper, Kensington.
- Mr. Walter Eudey, Kensington.
- Mr. William Gray, Mornington.
- Miss Mary McEwen, Kaikorai.
- Mr. John Whyte, Highcliff.
- Mr. W. B. Graham, Forbury.
- Mr. C. Young, Caversham.
- Mr. J. R. Rutherford, Kensington.
- Miss Anderson, North Taieri.
- Miss S. Albert, Kensington.
- Miss Alice Andrew, High St.
- Miss Effie Morgan, Taiaora Heads.
- Mr. Thos. C. Fraser, West Taieri.
- Mr. Alex. Kyle, Mornington.
- Miss Mary Cameron, Mornington.
- Miss Janet Highet, Green Island.
- Mr. W. S. Fitzgerald.
- Miss Waiden, Anderson's Bay.
- Mr. Jas. Jeffery, Anderson's Bay.
- Miss Gordon, N.E. Valley.
- Miss McIntosh, Mornington.
- Miss Mary Mills, Green Island.
- Miss Jessie Mills, Walton.
- Miss Bott, Fort Chalmers.
- Miss Scott, Mosgiel.
- Mr. W. Milne, Caversham.
- Miss Harrison, Whare Flat.
- Mr. L. A. Line, Union St.
- Mr. J. A. McNickle, Albany St.
- Mr. John White, Outrarn.
- Miss Horne, Green Island.
- Mr. D. E. White, Normal.
- Miss White, Union St.
- Miss C. E. Little, Eavensbourne.
- Mr. J. S. Tennant, High St.]
- Mr. John A. Fitzgerald, N. E. Valley.
- Mr. Alex. McLean, George St.
- Mr. J. D. Gar row, Kaikorai.
- Mr. David Murray,
- Mr. John Heid, Ravensbourne.
- Mr. Anderson, North Taieri.
- Mr. Sinclair, Port Chalmers.
- Mr. Jas. Rennie, Port Chalmers.
- Mr. Alex. Stewart, Union St.
- Mr. J. W. Smith, High St.
- Mr. W. J. Moore.

Bruce Clutha Branch.

ANNUAL REPORT. 1896-7.

Officers.

- *President*.—JAMES REID, ESQ., Milton.
- *Secretary*.—MR. J. A. VALENTINE, Clutha.
- *Treasurer*.—MISS ALLAN, Balclutha.
- *Representative on Committee of Management*.—MR. C. R. SMITH, Stirling.
- *Librarian*.—R. PEATTIE, ESQ., Taieri Ferry.

During the year 1896-7 six meetings have been held, two at Milton, two at Balclutha, one at Kaitaugata, and one at Stirling. The attendance has been very good, the lowest being 12 and the highest 24.

Great interest has been displayed at the meetings, and some of the papers read were of high merit. The discussions that arose out of the various topics dealt with were profitable and carried on in a capital spirit.

Altogether, our Franch is in a healthy, lively condition, yet our membership might be much larger than it is, and our members would do well to seek to induce teachers outside our ranks to join with us.

The following is the programme that has been carried out 1896.

List of Members.

- Miss Heckler, Waitahuna Gully.
- Miss Sinclair, Southbridge.
- Miss Allan, Balclutha.
- Miss Ralston, Manuka Creek.
- Miss Kinder, Stony Creek.
- Miss Jordan, Round Hill.
- Miss Paterson, Kaitangata.
- Miss Sinclair, Kaitangata.
- Miss M. A. Green, Circle Hill.
- Miss McLaren, Milton.
- Miss Gibb, Milton.
- Mr. James Smith, Milton.
- Mr. A. M. Barnett, Waitahuna Gully.
- Mr. C. H. Richardson, Dunedin, Inspector.
- Mr. J. A. Valentine, Balclutha,
- Mr. James Reid, Milton.
- Mr. Robert Peattie, Taieri Ferry.
- Mr. W. McElrea, Balclutha.
- Mr. Jos. Davidson, Waitepeka.
- Mr. C. R. Smith, Stirling.
- Mr. A. Grigor, Matau.
- Mr. Nicholson, Kaitangata.
- Mr. W. McLaren, Kaitangata.
- Mr. McNeur, Port Molyneuk.
- Mr. Watters, Milton.
- Mr. A. Parlane, Milton.
- Mr. C. Mahoney, Fairfax.

Central Otago Branch.

- *President*.—MR. WARBURTON.
- *Vice-President*.—MISS CAMERON.
- *Secretary*.—MISS WADDELL.

Annual Report.

I have the honour to submit for your approval the Report for the year 1896-7.

Four meetings have been held during the year, two at Cromwell and two at Clyde. The average attendance has been seven.

The programme for the year is a very short one, and is as follows:—

Nov.—"*The New Learning, an Historical Sketch*,"

MR. FLEMING.

March 6.—"An Hour with the Dictionary,"

REV. MR. CUMMING.

During the year the Board's attention was again drawn to the unsuitability of the History Text Books at present in use in our schools, and this Branch congratulates itself that its unceasing efforts have at last met with success.

The Secretary of the Institute was written to for particulars about the Library of the Institute, and the matter was brought before the Committee of Management. Steps are to be taken to put the Library on a more useful footing, and to allow country Branches the opportunity of gaining some advantage from it.

List of Members.

- Miss Cameron, Tarras.
- Miss White, Queensberry.
- Miss Waddell, Cromwell.
- Miss McMillan, Earnscliffe.
- Mr. Harvey, Bald Hill Flat.
- Mr. Closs, Alexandra, S.
- Mr. Warburton, Cromwell.
- Mr. Fleming, Bannockburn.

Members Not Attached to any Branch.

- Mr. Barnard, Hyde.
- Mr. Ellison, Tuapeka Mouth.
- Mr. Hilgendorf, Taieri Beach.

Educational Institute of Otago.

Twentieth Annual Meeting

Will be Held in Y.W.C.A. Rooms, Moray Place.—On— Wednesday and Thursday, June 23rd and 24th, 1897.

Programme of Proceedings.

Wednesday, June 23rd, Morning, 11 a.m.

Annual Report. Election of Officers and of Committee of Management.

Notices of Motion, Appointment of Committees.

Evening, 8 p.m.

Presidential Address. WM. MCELREA, ESQ.

"Advance in Medicine during the Record Reign."

DR. CHURCH.

Thursday, June 24th, Morning 11 a.m.

Reports of Delegates to Council Meeting, 1897.

"Syllabus Prunings."

MR. A. M. BARNETT.

Afternoon, 2.30 p.m.

"A Visit to Some Australian Schools."

MR. D. WHITE, M.A

Evening, 8 p.m.

Address SIR R. STOUT.

"The Teacher and his Work."

REV. DR. WADDELL.

Educational Institute of Otago.

Statement For Year 1896-97.

Audited and found correct.
J. R. Rutherford,

8th June, 1897.

Auditor.
Walter Eudey, *Treasurer*.

PUBLIC SCHOOL, COLLEGE, UNIVERSITY BOOKS, —AND— School Requisites of Every Description —AT— LOWEST PRICES —AT— BRAITHWAITE'S BOOK ARCADE. H. H. DRIVER, NEW & SECOND-HAND BOOKMAN. Agent for Olive's University Correspondence College Tutorial Series. This Series comprises Greek and Latin classics (annotated and translated); English Language, History and Literature; Mental and Moral Science; Mathematics and Mechanics; Physical Science, &c., &c. 100 volumes of undoubted excellence. CATALOGUE FREE. "CHAUCER'S HEAD" Book-room. Agent for Angus & Robertson's Australian Copy Books and cheap Educational publications. Bacon's Maps, Charts and School requisites supplied. An extensive stock of School and University books always on hand. Inspection freely invited. Country Orders Carefully Fulfilled. 3 GEORGE STREET, DUNEDIN. BOOKS PURCHASED OR EXCHANGED. SECOND-HAND BOOKS IN ABUNDANCE AND VARIETY. H. H. DRIVER, Near Octagon.

A. & T. Inglis CASH EMPORIUM, George Street. Dunedin. Cheapest House in the Colony —FOR— General Drapery, Clothing and Mercery, Boots and Shoes, Carpets, Linoleums, Floorcloths, Furniture, Crockery, Ironmongery, AND General Household Furnishings.

Open Letter to the Hon. John McKenzie.

No. 2.

SIR—

On September 27, by advertisement in the *Evening Post*, I ventured to ask you to do an act of common justice. You had accused me at the Ward banquet at Invercargill of being *employed at a liberal salary to invent lies about the Liberal Party*, and I requested you to justify this by selecting one statement of mine during the past four years which you deemed to be a lie, and to submit the same to the Press Gallery. A fortnight passed and no impeachment was made. In lieu thereof you took advantage of the protecting shield of Parliamentary privilege to repeat your Invercargill slander.

Being of a conciliatory disposition, I deprecate any idea that your language has been otherwise than figurative; such as your assurances to the people that the Lands for Settlement estates are reproductive investments of borrowed money; or that your efforts on behalf of the workers in respect to Horowhenua and Bushy Park have been entirely patriotic; or that the real enemies of the country, as you said at Newtown on April 21st, when advocating Mr. Charles Wilson's candidature, were the "Panama Street gang of lawyers, money-lenders, speculators and the parasites who were the humble and obedient tools to do their dirty work," whereas you, John McKenzie, claimed that "This is my country, and who are the pioneers?" I was there, John, note-book in hand, and took the words down. Had you known New Zealand as it was ten or fifteen years before you came to it, I venture to say that you would have done your best to get out of it. I say this because you have displayed such a lamentable want of courage in bringing your accusation of my 'alleged "lies" to the test. You came here and found a Colony ready for the reception of people who lacked the adventurous spirit of the heroes of the early forties, and yet you brag of being a "pioneer." Candidly, let me advise you to read the history of the first ten years of New Zealand colonisation, and then ask yourself if the few who ran the risks, and kept their heads above water in those early days, do not deserve as well of the colony as men like you and your colleagues, whose only claims are that you call yourself Liberals and grow rich by that simple device.

When you let your unruly tongue run riot and (as you will remember Horace says) *oleum addere eamino*—aggravate an evil—it must be patents of you that even a worm will turn when trodden on. It has therefore become a matter of duty with me that unless you nail up one of my alleged lies in the Press room, I shall feel it imperative to write to the numerous Opposition papers which have confidence in my veracity and judgment, that your statements, both at banquets and on the Ministerial bench, are not worthy of credence as they should be. You have invited this second letter from me, and the *onus* of proof as to our respective claims to be called Liars or otherwise, rests with yourself. This conciliatory course I judge to be preferable to either the *aryumentum baculinum*, or an appeal *à tergo*. However, I have a perfectly open mind, and will agree to any of the suggested courses.

I am, &c.,

Oct. 15th, 1897.

James Wilkie,

W. H. S. and Co. Print.

Open Letter to Members of the Legislature The Railway Question in New Zealand.

By Samuel Vaile.

Without Motion

there is not, there cannot be, any life.

On the

Power to Move

the whole social and commercial fabric rests. Suspend motion, and the universe itself would fall to pieces.

Therefore, my theory is that the transit question underlies every other social question, and that if the transit system of a country is radically wrong, none of its other social conditions can be quite right.

If we would prosper, we must keep the channels of motion—the means of transit—as free as possible.

At present our railways are blocked by an invisible toll-bar at every mile! Can this be to the public advantage?

Auckland 1897

Open Letter.

Auckland,

26th August, 1897.

SIR,

As it is my intention to again petition Parliament for a trial of the Stage System of Railway Administration, I respectfully solicit your earnest consideration of what follows.

When fifteen years ago I placed this system before the public, the whole proposal was one of my theory only, and so thoroughly did it traverse the existing policy that perhaps it is not to be wondered at that the then controller of our railways accused me of "great ignorance."

When I proposed to carry passengers from Waikari, in Canterbury, to the Bluff, in Southland, 436 miles, for 18s. 6d. first-class, and 12s. 8d. second-class, instead of the £4 10s. 11d. and £3 0s. 9d. he was charging, he no doubt thought that I did not know what I was talking about. I however had considered my subject well, and time has shown that my calculation was a more than safe one, for during the last eight years people have been carried every day on the Hungarian railways *four hundred and fifty-seven (457) miles for three shillings and fourpence (3s. 4d.)*, or a little over a fourth of my price.

All my main contentions having now been proved, *by actual practice*, to be sound and profitable, I am in a position to claim to speak with authority on this important subject.

My contention then has been and is this, that by working our railways on the system described in the accompanying paper, we could render our distant interior lands available for small settlers, could practically abolish poverty, could develop a large internal trade, could create numerous local markets for our farmers, could greatly reduce taxation, could add at least £500,000 per annum to the railway revenue, and, in fact, bring about a vast and beneficial social revolution.

These claims are large, and may seem impossible of attainment, but I think I shall be able to show that they

can be easily realised.

The Hungarians.

You will probably remember that when the Hungarians in 1889 started their Zone System, which is generally understood to be a faulty adaptation of our Stage System, our late Railway Commissioners from time to time published papers asserting that that system was a failure, financial and otherwise. They also asserted that the Austrian pretence of a Zone System was much the better system of the two, was based on sounder principles, and would give the best results. What I said about these two systems will be found later on.

The Austrian system, as I predicted, has proved a failure, and we now hear nothing of it. The Hungarian system, as I said it would, has proved a great success, financially and otherwise. In a few months I expect to receive further information direct from that country, but, so far, the latest that is reliable is as follows (the figures are taken from the *Hungarian Official Report* for 1892, sent to me by that Government):—

This shows a continuous increase during the four years until in 1892 they carried 19,567,200 more people, and earned 5,572,900 more florins than they did in 1888, from passenger traffic alone.

This is the latest official information I have so far been able to obtain direct from Hungary, and it is a curious circumstance that on applying to the Foreign Office in London they sent me the Report for 1890 as the latest information they had.

The *Economic Journal* of December, 1896 says: "That in 1893 the Hungarian railways carried 31,504,495 passengers;" and the *London Echo* of a late date states: "That the total revenue of the Hungarian railways for 1896 was 98,234,190 florins, or over seven and a-quarter millions more than the Minister's estimate, and the net profits were 5,000,000 florins more than in the preceding year."

Gratifying and important as this great increase in railway traffic and revenue is, it is as nothing—a mere drop in the bucket—compared with the vast commercial and social change that has taken place in Hungary since she has changed her railway system. From being one of the poorest, least progressive, and least known countries in Europe, in eight short years she has suddenly sprung to the front, and is now one of the most prosperous, progressive, and best known in the world.

Austria and Hungary.

Some 30 years ago Austria and Hungary entered into a treaty, and one of its clauses provided that to the common fund of the empire Austria was to contribute 68.6 per cent., while Hungary, in consideration of her poverty was to contribute only 31.4 per cent. That treaty is about expiring, and Austria demands that Hungary should contribute a much larger share; she however sets Austria at defiance, and resolutely refuses to pay more than 32 per cent. Would she have dared to do this nine years ago? Could she have done it?

Speaking of this matter on the 8th May last, the Vienna correspondent of the *London Economist*, says: "Hitherto all the points that Hungary has asked, Austria has conceded, and the growing importance of Hungary's industries and commerce was made the first consideration."

"But lately the progress that has been made by Hungary, its growing industries, its promising commerce, its mining undertakings, its well paying railways, have, all become so obvious, that Austria thinks herself justified in changing the old state of things, and in asking that her thriving neighbour shall no longer play the part of a pauper where, payment is concerned."

This is the effect of the system which Messrs. Maxwell and Hannay loudly and repeatedly asserted was a failure. It is a pity their administration did not produce a similar failure, in this country.

The question is, Will the Stage System produce such beneficial results here? Without fear that the results will belie the prediction, *I say that, if tried faithfully on the plan as laid down by me, that it will give vastly better results both financially and socially.* It is based on sounder financial principles, and was designed for the special purpose of enabling population to be profitably located in the far interior of a sparsely populated country.

If this can be accomplished, then it is clear that a large internal trade must be developed, and with it a large carrying trade for our railways.

Financial Outcome.

As to the Financial outcome of the application of the new system, it all depends on the answer to these two questions.

1st. Will two fares be taken at the low prices proposed where only one is taken now? In other words, will they double the present passenger traffic?

2nd. Will the fares paid by passengers *average*. 1s. each.

It will be seen that these questions should not have been submitted for answer to railway managers, but to financial men.

The following table gives an illustration of the present and proposed fares:—

The question is, are these reductions sufficient to secure two fares, where one is taken now.

For my part, I have every confidence that *at least five* would travel under the new system for one that travels now, and if so, then the financial and other results would be simply astounding.

Parliamentary Committee.

This matter was fully argued before the Parliamentary Committee of 1886 (see Parliamentary Paper, I., 9, 1886). The following table summarises the evidence then given, and it also most satisfactorily answers the second question: Will the fares paid by passengers under the new system average 1s. each? It will be seen that it proves, that even if the enormous reductions in long distance fares did not lead to any increase in the average distance travelled, that the average fare would still be 11¾d., instead of the 4½d. Mr. Maxwell said it would be.

It also proves conclusively that two of my low price fares will give a much larger revenue than one of their high price ones; for twice 424,914 is 849,828, whereas their own accountant says I only want 817,454, leaving me a surplus of 32,374 fares from the Auckland line alone.

My calculation is that, under the new system, at the very least four (4) fares would be taken where one is taken now. These at 1s. each, calculated on the basis of last year's travelling, would yield a revenue of £832,485, *from passengers alone*.

This is an *increase* of £473,663 on our passenger revenue of last year, and only £350,556 less than the total gross railway revenue for the year 1895-6.

I am quite convinced that by adopting the Stage System we could, within three or four years at the outside, add at least £700,000 to our gross railway revenue. I know that to most people my calculations will appear wild and impossible of attainment; but this is not so, they are the result of very careful study, and I am satisfied that they are moderate and easy of attainment.

It may be as well to mention that the reductions made in passenger fares in Hungary were the same as I am advocating here, namely, to about one-fifth (1-5th) of the present charges. The result has been to increase the average distance travelled by each passenger from seventy-one (71) to one hundred and thirty (130) kilometres.

As all my calculations are based on an increase of from 13 to 15 miles only, the mind becomes bewildered in contemplating the vast financial and social results that would ensue, if our success were only equal to that of the Hungarians; and I again say, *it would be greater*.

There is practically no limit to the development of railway traffic and revenue, provided they (the railways) are worked on sound principles. The experience of Hungary proves this, where, with a still faulty system, but a great improvement on the present one, not only do their railways pay well, but trade and commerce has been lifted out of the mire, and the whole face, of the country changed.

At any rate I am now in a position to say this. The course of events has proved that I correctly predicted, long before the result was seen, what would be the outcome of certain operations on four different railway systems. *Is it therefore in the least likely that I shall be mistaken as to the result of my own work?*

I do not say this in any spirit of boasting, nor do I in any way claim to be a prophet, but I do claim that it proves that I have carefully studied my subject and have arrived at sound conclusions as to the principles on which railway finance and working should be based.

Evidence Produced at the Parliamentary Enquiry into Vaile's Stage System in 1886.

What the Government Railway Accountant Proves would be the Financial Result of Adopting Vaile's System of Railway Fares and Charges.

NEW ZEALAND RAILWAYS. Summary of Passengers carried on the Auckland Section, under different Stages (Helensville to Morrinsville), for the Twelve Months ended 31st March, 1886. STATEMENTS MADE As to what Mr. Vaile's average fare for the distances named would be. DISTANCES. Present per centage of travellers at these distances Per centage of revenue they now have to pay. Total Number of passengers carried at Government Fares. Total Revenue. Number of Passengers computed to give the same Revenue at .Mr. Vaile's Fares. What this Table says. Samuel Vaile's Statement. J. P. Maxwell's Statement. Mr. Hannay's Statement. Equal Numbers of each Class. Two First class to one Second. * * £ s. d. * * * * Not exceeding 3 miles ... Travellers of these distances are 68.8 of the whole Per 55,518½ 1,215 12 1 59,588 55,860 5.15d. Average for 9 miles and under not more than 5d. Over 3 and not exceeding 5 miles 94,781 2,801 17 5 130,100 121,975 not less than 5d. Over 5 and not exceeding 7 miles 24.1 96,604½ 3,435 2 0 157,176 147,356 Over 7

and not exceeding 10 miles 46,045½ 2,144 4 3 60,012 56,259 8.57d. not below 8d. for 8 to 10 mls. Total of 10 miles and under 292,949½ 9,596 15 9 406,876. 381,450 5.66d. Could not be more than 4½d. Over 10 & not exceeding 30 miles These are 75,562½ 8,324 10 10 194,445 182,292 1/5¾d. Over 30 & not exceeding 50 miles 25.3 39.2 31,640 7,322 17 6 81,842 76,731 "In the country districts is only 4½d. for 50 nules. Over 50 miles These are 5.9 36.7 24,762 14,665 13 1 134,291 125,900 Gross Total 424,914 39,909 17 2 817,454 766,373 11 ¾d. 1s. "For all distances over 10 m. most unlikely to average 1s. 1½d." "I do not think the average (for all distances) will be 1s" Accountant's Office, Wellington A. C. FIFE, Accountant. All the columns marked thus * have been added-by S. V.

I will ask you, Sir, to be good enough to bear in mind that I was not allowed to see this return until the work of the Committee of 1886 had closed. If I had had it one week sooner, it is difficult to see how the Committee could have done other than recommend an unconditional trial.

Messrs, Maxwell and Hannay.

If you will give it a little attention you will at once see why I was not allowed to attend the Committee of 1890 (Mr. Harkness, chairman), or any subsequent one. Had I been placed in my proper position I would have subpoenaed Messrs. Maxwell and Hannay, and have asked them how they reconciled their evidence with the statement of their own accountant.

This table proves that all my calculations were sound, truthful, and well within the mark. It also shows that those of the manager and sub-manager were childishy astray, and makes it evident that railway men are not competent to deal with these financial questions.

I should like too, Sir, to direct your special attention to the first column of the table. You will observe that those who use the railways for distances of over 50 miles are less than 6% of the whole, but they have to pay nearly 37% of the revenue.

You will also see that the *country interest*, under the present system, has to pay 76% of the railway passenger revenue, while the city interest only pays 24%; and this unjust and ruinous inequality will apply to a much greater extent to goods traffic revenue, of which the country interest probably pays nearly the whole. This it is that has taken the value out of country land. How is it possible for the country to be settled under these circumstances 1 This is the great blot in our transit system, and, until it is removed, it is useless to expect any real permanent prosperity in either town or country. The adoption of the Stage System would alter all this, and give both town and country an equal chance.

One of the most plausible objections made to the Stage System is the assertion that we have not sufficient population. My answer, on the contrary, has been that it would give the best proportionate results in thinly populated districts. Again, time, and the course of events, has proved my calculations to be sound.

When the Zone System was applied to the Hungarian railways in 1889, the Government owned only the Main Trunk lines. These, of course, dealt with Budapesth, the other great cities, and the most densely populated districts. The result was an increase of 63% in the passenger traffic for that year.

In 1891, the Government had acquired the branch lines dealing with the most thinly populated districts. The result of the application of the Zone System to these lines was, that during the first year the traffic increased by no less than 110%, or 47% more than in the densely populated districts.

It should be mentioned that in both these instances the new system was running only five months and the old system seven months during the financial year, yet it produced these results over the whole year.

But the most striking illustration of the adaptability of a Stage System to thinly populated countries comes to us

From Russia.

On the 1st December, 1894, the Government of that country applied the Zone System to their railways for all distances exceeding 200 miles. For all shorter distances the old system was retained.

The passenger revenue of the Russian lines for the previous year had been £8,061,754, but the Russian railway "experts" calculated that the introduction of the new system would reduce the year's revenue to £6,167,552; it, however, wound up with £9,183,333, or £1,121,579 more than the previous year, and £3,015,781 more than the railway experts calculated on.

In the light of these indisputable facts it is difficult to imagine it possible to make a loss on our railways by introducing the Stage System.

I venture to hope, Sir, that you will be able to see your way to support me in my application. I have no end to serve other than the public good, never having asked for any reward. Having spent fifteen of the best years of my life, and a very large sum of money, in the effort to carry out this great reform, I hope I may, without

presumption, say that I think I am entitled to some little consideration in this matter.

I know that sooner or later the Stage System must and will be tried, but my anxiety is that it should be tried while I am here to watch over it. Unfortunately, there is no one but myself who has sufficient knowledge of the new system to ensure a faithful trial. I know well that the superior officers of the department would

Seek to Destroy it

by what they will *be pleased to call improvements*. Its two main features, the long distance stages and its extreme simplicity, they cordially hate, and I fear that if the matter is intrusted to them that the whole thing will be spoilt. It must be borne in mind that they have always ridiculed this system, and declared that it is impracticable, unjust, and will give disastrous financial results, and their determined hostility to it is well known to the whole country. It cannot be expected that they will exert themselves to falsify all they have been saying for the last fifteen years, and no policy could be worse than to put such an important matter into the hands of its open and avowed enemies.

Our railway managers will no doubt point to the increased railway revenue for the past year as a proof of their superior skill, and they will plead that they are doing well, and ought not to be interfered with.

The fact is, they are no more entitled to claim credit for this increase than the customs officials are to claim credit for the increased customs revenue; in both cases the increased revenue is due to the same cause—the general revival of trade—and the officials have had nothing whatever to do with it. *It is the Colony that has lifted the railways, and not, as it should be, the railways that have lifted the Colony.*

It would be easy to prove, by a comparison with other countries, that our railway officials last year made a distinct failure. The "good times" came to their rescue. The mere fact of a railway earning more revenue is no more a proof of right management than the possession of wealth is a proof of worth.

The true test of successful railway administration is the effect that administration has on the social and financial condition of the country generally, and it cannot be pretended that the position of our producers has been improved by any of the changes made in our railway administrators.

What Would it Cost?

Another question arises. What would it cost to try this new system? A reference to the table given will show that under no circumstances could it cost more than £20,000 to run it for a whole year, as regards passenger traffic on the Auckland Section. Surely it is worth this small risk. For, if not one single fare was taken as the result of the enormous reductions made, it is clear that that amount would be the outside loss.

In proof of my own fitness to take control over this matter, may I ask your attention to the following instances in which the railway men have said one thing, and I another, and in which time has proved me to be right and them wrong.

Some Proofs of my ability to deal with this subject.

Our railway officials having repeatedly asserted that I am incompetent to deal with this important matter, I respectfully, and with much deference, direct attention to the instances in which time and the course of events has proved my judgment to be right and that of the railway men wrong.

My first letter on the railway question appeared in the *New Zealand Herald* of the 3rd January, 1883.

On the 31st March following, the department gazetted certain alterations and reductions in passenger fares.

Commenting on these in a printed circular letter sent to the various Chambers of Commerce, I said, "I am strongly of opinion that the concession made will simply mean so much loss so far as the revenue is concerned."

At the end of the year, passenger revenue had *decreased* £25,243, and the number of passengers carried was 10,734 *less* than in the previous year.

In March, 1884, what was known as the "GRAIN RATE TARIFF" was gazetted. I analysed this and stated that it was more likely to produce £50,000 than the £150,000 estimated by the department. The result showed a gross increase of £84,409. and a net increase of only £50,372.

It is clear that in these two instances our railway controllers were quite unable to estimate, even approximately, the result of their own work, and that my estimate was much nearer the truth than theirs.

In my first lecture on the railway question I made the statement that passengers could be carried on a railway *thirty (30) miles for one penny* without loss. Mr. Maxwell quoted this as an instance of my "great ignorance." Several years later the Chairman of the Railway Clearing House in London gave a lecture on railway transit before the London Institute. In it he made use of these words: "Given a train of the capacity to carry 500 passengers, and *assuming that train to be only one-half full, then the cost of carrying each passenger is one penny for every thirty miles.*" I think this may be taken as proof that I had calculated correctly, and that

the "great ignorance" was not shown by me.

Speaking in the Auckland Chamber of Commerce soon after the appointment of the VICTORIAN RAILWAY BOARD, with Mr. Speight as chief, I used these words, "I venture to say that this Victorian Railway Board will make a complete financial failure, and that the social effects will be still more disastrous. In Victoria will first be reproduced in these colonies all the worst social inequalities, miseries, and vices of the older countries of Europe and America. I expect that for some years the revenue will be considerably increased, but it will be done by the usual process—that is, by absorbing the country districts of Victoria into Melbourne."

At that time I was probably the only man in Australasia who held this opinion, for then success was apparently assured, and the other colonies were hastening to follow Victoria's example. Time, however, has proved that my judgment was again right.

In July, 1889, I received from London information that the Hungarians were to start their "Zone" System on the 1st August following. Without waiting for them to begin I immediately wrote and, among other things, said: "As to the financial outcome, for some years, probably many, it will be a great success, but owing to the concentration in one centre it will gradually wear itself out and a better stage system will take its place." (See *New Zealand Herald*, 20th July, 1889.) This was written on the information then supplied that the system was one of equal zones, all starting from the capital, hence the last clause of the paragraph quoted. The financial results have more than justified my anticipations.

Subsequent information showed that the system was not one of equal zones still I thought their arrangement very faulty, and again wrote, pointing out that the 11th, 12th, and 13th zones were likely to give poor financial results. The reports show that I was also right in this anticipation. (See *New Zealand Herald*, 22nd August, 1889.)

After four years working the increases in the various zones was as follows:—

The officers of the department contended that under the Stage System there would be practically no increase on the shortest or the longest distances, but that any increase there might be would be on the mid-distance travelling. On the contrary, I maintained that the chief increases would be made, as they have been in Hungary, on the short and on the long distances.

It must be remembered that this evidence was given long before the Hungarian system was heard of.

In May, 1890, I received information that the AUSTRIANS were to apply a "Zone" System to their railways on the 1st of June following. It was evident to me that this system had been worked-out by the railway "experts," and that while professing to be a Zone System it was really a mileage one; consequently, in the *New Zealand Herald* of 28th May, 1890, I said: "My own opinion is that if there is any improvement in financial results that they will be exceedingly small." At the end of the year they had made a small loss, and I have never heard of any good coming from the Austrian system.

One of the objections urged to according the Stage System a trial is that it would be dangerous to the country to give me control over a small section of our railways.

If this is so, may I ask why a gentleman who never pretended to have the slightest knowledge of either railway policy or working was made Chief Commissioner of the whole of our railways, with irresponsible power to deal with them just exactly as he pleased, and also power to over-ride his fellow Commissioners.

Mr. J. P. Maxwell, too, when he was appointed General Manager, on his own showing, had never had a day's training to qualify him for his post. (See Parliamentary Paper, I.—IX., 1886, Questions and Answers, 617 to 620.)

I think, too, Sir, that without presumption I may be permitted to say that my knowledge of the railway question is at any rate equal to that of any of the Ministers who have had charge of our railways during the last fifteen years.

All that I ask for, is, that such temporary powers may be given me over one section of our railways as will enable me to lay down on it the Stage System, as regards every detail of coaching and goods traffic. That done, I shall be prepared to at once resign my post, and all I will ask for my services will be my actual expenses.

In conclusion, Sir, allow me to call your attention to

A Great Danger

that overhangs this community. In 1887 in America, and in 1888 in England, "Differential Rating" was made illegal under very severe penalties. In America, each rate so given renders the giver liable to a penalty of £1,000 and two years in jail. No language is strong enough to describe the utter vileness and immorality of this system.

Prior to 1887 this practice was illegal in N.Z., but by the Act appointing the irresponsible Commissioners it was made legal, and express power was given them to work it at their pleasure. In section 36, subsection (m) of that Act these words occur:—

"For imposing differential rates and charges for the carriage of passengers and goods upon any railway, and the circumstances and conditions under which the Commissioners will make special rates for the carriage of goods in quantities."

The object of the Commissioners in seeking to obtain this enormous power is best explained in Mr. Maxwell's own words:—

In his report for 1884 he says: "The system of rating differentially in this colony is not carried far enough, and the difficulty that stands in the way is the impatience of the public in submitting to *different treatment in different cases*, and the reluctance to place in the hands of the railway officers the power which would be necessary for carrying out *the principle extensively*. While retaining publicity by gazetting each rate, *were such a principle more widely introduced, the public would not be able to do what it now, to some extent, essays to do—read and interpret the rates generally; but the practice followed elsewhere would be necessary; the customer would appeal to the station each time he required a rate quoted*; and, whether the railways were managed by a Minister or a Board, more power and freedom in respect to rating would have to be placed in the officers' hands." The italics are mine.

By the Act repealing the appointment of Commissioners, the Government took over their powers, but in order to make assurance doubly sure, in one of the amending Acts it is expressly provided that *all the powers* exercised by the late Commissioners may be exercised by the Government.

May I ask, Sir, if the intention was to deal honestly by the public, why the late Commissioners were so anxious to have the power to multiply and confuse the rates until no one could "*read and interpret*" them?

Speaking with a full knowledge of the subject, I say that the intention of this system is to enable the controllers of railways to plunder the public to the utmost possible extent, and to use the railways for the personal aggrandisement of themselves and their friends. As the Americans put it: "all those who are in on the ground floor with them."

Let me again, Sir, direct your attention to the fact that this abominable system is now legal and in full force on our railways.

To show some of its dangers, let me instance a possible case that will be at once understood. We have lately heard a great deal about the "Ward Association." Suppose a "special rate for the carriage of goods in quantities" had been given that firm, and say that a concession of so much per bushel on grain had been made, what would it have meant to that Association, and what would it have meant to opposing firms? Yet such a transaction would have been strictly legal.

Here is an actual instance. There is a saw-miller at Mamaku, and a special rate has been made in his favour of 2/6 per 100ft. for the 108 miles to Paeroa, or 85 to Te Aroha.

There is another saw-miller at Wirangi, and his rate for the 74 miles to Paeroa is 2/11. Why is this? In the districts the question is freely asked if the special rate is a reward given to a political supporter. It is a disgrace to us as a community that such practices should be possible.

It must be borne in mind that this abuse of our railways was introduced by the late so-called non-political Railway Commissioners, and has been continued by the present Government. It will be seen how enormous and how dangerous is the power it confers on the controllers of our railways.

No change of Government, no irresponsible Commissioners, no change of men of any kind, can free us of this danger. It can only be done by *reducing railway rating to a scientific system*, which no man, or set of men, can tamper with. This the Stage System does, and that is why railway controllers hate it, and are determined to prevent its adoption if they possibly can.

Mr. J. P. Maxwell's evidence on this question of differential rating is very instructive. (See the Parliamentary Paper above-mentioned, page 50. Mr. Maxwell cross-examined by Mr. Vaile).

If a trial of the new system is entrusted to the railway men, it is its scientific character which they will seek to destroy. What they strive for is a system where all the rating depends *on their will*, and consequently all their effort will be to assimilate it as much as possible to a mileage system, and this is how they will proceed:

They will say, Oh, yes, Vaile's system is all right; but then, like all reformers, he is too extreme. It is not possible to do all he asks, but with slight improvements it will do well enough; and, if they are allowed, they will carry out their improvements in this fashion:

They will place more stage stations on the long distance stages, without regard to the location of population, and will thus largely destroy its value as a distributive and land settlement system. The effect will be to raise all the fares and rates to the distant and least accessible lands, and, by thus compelling the most thinly populated districts to pay more than their fair share of the revenue, retard their settlement and progress.

Even in this mutilated form it would give greatly better financial results than the present system, and the railway men would claim that these results were due to their "improvements," whereas they would only have secured a part of the revenue that might have been obtained had the system not been tampered with, and its great distributive capabilities most seriously injured.

Again commending this important matter to your careful attention,

I have the honour to remain,
Faithfully yours,

Samuel Vaile.

THE AVENUE,
AUCKLAND.

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Front Cover

The Labour Movement at Home and Abroad.

Address by Ben Tillett.

DELIVERED AT THOMAS'S HALL, WELLINGTON, ON WEDNESDAY, FEBRUARY 24TH, 1897.

(Transcribed from Shorthand Notes taken by E. J. LeGrove.)

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Mr. Ben Tillett.

The Labour Movement *At Home and Abroad.*

Address by Hen Tillett, *Delivered at Thomas's Hall, Wellington*, on Wednesday, February 24th, 1897.

The Chairman (MR. ANDREW COLLINS, J.P., President of the Wellington Trades and Labour Council), in introducing MR. TILLRTT, said the meeting had been called to do honour to one of England's greatest Labour Leaders—a man who had unselfishly devoted his talents and energies to the cause of Labour, and who had sacrificed his health thereby. On behalf of the workers of Wellington he had much pleasure in presenting MR. TILLET with a framed address, and the wish had been expressed that MR. TILLET would allow it to be hung in a conspicuous place in his home in the Old Country. The address was as follows:—

"We, the undersigned, on behalf of the workers of the City of Wellington, accord to you a hearty and cordial welcome to the shores of New Zealand. For several years your name has been familiar to us as that of one of the most energetic Labour organisers in Great Britain, and one of its most prominent and highly respected Labour leaders. It is therefore with feelings of the greatest satisfaction that we look forward to an intimate personal acquaintance with you. We express the hope that such acquaintance will be to our mutual advantage—that out of your matured experience of different conditions to those that obtain here we may learn that which will be useful to us in the future, while you will have an opportunity of studying on the spot the results of much advanced social legislation that has now passed the experimental stage. We trust that in this land of ours, so generously endowed by Nature, you will obtain the restored health which we understand you come hither to seek, and that the ultimate result of your visit will be to draw closer the fraternal bonds between the workers of the Old Country and the New." (Here follow names of the Presidents and Secretaries of the Trades Unions of Wellington).

Mr. Tillett, who was heartily welcomed, said: Mr. Chairman, my fellow Brothers and Sisters,—Hook upon this evening as an evening bringing to me newer hope in this expression of goodwill towards myself and to the movement in the Old Country. During my stay in New Zealand I have met with the most cordial welcome: I have been received as a man and as a brother, and I have recognised that the undercurrent of feeling is one of intense interest in the Mother Land. One feels all the more proud of one's country to know that sentiments that make for what is good, and for what is noble, and for what is true, from the nation's standpoint, animate you people of New Zealand, and are expressed to me as one coming right from the Old Country, with most of its wrongs burned into his memory and much of his health and his energy left behind. I have come here to seek rest, and I did not expect to find that my welcome would be so sincere. Neither did I have the least notion of what would be expected of me. I merely came out for the voyage to go home in the same vessel, but I understood on landing at Port Chalmers that such was not to be. And I was very glad that it was not to be, for I should have been very lonely indeed if I had not met many friends, some of whom I have also seen in the Old

Country, and who worked in some of the old fights with me at Home. So that makes my reception all the sweeter. I thank the organisations, many of which are represented here, for their interest, I thank them for the goodwill expressed in the handsome address presented to me: and I only hope that your beautiful New Zealand climate will enable me to regain that amount of health necessary for me to go and fight in the Old Country the battle that requires almost superhuman labour. (Applause.) I have been very ill all the night, and was very ill to-day, so perhaps you will not expect a great deal of me. If I could only say what is in my very soul, if I could only return my gratitude to you for the welcome given to me, if I could only thank you on behalf of the workers of the Old Country and my own family, I should indeed have an eloquent theme which would take me a long time to speak on. But I thank you from the bottom of my heart, and I only hope that ray visit here will give a little inspiration to some of you toiling like ourselves to obtain juster and better laws. In the Old Country we hardly know what victory is, we know more of failure and defeat; but, I am pleased to say, we have some of the greatest men, with some of the grandest intellects, sacrificing themselves to make the Old Country a better country than it is. We are not able to command with a flourish of trumpets great moral victories, but some of us who have had to keep our watch in the night-time, and in the darkness of this fight, have seen occasionally

A Glimpse of the Dawn,

and that keeps our faces in the right direction We have seen and do see growing around us evidences of the fruits of our sowing and of our working; and, although we are not able to measure, as we would like to measure, the greatest results of our labour, we at least are satisfied to know that many men and many women are better men and better women for the work some of us have done. However incapable and however short of real power we may be, we, at least, have used what power we possessed, and no men could do more. (Applause.) I come to your country—and I know you are very proud of it (applause), and you have reason to be proud of it—and I see men of health here and men who are happier than their brothers in the Old Country; I see women who are bonnie and bright; I see your children larger, with more bone and with more sinew, and with more laugh—their shout is louder than ours, because I suppose of your pure air and the better laws that govern your country. (Applause.) The possession of those laws is a great possession indeed, and one to be prized; but with all your prosperity—and I see that your prosperity is the outcome, is the growth of the great impulses of nature and of your bountiful soil—the lessons of the Old Country are so ingrained in me that I see that unless there is a great economic change, unless the people advance, unless their intellects grow, their reasons expand, and their ambitions increase with the increase of their country's wealth,

The Sinister Power of Mere Capitalism

will bring even such a beautiful country as yours to the same level of degradation and poverty that exists in the Old Country. (Applause.) I would not cry "Peace" when there is no peace; I would not say there is security when there is no security. The only security you have is in everlasting vigilance, is in relentless jealousy, unrelenting in its strength and in its right—the jealousy which protects men and women—aye, and protects the future generation. (Applause.) You have in a narrower circle the same life, the same component parts of a nation, as we have in the Old Country. Most of you know pretty well that although I am here to speak to you to-night, but for the advent of the Hon. W. P. Reeves I should not have been so honoured. (Applause.) He has given to us Englishmen a clearer notion of your life, and has given us some idea of the legislative work which has been done in this country. Those of us in the Old Country who are aware of it are glad of this growth even in another land, and we are all the happier to know that there are men and women in this country who have profited by the lessons taught them in the Old Country, and have made up their minds that New Zealand shall not be exploited by

The Tigers of Capitalism

(applause); but that it shall be the home of the brave and the free. (Applause.) In coming to your country I have been met with requests to know how we are building our movement. "What is Socialism?" say some people. Some folks imagine, and the general common heresy of the more ignorant or wilful is that we Socialists want to put all the money into one heap and take our share, and then to come another day for a further distribution. I am stating that because some newspaper editors lack economic education so much as to publish such nonsense as that; and I want, if I can, to give you some of the reasons that have urged us to be more extreme in the Old Country than you appear to be here. I want to say at once that capitalism is not so well organised in New Zealand as in Great Britain. You have a settler class in this country—a class that has helped to build up its own fortunes; you have a class of men here who have helped to turn your scrub and your forests into smiling fields and pastures; and you have a class here who have grown with your growth and who have

some pride in their country, and who are not as yet imbued with

The Hunger for Gold

to the extent that men are in the Old Country. Not that you have not the incipient germs of this selfishness, greed, and meanness: you have all these, but they are not so developed as they are in the Old Country. So much the better for the new country! (Applause). We in the Old Country have had to meet with an opposition at once unscrupulous and powerful—an opposition headed by the most virile of intellects, whose resources—I was going to say devilry—defy every instinct of justice, every sense of right, and every human passion to alter, to combat us and to set us back; and we have to fight that opposition with our own forces demoralised. We have to fight that opposition when many of our workmen themselves are half inclined to believe what has been sedulously inculcated in them in the past, that God intended that they should be contented with their state, such as it is. We have to fight the representatives of religion—and I speak with due regard for many of the self-sacrificing souls that form the clergy of many religions—we have to fight a class of warfare such as this with many of our own people inclined to kick us, or to

Stab us from Behind

while we are fighting their real enemies. That position is not the most happy of positions, but it is the position the agitator in the Old Country has to face; and in all probability we have said things that have been strong expressions of warm resentment. We have done things that may have been wrong; we have blundered and committed many faults, and those who tell us so have committed many faults also. (Applause). We have fought our fight and have actually said extreme things. But if there is anybody extreme in the world, it is the capitalist who is afraid of his securities, and for whom the whole English vocabulary will be ransacked for every epithet that can be used against us by the other side. To appreciate the truth of what I say, you have only in time of panic or popular excitement to take up a capitalistic paper and read the smooth and well-rounded periods and graphic swearing by the very persons who pray us to be moderate! Therefore if we sin, we sin in very good company. (Applause.) While the other side use the most extravagant language to defend what is unjust, we at least claim the right to use extreme language to defend what is just. (Applause.) We want the labour of Europe to be a labour that shall be self-contained, and for that purpose we have formed very vigorous socialistic organisations in Germany and in many of the Continental countries. And I might say, with the authority of one who has studied on the spot, that the mind of

The Continental Workman

is a better educated, more developed, and more scientific mind than even that of our British workman. I admit that—not that I like to admit it, but I admit it as a fact, and with a desire to get our own workpeople to be better readers and thinkers: that they may go into the study of sociology, and claim a fairer share of the world's good things. (Applause.) In the Old Country, as in Europe, we have passed through three distinct phases of labour. We have had the simple form of labour, where the wife was the helpmeet of the husband, and where clothing and other articles of workmanship, such as a table and a chair, were exchanged for a sheep or a pig, and where the various handicrafts were engaged in under the roof of the artisan; we turned from the mere manual labour into the second phase, where there was the general organisation of labour with the aid of capital; and we have emerged from that phase, and are now, I believe, in the last phase, the capitalistic production of commodities. We are now in that phase of the capitalistic system where great aggregations of wealth in the form of corners, trusts, syndicates, and monopolies are employed in production under the guidance of directorates and managers, who seek in many instances to justify their selection and high salaries by

Sweating Labour in Order to Increase Profits.

We have come to that phase where capitalism rules our markets, rules our politics, controls our legislation, and uses every man, woman, and child for its own purposes and for its own aggrandisement. (Applause.) The last phase is the most formidable, and it is the one that requires the most scientific fighting. We in the Old Country are endeavouring to teach our people the lines on which the battle should be fought. But you in this country may not know that in England and on the Continent the manufacturer is beginning to see that he is, after all, only a superior kind of workman. The man who owns the machinery—or who imagines he owns the machinery—is beginning to realise that he is only working for the benefit of a "corner" of capitalists, and in the Old Country the Socialist movement is being built up, not so much by the labouring classes so called, as by the middle class, by the manufacturer, by the superior workman, who are fast realising that they are only puppets

being exploited for the purposes of the capitalist. The aristocracy have patted the manufacturer on the back, and, like the fool he was, he put on airs. If he succeeded in life, and made a fortune, his cherished object was to get his daughter married into an aristocratic family, or in some way connected with one of their houses, and so they fooled him to the highest degree: until now he begins to realise that all these financial panics, all these

Periodic Depressions in Trade

and social miseries arising out of them, leave the capitalist better off than he was before: that, while ruin and want and misery are the portion of the worker, the other side are wallowing in wealth and arranging "corners" and trusts, and otherwise adjusting the capitalistic system to their own satisfaction. (Applause.) It is really wonderful to note how the trained business men in the Old Country have been fooled for so long. Many of us have been looked upon as agitators, wanting to steal their few pounds, by the very people who are suffering most from the capitalistic system. Poor old men and women of sixty and seventy, who have saved up a small store, have been taught that it is their property that would be confiscated by us, and these poor old souls have been so deceived that they have joined forces with the very people who have been pilfering from them all the time. (Applause.) In coming to New Zealand one comes across great quantities of marine insects called whale-feed. I was very much struck by the pink colour they gave to the surface of the water. When I heard that they were called

Whale-Feed

the following argument occurred to me: Suppose a whale came along and said it was their friend, and they waggled their tails and felt very well satisfied to be patronised by their big friend; they would very soon in their conceit waggle themselves down the throat of the big whale. And, after all, the manufacturer with his managers and workmen, the farmer, the artisan, the squatter and the retailer are all only whale-feed to fill the big maw of the capitalist. This hypnotic condition of mind into which the people have fallen has been brought about by the ignorance and apathy of many years, and it is our duty to overcome that hypnotism—and we shall. We now see our children coming out of schools with their satchels on their backs, and it is they at least who will comprehend and appreciate in the time to come the work that we are doing, and I trust will comprehend and carry it on with greater energy and with bigger brain than we have carried it on. (Applause.) We have passed through various forms of government from the communistic state; we have emerged from the village community into the township; we have passed through the more primitive forms of industry into that of the complex organisation of modern times. When the labourer had possession of some little land he was at least an independent individual, but, as soon as the capitalist came to exploit his labour, instead of being an independent man earning his own living he became the vassal of the wealthy capitalist. We have changed the form of labour from mere servitude—and in the old feudal times some service was necessarily rendered in order to obtain protection under the feudal laws—we have changed that into a very complete state of government, which reduces the workman to a mere vassal hanging on the whim and caprice of the capitalist. We have got into that state where, in the congested parts of London,

One in Every Three Persons Dies

either in a lunatic asylum, the gaol, or the street, and one in five of the whole population die under the same conditions; we have got to that state where, in the congested quarters, 56 per cent, of the children die before they attain five years of age; we have got to that state where not ten children in 100 are alive at ten years; we have got to that state where the unemployed are counted by the million, where five millions of the working population are wallowing in the worst forms of poverty; we have got to that state where the average term of life in the dangerous trades is reduced to ten years; we have got to that state where, in the congested areas of London, Glasgow, Leeds, Liverpool, and Manchester,—and even in Birmingham, which is the best-governed city in the United Kingdom—the mortality rate ranges from 65 to 90 in the thousand: and we have reached that state where we increase our wealth by a thousand millions per annum, and where all the fingers on one's hands and all the toes on one's feet would not represent the number of millions possessed by some of the millionaires of the Old Country; where 1,000 people of the Old Country own nearly half of its land, and where the man who does not work fattens and thrives for a longer time than the man who does work. That is evidence, at least on our part, that

A Change is Necessary.

(Applause.) We have in the Old Country a large number of our children who go to school without their

breakfast. In London we have over 100,000 little children who not only go to school without breakfast, but who when they lie down to sleep have no blanket to cover them, and who are lodged in the same rooms where the rest of their family is congregated. And we, in our wrath, take these little children reared by women with wasted bosoms; we take these figures, eloquent of the misery and woe wrought by the capitalistic system, and we taunt these men with their work, and say: "Your devilish handiwork has wrought this"! And we bring the number of criminals, and the number of poor wretched women ruined body and soul in the fierce struggle for existence, and we say, in our righteous indignation, "If the God above be a just God, these half-million prostitutes shall stand a better chance before the Throne of Grace than even your thousands of sinless sisters." (Tremendous applause.) Seventy-five men in the Lancashire mills of to-day can produce more than the whole population of Lancashire could 90 years ago, and the capitalist says the cause of poverty is over-production. We say

The Cause of Poverty is Under-Consumption.

The capitalist says that the cause of depression in trade is that our productive energies are increasing at a greater ratio than our consuming powers: and we reply, "You are so few, and we are so many; your resources are so great that you can exploit but a portion of us and become millionaires; but the exploitation of a portion of us means that many millions suffer." And they say to us, with our millions of underfed men, women, and children dying of starvation: "Be gentle, be moderate, be statesmanlike; use discretion; have common sense!" Imagine anybody standing by the bank of a canal while his dearest friend was struggling in the water, and, while he was throwing his coat off to rescue his friend, being told by a bystander to "have reason; don't be in a hurry; be moderate; don't do anything in haste!" What would you say—what would you do? I know what I should do if I were a bigger man: I should chuck him into the canal and then go in for my friend. (Laughter and applause.) But these people tell us we must be discreet and not use strong language: to have great care in what we say and what we do. I could go into details, and tell you what our working women have to do. Some of you talk about the Maoris being the only men who make their women work, but it is nothing of the sort. The true-born Britisher on his native heath is the

Greatest Despot and Humbug in the World.

His women work in the mines, in the mills, and in the factories; they work on the face of the rock quarrying for stone; they work not only in the most dangerous and poisonous of all trades, but they work while their babes are taking nourishment at their breasts. They are the mothers who nurture our children and give life to our Old Country. Before we talk about our superiority we should think of our women who are kept at the grindstone in the chain-making district. It is not an uncommon sight there to see the mother of a three days' old child, after the greatest physical trial a woman has to go through, at work with every limb in motion. And this is in your Old Country! I am instancing these things in order to justify our resentment at these conditions; and we say there is plenty of wealth, there are vast resources, and in a land literally flowing with milk and honey starvation need not be. The Old Book speaks about the sparrow falling to the ground: there is no need for any of our human sparrows to fall to the ground. Within the last fifty years our wealth has increased per head of the population seven times what it was, and our productive energy has increased nearly fifty times: in many industries it has increased thousands and thousands of times in greater capacity. And yet we are told that we suffer from over-production and that it is unavoidable. Here is a fair illustration of what they tell us: If a child is hungry and says to its mother

"Mother, I Want Some Food.

the mother would reply, according to the logic of these people, "I cannot give it to you, my child, because our cupboard is full of meat and other food products. There is over production, and it is impossible to give it to you while there is depression in trade." Another child comes to her and says "I am so cold; I want more cover," and the mother would have to say: "I cannot give you any, my dear; there is too much clothing in the cupboard in consequence of over-production." That represents on a small scale the greater argument on a national scale. The more the worker produces the worse it is for him. And we say that where there is land, where there is energy, where there is labour force in a country overflowing in the plenitude of its agricultural and mineral wealth and natural resources, there is no need for poverty to exist. They say that is a far-fetched idea. They come to us and tell us that we must be patient and it all will end with that; the clergy tell us we must be religious and it all will end with that; the temperance reformer tells us we must adopt temperance principles and it all will end with that; the advocate of sanitary science says sanitation will end all our troubles; and the politician says we must be satisfied with the position of life in which it has pleased God to call us, and everything will right itself. (Laughter.) While we value all these forces, while we recognise the ameliorative

character of the reforms they indicate, while we are anxious to see healthy and virtuous men and women, while we want our character developed to its completest extent, and all our faculties and endowments of body and mind used and increased in power, while we go hand in hand with all these things, we say, a man may be religious

And Yet be Robbed,

a man may be temperate and yet be cheated, a woman may be virtuous and yet be killed by starvation: we say that men and women may all be good—as good as the incarnate God—and yet poverty would exist under the capitalistic system and they would die. And while we say God-speed to all these reformers—good luck to them—we say that higher reforms, that economic reforms, that fundamental reforms must come also. We are not satisfied with man being sober: we shall not be satisfied until he is happy as well as sober. We are not satisfied with a man being good—sometimes I think we are too good—we are not satisfied with that: we shall not be satisfied until such reforms are brought about as will help us to understand the greater life and appreciate to the full the magnitude and greatness of the earth, the wealth of the land, the richness of the country we possess. (Applause.) And now I come to the political side of the question, which may be of interest to you in this country. We have in the Old Country several political parties.

We are Told to Trust Them.

(Laughter.) We are told to love them, and to be contented politically: to open our mouths and shut our eyes and see what the parties will put there. But the whole of the political machinery of the Old Country is in the hands of the capitalistic class, and they are not at all anxious to relieve themselves of any of their responsibility. They go about preaching the doctrine of individual liberty. Now the fraud of it must be apparent to every thinking man and woman: at least, it is becoming apparent to many men and women in the Old Country. These advocates of so-called individual liberty say, "You shall not have State control of this, that, and the other, because it would interfere with individual liberty." Individual liberty! Men like Lord Salisbury—and I speak with respect of Lord Salisbury, who has the courage of his opinions: his opinions are not worth much, but he has the courage of them. (Laughter.) Although mentioning Lord Salisbury I am not confining myself to him, but take him as the representative, of a class—and such men say that Socialism or any Socialistic form of Government would mean anarchy. But we are beginning to see in the Old Country

The Other Side of the Story.

Suppose we said to Lord Salisbury or the Duke of Westminster—one gets mixed up with these people, these lords and earls and marquises and dukes—suppose we were to say to them, "You believe in individual liberty, individual progress, and individual development: well, suppose we take away from you your legal protection, the legal right to your property." Lord Salisbury would say, "But you cannot." And suppose we were to retort, "We won't protect you; we will withdraw our police and our judicial system from you—a system collectively owned and maintained. If you consent to our withdrawing from you all our collectively-maintained protective measures we will be satisfied to let you have your individual liberty." Do you think Lord Salisbury or any of the others would take us at our word? Not a bit of it. If we said, in the event of war between us and another country, "You are the owners of this country, you had better

Go and Fight for it."

Lord Salisbury and his friends would be very indignant and would say very hard words, and words that an agitator would blush to mouthe. (Laughter and applause.) These very people are the most protected and most ungrateful, for after they have stolen the land from the people they actually turn the people into policemen and soldiers to protect it for them. This is the irony of the position. But we are beginning to teach our people at Home that every postman, every policeman, every soldier, every judge, and every collectively maintained person in the State is an expression of Socialism—a crude form it may be, but yet a form of Socialism. We look upon the soldier with his red coat, the policeman, the post-office official, the judicial authorities, and the departmental officials, also our streets, parks and rivers—we look upon them all as expressions of collectivism or Socialism. We do not say as Socialists when going to one of the parks, "This is our two feet of park," but the

Inane and Stupid Critics

would have you believe that Socialism seriously means that we would share everything by the ounce. We

are showing that many of our institutions in the Old Country are a monumental expression of Socialism. But we want to enlarge our functions, and we are enlarging them. We are building our own war vessels and armaments, we are building up our own army and navy, we are enlarging the functions of the State, we are placing our tramways, our gasworks, our water and sanitary systems into the hands and under the control of the local bodies. We are developing along that line, and the very people who are benefited, and who cursed us, are remaining to pray. Why? Because they are at last discovering that their condition is much better and more secure under the system now being carried out. And this Socialism, which ignorant, stupid or interested people appear to be afraid of, is as old as the hills. New-fangled notion! Why it lived ten thousand years before Christ did. It has had a being and existence in every primitive community since the world began—it has had an existence in every rude and barbarous and savage community in all times, and it has an existence in every civilised community. No Government is safe without it. It has always been but a matter of decree. We have had the government coining down from the King, when the Barons said to the people, "Come and fight with us for your liberties,"

And the People Were Fools

enough to go and fight. The Barons won, and afterwards shook hands with the King. Then the two took sides against the Squires, and the Squires said to the people, "Come and have a Parliament of your own," and the people were again fools enough to fight. Then the people of the middle classes said "We have to fight for our liberties, you come and fight our battles for us," and the people like lambs went up to be slaughtered with the King, and the Barons, and the Squires arrayed against them. That is practically the position again to-day. We have the horrors of the French Revolution flung in our teeth. But any man who has read the history of his country, or the history of any great nation, cannot point to a single revolution, cannot point to a single rebellion where the people themselves fomented it, where the people themselves led it, where the people themselves controlled it: and in every case where there has been

Rapine and Murder and Confiscation,

the rapine and murder and confiscation were dictated by the so-called superior classes for their own selfish ends. Those who talk of the viciousness of the masses had better go and read history again, and if they have a soul big enough to fill a thimble, they will vindicate the people from the accusations of rapine and murder and confiscation. We have been told that in many of our disputes we have permitted outrage. Fortunately, or unfortunately for me, I have been connected with many labour movements in the Old Country, and I think I have had to handle some of the roughest crowds any man ever undertook to handle in his life. I am not claiming that my mates were saints or angels—there is very little of the plaster saint about them; but what I do know, what I have seen, is that many of them—starving, miserable, and down-trodden as they are—are men, rough as they may be, who possess a culture, who possess an honesty, and who possess a sense of justice that the great people of our nations might well imitate; and I know of no outrage of the many men I have been connected with that was at all an outrage deliberately planned. But I do know of

Outrages Committed by Dastards

on the other side, who have supplied strikers with beer in order that they might be tempted to commit excesses; I do know of religious employers telling the men to kill each other; of the parties of "law and order" agitating the men to strike and riot; and I do know where the police have been corrupted, where the men have been paid large sums of money to do mischief, to set fire to buildings (covered by insurance of course), in order that the blame might be put upon us. I do know that the capitalists have sent along to our own ranks men who have encouraged the vilest deeds: and whenever I have heard of them I have had them court-martialled, and after investigation they have departed wiser and sadder men. I have seen that: so those gentlemen who are so anxious to discredit our movement should look into the doings of the other side. As a student of the history of my own country, and as a student of the economic growth of our own and other countries, I say that there is no record in the history of any nation where the workers of that nation have sent their country to ruin. But I can point to many a country that was saved from downfall by the peasantry and by the humbler workers of that country. (Applause). I feel pride in making a statement of that description, and therefore on all occasions I make it to the best of my ability in order that we may not be led astray. Now, you in this country are getting into that

State of Fatness

when the hungry mouth of the European shark is watering. He sees your robust men and plump women, your mineral wealth and pasture lands, and he is hungering for them. He is already here and is beginning his work, and in all probability if you are not alive he will be upon you before you know where you are. He is a crafty customer, with many centuries of experience to back him, and nothing—neither murder, starvation, nor misery—will stay his hand. Do not expect pity of this shark. Do not imagine that you are going to escape, any of you, from the lowliest worker to the largest manufacturer. One of my greatest friends is a large manufacturer in Bradford, and he is of opinion that it would pay the manufacturers to go stumping the country to fight the capitalist, for he has discovered that in Bradford there are hundreds of manufacturers cutting each other's throats while the capitalist, who is controlling their stock, never sweats a hair and never has a moment of anxiety. The capitalist is beginning to be looked upon as

A Great Thief.

I understand you do not use such language in this country, but a thief is a thief even if he steals millions. In the Old Country, if a boy steals a turnip out of a field he gets a month's imprisonment, and the same magistrate who sentenced him probably stole the field. (Laughter and applause) That is the logic forced upon us, and we see the irony of it. Since I have been here I have received a very nice welcome, and your press, both Tory and Liberal, has been very kind to me. The only approach to misstatement and scurvy treatment I have received was from the *New Zealand Times*, your own paper. In the words of some people, "They know not what they do." I am sure if the writer of that article had known what he was writing about he would not have written such utter nonsense: and if his position was one where expert knowledge would command the highest competence in the Old Country, his standard of economics would not be considered equal to that of a 4th-standard child's notion. I am told by this gentleman in a patronising way that I know nothing of economics. Of course, I reply with the retort courteous, that if I know nothing he knows even less.

An Editor is a Jack of All Opinions,

and a master of none. So, therefore, one can forgive him, and I am only mentioning that I repudiate his representation of the case, as I very much regret his scurvy treatment. I want to say that I do not look upon the article as at all indicative of the mind of the New Zealanders in their welcome of myself. (Applause.) But I want to deal a little with that side of the case, because there is an amount of ignorance regarding it; and let me say in a very few words that for the tens of thousands of years the world has existed, long before the era of machinery, industries representing millions of persons were carried on without a capitalistic system. The system of coinage is a very new system indeed, and those of you who are Scotch or Irish, if you know anything of the history of your own country, will know that the Scotch crofter and the Irish farmer hardly ever saw such a thing as money, and yet lived to an old age. They lived without the printing press that made the money, but they had the produce and exchanged it for what they required in return; and only one-fifth part of the population of the world to-day carry on their industries with a system of coinage. In the Old Country, and throughout the world generally, most of the agriculturalists and peasantry class to-day produce all their own necessities, and only exchange their products for paying their rents, &c., and very often sell to their own landlords the commodities they produce. The exchange of commodities is only

The Old Barter System

on a larger scale, being in nearly all cases a mere exchange of raw material for manufactured goods, such as grain for machinery, and so on. I sometimes think it would have been well for the workers had the old-fashioned barter system never been superseded, for millionaire capitalists under such an economic arrangement could never have been evolved. Under that system produce represented wealth—not banknotes—and millionaires would be in sorry plight if they had to build enormous stores and granaries to contain their wealth, to guard those stores and granaries with armed men, and to take all the natural risks of fire and of the perishable nature of their commodities. Under the present system the actual producers, the managers, as well as the labourers and the artisans, are absolutely in the hands of the class who have created and manipulated this money system—the real wealth, after all, being the product. That an adult man who expresses opinions to guide the public should be so ignorant of political economy as to state, or endeavour to give the impression, that capital or that money is wealth passes my comprehension. There is not a political economist, from Quesnay, from Fourier, from the

Old School of Political Economists,

from Adam Smith right down through Ricardo, John Stuart Mill, McCulloch, Walker, and Marshall, and down to the younger and more brilliant school of economists in the Old Country, there is not a single man of them but what bends his energies to dissociate real wealth from mere money. And Ruskin, who puts his arguments before us in such beautiful Saxon language, without the scientific jargon of the political economist, has put that argument clear before us that men may read and men may know. And the old school of philosophers, from Aristotle to Bacon, from the German school of Hegelism to the philosophers of our time, the Benthamites, men of the Huxley and Tyndal type, and more especially men of the Herbert Spencer type—these men have long ago given us in their philosophic writings some of the history of the development of the human mind, of the various forms of government, of the intellectual and industrial changes which have taken place. But neither scientist nor philosopher has in any single instance ever admitted that there is in the human family one distinct type superior to another. No scientist or philosopher has ever said that any men are born with any special endowments or special faculties superior to those of others. No political economist has ever indicated that in Nature one section of the community have special rights over another section. No political economist ever backed up monopoly. No political economist of any note has ever let go the opinion that man should be

An Independent Self-Contained Creature—

no political economist has ever done that. Now let me come to the other side of the argument and put it in a concrete form. Suppose we got all the gold there is in the world and made an island of it in the Pacific, that we built with bank notes the houses upon it, and decorated the sides of them with all the most brilliant stones and costly gems that the world could produce; that we then made a golden circle, and in the centre of it should be the Rockfellers, the Vanderbilts, the Goulds, and the Mackays, double-banked with the Dukes of Westminster, and Marquises, and Earls, and Lords and Knights, and people of that sort: hemmed round again by Bishops and Bankers; squared again by the capitalistic small fry, and that at the footstool of all this power and pomp and vanity the editors should sit dangling their legs! Imagine that the condition should be that they were to have all their gold—all their wealth, as they term it. They would be a long time

Making Coffee out of Bank-Notes,

their gold would be a poor substitute for bull beef. (Laughter and applause). Imagine all these superior folks sitting upon their gold and enjoying the comforts of it; imagine that they withdrew from us in a pique and said that they would not any longer be the captains of our industry, but would desert us and in their isolation would have nothing more to do with us: Do you think the sun would cease to shine, that the grass would cease to grow, that the mineral wealth of the world would dissolve? Do you think the law of seasons would cease to operate, that the moon and stars would stand still? Do you imagine that the waters—our rivers, cataracts, and mountain torrents—would cease to flow, that the rains would cease to fall? Do you think the birds would fail to sing and that the light would go out? Do you think the lambs would cease to skip, that the harvest would cease to grow, that machinery would stand still? Do you think that humanity would go to the shores of that island and supplicate those creatures to come back and give us their wealth? Why they would be too precious glad to get rid of it. (Loud applause). And

If a Storm Should Come,

or a volcanic eruption should sink the island, and all its occupants went to heaven, we should say out of the fulness of our hearts "Amen." (Laughter and applause). If money is wealth they had it, But wealth is in the bone and sinew; wealth is in the springy step of yon healthy man and sprightly woman; wealth is in the labourer's arm and head, and in the land; and all that which is called money is merely the token of that wealth. We could change the token; with the aid of a printing press the *New Zealand Times* could turn paper into the equivalent for sovereigns and the editor himself could turn the money out. (Laughter and applause). The idea we have in life is to show our people that our labour force applied to the resources of nature is the real wealth, because, as I have indicated, if all the gold was gathered in one spot together with its owners, they could not feed themselves with it.

Wealth is in The Bone and Sinew

with the opportunity to use them, as the Vanderbilts and Rockfellers well know. But they dare to give themselves airs, and tell us that we cannot do without them: that we ought to be thankful to them for coming and smiling upon us. God help the pigmy brain that understands that gold is wealth! Money is not wealth unless it is backed by sinew, by the harvest, by the pasture land, by the green fields dotted with cattle, by good

seasons, unless it is represented by the earth. It is a wonder to me that they do not claim to have created the earth, such is their effrontery and brazen impudence! They make nothing: it is only we who are slaves to them that make them something. Nature alone is kind to us. Although there may be some who look upon this gigantic organisation of capital as too powerful to fight and sometimes feel afraid to tackle it, there are others who see the elements of decay within itself. The capitalists themselves will overthrow it out of sheer greed, and are themselves preparing the way unconsciously for State ownership of large industries. Already the usurer is beginning to shake in his shoes. The usurer has obtained a great hold upon the resources of every country. I have advocated

A State Bank,

and I believe the superior mind has been much disturbed by that; but I recognise that if there is to be any system of usury carried on the State should carry it on. A bank owned by the State would be a safer bank than some of the banks you have had here—at least, it could not be worse. (Laughter and applause.) State ownership and control would make the other side respect themselves and respect labour. They are already beginning to recognise that in Germany, and in many respects the people there are far ahead of ourselves. But we Socialists are fighting in that direction. Most of our Trade Congresses in the Old Country are adopting that idea. A body of 500 representative men recently passed Socialistic resolutions of a most drastic character with only twenty dissentients, and such progress is Socialism making that we are putting men upon our municipal bodies and into our Legislature who are practically pledged to the Socialistic programme. They are not there in great numbers yet, it is true, but the movement is growing, and our forces are growing as well. So manifest was the force at the last general elections that the Liberal Party, which was too superior to represent Labour in the Old Country, was routed from one end of the country to the other; and that Liberal Party is now beginning to recognise the power of the younger members of our party and its growing force. I am glad to say that we have made some

Strides in the Right Direction,

and am glad to know that the woman's franchise is on the highway to adoption in the Old Country. (Applause.) I have given you, as far as I have been able, an idea of the work we are doing, for I recognise that I am here to vindicate our side as against the other side, and you do not know perhaps how we are going on. You know as much about us as we know about you, and that is not very much; and as far as my opportunities have allowed me I have given you an insight into our position, and I hope it will act as a warning to you, so that your beautiful country shall not be changed into a country of decrepit men and women. I always wish I was big myself when I see your

Beautiful Specimens of Manhood and Womanhood.

But at least I give you warning of this, that in the Old Country it has often been my experience to see old people have to do work which their children are not able to do. I have seen an Irishman 70 years of age have to do work which his son of 25 was not strong enough to tackle. It was because the dad was brought up on the hills of his native country with the fresh air to fill his lungs, while his son was brought up in a London slum. You want to prevent that from becoming possible here. Now, although I am anxious to shake hands with you and to say "Good luck to you," for the work you have done, I see that you have not as yet adopted the scientific mode of warfare which will enable you to ward off the blight of the capitalist; and I say that unless you go on lines radically different to those you are following at present—and I say it advisedly—you could have all the good legislation and all the good government you have now, and yet in another fifty years you could be ruined in a national sense. I warn you therefore to strengthen the hands of the good men and true. There is too much reliance placed on parliaments and too much reliance placed on men on whom you have no right to place so many burdens. The work of great reforms,

The Work of Emancipation,

the work of maintaining all the rights and privileges of your own country is not the work of a Cabinet, of a Premier, or of a Parliament: it is the work of the great masses of the people; and the hands of those in sympathy with you should be upheld while the fight is going on. Some men and women, in shaking hands with some prominent persons and flattering them, think they have shown some ability for their work, and imagine that they have done their all. But there is no set of men capable of running a State unless the great body of the people who make up that State are anxious—aggressively anxious—to get the best out of the State that it is possible to get. Let me say just one word of apology again. Since I have been here a very dear comrade of mine

has been much maligned. I am referring to

William Morris.

It has been said that he died worth £50,000. He could have died worth two millions if he had liked, but he did not. He came into manhood with £50,000 left him. He came into all our movements with a brain unequalled by any man in the Old Country. He gave us a poetry the most beautiful that human mind ever gave. As a manufacturer he gave us a new conception of art and of wealth. As a man there was no brighter, no more beautiful type of manhood than William Morris. He worked night and day in our cause, and his closest friends were men from the gutter. His wife and family dear to him—a magnificent personage—he came into our movement, and he came with what some monied persons have not: he came with brains, a personality, a power to love, and a power to work. He came into our work and subscribed to its propaganda with his brains and his money, and worked unstintingly like the hero that he was. With all the attributes of a great character and with all the powers of a great mind, he was a man who was a brother to the most illiterate of us, and he helped thousands and thousands—not with a dole that is placed on some subscription list, but the help he gave was given by himself when he went into the house of the weak or fever-stricken, and many a poor girl and many a poor soul has reason to revere his memory. For a lion like that to be snapped at by puppies is an insult to all that is manly and true. WILLIAM MORRIS left £50,000.

What for?

So that his children should not be subject to the same vicious conditions from which he had rescued thousands of others, so that they should not have a pauper-house before them, so that the wife of his bosom, who had been his comrade and counsellor, should be protected until the earth closed upon her. Had he not done so he would not have been William Morris, our comrade and friend. (Applause.) I have mentioned these facts because William Morris has been near and dear to us. He has been in many a fight, and has helped us to face many a judge and many a gaol. Possessing all this immense wealth he was no Society puppet. He lived a man and a comrade, and he died a man and a comrade, and Socialism lost its brightest head by the death of William Morris. I trust that I have at least put his position clear, and I hope I have given you a little clearer notion of our Socialism, and have justified in a way the work we are doing in the Old Country. And here let me say in conclusion that

We Shall go on Fighting.

I feel sometimes that I have very little fight left in me, but there are plenty of men stronger and abler growing up amongst us. We have during the short time we have been at work made five millions of people happier and better off than they were before: we have established the right to work and the right to live. Our Government has established the principle of the living wage; hundreds of local bodies have established the "right to live" principle, and we are making such progress that even our Lords are telling us that we should be thrifty. It is quite a common picture in the Old Country to hear one of these gentlemen say, as they sit with their bottles of champagne before them and a dinner costing £1 a head, as he pours out the wine: "You know the working man will never be better off until he knocks off beer"! I on one occasion said to one of them, "Do you mean that he should take champagne?" (Laughter and applause.) He answered, "No, but you know the working man is not thrifty." And that man twenty-five years before was a poor clerk, and had become a

Millionaire Five Times Over.

He had the impudence to say his position was due to thrift, but I knew that it was due to unpaid labour, underpaid wages, and in order that he might amass that wealth two thousand families had to be sacrificed. The Marquis of Bute absorbs more real wealth than five thousand families in the Old Country. Now, in considering how such a state of things can happen we are confronted with a problem in two aspects: Either God has made some mistake in creation, or we have made some mistake in understanding him. Did he intend that five thousand families should be sacrificed in order that one man should be specially benefitted? If he did, then he is a poor judge; and without the least blasphemous thought I say this. A person representing that amount of wealth is the typo, the example, that makes and represents the wretchedness of the Old Country. (Applause.) Where-ever the millionaire is, there you see the pauper. For every ten millionaires turned out in America there are 100,000 tramps: for every millionaire turned out in the Old Country there are ten thousand prostitutes; for every millionaire turned out hundreds and thousands of babies are literally murdered; for every millionaire turned out hundreds of men and women die a premature death. When we realise these truths it is no wonder that

people say in their wrath that millionaires are

God-Forsaken Thieves,

who rob the community of their rights, the labourer of his wage, the home of its happiness, and life of its interest. (Loud applause). These are strong words, but the capitalistic system has brought about this system of affairs, that the labourer has been changed from a self-dependent state to a position where he is dependent upon the whim and caprice of the capitalist. In a few hours it has become possible for a man, by means of these great "corners" in the necessities of life, by the manipulation of public stocks, and by the exploiting of labour, to make a million of money, and then the workers are told that they should be grateful and thankful for the privilege of working for so great and magnificent a person! But we are gradually altering all that, and I hope and believe we shall make vast strides towards our emancipation. I thank you very much for the interest you have taken in me in my sojourn amongst you. If I have health I will come back and undertake a course of lectures (applause), but to-night I want to thank you for the brotherly and sisterly welcome you have given to me in the many ports I have visited I know some of you like the Old Country, and I feel very glad to have come to this side of the world to shake hands with you. I cannot tell you all I would like, but I can tell you that the workers of the Old Country are waiting for the time to come when there shall be a federation greater than the commercial federation you are all taking so much interest in now—

A Federation of Nations

speaking one language, when there shall be a fraternity of interests and a mutuality of sympathies. We are working for that time. Home of us have small powers, some of us have small opportunities, but I hope we shall all use whatever powers and whatever opportunities we possess. I thank you in the name of the workers of the Old Country. I cannot speak for the aristocracy, I cannot speak for the clergy, but I can speak right from my heart for the workers to you; and if I have given you a faint picture of the misery and woe in the Old Country, I have drawn it in order that it may prove a warning to you of what may come to you. Timid or interested men may say to you, Do not be extreme: but be extreme. Discontent is righteous wherever oppression and poverty exist. Do not be satisfied with a mere crust. If New Zealand under the wage system could give the worker a thousand pounds a minute there is no reason why it should not. If you do not get a fair share of the wealth somebody else will. Therefore, by having a jealous regard for your own rights, you are fighting the greatest battle that can be fought by man, and you are ensuring for your State a permanence that shall be everlasting while the globe continues to roll. Thank you again and again. Good luck to you.

I Have Seen Your Country, I Like Your People.

Many of our folks at Home would be better here, and some of your folks would be better if they had a month or two in the Old Country. If I may be allowed to give a little advice for the benefit of any cautious persons here, for heaven's sake get the Government to arrange for them to be landed in London to look after themselves for six months. They would come back red-hot agitators. It is not only the extreme person you want to cure, it is the cautious timid person you want to cure. (Applause.) We in the Old Country have many little fights, but we fight against greater odds than you do. We want to see the music in the hearts of our people, we want to see the colour in the faces of our men and women, we want to see the spirit that is not servile, we want to see the women of our country full-bosomed, majestic and happy, we want to see them the mothers of a great people, we want to see the men able to become the founders of a great nation. We want to see the labourer's finger touch the land with his magic

And the Harvest Shall Grow;

we want to see the fields yield their fatness and the mines their wealth; and we want to see our human kind develop to its greatness and fulness. Nothing short of that shall satisfy us: nothing short of the abolition of poverty, prostitution, crime, of avoidable misery, must satisfy us. The man or woman who is contented with less is almost unworthy of the land in which they dwell, and which they have inherited. We are not intended to be the chattels and slaves, the property of the few: we are men and women all endowed with the same faculties, with the same hearts and affections. We in the Old Country know what it is to suffer. I have known one of the brightest men who ever breathed, in the cold pitiless wintry weather of the Old Country, in the depths of despair looking for work in vain, and ashamed to go home. Some of us gave him our few halfpence to get a cup of coffee. He was a splendid character, steady, upright, and manly. We interested ourselves in him and one day went to his home, and if some of you had witnessed what we did you would not be surprised at some of us

being agitators. There was not a scrap of food in the house, not a bit of fire, and his wife—a noble woman just a mother—lay dying on the bare boards with her child just struggling on the threshold of existence.

Be Contented, Say You?

To be contented under such circumstances would be criminal. And that is not an uncommon case: there are thousands and thousands of cases like that, where our women and children have not the bare necessities of life to give warmth to their bodies. That is why we are agitators, and why we are working so hard to-day. Right or wrong, praise or blame, good repute or ill repute, gratitude or ingratitude, suffering or no suffering, glory or no glory, we are going on, and this grand old movement is going on, and it is rumbling and reverberating through the earth. You had it here from the Old Country: it has gone back and is re-echoing there. We shall take advantage of your reforms here, and shall improve on the faults you make. That is how the work will go on. We are not fighting for an aristocracy, for the few, but for mankind, for the enslaved people, for our glorious lands; we are fighting so that we may live that full life intended for us. We shall fight with our faces toward Canaan, and although many of us may not enter the beautiful lands beyond, we will carry our youngsters with us, so that they may see the country further away; and if the road to Canaan be strewn with the lives of our brave men and noble women, every gravestone added shall mark our progress; and if the pathway should continue to be the pathway of suffering, misery, and death, it is worth risking death to get the life for the generations yet to come. (Loud and continuous applause.)

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Lecture by Mr. Patterson, a Kansas Farmer.

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Prohibition in Kansas.

By Mr Patterson, a Kansas Farmer.

The following is a full report of an address given in the Temperance Hall, Hunterville, in October, 1896, by Mr Patterson, on Prohibition in Kansas, United States:—

Mr Chairman, ladies and gentlemen, I hope that no one has come here tonight thinking that they are going to hear a speech or a lecture, because these things are not in my line at all. I am simply an ordinary farmer from Kansas, in the United States, here for the purpose of seeing your wonderful country, of which I have heard so much, and partly to see friends and relations of mine here, and from the day I landed at the Bluff till now—and I am on my way towards Auckland—everywhere I have been, the whole subject of conversation has been the subject of Prohibition. Coming from a state in which I lived 10 years before we got Prohibition and 15 years afterwards, I was able to tell in some measure why we demanded Prohibition, how we got it, and what the result had been to the people of Kansas. When I had told my story to the people with whom I was staying they were interested in the business to such an extent that they induced or rather seduced me into a school house and made me tell it in front of an audience comprising a large number of people—a thing that I had never done in my life—and I don't think I made a very good fist of it. But at any rate I will try to give you an idea of the kind of people we have in Kansas and what kind of country we have there. These is one thing I noticed in coming from the Bluff to here—I was very much surprised at the small number of people in this colony who have visited the Old Country. Why, nearly every family round about where I come from in Kansas have taken their turn in going to Europe. In the United States 100,000 people go yearly to Europe for pleasure. My family have done it and it is now my turn. I wondered why so few people went to the Old Country because you are the same kind of people as we, and read about the same kind of places, and besides I find that nearly all in New Zealand are anxious to take a trip home if they could only afford it. I wondered why it was that with such a magnificent country as this, which you have got for nothing practically within the last generation, how it came about that all these people were so desirous of going to the Old Country and yet could not afford it, because I consider that this is the most agreeable country in the world, where the greatest amount of money should be earned with the least amount of labor of all the countries that I have visited; but I speedily found out that this small community of 700,000 people—and we have a large number of towns in the United State that have more than that—was carrying a burden of £40,000,000 of public debt and perhaps a good deal more of private debt, and that in fact you pay more interest on your borrowed money than it takes to govern the great state of Kansas with twice as many people in it and then of course I concluded that you could not have your cake and eat it too. You are kept busy paying interest on an amount of debt that would crush the people out of Kansas altogether. We have no debt in Kansas. It is twenty years younger than New Zealand and yet has twice as many people, and although

we had a large debt before we had Prohibition, since we have got it we have wiped out the debt and have a large surplus which is a trouble to us. But I am quite sure of one thing, and that is, if the people succeed in getting prohibition—and I think they will succeed—that then the vast sum of money expended on drinking and gambling, and a worse vice, that then that money, instead of being lost, is turned into the channels of trade to return to the people, it will find its way to those who work, and those who do not work will not get this surplus, because when the wage fund of the people returns into the legitimate channels of trade, it then gets into possession of the men who do the work and then you will be able to take the trip you desire. When you come I would advise you to come by way of the United States. It is a very remarkable country. It may be safely said that it is the greatest country that has ever existed on the face of the earth. When you land at San Francisco you will have a long dreary journey of 3000 miles before you which is done by rail. When you come half way it will relieve the dreariness of the journey by getting a 'stop over' ticket, and if you inquire for me or for any member of my family you will readily find us and I will give you a hearty welcome. When a stranger arrives, we have a custom of sending a boy to ring the school bell, and all who hear the sound will come to the school house to see what is up, because American people are curious. They do not know whether it is going to be a lecture on botany, or a political meeting, and you can better imagine than I can describe their surprise if they find it is a man from New Zealand who is going to tell them of prohibition and of the benefits derived from it. When you go there you will see the same kind of people, the same Anglo-Saxon stock, reading the same literature, having the same language, the same religion. They will be delighted to hear of this far off country, which many consider the back door of the world. When I go back I can tell them something about it. But besides I notice here in New Zealand there is a very hazy notion as to what the United States is, and in order that you may better understand the character of the men who demanded and achieved prohibition in Kansas, I intend to make a few remarks on what the United States is. I am surprised that there are so many people that I have met who do not know that the United States at one time belonged to Great Britain, that the thirteen colonies were just the same kind of colonies, and bore the same relation to Great Britain that these colonies do here, that Great Britain appointed the Governors, and that there is a similarity in their histories. One is that the Pilgrim Fathers were among the first that went to the American colonies, and it was the same here with this colony when it was first settled. Some time after the American colonies were founded the colonists there made a discovery. They found that the rich were getting richer and the poor poorer. When they went there first the speculator did not come, neither did the money-lender nor the gambler, nor any of these adjuncts of civilisation. They did not care about coming to a country until the bush was felled, the roads made, and the hotels built for accommodation, and the country requires to be made into a valuable article before they will put a mortgage on it. The same process was gone through there as here. These colonists were a singular lot of men, and when they found out the harder a man worked the less money he got for it, and when they found out that the men who got the most money did the least work, they began to investigate the matter. The first thing they did at the general election they discharged every lawyer and agent and speculator and usurer from the Legislature, and returned only farmers and mechanics and men who lived by their own labor, and did not live by the sweat of other men's brows. They immediately started to manufacture their own money. Every penny in the colonies was borrowed money, bearing interest over and over again. But they made their own money that bore no interest and with this paid the expenses of the Government, and the money they produced was sufficient for a medium of exchange, for the exchanging of the commodities which these colonies produced. The usurers and speculators did not like this, and they went over to England to bring about the prohibition of the making of money in the colonies. Edmund Burke declared that the prosperity that had followed these people under this new system was more than he had ever seen before in the history of the human race, and that if it was to continue they would become the happiest and wealthiest people on the face of the earth. The speculators and usurers got the British Government to prohibit the colonists from making their own money. The people determined that this law should not be enforced, and they fought for eight years, and at last succeeded in defeating the hitherto invincible army and navy of Great Britain. When these colonies achieved their independence they elected their own Governments and Legislatures, and people rushed from Europe until there was no room to hold them. They had to go out west and when there was sufficient number of them they made a new state, elected their own Governor, etc., and this state forming process went on until the Pacific coast was reached, a distance of 3,000 miles, and now there are 44 of these great states, containing a population of between seventy and eighty millions. Now about 1847 a famine took place in Europe, and in 1848 a revolution followed, on account of the discontent of the people, which shook every throne in Europe to its foundation. But the bayonets triumphed and many of the revolutionists made their escape, coming to the United States, because they regarded it as the asylum for the oppressed. When they came many could not speak the English language, and they had no money, and were glad to work for a pittance, and so displaced the colonists and then began a procession of people to the Western States that has continued to this day, and will continue for a hundred years. On arrival in the States a man would purchase a four-wheeled waggon called a 'prairie schooner.' Over this would be constructed a tent in

which a man would put his wife and family, and wend his way across the prairie out west. Plenty of land is ready to be taken an. That procession commenced then and whenever a man came to the spot which he thought would suit him he was entitled to take up 160 acres for each person in his family over 21 years of age. There will be land enough for years to come for all who wish to become citizens, no matter what their creed, color or nationality may be. Whoever comes to the United States and is over 21 years of age is entitled to take up this quantity of land free. Now these 'prairie schooners' have been going from 1850 to the present day, and will continue so for many generations to come. When they got out as far as Missouri—1500 miles from New York—they reached the last of the timbered Wintry, and then they came to the prairie where it is all level and there is no bush. This state of Missouri was the last slave state and was well timbered and watered. The slave owners of Missouri owned from 500 to 1500 slaves each and they had become enormously wealthy. These slave owners were the first American Millionaires. They had looked upon the plains of Kansas, but did not like it as there were no trees, and they thought that nothing would grow upon it. Besides up to 1850 the territory now called Kansas was marked on the maps as the great American desert. So the planters thought that as in the winter time fierce winds blew over these plains for six months when the temperature was often 20 deg. below zero, it would not be a comfortable place for slaves. But by and bye these 'prairie schooners' got to this land and were emptied of their human freight. The people ploughed the land and found that it was good agricultural soil which has no equal, or at any rate no superior, in any part of the world, and when they planted the seeds they were amazed at the rapidity of the growth, because there we have to plant, plough, and harvest our crops in about four months. Sometimes we have four months of summer and eight months of winter, and we have to raise enough feed in those four months to keep our stock during the long weary winter of eight months. Now when these pioneers made this discovery they were delighted, and their friends followed them, but the planters were disgusted for not having taken possession of this before, and the result was that they organised the poor white 'trash' of the south, who as a class corresponded with the class in this country who hang around the public houses, and who are not given to working regularly and would just as soon engage in a criminal operation as an honest one. The planters furnished the men with rifles to drive away the 'cockatoos' but when in the plains they found out that they had reckoned without their host, because these settlers, having found this magnificent soil, were determined to hold on to it, and did not go to work without their rifles on *their* backs. Hundreds of these 'jay-hawkers,' as the aggressors were called, came out from Missouri who never returned but many of the pioneers met their fate in defending their homes. I have seen between Wanganui and New Plymouth a number of monuments erected in memory of those who fell in defence of their homes against the Maoris, and they reminded me of many of the monuments erected in Kansas to the pioneer farmers who died in defending their homes against the agents of the planters. By and bye the news spread all over the world, and people thought that if the country was worth fighting for it was worth going to. Then there were the friends of freedom—the Abolitionists. They sent the farmers out assistance, and the latter's numbers greatly increased. The planters were desperate but would not be baffled, and the result was that they increased the number of 'jay-hawkers' and pitched battles took place between them and the farmers. The time was fast approaching when the state would have to declare itself either as a free state or in favor of slavery, and as these pitched battles went against the representatives of the planters who were in favor of slavery, the question was decided in favor of freedom. I have been particular in enumerating these circumstances to show you the kind of men by whom Kansas was founded, and that when they began these battles it was only with the intention of driving these 'jay-hawkers' away from their farms. But whenever men are engaged in an evil enterprise the question grows, and when Kansas was made a free state the planters grew despeate and withdrew from the Union. The northern people were determined that the country should remain one, and three millions of men took up arras to settle the question. The question still grew, and before they had finished, *the existence of slavery itself* was the question that had to be settled. After four; years fighting, during which 500,000 white men laid down their lives for a principle, freedom for all was obtained. The people knew that slavery was wrong and that freedom was right. They went in and at the end of four years' fighting then finally triumphed. During this time nearly every able-bodied man in Kansas went to the front, and when the war was over the remainder returned, and they were followed by thousands of other soldiers who had lived in other states, who always regarded Kansas as the battleground of freedom. It was in Kansas that the question of slavery was first raised, and the Kansas men assisted in settling the question. The state then became largely settled.

When the soldiers returned from the war they laid down the sword and toot up the plough. If you go there not you will find fine homes. Everything went right and they acquired wealth until 1873, and when that time came there was a great panic. This was caused by the demonetisation of silver primarily. This battle is now being fought between the free silver men and the gold standard men. If Bryan is elected it will be grand for all farming communities, because the cheap silver enables people to get wool for 6d per lb., but if silver is raised to its old position the price will rise to 1s. When wheat rises at Mark Lane it rises all over the world. The price is fixed in London. That is the battle now being fought, but in the meantime the price fell out of everything as

there was nothing to pay, for a man who had L1 in his pocket would not circulate it Throughout all the states, except in Maine, there were riots and all kinds of tumults, and the militia was called out and the states armed, except Maine and Kansas. In Kansas all the men had been to the war, and they knew it was a horrible thing and they were against war and preserved the peace. They said they would enquire into the matter of low prices and see the reason of it. There were all kinds of organisations in the state which is now 400 miles long and 200 wide. There were farmers' and laborers' organisations for the purpose of seeing how it came to pass that the profit had gone out of farming and labour could not be employed. It took years to simmer the matter down, until the opinion through the state was that the reason the profit had gone out of farming, and that so many men were idle in the state, was because in Kansas there had been during the past five years, about twenty million pounds spent in liquor and gambling. When they figured up the profits of the farming they found that the money spent on liquor and gambling was the profit, and the people immediately came to the conclusion that the profit came out of farming and into the liquor business and the gamblers' pockets. This conclusion was arrived at by all sorts and conditions of people. The consequence was that they set about examining it, but before they took action there were some conservative farmers who were in favour of the publicans, and who thought their interests should not be interfered with. A commission was set up to enquire into the matter, but when they went to the publicans, they found that many were bankrupt and that a large number of them were barely able to meet their bills, and that there were very few publicans who had ever made a competence. They said they had not the twenty millions of pounds, and they concluded it must have gone to the distilleries and breweries. These breweries and distilleries belonged to an English syndicate, and they had a manager to look after their interests. A large number of the farmers wanted the breweries to be kept going because they bought the grain. When we came to examine the matter we found that the amount of grain bought was perfectly insignificant. It could not affect the market. In order to satisfy these conservative farmers the commission resolved to interview the superintendent of these breweries and distilleries, and when they went to him they told him they wanted to know how much grain was bought by the distilleries and breweries. He said 'You do, do you? Well now I think you might be engaged in a better business. You farmers are howling about this. You had better go back, get up earlier and work later, and you will come out all right.' However they told him that they did not come there to argue with him or to give offence. All they wanted to know was, how much barley was used by his firm and what money was paid for it. He said 'Look here, I am here to manufacture all the beer and whiskey I can and I will use every device I know to get the people of Kansas, to drink it all I can, and I will do all in my power to get all the money possible to send to my employers for the more money I can send the better they will like me. The men thought that that was plain and true, and I think that his answer was the last straw that broke the camel's back. They learned further that a large number of cattle were being fattened on the refuse from the distilleries, and it appeared that this refuse had the effect of making the cattle nice and round and good looking, but the fat was of a very flabby kind. They found that the distilleries had about 40,000 head of cattle in Kansas, and there had been complaints about it, as these bloated cattle being put into the market injuriously affected the rest of the stock of the state by helping to bring down the value of the cattle generally. This was the last straw and we made the most of it. In the meantime you will observe, we had been studying political economy, and the people of Kansas saw plainly that the wages fund was the savings of the people, and that if those savings were expended in liquor business and gambling, they could not be expended on labor, and therefore every pound that went to the distilleries and gambling was taken away from the wages fund, and rendered people incapable of getting work. These laborers who were idle talked to the farmers whose profit had gone, and the result was that these two classes were now bound solidly together. There had been for years prohibition clubs, but they belonged to churches principally. Many church members did not care to belong to them and many others thought that they could not join the club until they joined the church. Then there were the Good Templars. They required their members to sign a pledge, which many people would not do and the consequence was that these organisations never increased to any great extent—at least not sufficiently to take political action. Here was the mass of the people—the farmers and laborers—ready for action, and the Good Templars looked on approvingly, in fact they were delighted. There is no doubt in my mind the Good Templars and Prohibitionists had sown the seed, and had been trying by moral suasion to get the people to fall into line. It was good to a certain point. But the men of the state generally were determined that they would not allow four millions of pounds to go out annually for drinking and gambling, and that it should come back into the channels of trade where the farmers and workmen would have the profit. And that is really the position now in New Zealand. There is no question about it in my mind. I have found a large number of men who are wholly dissatisfied with the present position. I have been to many milk suppliers, and they are growling about the price they receive for milk (which is cheaper here than anywhere else). Now these men who are being hurt simply don't know what is the matter with them. When I landed here first I told the cabman to drive me to a lodging-house, and he took me to a hotel, and when I got there I was astonished to find that I was in a whiskey shop, with a fine looking woman behind the bar and a dozen drunkards in front of it. I immediately left but found it was the same at the

next place I tried, and so I gave the thing up and came back to the first one, and when I got under the verandah it was raining, I saw a woman standing on the step of the door and heard her saying that she wanted a little money for the children as they were too hungry to sleep. While she was getting off this story a man was leaning on the counter talking to the barmaid. All of a sudden he turned round and gave a great kick with his foot, and I could see from the way the woman shifted that it was not the first time that she had been so treated. I told a policeman and he said 'That is nothing.' I said 'Well, is nothing to be done?' He said 'No.' I asked him if there were any Salvation Army people round here, to which he replied that the case was not bad enough for them. I asked if there was no remedy. He asked me where I came from and I told him. He then said 'You are a stranger and I would advise you to go to Vied, otherwise you will get into trouble.' I took his advice, but after I had lain down I could not get to sleep on account of the noise; finally I got up to see what the racket was about and I found a crowd of men playing billiards. I was then satisfied and went to bed. Next morning I discovered that two men had been roasted alive in that hotel a few months before and had I known that on the previous evening I would have preferred to have spent the night in the Station House than to have stayed in the hotel. I found that this hotel was the finest in the town—in fact a the finest buildings were public house I had thought that I was coming out to a dairy country. I was telling my cousin this and so we went to a dairy factory, the approach to which was through a sea of mud. Two horses were pulling two cans of milk and it took them all their time to get through. I thought that this was a funny thing, that this country which has such a good name for grass should have such bad dairies and good hotels. What I saw in a milking shed still further enlightened me. I noticed that all the milking was done by women, because as I was told, they could not afford to pay men, and their own women did it for nothing. When I saw that the barmen were paid well and that the farmers could not afford to pay men to do the milking, I saw that there was a screw loose somewhere. I was amazed to find the liquor traffic to be the most profitable, and the butter business the most unprofitable. I found that at home in London and Glasgow the price for your butter was 1s 7d per lb—the farmers were getting the odd 7d and the other fellows were getting the 1s. The farmers must also consider why we get L10 for a fat steer for which you get L6. We have to send ours 1500 miles by rail and then they have to cross the Atlantic and go to the same place as yours. We had the same thing at one time, and before we got Prohibition we could get no legislation on behalf of the farmers, but since that time we have doubled up those speculators and middlemen, and got as near to the consumer as possible and we now get twice as much for our cattle and milk. When once farmers, laborers, prohibitionists, etc., got together there was no question but that we would carry Prohibition, and we did first lick, and when we did it the Legislature met, and it took them from November to the 1st of May to get all the laws made to carry out Prohibition. They voted for it in November and the publicans knew it was coming.

The law prescribed penalties and appointed officers to carry out the law. When the law came, round the respectable publicans (we found that there were respectable publicans—as decent as you or I) cleaned out their places, refurnished their houses, and did such a tremendous business that they required to extend their premises, and since that time one of them has built a brick hotel costing 75,000 dollars, with 100 rooms in it, and it is doing more business and making more money than the proprietor made when he, was selling whiskey. In that hotel I met with my relations and family two days before I left. That former publican, whereas he could not set his foot in any of the farmers houses before Prohibition, was gladly received when he gave up the selling of intoxicants. His wife, no matter how little she deserved it, when she went down the streets with her fine clothes would have poor women pointing the finger of of scorn at her as the relations of the latter, by their degradation were assisting in the purchase of the former's fine clothes. Mind you, that woman might be as good as any, but she was placed in a false position. When they had the whiskeyless hotel we received them joyfully, and that publican's wife now occupies her proper position in society, and her family is welcomed to homes where they were not welcomed before. Beside these respectable publicans there was another class of men, and we made some great discoveries after Prohibition was carried. We found that the criminal publicans were determined to sell on the sly. They secured the services of a lawyer, and the owners of the properties backed them up, and here these unscrupulous people started to defy the law. Then we had some fun. By the time we had gone; done with j them the lawyer had all the money the publican had possessed and a good whack of the publican's property, sometimes all of it, and then when he had got all the property and had lost his character, he would have to leave the state, because the man that fights against the law is regarded as a criminal in Kansas. The people in the United States are a law abiding people, and all will try to enforce the law. The result was that these lawyers who championed the cause of the disreputable publicans, together with the owners of the houses, all came to grief together. We always investigated the pedigree of a lawyer who took up a case and endeavored to thwart the law, and we found these lawyers (I am talking of Kansas) were not a creditable class. Being a 'greeny' he would not be employed for months. Once he did get a client he 'skinned' him clean. If a man stole a cow and the man that lost it hired the lawyer to prosecute he would do so, but if the thief got to the lawyer first and paid the money, the lawyer would prosecute the man who lost the cow. These were the kind of lawyers they

had in Kansas. The moment that the liquor law went into force in Kansas all the respectable publicans put their houses in order, but others remained crooked. You see the lawyers and publicans joined together, and then we found out a lot of things. After some years we found that when a man was robbed in a public house it was the disreputable publican who was the wicked one. The publican might have a bill to meet, and if he saw the money in a man's pocket he would see that he got drunk enough to have his pockets turned inside out in the morning. No one suspected the licensee. These fellows in Kansas were smarter than they are here. When a publican tried here to lamb a man down, the robbed one wanted the money back and sued the publican and got judgment, and when the fellow went away, to another public house and got roaring drunk there, he had not got very far before he found he was having his ears cut off. This is a very dreadful thing. I can tell you this, that if that man without the ears was in the United States, and in any state where Prohibition was being fought, the temperance organisations would secure his services as a blood-curling example of the shocking atrocity of the liquor demon, especially as he had no ears. The effect of these things is very wonderful, and I have no doubt before the election takes place more victims will be sacrificed to the craving for drink. A man when drunk fell between the wharf and a ship at Auckland; two lines were put in the paper. With us when a man met his death when drunk we thought it one of the most dreadful things possible. I think that it arises from this fact, that we have a decoration day, when all people of the United States give up work and go and gather flowers to decorate the graves of the illustrious dead. Of course before we got prohibition we lost six men every day through drink. Here you have only three every day, but I think this is a terrible number when you look at the cases individually. A young man, a compositor in the office of the Evening Post, Wellington, where he had been working eight years died. At the inquest it was found that he had gone from hotel to hotel until 1 o'clock on Sunday morning. He met a man named Murphy, and they sat down on a doorstep and finished a bottle of whiskey between them, and Henkins (the compositor) was not able to get up. He was got into a cab and was driven round to his fine residence in Ouba street, where his brother and sister were waiting, but when the cabman was getting him out he said he either was in a fit or dead. The latter was the case. This was a dreadful affair.

Up at Manaia we have a woman the daughter of a clergyman, and she is a splendid pianist. She is a magnificent teacher. Young women have been learning to play who have made no progress, have gone to this woman and have been finished off in no time. She is highly intelligent. Going along the road one day, I found her lying in the gutter; it had been raining and the water was within an inch of her mouth. I tried to get her out and asked a passerby to help me, but he refused. He said the more you do for her the worse she will get. I got the woman out and in company with the local clergyman I visited her next day. We commenced talking about various matters, and I mentioned to her about Kansas having prohibition, but the moment we came near the question at all she said, 'I know what you have come here for, but you don't know a thing about it. I wish you had my head this morning. If you want my man or myself to become a sober man or woman you must keep the horrid stuff out of the country.' Here is another victim. A man, the junior partner of a firm in Glasgow, was given to intemperance. He was engaged to a girl who told him that he must keep sober for one year. So he came to New Zealand to keep sober. He was not long here before he got on the 'booze' and he was turned out by his friends. They built him a whare and he is now splitting firewood. Whenever he gets the money he gets on the spree. He then takes the pledge and cries like a child. He often says that if we had prohibition he would be able to act like a man. He said 'You never knew a man to stop drinking once he started. No one will be happier than I when the drink is abolished.' At Parihaka I stopped at the hotel on this side of that pah. It is strange to find the white men in New Zealand raising money and giving it to the Maoris. We don't do that in the United States. We make the Indians do their own work. It seems stupid to find white men working for the Maoris. A Mr Fisher the Government Agent pays the Maoris at Parihaka and the result is that round the hotel on pay days are a hundred Maoris. At midnight those who were sober enough to go, went home, and the rest were scattered about the yard dead drunk. Their crimes and beastly orgies and debauchery are terrible and a disgrace to New Zealand. In New Plymouth I saw a lot of young men standing about three Maori women who were helplessly drunk. I was in company with a J.P., and when we approached the crowd the J.P. gave some of them a kicking and took the women before the bench. The Magistrate was going to fine the woman the usual 5s, when the J.P. indignantly declared 'not a penny,' and said that the man who supplied the woman with the liquor deserved to be hanged. That is the sentiment in New Zealand. It is a clear case to me that you cannot regulate the liquor traffic. We tried it for a whole generation. It has been tried everywhere, and there is no more possibility of regulating the drink traffic than there is regulating the slave trade. There were clergymen who defended the slave trade. Horace Greely was a great Abolitionist and he owned the most powerful paper in the States. Whenever anybody saw arguments in the papers in favor of slavery they cut them out and sent them to Greely to answer. But he said it would be a nice thing answering all State, and when the last Governor retired he enumerated the benefits derived from Prohibition, and he declared that more than half the gaols were empty and many of them were rented by farmers as graneries. There are 105 counties in Kansas and each has its poor-house. The poor-house is

put to its proper use now, and we are going to change the name of it as it is now Used by the aged poor people only. The Governor declared that more than half of the gaols were empty and the poor-houses were rented to the farmers to live in. You hear about Prohibition not being enforced in Kansas, but that is a lie. I will tell you what the actual condition of things is. By the way the law is constituted it is impossible to violate it. In my county there are 25,000 people. It is a sample. We have a county attorney and a sheriff, and we elect our policemen, and they are paid by the 'piece.' Our Judges are paid by piece, and so are sheriffs, who are paid by fees and mileage. The county attorney is paid L25 for every conviction he gets, and where a man is found selling liquor his place is seized to pay for the costs of the prosecution, so a man in Kansas will not allow a building of his to be occupied by any; one unless he is well acquainted with him, and knows that he will not attempt the sale of liquor in that building, and if he does rent it to a stranger it is only on receiving a bond to guard himself against loss in case the occupant does break the law by the sale of liquor. If there is any man here who thinks he can sell whisky in Kansas I would advise him to try. The county commissioners lately begrudged paying the gaoler his salary as there had been no prisoners for two months, and they passed a resolution that his office should be suspended until he got a prisoner. If a man tried to sell whiskey in Kansas he might strike one or two people, after a lot of trouble, who would like some whiskey, but these people of Kansas are not starving for whiskey, and if he comes along with a bottle under his arm he may find that he has made a mistake. He does not go far before he does make a mistake, and he is 'collared' and made a prisoner by some farmer or laborers who are paid mileage and fees for running him in. The constable does the same, and then when the sheriff gets the prisoner he enters up the matter and puts in all his fees, and the gaoler is glad because he is going to have a job, and the county attorney gets 25 dollars for every count against that man. Consider that man's predicament and you will see plainly that when a man tries to sell liquor under these conditions he is an idiot. It is the same in the other counties. I will only mention once more the remarkable difference that I perceive between the moral susceptibility of the Kansas and New Zealand people in regard to a man dying when he is drunk. It is a very dreadful thing, but I don't think your responsibility for the deaths taking place at present is so great, because the matter has not been brought before you, but this having now been done you are responsible if you do not do what you can to do away with this evil. No matter what a man is, I have found no man in New Zealand to deny that he is his brother's keeper. The Knights of Labor declare that an injury to one is the concern of all, and a whole lot of secret organizations are permeated with the same feeling, and I find that every man and woman acknowledges that they are their brothers' and their sisters' keeper. They only want an opportunity of demonstrating and exercising the fact by looking after these helpless people. You must take it for granted that drunkenness is a disease, and the drunkards are they who want Prohibition more than anybody else. The men who don't want Prohibition are generally lazy men, those who have not a strong intellect, and who have some kind of an idea that if they could not get whiskey, they would get the ramps. That was an idea that many of our people had before we got Prohibition. These were people who in every other respect were quite sensible, and a few days after the whiskey was gone they began to think they felt cramps. A happy circumstance then occurred. This was that the only way they could get whiskey was in an unlawful manner, and these illegal suppliers that we had at the first, disappeared very soon after because that they famished the most horrible stuff under the sun. The suppliers thought that any stuff would do. One of my neighbours got some on the sly and made a terrible noise about it, and he asked me if I knew sulphuric acid when I saw it. Another man killed a calf of his by giving it a dose of this stuff to cure it of some complaint. It was so bad that it got the same of 'rot-gut' It was horrible stuff and completely weaned the Kansas people from the use of liquor. I think that the use of this state was one of the most providential things that happened.

When you are trying to reform an evil many circumstances will assist you and an incident that happened in Hawera, if it had happened in the United States, would have produced a profound sensation. After the great civil war in the United States all the people everywhere were rejoicing to think that the carnage had ceased and those now alive would be safe, and they were being welcomed home, when Abraham Lincoln was slain in Ford's theatre by an assassin. The news so filled the people with consternation that everything was stopped and all work suspended. Everyone put on mourning and nothing would satisfy them but that the body of the great President should be carried throughout United States for the people to see. For twenty years, notwithstanding all the infamy of the Republican party, the people voted steadily for that party on account of the impression made upon them by the viewing of the body of their beloved President. For twenty years, they voted against the Democratic party that contained his murderer. There is a friend up in Hawera, and I was telling him that there were no barmaids in the United States, all this class of work being done by men. He said that a woman was as safe behind a bar as anywhere. I told him that I did not know whether she was safe or not, but I would not like a relation of mine to be there. Some days afterwards I read a letter in the paper, and that letter was written by a highly educated person—a young lady of 22—and was addressed to her grandmother. It appeared on enquiry that her mother had been a widow and had married again, which was probably the reason that she had made her grandmother her confidant. In this letter which was written, and which was produced at the inquest, it was

shown that she had tried to poison herself two days before. One young woman passing through the room when the letter was being written saw the bottle, on the table at her right hand. It is a terrible thing to think of that young woman with the poison at her right hand, with which she intends to destroy herself, and that she had the stuff in her possession for two days, and then to read that one sentence 'Hotels were my ruin.' I was terribly shocked when I saw that letter, and I went to my friend and said 'I thought you told me that all young women in hotels were safe.' We went up to set, the body. It was the second dead person that I had ever seen, and I do not remember to have ever seen a living woman who looked so beautiful as that dead young woman. I tell you what it is: If that dead young woman's body was carried from end to end of the colony here as Abraham Lincoln was in my country with the above sentence printed on the coffin, I don't think that there is a woman in New Zealand who would vote against Prohibition. But there are many men also, for I think the men of New Zealand are as chivalrous as any men on the face of the earth. One sign I see here that we had in Kansas, and I think that is a pretty good sign. Before we came to the final fight the Democrats denounced the Republicans as a parcel of thieves and plunderers, but when the Republicans came round they told the opposite tale. Since I came here I found Mr Duthie and Captain Russell and another man with a handle to his name, and they came round, and I heard them saying that this Government of New Zealand was the corruptest Government on earth, and that they were a lot of plunderers. I thought it was very dreadful when I heard all this, but when I heard the other side speaking they said that their opponents were a lot of liars. I thought myself that the truth might lie somewhere about the middle. What happened in Kansas was that near the close of the campaign both stories were believed by the people, and then the politicians on both sides got alarmed beyond measure, and were afraid that the people would believe both of them, and then both parties would be to blame, and the consequence was that they began to make all kinds of professions, and each promised reform from within their own party. It happened that there was an old woman who kept chickens; she could make them lay when no one else could. She came to a meeting one night. We were astonished to see her on the platform with two eggs in her hand. She said that one was a Democratic egg and the other was a Republican one. We have here a lot of reform promised. She here broke the Republican egg when there was an awful smell. She said 'Do you think you could reform that party from within.' When she got the other egg up she said it was the Democratic egg, and when she broke that one I discovered that you could smell two distinct and separate stinks at the same time. She then said 'Do you think you could reform that party from within. If you want genuine reform you must vote the Prohibition ticket straight, and get refresh egg, and then you will be all right.'

CLUTHA LEADER PRINT.

Front Cover

Religion and The Law.

By T. C. Williams.

Wellington MCKEE & CO., PRINTERS, CUSTOM HOUSE QUAY. 1897.

To the General Public.

THE following letter was declined by the Editor of the *New Zealand Times*:—"I submitted your letter this evening to the editor with the result that he declines to publish it, either as an advertisement or an inset." I subsequently interviewed the editor myself. He was most kind, spoke most fairly and impressively, "Couldn't 'elp it, pa." Editors of newspapers are doubtless ever great when writing under their "we;" but, alas, when was an editor ever known to pass the office of a barrister or solicitor without a perceptible shiver—a sense of a desire to get behind somebody. They ever write seated in front of them the law of libel. I have myself no private ends to serve, no axe to grind. I have many relatives and friends both in the ranks of the clergy and members of the legal profession. It is ever painful to smite and be smitten in the house of one's friends. When great writers and reformers take their walks abroad they are necessarily compelled to take a wide and broad view of matters and things; the widest and the broadest—their whole surroundings—wide, broad, and general. Should they, while so walking abroad, happen to tread upon—well, say, the toshies posies of any of the smaller sorts, those smaller sorts should not lose their tempers, and go whining like whipped small boys to the law courts, thereby rendering themselves alike a nuisance and ridiculous. There is a far better and more profitable course open to them—a course with the advantage of having attached to it an improving clause, "Don't do it again."

Thos. C. Williams.

WELLINGTON, N.Z.

8th Nov., 1897.

"Scots wha hae!

.....

See approach proud Edward's power Chains and slavery."

"The Law is a Hass."

LUKE SHARP MAKES A QUOTATION AND ATTEMPTS TO VERIFY IT.

"The law is a hass," said a very celebrated authority many years ago and there are indications abroad in England which tend to show that the law is at last beginning to realise that it is a "hass." There is a movement afoot for the codifying of the English law, for setting of it all down condensedly in black and white, and the arranging of it in such a manner that the ordinary person outside the law courts may, if he chooses to study the code, get some little inkling what the law really is. Curiously enough this motion for the codifying of the English law comes from an unexpected source, namely, from the lawyers themselves. One would imagine that it ought to be the game of the lawyers to keep the law as obscure as possible, so that Satan would find some mischief still for legal hands to do. But there is a reason for all things, and the reason for this most extraordinary move on the part of certain lawyers in England I shall presently attempt to show. "Keep ye the law; be swift in all obedience," writes Rudyard Kipling; but this, in England, is one of the things easier said than done. How is a man to keep the law if he knows absolutely nothing about it. In the middle library there are something like 2000 volumes containing reports of English cases, and in any page or paragraph of the most innumerable leaves that compose these books there may be a sentence that will (and does) overturn something that has gone before. English law has, therefore, become a heap of legal decisions and parliamentary enactments piled one on top of the other into an enormous mass, built up slowly through the centuries like a coral reef, and if it were not for the average horse sense of the English judges I confess I cannot see how any man could hope to get justice on any subject whatever; as it is they blunder along, and I believe that there is probably as much justice to the square inch in England as in any other country in the world.

.....

Nevertheless the law is admitted to be tremendously expensive luxury in England, and aside from that it is ponderously slow, and as been so well shown by Charles Dickens.

Now the Englishman is pre-eminently a practical individual. I think myself that he is the most understood man on the face of the earth; but that's another subject altogether, and I merely wish to indicate what he does when he finds himself in a difficulty. He may not rise up and smash things with the angry impetuosity of his brother in the West, but he evinces a slow and dogged determination to find the way out of a hole if he has managed to stumble into one.

The lawyers of London fattened on the misfortunes and necessities of the people of England. The whole administration of the law was in the hands of, one may say, a close corporation; competition was impossible. Bills and costs were frightfully excessive, and although there is a legal method of taxing costs, and thus cutting down the charges of a dishonest solicitor, the law remains a most unsatisfactory way of settling differences. Merchants of London found cases dragging on year after year and remaining unsettled. Finally, the decisions were as often as not wrong, made by incompetent and ignorant judges, who knew nothing of mercantile procedure, and who quite evidently cared less. The merchants of London made no fuss and raised no howl; they wrote no letters to the papers, and did not try to get parliament to come to their relief, knowing very well that legislation could not help them, because a large proportion of parliament was composed of lawyers whose game evidently was to make the law more difficult rather than less complex. So the merchants quietly formed boards of arbitration, and agreed to refer their differences to these self-constituted courts. There are three arbitrators, as a rule, men who understand the kind of business to which the case belongs, but who are strangers to the parties in dispute. They are paid a guinea a day, and often settle in a day at a cost of three guineas, and settle on the whole satisfactorily, cases that would have dragged for months from court to court, and would have cost thousands upon thousands before a like reasonable decision was reached.

Within the last dozen years, therefore, the legal profession of London have found themselves high and dry. Business to the amount of millions annually has gone from them, and gone, as I thoroughly believe, forever. Whether they codify their laws or burn them will make little difference to the hard-headed merchants of London.

All of which tends to show the truth of the old adage, that it is folly to wring the neck of the goose that is

laying the golden egg; which the legal profession of England is at present without much inclination to deny.—*Detroit Free Press*.

THE EDITOR NEW ZEALAND TIMES.

SIR,—Now some years since when writing on another subject I told your readers I had a case—my only case—in Her Majesty's Supreme Court that had then continued some years. The case was a most simple one which any two ordinary men could have settled in a few minutes. A property was sold which had previously been granted to twelve individuals. I myself and another were trustees for one share. The other eleven shareholders had sold the land and received some hundreds on account, which sale fell through. They had drawn some further hundreds from the auctioneer, and had also run up what is known as a lawyer's bill with one Walter (since Sir Walter) Buller. After the sale the money by arrangement was paid into the hands of said Walter Buller and others. When they came to the division of the proceeds, instead of giving to me and my co-trustee our share in full they first deducted the moneys the other eleven shareholders had derived from their sale of the property, the moneys they had received from the auctioneer; also the amount of the said Walter Buller's long bill, with all of which we, the trustees of the twelfth share, had had nothing whatever to do. They gave us only a twelfth share of the residue. I asked for a refund of those moneys so wrongfully deducted from our share. This was denied to us. I then placed the matter in the hands of a famous barrister and solicitor, one W. T. L. Travers. After waiting eleven long and weary years the case was brought to a conclusion. The result:

The Trustees of Tamihana Te Rauparaha, (DECEASED).

Dr. to W. T. L. Travers, SOLICITOR, WELLINGTON.

Examined.

(Signed)

WM THOS. LOCKE TRAVERS.

Wellington,

12th May, 1896.

When one who, for eleven long and weary years, had been awaiting a cheque receives an account like the above one feels utterly squashed, almost disposed to faint. No use fainting. Should one exclaim "Moses?" No use calling upon Moses. Moses long since "gone to bye." "Jupiter?" No use calling upon Jupiter. Jupiter far too busy trotting along through space with his four moons. "Cracky Billy!" That sounds better. Something should be made to crack. Should the idea suggest itself of a picnic to the forest where firewood is abundant and cheap; expresses, cabs, saws, axes, and chains, a band to play something Sundayish to give a tone to the proceedings, a huge pile of wood, two creatures chained on top, a little kerosene, a match. Then the return; the band sweetly rendering, "Those two we left behind us." Then would follow the police, handcuffs, trial by jury, etc. Clearly the idea of a picnic to the forest must be abandoned. What, then, can a poor trustee do or say in or under such most wretched circumstances? Prudence suggests caution. W. T. L. Travers, and Sir Walter Buller, are able and gifted—in some respects head and shoulders higher sort of people. Had a photo been taken of Mr. Travers when a young man somewhere in Spain, a picture would have presented itself of a hero seated on top of a tall war horse, his martial sword beside him, breathing forth unlimited threatenings. Upon one occasion, when so taking his rides abroad, Mr. Travers invested. For tenpence he purchased a plenary indulgence; such plenary indulgence to free him from any transgressions previous to such purchase—any transgressions during the continuance of his connection with said horse and sword—any transgressions when, after, acting as barrister and solicitor, and so on, to the end of his life's chapter, with the right of entrée after that—all this for tenpence. Sir Walter Buller is also one able and gifted. When a younger man Dr. (now Sir Walter) Buller "received instructions" to purchase a fine block of some 200,000 acres from the Maori people. There were difficulties; but what are difficulties to those gifted and brave but matters and things to be met and overcome.—*Veni ridi vici*. The difficulty was this: the land belonged to sections of only one tribe who were just then not disposed to sell. They asked for an investigation of title, their lands having been claimed by others. Said Dr. Buller gathered together the representatives of some nine tribes, most of whom had previously been armed with Government

rifles and ammunition. These representatives were all willing to sell, many insisted upon the sale. Dr. Buller was then to be seen going about among the tribes with a document purporting to be a deed of cession to Majesty; and thus through this purchase of their land from eight non-possessing tribes with the non-possessing moiety of a ninth tribe, together with the following judgment of a Land Court, these loyal, peaceable, unoffending, confiding subjects of Majesty, the real and only owners of the country—kind and humane to a degree when savages and independent—just and generous even to a fault after they became subjected to Majesty—are brought to ruin, and to Majesty with "Record Reign" their lands went. Dr. (now Sir Walter) Buller, after this like "a warrior taking his rest," visits the Old Country, becomes associated with the great ones of the earth; takes matters and things Imperial, among them the Imperial Institute, under his distinguished patronage; returns to New Zealand a knighted and knightly ornament of the vast Imperial British Empire; thus showing that these two—Messrs. Travers and Buller—stand head and shoulders above their fellows in their ability to secure all those little addendas that tend to make life pleasing here with the right of entree to all that is best in the life to come,—this for tenpence! Superlative of the superlative *crème de la crème*; thus making manifest and most clear that one must be most carefully guarded what one may say; hush! sh, sh, sh! when writing regarding two such superlatives in the newspapers, or so sure as night follows day, so sure will follow an action in Her Majesty's Supreme Court for libel—an action setting forth and seeking damages. Horror of horrors. Ye gods, damages! Let me ask your readers to join with me while we endeavour to picture, set forth, give pen and ink sketch of such action—such *cause celebre*. Messrs. Travers and Buller versus T.C. Here we have them. Here they are, side by side in Court on their knees weeping, praying a Queen's Judge and a Queen's jury to make it hot for T.C.; to make T.C. hand in large monies to be divided between their superlative selves as compensation for damages done to them by T.C. by what he had been writing regarding them in the newspapers; to make T.C. pay oceans of 3s. 4d.'s, a vasty vast of 6s. 8d.'s, with a hideous and ghastly array of 13s. 4d.'s. A powerful bar is assembled—barristers and solicitors from all parts of New Zealand—from the North Cape to Stewart's Island—all assembled and met with a view to show their sympathy with and contribute each his mite to assist their twosuffering and complaining just now agonized barristerial brethren. Poor T.C. all by himself. The whole space in Court crowded, and overcrowded with barristers and solicitors, many left standing outside, peeping round the corners. They sit looking solemn, grave, and respectful, as fitting professional men, officers, and gentlemen when in Her Majesty's Supreme Court. Presently, and before proceedings are commenced, they begin to nudge one another, and call nudgy attention to their two grievously suffering brethren, and this nudging and nudging and calling of nudgy attention continues and continues till such time a most strange thing happens—a general collapse of the whole assembled bar; they all break down in one general, universal, all-round barristerial blubber; they all commence to weep and blubber, blubber and weep, the two plaintiff barristers still profusely weeping, and this same weeping and blubbering with profuse weeping continues and continues, till such time there is danger of the Supreme Court buildings being permanently injured through a species of rot—barristerial tear-rot—worse than dry rot or any other kind of rot; the most abominable possible of all rots possible—barristerial tear-rot—and this said weeping and blubbering, with profuse weeping as aforesaid, continues and continues as aforesaid, till such time there is nothing left for the Queen's Judge in the public interest but to cry, "Mr. Sheriff, clear the court." Then the reception of these tear-be-wetted worthies, when all mounted on their bicycles, by the crowd outside! Scots wha' hae! We have been told that on certain days in each week barges are towed outside the Heads of Sydney Harbour filled with the refuse of the city; that on their way to the ocean these barges are followed by crowds of monsters, by many regarded the barristers and solicitors of the deep; that when said barges reach their destination, and their contents thrown into the ocean, there is a vast of stir in the house of shark. "Dog," barristers tell us, "will not eat dog." "Hawk," solicitors tell us, "will not pick out the een o' hawk." Those grand old ocean sharks that so regularly wait upon those barges outside the Heads of Sydney Harbour are ever prepared to take a far wider and broader view of matters and things—ever ready to *kapai* barrister, to devour solicitor in quantity enormous—juvenile solicitor or aged barrister "all 'e same, John." Question may be asked what is the meaning of all the above? *Cui bono. Quod ad eundem*. Have we not a Parliament? Imprimis pass a short Act making it penal for any barrister or solicitor to have a seat in Parliament, proof of candidature alone sufficient. Then proceed to raise up High Justice from its as now utterly degraded and degrading position—the hideously cumbrous and costly slough through which mankind have to wade when seeking for justice, many electing to submit to injustice and wrongs rather than effort so monstrous a wade. Have all the obstructions, the vast of accumulated precedent, law points and points of law, all the vast of hindrances and obstacles manufactured and built up by barristers and solicitors during past ages—have them removed and for ever from all mankind's avenues to justice. Have Courts of Arbitration appointed, the presiding judges to be appointed, not by the Government, but by a special independent Board of good and true men, the duties of such arbitrators to hear and decide shortly men's differences. Have all the lands of the country brought under the Land Transfer Act. All deeds and documents in connection with all transactions affecting land sales or mortgages to be prepared by

specialy-appointed officers of the Government; all parties to be compelled to accept the deeds so prepared. Have officers appointed, their duties to prepare men's and women's wills for them, their marriage settlements, their agreements, and all other documents needing careful preparation; all applicants for deeds or documents to hand in a short and simple statement of what is wanted, such short statement to be attached to a copy of any deed or document when completed, the wishes so set forth of any applicant to be carried out, any error or miswording of any deed or documents to the contrary notwithstanding—officers appointed to do all for men and women necessary to free them from their, as now, slavery to lawyers, their monopolies and high charges. Then proceed to shatter the vasty fabrics with all their misty mystifying surroundings erected by the clergy through the past ages above, around, and in connection with Christianity, and the teachings of the Christian religion. Have the Christian religion taught to mankind the wide earth o'er in all the grandeur of its all-saving simplicity. Let all the Christian churches and denominations, with all their names and distinguishments too numerous to mention, go packing, taking with them all their vast of mischievous, mankind-bewildering creed, doctrine, dogma, and hair-splittings; their priestly powers and church terrorisms, their infallibilities, their confessionals, their penances, their pardons, their masses, their requiems, their prayers for the dead, their purgatories, their apostolic successions, their vast of lengthy enlengthened church services, their vast of prayer with much of "vain repetition," their vast (some very good) of sermons, their vast of (many confusing) discourses and addresses, their high church, their low church, broad church, and all other kinds and sorts of church. Let them all go packing. Christianity itself again: "I and my Father are one." "He that believeth on me hath life everlasting." "God so loved the world that he gave His only begotten Son that whosoever believeth on Him should not perish, but have everlasting life." "I determined to know nought among you but Christ Jesus and him crucified." "Believe on the Lord Jesus Christ and thou shalt be saved." Jesus Christ "The Lamb of God who taketh away the sins of the world."—I am, etc.,

Thos. C. Williams,

A native of New Zealand.

decorative feature

Lieut.-Gen. Sir William F. D. Jervois,
G.C.M.G., C.B., F.R.S.

Mr. Ben Tillet.

From THE ROYAL ENGINEERS JOURNAL.].

***Lieut.-Gen. Sir William F. D. Tervois, G.C.M.G.,
C.B., F.R.S.***

WILLIAM FRANCIS DRUMMOND JERVOIS was the son of General William Jervois, K.H., Colonel, 76th Foot, by Elizabeth, daughter of William Maitland, Esq. He was born at Cowes, in the Isle of Wight, on the 10th September, 1821, and was educated at Dr. Burney's Academy, at Gosport, and Mr. Barry's School, at Woolwich, whence he passed into the Royal Military Academy in February, 1837. The fire in the central building in 1873 destroyed the records of the cadets, and prevents reference to any distinction he may have gained, but the fact that he obtained his commission in March, 1839, when only 17½ years of age, shows that he must have early displayed talent, as it was not easy to pass through that Institution in two years in those days.

From Woolwich young Jervois went to the School of Military Engineering at Chatham, then still presided over by that distinguished officer, Colonel Sir Charles Pasley, who had induced the Government of the day to found it some 30 years before, during the Peninsular War. He soon attracted Sir Charles Pasley's attention by his ability and energy. A proof of the high opinion formed of him, by that very practical officer, is that on being commissioned to blow up the wreck of the *Royal George* he wished to make Jervois his executive officer for the purpose; but as he was then under orders for the Cape of Good Hope he could not undertake the duty.

At Chatham his survey work was considered so good that his sketch sheets were framed and glazed as a pattern for future young officers. He sailed for the Cape in a small vessel of 350 tons, and the voyage lasted four months—from 4th April to 4th August, 1841—when he landed at Cape Town. After a few weeks he was ordered up to the Eastern Frontier, and was, for some 13 or 14 months, choosing sites for, and building defensive posts to check the inroads of the Kaffirs at Trumpeter's Drift, Comatuy's Drift, Double Drift, and Fort Brown on the Fish River, which was then the frontier of the colony.

In 1842, towards the end of the year, Lieut. Jervois was appointed Brigade-Major to a force of all arms sent up to Colesberg, on the Orange River, to control the Dutch Boers, who were "trekking" away from the British Government, and were desirous of setting up a government of their own. This force consisted of the 27th and 91st Regiments, a battery of artillery, and a considerable body of the Cape Mounted Rifles, and was commanded by Colonel Hare, the Lieutenant-Governor—an old Peninsular and Waterloo officer. The Boers did not fight on this occasion, but the long march through a part of the colony, not hitherto traversed by our troops, gave him some practical experience in the movement of troops, and drew forth his surveying powers in the admirable road sketches which he rapidly prepared. After this expedition he was employed for two years in building a bridge across the Fish River at Fort Brown, and making a road to Fort Beaufort, the principal military station on the frontier. After this, in 1845, he was appointed Adjutant of the Royal Engineers and Royal Sappers & Miners at the Cape, and accompanied Colonel Piper, the C.R.E., on his inspections to Natal, whence they returned to the colony overland. He utilized this journey by making a sketch survey of the new country they passed through. They struck the colony again at Colesberg, having traversed a great part of the country now known as the Orange Free State.

On arrival at Cape Town he was detained there for some time by various duties through the early part of the Kaffir War of 1846-1848.

When, at the beginning of 1847, Governor and Commander-in-Chief, General Sir Peregrine Maitland, was recalled, and Sir Henry Pottinger became Governor, with General Sir George Berkeley in command of the troops, the latter took Lieutenant Jervois with him to the frontier, and would have appointed him on his Staff, but the C.R.E. on the frontier considered that his services as an engineer could not be spared. He, however, accompanied the General into Kaffirland, and began the valuable survey of British Kaffraria, which was the most noteworthy feature of his Cape service. This survey extended from the River Keiskama to the River Kei, and from Fort Hare to the sea, and was of great value to the officers commanding the troops in subsequent wars. The following notes of the manner in which much of this survey was made may be found interesting and instructive to young officers;—

"I used to have detachments of a dozen men of the 7th Dragoon Guards or of the Cape Mounted Rifles as an escort whilst I was making this map. This was not without reason, as was shown on one or two occasions. One day I had been taking angles from a hill over the Buffalo River, about 12 men of the Cape Mounted Rifles mounting guard whilst I did so. On returning we passed over a low, narrow neck, which connected the hill with the main plateau, when we were fired at by a body of Kaffirs hidden from view; fortunately, they fired over our heads. On another occasion I was surveying on the banks of the Kei River with an escort of a dozen men of the 7th Dragoon Guards. Coming down from the top of the Komga Mountain I saw the smoke of a fire, which had evidently been lighted as a signal by the Kaffirs. At all events I determined to go back to camp to give information. Next day a party of half-a-dozen officers went out to see the view from the Komga Hill, and they were cut off close to the place where I had seen the fire, and, with the exception of one (Captain Littledale, 73rd Regiment), were killed.

"The way I set to work in making the map was this. Having first measured a base, on which were some prominent points to which angles might be taken, I proceeded to a ridge a short distance off, and from a point on this ridge, easily visible from the country round, took bearings to the several points on my base. I proceeded to do the same thing from another point on the ridge, and again from a third point on the ridge. Having fixed the angles, I then sketched the country enclosed by them partly at sight, partly by means of bearings, and partly by actual measurement, taking advantage of any prominent features, such as spurs of hills, or streams running into the hollow between the base and the ridge I was standing on. The points on this ridge, in their turn, became the base for the adjoining portion of the country shown on the map, and so on for each successive portion.

"In this manner a considerable degree of accuracy was obtained. The map included the Amatola Mountains, where an expedition was made, our whole force converging from three or four different places to the Keiskama Hoek (or low plain through which the river Keiskama flowed) in the hope of driving all the Kaffirs to a focus there, and subduing them. This hope, however, was disappointed. So far as I was concerned, however, this expedition gave me an opportunity of making a sketch survey of the Amatola Mountains. Thirty years afterwards it was the only map possessing any pretensions to accuracy which Lord Chelmsford could find for his guidance in that part of the country."

On his way home in 1848, on board H.M.S. *Devastation*, he connected the sketch sheets of this survey,

which was published by Arrowsmith at the request of Earl Grey, then Secretary of State for the Colonies.

He left the Cape, on promotion, in June, 1848, when the then Governor and Commander-in-Chief, General Sir Harry Smith, wrote of him to the late Lord Raglan, the Master-General of the Ordnance:—

"I beg to introduce to your Lordship, Capt. Jervois, of the Royal Engineers, who has, upon promotion, left this command, as one of the most able, energetic, and zealous officers I have ever exacted more than his share of duty from. He has been all over the northern and north-eastern parts of this colony, and can afford every information upon all military and geographical points. In these eventful times, I recommend him as an officer of activity and ability, fond of his profession, and proud to obtain the approbation of his superiors."

Sir Harry Smith also wrote to the Secretary to the Master-General, Lord Clarence Paget, after expressions similar to the above:—"He is an admirable draughtsman, has laid down nearly the whole of the northern and north-eastern boundary of this colony. He can also afford every information as to the military buildings in progress in British Kaffraria."

From 1849 till 1852, Captain Jervois commanded a company of Sappers and Miners at Woolwich and Chatham. On the 19th March, 1850, he married Lucy, daughter of William Norsworthy, Esq. While at Chatham, he used to teach in the Sunday School of Chatham Church.

In June, 1852, he was ordered to Alderney with his company. An incident recorded by himself in connection with this gives a good illustration of his character. He did not like going to Alderney; probably thought it would be a dull place for himself and his young wife, and made interest to go elsewhere. Accordingly, he was ordered to Brighton, but seeing a report of Sir John Burgoyne's, saying that Alderney was as important as Gibraltar, he begged to have this order rescinded, and went as originally intended to Alderney. This move had great influence in his career, as will be seen.

The Duke of Wellington held strong view on the importance of the Channel Islands, and of Alderney in particular. A harbour of refuge was begun at Alderney in 1852, to furnish a naval station and outpost, from which the harbours on the adjoining French coast could be watched. It was determined to construct strong fortifications on the island, in order to prevent an enemy taking possession of it, and so rendering the harbour useless. This duty was confided to Captain Jervois, and formed the chief business of his life for the next three years. His attention was thus directed to, and his mind prepared on a subject, which he afterwards took up on a much larger scale.

At this period it was common for officers engaged in designing works to rely very much on the assistance of the clerk of works for the details. Captain Jervois determined to alter this, and arranged that every detail for these works at Alderney should be worked out by himself and the officers under him, in addition to superintending the actual construction. This was a great benefit to the officers concerned, and to the advantage of the works.

In 1853, he volunteered for the Crimea, but was told that the work he was engaged on was too important to permit of his leaving it.

In August, 1854, while he was at Alderney, the Queen and Prince Albert paid their first visit to the Channel Islands, landing at Alderney, and according to the custom, by which a brevet step in rank was conferred on the commanding officer on such an occasion, Captain Jervois was made a brevet-major. The Prince, who was well instructed in fortification matters, went over the new Fort Tourgie, which he pronounced "very strong."

In January, 1855, Major Jervois was transferred to the London District as Commanding Royal Engineer. At this time, improvements were being made in all our military establishments, to the deficiencies in which the war in the Crimea had at length attracted public attention. It seems incredible, but is a fact, that the business of the Army was divided among seven departments, under as many independent offices of State, and the new War Department was formed by combining these under one head. Among other matters, which it was desired to improve, was the construction of barracks, and a committee was formed, of which Lord Monk was Chairman, to enquire into the matter, and make recommendations. Major Jervois was nominated by Lord Panmure to be a member of this committee, and also gave valuable evidence. In April, 1856, he was appointed Assistant Inspector-General of Fortifications, in succession to Colonel Owen, who was promoted to be Deputy I.G.F., in place of Colonel Harness.

In some notes made by Sir William Jervois in recent years, relating to his service at the Cape, the following passage occurs:—"On looking back, I feel very strongly how important it is for young R.E. officers to take the initiative in their work, and not merely to be content with fulfilling the actual duties allotted to them, but to undertake whatever their hands can find to do, and do it with all their might. It was the habit of doing this which caused me to be of some use at this time, irrespective of my ordinary duties."

He acted upon this principle on joining the War Office, for finding little scope for his energies in the ordinary current work, he took up the proposals for defence of the dockyards, etc., and studying the ground at Portsmouth and Plymouth, converted the abstract proposals for fortifying them into definite projects for occupying particular lines of ground by forts, landward and seaward.

This opened the most important period of Sir W. Jervois' life, during which he rendered the most valuable services to his country, for to him was ultimately committed the work of providing for the defence of the three kingdoms, their colonies and dependencies, and their commerce, by fortifying the naval bases and arsenals, and the principal commercial harbours and coaling stations.

As these fortifications have recently been made the subject of some controversy, in large part founded on considerable misapprehension of their object, and of the reasons which prevailed to prove the imperative need for them, it may be well to show that these great works, which will always be a monument to Sir W. Jervois' ability and energy, constitute a necessary and enduring contribution to the defences of the country, and were projected and carried out in accordance with the strong recommendations of men of the largest experience in actual war—the most distinguished authorities of the time.

It may be premised that on the conclusion of the Napoleon wars in 1815, our military establishments of all kinds were immediately largely reduced, and were for years so starved and neglected that our military organization had almost disappeared, and the offensive and defensive power of the country had fallen to a condition which would be hardly credible to the present generation.

The Duke of Wellington called the attention of successive Governments to the consequences of this, but without effect. In 1847, Sir John Burgoyne submitted a paper to Sir George Murray, the Master-General of the ordnance, setting forth the defenceless position of the country if it should be at war with France. The paper came before the Government. Lord Palmerston, who was then Foreign Secretary, was more particularly alive to these considerations, because he had been almost continuously in office from the beginning of the Peninsular war, and especially connected with military affairs and foreign policy. He drew up, with the aid of Sir John Burgoyne, a report which was laid before the Cabinet, in which he pointed out that France, though really inferior as a naval power, might by her better organized system of naval preparation, or by means of manoeuvres, make herself superior in the Channel for ten days or a fortnight, and in that time, having an immensely superior army, might land any number of men she chose, or within a shorter time might land a smaller force, and besides other operations, might destroy our dockyards, and thus paralyze our naval resources for years. He proposed the embodiment of the militia and other measures to place us in a proper position of defence, and proposed further an expenditure of six millions, in fortifying our dockyards, both on the sea and land sides, and providing great harbours as stations for our fleet, the expense to be met by a loan.

It is clear, from this, that these fortifications were never intended to be, as some have asserted, an alternative to or a substitute for a navy which should command the sea, the necessity for which was always recognized, but in order that the bases of our naval power might not be open to absolute destruction in case of local temporary inferiority, such as might happen in any operations of war. It is clear, also, that these highly experienced people, like many others, foreign as well as English at this and former periods of our history, believed in the possibility of invasion under such circumstances, and it would be no answer to them, either then or now, and would not produce in the public mind the feeling of security which is so desirable, to show that certain other persons did not think it possible, especially if the latter should be of much less experience or authority.

It was at this period that the Duke of Wellington wrote the celebrated letter which caused such a sensation a year after, when, by a breach of confidence, it was published in the papers. In it, he said, after describing the facilities for an invasion, "I have, in vain, endeavoured to awaken the attention of different administrations to this state of things. We have no defence or hope, or chance of defence excepting in our fleet." It may be noted, in passing, that this clearly shows his opinion that the fleet alone did not give enough security. He then set out fully the measures he proposed, such as an increase of the army, the embodying of the militia, replenishing our stores, etc., and then detailing the possibilities of invasion, said, "I know of no mode of resistance, much less of protection from the danger, excepting by an army in the field capable of meeting and contending with its formidable enemy, aided by all the means of fortification which experience in war and science may suggest." An attempt made by Lord John Russell's government to carry out these recommendations was successfully resisted by the Manchester economists, whose arguments were aided by a falling revenue and annual deficits. They persuaded the public that the danger was "moonshine," that as the country was already taxed almost beyond what it would bear, nothing could be provided either to pay more soldiers, or for any other military purpose.

The result of this was that the army estimates were in fact reduced, a circumstance which should always be remembered, because it is very commonly asserted that the country will always be found ready to provide means for furnishing such naval and military means as a responsible Government asks for.

The *coup d' état*, in 1852, raised to the throne of France a successor to the Great Emperor—one who had in previous years announced that he represented "a cause—a principle and a defeat" (Waterloo). This country was at length aroused to its condition, and that same year Lord John Russell announced the determination of ministers to "improve the defences of the country, and so to render invasion impossible." It was at this time that

the works at Alderney above referred to were undertaken—as well as other works for the defence of our dockyards.

The war in the Crimea afforded a striking illustration of the truth of all that had been said as to the extreme inefficiency and insufficiency of our military organization. I may note, in passing, that those who remember these times will recollect that the whole of the discredit of this condition of troops was, by public writers, thrown on the army, conveniently ignoring the fact that the responsible heads of the army and responsible statesmen had done their best to prevent it, but had been overborne by public opinion, led by ignorant enthusiasts. Now, however, public feeling lent support to the movement for fortifying our dockyards and naval arsenals, and, as has been already related, Major Jervois energetically threw himself into it and, ultimately, Lieut.-Col. Owen, who was the D.I.G.F. in the Fortification Branch, practically handed the business mainly over to him.

In 1856 Lord Palmerston was the head of the Government, and, for reasons already given, was most urgent in the matter. The Prince Consort, too, gave the most intelligent support and assistance.

According to the ordinary practice at that time, the designs of all works would have been made by the officers who happened to be at each of the stations in which they were to be executed, and then submitted to the I.G.F. or his deputies, but on full consideration it was thought expedient that the whole of the business of designing these works, which were to be on an extensive scale, should be done at headquarters, under Major Jervois. During this and the following years, selected officers were brought up for this employment under him, the number increasing as the work to be undertaken developed in extent. Full details on this subject will be found in the *History of the Corps of Royal Engineers*, by General Porter, where the works assigned to each officer are set forth, and need not be here repeated.

The office of the I.G.F., which till 1856 was in the west wing of the War Office, or Ordnance Office as it then was, at this time was moved to Harrington House, where the Civil Service Commission now is, and afterwards to the houses taken on the east of the Ordnance Office. These buildings would not contain all the staff employed in designs of fortifications, which, therefore, occupied houses in Abingdon Street, at 13A, Great George Street, and at 109, Victoria Street.

In 1857 Major Jervois was made Secretary of the Defence Committee, which sat under presidency of the Duke of Cambridge as Commander-in-Chief.

In 1858 the Government had private information that the French were secretly making preparations for war. The circumstances of the Orisini attempt on the Emperor's life, led to the most violent feelings against this country. The French Government published in the *Moniteur* addresses from French officers containing threats, accompanied by insolent language, and publicly demanding to be led against this "den of assassins." It seemed exceedingly probable that there would be a rupture, and a secret committee was convened to consider the best means of preparing against it. It was estimated that if an enemy obtained, even for a short time, naval superiority in the Channel, 100,000 effective troops would be required to meet him, besides 34,600 minimum force for garrisons in England and the Channel Islands. We had actually only 37,000 regular troops immediately available. We might collect 87,769 militia, pensioners, yeomanry, etc. From this force we should have, besides defending this country, to provide the necessary augmentations of foreign garrisons.

The volunteer movement was started at this time to help in supplying the deficiency in men, and the importance of the "means of fortification," referred to in the Duke of Wellington's letter, became evident.

At this time Major Jervois was employed by direction of General Peel, then Secretary of State for War, in making maps of possible battle-fields for the defence of London. There were no large scale maps of this country in those days; but the tithe maps were made available as far as possible by drawing them all to a uniform scale of 6 ins. to the mile. The possible lines of defence at that time went no further out than Croydon and Chislehurst—which are now much too thickly populated to be available.

In 1859, Lord Palmerston again became Prime Minister, with Sidney Herbert as S.S.W. He (Lord Palmerston) was strongly imbued with the idea of the importance of securing our naval bases—Portsmouth, Plymouth, Pembroke, Cork, etc. On one occasion, when Major Jervois was sent for to give him information on some points, he was surprised and pleased when Major Jervois produced his roll of plans, with projects for the defence of Plymouth. This was his first introduction to Lord Palmerston, who always after gave him most cordial support.

In the course of a short time it became clearly desirable that this question of fortification of the dockyards, etc., should be put before the country as a whole, and that the necessities of the case should be considered and reported on by a strong and responsible body of experts, so that the Government might come before Parliament with a complete and well-considered scheme. This was the more necessary because the design and principle of the works, that had already been undertaken, had become the subject of lively discussion in the press.

A Royal Commission was therefore appointed to consider what fortifications were necessary to provide for the complete defence of our dockyards, etc.

The Commission consisted of 7 members, of whom two represented the Admiralty, and one was a civilian—Mr. Ferguson, the architect—who had taken a prominent part in discussing in the press the question of the types of forts, etc., etc.

Major Jervois was appointed Secretary. As he had, as already stated, been engaged on this subject for some years, he was familiar with most of the positions, and had himself, or in co-operation with the officers working under him, prepared designs for works to occupy many of them, the guiding and working of the Commission practically fell into his hands, and he proved himself quite equal to the occasion. The report was in the main drawn by him, and fully accepted by the members of the Commission.

It was presented to Parliament in 1860. On the suggestion of Mr. Gladstone, it was submitted to the permanent Defence Committee, presided over by the Commander-in-Chief. Their report, if adopted, would have neutralized the whole of the recommendations of the Royal Commission.

Major Jervois, therefore, drew up a memorandum showing its inconsistencies, and the result was that the Defence Committee withdrew their Report. The two Committees then, at Major Jervois' suggestion, sat together, and ultimately the original Report of the Royal Commission was agreed to by a considerable majority.

The Commission had recommended an expenditure of between eleven and twelve millions. Government proposed to adopt only part of the recommendation, limiting the expenditure to £7,460,000, which was to include the cost of completing certain works already in hand.

Considerable opposition was offered to the proposals on grounds similar to those recently renewed, viz., that, as naval superiority was a vital necessity for us, it would protect us from invasion, therefore no works on land were necessary. It was shown, however, that if our naval bases had nothing to guard them but the fleet itself, the fleet would be fettered in its operations, and that a naval reverse or local and temporary naval inferiority might lead to the total and irrecoverable destruction of the bases on which our navy itself must depend. The objections were therefore considered to be completely disposed of, and the Government proposed, as before stated, to carry its recommendations, for the most part, gradually into effect by annual votes in the ordinary course. On this, a private member, Mr. Horsman, carried a resolution that the work ought to be proceeded with as rapidly as possible, and that to this end the expenses should be met by a loan, and not by sums voted annually; by which the completion would have been delayed for many years, during which it would have become liable to all the chances of party warfare.

The Prince Consort took the greatest interest in these works, and urgently pressed them forward. His early death was much felt by Major Jervois, on account of his support and his kindness to him. Lord Palmerston also felt his loss, and Major Jervois relates in some notes, which have been made use of in compiling this memoir, that on his observing to Lord Palmerston what a sad thing the death of the Prince was, he exclaimed, "Better that there should have been an American war, than that the Prince Consort should have died."

In the same notes it is related that, being with Lord Palmerston shortly afterwards, when he was just going down to Windsor to see the Queen (perhaps his first visit after the Prince's death), Lord Palmerston showed a great deal of feeling on the subject.

These incidents are curious and remarkable, as showing how completely the differences, which had existed in years gone by, had passed away.

A Fortification Committee was appointed to examine the designs of the works to be thus carried out, and of this Lieut.-Col. Jervois was made a member and also acted as Secretary. Besides this, the works had to be passed and approved by the permanent Defence Committee above referred to.

The difficulties of the great task now undertaken were much increased by the circumstance, that at the time it was thus determined to proceed energetically with these fortifications, the most vital changes began to be made in matters which fundamentally affect the design of defensive works.

Rifled artillery was just beginning to be adopted, but was not yet applied to heavy guns. Armour-plating had got into, but not yet passed beyond, the region of discussion and experiment. Torpedoes and submarine mines had made no progress; high explosives for mines and shells were still in the distant future. There was no delay, however, in grasping the effect which might be expected to result from these developments, and in making such changes as were, so far as could be foreseen, necessary to adapt the works to them. As an instance of this, it may be mentioned that the present writer having been, in 1859-1860, sent to design a line of works on the N.E. side of Plymouth, on the site recommended in the Report of the Commission, and having fully designed a great part of it, was, almost at the time the report was presented, called on to lay out another line further from the dockyard, in order to provide against the increased range of artillery, and to design the works on the site now so occupied.

The War of Secession in America brought to the front the question of armour-plated ships as opposed to forts, and led, in 1862, to the Royal Commissioners, with some naval members added, being asked to consider how this experience affected the original recommendation to place forts at Spithead.

The report substantially confirmed the original recommendation, subject to the change already decided on

since it was presented, to use iron in the fort instead of stone alone. It is worthy of note that it appears in this report that at that date the old 68-pounder and the rifled 110-pounder were the heaviest guns then known, though Sir W. Armstrong had a 12-ton gun intended to carry, when rifled, a 300-lb. shot, and was designing another to carry 600 lb. The guns then existing could not pierce the *Warrior*, plated with 4½ inches of iron, the strongest ironclad afloat.

In the new forts, however, arrangements were made by which the armour - plating could be strengthened to meet any further development of artillery.

In 1862 the subject of submarine mines and torpedoes was brought prominently forward by the success with which these instruments of warfare were made use of in the American War, and at Col. Jervois' instance a committee was appointed to consider how they should be made use of to strengthen the defence of our ports and harbours.

Simultaneously with the works for the defence of the dockyards, etc., at home, the defence of the commercial harbours was taken up, and also that of the naval stations and coaling ports abroad, which are necessary to enable the navy to maintain its superiority in all parts of the world.

It is not necessary to set out in detail all the works which were now and afterwards set on foot. A great deal of information on this head will be found in Col. Porter's *History of the Corps of Royal Engineers*. It will suffice to say that the whole of the land and sea defences were carried out under Col. Jervois' supervision, and while, of course, he had at his disposal, for the design and execution of these works, all the ability and energy to be found among the staff specially appointed under him for the purpose, to whom necessarily, after the first, these duties were mainly, or, in some cases, wholly committed, the direction and supervision, the responsibility, the moving force, the energy, the tact needed to meet and overcome administrative and other difficulties, and opposition of various kinds were all his own.

In 1861 he had attained the rank of Lieutenant-Colonel, and in 1862 he was appointed in the re-organized department to the office of Director of Works for Fortifications. In 1863 he was nominated a Companion of the Bath.

In September, 1863, he was sent on a special mission to report on the defences of Canada and Nova Scotia, New Brunswick and Bermuda, and visited the principal ports on the sea-board of the United States. The war between the North and South United States was then going on, and the action of Captain Wilkes of the United States Navy, in taking some emissaries from the south, out of the mail steamer *Trent*, very nearly led to a war between England and the United States and brought up the question of our defences in that part of the world,

In 1864 he was sent on a second visit to Canada, and discussed the question of defence with the local authorities. His report, with proposals, was laid before Parliament. It was ultimately agreed that the Home Government should execute some part of the work, and the Colonial Government the remainder, for which they voted £1,100,000. This money was, however, ultimately expended in making a railway to connect the various provinces.

In 1865 he visited Canada again, and also went to the United States.

As might be expected, the works, both during and after execution, did not escape criticism and attack, and the defence of the action of the engineer department, both in speaking and writing, largely fell upon Col. Jervois, who fulfilled the function with his usual energy and success. The construction of shields (which were called at the time Gibraltar shields, having been primarily designed for that fortress) formed the subject of much discussion, and a special Committee was appointed to report on them. The first patterns did not stand the test well, but those designed afterwards were held to be thoroughly successful.

At this time Col. Jervois delivered a lecture at the United Service Institution on iron as applied to fortification, with special reference to the Plymouth Breakwater Iron Fort. This lecture is to be found in the proceedings of that date June, 1868.

In the same year, on account of questions raised in the House of Commons, a Committee was appointed under Sir Frederick Grey, by Sir John Pakington, Secretary of State for War, to examine into all the works of fortification that had been built under the loan, and to report "whether they had been well and skilfully constructed, whether the foundations were secure, and whether the estimates would suffice." The Committee visited and examined every work, and had access to all plans and accounts of expenditure. Their report testified their entire approval, both of their design and execution, saying that great skill had been shown in adapting the original designs to altered circumstances, and the great advance on the power of rifled artillery. This opinion, which accords with that of many highly competent foreign critics, given as it was by a body of officers of great knowledge and experience on the subject they enquired into, may be taken as completely disposing in advance of certain criticisms passed in recent years by persons having much smaller claims to attention.

It is obvious that fortifications, constructed 30 years ago, must in some points need adaptation, to meet later developments of the art of attack; nevertheless the friends of Sir W. Jervois, as well as those who were associated with him in the work, may feel satisfied that their labours constitute a solid and enduring

contribution to the security of the country, that they will, for many a year to come, fulfil the object with which they were erected, of preventing an enemy attempting the destruction of our naval bases during any local and temporary suspension of our superiority at sea; for he could not hope to succeed in his purpose without operations of much longer duration and of much greater magnitude than could be attempted during any such brief period. It is to be noticed that since these works were erected there have been no invasion panics such as from time to time alarmed the public before that time.

In 1869 Col. Jervois was sent to inspect the works at Halifax and Bermuda, and soon after to Gibraltar and Malta.

In 1869 and again in 1871 Col. Jervois read papers at the Royal Institution on the Coast Defences, and the Defensive Policy of Great Britain. In 1870 he served on a Committee on Coast Defence.

In 1871-1872 he was employed by the Government of India to inspect and report on the defences of Aden, Perim, Bombay and the Hooghly, and he also visited British Burmah and submitted reports on the defences of Rangoon and Moulmein. During this work he accompanied the Governor-General Earl Mayo to the Andaman Islands, and was close behind him when he was assassinated by a prisoner.

In 1874 he was created a Knight of the Order of St. Michael and St. George, a distinction which was conferred on the recommendation of the Canadian Government to the Colonial Office, in recognition of his services to Canada.

In 1875 Col. Jervois retired from the position he had so long held in the War Office, and was appointed Governor of the Straits Settlements.

The accounts of the great Loans for Fortifications were finally wound up in this year. The total of the amounts thus voted was £7,460,000, and the accounts showed a saving of £40,000.

The Straits Settlements, of which Singapore is the headquarters, consist of three trading stations, round each of which a small tract of country has been acquired by England on the west coast and at the southern extremity of the Malay Peninsula. Singapore is on an island of that name, separated by a narrow strait from this southern extremity, and is held by a British garrison. For some 500 to 600 miles north of Singapore there are a succession of small Malay States, one of which, Johore, is well governed by its Maharajah, an enlightened ruler well known in England. The other states had for many years been a cause of anxiety to the Governors of the Straits Settlements on account of the intestine disorders and piratical practices of their inhabitants, which re-acted on our colony.

Sir William Jervois' predecessor, Colonel Sir Andrew Clarke, R.E., had found himself compelled by these excesses to interfere in Perak and Salangore in order to put an end to a state of things very prejudicial to British interests. He summoned the principal chiefs to meet him at Pangkor, who, under his influence, deposed Sultan Ismail, and elected one Abdullah, who was of royal blood in direct succession, and of whose character he had formed a good opinion, to be Sultan in his place. A treaty with the British Government was signed by Abdullah and his chiefs, under which British officers were to be appointed respectively as Resident and Assistant Residents in Perak and its districts, whose advice was to be taken and acted upon on all questions other than those touching Malay religion and custom; it was also stipulated that the collection and control of all revenues, and the general administration of the country, should be regulated under the advice of the Resident and Assistant Residents. These Residents were appointed by Sir Andrew Clarke, and approved by H.M. Government. There is no doubt that he achieved a great success in thus providing for a more steady and honest government of the Malay States, but even before he left he had to remonstrate with Sultan Abdullah on the breach of his engagements under the treaty of Pangkor.

Such was the position when Sir William Jervois took up the reins and set to work to complete the task which Sir Andrew Clarke had begun. Three months after his arrival he visited Perak and the other States, and found that the chiefs had begun to realize what British intervention really meant, and that they were prepared to kick against their obligations. The ex-Sultan Ismail still possessed much power in the districts away from the sea coast, where British ships could not touch him, and he was by no means pleased with the conditions of settled government which would deprive him of his illicit gains. Sultan Abdullah also had failed, as above stated, to adhere to the terms of the treaty which Sir Andrew Clarke had with so much ability extracted from him. A scheming Prime Minister, the Mantri, was also particularly prejudiced by the treaty to which he had been a party, and intrigued with both Sultans to evade its provisions. When Sir William Jervois went through Perak, the natives in the different villages made enquiries about the Dutch in Acheen, and asked how it was that they had failed to subdue the natives. During this trip a freebooter named Syed Massahore, with a strong armed party, laid in wait at Bandar Bahru for a signal from the Sultan to massacre the whole of the Governor's party. This misfortune was averted by Sir William Jervois having inadvertently flattered the Sultan's vanity on some subject, so that he forgot to drop his handkerchief.

In addition to the difficulties due to maladministration, another cause of unrest in the country was the "debt-slavery" which was very prevalent in Perak. The creditors being for the most part the Rajahs and Chiefs,

it was almost impossible to relieve the slave debtors, and in the opinion of Sir William Jervois no British officer in the position of a Resident could obtain the abolition of debt-slavery merely by *advising* the Sultan or Chief.

During his tour through Perak some of the most energetic Chiefs urged upon the Governor that the only way to rescue the country from the disorders and difficulties by which it was distracted was to take over the direct government by British officers. This measure seemed to Sir William Jervois the best solution, but it was a step that once taken was irrevocable, and could not be adopted without authority from H.M. Government, and yet immediate action was necessary to vindicate British rights under the Pangkor Treaty, and protect British interests. After he had left Perak, the Sultan Abdullah, in writing, had urged the same course as the Chiefs above mentioned. The Governor therefore adopted the intermediate course of assuming the government of the country by British officers, acting in the Sultan's name, whom he styled Commissioners and Assistant Commissioners.

In the despatch, in which he announced this important decision to the Secretary of State, he clearly showed the necessity for his immediate action, and how the course he had adopted left open to the Government the power of either taking possession of the State absolutely, or of relinquishing the position he had assumed. He issued a proclamation dated 15th October, 1875, in which he made known that at the request of the Sultan of Perak and other chiefs of that country, Her Majesty's Government had determined to administer the government of Perak in the name of the Sultan, and to this end would appoint officers to be styled Commissioners and Assistant Commissioners with necessary powers.

On the 2nd October the Sultan, acting on the Governor's recommendation, had issued proclamations giving powers to the Resident and Assistant Residents, which the Governor's proclamation confirmed and reinforced. The treachery of the Sultan was clearly proved by the murder of Mr. Birch just a month later, on the 2nd November, 1875.

This murder was followed by the repulse of a small British force at some stockades raised at Passir-Sala—where Birch had been killed—when Captain Innes, R.E., was shot through the heart.

Sir William Jervois at once took measures to crush this outbreak with a firm hand; he would not have a second Acheen. All the available troops in the Straits and Hong Kong were hurried to the spot, and took the field under the command of Major-General Colborne. By orders from England a brigade was sent from India consisting of a battalion of the Buffs, another of Ghorkas, a battery of artillery, and a company of sappers under Brigadier-General Ross, C.B.

The military operations which ensued were entirely successful, and resulted in the apprehension of both the Sultan Abdullah and the ex-Sultan Ismail, as well as of the principal chiefs concerned in the murder of Mr. Birch and the subsequent outbreak.

The Secretary of State wrote to the Governor as follows, on the 1st February, 1876:—"I am happy to be able to assure you of the general approval of Her Majesty's Government. . . . And I may add that in the practical management of affairs since the occurrence of that outrage" (the murder of Mr. Birch) "and in circumstances of no ordinary difficulty, you appear to me to have shown the judgment and calmness which I anticipated from you; and while adopting all those energetic measures which the circumstances of the case required you have at the same time, as far as I can judge, not hesitated to discourage all extreme measures in which the innocent might have suffered with the guilty."

After the suppression of the disturbances a searching enquiry was made by a commission of officials of high character; the evidence taken by them clearly established that so far back as March, 1875, whilst Sir A. Clarke was still Governor, the Sultan Abdullah approved the erection of stockades to oppose the white people, and a few days later he resolved in council with his chiefs not to treat personally on any matter of State with Mr. Birch, that is, with the British officer whom he had accepted as his adviser under the treaty of Pangkor. Further than this, in July, two months before Sir William Jervois' first visit to Perak, the Sultan and his chiefs formally agreed to murder Mr. Birch, and he assigned to the Maharajah Lela the duty of carrying out this crime, which the Maharajah duly committed on the 2nd November following. With reference to this enquiry, the Secretary of State wrote on the 16th February, 1877:—"I am glad to take this opportunity of recognizing the ability with which you have brought this difficult subject before me, and the care which has been bestowed on the whole subject by yourself, the Executive Council, and the other gentlemen whose services have been engaged on the enquiry."

A review of all the circumstances leads to the conclusion that Sir William Jervois' policy was the logical outcome of the policy inaugurated by Sir Andrew Clarke. The latter had appointed Residents to "advise" the Sultan in reforming crying abuses. But this advice was a dead letter, as the Sultan simply ignored it, and the residents were powerless to enforce compliance. The Sultan, as above stated, would not treat with the Resident Birch on affairs of State.

This was the state of things when Sir William Jervois took up the government, and practically there were only two courses open to him—either to cancel his predecessor's policy and withdraw the British Residents, or

to give them actual *power* to enforce attention to their "advice."

The question had to be decided immediately, and he chose the latter course. Mr. Birch's murder was not the result of this choice (as was asserted by some), for it had been plotted long before, and when once the short struggle was over the original object of our intervening in the Malay States was attained. The result of this firm policy of Sir William Jervois has been seen ever since, not only in the increased prosperity of the British possessions in the Straits of Malacca but in the good government and absence of tyrannical oppression in the native States.

The growth of this prosperity can be seen at a glance from the following figures:—

Whilst the suppression of the outbreak in Perak was being carried out, another outbreak took place in Sungie Ujong, a small State in which Sir Andrew Clarke had placed a Resident.

Sungie Ujong was formerly one of the Negri Sembilan, or nine States, in which a strong anti-English feeling had sprung up owing to the growing prosperity of the little State under the directions of the British Resident.

The malcontents invaded Sungie Ujong through a difficult pass, which they stockaded. Sir William Jervois, on receiving news of this fresh trouble, detached a force from the troops operating in Perak, which was perfectly successful, mainly through the gallantry of Captain Channer of the *Ghoorkas*, who won his Victoria Cross for the capture of the stockade in the pass. The force then penetrated into the *Sri Meranti*, where terms were dictated, the chiefs of the various States going to Singapore to sign the necessary treaty or declaration.

At the same time another State, *Salangore*, where there was a British Resident, was in a state of extreme unrest, fermented by one *Rajah Mahdie*; but his capture having been effected and a Resident moved up from *Klang* to *Qualla Lampur*, this place has become the seat of Government, and one of the finest towns in the Malay Peninsula.

There can be no doubt that in all of these States the present prosperity is due to the policy initiated by Sir Andrew Clarke, by which a first step was taken towards putting an end to the misrule, corruption, and oppression which prevailed in them, but this policy would have remained impotent and fruitless but for the development it received at the hands of Sir William Jervois, whose vigorous action gave life and action to it, and saved it from ignominious failure.

Another instance of this Governor's independent force of character occurred later on in his dealing with the riots of Chinese in the Straits Settlements.

These riots had often assumed alarming proportions, and the ringleaders had been coaxed and pampered into good behaviour from time to time.

Not so with Sir William Jervois. A serious riot broke out for some trivial cause at Singapore; the head of the police was maltreated, the streets were full of rioters. Sir William immediately ordered all men seen throwing missiles to be flogged publicly and dismissed.

When the late Sir J. Douglas came to him and protested against the proceeding as being contrary to the penal code, his reply was, "I do not care two straws for the penal code. I am going to suppress this riot in the way I think proper." He then summoned all the headmen, who attended a meeting in the Council Chamber in their brightest and richest garments, evidently expecting to be fed with a spoon as before. They were mistaken. Sir William gave them a severe reprimand, threw them into the civil prison, got up steam in his yacht, and sent them all off to the China Sea to get sea-sick.

The Chinese thought they were being taken to China to be beheaded. The shops were opened, and the riot was at an end, not to be renewed for many years afterwards.

Whilst Governor, Sir William also prepared a careful report on the defences of Singapore, and made useful recommendations on this head.

In April, 1877, Sir William Jervois was sent by Her Majesty's Government to enquire into the whole system of the defences of Australia and New Zealand, and on this duty visited New South Wales, Victoria, Queensland, and South Australia. Whilst thus occupied he was appointed Governor of South Australia. After taking up that government he also visited Tasmania and New Zealand. He reported in detail on the defences of all of these Colonies.

In his opinion the defence of these distant colonies presented a very different problem to be solved from that of the defence of England. In the latter case, the possible enemy would have his forces by sea and land concentrated at points only a few miles from our coasts, whereas in the Colonies of Australasia they had to guard against sudden incursions of single ships or very small squadrons in time of war. Sir William held that for this purpose the presence of a ship of war belonging to the Colony, in its principal port, supported by batteries commanding the approaches to the harbour, was essential, and that a small body of troops should be equipped and maintained to repel any small force that might be landed at a distance from the port, as such force would be able to levy a contribution from the inhabitants, even though the cruisers could not touch the town. He did not find his views as to the colonial ship of war everywhere acceptable, though most of the Colonies were

agreeably surprised to find that he did not recommend an elaborate and expensive system of fortification. They were rather in favour of keeping on foot a larger land force than he thought necessary. He considered, and his view will probably be supported by most people who have examined the subject, that no European Power would send a large expedition to undertake the conquest of these Colonies, and that if they did Her Majesty's Government would immediately send a fleet in pursuit, unless, indeed, Great Britain had lost command of the sea, in which case the Colonies must fall whenever the enemy chose to undertake their conquest. The more probable danger was the despatch of individual cruisers or small squadrons unperceived at home, and these would be dealt with in the manner above sketched.

The Colonies in Sir William's day, excepting Victoria, which had her own guard ship, considered that their naval defence was the business of the Home Government. Sounder views prevail now—and it may be safely held by Sir William Jervois' friends that they are due to the principles which he enunciated some 20 years ago. He also was the first to suggest that the Imperial naval squadron in Australasian waters should be doubled, and that the Colonies should contribute to the cost of maintaining the entire naval force there. Subsequently this proposal was carried into effect. His recommendations as to land defences were accepted and generally carried out by all the Colonies. In South Australia Forts Glanville and Largs Bay were built, and a lightly armoured vessel, the *Protector*, armed with heavy long ranging guns was provided.

Sir William Jervois' reports were of the greatest assistance to the Royal Commission which reported in 1882 on the Defence of British Possessions and Commerce Abroad. The Royal Commissioners stated that no substantial improvement could be made upon the systems designed by Sir William Jervois with regard to land works.

There is a remarkable instance of his versatility of intellect and adaptability to the circumstances in which he found himself in his conduct of the duties of his office as Governor of a Colony possessing a Constitution. When he took up the government of the Straits Settlements, after enjoying considerable personal power at the War Office, it may be said that the change was not great, though in dealing with the Malay States a very different class of people, and a very different set of considerations had to engage his anxious attention; but in South Australia he became the Representative of a Constitutional Sovereign. He had no longer the autocratic power of the Governor of a Crown Colony—he had to govern through Ministers, to hold aloof from parties, and to refrain from all appearance of attempting to initiate a policy.

That he fully realized this position is much to his credit—that he exercised his functions with such excellent tact that he was able to influence the views and decisions of his Ministers without infringing the above principle of abstention—must be allowed to have been a signal success.

There were, however, two prerogatives which belonged to a Constitutional Governor, independent of his Ministers, on which he held strong views. According to the Letters Patent of 20th April, 1877, under which the Governor of South Australia acted, he had power

To summon, prorogue, or dissolve any Legislative Body within the Colony, and
To grant pardons.

The first of these prerogatives, as applied to a dissolution, was easy to exercise if the Governor had only to consult his own ease and grant a defeated Minister a dissolution if he demanded it; but Sir William Jervois took the view that the analogy of England, where Parliaments may last for seven years, does not necessarily apply to a Colony where they last only three, and that he would not be justified in putting the country to the enormous expense of a general election, unless it was clear that the business of the country could not be conducted with the existing House. Once in South Australia, when he refused to grant a dissolution, a new Government was formed, which lasted not merely through that Parliament, but through the succeeding one also.

As to the second prerogative—the exercise of mercy—the Governor was obliged, in the case of a sentence of death having been passed, to consult the Members of the Executive Council, to listen to their opinions, and then decide for himself whether the law should take its course or not. In the case of minor offences, it had not at that time been laid down how far the Governor was to act on his own responsibility, or how far he was to be guided by Ministerial advice.

In many Colonies this had led to serious differences between the Governor, the Ministry, and the Parliament; the whole system has now been altered, and the Governor has no longer anything to do but to endorse the opinion of the Cabinet. Sir William, however, strongly held the view that the exercise of the prerogative ought not to be a matter within the scope of party wire-pulling, but should be as far as possible removed from political considerations, even if that entail the Governor's incurring some temporary unpopularity; and, although he had the good fortune to be surrounded by Ministers of great ability and strong characters, his personal exercise of the prerogative was acquiesced in by them without dispute, and the wisdom of his decisions recognized.

Sir William Jervois was Governor of South Australia for more than five years, from 2nd October, 1877, to 9th January, 1883. There were no great political or social problems to be solved during that time; the principal

matters on which he brought weight to bear were the defences and the building of the Houses of Parliament.

A proposal which he made that a country house for the Governor should be built in the Mount Lofty Range was readily adopted by the Ministry, and carried out according to his plans. It has ever since been regarded as a great boon, enabling the Governor and his family to escape from the great heat of Adelaide.

Although as Governor he carefully abstained from interference in political strife, there are many ways in which a governor may be a leader in matters not strictly political, and in which the ministers will take counsel with a man of ability and wide experience; and in this manner Sir William Jervois exercised a very great influence indirectly. By his lectures on defences, and on colonization; by his speeches at laying the foundation of the University and again at the opening of the University, he was able to impress the public mind with his mental power, the soundness of his views, and the justice of his conclusions. His custom of visiting all parts of the Colony, attending public meetings and speaking well at them; his hospitality and good social relations with people generally made him justly popular. He thus established the reputation of being one of the best governors that the Colony has had, and his removal to New Zealand was regarded with wide-spread regret.

He assumed the government of New Zealand on the 20th January, 1883, and held it till 22nd March, 1889.

In this Colony, as in South Australia, his first care was to place its principal ports in a state of defence against the incursions of an enemy's cruisers. It is the most vulnerable of the Australasian Colonies, on account of the number of coast towns open to the depredations of an active enemy.

Sir William Jervois had, indeed, been longer in touch with the New Zealand defences than with those of the Australian Colonies, for as early as in 1871 he had been consulted by Sir Julius Vogel, by permission of H.M. Government, on the subject of the defence of the Colony by torpedoes, a scheme for which he drew up with Sir Julius.

Sir William roused public feeling and instructed the public mind by his lectures on this subject, and he was much aided in his endeavours by the famous Russian War scare in 1885. New Zealand, for the moment, was in a state of panic. Petitions poured in, praying the Governor to assemble Parliament at once; people began to draw their money out of the banks and hide it. Government House was besieged by theorists, who all had new schemes for defending the Colony. The Ministry recognized the advantage which they possessed in having a Governor of Sir William's special training and ability; they cordially supported him, not only in the immediate measures for defence which he and the late Admiral Sir George Tryon arranged, but in the more permanent scheme which he proposed to them. As a result the harbours of Wellington, Auckland, Lyttleton, and Port Chalmers were speedily put into a state of defence, and eventually strong forts were built.

In the early part of 1885 he had to act with great promptitude and decision in a matter which might have led to complications with other countries. The King of Samoa, one of the South Sea Islands much coveted by Germany, the United States, and New Zealand, made overtures to the Colony to place himself and his country under the Government of the Queen of England. The Ministers had a mind to send one of their armed vessels across to give countenance to this proposal, but without consulting the Governor. Sir William got wind of this intention, and sent his private secretary on board to accompany the vessel and watch proceedings. This did not suit the Ministers' views, and they eventually consented to give Sir William time to refer the matter home by telegraph. He received instructions that Samoa could not be allowed to annex itself to New Zealand, as Great Britain has a definite treaty with Germany and the States by which neither power can acquire the island. The Governor's prompt and decisive action thus prevented what might have become a serious complication.

Another international matter that occurred during his term of office was the question of Chinese immigration into the Australasian Colonies. There was a very strong feeling in all of these Colonies against the admission of Chinese labour. The Chinese Government wanted to know why any distinction should be made against Chinese as compared with immigrants of all other nationalities admitted freely into all British Colonies. In New Zealand, as in the others, there was felt to be a great difference in the nearness of China to their shores as compared with other countries—in the overflowing teeming population of China, and in the entire difference in habits, religion, and mode of life of the Chinese from the populations so freely admitted—conditions which might lead to the majority of the population eventually consisting of a people entirely dissimilar to the English race, which the present Colonists are determined to maintain as the predominant one. The Colony quickly passed a law excluding the Chinese.

Although Sir William Jervois had to submit this law for Her Majesty's approval, he did not share the views of the Australian Colonies on the subject of Chinese immigrants, and he believed that the aversion to them was much less in New Zealand than in Australia, but that the former colony felt bound to enact the same measures as the Australian colonies, because if New Zealand were open to the Chinese, when all the others were closed, an undue proportion of them would find their way thither and really swamp the white population. The reasons put forward in Australia against admitting the Chinese, were their insanitary habits and their diseases as well as the dissimilarity of character and religion which would prevent the fusion of the two nations in one community. The *real* objection, however, was the dread of competition in the labour market, and it had weight because the

jealous working classes with universal suffrage are omnipotent and feared a fall in wages. The same jealousy made them object to all immigration; immigrants from England were viewed with the same dislike for the same cause.

Sir William held the statesmanlike view that the question involved was far broader, and must be considered in connection with that of the future development of the whole Australian Continent. He considered that one half of that continent lying within the tropics could not be cultivated by Europeans; that therefore it could only be properly developed by men of the coloured races; that, consequently, African, Asiatic, or Polynesian labour must be employed, of which the Chinese is the most valuable, as the Chinese are more industrious than negroes, more orderly, and more free from religious fanaticism than Indian coolies, whilst Polynesian labour is not inexhaustible and is at any time not easily procurable. Sir William Jervois did not think the apprehensions of the Australian colonists well founded, and condemned the policy that would in deference to them inflict sterility on the immense territory within the tropics. He believed that the improvement of this territory would confer benefits on the colonies themselves far outweighing the shadowy evils which the imagination of the colonists had conjured up.

He looked upon the Chinese as a valuable body of immigrants, law-abiding, industrious, and thrifty as citizens, skilful and teachable as workmen, quite as clean as most of the lower classes of dwellers in towns, and if in some measure addicted to opium smoking yet free from the habit of drunkenness. Sir William believed that they were disliked more for their virtues than their vices. In his opinion they would be most valuable to the colonists as market gardeners and shop-keepers. Except in Australia and Canada, the Chinese are well spoken of in all British possessions. Australia shares in the advantages of the Treaty Ports of China. Why should one-third of the human race belonging to a friendly power be excluded from the three millions of square miles of Australia inhabited by only 2½ millions of colonists? He strongly held that if the tropical area of Australia were detached from the self-governing Colonies, and formed into Crown Colonies, these might be developed by Chinese and others without interfering with the present labouring element.

Sir William Jervois foresaw very clearly the financial embarrassment which has befallen most of the Australian Colonies in the present decade. He noted more than ten years ago that the unnaturally rapid development of Australia, due to the discovery of gold, must lead to financial difficulties. 990,000 out of 2¾ millions of the population of Australia were crowded into the four large towns. The total public debt of Australia and New Zealand was 150 millions for a population of 3,442,000, and the private debt probably as much more. The failures of banks in Australia in 1893, justified the far seeing apprehensions of Sir William Jervois, and the Colonies are only now beginning to recover from the misfortunes thus caused. In New Zealand no bank closed its doors.

In 1888 Sir William Jervois attended the great gathering of Australasian celebrities, governors of colonies, their ministers, etc., at Sydney, to celebrate the centenary of New South Wales. He delivered a remarkably able speech on that occasion, in which, whilst congratulating the Mother Colony and the great daughters who owed their origin to her, he did not hesitate to remind them that they owed their greatness and prosperity to their connection with this country. He showed that their rapid development had been aided by British wealth, by the extraordinary strides made in means of communication due to British genius, which had revolutionized transit by sea and land by the use of steam, and had annihilated space by electric cables. He reminded them of the advantage they enjoyed of "forming part of an empire, the prestige of whose name runs through- out the world," and to whose generous policy their possession of "millions of acres, boundless pastures, and untold mineral wealth, with absolute freedom in dealing with their affairs and developing their resources" is due, that, moreover, "the greatest naval empire of the world, by its navy, protects their commerce and their soil against aggression—aggression from which under other circumstances they certainly would not be exempt." He pointed out how all classes felt the benefit of this protection in the security of maritime communications, "the squatter who desires an outside market for his wool, the agriculturist for his wheat, or the miner for his copper, his silver, or his gold." He then enumerated the defensive works which the Australasian Colonies had raised on all of their coasts, and did justice to their efforts in this respect, in response to the recommendations which he had made under instructions from Lord Carnarvon ten years before. He then congratulated them on having engaged "to share with the Imperial Government the expense of the naval force requisite for the protection of Australasian commerce." He next alluded to the part taken by Australian troops in the Egyptian campaign, and concluded his speech with words of warning as to the future of Australasia, on the necessity of circumspection with regard to their finances, and of encouraging immigration in order to develop the country, for although an immigrant "is a competitor in only one department he is a consumer in many. Thus immigration tends directly to the advantage of the working population, and of the whole people concerned." Looking forward to the growing populations of Australasia, he indicated the possibility of their being some day represented "in an Imperial House of Legislature."

On 25th May, 1888, he was made a Knight Grand Cross of the Order of St. Michael and St. George.

In New Zealand, as previously in South Australia, Sir William Jervois won the confidence and admiration of the people by the speeches and addresses which he made from time to time.

He took an active part as President of the New Zealand Institute, and in the year 1883 he delivered the inaugural address. He also delivered the address on the opening of the Auckland University College in 1888.

In this Colony too he constantly moved about, and by attending public meetings did much to guide and instruct opinion on general matters. He had an excellent memory for faces, and was thus able to acquire people's good-will by recollecting them and their affairs; whilst his hospitality and genial manners endeared people to him and to his family, who powerfully aided him in all social matters. The following, written by a gentleman out there to Sir William's son on hearing of his death, conveys in a few words what has been said above of his influence:—

"I should like to say to you that all people here of any capacity that have mentioned your father have said what a good Governor he was. We have not, in my opinion, had his like since. That the Governor is a mere figurehead is a common democratic belief, but I feel convinced that some Governors have a far more powerful moral influence on the community than any constitutional powers could confer on them, and your father had a strong moral influence in this Colony, all the more because he seemed to be genuinely religious without ever saying a word about religion."

The following is an appreciation of him which appeared in the *Sydney Morning Herald*, from a correspondent in New Zealand:—

"Sir William Jervois leaves Wellington, on Monday next, the 18th (March, 1889), on his way to England. He will carry with him the hearty good wishes of the people of New Zealand. During his term of office in this Colony, Sir William has won the esteem of all classes of the community, by reason of the characteristic enthusiasm with which he entered into all public undertakings calculated to promote the welfare of the people, and the best interests of New Zealand, and by the homely virtues of his private life which were not less conspicuous because of their unaffected simplicity and unstudied unostentatiousness. It is admitted on every side that he is, beyond measure, the best and most popular Governor that New Zealand has ever had. He is said to be the only Governor who has not had a single disagreement with his ministers. His relations with them have been of the pleasantest character."

The Hon. W. Gisborne, in his book *New Zealand Rulers and Statesmen*, bears testimony to the respect and esteem in which Sir William Jervois was held.

On his return to England he remained, generally unemployed, but in 1890 he served on "The Consultative Committee on Coast Defence Duties," presided over by the Right Honourable E. Stanhope, Secretary of State for War, of which H.R.H. the Duke of Cambridge, Earl Brownlow, Under Secretary of State for War, and others were members.

On 7th June, 1888, he had been elected, and on 21st November, [1889, he was admitted a Fellow of the Royal Society.

In 1890 also he started a movement for handing over to the navy the naval defences of the empire. On this subject he read a paper at the United Service Institution in June, 1891, at a meeting presided over by the Marquis of Ripon, K.G. This proposal by the officer who had had such a large share in designing and constructing these naval defences to hand them over to the navy gave rise to a very lively discussion, which extended over two days. Opinion was much divided as to the desirability and even feasibility of such a revolution in our military system, and as to the extent to which it should be carried. The desirability of its application to our distant stations was upheld by many able officers of both services, and it was generally acknowledged that Sir William Jervois had rendered another service to his country in bringing it forward. In the discussion he showed considerable debating power, and upheld his proposal with marked ability. The changes he sought to introduce were, in his opinion, not inconsistent with the report of the Royal Commission of 1859-1859, for which he was so largely responsible, for, whilst that report insisted on the necessity for the fortification of our dockyards and coaling stations as a means of securing the efficiency of our fleets, his proposals in 1891 would, he contended, strengthen the naval defence of the empire.

He became one of the Colonels Commandant of the Corps of Royal Engineers on the 28th June, 1893. He visited South Australia on private affairs, in 1892, and whilst there had a severe illness; though he recovered from this it left some effects ever afterwards. On the 17th March, 1895, he lost his wife, and on the 1st May of that year his second son, John, a Major in the Corps. The death of Lady Jervois was a great blow to him, for her gifted co-operation and sympathy had been his great help throughout his different spheres of work for more than forty years.

During the four remaining years of his life Sir William lived in retirement, and in the enjoyment of the society of his children and of the old friends who frequently visited him. He retained to the last his keen interest in all that was going on in the world. His end came very suddenly, from a carriage accident, on the 16th August, 1897.

His loss will ever be deplored by his numerous friends to whom he was endeared by his many bright and amiable qualities, his genial wit and pleasant repartee. He served his Queen and country most faithfully for sixty years, and as the preceding lines have endeavoured to show, with distinguished success, in all parts of the world and in many capacities, military and civil.

This notice of his life would be incomplete without mention of his talent for painting in water colours. He first began to paint in his youth, at the Cape, but in the stress of his official life in the War Office had to discontinue this fascinating occupation; he resumed it during the greater leisure of his life in the Colonies. He was fortunate enough to have made a good painting of the renowned pink and white marble terraces of New Zealand a few months before their destruction by the eruption of the Tarawhera volcano. This landscape was graciously accepted by Her Majesty the Queen, whose judgment and taste in all matters of art are so well known.

From THE ROYAL ENGINEERS JOURNAL.—May 2, 1898.

A Reminiscence of Lieut.-General Sir William F. D. Tervois, G.C.M.G., C.B., F.R.S.

PERHAPS one of the most striking- qualities possessed by Sir William Jervois was his keen sense of humour, for no man was more fully alive than he to the anomalies of the position occupied by a governor in a self-governed colony; the nominal centre of all power, but yet impotent to correct the most patent of follies, his success as a governor in Australia and New Zealand was the more remarkable. Beyond all doubt his military reputation was a great advantage to him, for it was felt that in any actual danger of war there was always one on the spot who was fit to take command. Civilian ministers are apt at a serious crisis to lose their heads. During the war-scare of 1884 a Russian man-of-war groped her way into Wellington harbour by night unobserved, and was seen in the morning anchored close to the shore. Some of the ministers came to Sir William in a desperate flurry and asked what they should do. "Do," said Sir William, "why, I'll ask the captain to dinner."

But apart from all *prestige* derived from his military character, he gained the confidence of successive administrations by a very thorough realization of the position of a constitutional sovereign. Colonial ministries, and likely enough other ministries also, cannot as a rule continue to exist for more than a month or two without some serious internal difference which threatens to terminate their career abruptly. Then was Sir William's time. No matter how distasteful the measures and opinions of his advisers might be, he invariably sent for the chief of them and said, "You are in difficulties. Can I help you?" And not unfrequently the quarrels were quietly made up in his own room. Then ministers, finding that they could trust him as a friend, and, moreover, that he was a shrewd, sensible man of the world, would turn to him for his opinion in difficulties, and be grateful for his advice.

Sir William never forgot that he was a soldier; on great occasions (excepting the opening of Parliament, when it would have been indecorous) he constantly wore the red coat as the uniform most worth wearing. At public functions his greatest pleasure was to catch sight of some old soldier wearing his medals in honour of the occasion, when he never failed to ask him of his regiment, his services and his present condition; and it was curious to see how such a man, who had been slouching about on a small patch of land for years, would straighten himself to salute and to reply.

Though the life of a constitutional governor is in the matter of real work usually an idle one, Sir William's energy remained to the end of his stay in the colonies insatiable, and on the rare occasions when some genuine task or some difficult problem presented itself, he would attack it with all the restless ardour of a boy. Had he been bred up to sport he would doubtless have expended upon it a portion' of his waste energy, but as things were, he vented it in long rides and as long walks, always traversed at express speed, in spite of the steepness of the hills around Wellington. Needless to say, the forts came in for a good share of his attention. A few months before he left New Zealand he suddenly came down by a very rough path from the hills upon the rear of one of them, and, rapping at the gate, clamoured for admittance. No one took the least notice. Sir William took a little run and went for the gate, scrambled over and dropped down on the other side, light and active as at one-and-twenty, to the consternation of a half-dressed colonial gunner, who had turned out just too late, not expecting so unceremonious a visit from His Excellency.

Private *versus* Government Fire Insurance. fireman

With the Compliments of

David Craig

General Manager

New Zealand

Insurance Company

Head Office - - Auckland, N.Z.

Established 1859.

Paid-Up Capital and Reserves, £435,000.

Net Revenue for 1897 Over £300,000.

Private *versus* Government Fire Insurance.

decorative feature

AS the Honourable the Premier still expresses his intention to prosecute his State Insurance scheme, and may possibly bring it forward again in the ensuing session, the present may be an opportune time for a few remarks thereon, and on Insurance in general, from one who has occupied a fairly prominent position in the field for over 30 years.

I find that as a rule the insuring public are averse to the scheme, and are so confident that it will never become law that they do not treat it seriously. It is welcomed, however, by that considerable circle who are always on the lookout for Government Agencies and Inspectorships, and by those who see iniquity in Tariffs, forgetting that a Government monopoly would be worse. It is hopeless, of course, to convert the former, so I shall address myself to the latter, in the hope of showing them that tariffs are not oppressive or productive of anything like the large profits imagined, and are indispensable in such a speciality as Insurance. I shall then endeavour to point out the folly and injustice of the Government proposals.

During my long experience I have hardly ever met an owner or occupant of property, be it dwelling-house, manufactory, store or forge, who did not believe, and try to make me believe as well, that his was the safest risk of its class—that it could not possibly burn except through some miracle or act of incendiarism, and that consequently his rate of premium should be lower than that of his neighbours. I always sympathise with such an applicant, because I have an impression myself, and a very strong one, too, that my own dwelling-house is the very best possible risk for the Company I entrust my protection to; but I cannot get them to see things just as I wish them. In short, owner and insurer never can exactly hit it as to the premium which ought to be paid; and it is the same, in a wider sense, when a deputation of citizens arrange for an interview with Insurance Associations, to discuss, in a not unfriendly spirit, a question of rates, in the hope of securing a reduction. I have taken part in such discussions repeatedly, but I have never known much, if any, good result from them. They have generally been as barren and unprofitable as would be that of a body of the general public interviewing merchants and manufacturers to emphasise the ever-prevailing impression that prices were too high. What reply would such a body receive? Simply, that as they were not experts they could not possibly know the values and cost of production; that only a very moderate profit was charged, and that, so long as a sound article was expected, it could not possibly be supplied at a lower price. True, they might try elsewhere, but if they did they would not be more successful, unless there were some temporary sacrifice going on, the articles defective in some way, the owner defrauding himself, or undue advantage had been taken of someone in the construction or preparation of the article for market.

So with Insurance Companies. A long series of years and decades, extending in some cases to centuries—during which there have been collected the most elaborate statistics, from which can be divined with almost mathematical certainty the average of fires in different classes of risks—have taught the principals of such Companies what the minimum rate of every variety and description of risk ought to be, and they fix their charges accordingly. New Companies, as they come into the field as communities grow and commerce increases, generally consider it necessary to follow upon the same lines. If they do not, their career is invariably a short and stormy one; and fortunate have their promoters been if they get rid of their underwriting without being saddled with serious obligations for years. In my own experience I have seen a number of such Companies launched with fanciful and tempting inducements to shareholders and constituents, but a very little headway taught them that if they mean to keep afloat, one after another of their special features had to be cast overboard, and they must revert to the old-established sailing principles as their only chance of saving them from destruction.

Why should not all Companies charge a uniform rate for the same class of risk? They are selling the same article in the shape of an insurance policy. They have all to plank down 20s. in the £ when there is a loss, and,

therefore, I know of no conceivable circumstances under which one Company for any length of time can under-sell his neighbour. In general trade a dealer may by some bargain or other temporarily steal a march upon a brother merchant, but Insurance Companies have no such windfalls.

Moreover, it is only the Directors and principal officers of our Institutions who know, as has been stated, at what price they can sell their policies, and they have to instruct their representatives accordingly. Without such instructions—it may be restrictions—Insurance Companies would very soon find themselves in the position of a merchant who had placed the contents of his warehouse in the hands of one totally ignorant of values, but with simple instructions to sell. More than likely that merchant would soon find his goods vanishing, but his profits would be nil.

Again, every care is taken by the Chief Experts of Insurance Companies to discriminate as regards rates—the class of hazard, the construction of individual risks and blocks, water supply, and other fire-extinction appliances—all receive the most careful consideration, and rates fixed accordingly.

Tariffs, therefore, do not mean high rates—merely ordinary precautions for the conduct of a business which necessarily requires exceptional treatment; and there ought to be no more contention or friction between Insurance Companies and their constituents than between a manufacturer or trader and his customers.

It has also been said that under these Tariffs large profits are assured. That is not so—good years are too soon succeeded by bad ones, and, on the whole, even with the most successful, a fair, even small, average of profit only is maintained. Were it the fact that profits were abnormal, the community have always it in their power to float a new Company, with lower scales of premiums.

Agitators against Insurance Companies—men with no practical knowledge of the business—support their theories with figures which are either fragmentary or altogether false and misleading, and have thus grossly exaggerated profits. Let me substantiate this by quoting from a competent and recognised authority (the Banking and Insurance Record of 1895-6-7) a resume of the business of the Australian and New Zealand Companies for 14 years, from 1883 to 1896 inclusive. The combined revenue of these Companies during that period was £19,226,956, while their losses and expenses were £18,110,505, leaving an underwriting profit of £1,116,451, equal to about $5\frac{3}{4}$ per cent, per annum.

The figures of 1897 have not yet been published, but the disasters of that year, still green in our recollection, will reduce considerably the above average profit of $5\frac{3}{4}$ per cent.

It may of course be pointed out that as the premium income is drawn from sources outside as well as within New Zealand, the ratio of losses might be higher than if the business had been confined within our home circle, but this is not so, as recent figures show that the two larger New Zealand Companies, who operate farther abroad, have had larger profits than the other two whose principal operations are more within our own borders.

Again, it may be objected that a great portion of the revenue is from marine business, which may not pay so well as fire. The complete reply to this is that there are many marine Companies, pure and simple, which show as favourable results as Companies which operate in both fire and marine, or fire alone.

Still it may be retorted that the big dividends, which are now and then said to be paid by some of the Companies, prove that rates are too high. But these allegations are invariably made by persons incapable of dissecting a balance-sheet, or who have taken exceptionally good years.

All dividends of Insurance Companies are largely made up from returns on paid-up capital invested in what is admittedly a very risky business; and not seldom indeed have dividends to be paid from these returns alone. Moreover-, even with carefully managed Companies, we have now and then disastrous years, yielding not only no profit on underwriting, but swallowing up returns on capital as well—nay, worse, necessitating the writing down of capital itself, as Shareholders in more Companies than one in New Zealand have still painful recollections of, and I could name at least six Companies, floated in New Zealand, who, after struggling against such disasters, have had to succumb altogether.

But admitting that Companies on an average of years must have a profit, if they are to exist, surely this is not confined to Insurance. If it were, and had always been the law that private firms and persons, like Insurance Companies, had to publish their balance-sheets yearly, is it not certain that in many instances there would be a howl from the public that profits were too large and too easily earned? Perhaps this is not as much the case in these days, but it is the same with Insurance Companies. Rates are nothing like what they were within my experience. At one time the profits of properly managed Insurance Companies were much larger than they are now, but they were not anything like all paid away to shareholders. They were husbanded in reserves, which are held for the security of the public, and against any great conflagration to which we are always exposed.

Again, if the Insurance field in Australasia were as profitable as outsiders and political agitators seek to make it, would not the number of Companies go on increasing? But what is the fact? In 1885 there were 31 purely created local Companies doing business in Australia and New Zealand. Now there are but 17, the other 14 having been wiped out altogether, either wound up voluntarily or absorbed by others.

Let us now come to the Government proposal, and, first of all, let me say that this dream of State Fire

Insurance is not a new one. It was long ago tried in England, and was a failure. It has been in force in various small States on the Continent of Europe, and where it has not completely failed it is a source of the utmost dissatisfaction "and greivous burden upon the larger towns."

Wherever practical intelligent business men have sat down seriously to consider it they have all more or less condemned it. I could quote numerous deliverances in this direction. Let two suffice. The Chamber of Commerce of Havre say: "State Insurance would be an infringement of liberty of trade; it would be contrary to the interests of the insured, the insurers, and the persons employed in the business No proof exists that the State would manage the business more economically than private Companies. Obligatory Insurance would entail upon the State financial liabilities, the consequences of which could not be foreseen." Another official body says: "By some of the secondary-rate arbitrary Governments of Europe, Fire Insurance has been practised with great benefit to the revenue, but a high price to the insured. So far as it has been tried by Free Governments or Municipalities it has been to their serious cost, and has turned out a failure."

Waiving the question as to what are and what not the proper functions of a State, the crippling or the destruction of Insurance Institutions, which have contributed so much to the advancement and security of commerce and the mercantile enterprises of the world, should not be one of them.

In the infancy of a Colony, when capital is scare and private co-operation difficult if not impossible, public necessities may compel the State to embark to a greater extend upon certain well-known undertakings which in older countries of the world are left to the citizens themselves, and having done so it may afterwards be impossible or inexpedient to relinquish them to others. But it has never been shown that any of such operations can be performed cheaper or so cheap as in the open market. All experience contradicts this. Government work is expensive work. Every book they print, every ton of goods they carry, every carriage they build, and every chain of road they make or acre they plough could all be done, without under-paying labour, much cheaper by private enterprise; and, coming to the subject more immediately in hand, the same remark is applicable to their Life Insurance Department. Though fostered for years by free postages, free telegrams, railway passes and office accommodation, it has not been the success anticipated, and the cost of it is now from 6 to 9 per cent, per annum higher than the Mutual Provident, falsifying the anticipation of its promoters (*vide* Hansard of 1869-70) that it could be worked much cheaper than any private company.

Cheaper Fire Insurance may therefore be accepted as a fallacy. But admitting for a moment that by dragooning the public into payment of premiums with the same free hand that is at work in the Tax Departments, Fire Insurance might be a little cheaper, it is to come to us in the most repugnant and oppressive form of compulsion. Now you can insure or not, and for just such an amount as you please. Then you will have no voice in the matter, but will have to insure for what a Government Inspector dictates; and, what is worse, in the event of a fire you will be at his mercy as to what you are to be paid. A passport to favour will be his settlement of claims at a minimum, and in his adjustments he will be free of a healthy consideration for the good name of his Company or the fear of losing business in the future. I do not mean for a moment to say that he will have instructions to be harsh or unfair with the public, but we have not far to seek for evidence that in certain sections of the Civil Service, "professional instincts and loyalty to departments "are apt to develope into something like oppression." True, the Courts will still be open, but the State is an ugly defendant to fight. Fires will also increase; as a writer has said, "There are great numbers of people who would not rob a private firm or company who would rejoice in spoiling the State."

Then, again, why should the State monopolise or even compete in Fire Insurance—a purely mercantile enterprise, which requires heavy paid up and subscribed capital, in which the risks are great, and in which, as has been shown, there have been so many failures?

Not only is there no inducement in the shape of profit for entering upon such a business, but there is no demand for it from those most interested, nor is there any reasonable plea whatever for forcing it upon the public. When the Government first broached Life Insurance, particular stress was laid upon the fact that as an incentive to thrift and an encouragement for making provision for the future, the movement came well within the duty of the State; and when it was introduced, its author, Mr. Vogel (Hansard, 1869) emphasised the fact that up to that date no purely New Zealand Company was operating in the same field, and therefore they were not trenching upon any vested Rights or Competing with Local Enterprise. But how no such plea is available. At the present day there are still four New Zealand Companies with the necessary capital, all contributed amongst ourselves. These Companies have stood the test of time, have the confidence of the community at home and abroad, are monuments to the enterprise and sagacity of their promoters and Directorates, bring money into the Colony from foreign fields, contribute largely to the Colonial revenue, and, moreover, afford suitable investment for Colonial capital and employment and positions to a considerable number of the present and rising generations at their various centres, not only here, but abroad.

These Companies, by their widespread and honourable dealings in almost every quarter of the globe, have brought New Zealand into prominent and favourable notice where otherwise she might hardly ever have been

heard of. It is therefore inconceivable, and nothing short of national folly, to dream by adverse legislation of attempting to strangle or cripple such Institutions in the land of their birth, and destroy one of the best advertisements the Colony can possibly have.

There is another ugly aspect of the case, which looks very like a serious breach of faith. We are all aware that very large sums have been borrowed from time to time for the works and improvements absolutely necessary for rendering our cities habitable. These moneys were lent on the faith that the millions of British, Continental, and Colonial Insurance Companies were, in the event of a fire catastrophe, pledged to the reinstatement of our buildings and the replenishing of our warehouses. But now it is proposed to drive all such capital from the country, and to restrict the lenders' security to the guarantee of a State whose obligations are already enormous and apparently ever increasing, and whose Fire Insurance Reserves will be a myth.

I hope that I have to some extent made it manifest that State Insurance is not wanted by those really interested—is unnecessary, cannot be cheaper, will be an oppression and an unwarrantable interference with the management of our own property, will be accompanied by fresh hordes of Civil Servants in the shape of Commissioners and Inspectors, a prohibition of an important branch of mercantile enterprise, a danger to the State, and a wanton injury to vested interests and long established local institutions.

The Government may just as well, and with less injury to Colonists, step in, close the doors, and usurp any other private business, and they might easily make a selection from which the profits would be more assured and much larger than from Fire Insurance.

AUCKLAND,

23RD JUNE, 1898.

decorative feature

Wilsons and Horton, Printers, Auckland.

Prohibition! Opinions OF Experts!

Papers Read at the Palmerston North Convention, on May 24th and 25th, 1898.

decorative feature Palmerston North. Hart & Keeling, Printers and Account-Book Manufacturers,

The Attitude of our Churches to Prohibition.

title - The Attitude of our Churches to Prohibition

"The Voice of the Churches" Meeting at Palmerston North was one long to be remembered for its enthusiasm, power and usefulness. There are thousands of Christians in the several Churches who are themselves loyal Prohibitionists, but there is yet much to be done in getting all these so organised as to enable them to act together in a manner that would produce an effect which, as compared with the present unorganised effort, would be as much greater as the avalanche is than the boy's snowball. The various speakers felt and voiced this fact in a way that fired the audience.

The Rev. George D. Cox, Baptist, of Napier, quoted a letter from the President of the Baptist Union of New Zealand, in which he stated that the Baptists of the colony were almost unanimous in their support of Prohibition, and that next to the work of his own Church the temperance movement had his fullest sympathy and practical support.

Mr. Cox stated that while he could not speak as representing the whole of the 7000 members and adherents of the Baptist Church but only from his personal knowledge, he rejoiced in the growth of public opinion upon this subject, and, paying graceful tribute to those, who indifferent sections of Christ's Church, had led the van, he urged his audience to give themselves anew to most determined conflict with their old enemy. Let them count the cost and then rally to the old war cry of Total Abstinence for the individual and Prohibition for the State. His forceful address was received with frequent applause and was a good keynote for the after meeting.

The Rev. J. Dawson, President Primitive Methodist Conference, said it afforded him pleasure to send forth the voice of the Primitive Methodist Church on the drink question, for it has ever been pronounced against the traffic in intoxicants. Their last Conference re-affirmed the hearty concurrence of the Church with the principles of the Alliance.

The first meeting of the United Kingdom Alliance was held in a Primitive Methodist Church, and was presided over by the veteran Rev. J. Macpherson.

January 30th of this year was celebrated as Christian Citizen Sunday in England when 5000 temperance sermons were preached from 3500 Primitive Methodist pulpits.

Of 920 Primitive Methodist Ministers 901 were pledged abstainers, and fully 80 per cent of the lay preachers and members were abstainers and workers in the temperance cause.

The voice of the Church said it was the duty of every Christian man to endeavour, by personal example, by speech, and by the use of his vote in municipal and national matters, to discountenance the manufacture, the sale and use of intoxicating drinks. There should be no half-heartedness, no compromise in this matter, no fellowship with this unfruitful work of darkness. The destruction of the liquor traffic is one of the most honest, patriotic and philanthropic enterprises ever espoused by the followers of Jesus Christ. Enthusiasm in this cause is the only justifiable spirit for Christian men and women.

Our municipal as well as national Parliaments want purifying of all beery, gambling, political self-seekers who are prepared to sell their brothers in the interest of a trade that flourishes on the vices and the degradation of our fellow-men.

He called upon Christians to vote as they pray, and not to make any league with the trade, but to live and if needs be to die in the cause of freeing the enslaved from the power of drink. He reminded them that regulation in various forms had been tried for hundreds of years, but that in spite of all this the wreckage and ruin still went on. He appealed in the name of humanity, the Church, and of God that the licensed traffic in strong drink should be prohibited at the very next poll, reminding the audience that the solution of this great social problem is now in the power of the voters.

The Rev. R. M. Ryburn, Convener of the Presbyterian Temperance Committee, said it was a great mistake to think the Prohibition movement had received its death blow. There never was better heart among its workers than now. The efforts of Mr. T. E. Taylor on the Police Commission had been helpful. It was a great mistake to think the Churches were not in favour of Prohibition. The Church he represented gave no uncertain sound on this matter. It was well to remember that the movement aimed at the improvement of the individual. The sphere of labour was man. While local option received attention, Bands of Hope and moral suasion should not be neglected. The great difficulties to be overcome were unreasoning conservatism selfishness, and lack of organised effort. The Presbyterian Church was distinctly in favour of Prohibition.

Major Birkenshaw, of the Salvation Army, said: I believe the drink traffic to be the deadliest evil which affects mankind. The enemies of temperance reform say we exaggerate. I maintain we do not, for what graphic powers of description could convey any adequate idea of the evils and sorrows that march in the train of this terrible vice. After 20 years experience in dealing with all classes I have to say that my heart has been wrung by the sight of the noblest who have been wrecked. The memory of these wrecked lives and brother hearts nerves me to continue a determined battle against this mighty foe. On behalf of every Salvation Army Officer and Soldier in this colony I can say we are one with every regiment of this temperance crusade for the emancipation of the drunkard and the swooping away of the drink traffic.

The Rev. H. W. J. Miller, Congregationalism Napier, said he had received a call to the front only a few hours ago to fill the gap caused by the non-arrival of the Chairman of the Congregational Union. He regretted the absence of the Rev. W. Saunders, of Dunedin, for he was well-known in the South as an ardent social reformer, and had he been present there was no doubt that he would have spoken to them in burning words, both of the effects of the traffic in intoxicating liquors and the relation of their Churches thereto. The speaker said he had no authority to speak on behalf of the Congregational Church of New Zealand, but he could assure the meeting of the hearty sympathy of a large majority of their members with the great Prohibition movement. There, was a growing spirit of opposition to a traffic which was constantly defying law, and which has shown itself to be a growing menace to the weal of the people. Ever since the Prohibition question had become one of the real live questions of the day the Council of their Churches had spoken with no uncertain sound. At the last annual meeting of the Union the delegates had adopted two very strong resolutions, which he regretted to say he could not read, not having copies in his possession here. Their Churches thought the people should have control of the traffic, not a partial but a complete control. They would not rest until Colonial Option was before the people for their yea or nay. They believed that the Licensing Act should be so amended as to remedy its obvious defects, and that every form of license should be subject to the vote of the electors. Referring to his own experience Mr Miller said he could do no other than light to the death a traffic which was probably the most prolific source of crime and woe of which he knew. As Christian ministers they must be earnest. How could they help being so? Let some call them fanatics, they were in good company. They remembered what Lowell said about the fanatics of one age becoming the heroes and saints of succeeding ages. What was Christianity but chronic war—chronic war against sin. Led by their great Captain, Jesus Christ, they would never rest until this huge monopoly of organised evil were destroyed.

The Rev. T. J. Wills, Anglican, Ormondville, said: I have no authority to speak on behalf of the Church of England, but I do believe that the Church of England is moving very surely in the direction of Prohibition. A few years ago while many Church of England people were delegates representing various Temperance Societies, the Church of England itself was not directly represented. This year we have twelve delegates

representing the Church. In England we have a most ardent teetotaler in the chair of Canterbury. His Grace Dr. Temple is one of the most pronounced opponents of all drinking of intoxicants, and was for many years a Vice-President of the United Kingdom Alliance for the Suppression of the Liquor Traffic.

For myself I feel that as a man and a Christian I must do all in my power to destroy the liquor traffic.

Drink in Relation to Health & Disease.

By Dr. Chopple, of Wellington.

The Mortality from alcoholic diseases is hard to estimate from the mortality tables compiled officially. With the single exception of Delirium Tremens, all the diseases caused by alcohol are named according to their local pathology or according to the organ affected.

Alcoholism affecting the liver principally or primarily, is known as Cirrhosis of the Liver, and certified to as such in case of death from this disease. Alcoholism of the nerves is known as "Multiple Neuritis"; of the arteries as "Atheroma"; of the stomach as "Chronic Gastritis", and so on.

All these diseases have other causes besides alcoholic excess, and certificates of death rarely distinguish the cause. Especially is this the case when the fatal disease is clearly traceable to alcoholic indulgence, as the death certificate as a rule passes through the hands of the friends of the diseased, and doctors usually abstain from certifying the cause of the disease, being only required to certify to the cause of death.

It has been suggested that, as a classification of the causes of disease is so essential in the interest of Public Health, a simple certificate to the friends that death was due to natural causes should be made to suffice, and that every medical practitioner should be required to forward to the Registrar a certificate specifying the disease and the cause of the disease, as far as can be ascertained. Such a reform in the matter of death certification would help materially in the classification of the causes of all diseases of known origin, and would be of special interest in sheeting home to alcohol its true responsibility in the causation of disease and death.

When however, we consider that no organ of the body is immune from the evil effects of alcoholic excess, that many organic diseases such as Apoplexy, Cirrhosis, &c. are largely caused by alcohol, that all diseases are more intractable and fatal in alcoholic subjects, that many acute diseases are predisposed to by alcoholic indulgence, that the chances of death after major operations are immeasurably greater in those addicted to alcohol, and that many accidents and suicides are directly due to this fatal indulgence, we realise the appalling mortality due directly or indirectly to this national vice, notwithstanding the fact that in mortality statistics the deaths ascribed to alcoholism are comparatively few.

Let me here explain the term "alcoholic excess," from a medical point of view. There are two forms of alcoholic excess, the acute and the chronic. Very different results may follow these two forms, socially as well as physically.

Acute alcoholic excess leads to a state of intoxication and the victim is said to be drunk, and a succession of such attacks would lead society and the law to deem such an unfortunate a drunkard. And it would be said of a community containing a large number of these so-called drunkards that it was intemperate and drunken. But a man may indulge in a succession of acute attacks for many years and not suffer very much in health, provided a sufficient period of total abstinence elapses between these, to allow of his complete recovery; or in other words, to allow of the complete restoration of all his organic functions after the alcohol has been eliminated from his system. It is not uncommon to find a man indulging in these periodical bouts for years and, (escaping accidents), to enjoy health for a long lifetime.

The fact is he starts his career of drunkenness with sound organs, and after a free libation which makes his excess conspicuous to all, he gives his eliminative organs a chance during a period of total abstinence, to free his system, and to recover to such an extent as not to require an increased dose of the drug, to produce a like affect on a subsequent occasion. Now a community where such a custom prevailed would be branded drunken and highly intemperate, and such were many of the communities in some parts of the Old Country, half a century ago.

During recent years a change has come over the views society holds with regard to these acute outbursts of intemperance, and it is now considered a disgrace to be discovered under the influence of liquor. In consequence of this, less drunkenness is seen, especially amongst the upper and middle classes. But is there less indulgence? We shall see.

Chronic alcoholic excess however is very different. It does not necessarily unfit its votaries for social and business intercourse, and is therefore condoned by Society. But it is the excess which is responsible for the diseases and the evils I have already mentioned. It is characterised by a daily, and as a rule, ever increasing indulgence. It is this constant and gradually increasing saturation of all the tissues and organs of the body, that sooner or later produces, first a predisposition to all acute diseases by decreasing tissue and circulatory

resistance, and finally, fatal disease of some vital organ.

And further it is this constant saturation, and this steady increase in the dosage, that protects from all appearance of drunkenness, and the subjects of this excess are generally classed among Moderate Drinkers.

In acute drunkenness a small dose comparatively produces a marked effect in the condition and appearance of the subject of it. But the organs being unused to the spirituous bath revolt. Violent sickness soon follows, and all the organs of the body set to and tidy up by a process of active elimination.

The poor unfortunate organs of the moderate but constant drinker get no such chance. And so it happens that a man or a community may be afflicted with the most fatal alcoholic indulgence, and yet get credit for being moderate and temperate. Such is the change that has come about in Britain. This explanation is necessary because of the persistent statements that alcoholic indulgence is gradually disappearing and the people of Britain are becoming more and more temperate. The fact is that the alcoholic indulgence in the Old Country is greater now than ever, and this notwithstanding the fact that total abstinence has spread of recent years, to a very large extent amongst every section of the community. Returns published in the *Brewers' Almanac* and quoted by Mr. James Whyte, show that the alcohol consumed in Britain in 1841, was equivalent to 3.461 gallons of proof spirit per head of population. In 1852 it was 3.36 gallons, and in 1890 it was 3.245 gallons per head. This means that a relatively fewer number of people in Britain are consuming more, alcohol while there is a gradual disappearance of conspicuous intemperance, especially amongst the well-to-do classes.

With this steady increase in the amount of alcoholic liquor consumed in Britain there has been a remarkable persistence, during the drinking-age periods, viz., thirty years and upwards, of the high death-rate of half a century ago, as the following table prepared by Mr. Whyte will show.—

Mr. Whyte shows in a masterly article in the *London Times* that while improved sanitation, better water, purer air, shorter hours of labour, less women and child labour, increased park and garden space, and better housing for the poor, have together brought about a striking reduction in the death rates for all ages under thirty, the non-drinking period, there has been not only no reduction but actually a steady increase in the death rates during the age periods above thirty, the drinking period, or rather the period during which drink claims its victims.

We have then these facts to consider, that the conditions of life for all classes have immeasurably improved during the past fifty years, but these improved conditions have led to a diminished death rate, only for age periods under twenty-five or thirty; that above this age, the death rate has slightly increased, while there is nothing apparent to account for the discrepancy. And that during the half century under review an increasing amount of alcohol has been consumed by a relatively decreasing number of people. Have we not a right to assume that all that sanitation and industrial legislation have given, has been snatched away by a growing intemperance amongst certain classes of the community?

For the purpose of comparison I have worked out the New Zealand mortality statistics for the Quinquennial periods up to thirty-five and the Decennial periods above that age for the years 1874 and 1878 taken together, and the years 1891 and 1896 also taken together these being census years. The following is the table.—

With regard to the alcohol consumed in New Zealand the figures are; In 1883 the amount was equivalent to 2.126 gallons of proof spirit per head of population, excluding Maoris. Up till 1895 it has gradually diminished and at this date (1895) stands at an equivalent of 1.411 gallons of proof spirit per head.

This is a matter for congratulation on the part of all temperance reformers and well-wishers for our country's progress, but placed alongside the mortality table it proves nothing, as the mortality observations are not sufficiently numerous and the variations not sufficiently constant. I give the figures however as they worked out.

The statistical observations over many years in Britain and on some parts of the Continent where the liquor question is being studied and grappled with, give abundant evidence of the convincing fact that alcohol is a fruitful source of organic disease, shortens life and stunts physical development. Some interesting figures collected by Mr Whyte go far to prove this.

In Norway, where the alcohol consumed since the introduction of local option laws is only 1-5th or 1-6th of what it was sixty years ago, the mortality has reached 16.86 per thousand. In Sweden in 1851-55 the mortality was 21.8 per thousand. Local option was introduced and the consumption of liquor has decreased 1-4th, while the mortality has decreased from 21.3 to 16.96 per thousand. Of course this might be a mere coincidence were it not for the fact that in Denmark, where no change had taken place in liquor legislation up till 1890 and little if any change in the amount of liquor consumed, the mortality has remained practically the same, being 19.25 in 1851-55, and in 1890 18.61 per thousand. Much the same social, climatic, and sanitary-conditions prevail over these three countries, but with a diminished consumption of alcohol in Sweden there is, *pari passu*, a diminished mortality, but with a persistently high consumption of alcohol in Denmark the mortality keeps up. There is here a suggestion of cause and effect.

The experience of Friendly Societies is becoming more and more convincing as statistics are collected. The

investigation of Mr. F. G. P. Nelson, a disinterested actuary, into the relative death-rates of the non-abstaining Foresters and Oddfellows and of the abstaining Rechabites, tells greatly in favour of abstinence. He says: "Regarding first, the mortality rates, the divergency is great, the death-rate among the Rechabites being so remarkably low that I was at once led to examine whether there was palpable any fault in the original returns submitted to me, which afforded a solution of this feature. No such explanation was apparent, and, though the years of life observed were not as numerous as I should have desired, they were ample to preclude violent fluctuations in the experience due to the paucity of the observations. Whether this low death-rate might not be partially due to the large number of fresh entrants into the Society, most of whom would no doubt have passed through some test of examination as to health, next received my attention. Therefore, the records in respect of only members who had not been admitted into the Society during the period of observation, viz., the ten years 1878-1887, were separately examined, but with the result that their death-rate was found to be almost identical with that for the whole of the members." Later comparisons show a difference of five years in the expectancy of life at the age of 25 in favour of the abstaining body, while no real difference in the condition of life and sanitary surroundings exists to account for the remarkable difference in the mortality rates.

The Sceptre Life Association has issued the following table, having kept a separate Temperance section for the past 30 years:—

Here the "actual" deaths are only 58% of the "expected" deaths in the temperance section and 80% in the general section, to which it must be remembered only strictly moderate drinkers are admitted.

And every doctor's experience will bear out these remarkable and (convincing figures. What medical man of any experience is there that could not tell of constant disappointment in the treatment of disease of all kinds in those addicted to alcoholic excess, an excess too often so mild as to have been unobserved by both the patient and his friends. Tissues that have been saturated with alcohol refuse to heal after accident or operation—reaction and recovery from shock are slow and the germs of acute disease gain unresisted access and flourish from the want of a vigorous vitality to throw them off.

Not only then does constant drinking produce true alcoholic diseases of all the tissues and organs of the body, but it predisposes to most acute diseases and diminishes the chances of recovery.

Now one word with regard to the specific action of alcohol in the body. Most drugs have a selective affinity for secretory tissue, strychnine for the spinal chord, digitalis for the heart, and so on. The specific action of alcohol is exerted on the brain centres, and these it affects in the inverse order of their development. The highest centres and those last developed are affected first and most. The highest brain centres, what we might term the upper tiers of the brain, have to do with self-control, and these are affected first and most in acute intoxication, and are first and most degenerated in chronic alcoholism.

On the motor side the highest and latest developed muscular movements may be the fingering of a piano in a difficult piece, or delicate adjustments at a game of billiards. These delicate movements are the first to become impossible of performance, alike in acute and chronic alcoholism.

As we come down the brain layers, both on the motor and mental sides, this progressive paralysis maintains this strict inverse order, till finally, in acute and fatal poisoning by alcohol, as has sometimes occurred, the respiration stops and lastly the heart, whose centre has been first developed in utero, ceases to beat.

It is this specific action of this drug on the brain centres that largely accounts for the power for degradation and ruin that it possesses. In one unaccustomed to drinking, a glass of liquor is speedily followed by a loss of that reserve, reticence, discretion, and self-control that characterised him. This uppermost brain layer is paralysed. Now if constant drinking supervene or the acute attacks are often repeated this highly sensitive layer becomes rapidly and permanently damaged, and to this extent self-control, with all that it implies, is so far lost. The special action of alcohol then is on the brain cells, paralysing them from above downwards, the most sensitive and unstable centres going first. Hence the moral degradation that attends its constant use, and hence to a large extent the power the drug possesses of creating an irresistible craving for itself.

It is this subtle influence of alcohol on the brain centres that makes it so dangerous a beverage. Its action is so insidious that no one who takes it can say that he is not putting an enemy in his mouth that will steal away his brains.

Drink and Disease.

By-----M.B., C.M.

In dealing with questions regarding alcohol it is well to stand on firm ground and have some definite standard as a basis for one's inferences and conclusions. To the writer it seems as if at times this matter were not sufficiently attended to, and that its neglect is responsible for the great contrariety of opinion existing on the subject, leading to statements which clearly point to their origin in prejudice or mental bias in either the one

direction or its opposite.

A definite standard is taken with reference to the action of all other drugs and the standard is their physiological action, the action, in other words, of the drug on the human body.

There is no reason why this attitude should not be adopted in the case of alcohol, as happily it has been the subject of careful experiment. And indeed if we are to arrive at a scientific, passionless and unprejudiced conception of the matter we must finally refer our questions to the court of observation and experiment.

In the phase of the question "Drink and Disease" as it is placed on your syllabus, there are materials enough of both observation and experiment and there is little hope for an appeal from their results. And I hope to bring in the short time at command some evidence that these results are definite enough.

One question of vital importance, as it defines the line between moderation and immoderation is, How much may a man consume in 24 hours without prejudicial results? This question has been answered by Professor Hammond, of New York, Dr. Parkes, of London, and Professor Fraser, of Edinburgh.

Professor Hammond's experiments were conducted in three series, each series extending over live days, with the view of ascertaining—

- the effect of alcohol when the weight of the body was maintained at a nearly uniform standard by a regulated diet, which was at the same time a sufficient one.
- Its effects when the diet was an insufficient one as was proved by loss of bodily weight.
- Its effects when excess of food was taken, the weight of the body during such time increasing.

During these experiments careful attention was paid to all attendant circumstances such as exercise, &c.

The amount used was 1½ ounces of absolute alcohol divided into three portions, and in order to ensure dilution each dose was taken during meals.

The results arrived at were shortly:—In the first series of experiments—those in which a sufficient diet was taken—there was a slight increase of bodily weight, but at the same time the general health suffered slightly as was manifested by increase in pulse-rate, headache, sensations of heat on the surface of the body, and the mental faculties became less clear, the appetite variable, and there was a general feeling of lassitude and indisposition to work.

In the second series, where the dietary was insufficient, the loss of weight ceased and there was a slight increase above that previously normal, there was an entire absence of bad symptoms, the mental faculties were unimpaired, sleep was sound and refreshing, and the bodily strength was very good and satisfactory.

In the third series, where the increase of weight from the excessive dietary and addition of alcohol was 2lbs. a day, the health became disordered, there was constant headache, sleep was troubled, pulse rapid, bounding and strong, appetite capricious, indisposition to mental work, and Dr. Hammond's conclusion was that if the experiment had been carried on five days longer his health would have broken down.

Dr. Parkes has shown that a healthy well-fed man undergoing moderate physical exertion was upset by 2 ounces of absolute alcohol a day, and that 1½ ounces were entirely consumed and unattended by any disagreeable result.

But as this man was selected on account of his exceptionally healthy state Professor Fraser is inclined for this reason, and from experiments of his own, to adopt 1 ounce of absolute alcohol as a standard of moderation.

These results seem to the writer of the highest possible value as they fix the standard of moderation which, when overstepped, leads to disease, and the first series of experiments clearly does away once for all with the widely spread statement that alcohol is necessary for everyday life. It is not a necessity and few medical men now would be bound to maintain such a position.

Whether this standard is rigorously adhered to by those who habitually indulge in stimulants is another story. Any excess of this however must lead to a departure from health, and disease may roughly be defined as any departure from health.

The inexorable limits of time preclude any detailed statement of disease produced by the immoderate use of alcohol, and it must be sufficient to say that there is scarcely a page of a medical text book but bears reference to alcohol as either an exciting or a predisposing cause of disease.

The gin drinker's liver may be cited as a type of the irritant results of alcoholism with its gross changes and its concomitant functional derangements, and the same sort of results occur in all the other organs of the body.

These results of immoderation are not disastrous alone on the physical side of the individual but are equally so on the mental side.

Dr. Maudsley has a striking statement in his book "Responsibility in Mental Disease." He says "If all hereditary causes referring to Insanity were cut off and if the disease were then stamped out for a time it would assuredly soon be created anew by intemperance and other excesses." He gives to a forcible illustration of intemperance in the direct production of insanity, instancing the experience of the Glamorgan County Asylum. During the second half of the year 1871 the admissions of male patients were only 24, whereas they were 47 and 73 in the preceeding and succeeding half-years. During the first quarter of the year 1873 they were 10,

whereas they were 21 and 18 in the preceding and succeeding quarters. There was no corresponding difference as regards female admissions. There was however a similar experience at the County Prison, the production of crime as well as insanity being diminished in a striking manner.

Now the interest and instruction of these facts lies in this—that the exceptional periods correspond exactly with the last two "strikes" in the coal and iron industries, in which Glamorganshire is extensively engaged. The decrease was undoubtedly due mainly to the fact that the labourers had no money to spend in drinking and debauchery, that they were sober and temperate by compulsion, the direct result of which was that there was a marked decrease in the production of insanity and crime."

Dr. Mandsley in another place says "There are at least live distinct varieties of mental derangement which own alcoholic intemperance as their direct and efficient cause," and he goes on to add "were men with one consent to give up alcoholic and other excesses, were they to live temperately, soberly and chastely, or which is fundamentally the same thing holily, that is healthily, there can be no doubt that there would soon be a vast diminution in the amount of insanity in the world.

In another book "Body and Mind" Dr. Mandsley writes "Idiocy is mainly a manufactured article, and although we are not always able to tell how it is manufactured, still its important causes are known and are within control. Many cases are distinctly traceable to parental intemperance and excess. Out of 300 idiots in Massachusetts Dr. Howe found as many as 145 to be the offspring of intemperate parents.

Dr. Mandsley elsewhere says, the chain of causation in the production of insanity is frequently drunkenness in the parent, epilepsy in the child and insanity in the grand-child. The iniquities of the fathers are visited upon the children to the third and fourth generation."

Sometimes we hear of the power of alcohol to prevent disease and large quantities have been given especially in those epidemics of microbic origin. Dr. Sirus Woodhead, the Director of the Research Laboratories of the College of Surgeons in London, a recognised authority on these disease germs and all that pertains to them is also a leading spirit in the largely growing Medical Temperance Society, and he speaks with no uncertain sound as to the fallacy of this attitude.

I have not been able to put my hands on his writings in this respect, but they may be summed up in these lines of Rudyard Kipling—

When the cholera comes, as it will past a doubt,
Keep out of the wet and don't go on the shout,
For the sickness gets in as the liquor dies out,
And it crumples the young British soldier.

There can scarcely be drawn a line of demarcation between accidents and disease if we accept the rough definition that disease is any departure from health, and the writer was at college when the house-surgeon became an abstainer because in comparing notes he found that 9-10ths of the injuries he was called upon to treat were either directly or indirectly due to immoderation in the matter of drink.

The writer is quite conscious of the desultory and somewhat incoherent nature of the foregoing remarks, and must plead as his excuse that in a short time such as this it is impossible to present a full or connective view of such a wide subject as "Drink and Disease." but it has been his aim to bring forward only the highest authorities, whose statements cannot be impeached and to abstain as much as possible from technicalities. Habit in alcoholism as in other eases tolds, and the necessity for such a Convention as this is evidence, and the most superficial observation confirms it, that it is easy for an individual to drift into the breakers and be cast up on shore—a wreck.

Drink and the Native Race.

By Rev. T. G. Hammond.

The historians of Captain Cook record his important testimony in relation to the health of the Maoris of New Zealand. They say:—"In all the visits made to their towns, when men and women crowded about our voyagers, they never observed a single person who appeared to have any bodily complaint, nor among the numbers that were seen was once perceived the slightest eruption upon the skin or the least mark that indicated that such an eruption had formerly existed. The wounds they receive heal with the greatest facility. In the case of a man who had been shot through the arm with a musket ball, the wound seemed so well digested, and so fair a way of being healed, that if Captain Cook had not known that no application had been made to it, he declared he would have enquired with deep interest after the herbs and surgical art of the country. Old men abounded in

New Zealand; men who, by the state of their hair and teeth, were evidently patriarchs, and yet none of them were decrepit. They might be weaker than the youngsters, but they were quite as lively and high-spirited. As far as could be discovered, the New Zealander drank nothing but water."

Before the advent of the European, the Maori endurance was wonderful. Old Mohi Tawhai, of Hokianga, in his younger days would run further in a day than any man would care to ride a horse.

His son, the late Hone Mohi Tawhia, when a youth, ran from Kaihu to Waima in a day. Such exertion is quite impossible to any Maoris of to-day.

It is quite correct that the Maoris of these islands knew of no intoxicants until the coming of "God's Englishmen." the Maoris contend also that they were practically free from diseases prior to European civilisation. The causes of death in those days were witchcraft, war, and old age.

The missionaries and whalers were the first agents of civilisation, and while the Maori was under the more direct influence of the missionary, he lived a better life than ever in his past history. There were so many new things to be purchased, that he was kept busy producing dressed flax, timber and food supplies as barter for implements, clothing and weapons.

The successful work of the missionaries made colonisation possible, and the influx of settlers and demand for land opened up a new life to the Maori.

From the first, the Maoris took kindly to tobacco, but not to strong drink. They called it *waipiro* (stinking water). But slowly and surely they copied the example of the European, and in time outdid their teachers in debauchery.

The early legislation of this country denied drink to the Maori people. In effect, we said to the Maoris, "Drink is good for Europeans, and bad for Maoris." the European could purchase as much intoxicating drink as he could pay for, and the Maori, suspecting some other than the real motive, and having cultivated the taste, used every means in his power to procure and consume the forbidden luxury. As no great harm came to Europeans by these illegal scenes of drunkenness, and as many persons were deriving considerable profits from these sales of Maori rum, the trade became more open, and the law a dead letter. Maori drinking became the custom in the out-lying hotels, and no Maori feast was *rangatira* (respectable) without the hogshead of rum, or many cases of strong drink. We have heard, from the Maori tales of those days, of men, women and children drunk together, and infants cruelly neglected; quarrelling and jealousy became common, and violence was done to every law of decency.

The Maori copied our custom of "shouting," and did it in his own way. One chief of whom we heard, having received payment for some land, said "I will 'shout' for everyone who fought against me in Heke's War," while another, not to be outdone in large-heartedness, cried, "I will 'shout' for every one who knew my late son John.

Chiefs receiving payment for lands, in which there were many claimants for small sums, spent the whole in drink, so that each one might drink his or her share of ancestral forest or plain.

The war had the effect of estranging European sympathy from the Maoris generally, and many good men wished them all safe in heaven. Many colonists did not care which world they went to, as long as they did not remain in this, and when a cessation of hostilities came about, and the Maoris drank to drown their troubles, there were few sufficiently interested in them to take any great pains to save them from this curse. Even such a large-hearted philanthropist as Sir William Fox, said to the writer, with his own peculiar shrug of the shoulders, "There is little, can be done for the Maoris; they are a Boomed race." the Maori swallowed his land, drank himself down to death and Hades, while Englishmen looked on, and talked of the survival of the fittest. But are those who are indifferent to the sins and sorrows of others, and those who make unholy gains out of a dying race, the fittest to survive?

The sale of land and the possession of large sums of money destroyed the simple home life of the Maori, and the coming together the whole of the tribes, and their attendance at protracted Land Courts, promoted idleness, gambling, drinking, and attendant vices, doing more than any other institution to debase the people.

The manner in which land purchases were conducted was hurtful in the extreme. Negotiations either for leasing or sale were more frequently than otherwise opened by presents of drink. The Day of Judgement will unfold many tales of wrong in these matters, which the chief actors fondly think are forgotten for ever.

We have but a passing word to say about the Land Court as an institution. It is *unnecessary*, and productive of every kind of dishonesty. It has slain its thousands, and may be recorded among the most conclusive collateral evidence of the existence of the devil.

It was during the premiership of Sir George Grey that Maori drunkenness reached its highest tide. Whatever of good came to this and during that Administration, must be discounted by the fact that those associated with him were forgetful of the grave responsibilities of rulers, and did little to uplift, but much to debase, the Maori people.

During all those dark days of Maori drinking, there were some among them who took a determined stand

against it, and never came under its destroying influence; and among those who suffered by its use, there were some who made efforts to control or lessen its evils. So long as twenty-three years ago, the Waima Maoris passed a prohibitory law that is in existence to-day, and has never been broken—strong drink as a beverage has not been tolerated. The residents of that valley may go from home and drink, but must not, and never lave, brought it home for consumption.

In another part of Hokianga, a public-house was forced upon a Maori community by the Licensing Committee. The chief of these people (though himself a drinking man) called his people together, and said: Listen, men, women and children! This is my word to you all: If any of you enter that public-house, erected in defiance of our wish, I will banish von from this settlement, and from your land." the house was closed the next year, and has remained so since.

There are many communities of Maoris who have decided against the use of drink at public gatherings, and slowly but surely the strong Temperance convictions of the Europeans of this land are having a corresponding influence for good upon the Maori people.

I have no political idols, nor do I hold a brief for the present Government, but fairness necessitates that I give honour where honor is due, and I am glad to say Mr. Seddon's Bill prohibiting drink to Maori women has so far been of considerable good. Women still procure drink, but not to such an extent as formerly, and they are no longer found under its influence in the towns and public-houses. Little has been done, however, to make this law effective in the Native settlements, the failure of which remains a reflection upon the Police force, whose interpretation of law in these cases certainly tends rather to the personal ease of the officer of the law than the impartial discharge of plain duty. Our liberties are only perfectly conserved to us, when we are governed by our law-makers, and not by the individual opinions of persons paid to sacredly enforce the law.

May I further add that we live in stirring times. Current events are making large calls upon a spirit of loyalty to our nation. We contend our nation leads the way in industry, enterprise and intelligence. Our commerce, inventions, institutions and language find their way to the ends of the earth. There are consecrated men and women ready to carry the message of God's love everywhere. We are growing more like gods every day, in the wonders we accomplish in manufacture, science and art. We give to the heathen of every land our manifold blessings; we reveal to him the knowledge of the Fatherhood of God; we tell him he is a man and a brother, But how much greater would be our self-respect, were we satisfied our good-doing was not mixed with evil, and that we did not strew curses among the blessings!

We may be thankful for that whereunto we have attained, and loyal to our British name and prestige, but we dare not relax our efforts until it is everywhere apparent that gold is not our god, and the sin of Ephraim no longer our reproach.

We have done great things for the Maori people, and we hope and expect that there is yet a good future for the remnant of the race. But the humiliating fact remains, that we have made it possible for thousands of them to destroy themselves with our strong drink, and that which humbles right-thinking men to the dust is, that this has been tolerated because Englishmen made money—money at the expense of human happiness and life.

Every Temperance advocate amongst us who shall endeavour to do good to his Maori brethren in urging them to abstain from strong drink, will be met with the statement—

"If you do not want me to drink, why did you bring it here? It is your drink, not mine; take it away."

Drink and Crime.

By Sir Robert Stmt, K.C.M.G.

Motto: the amount of liquor consumed in any community is the measure of its degradation—*Baron Dowse, Ireland.*

It is impossible to ascertain the full relationship between drink and crime unless we had the personal history, not only of everyone convicted of a crime, but the history of his parents and grandparents at the least. We can only skim the surface, so to speak, of how alcohol tends to crime with the statistics and information at our command. The new Criminology is but little understood I fear in New Zealand, but whether understood or not, there is not such an examination made of the prisoners' lives and the lives of their ancestors as to enable us to get at the cause of the crimes that are committed in our colony. We have some facts to go on and these are distressing and alarming enough. In 1896 there were 5005 charges of drunkenness dealt with in our Courts; of these 4921 charges were found proved, and 4115 convictions were recorded against male offenders and 809 against female offenders; 73 males and 8 females were discharged. There were altogether 14,673 offences charged and 5005 of these were drunkenness. The 5005 charges did not mean that there were 5005 individuals charged. Some of the offenders unfortunately had been taken more than once before the Court, some more than twice, some more than thrice. We have no proper record of the actual number of individual offenders. In the

same year there were 724 applications for Prohibition Orders, 658 applications for orders against males and 66 for orders against females. These applications give a better idea of the drink curse than even convictions for drunkenness or for being drunk or disorderly. A prohibition order is never applied for but as a last resort. When personal advice and remonstrance has failed, when there seems no hope of saving the victim then this law is invoked. The publicity and the disgrace are both braved when this last effort is made to redeem the fallen. What a record then is this number of 721 applications? Of these 598 were granted, 537 orders to males and 61 to females; 126 applications were refused or abandoned. What misery stands behind this record of 598 prohibition orders. No one can be prohibited unless Iris will power has gone, unless practical degeneration has set in, health and means both being injured. Just consider what this record means, and if we add to these prohibited persons the number of people who are not prohibited, but who were as bad as those who were prohibited, we can have some faint idea of the evil that alcohol is working in our midst. Just as the vital statistics give us no record of those who are killed by drink, so the gaol and court records give us little information of the part alcoholism plays in crime. It is said we are a sober people. Sobriety is a comparative term. I believe we are not so given to intemperance as many people, but we are not as sober as some. I found that to assuage the thirst for alcoholic stimulants we consumed in 1897-98, that is from 1st April, 1897, to 1st April, 1898,—

In all 6,514,688 gallons of liquor.

For 760,000 people that was not, one would think, a mean supply.

Is it any wonder that we have about 10 to 50 deaths put down to chronic alcoholism, over 500 prohibition orders issued, and over 5000 drunks to be dealt with by J.P's and Stipendiary Magistrates? But we must not think that these figures measure the extent of the vice. There are hundreds if not thousands of drunkards who never figure in our Courts, against whom no prohibition orders are issued. And how crime is encouraged and caused by drink it is difficult, as I have said, to gauge. Mere convictions are not a proper gauge of crime, for much depends upon the efficiency of the police, of the Courts, and of juries. What effect drink has on crime can only to some extent be measured if we consider for a moment what leads to crime. I think I will not be considered wrong if I mention four causes:—1. Hereditary tendency. 2. A weakened will and a blinded moral sense, the result of perhaps heredity and environment. 3. Poverty. 4. Temptation acting on a weakened will.

You see I have said nothing about alcohol and I will tell you why. I admit that alcohol leads directly to some crimes of violence. Men under the dominion of passion, not reason, (caused by the drinking of alcohol), commit crimes of violence. And we read of Judges on Circuit in England bewailing the fact that drink causes crime. What I would point out is that alcohol is a more subtle cause of crime than we at first sight adequately appreciate. It is not the tale of drunkards nor the crimes of violence that alcohol produces that are its worst products, and that is why I have eliminated drink out of the direct causes of crime.

Anything that tends to physical, mental and moral degeneration, causes crime. Alcohol does so tend. It leads to poverty, it tempts weak people. It therefore is a primary cause of the causes of crime.

Crime it has been said is a reversion, and caused by degeneration. Now, has alcohol this effect if taken in excess? I prefer giving the opinion of an expert, who is not a teetotaler, for in his small book on Alcohol, Dr. Greenfield says—as to the effect of alcohol that it may be summed up in the words 'Loss of Control.' the higher intellectual centres cease to control the thought, the moral control is lost over the emotions, the centres which govern and direct combined action, no longer guide the lower and subordinate ones, and they in turn hold less in check and tone the muscles and their nerves. It would be easy to show that it is not only the higher powers which are affected, but that the lower centres too, are directly acted upon. And as we have already seen in speaking of the physiological action of alcohol, the earliest glow of warmth, flush of face, and quickened beat of heart, are alike due to a check of control, so that the minute blood vessels dilate owing to loss of moderating force.

It may be said however that is only describing the drunkard, one who has, as it is termed, drunk to excess. What says Dr Greenfield about the moderate drinker?:—

"But it is a melancholy fact that a very large number of those who are permanently injured by drinking are of those who rarely or never drink beyond the stage of slight excitement, or even halt before that point. For one man who is injured by being drunken often, there are twenty or more who are more seriously injured by drinking and never approaching the verge of intoxication. A man may drink in such a way as never to feel consciously excited or embarrassed, yet ruin his health and cut short his days more speedily and surely than the man who is dead drunk every Saturday night."

He classifies the effects thus:—

- Comparatively slight disorders due to use of excess of alcohol, or its use at improper times.
- The effects of large repeated doses in producing simple intoxication, or the peculiar forms of alcohol poisoning known as delirium tremens, &c.
- Diseases resulting from the continued use of alcohol.
- General deterioration.

- Destruction of special organs of the body.

The effect is often seen in the appearance of the person who gives way to drink.

"And, says the same authority, here we cannot even attempt to mention all those slighter general states which are so commonly seen in those who drink. The moral tone is lowered, there is often a coarseness of look and manner which mark the general deterioration, the memory is less clear and retentive, the grasp of the intellect is enfeebled, there is less power of mental work, and loss of that self-control and self-respect which gain the confidence of others."

And the effect on the offspring is thus stated:—

"The children of parents addicted to drink, even if not decrepit and deformed, have the tendency to degeneration in some one or other way implanted in their constitution, and like a birth mark, or mole, or the colour of hair and eyes, it may be handed down to posterity. There is no more wonderful problem in nature than this handing down of tendencies, and even instincts and emotions, from parents to children."

I have made these quotations to show the effect of alcohol on the system, and if they are carefully considered it will be seen that taking alcohol leads to that state which makes crime easy, or creates a "line of least resistance" to the violation of law. Another doctor says "Beer is brutalising, wine impassions, whiskey infuriates, but eventually unmans." I have purposely quoted a doctor who is not a teetotaler, but who assumes that alcohol may under certain circumstances be necessary, though he says in health the use of alcohol is unnecessary, and its habitual employment is liable to produce disease, hence total abstinence is the safest course. We then have reached this conclusion that alcohol tends to the degeneration of the physical organism and when that happens crime is near. Indeed crime and drink as it has been said "are intimately bound together." They are the "morbid manifestations of organic defects which for the most part precede birth," but as Havelock Ellis in his book "The Criminal" says:—

"Alcoholism in either of the parents is one of the most fruitful causes of crime in the child," and he adds "There is to day no doubt whatever that alcoholism, as well as temporary intoxication at the time of conception modifies profoundly the brain and nervous system of both parent and offspring. Some of the most characteristic causes of instinctive criminality are solely or chiefly due to alcoholism in one of the parents."

To sum up:—Crime is degeneration. Alcohol causes degeneration, therefore alcoholism causes crime. Leaving out therefore all those classes of crime, generally of violence, that arise from men infuriated from drink, leaving out that other class caused by poverty, where drink has led to a waste of means, we have this fact that crime comes from degeneration and that alcohol is a patent factor in degeneration. Nowadays there is a desire to get at the ultimate cause of things. We see this manifested in the careful and prolonged study of the famous scientists. If we follow their method in investigating crime we will find that alcohol is at the root of so much injury to the will as to be a parent of crime, and as alcohol is unnecessary for healthy people surely it is the duty of good citizens to devise some scheme to get rid of this fruitful source of vice, of poverty, and of crime.

PALMERSTON NORTH.

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MAIN STREET.

Dissemination of Temperance Literature. (By Henry Sanson, Esq., Member of Wanganui Education Board.) Create a demand! Establish a series of prizes for Essays on Temperance. 1st grade School children, under 15 years of age 10/- 7/6 5/- 2nd grade—Young people, under 21 years of age 20/- 15/- 10/- 3rd grade—Open to all ... £5 £3 £2 The first two grades should be worked within each electorate, with half yearly competitions. The third grade should be Colonial and annual. The prize essays should be read at a public meeting, and, if approved by the Executive, be published. Every Public Library and Reading-room should be supplied with temperance literature. Booksellers should be stocked. Christian Endeavour societies should be urged to be steadily aggressive in Temperance work distribution of leaflets and pamphlets might be made a special branch of their work. The Palmerston and Taranaki Electorates have instituted a competition to the first grade already. It is to be hoped that other Electorates will do wise. Information as to method may be obtained from G. Grant, Palmerston North. Orders for literature should be forwarded to the Secretary, N.Z. Alliance, Wellington.

SPECIAL NOTICE. Every Prohibitionist should be well-informed in facts and arguments relating to the Liquor Traffic. The works of the Rev. T. J. Wills are up to date and reliable. "THE CHURCH AND the LIQUOR TRAFFIC." (PRICE 1/6.) "BISHOP NEVILLE'S MISTAKE." (PRICE 3/-) Order from N.Z. Alliance Office. Wellington; G. Grant, Palmerston North, or Rev. T. J. Wills, Ormondville.

First Annual Report and Balance Sheet of the Society for the Protection of Women and Children. Wellington Branch.

Whitcombe and Tombs Limited New Zealand: Wellington, Christchurch, Dunedin
33421

Society for the Protection of Women and Children.

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Vice-presidents:

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- MISS L. M. KSCIRK.

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E. J. D. Johnson, General Printer, 21 Willis Street Wellington. [P.T.O.]

Objects.

decorative title - Objects

- To prosecute in cases of cruelty, seduction, outrage, or excessive violence to women and children.
- To give advice and aid to women who have been cruelly treated.
- To make provision for children in homes when it is found the parents or guardians are unfit persons to have charge of them.
- To agitate for the improvement of the Statute Laws with a view to the more effectual protection of women and children.
- To organise Girls' Clubs for social intercourse and mutual improvement.

decorative feature

The Subscription Fee for membership is fixed at Five Shillings (5s.) per annum, payable yearly or half-yearly, but the Society is always open to receive Donations of any amount.

Donations or Subscriptions in aid of the Society will be thankfully received by the Secretary, and such amounts will be acknowledged upon the Society's printed Receipt forms. Receipts given upon any other forms than these are invalid.

The Secretary will also be glad to hear from any country sympathisers who would be willing to act as an Aid Committee for their district.

The work of an AID COMMITTEE is to collect funds, to assist in carrying on the work, and to report any

cases of cruelty, seduction, outrage, or excessive violence to women and children occurring in their district, to the Secretary, when the necessary enquiries will be made (without mentioning name of informant) and the matter placed before the Executive to take whatever steps may be necessary in the case.

pointer NOTE: All communications reporting cases will be treated as Strictly Confidential, unless permission is given otherwise.

Society for Protection of Women and Children.

WELLINGTON BRANCH.

YOUR EXCELLENCY, LADIES AND GENTLEMEN,—

IN presenting to you this our First Annual Report, we I wish to give a short account of the origin of the Society and of the work done during the year. The Society was the outcome of a movement which was inaugurated by the Women's Christian Temperance Union to consider means for the prevention of juvenile depravity, the prevalence of which had been forcibly brought before the public by the revelations made before the Magistrate's Court during September of last year. A meeting of delegates from the various churches in Wellington was held on October 20th to consider the matter, when it was resolved that a Society for the Protection of Women and Children should be formed and called the Wellington Branch of the New Zealand Society for the Protection of Women and Children. Other meetings were held to decide upon rules, and on November 11th your Officers and Committee, with the exception of the paid Secretary, were elected and the rules as printed were adopted.

The real work of the Society, however, can hardly be said to have begun before May, although several cases had been reported and attended to before. The objects and aims of the Society were at first little understood, but after an advertisement had been inserted in the daily papers to the effect that the Hon. Secretary would be at home on Friday mornings to attend to cases, applications for assistance became numerous, and since then the work has increased so rapidly as to necessitate the appointment of a paid Secretary.

Our record of work for the year shows 78 cases entered in the books and 31 cases in which the Society's assistance and advice were solicited, but which were not exactly within the scope of the Society. In every case, however, advice was given and work was found for some, and others were sent to the Government Bureau and to other organisations which could render the desired assistance.

During the year, the Hon. Secretary has received 133 letters and written 151; in addition to which she has written about 12 letters in connection with adoption cases when secrecy was desired; 148 visits have been received in connection with cases and 90 have been paid by the Secretary, different members of Committee and Mr. Aitken. Eight cases have been brought before the Court by means of the Society, of which 5 have been settled in our favour and 3 are still proceeding. Three illegitimate children have, through the instrumentality of the Society, been adopted with comfortable homes and the mothers who had been obliged to support the children, as the fathers had gone away, have been given a fresh start, which was impossible when they were burdened with the maintenance of children out of small earnings.

The following is a synopsis of the 109 cases which have been dealt with by the Society during the year:—

The Treasurer's Balance Sheet, which will be found appended to this Report, shows that during the past year the receipts from subscriptions and donations have amounted to £84 12s., and the expenses £19 15s. 5d., leaving a balance of £64 16s. 5d. after paying all liabilities. As will be seen, the Balance Sheet has been carefully examined by Mr. Aitken, one of the Trustees.

At the last meeting of Committee it was decided to appoint Mrs. Waters, who had already been the Society's Collector for six months, as Secretary for a month, the appointment to be confirmed if approved by the incoming Committee. A room has been secured as an office in the Alliance Chambers, upper Willis Street, where the Secretary will be in attendance on Tuesdays and Fridays between the hours of 10 a.m. and 12.30 p.m. All letters addressed to the "Secretary, S. P. W. & C., Alliance Chambers," will receive immediate attention.

Considerable attention has been given by the Society to the urgent need of some means of preventing young girls from parading the streets during the evenings, the evil results of which are evident to all those who are interested in social work. In almost all the cases of seduction which have come before the Society the girls assert that walking out at nights has led to their ruin. Further means are urgently required for ensuring the

punishment of the seducers. At present girls shrink from signing warrants for the arrest of the men as the cases have to be heard in open Court, and before the usual degraded class which frequents the Courts to listen to the painful details of such cases. If in cases of this kind the evidence could be taken with closed doors there would be much more chance of the deserved punishment being meted out to the seducers, and the numbers of such cases would, we feel sure, undoubtedly be lessened.

The Society being as yet in its infancy, your Committee was new to the work which has come before it, and has, therefore, been unable to enter into the question of legislation, the necessity for which has become apparent in dealing with both affiliation cases and maintenance cases against husbands. Some reform is urgently required in the law, which would make it possible to enforce maintenance orders. At present the man can drink all his earnings and then be sent to gaol if he does not obey the order. If a lien could be put upon the man's wages, and the money handed over by the master to the Court to meet the orders, some improvement might take place in the homes of those who are now living in destitution and are becoming a burden upon the Charitable Aid of the Colony.

In conclusion, your Committee desires to record their gratitude for the assistance which has been given to them by the Police, the Charitable Aid Board, the Salvation Army, the Alexandra Home Committee, the Ladies' Christian Association, the Alliance Sewing Society and others who have sent material and clothing for destitute children. It would also give hearty thanks to the Solicitors who have undertaken cases, and to Dr. Chappie, who has acted as Hon. Physician and has rendered prompt attention in urgent cases.

Your Committee also desires to thank the proprietors of the *Evening Post* and *New Zealand Times* for their courtesy and assistance, and the public who have so liberally responded to the call for subscriptions.

We hope that the record of this our first year of work, which has been undertaken and accomplished under the difficulties incidental to a new movement, will merit such confidence as will result in an increased number of subscriptions and donations, and that the public will manifest in every way possible their interest in a Society which has already proved the necessity for its existence.

The following are a few typical cases of the work done during the year:—

CASE 59.

Is that of a child 13 months old who was boarded out with a woman and was treated with great cruelty and neglect. An information was laid, which resulted in the woman being convicted and fined £10 and costs, or two months imprisonment.

CASE 38.

Is a case of seduction in which the father of the child left the girl destitute, but was brought back and sued for maintenance and expenses and was ordered by the Court to pay 7s. 6d. maintenance and £4 10s. for expenses and the costs of action.

CASE 9.

In this case information was received from Greytown that a young girl who was in trouble had come to Wellington and was quite friendless. The Secretary advertised for the girl who called, but, as she could not be induced to go to the Alexandra Home, the Society secured medical attendance and the loan of the Ladies' Church Association bag. The young man signed a paper acknowledging parentage, promising to pay £5 for expenses and 5s. per week maintenance of child. Arrangements were made by which the child was sent to the girl's mother. The girl is now in a situation and doing well and reporting herself regularly. The Secretary has received a letter of thanks from the girl's mother acknowledging the kindness of the Society.

CASE 15.

Is a case in which a woman complained that her husband had treated her cruelly and turned her and two young children out at night. Investigations proved that both husband and wife drank and the woman also took drugs. The man promised to treat the woman better, so the separation and maintenance case was withdrawn. This is a very difficult case as the woman's conduct was not satisfactory, but she has improved very much as a result of the Society's advice and attention.

CASE 17.

Is a case in which a woman wished assistance in obtaining a separation order against her husband who was

an habitual drunkard and ill treated and neglected both her and four children. An order was obtained and the woman helped to obtain work and assisted in other ways.

CASE 18.

Is a case in which a child was reported to be suffering from a severe burn which had been neglected. Investigations proved that the neglect was unintentional and owing to the poverty and ignorance of the mother. The child was sent to the Hospital for proper treatment.

CASE 32.

This is a case in which respectable educated people had a girl of 11 years of age sleeping in a room with boys of 16 and 14. The mother acknowledged the danger, and remedied the matter at once.

CASE 36.

Is a case of a woman who was deserted by her husband and had an illegitimate child 15 months old. The woman, being ill, was sent to the Hospital, and when convalescent was induced to return to her brother's house. The father of the illegitimate child made a private agreement to pay 10s. per week for the child's maintenance, which he has done regularly. The woman is now working four days a week, and able to maintain herself respectably. Her husband has been summoned for maintenance of his children, but the case is still undecided as the man has not turned up.

CASE 42.

Is a case in which a woman applied for advice as to adopting a boy of 10 years who had been left an orphan, but said that she could not clothe him. By Society's intervention and assistance the Ladies' Christian Association agreed to clothe the boy, thus giving him the chance of a good home.

CASE 44.

Is a case of a young girl who came from Napier to hide her shame, and applied for advice as to lodgings. Lodgings were found for her, and she has been visited regularly and will be looked after. She is not in need of pecuniary assistance, as she has money to pay all expenses.

CASE 45.

This case presents a brighter aspect than any which has come before the Society. A young man who had advertised to get his illegitimate child adopted, but who suspected mercenary motives in those who had replied, asked advice of the Society. He was quite willing and anxious to do his duty to both mother and child, but would not marry the girl owing to her untidy habits, which he had observed during a week's visit she had paid to his mother. He now pays maintenance of child regularly, even sending a stamped addressed envelope for receipt. The girl is in a situation and is doing well, and as she realises her defects, and is endeavouring to improve, it is not improbable that a marriage may come about in time.

CASE 46.

Is a case of a young man who had agreed to pay for maintenance of his child but was in arrears for seven months. A letter was written to him which resulted in a reply enclosing £4 10s. and a promise to pay the balance owing and regular maintenance in future.

CASE 49.

Is a case of a boy whose parents were disreputable and who was left with a woman who applied for assistance in clothing and obtaining employment for him. Though he was 13 years of age he had not passed the second standard owing to neglect. He had been in Stoke school but had been taken out by his parents. A situation was found for him, but as he did not attend regularly and also played truant and slept out at nights it was decided to recommend that he be sent back to Stoke school, which was done by the Education Department.

Numbers of similar cases have come before the Society and have been attended to with good results. These cases will give an idea of the work that the Society is doing and will show that it certainly justifies its existence.

decorative feature

Subscriptions and Donations.

decorative feature
decorative feature

New Zealand Society for the Protection of Women and Children. Wellington Branch

Dr. RECEIPTS and EXPENDITURE from October. 1897, to Sert. 30th. 1893. Cr. £ s. d. To Subscriptions and Donations 79 13 6 Maintenance Money 24 5 0 Advance by Secretary 2 5 0 Interest 0 0 7 £106 4 1 £ s. d. By Collectors' Commission 2 11 3 Printing 9 5 0 Postage and Stationery 1 18 6 Advertisements 0 17 6 Rent 0 10 0 Honorary Solicitor's Expenses (out of pocket) ... 0 7 0 Maintenance Moneys paid to Clients 21 3 0 Maintenance Moneys paid in Advance 2 5 0 Balance Maintenance Account 3 2 0 Balance in Savings Bank 63 9 7 Balance—Cash 0 15 3 £106 4 1 SPECIAL ACCOUNT. £ s. d. To Contributions 4 18 6 £4 18 6 £ s. d. By Donation to Alexandra Home 2 0 0 Materials 1 11 9 Fares of Children 0 15 0 Balance in hand 0 11 9 £4 18 6 Examined and found to be correct. John G. W. Aitken, Hon. Auditor. Anna P. Stout, Hon. Secretary. L. M. Kirk, Hon. Treasurer. Kate M. Evans. President.
Old Age Pensions.

Old Age Pensions.

A Paper partly read to the Citizens' Union, Wellington, 10th August, 1898.

The Meaning of "Pension."

The earliest authoritative definition of pension that I can find is that of Dr Johnson, which appeared in all the four editions of his dictionary published during his life, notwithstanding his own acceptance of a pension in the meantime:—"Pension—an allowance made to any one without an equivalent. In England it is generally understood to mean pay given to a State hireling for treason to his country." the whole point of the lexicographer's sarcasm is that in theory a pension was then what it is now, when our dictionaries define it as "a stated allowance to a person in consideration of past services." A pension, in its true sense, is a reward of merit; an old age pension, in its true sense, is the reward to be given to those attaining old age in consideration of their meritorious services to the State on their progress to that age. A part of those services may or may not be a specific contribution of money by the individual to a State pension fund; but whether or not this pecuniary element enters into the scheme, the pension is merely supposed to represent what he fairly earned. It is not a gratuity or a dole, but stands for "good consideration and value received"; it is the public recognition and remuneration in old age of the individual's previous contributions to the common weal.

Pension and Charity Distinguished.

On the other hand, charitable aid, or poor relief, has an altogether different basis. We relieve the destitute, of whatever age, and however unworthy, because they are destitute, and because our humanity forbids our leaving them to starve. The appeal is to our mercy here, as it was to our justice in the other case; need is the test in the one case, in the other merit; what is given is alms in the one case, in the other it is wages. In principle nothing could be clearer than the distinction between these two things, but unfortunately in practice nothing seems easier than to confuse them.

The Cause of the Confusion.

The confusion is readily explained by the origin of the popular feeling in favor of a pension scheme. At present the aged poor are relieved upon the same grounds and by the same methods as their juniors, and it is

considered unjust that those who are incapacitated by old age alone should be put in the same category with those whose incapacity springs from idleness or vice. A scheme is accordingly demanded which will give the aged separate and better treatment, and the logical conclusion that if old age is to be the criterion all the aged must be put on the same footing is clearly seen. But equally clear is the difficulty of finding the money for a universal scheme, and the difficulty is so great that some are fain to accept a plan which will benefit the aged poor only, overlooking the fact that in so doing they have not merely made a theoretical sacrifice, but have abandoned the chief part of their practical object by reaffixing the stigma of pauperism which they were anxious to remove, and reconverting the veteran's wage into the pauper's dole. An old age pension scheme which makes poverty a necessary qualification for a pensioner is, if not a contradiction in terms, at any rate a gross misnomer; and, if desirable in other respects, should be enacted without any false pretence as a measure of charitable aid.

Canon Blackley's Scheme.

The agitation for old age pensions originated about twenty years ago in England, where some 50 per cent, of the adult paupers are over the age of sixty-five years; and, curiously enough, it originated from the opposite standpoint to that from which those who have carried it on have, for the most part, regarded it—the standpoint not of the pauper, but of the poor man who helps to pay for him. As the rector of a rural parish, Canon Blackley had known "young laborers by the dozen without a change of decent clothes, continually and brutally drinking, and living almost like savages, while earning full £1 a week"; and he even mentions one case of "a carter boy, aged fourteen years, spending 3s a week regularly on tobacco." He had instances like these constantly before him of men qualifying, by their youthful improvidence, to come upon the rates in their old age, and he realised that many a struggling, industrious ratepayer, primarily not less poor than they, would ultimately be taxed for their support. Struck with the "monstrous injustice" of this arrangement, he propounded a very simple remedy—viz., a scheme of national insurance which would save the provident from the injustice of having to provide for the improvident by compelling the improvident to provide for themselves, and to make this provision at the time of life when money was of least use to them and most liable to be wasted. The proposal was that everybody between the ages of eighteen and twenty-one years should be compelled to pay £10 to a State fund, which would provide them in return with 8s a week sick pay till the age of seventy and 4s a week pension after that age. He subsequently proposed to abolish the sick pay and to reduce the age to sixty-five and the premium by one-half in the case of wage earners.

Sir Harry Atkinsons Bill.

Canon Blackley's scheme was elaborated and adopted to the circumstances of this colony by Sir Harry Atkinson in his National Provident Association Bill of 1884, which provided that every person should pay to a State provident fund 2s 3d a week from sixteen to twenty-three years, or 3s a week from eighteen to twenty-three; or he might commute for a capital sum ranging from £36 3s 9d at sixteen years to £44 11s at twenty-three. These payments would secure him 15s a week sick pay till the age of sixty-five, and a pension of 10s a week upon attaining that age. A valuable addition to Canon Blackley's scheme was the provision of substantial benefits for widows and orphans out of additional premiums of 2s a week between the ages of twenty-three and twenty-eight. Employers were to stop premiums due by any employé out of wages due to him, and to be liable for any contributions in arrear which they had failed to collect. The details of the scheme were very carefully worked out, and the Bill ran to 154 clauses.

Mr Chamberlain's Scheme.

Another contributory scheme is that associated with the name of Mr Chamberlain. In its final form this provides that every man who pays £5 to the pension fund before reaching the age of twenty-five has £15 more placed to his credit by the State, and by continuing to pay £1 a year till he is sixty-five becomes entitled at that age to a pension of 5s a week. In the event of his dying before sixty-five, benefits are secured for his widow and children, or if he leaves none, his £5 is returned to his representatives. Mr Chamberlain's proposals have undergone changes from time to time, but they have always been based upon voluntary contributions, the State merely stimulating individual providence by its bonus. It is to be feared that this scheme, if enacted, would have very little practical effect, and absolutely none upon the class of cases which first attracted Canon Blackley's attention, and constitute the real crux of the problem. A writer in the 'National Review,' 1892, very pertinently asks:—

If under the admirable arrangements provided by the Manchester Unity of Oddfellows only two members out of 673,073 have availed themselves of their superannuation scheme, is it reasonable to assume that a bribe

of £15 (which would not be paid down to the member) would induce any considerable number of them to do so?

And the argument applies *a fortiori* to those not provident enough to join any friendly society, who are the main cause of the trouble.

Mr Booth's Scheme.

Mr Charles Booth is the author of the third of the great English schemes, which resembles the first in being universal and compulsory, but differs from both the preceding in not requiring any specific contributions from the individual and in not establishing any specific fund. It simply proposes that every person attaining the age of sixty-five shall be entitled to a pension of 5s a week out of general revenue, subject, however, to the one important condition that he has not during the preceding ten years been in receipt of poor relief. The minimum cost of these pensions for the United Kingdom would be £17,000,000 a year, and no special means are suggested for raising the money.

Old Age Insurance in Germany.

All the old age pension or national insurance schemes which have been propounded are modifications of one or other of these types, and it is hardly necessary to say that none of them has yet attained or approached to realisation in any English-speaking country. In Germany and Denmark, however, there are schemes in actual operation. The Old Age Insurance Law of Germany, which came into force on January 1, 1891, applies to wage-earners, clerks, apprentices, and other employes earning less than £100 a year, and compels each of them, after the age of sixteen years and during employment, to contribute a premium of from $\frac{3}{4}$ d to $1\frac{1}{2}$ d a week, according to his wages, his employer being liable for collecting the amount and for supplementing it with a like sum. At the age of seventy the worker becomes entitled to an annual pension of from £5 6s 5d to £9 11s, according to his payments, and in the event of total disablement from work before that age he is also entitled to proportional benefits. The premiums are paid in stamps affixed to official cards, and the process has proved so cumbrous and irksome that the law is commonly spoken of as "the stamp-sticking nuisance." When the first pensions fall due there will be close on 3,000,000,000 of these stamped cards in the Government archives. Casual laborers and unemployed do not come under the law. The whole procedure is far too harassing to be ever tolerated in a free country. Its difficulties would have been enormously mitigated if Canon Blackley's principle of securing the premiums in early life had been adopted.

The Danish Pension System.

The Danish system is rather a poor law than a pension law, but as a poor law it seems to be a thoroughly sane and statesmanlike measure. It divides the poor requiring State aid after the age of sixty into the deserving and the undeserving; and it includes in the former class all "who are unable to maintain themselves, who have been in the country ten years, have never been convicted of crime, and can prove that they have not received poor law relief or been convicted of vagrancy or begging for ten years, and that their poverty is not the result of extravagance or evil living." On the applicant satisfying the local authority on all these points he is placed in the deserving class, and is awarded a pension of an amount which is left to their discretion. Sixteen guineas a year, or about 6s 6d a week, is said to be the largest amount awarded in Copenhagen. The undeserving are left to the workhouse. As I have said, this is really poor law and not pension law; but it is a poor law placed upon a sound and discriminating basis, and its essentials should be imitated in any scheme which, by making poverty a necessary qualification of its so-called pensioners, will merely amount to indiscriminate outdoor relief unless accompanied by adequate means for excluding the grossly unworthy.

The Royal Commission on the Aged Poor, 1893-95.

Such, then, in outline, are the chief schemes which have been proposed for dealing with the problem of the aged poor. Some further light has been recently shed upon the question by the investigations of parliamentary committees and royal commissions in England and elsewhere. The chief outcome of the Royal Commission on the Aged Poor appointed in England in 1893 was a recommendation of something very like the Danish system. They urged in the case of the aged poor a greater discrimination between the "respectable poor" and those whose poverty is distinctly the result of their own misconduct, and that the wholesome and growing strictness in the granting of outdoor relief should be relaxed in favor of the former. Where it was found that applicants had borne a good character, had made reasonable efforts, and had not been previously assisted from the rates, except temporarily and under special circumstances of misfortune, then they recommended that outdoor relief should in all cases be tendered. Mr C. Booth and Mr Chamberlain were both members of this Commission, and

it is interesting to find the former joining in the recommendation after telling us in his book on 'Pauperism and the Endowment of Old Age' that he could imagine no court of inquiry competent to conduct such an investigation. He would probably justify the apparent inconsistency by saying that though no tribunal was competent to do the work it was better under present conditions that it should be clumsily done than not at all. As a matter of fact, this discrimination has been very generally attempted by poor law authorities; and in the book just cited, which was published in 1892, Mr Booth refers to "the improved conditions of pauper life usually meted out to old age." It must not be overlooked, however, that one reason for the large proportion of the aged in our poorhouses is that they often require more care and attention than the most generous practicable allowance would enable them to procure outside. The manager of the Melbourne Benevolent Asylum when asked what affect old age pensions of 10s a week would have on his institution said: "It would not relieve the institution much. A majority of the inmates could not be trusted with money, and a number require so much medical attention and nursing that they could not manage with the small pittance they would receive."

The Victorian Royal Commission, 1897-98.

The one practical suggestion in the report of the Royal Commission on Old Age Pensions presented to the Victorian Parliament a few months ago is of a similar character. The florid and pretentious style of this document is familiar enough to us in third-rate journalism, but looks somewhat odd in a Blue Book. It opens with the grandiose and nonsensical declaration that "the palliatives of political expediency must give way to the drastic panaceas of resolute statesmanship," but ends tamely enough with the suggestion of pensions (*i.e.*, outdoor relief) for the deserving aged poor and the workhouse for the undeserving. "Undeserving," by the way, is not their word; they abandon the usual nomenclature, and among the poor, at any rate, recognise only the "deserving" and the "less deserving." Seeing that by their own definition the less deserving consist of "those who have been intemperate, extravagant, indolent, improvident, lawless, and generally those who have made no reasonable effort to provide for the future," it would seem that they have not discovered any obvious traces of higher merit in this class than have previous observers. But one result of universal suffrage appears to be a growing inability to impute positive demerit to any man who has a vote unless he happens to have some other marketable property besides. This strange compound of maudlin humanitarianism with calculating hypocrisy—this regard for our weaker but enfranchised brother, which is shared by the light-headed sentimentalist yearning to relieve his weakness, and the light-fingered demagogue yearning to capture his vote, is what threatens democracy with the gravest dangers in the sphere of social experiment.

The Movement in New Zealand.

In our own country there has lately been a general but vague feeling in favor of some system of old age pensions, but the popular demand has never taken any definite shape, nor has the problem been discussed with any accuracy either in or out of Parliament. In 1894 a Committee appointed by the House of Representatives arrived at certain resolutions which are unimpeachable as far as they go, but leave the crucial difficulties untouched. This Committee had no time for original investigation, and its most important suggestion was that a Royal Commission should be appointed to inquire thoroughly into the matter with reference to the circumstances of the colony. Parliament has ignored this recommendation, and is now for the third consecutive session attempting to deal with the matter at first hand. After months of deliberation the Committee appointed by the Imperial Government has just reported that hot one of the hundred schemes submitted to it is workable. After a few hours' discussion, without expert testimony before it, without special knowledge, without mature deliberation, and with a jaunty irresponsibility worthy of a juvenile debating society, our House of Representatives decided last year that it had found a scheme that would do. That such an inquiry should solve such a question would indeed be a miracle, but even a miracle should be discussed on its merits, and this discussion I will now undertake.

The Old Age Pensions Bill, 1896.

The Old Age Pensions Bill introduced by the Premier in 1896, on the eve of a general election, was crude and impossible, and obviously not meant to pass; but it was not essentially vicious in its cardinal provision. It was not a mere charitable aid measure, and it did not make poverty and idleness the necessary equipment of a pensioner. An applicant who had lived sixty-five years, and spent twenty of them in the colony, was to be entitled to a pension of 10s a week, provided "that his total income from all sources (*exclusive of personal earnings* and his pension) does not exceed the rate of £50 per year," which meant that, though a man with property producing an annual income of £50 was disqualified, it was not necessary for a man to give up work in order to qualify. But the House would not tolerate even the property disqualification, and removed any

suspicion of pauperism by striking out the whole subsection, and thus giving to every man who satisfies the conditions of age and residence the right to a pension. The measure then became a genuine pension scheme, but the enormous addition to its financial difficulties entailed by this extension was made an excuse for dropping a Bill which, even as introduced, had no financial foundation at all.

The Old Age Pensions Bill, 1897.

When the Bill was introduced again last year the subsection reappeared in its original form, but the House this time amended it in an opposite direction. The saving clause as to personal earnings was struck out, and everybody earning £1 a week or upwards was disqualified for a pension. The relief proposed by the Bill of 1896 was a modified charitable aid under not wholly pauperising conditions; the House then converted it into a genuine pension. The same relief was proposed by the Bill of 1897, and the House then converted it into a pauper's dole. I regret to see that this conversion is now accepted by the Government, and I propose to consider in detail the provisions of their measure in its latest form.

A Model Preamble.

The preamble of the Bill is one from which no humane person could dissent:—"Whereas it is equitable that deserving colonists who during the prime of life have helped to bear the public burdens of the colony by the payment of taxes, and to open up its resources by their labor and skill, should look to the colony for a pension in their old age." With the aspiration of that preamble we can surely all agree. But it points, as the title of the Bill points, to a pension for which all deserving colonists can qualify by living to the necessary age and doing the necessary work; and when the enacting parts of the measure proceed to restrict the class who are to receive pensions by conditions which bear no relation whatever, except by way of contradiction, to their labor and skill, or to their contributions to the public weal, the lie is given to preamble and title alike. To make the preamble anything but a false pretence it should run:

Whereas it is equitable that colonists who during the prime of life may or may not have helped, etc., etc., and who from divers causes have been unable or unwilling, and continue to be unable or unwilling to provide for themselves.

To make the preamble a fitting prelude to a discriminating scheme of charitable aid it should run:—

Whereas it is equitable that deserving colonists who, etc., etc. (as in the Bill), and who from divers not discreditable causes have been unable to provide for themselves should look to the colony for a pension in their old age, and whereas it is inequitable that undeserving colonists who have not helped to bear the public burdens of the colony by the payment of taxes, nor to open up its resources by their labor and skill, and who from divers discreditable causes have been unable or unwilling and continue to be unable or unwilling to provide for themselves, should look to the colony for a pension in their old age.

Merit and Success

Merely to say that the Bill is a Charitable Aid Bill, and not an Old Age Pensions Bill, would not necessarily be to condemn it. As a Charitable Aid Bill it might still have its uses and its justification. Note that by leaving that important word "deserving" standing in my second preamble I have admitted that there are cases of indigence in old age which cannot be attributed to the demerits of the sufferer. Someone has said that success is a rough test of merit, but that it is the only test we have. Worldly success is too often a very delusive test indeed. The formula of the survival of the fittest is a truism which is made to cover a deal of falsehood. It merely means that those survive who are fittest to survive; it is falsely supposed to imply that they are necessarily fittest for any other purpose. Those who succeed in the worldly struggle do so sometimes because they are fitter for gaol, and often because they are less fit for Heaven, than those whom they surpass. Mr Booth mentions the case of a young girl of his acquaintance who was earning 10s a month in service, and out of that for some time sent 8s a month to her poor and aged mother. The prospects of worldly success for that young creature were not brilliant. In after life she would probably be stripping herself in the same way for her children, and, it may be, a drunken husband, and thereby, according to the cant of the survival of the fittest, ultimately establishing her fitness for the workhouse.

Two Kinds of Haloës.

Such cases are to be found among the pensioners of the Charity Organisation Society of London, and doubtless also in connection with any other large charitable institution; and they show that the world's failures include some who have a better title to be crowned than the proudest lady in the land, though, of course, it is a

halo, and not an earthly crown that should be theirs. But as this award is not in our power, I would not quarrel with a Bill, whatever might be its name, which promised some genuine solace for the declining years of such a life. Ten times the pauper's dole that is proposed in this Bill would, on such a purpose, be money well spent, and we could afford it all if the 90 per cent, of undeserving whom the Bill threatens to endow could be effectually excluded. It is to the endowment of these unworthy that I object. I protest against diminishing the national dividend available for the widow and the orphan and the faithful failures in life's struggle by the admission of the class of man whose only halo is the halo round his nose that marks the blossoming of a long course of self-indulgence. If we can amend the world's rough justice by some more accurate measurement, by all means let us do it; but let us remember that the experiment is one of infinite delicacy and danger; and, above all, let us not forget that indiscriminate bounty will in the long run only aggravate the hardships that we seek to cure, and postpone the dawning of the brighter day that we are endeavoring to hasten.

The Qualifications of a Pensioner.

What discrimination, then, is exercised by the Bill? how are the sheep and the goats divided? and what are the qualifications of the "deserving colonists" for whose benefit it is devised? the answer to these questions is to be found in clauses 7 and 8, which may be summarised as follows:—

Every person in the colony of the age of sixty five years or upwards is to be entitled to a pension of £18 a year for the rest of his life, provided—

- *That he resides in the colony, and has so resided for twenty years.*
- *That during the ten years preceding his application he has not been imprisoned for four months or on four occasions for any offence punishable by imprisonment for twelve months and dishonoring him in public estimation.*
- *That during the five years preceding his application he has not for twelve months or more deserted his wife or without just cause failed to maintain her or his children under fourteen years. (Analogous provisions are made where the claimant is a woman.)*
- *That he is of good moral character, and is leading a sober and reputable life.*
- *That his income does not amount to £1 a week, nor the net capital value of his property to £540.*
- *That he has not deprived himself of property or income in order to qualify.*

An applicant who can satisfy these conditions has an absolute right to a pension, no discretionary power being reserved to any authority to qualify or withhold it.

The Case of Mr W. Sikes.

Owing to a well-known infirmity of the human mind, general terms rarely impress it with the full force to which they are logically entitled; a concrete illustration is far more effective. Let me therefore embody these conditions in an example. Mr Wm. Sikes, formerly of Houndsditch, burglar, having exhausted the hospitality of the citizens of London and the Imperial Government, emigrates towards the close of his forty-fifth year to New Zealand as a suitable place for the evening of his days. Hearing that the Old Age Pensions Bill, 1898, has become law he wishes to qualify under it. At the same time, he is anxious not to make too violent a break with his past, but to have as good a time according to his notions as the pension qualifications will allow. He accordingly comes to consult me as an expert in "liquor and crime and that sort of thing." In a case which Lord Coleridge once tried at the Exeter Assizes a complaint of the unchristian conduct of the other side was met by the judge with the remark: "We have nothing to do with Christianity here; we are lawyers." In the interview which follows I wish it to be distinctly understood that I speak as a lawyer and not as a Christian. Being consulted as a lawyer I am bound to advise as a lawyer, and to point out to Mr Sikes the minimum qualification required by the Act.

Ten Years of Crime and Drink.

"Has a man got to work?" might naturally be his first question. "No," I should have to answer; "you needn't do a hand's turn for the whole twenty years. There is nothing about labor and skill except in the preamble. And as for skill, you can carry on your old business for a start. The preamble speaks about opening up the resources of the colony, but opening up other people's houses will do for the present. A conviction, or any number of convictions, will do you no harm as long as you're out of gaol again within ten years from now. It was at first proposed that imprisonment should count as absence from the colony, but the Legislature has obligingly met your requirements by striking out the clause. You can spend the whole ten years in gaol, if you prefer it." No, he wouldn't prefer it; he would like a drink now and then, he says inquiringly. "Oh, that will be all right," I explain (I am still speaking as a lawyer). "How would five years of burglary and gaol, and then another five

knocking round the respectable bars of Wellington—they are all respectable—how would that suit you?" "D.T.?" he queries dubiously. "No disqualification," I reply. Even if it gets you into gaol, it won't matter for the first eighteen years at any rate. Whether habitual drunkenness, as it does not hinder a man from being elected to Parliament, could be held to be "dishonoring in the public estimation" where a pensioner is concerned I cannot say; but fortunately for you the question does not arise, for even habitual drunkenness is not punishable by imprisonment for twelve months. But after the eighteen years you had better go a bit easy, as you have to qualify as "sober and moral" at the end of the twenty.

Ten Years on the Benevolent.

This last part of the programme pleased him very well, but he was distressed at the notion of abandoning his calling for ten years; there was no other work that he could do. "Then," I reply, "don't do it. Our pension law is not so hard a task-master as St. Paul. Let him that stole steal no more, but rather let him labor," says the Apostle. "Let him that stole steal not after fifty-five, but let him be under no obligation to labor then or at any other time," says the pension law. "If honest work disagrees with your constitution try the Benevolent." "The House?" he inquires rather savagely. "No," I say; "take it outside if you prefer it. Money is no object in this happy land. This city alone spends £10,000 a year on public charity, and most of it out-of-doors and go-as-you-please. You're just the sort of deserving case our Benevolent Trustees would welcome with open arms and keep there for the whole ten years."

Family and other Matters

"Missus and kids?" is his next question. "They needn't trouble you," I tell him. "You can let them all slide during the first ten years; the country will see to them. In the next five you may still desert them if you don't get more than four months or four sentences for it. In the last five years they can all accompany you on to the Benevolent, or as your children will all be over fourteen you can leave them to themselves; but you musn't run away from your wife for more than a year, or you lose your pension if she comes to the magistrate and tells." "But she won't!" he says significantly; "anything else?" "At the time of applying you have got to be of good moral character, and leading a sober and reputable life." He grins as he asks how much that means. "It's very vague," I reply, "and can't mean much. If you've not been in gaol or found drunk within the last year or two, and can get a publican to certify to your character, it ought to be enough." And as the last condition point out that at the time of applying his earnings must not exceed £1 a week, nor his capital £540. He has not been accustomed to take Government officials into his confidence in these matters, and during his career in England his professional income never figured in the schedules of the Commissioners of Inland Revenue. He therefore sees no difficulty on this score.

A "Deserving Colonist."

I have, then, to inform him that the line of conduct it has been my duty to indicate will lead him safely to an old age pension. He is fairly staggered, calls it the some-thingest lark he ever knew, yet is philosopher enough to inquire what it all means. Fortunately for me the Legislature has itself supplied the answer, and turning to the preamble I read as follows:—

Whereas it is equitable that deserving colonists who during the prime of life have helped to bear the public burdens of the colony by the payment of taxes and to open up its resources by their labor and skill should look to the colony for a pension in their old age.

After further unrepeatable exclamations of wonder and delight Mr Sikes withdraws, and as he goes—gaol-bird, drunkard, loafer, brute—on his congenial way to qualify as a "deserving colonist" for an old age pension I thank my stars that, though as a lawyer I am bound to give a faithful interpretation of the law as it stands, I did my best as a citizen, while the question was still open, to keep such an immorality out of the Statute Book.

Merit Disqualifies, Demerit Qualifies.

The picture I have drawn is necessarily a fancy one, but it is essentially a true one nevertheless; clause and sub-clause can be cited from the Bill to justify every monstrosity that it involves. The preamble notwithstanding, there is no guarantee that a pensioner shall have done any work for the colony, or contributed one iota of honest labor and skill towards opening up its resources, or helped in any way whatever to bear the burden of taxation. Nor, on the contrary, is there any guarantee that he shall not have obstructed and neutralised the labor and skill of others, and made himself a burden to the taxpayer and a pest to society all his life. He may

be in his own person a pest; he may also bring unhappy children into the world to be an additional burden to the community. Crime during the prime of life does not disqualify; idleness all life through does not disqualify; poverty and idleness or incapacity at sixty-five are necessary to qualify; and practically the only thing to disqualify is the industry and the care which at that age have accumulated the sum of £540 or are still competent to earn more than £34 a year or 2s 3d a day. It is hardly an exaggeration to say that there is practically no test of desert provided by the Bill except a negative one. It is certainly no exaggeration to say that demerit and not merit is what the Bill favors and fosters.

Sober and Moral.

It will be said, perhaps, that I am overlooking the condition in subsection 6: That he is of good moral character, and is leading a sober and reputable life." As the Bill allows unlimited license to all crime till past the prime of life, and to petty crime afterwards, and as it avoids making any number of convictions for drunkenness a bar, I contend that unless an applicant had been proved in a court of law or in some official or public fashion to be guilty of drunkenness or an offence involving immorality within, say, the last year or two at the outside, the magistrate who had the determination of the matter would be bound to pass him. And what our magistrates will do when there is no obligation in the matter we may learn from their practice under an analogous procedure. An applicant for a publican's license has to obtain a certificate from a magistrate vouching him to be "a person of good fame and reputation, and fit and proper to have a publican's license granted to him." The following persons have lately received certificates of "good fame and reputation" under this provision:—(1) An ex-constable who had been recently dismissed from the force for immorality; (2) the unsuccessful co-respondent in a divorce suit where the verdict amounted to a finding of perjury against him; (3) an habitual drunkard who had actually a prohibition order in force against him at the time of his application. If an habitual drunk and is of "good fame and reputation," and a man to whom a Court has forbidden the sale of liquor is fit. To have a license which involves the constant buying, selling, and handling of it, then a man in *delirium tremens* is "leading a sober and reputable life," and entitled to be so certified under the Pension Bill. The certificate is waste paper in each case.

The Investigation of Claims.

From this point I naturally pass to another part of the Bill which is almost as vital as the preceding. I mean the machinery clauses. All the claims are to be transmitted to the magistrate for the district, who shall "fully investigate" the same, and in investigating it he may or may not require the personal attendance of the applicant (clause 18). That is practically the sum total of the provisions under this head. Now, a magistrate is a judicial and not a detective officer; he has no detective staff at his disposal, nor does the Bill give him one, or indeed any special staff whatever. No provision is made for any departmental investigation before the matter comes into court; no officer or person is given any standing in the court; the whole business is *ex parte*, and the value of an *ex parte* investigation covering a period of twenty (and possibly sixty-five) years, before a tribunal which has absolutely no independent means of knowledge, is obvious. It is much as though the Assessment Courts had to decide all questions before them after hearing the taxpayers' side of the case only, and without even the written valuation of the Tax Department as a check. The temptations to fraud which such a loose procedure holds out will be as irresistible to a needy claimant as the claim will be to the unhappy taxpayer; and the colossal swindles in connection with the United States war pensions, one-half of which, amounting in 1892 to nearly 80,000,000dol, are estimated to be the reward of fraud and not valor, may well find a humble but exact parallel here. To erect such flimsy machinery to meet the inevitable pressure is a direct incitement to fraud.

The Income Disqualification.

Convenient openings for fraud are also offered by the property and income disqualifications. The man who earns £52 a year gets no pension. The man who earns £34 a year or less gets the full amount of the pension, but for every £ he earns above that sum he loses £1 from his pension until at £52 a year he loses it altogether. The man who can earn £34 a year, but cannot earn more than £52, is just as well off with the former amount as with the latter, since the State will make good the difference. He has therefore the following alternatives open:—(1) To work up to his full capacity of £52 a year and forego his pension; (2) to work up to £34 a year only (*i.e.*, to be idle to the extent of one-third of his working capacity) and to secure the pension; (3) to work up to the full amount, but return his earnings at the lesser sum, and thus secure the pension. The State will not often get the advantage of the first course. Human nature is not wont to work for nothing, and least of all is this to be expected from those who are both old and poor. Moreover, where the State is the other party to the transaction, men, whether young or old, deem it more blessed to receive than to give. This alternative, therefore, is not

likely to be taken unless the pension is regarded as a badge of dishonor, and such a possibility will hardly be urged as a recommendation of the scheme. On the second hypothesis, the State will have lost the value of the labor wasted; on the third, the value of the pension. In the one case the pension will have promoted idleness, and in the other fraud.

The Effect Upon Wages.

A further consequence has to be considered in the effect of the dole upon the labor market. It is beyond dispute that in England the system of allowances out of rates in aid of wages crippled the independent laborer and lowered wages because the pauper with his State subsidy could afford to sell his labor cheaper, and was preferred by the employers in consequence. "It was demonstrated," said the Poor Law Commissioners in 1834, "that the allowance in aid of wages in reality operated as a grievous tax in diminution of them." It was subsequently demonstrated that an immediate rise of wages in the districts concerned followed upon the abolition of the system. Allowances limited to those above sixty-five years would not seem likely to affect the general rate of wages, but there must be some in the wage-earning class who will feel the full weight of the "grievous tax," and these will be the men whose earnings average somewhere about the limit of £52 a year, which disqualifies for a pension. Now, whether you hold with the false implication of this Bill, that poverty is in itself a test of merit, or whether you take the true test to be honest effort either of rich or poor, under either theory the struggling poverty which can just maintain its independence must satisfy your test and command your sympathy; and it is this very class of strugglers, earning their £1 a week from light or casual work, who will have their sorry wages lowered and their independence undermined by State-aided competition. Thus the measure will make paupers, not merely by its direct inducements to idleness, but also by submerging those who, without the pensioners' competition, could have earned higher wages and remained free men. And whether these humble toilers succumb or not it is to be remembered that, while the struggle lasts, they are being taxed for those who pull them down.

The Property Disqualification.

The property disqualification does not threaten the same economic mischief. Every £30 worth of property is to take £1 off the pension, so that a man with £540 will lose it all. The principle is utterly wrong, but I do not imagine that a man will waste his property as he will waste his labor in order to qualify for a pension. There will be no riotous chorus of property-holders chanting "Let us eat and drink, for to-morrow is our sixty-fifth birthday." But, instead of this waste, there will be fraudulent concealment and evasion, which, as a rule, will be quite impossible to trace. Here, again, the incentive is to vice, and virtue is left out in the cold. The honest man will lose his pension; the rogue will enjoy his property and the State bounty besides.

Financial.

With regard to the financial aspect of the measure I will say little. About 7,000 claims were admitted under the Registration of People's Claims Act, 1896, which, at £18 a head, would mean a minimum cost of over £120,000, without allowing anything for administration. Against this some saving in the normal expenditure on charitable aid would have to be credited. That the total net addition to our annual expenditure would be from £200,000 to £300,000 in a few years, time seems to me a probable conjecture, and this amount it is proposed to charge upon the Consolidated Fund. This liability, huge as it is, is small in comparison with the other issues involved. Bentham said that the Turkish Government had impoverished some of the earth's finest provinces not so much by its exactions as by its effect upon motives. The distinction marks the chief danger of experiments with the poor law. The financial embarrassment which is commonly the result of mistakes in that sphere is a trifle compared with the moral ruin wrought by their effect upon motives. If the expenditure proposed were going to foster the virtues that exalt a nation I would not grudge a penny of it; but as it would foster vice and not virtue, it would pay us better to throw the money into the sea.

Charitable Aid Reform.

A few words in conclusion as to my own substitutes for the proposals of the Government. The questions of old age pensions and charitable aid, which are hopelessly confounded in the Bill, ought, in my opinion, to be separately treated. We want a thorough revision and simplification of our system of charitable aid which will establish direct and complete local control over the administration, and any pension scheme which is based upon poverty as well as old age should be grafted on to that system. Exacting tests of merit should be applied, but no attempt made to prescribe every qualification or disqualification by the rigid machinery of a statute.

Human ingenuity is not equal to the task of making satisfactory provision in this way for all the details of every possible case. But some of the more important conditions might properly be statutory, and among them the most essential of all—that approved by Mr Booth and the English Royal Commission of 1893-95, and enacted in Denmark—viz, that the previous receipt of charitable aid, except in case of sickness or misfortune, should disqualify. I believe that this condition would be of more value as a guarantee of merit and an antidote to pauperism than all the provisos of the present Bill put together. Under no circumstances should an absolute right to a pension of this kind be recognised, and a wide discretion as to giving or withholding it, and as to the amount, should be left to the charitable authority. With an efficient and responsible administration the power might properly be given to grant something better than the miserable pittance of £18 a year, and thus to emphasise the distinction between the pensioners, whose poverty was without discredit, and the ordinary recipients of outdoor relief.

National Insurance.

Of the genuine and universal pension schemes Canon Blackley's proposal for compulsory insurance seems to me the most logical end the most manly. It compels each man to bear the burden of his own old age, and secures the provision from him at the time when he can best afford it and would be most likely to waste it. It does nothing to encourage the dangerous superstition that the State is a kind of universal store from which each man may draw—according to his needs without contributing to it, yet without exhausting it, and without injustice or loss of self-respect. It fosters the truer and manlier doctrine, which recognises the obligation of the State in these matters, but considers it to be best discharged by quickening and supplementing instead of weakening individual responsibility and self-reliance. The Royal Commission on the Aged Poor pronounced against the scheme for England on the ground that public opinion there did not favor the compulsory principle. That was proper ground for Commissioners to take who were advising a Legislature as to immediate action, but it would be a mean and cowardly fatalism on the part of any member of a young and impressionable democracy to accept such a consideration as final. If the scheme is sound and would really be even a partial cure for a very great evil, then the public opinion which condemns the scheme needs altering, and not the scheme itself. Public opinion must be educated up to the approval of the remedy which in reason and principle appears to be the best. The best will then have become the practicable, and the evil can be grappled with.

Propheying Deceits.

Of course, the down grade is easiest. The line of least resistance is always easier, and nowhere is it so easy and so disastrous as in the sphere of the poor law. It is so easy to draw cheers by eulogies of those who have borne the burden and heat of the day, while concealing the fact that your proposals are so framed as to benefit those whom you dare not eulogise—the criminal and the idler, who have shirked the burden and heat of the day and left their share of it to others. It is so easy to say that there are 7,000 old people looking for your Bill to pass, and to reckon up that if they have four or five friends each there are 30,000 votes in the transaction, more than enough to turn the next General Election. It is so easy to say that pointing out the demoralising effect of a measure which puts a premium on improvidence, idleness, shift-lessness, and fraud is "casting a reflection on the people of this colony," when you know that this colony is not yet Utopia, or the Bill would not be needed; that its people have just about the ordinary allowance of human nature in them; and that, however great their virtue, it must be wicked to hold out before them encouragements to vice. It is so easy to say smooth things and prophesy deceits. All these things are easy, and the other part is often difficult, but I believe that there would be little difficulty in touching the conscience of the people on so clear a matter as this if it were clearly put before them. For the present it rests with Parliament, and not with the people. I trust that before disposing of it our legislators will gain a clearer knowledge of what they are being asked to do. To pass the Bill would mean irreparable disaster; to reject it would merely mean further consideration and consultation with the people. I trust that by rejecting it Parliament will save the colony, for the present at any rate, from the blackest danger with which in my experience it has been ever threatened.

A. R. ATKINSON.

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Front Cover

A Paper

Read Before

The New Zealand Branch of the British Medical Association at Wellington on March 18, 1898.

ON SUGGESTIONS FOR THE REFORM OF THE LUNACY LAWS, WITH SPECIAL REFERENCE TO THE NOMENCLATURE USED AND THE PRESENT METHODS OF PROCEDURE UNDER THE ACT.

A Paper

Read Before the New Zealand Branch of the British Medical Association, at Wellington, on March 18TH, 1898.

MR. PRESIDENT AND GENTLEMEN,—

It may seem strange to you that one who is not a specialist should ask you to listen to a paper on "Suggestions for the Reform of the Lunacy Laws with special reference to the nomenclature used and the present methods of procedure under the Act," but I take it that we are here gathered together at our annual meeting to discuss any subjects which may be of interest to the profession and to the community generally, and it matters not whether the subject for discussion be introduced by a specialist or a general practitioner. Should I touch on subjects connected with lunacy, which seem to go beyond what is suggested by the heading on the Order Paper, I hope you will forgive me.

Three different facts have decided me to ask the Medical profession to take a keener interest at the present time in those of our fellow creatures who are the subjects of mental disease.

I. Dr. MacGregor's report of 1897, in which he says, "I have so often called the attention of Parliament and the Government to the terrible condition into which all our Asylums, especially Wellington, have been allowed to lapse, owing to overcrowding, that nothing more can be done or said by me. I can only express my earnest hope that orders will be given to finish Porirua Asylum as soon as possible. We shall be fortunate indeed if some calamity or scandal does not occur to horrify the whole country." Later on, he says, "A suitable refuge and school for idiots and imbeciles is urgently needed, to enable us to rid the other Asylums of those poor creatures, whose presence is a great hindrance to the comfort of all the patients, and especially to the recovery of sensitive, curable, and convalescent cases." I did not think that we ought to let this session pass without taking some notice of these remarks of Dr. MacGregor's.

2. The fact that we often see some mention in the newspapers of the overcrowding of the Asylums. This reference in the newspapers had undoubtedly caused a feeling of unrest in the minds of the people, and it is only the knowledge which they possess that the Asylums are admirably looked after by the Inspector of Asylums and his very capable medical superintendents which has prevented the feeling of unrest from breaking out into an outcry for reform.

3. During the last three months, when on a visit to Dunedin connected with University examination business, I happened to visit Seacliff Asylum. I was shown into the large hall where I saw a very large number, it seemed to me to be hundreds, of patients suffering, I concluded, from various different forms of mental disease. They were all seated together side by side. There were a number of long tables; each table seemed to be full. I could not help feeling that such a condition of things must be wrong—there were the possible curables and the incurables all mixed up together. I asked myself the question, How can a possible curable case recover under such a condition of things?

In this age of scientific precision the time has come to do away from our nomenclature the terms "Lunatic," "Lunacy," and "Lunatic Asylum." They have to us no scientific meaning. A patient suffering from mental disease should be spoken of as suffering from such and such disease, and our Asylums should be called Hospitals for the treatment of mental diseases or Hospitals for the treatment of diseases of the brain. We have our Hospitals for diseases of women, our Hospitals for nervous diseases, for diseases of the eye, throat, etc. Why should we not have our Hospitals for mental diseases? Surely it would be far better to call our Asylum, the Mount View Hospital for the treatment of mental diseases.

When a person is called a lunatic and sent to an Asylum, there is a certain stigma attaches to him even when he recovers; it is harder for him to obtain employment, and he is handicapped in the struggle for existence. Not only is he injured in the sight of his fellow-citizens, but he is apt to lose his self-reliance and his self-control. Moreover, there is a feeling of dislike, even dread, in the minds of the public towards sending any person to the Asylum. Relations and friends will do all in their power to keep the patients away until the disease assumes such proportions that eventually they are compelled to have them committed. If the Asylums were called Hospitals and the inmates were looked upon as patients suffering from some particular form of brain disease eventually the feeling of dislike and dread would pass off and patients would be submitted for treatment at a much earlier phase of the disease, when a curative result would more likely be obtained. Moreover to the patients themselves there would be no consciousness of having been dubbed a lunatic no

thought of having been confined in a lunatic asylum. Nothing more than the knowledge that they had been in a special hospital for disease of the brain. When cured they simply leave the hospital.

Now with regard to the treatment of patients suffering from mental disease when it is notified to the authorities that such person is suffering from mental disease. The procedure is this: Someone, usually a friend or relative, notifies to the police that such person is a lunatic, the police notify the S.M. who visits the patient at his home and then directs that he be visited by two medical men who examine the patient and send in their report to the S.M. On the medical certificates the patient is committed. To this there can be no objection. But it has often happened to me, and I daresay to you all, that on returning home after the morning or afternoon round of visits to find a notice that you are requested to visit a patient suffering from mental disease at the Police Station; you go at once and there you find your patient who has perhaps been waiting there for hours. Gentlemen, I maintain that this is not right. If he cannot be visited at his own home he ought to be taken to some less public place than the Police Station. Why should he not be taken to the Hospital, there to be looked after and cared for until such time that he has been examined by two medical men. Surely such a method of procedure would have a less injurious effect on the patient and be more humane than that he should be taken by a constable to the most public place in the city.

I would also suggest that the document which we are asked to sign be altered as follows:—

"The Lunatics Act, The Hospital for Mental Diseases Act, 1882."

SECTIONS 5, 6, 19, AND 25; AND "HOSPITAL FOR MENTAL DISEASES ACT AMENDMENT ACT, 1891," SECTION 2.

Certificate that a Person is Lunatic *Suffering from Mental Disease*, and a proper Person to be detained under Care and Treatment.

I, THE UNDERSIGNED, being a Medical Practitioner in actual practice, hereby certify that I, on the ____ day of ____, one thousand eight hundred and ninety- at

Insert the particulars of the place of examination, and the name of the city, town, or place, and the street, number of the house, or other particulars; where more than one medical certificate is required, add "separately from any other medical practitioner," or "jointly with," &c., if another medical practitioner.

____ separately from any other Medical Practitioner, personally examined ____, of

Insert residence, and profession and occupation, if any.

____, and that the said ____ is a lunatic *suffering from, such and such form of mental disease* within the meaning of this Act, and a proper person to be taken charge of and detained under care and treatment, and that I have formed this opinion upon the following grounds, viz.:—

- Facts indicating lunacy *mental disease* observed by myself.
State the facts.
- Other facts (if any) indicating lunacy *mental disease* communicated to others.
State the information and from whom.

On the above facts I advise that he be taken—

- *to the Hospital for Mental Disease.*
- *to the Special Ward in the General Hospital.*

Place of abode.

Dated this

the day of his examination.

____ day of ____, 189.

Sworn before me, this ____ day of ____, 189.

Stipendiary Magistrate.

The filling of this certificate is a serious responsibility; practically you are signing a document which deprives a man or woman of his or her liberty for the time being or for the rest of their natural lives. In many instances even after a long and careful examination it is very difficult to decide whether a patient is suffering from a mental disease which justifies you in committing him to a Hospital for such disease. If he is a fit and proper person to be taken charge of and detained under

Dr. Collins on Lunacy Reform

Important Alterations in System Suggested. Separation of the Curable from the Incurable.

(From EVENING POST, March 18, 1898.)

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In the discussion which followed, Dr. Cahill warmly-supported the suggestion for the separation of the specially mental diseased from the hopelessly insane. He said that it sometimes happened that people of whom there was some hope of recovery became permanently insane on being incarcerated in our asylums. He generally supported the reforms suggested in the paper.

Dr. Fell, in seconding Dr. Collins's motion, said he had listened with the greatest interest to the paper, the writer of which, it was very evident, had been animated by the purest humanity. He had never listened with greater pleasure to a paper, and he thought the Government must give the most careful consideration to the suggestions put forward. He was not against the first examination of suspected lunatics at police stations, but thought "hospital" did not suggest safeguarding and forcible detention.

Dr. Mackie said the subject of lunacy reform should be of still greater interest to the public than it was. In some cases the future of large families depended upon not only the accuracy of the certificates of the consulting doctors, but also upon the treatment in the asylum—The public was greatly indebted to Dr. Collins for his suggestions, and it should insist upon the carrying of them out, especially in regard to separate institutions.

Dr. Symes cordially agreed with the suggestions, but also agreed with Dr. Fell that the change of term from "asylum" to "hospital" lost strength from a detention point of view. He suggested colonies rather than asylums for epileptics and imbeciles. Sooner or later we would have to take steps to prevent our criminals and lunatics propagating their species. (Here, here.) He suggested an easy method of doing this, and maintained that it was for the safeguarding of the State that it should be done.

Dr. Grace said that 27 years ago he publicly advocated lunacy reform. The people and the Legislature thought there were no other public interests beyond the roads and bridges. He was astonished at the wonderful results obtained by the medical directors of the lunatic institutions—results due to unwearied patience and industry. It seemed hopeless to look for satisfactory results under overcrowding.

Dr. Cleghorn spoke strongly upon the need of classifying the curable and the incurable, and thought the time was opportune for the agitation so ably suggested by Dr. Collins.

Dr. Collins's resolution was carried unanimously.

Dr. Barnett said that Dr. Collins's paper was the most important, from the scientific point of view, that the Congress had yet had before it. In addition to the motion put forward by Dr. Collins, he moved—"That a printed copy of Dr. Collins's paper, with a report of the discussion thereupon, be sent to the Inspector-General of Asylums, with a request that it be brought before the proper authorities." This resolution was carried.

On the motion of Dr. Grace, it was resolved—"That a deputation consisting of the President, the General Secretary (Dr. Campbell), the Parliamentary Secretary, and Drs. Collins (Wellington), Symes (Christchurch), Cleghorn (Blenheim), and Barnett (Dunedin), wait upon the Premier and urge upon the Government the necessity for lunacy reform."

It was decided to meet at 10 o'clock to-morrow morning, when Dr. James will make some observations on public health.

The Congress then adjourned.

Deputation to the Premier.

On the adjournment of the Congress the deputation appointed on the subject of lunacy reform waited upon the Premier, being introduced by the Association's Parliamentary Secretary (Dr. Mason).

Dr. Collins read the Association's resolution, and reviewed the paper read by him upon the points of suggested reform.

Dr. Symes pointed out the extreme importance of the suggested observation ward.

The Premier, in reply, said he was pleased to meet the deputation, and it must be satisfactory to the people; that the Congress had considered the matters brought under his notice. He had been greatly interested in Dr. Fell's paper on cancer, and the increase of the disease was a matter of concern with the Government. Whilst there was nothing to be alarmed at, every precaution was being adopted, and he had no doubt that the steps now being taken with regard to tuberculosis would prove largely helpful. In the matter of overcrowding of the

asylums, he was especially glad that such a non-political body as the Medical Congress had brought it before him, especially as it had recently been a subject of an attack upon the Government. Seeing that the Government had spent large sums of money to meet this difficulty, what must have been the state of the institutions before his Government came into power? He must put the collar on the right horse, and tell them plainly that he considered the medical fraternity were largely to blame for putting many people in the asylums who were simply suffering from old age. These old folks should be supported by their relatives, and they had no more right to be in the asylums than he had. People had them put in to avoid keeping them. If a Royal Commission were appointed it would be found that the large increase of inmates in the asylums was due to this cause. Therefore, he was pleased to note the suggestion as to classification. He claimed that his Government had done more for the lunatics of the colony than any other previous Administration. They were now making additions and alterations at Porirua, Nelson, and other places, which must provide ample accommodation. As to hospitals, they had no authority at all over those institutions. What was the good of sending an inspector round to hospitals when he had no authority? the State was giving 24s for every £1 contributed by the public, and there its connection ended. Then should be a grave responsibility cast upon the medical profession in regard to lunacy certificates. There should be two forms to be filled in—one showing that there was a chance of the subject not being a lunatic, and the other for committal. He quite concurred in the suggestion for an observation ward at the hospitals. If this had been provided years ago there would now be fewer inmates in our institutions. Once people were put in the asylums, who was to get them out? That was where the classification would come in for the future. In regard to lunacy, he ventured the opinion that in this colony we were suffering from what he might call the effects of a vigorous public works policy, and the "breeding-out" suggestion of Dr. Collins would meet this class of heredity. He quite agreed with the deputation as to the separation institutions, but it came to a question of £ s d. Yet money spent in this direction would be money well spent. After a complimentary comparison of the medical profession of this colony with the practitioners of other colonies, the Premier assured the deputation that the Government would give its suggestions careful consideration.

Dr. Cleghorn, as an old immigration officer, bore out Mr. Seddon's statement with regard to some classes of people who came to the colony during the "vigorous public works policy," some of whom were by no means desirable.

Dr. Mason thanked the Premier for his readiness to meet them and his courteous and satisfactory reply, and the deputation then withdrew.
Evening Post Typ.

care and treatment but you are not certain and you refuse to sign you do an injustice to the patient and to the community generally; if he is not a (it and proper person to be taken charge of and detained under care and treatment, and you sign his committal, you do an injustice to the patient, and you may have the worry and annoyance of having to defend your action in a Court of Law. The very fact of your being called upon to examine this class of patient means that they are suffering from some functional or organic disease of the brain or are supposed to be so suffering, and you ought to be allowed to suggest that the patient be sent to the special ward of a general Hospital for care and treatment until such time that they are cured of their disease, or until it is there ascertained that their disease is so far advanced that they should be committed to the Special Hospital for Mental Diseases. By this I mean that there should be some intermediate place, and I can only suggest the ordinary Hospital, where such cases would be under proper medical treatment and observation.

Can we recommend to the public or to the Government any means by which overcrowding in our special Hospitals can be prevented.

I have already touched upon the necessity of having an intermediate establishment for doubtful cases. I will cite one example of a case which appears to me to show the necessity for such a place.

A young woman was certified as insane and sent to an Asylum. The medical superintendent had her placed in a separate house, where she was carefully nursed and treated. In three or four weeks she recovered sufficiently to know where she was. She was told that she had been very ill, and that she was sent to the Asylum for treatment and change of air. In a short while she was able to leave the Asylum cured. Had she not been isolated, but treated in the Asylum itself with the other patients about her, in all probability her convalescence would have been delayed; possibly the effect of contact with incurable cases would have so affected her that she might have suffered a relapse and eventually increased the number of incurables. Instead of being cured in six or eight weeks she might have been a drag on the colonies' resources for 10, 15, 20, or even 30 years.

Before suggesting any other methods by which the congestion of our Asylums can be relieved, I would ask you to allow me to read from Dr. MacGregor's able report some of the chief causes of insanity in the Colony:—

- Out of a total number of 466 cases admitted during the year 1896, in 125 the cause is stated as unknown. I think we may reasonably infer that if the true cause in those cases marked as unknown could be traced, we should find that in a large proportion of them there was some hereditary taint.

- The most frequent cause in the cases where the cause can be traced comes under the clause Congenital and Hereditary. Out of the 466 cases, 51 are attributed to this cause.
- Next to hereditary taint comes drink, which claims 47 out of the total of 466.
- Then in order of their frequency comes religion, 28.
- Evil habits, 25.
- Senile decay, 19.
- Worry, 19.
- Epilepsy, 14.
- Child-bearing, 11.
- Injuries to head, 9.
- Financial anxiety, 6.

There are many other causes given each of which claims a small proportion of the 466 cases. However, those given above are the chief causes.

Hereditary and drink stand out as being the most frequent causes of insanity.

Possibly a more intimate knowledge of the law of heredity on the part of the general public might help after a long interval of years to reduce the amount of hereditary insanity, and in order to bring this subject more directly before the public I would suggest the advisability of making a man when he applies for his marriage license being asked these questions:—

- Have you furnished the woman you are about to marry with a certificate of your health? Is she and her guardians satisfied with it?
- Has the woman you are about to marry furnished you with a certificate of health, and are you satisfied with it?

Let it be clearly understood that I would not in any way interfere with the liberty of the individual, nor would I ask that the furnishing of the certificates be made compulsory. The object to be gained by asking these questions would be to direct the attention of the public to the fact that there are certain diseases which are hereditary, and that it is not advisable for families who have the same hereditary taint to intermarry. Not only does the happiness and health of the individuals depend on healthy marriages, but there is the duty that the individuals owe to their children, who, though yet unborn, have a right to demand that they shall not be loaded by a possibly avoidable hereditary taint. I will quote three cases which may be of interest:—

- Dr. O'Hara, at the Intercolonial Congress held in Dunedin two years ago, mentioned the case of a squatter who married his delicate daughter to a phthisical man, and who in the same year gave large sums of money for some rams by which he hoped to improve the breed and constitution of his sheep.
- Some years ago a man suffering from tuberculosis consulted me as to whether he should marry. He told me that the woman he wished to marry was delicate and was said to be in an early stage of consumption. I strongly advised him not to marry. He followed my advice. The woman died about eighteen months ago. The man died some nine months ago. Had they married and had children, those children would have been left with an unenviable legacy.
- A man consulted me as to whether he should marry. Some twelve months previously he had contracted syphilis. He was not cured. I urged him not to marry for at least another twelve or eighteen months, and to continue treatment for that time. When he left me I was fully convinced that he would put off his marriage. Five or six days later I saw the announcement of his marriage in the marriage list in the newspapers. Had he told me that he would disregard my advice I should have been powerless to prevent him committing such a crime. The inviolability of professional confidence would have closed my mouth. Such a man dared not have produced a medical certificate of health.

It is not an unusual thing for a man when he marries to insure his life. Every man ought to do it. When he insures he has to produce two or three reports from friends as to his health and habits. He has moreover to pass a careful medical examination, and if he is found to be a good healthy life he is accepted as a first-class life for the sum for which he desires to insure.

Is it too much to ask that when men and women marry they should produce certificates of health? Health and happiness not only for themselves but for their children depend upon their healthy marriage.

The next most potent cause of insanity is drink. Alcoholism is known to be hereditary, therefore obedience to the law of heredity in this case would be beneficial. Education also is a powerful factor in reducing the tendency to drink. If it could be established in the minds of the public that it was a disgrace to indulge too freely in alcoholic liquors; if it could be recognised that it was, to use a school-boy's term, "bad form" to get intoxicated or to abuse the use of alcohol, it might lessen the evils of drink. However, it may be ignorance on my part, but I am happy in the belief that New Zealand is one of the most temperate countries on the face of the earth. Whatever may be his faults the young New Zealander is not addicted to intemperate habits as far as my observation goes. This may be due to the system of free education.

Is it right that inebriates, epileptics, and morphio-maniacs should be committed to the same establishments as the melancholic, the demented and the general paralytic? I think not. A separate establishment for this class of cases would be a great boon. Such an establishment would materially lessen the congestion of our Asylums, or, as I would rather call them, our Special Hospitals. A Special Hospital for such diseases could, I should think, be made self-supporting or almost so. At Seacliff, where the Government has 700 acres of land, there is ample space for such an establishment.

Lastly, I come to the question of classification. Referring again to Dr. MacGregor's report, in 1896 there were 466 cases admitted into our Asylums, of these 154 were discharged recovered, and 41 discharged relieved, making a percentage of recoveries on admissions of 39.82. Surely a very large percentage when you consider that these have recovered, although they have had to associate with the large number of hopelessly incurable cases, and it suggests that some method of separating the possible curable from the hopelessly incurable might tend to improve the percentage of recoveries, or, at least, to diminish the number of relapses. However, this question of classification is entirely one for experts.

In conclusion, I may state that the number of persons confined in our Asylums on 31st December, 1896, was 2,315. Probably, as the Asylums are still overcrowded, there are at the present time the same number resident therein. Those 2,315 of our fellow creatures who, from the very nature of the disease with which they are afflicted, require plenty of space for sleeping accommodation, ventilation, &c., are, according to Dr. MacGregor's report, confined in establishments which are overcrowded. They are absolutely helpless, and it is their very helplessness which appeals to us for our sympathy and help.

I beg to move, Gentlemen, "That the Government be urged by this association to relieve as soon as possible the congested condition of our Asylums."

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NATIONAL PENSIONS. A Scheme. decorative feature

Being the Report of a Paper Read by

H. Hill, B.A., F.G.S.,

Before the HAWKE'S BAY PHILOSOPHICAL SOCIETY, on Monday, July 11th, 1898.

Mr. Thos. Tanner, Vice-President, In the Chair.

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National Pensions.

A Scheme.

[By H. Hill, B.A., F.G.S., Napier.]

Delivered at a meeting of the Hawkes Bay Philosophical Society on July 11th, 1898. Mr Thos. Tanner in the chair.

Although not openly manifested, there are few subjects of more interest to the public generally at the present time than the one which aims to provide pensions to the aged. Not merely in New Zealand, but in most countries possessing representative institutions the same idea has taken possession of many of those who pay attention to social growth and view government as an evolution having in view the coming of the time when the richest shall be poor and the poorest shall be able to live in abundance, as were those who dwelt in the Arcadian land, on the shores of the Basin of Minds, as sung by Longfellow. But social reformers find that an apparent advance in the direction of freedom appears to have its corresponding disadvantages in the life battle of humanity, which means after all "the struggle for existence." Man makes himself master of the force of nature, and just as those forces widen the possibilities of human happiness so too they widen the dangers of man's discomfiture in the great struggle that is in progress. By the utilisation of the forces of nature immense wealth has been accumulated. That wealth, do what we may, is daily and hourly being controlled by fewer hands. Countries, equally with the several producers of wealth, are being done to death by those who have succeeded in appraising their own worth by a gold standard, no matter how the gold was obtained, the hive of human working bees was never so industrious in this world of ours as it is to-day, and at no other period was a single individual so capable of producing so much by the application of the arts and sciences to the industrial needs of mankind. And yet with so much that makes for a promised time of comfort and contentment, it cannot be said that poverty is decreasing, and that those who toil will never be in want. Indeed, the various forms of benevolence that are to be met with the world over show that poverty is rampant though wealth is equally

rampant, no matter whether we take our standpoint to view the scene in the old or in the newer centres of civilisation and refinement. Poverty is rampant! And to show the truth of this in the richest country of the world it is only necessary to point out that in the year 1883 there were 825,507 paupers in England, for which the sum of £8,626,164 was paid for their maintenance, or at the rate of £10 9s per head per annum. In addition to this vast army of poor and needy, there were 157,103 paupers of the better class, but who are classed as pensioners and are maintained directly out of State funds and not from the rates. The cost of each pensioner was at the rate of £49 per annum, or nearly five times as great as that paid for each of the paupers, the total grant for pensions being £7,731,405

It is not necessary to point out the conditions existing in the Australian colonies or in America or Europe. The contrast are equally as marked in those continents as in the case cited. Our own country, young as it is, has not escaped the blighting prospects of poverty in homes by a comfortless old age. As yet these aspects of our social life have not become so evident as in the Old World, but they are sufficiently marked to show that as years go by the contrast between poverty and riches is becoming more and more pronounced. Charitable Aid Boards, Homes, Refuges, Industrial Schools, and others are already in existence, and in 1895 the Government paid a subsidy on account of charitable aid amounting to £51,212, to which the sum of £38,907 must be added as the amount derived from rates. The number of inmates in the 16 benevolent asylums of the colony at the end of 1895 was 1169 males and 775 females, of whom 866 males and 261 females were over 55 years of age, whilst out-relief was given to 3776 persons.

It would be useless to give the almost fabulous amount of wealth owned by England at the present time, and it is hardly necessary to show that the wealth of New Zealand is increasing at a rapid rate. We have, however, the fact that poverty and wealth are existing side by side, and we have the farther fact that if men have nothing they must either be helped or starve. Those who have must render aid to those who have nothing. The law recognises this among all civilised communities, and the fact that so much is paid away annually to meet the demands of poverty is sufficient to show that the laws under which we live must be seriously defective in some respect or other, as in England one in every 35 of those living in the country is forced to seek parish aid and become dependent on his fellows for support, even though many of them are able bodied and capable of working under an intelligent and organised plan of government.

The world of commerce has grown out of the discovery of new lands, and just as commerce extended and gave rise to ambitious projects with a view to the acquisition of wealth, so a similar commercial enterprise has brought into existence banks, companies. Insurance agencies, and the hundred and one schemes of traffic in human lives and property such as present themselves to the view of every man, woman, and child in the community. The system of insurance, now so common everywhere, is of modern growth, Antonio's ships in the days of the Venetian Republic were not insured, but it would be difficult to discover a shipowner in these days who failed to make provision in anticipation of the loss of his possessions through storm and peril. The same thing has taken root with respect to the safeguarding of household property, and furniture and goods and chattels and crops, in fact in these times it would be difficult to find an article of value that a speculative agent would not insure if he thought that a profit was probable by such a course. And now the insurance of human lives has become of special importance in every community. A human life is recognised as possessing value equally with property, and the various schemes devised for annuities, endowments, and payments to friends in case of the death of the Insured supply means to those in receipt of regular incomes of making provision either for old age or in favor of those depending on us. There is nothing difficult about the plan proposed, and although insurance is merely a profit-making scheme on the part of companies other than those that are mutual and cooperative in their interests and profits, they nevertheless provide ways by which people in fairly comfortable circumstances can anticipate old age, sickness, and loss of employment. But even these do not meet the needs of all classes of people. There are many thousands of people so circumstanced that insurance in its present form can never benefit them in the least degree. The records of the different benevolent societies show this, for there are many families in every town where employment is so irregular and the weekly earnings so small that the household expenses cannot be met even by the exercise of the strictest economy. To go into debt is the natural course of such families, and even when times are brisk the debts that have to be repaid keep them one and all on the verge of absolute poverty. Provision for sickness, for old age, and for families in case of the premature death of the bread winners, cannot be made under such conditions. Hence it will be found that what is kept back under our present conditions from a large proportion of the poor has to be paid again in the course of time in the form of doles, whilst self-reliance, manliness, and self-respect are crushed by the process.

To engender habits of thrift and foresight among the poorer classes benefit societies were established, and perhaps no form of governmental control ever had so many possibilities of good as these self-reliant institutions. Friendly and benefit societies appear to have been an out-growth of the old craft guilds which flourished in England for several hundred years, where mutual help, mutual responsibility, and mutual protection were their leading characteristics. Those who belonged to the craft guilds were allowed special

privileges by the order. They were able to obtain loans without interest in case of need, and help was always rendered to the widows of members who had died. Thus we find Mr John Hughes, Prov. G.M. of the Manchester Unity of Oddfellows, in his evidence before the committee of the English House of Commons, to inquire into the question of old age pensions, expressing himself with respect to friendly societies, in about the same way as a member of the ancient Guilds would have expressed himself during the period of Medieval England. "They look," says Mr Hughes, "upon a member of a friendly society as having done something to ameliorate the lot of his fellow men and make sacrifices. They do not expect to get their money back, they have no claim to get it back, they may pay for 20 or 30 years, and unless they fall sick they do not get anything." Here we have the kernel, as it were, of Odd fellowship, and of all the friendly societies now established. The abolition of the guilds and the confiscation of their funds by Henry VIII. and Edward VI. destroyed the exclusiveness of the various trades, but workmen thence became companions in a common aim and effort, and self-reliance manifested itself by the formation of friendly societies that recognised mutual help and mutual responsibilities, under specified conditions. And no one who has watched and studied the growth of friendly societies throughout the world but must have felt that they have been a means of doing much good in the way of creating a self reliant spirit among men, and in minimising the evils that must always be an attendant upon a system of individualism as distinct and separate from Socialism, which aims to minimise poverty and to raise man among his fellows, so that life may be at least worth living. The friendly societies in New Zealand constitute an important factor in the promotion of thrift, if what has been quoted above is true. And no doubt there is a certain amount of truth in what Mr Hughes stated. For example a man joining the Order of Oddfellows, say, in Napier, at the age of 20 as a participant in sick and funeral benefits, may be so fortunate as to have no sickness throughout life. If we suppose such a man to die at the age of 60 years, the only benefit derived by the payment of 40 years' subscriptions would be the receipt by his wife or friends of a sum of £30. During the 40 years the subscriptions would have amounted to £120, exclusive of special calls, which compounded, would provide a large sum, compared to the amount paid on the man's account. No doubt this is an extreme case, yet it illustrates the point that a member of a friendly society may do something to ameliorate the lot of his fellow man, by making a sacrifice. But sickness will make its appearance under all conditions of life, and unless provision can be made beforehand, as is done by members of friendly societies, those who are sick must either be neglected, or they must inevitably fall into the helpless condition such as is now the lot of many even in this country. And yet with so many possibilities in favor of friendly societies, it cannot, I think, be urged that the system is one that should be more generally extended. The admirable summary forming a portion of the statistics of the colony, as compiled by the Registrar-General, gives 30,905 as the total membership of all the orders of friendly societies in New Zealand, the three principal orders being the Independent Order of Oddfellows, the Ancient Order of Foresters, and the Ancient Order of Druids. I am not in possession of the detailed reports issued by the 16, or more districts into which the colony is divided by the Oddfellows, but the valuation report of the Hawke's Bay district by Mr Mason, the Registrar of Friendly Societies, contains some valuable and suggestive information, which it may be assumed will apply generally to the whole of the order. On page 5 the Registrar says—"The rate of secession is high. Of 735 members admitted before the quinquennium preceding the valuation 12 died. Of the remaining 723 members the numbers sick and not sick were 278 and 445 respectively. Of the 278 who were sick 28 is lapsed, being 10 per cent; and of the 445 who were not sick 191 lapsed, being 43 per cent. Of 599 admitted during the quinquennium preceding the valuation six died. Of the remaining 593 members the numbers sick and not sick were 120 and 473 respectively. Of the 120 who were sick 13 lapsed, being 11 per cent; and of the 473 who were not sick 126 lapsed, being 27 per cent." In other words, out of 1334 members who belonged to the order of Oddfellows in the Hawke's Bay district at some time within a period of five years 358 or 27.2 per cent left the order for reasons other than sickness! And yet the benefits offered are 20s per week for six months, 10s per week the second six months, 5s per week after a continuous sickness of 12 months, funeral £20 on the death of a member and £10 on the death of a member's wife. But this fluctuating condition of membership appears to be far from uncommon the annual report for the Hawke's Bay district. I.O.O.F., M U., for 1897, states that 50 new members were admitted during the year, whilst 100 members ceased to belong to the order, of whom 64 had been in membership under five years. 25 had been over five and less than 10 years, and 11 had been in the order over 10 years and under 23 years. And why were so many members excluded from participating in the benefits offered by the order after payment of dues extending over such a long period years? It is here that the trouble lies in Friendly Society control, and it is in this direction also that the Friendly Societies barely fulfil the proud vaunt of Mr Hughes to the committee of the English House of Commons, in the words quoted above. Men who have been so many years members of a society that offers benefits such as are here stated could only have left because they were unable to pay their weekly or monthly dues as the case may be, and such men are often too old or too poor to anticipate the future in other ways.

Life Assurance.—The business of life assurance as now carried on has an appreciable effect upon the

friendly societies, and judging by the number of policies current at the end of 1896, this form of thrift is largely adopted by the better class of colonists. There is no information available, as far as I am aware, to show how many of those belonging to friendly societies hold an assurance policy as well, but it may be assumed that at least in the case of working men very few of such policies will be held, the 72,193 policies such as were current in 1896 with the 30 905 members belonging to friendly societies give a total of 103 093 individuals in the colony, or say one in eight of the entire population who are known to be directly interested in making provision either for probable sickness, for old age, or for the benefit of those depending upon them. But whilst the growth of insurance is proceeding at a rapid rate, it appears that one in every 15 of the total policies held lapsed during the year. Thus according to the tables published by the Registrar General, the total amount represented by the 72,193 policies current in the nine assurance offices doing business in the colony was £19,097,455 14s 6d. This was exclusive of the 5338 policies discontinued, which represented £1,340,572 5s 3d. It is a pity that information is not available as to the causes of the discontinuance of policies, but no doubt most of them may be set down, as in the case of the lapses in the friendly societies, to the "want of funds" to pay the necessary premiums at the time when due. In the above totals no account is taken of the 10,000 members who hold shares in one or other of the 68 building societies in the colony. The aggregate value of the shares held by members was close upon half a million, which represents one of the channels used by working men to place their savings in anticipation of future needs.

The post-office savings banks present a different field for Inquiry from those already dealt with. This form of saving is largely used by the younger members of the community, and that the system is a popular one may be gathered from the fact that no fewer than 147,758 accounts were current at the close of 1896, representing deposits amounting to £4,311,634 13s 5d, or an average of £59 3s 7d per head for each depositor. Here again the same difficulty presents itself as in the case of assurance and friendly societies. It is impossible to say how many of those having accounts in the post office are connected with building and friendly societies or hold assurance policies, but the facts presented are sufficient to show that a large proportion of the population are not merely provident in their habits and modes of living, but they anticipate the future in a way that will compare favorably with the people of any other country.

From the facts that have been stated here it will be seen that great efforts are being put forth by the people to provide in some way for a future. The amount may be insufficient to give all that is needed in the way of comforts in time of sickness and maintenance during old age, but there is sufficient evidence to show that even without the intervention of the State the people in this colony are not unmindful of one of the highest duties of citizenship. Self-reliance and self-help are qualities in human character that should be fostered at all times; but do what one may, there are times in the lives of many who strive to anticipate the future when they are unable to carry out their engagements, owing to circumstances that are perhaps unavoidable and certainly unexpected. In the case of men who have joined friendly societies, or take out a policy of assurance, lapses may perhaps temporarily benefit to some extent the societies or associations to which they belonged, but it is at the subsequent expense of the public. In all matters relating to individuals there is a kind of compensating influence at work. You may take an advantage of a man according to the circumstance under which he is placed in relation to yourself. Thus an advantage may be taken of a poor man by reason of the fact that he is poor. He must live, and his condition may be such that he must work for the basest pittance just as certain Easterns do, who are the slaves of their masters. Modern society, mechanical and artificial as it has become, is in reality based upon scientific lines. Government as we know it to be to-day is the outcome of the sufferings and sacrifices made by individuals and societies and associations in the cause of freedom and enlightenment. It is organisation and collectivism that have saved the individual as against oppression and poverty, and great importance should be attached to the inquiry how far organisation has tended to improve the conditions of the workers. In all the papers I have perused on thrift and pensions, nothing has been said as to the effect of trade organisations in conjunction with the specialisation of labor upon individuals and wages. For example, let us take the case of a hundred workmen engaged, say, at Mr Holt's sawmill in this town and a hundred workmen engaged as laborers or occasional station hands. The former have regular work, and they become subject to regulations which require them to anticipate the morrow. Their habits are moulded to the conditions under which they work. As associates, the men are able to discuss subjects that affect their Interests and it will be found that the large majority enter one or other of the friendly societies in the town, But what of the 100 laborers and occasional station hands whose home life is entirely absent? How are they circumstanced, and how many of them are there who join an association for mutual intercourse and benefit? the question is one that bears directly upon the inquiry as to whether anything should be done for men in the aggregate. There are usually in the Old Men's Home in this town 45 men, their ages varying from 55 to 75 years. Of those now in occupation 38 are over 60 years of age, and seven are below 60. All of them have been accustomed to irregular employment and the large majority are the product of the sheep stations. These are facts which can be easily verified at the present time and they go to show the Importance of organisation in trades and professions. How

many, for example, are to be found in the old men's homes of New Zealand who have been trained as engineers, or blacksmiths, or teachers, or lawyers, or ministers of religion? Such trades and professions are in a large measure specialised, and wherever specialisation comes in so also do better pay and improved social surroundings. It may not be considered necessary to do anything in the way of helping a whole community at a certain time of life in the face of the facts such as have been given as to the position of friendly societies, insurance, building societies, and post-office savings banks. These aspects of thrift, be it remembered, are as much socialistic as individualistic. They are individualistic inasmuch as each individual sets on his own responsibility in taking care of his surplus income on earnings, but they are socialistic because the savings are transferred to the keeping of societies or companies or Governments as the case may be. By this means it is possible in a great measure to estimate the savings of the different classes of workers in the colony, and no doubt a large proportion of the working classes endeavor to make provision for the future whenever opportunities are favorable. It must be evident, however, that many of those employed in the manufacturing industries of the colony are unable to do more than keep themselves in fair comfort and put by for a time of need inconsiderable sums. The average annual wage of 22 986 males employed in the manufacturing and machine works of the colony in 1896 was £77 5s, or at the rate of £1 9s 8¼d weekly for each worker; 4403 females received in wages during the year £131.516, or at the rate of 11s 6d per week. The return from which these facts are taken does not give the number of youths included, and whose wages are necessarily much smaller than those paid to adults. The annual report of the Minister of Education, referring to salaries, says, "the average salary paid to the 3426 teachers employed in the public school was £93 8s 5d," but the return included 1061 pupil teachers and 804 juniors, none of whose "Maries would probably reach more than £60 per annum, whilst many of them would receive £20, or at the most £30, per annum. What is specially defective in these returns is the absence of information as to the purchasable comfort obtainable on the wages received and the capacity of the workers to provide for old age. No information is available as to the wages paid to laborers and those subject to irregular employment, but the income is much smaller on the average than the above. In any case, it may be set down as a law that the nearer you get to unspecialised and non-professional forms of labor the nearer you get to poverty and to the condition of life that requires all the powers of the workers to keep out of debt without hope or possibility of saving either for sickness, for times of no work, or for old age.

This aspect of the question must be kept steadily in view. Our social conditions, by which I include our methods of employing labor, are such that no sooner has an employer of labor taken the best he can out of an employé than the latter is sent away to seek employment elsewhere. Those are the best servants who can produce the greatest profits for their employers, and so soon as profits diminish the workers suffer, because capital must be sustained at all costs. What I specially wish to bring out to view here is this, that you may do whatever you please in the way of government, you cannot take advantages from one class and give them to another unless at the same time you make the class from whom the advantages are drawn more dependent upon others. It is the same in everything. You cannot destroy force or matter, neither can you destroy equity or justice. You may disturb the equilibrium by creating advantages, but these advantages carry with them responsibilities and after effects which finally bring about a balance of conditions.

We have seen the average wage paid to those forms of labor where employment may be said to be constant, but there exists a large class in the colony who have no regular employment, and who depend for employment upon sheep-shearing, fencing, and the other hundred kinds of needs that spring up in a new country. No average wage can be obtained for this class of workers. Such labor may be well paid, but it is irregular, and I think that 200 days a year may be set down as the extreme limit of employment during a year in which such men are engaged. You have only to visit the Old Men's Refuge in the town to discover the source from whence the greatest troubles spring. Nor can anything else be expected under the present social conditions. Inquire from the old men as to their pleasures, their enjoyments, and their wanderings, and it will be found that when not employed they had to travel from township to township and from station to station, and the only place for a shelter was the bar room of the hotel, or a friendly wind-beaten whare by the wayside. No wonder such men break down under trials of mind and body to which most of them are exposed, and whatever may be said of their failings, one is surprised why so few of them give up in despair considering the black and prespectless lives through which so many of them pass. Can such a class of men be expected to provide for a rainy day in the same way as the professional classes and these of the artizan class whose labor is regular? If not, what ought to be done, not merely to train them in habits of self-reliance, but to stay the increasing tendency to seek charitable aid at the hands of members of the 21 District Boards into which the colony is divided for the purpose of doling out relief. I have pointed out already that when a dole is given by the State to individuals it is known as a pension, but when given by Unions in England or by Charitable Aid Boards in New Zealand it is a relief or a charity, but to me, the man who has passed through life "tolling, rejoicing, and sorrowing," like the village blacksmith, is as worthily entitled to a pension at the instance of the State as is the man who has been employed in the destruction of mankind at the instance of a Government or in writing letters for a Minister of

State who draws the pay and then expects the people to pension his overworked clerk! It is clear from what has already been stated that the social conditions of a country are such that no matter what plan may be adopted, whether the individualistic or communistic, in government, there must be, and there always will be, differences in the comforts and possessions of the people. As we expect an equality in the production of the soil as we expect the same results to obtain among human beings, but whilst this is recognised, it should just as fully be recognised that an organised society implies a capacity to regulate for the common good. All government is assumed to recognise this, and jointly in its individual and collective capacity is supposed to provide for it. Whatever scheme of social evolution there may be as the years go by, there will be rich and poor just as certain as there will be summer and winter. Now the facts that have been presented show that so soon as people have the opportunity to save in anticipation of a rainy day, they do not, and most of the agencies and profit-making schemes of these latter days are the outcome of this growing tendency among men to provide for bad times and sickness and old age. The friendly societies have done good work in their day, and the insurance agencies have likewise been a great power for good in paving the way to a generalised scheme of benefits to communities. The principle laid down as regulating the trade guilds has, in a large measure, been followed by every society and association having in view the case of man's bodily needs, but unfortunately such institutions have been based on the management of an ordinary joint stock company, where a man's profits are in proportion to the amount of money he has at stake. Just as the friendly society was the outgrowth of the trade and craft guilds so insurance is the outgrowth of the friendly society, the commercial system, and the factory system, and now the tendency to generalise yet more is becoming apparent. From the individual to the family, the family to the guild, the guild to the society, the society to the community, the community to the State, such is the evolution of human interests in the history of every people when passing from individualism to communism, or from savagery to a highly organised form of government. The late Sir Arthur Helps in his book on "Social Pressure" says of government:—"I believe it to be true that never is paternal government so needful as when civilisation is most advanced. The more advanced the civilisation, the less powerful is the individual, and the more he requires to have a careful father who should look after him and befriend him. He has become a part of a machine, and there is great need that the regulator of the machine should be a living, acting, forcible creature who should have a feeling for all the separate parts of the machine he regulates." We have in these few lines the gist of the whole matter. The individual is beset with so many opposing interests in a highly organised society that in reaching a certain social stage he sinks to a mere cipher as a potent factor in the race of men. He cannot climb, and if he would find every walk of life graded in such a way that advance is almost impossible. We have seen that there are people in the colony who under the present social conditions cannot possibly save from their earnings. They are ready to work and capable of working. What ought to be done with men of this class? And yet such people are happy compared with thousands and tens of thousands of work people in England and other lands where a highly differentiated stage of social life exists, and as time goes on this condition will manifest itself with as the introduction of manufacturing industries goes on under free competitive conditions.

Already there is a tendency to the lowering of the average earnings of factory hands. In 1891 the average earnings of the 29,880 persons who were engaged in industrial work in factories and work-shops amounted to £73 19s per head per annum. At the end of 1895 the average earnings had fallen to £69 13s 11½d; the male worker showing at the same time a diminution of 14.6 per cent, whilst the females increased 48.3 per cent, the same tendency to a lower average rate of pay, owing to competition, is manifested among teachers, and no doubt the professions generally have experienced a similar tendency. But with these facts before us, and seeing that the organisations such as are now in operation for making provision against sickness, &c., are simply the outcome of a desire among individuals who were weak to protect themselves against some form of injustice, is it not possible for the State, as a big father, to come to the help of the individual and befriend him without the cruel system of pauperisation, such as is adopted in the Old Country, and which is the direct product of the feudal system? We in this country ought to be sufficiently capable of determining for to-day and tomorrow whether the poor laws of England have or have not been a failure, and whether they should be allowed a foothold among us. In feudal times the destitute were helped by the monastic and religious organisations as a duty, and that duty was carried out until the spoliation of the monasteries by Henry VIII., who also confiscated the possessions of the trade-guilds. From then till now there has been an increasing tendency to organisation among the workers and the masses as a means of preserving themselves and their interests against an aristocracy of wealth possessing almost unlimited powers, in 1536 so bad had grown the state of affairs that the Parliament enacted that voluntary alms should be collected in every parish for the purpose of relieving the impotent poor. A similar Act was again adopted in 1555, and in 1563 another Act was passed, making it competent for the justices and churchwardens in petty sessions to tax any obstinate person, who refused to give willingly a weekly aid to the relief of the poor, such sum as in their discretion they deemed proper and just. This state of things continued till the celebrated poor law of 1601, by which relief was provided for those who

could not work—"the poor by impotence;" work for those able and willing—the poor by casualty; and imprisonment for the idle—the thriftless poor. Under our system there ought never to be indigent poor such as are to be met with in England. Our institutions are not based upon feudal tenures, and our social and political institutions recognise the fullest equality between man and man. "Life, liberty, and the pursuit of happiness" are unalienable rights, and the aim of a community living under democratic Institutions should be as the aim of a parent who has a family to train and to regulate. Organisation is the leading characteristic of good government, and whilst in the production of wealth the individual has full scope for the exercise of the powers, the State as a wise and careful parent should safeguard and regulate those intercuts which affect the lives and well-being of each individual. We have seen how, under our present social arrangements, a large proportion of those in friendly societies who aim to ensure against times of sickness or old age lapse or fall owing to causes beyond their own ability to prevent, and the same thing takes place under the various assurance schemes in operation. Under a properly organised scheme such "lapses" would be impossible, and the question arises whether the time has not come to inquire as to the feasibility or otherwise of adopting such a scheme as may benefit the people as a whole, in such a way that sickness and old age may be met without anxiety. As a people we recognise the great advantages of one scheme of taxing and one authority in government. The State exists ostensibly for the same ends as did the trade guilds, and there should be no greater difficulty in formulating a mutual and general pension scheme for the benefit of every citizen then in formulating a general scheme of taxation, which implies an equity of payment in return for an equity of protection.

For my own part I do not see the slightest difficulty in the way, for if you concede the possibility of arranging an equitable scheme of taxation, the like principle is involved in arranging for an equitable scheme to provide for participation in sick benefits and in pension benefits at a time of life when through physical infirmity of any kind whatsoever citizens are unable to maintain themselves by physical or mental labor. Twenty-two years ago I was one of a deputation of teachers to my respected friend the Hon. Mr Rolleston, M.H.R., who was then superintendent of the Canterbury provincial district. The object of the deputation was to establish a pension scheme for teachers. As secretary, and having made a study of the question, I proposed a scheme which provided that every teacher in the public schools should from the time of his entry as a pupil teacher be required to pay a certain percentage of his salary into a fund to be known as the teachers' benefit and superannuation fund. Should a teacher die before the age when a retiring allowance became necessary his widow—If a married man—was to receive certain benefits as long as she lived or remained single. Although favorably received by Mr Rolleston, the time was not favorable as Provincialism itself was on the point of extinction, and nothing was done; but from that time till the present I have many times urged the adoption of a scheme such as would be of use to teachers in case of sickness or of compulsory retirement from duty. In my annual report to the Education Board here on December, 1888, occurs the following:—Before closing my report I desire to bring under the notice of the Board a subject which closely concerns the welfare of teachers and the success of education. The Board is aware that the large majority of teachers are in charge of schools or occupy positions from which the income obtained is none too large to sustain a family in comfort and provide a death contingency in the way of life assurance. Very few, I fear, among the teachers in the smaller schools are able to make any provision for coming old age. Within the past three years two bad cases have come under my notice as occurring in this district. In one case the master had to resign his appointment in consequence of loss of eyesight, and he is now a poor old man subsisting on the charity of friends. In the second case the master had a serious complaint which really incapacitated him as a teacher, but his circumstances were such that he was forced to continue to remain in charge of a school until the ground almost closed over him. These men possessed satisfactory qualifications. They had spent their lives as teachers in the service of their country, and their moral characters were of the highest and best. Is it not possible for something to be done to help such a class of deserving men in time of need? Some years ago the question of a teachers' superannuation fund was mooted, and this I imagine, would have been carried into effect had not circumstances necessitated the expenditure of the accrued 'school fund' for school buildings. To me there appears little difficulty in the way of establishing some such fund for teachers if the central Department would take the initiative. The retention of one shilling per head of the capitation allowance now paid to Education Boards for school maintenance would provide at once, and in the most equitable way I know, a fund sufficient to meet the cases of all teachers who, through ill-health or increasing years, find it necessary to retire from the profession."

Since these lines were first written there has been a remarkable impetus given to the question of State pensions, and in Germany legislation has taken place, known as the Workers' Insurance Legislation, which provides the working people of Germany with three kinds of compulsory Insurance, the first being to make provision against sickness. This fund is controlled by the people themselves. The second fund provides for insurance against accident. This is controlled by the employers of labor. The third fund provides for the granting of old age pensions, on account of disablement or old age. There the State steps in and controls.

In England several important schemes have lately been proposed, among which may be mentioned one by

Mr Charles Booth, and one by the Hon. Mr Chamberlain, Mr Booth proposes that every inhabitant of the British isles, on reaching the age of 65 is to receive as a right the sum of 5s a week until his death, unless he or she have in the ten years before that age been in receipt of poorhouse relief, or have been convicted of crime. Mr Chamberlain's scheme differs widely from the above. He proposes to establish a State pension fund. The payments to it are to be voluntary. There are for men tables of payment in a returnable and non returnable scale. Thus on a returnable table a man who before his twenty-fifth year pays £5 to the Post Office Savings Bank is to be credited with a further sum of £15 from the State Pension Fund. Afterwards he has to pay £1 a year into the fund, and at 65 he can claim a pension of £13 a year. There are certain provisions for allowances to his widow in case of death, and should he die without leaving a widow or children, his representatives receive the original £5. In the case of a woman payments have to be made on a non-returnable scale. £1 10s deposited in the Post Office Savings Bank before 25 years of age entails a credit of £8 from the State Pension Fund, and thereafter on the payment of 8s 8d yearly for 40 years, a pension of £7 16s is due at the age of 65. Thus on this scheme a man is to become entitled to a weekly payment of 5s at the age of 65, and a woman to a payment of 3s a week at a like age.

The Act to provide old-age pensions which was introduced by the Hon. Mr Seddon last year states that, "Whereas it is expedient that all persons who during the prime of life have helped to bear the public burdens of the colony by the payment of taxes, and to open up its resources by their labor and skill, should in old age be protected by the colony against risk of want. Be it therefore enacted—That every person attaining age 65 or upwards shall be entitled to a pension of 10s a week for the rest of life if he is and has been for 20 years residing in the colony continuously for the preceding three years and not more than 18 months absent in 10 years preceding application, It is proposed to find the necessary funds to meet such a liability from the following alternative services: Primary duties, increase of excise duties, land taxes, death duties, and stamp duties, tax on mortgages. Ticket tax on entertainments, &c."

It will be noticed that the schemes mentioned vary very widely. The German scheme calls in the combined assistance of the workers, the employers of labor, and the Government. Mr Booth's scheme makes the State liable for the maintenance of all persons over the age of 65 years; Mr Chamberlain's scheme combines workers and the State; whilst the Hon. Mr Seddon's scheme runs on all fours with Mr Booth's excepts that the proposed pension is doubled.

With the schemes proposed for England we have nothing to do. They are suggestive, as is the German scheme, but they would certainly not be satisfactory if adopted for this country. The standard of social comfort is much higher in the colonies than in the old countries of Europe, and when it is considered that the average cost for the maintenance of paupers in England is already 4s weekly, Mr Chamberlain's scheme offers nothing to the workers beyond paying for a period of 40 years for what they obtain at present for nothing.

The proposal for the aged of New Zealand is a liberal one, but it lacks what appears to me as the essential element in all government, viz, self-reliance. The men are to receive a pension because they have lived in the colony for a period of 20 years. The various duties proposed to meet the cost of the scheme barely affect the majority of those who would most likely become participants; besides the age is fixed at 65. No provision is made for sickness or for cases where physical infirmity compels the retirement of persona from labor at an earlier period the aim of any scheme that may be adopted should be to destroy all charity organisations such as now exist. They are a blot upon our modern civilisation, more particularly so when the civilisation is based upon democratic forms of government such as the colonies possess. This may readily be done by requiring every individual, whether male or female, working for wages, to set aside from the day he begins to labor at remunerative employment a small amount dally. This amount should be deducted by the employer and paid into a Government sick and pension fund account at stated periods. Every worker should be provided with a check ticket that should be entered monthly by the employer, and removal from one district to another should make no difference to the worker. The amount to be deducted should not exceed 1d daily, or £1 6s 1d in a period of 313 working days. This of course would be the maximum amount payable. When not employed no payment would be made, as it is manifestly unfair to ask those who are earning nothing to pay the same dues as those who are earning wages. This system might not produce an amount sufficient to provide all that would be wanted for sick and pension benefits, but at any rate it is a self-reliant scheme, and one which recognises to the full mutual support, mutual protection, and mutual responsibility. And now let us see how such a scheme would be likely to work. The population of the colony over 15 years and under 60 years of age in April, 1896, was 409,829, viz, 218,769 men and 191,060 women. Between the ages of 60 and 65 years there were 16,782 persons, viz., 10,504 men and 6278 women, and over the age of 65 there were 20,756 persons, viz, 12,503 men and 8253 women. In other words 8 3 per cent of the population over the age of 15 years, or 1 in 12, were over 60 years of age: 4 6 per cent, or, say, 1 in 22, were over 65 years; and 3 7 per cent or 1 in 27 were between 60 and 65 years of age. I do not suppose that at any time or period one half of the men and women over the age of 60 are incapable of pursuing their accustomed calling. But for the sake of an illustration let it be assumed that one half of the

37,538 parsons over 60 years of age, viz., 18,769, were to claim their pension of 10s weekly or £26 per annum. The sum required would be £487,994. According so a letter from the Commissioner of the Government Life Insurance relative to the annual payment necessary to secure a pension of £26 a year on and after the age of 65, it appears that an annual payment of £1 11s, commencing at the age of 18 would office to secure an annuity of £26 a year, payable at the age of 65, interest being estimated on a 3 per cent scale. Now if the payments of 1d a day for every working day was to begin, as suggested by me, v'z, so soon as young people begin any form of employment, *i.e.*, at an average of 15 years, it will be found that on a 4 per cent scale, the payment of £1 6s 1d per annum would be sufficient to provide an annuity of £26 a year, payable at 60 or at such period afterwards as the recipients might desire. As for the time of retirement the question should be an open one, depending upon physical capacity, as there are many men to be found in the colony who are physically and mentally more capable at the age of 70 than are others at the age of 55, the interesting return by the Registrar of Friendly Societies, which was made last year pursuant to section 19 of the Registration of People's Claims Act of 1876, for old age pensions, shows that 8018 persons in the colony, viz., 5602 men and 2408 women, over the age of 65 years sent in a claim to be registered as entitled to participate under the proposed Act; 5584 claims, equal to 26.9 per cent of the total over 65 years of age, were admitted, the others being either rejected or deferred for further information and inquiry. Now the number of claims differs very little from what might have been expected under ordinary circumstances. The claims from the women were perhaps fewer than might be expected under ordinary conditions, but of the 20,756 persons over the age of 65 years in the colony certainly not more than one half might be expected to lay claim to a pension at any period under the conditions laid down.

In England 12 per cent of the population over 60 years of age are in receipt of parish relief, and no doubt a large percentage are on the verge of poverty, but prefer to remain dependent upon outside charity rather than have the stigma of pauper attached to their names and homes.

It has been pointed out already that of the 447,367 persons in the colony over the age of 15 years, 409 829 are between the ages of 15 and 60. One penny dally deducted from the earnings of each for 313 working days would give an income of £534,485 4s 9d. If now we assume that one half of those over the age of 60 years would become claimants for a pension under the necessary conditions of granture—a proportion much higher than may be expected—the total liabilities would be £487,994. Thus, between possible income and expenditure there is a large margin sufficient to provide contingencies for special cases, and arrange for yet wider benefits in the way of a sick fund as the system becomes more firmly established. The scheme here suggested has the merit of being mainly self sustaining and self-supporting. Every participant of a pension will have provided during the course of years an endowment for himself or herself, and it will not be a question of poverty bending as a suppliant at the footstool of charity, but it will be old age living in peaceful comfort and content as the outcome of prudential conditions and foresight exercised by a paternal Government. In the course of years the claimants would naturally increase, and the cost of maintenance would also increase by the sum of £26 for every such addition, but on the population basis such as I have quoted above, there would be a corresponding increase of 26 or 27 additional persons added to the number of those entitled to pay their penny a day into a pension fund, and thus the annual income available for expenditure would be increased even at a greater rate than the proportionate increase of claimants. Under the German system of pensions, a condition is attached to the effect that pensions are not subject to pledging, mortgaging, or seizure of any kind. This of necessity would be required under any scheme, as the aim of a generalised scheme is to do away with all those forms of charity which debase humanity, and are a blot upon our modern civilisation. A pension should suffice for fair comfortable maintenance. No charity should intervene in the case of pensions, and should it be found that any pensioner abused the privilege of his pension, he should be dealt with as is done so successfully in the case of children committed to industrial schools. The boarding out system has proved highly valuable as a means of training children, and old pensioners who are thriftless might well be "boarded out," the maintenance allowance being paid directly to those who undertake their charge.

The system which I have been compelled so briefly to outline does not affect in the slightest all those forms of thrift such as are open to the public at present. Friendly societies may go on In their own way, assurances may continue to be effected on the lives of the people by the various companies now doing business, and all forms of thrift, such as building societies and savings banks, may do their part in taking charge of the surplus moneys of the workers and the thrifty. It differs from the proposal to be brought before the House of Representatives by the Government, inasmuch as it makes the people the direct agents and sustainers of their own scheme and their own pensions. I am aware that much may be said in favor of the proposal to issue pensions to individuals in a country over a certain age, simply because they have been citizens of that country for a number of years, but just as in the time of the Poor Law of Elizabeth, there were "the poor by impotence," "the poor by casuailtie," and the "thriftless poor," so these three kinds of poor may still be found. The thriftless poor will be forcibly trained to anticipate the coming years under the system suggested, and it is only by some

such scheme that habits of prudence and foresight can be enforced for the common benefit and good of all. Two hundred years have passed by since the first workhouse was established in Bristol by John Carry. It can hardly be said that such houses have trained a large proportion of the people in anything but dependence upon others. Self-reliance, manliness, foresight, thrift, have all been wanting under such a well meant though impotent plan, and it is the duty of every citizen in this country, freed as he is from the restraint of custom, to insist that the charity methods such as have sprung directly from the abolition of feudal tenures, the grasping by Kings and their favorites of monastery lands, and the confiscation of the properties of the craft guilds shall not find a footing in New Zealand. Our country is free from the incubus of army maintenance, which in England costs treble a pension scheme, and perceiving the deficiencies and weaknesses that exist in the social schemes of older countries, it is our duty to exercise judgment in the selection of modes of living in such a way that our land and our people may be like the Arcadian land and the Arcadian people of whom the poet sings, where "The richest was poor, and the poorest lived in abundance."

Summary.

The following summary gives in brief the reasons for the adoption of a national pension scheme and the benefits to be derived therefrom.

Reasons.

- Our social conditions differ from those of older countries like England.
- Our political conditions are different.
- It is the duty of people to anticipate the future.
- The State is a gainer or loser in proportion as the interests of communities and individuals are fostered.
- For all purposes of mutual interest and benefit the State can do things better than individuals, *e.g.*, post-office, telegraphs, taxation, education.
- Competition is so strong, employment so uncertain, and wages so diverse that direct provision for sickness, bad times, and old age are impossible to a large proportion of the population in every community.
- Poverty is not a crime, and old age and poverty are certain under our present social and commercial systems.
- Charity organisations, poor-houses, refuges, are unworthy of our enlightened civilisation.
- People should be trained by the State to anticipate the future, and schemes should be devised having this end in view,
- Friendly societies and assurance companies offer certain benefits, but they are open to serious defects, such as a State system only can amend.
- No system other than one established by the State could confer pensions and destroy charity such as is now recognised by the general and local Government authorities

The advantages of a pension scheme such as is proposed are:—

- Self-reliance and independence are fostered among the people.
- It is equitable and self-sustaining.
- It treats men and women on terms of equality.
- It gives independence to individuals at a time when least capable of opposing the influence of capital and companies.
- It binds the classes and masses together in such a way that individualism and socialism may work together for the common good.

decorative feature

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Why I Proposed the New Zealand Police Commission, and What it has Done.

BY T. E. TAYLOR, M.H.R., N.Z.

REVIEW OF REVIEWS, SEPTEMBER 15, 1898

The article in the "Review of Reviews" for August, from the pen of Mr. C. Wilson, dealt with the

superficial aspects of the recent police enquiry. With the exception of a few unimportant words, he has given a fair description of the circumstances which led up to its appointment. His profuse expression of opinion as to the qualifications of the gentlemen who formed the Commission is a more debatable matter. They are, doubtless, most estimable gentlemen; but, with one exception, their relations with the Ministry which appointed them are of such a nature as to make them unconsciously the victims of a bias which is none the less real because it does not find open expression. The humility of the poor woman who looked for even the crumbs which fell from the Master's table was a "controlling influence" in the woman's faith, whether she knew it or not. And Mr. Wilson has given sufficient details in his article in this connection to show what marked caution and wisdom was displayed by the Government, from their standpoint, in making the selection of Royal Commissioners. Tribunals so constituted are inevitable under a system which is equivalent to an accused person selecting his own judge and jury. The weakness or incapacity of the present Minister of Defence, or the characteristic administration of his predecessor, the present Premier, are as wide of the real issue as are lengthy details of the birth and subsequent experiences of the Royal Commissioners, their secretaries, or of the ex and present Commissioners of Police.

The question of public moment is, What has been proved? I propose to answer this by extracts from the evidence. With the evidence in our possession we are as competent to form an accurate judgment as a Royal Commissioner, even though he be fully armed with His Excellency's warrant of appointment.

The Original Impeachment.

In demanding the appointment of a Commission to enquire into the condition of the police force, my principal charge was that the careless and improper use of political power and patronage had demoralised and disorganised the police service of this colony. I specified a number of instances of maladministration in support of the general charges, and as a result of the definite attack upon this Department, the Ministry were compelled by the force of public opinion to concede my demand. The present Ministry has had charge of the Police Department since January 24, 1891. Under a threat of an attack, made in April, 1897, and despite the fact that, on the date referred to, the Minister of Defence declared that there were no grounds for declaring the force to be "disorganised," the Government appointed a new Commissioner of Police in June, 1897. This officer, who is a man of great experience and undoubted ability, assumed control in October, 1897. From facts within my knowledge, I had good reasons for believing that the spirit of Tammany had gripped the Police Department. To permit it to fasten its roots upon our public services, and to become the rule of our administration, would inflict a curse upon the people of this colony, and so lower the moral tone of our public life as to make a return to clean and right methods tedious and expensive. It is a matter of vital moment that a democracy which has laid the foundation of its power upon a franchise which embraces both halves of its adult population should be jealous of its honour. It is a public duty for citizens of such a State to prevent, if possible, dishonour falling upon the administration of its public affairs. These convictions explain my attitude on this question and my demand for the enquiry.

How the Police Were Appointed.

Under the Police Act of 1886 all appointments to the police force had to be made "exclusively" from men recruited from the ranks of the Permanent Artillery. This regulation was not repealed until March 18, 1897, but the Government defied the law right along, and made over sixty appointments from outside the Artillery. I propose to take the method of recruiting as the starting point for examining the official evidence. Through the refusal of the Government to pay for the services of counsel, I was compelled to attend the Commission in its travels in support of my charges against the Department. I proved conclusively that no test of fitness was applied to recruits before their enrolment in the police. Captain Coleman, who is in charge of the Permanent Artillery, gave evidence to that effect so far as men recruited from that service is concerned. Replying to questions this witness said: "The present method of admission into the Artillery is as follows:—A man presents himself at the depot, and hands in a letter, 'Please enrol So-and-So in the Permanent Artillery.' We have no knowledge whatever of his character." What the effect of enrolling men without investigating their character has been upon the police force may be judged by the evidence of some of the most experienced Inspectors. Inspector Pender says: "I consider recruiting from the Permanent Artillery not satisfactory." Inspector Broham, Christchurch, says: "I think the most woeful mistake was made in recruiting from the Artillery." Inspector Pardy, of Dunedin, said: "The great drawback was recruiting the men solely from the Permanent Artillery. We got a very inferior class of men from the Artillery. An odd man now and again was very fair; but, as a rule, they were very inferior men, and very unsteady men and, I am sorry to say, many of them were very untruthful."

During the term of office of the present Ministry, every shred of administrative power has been taken from

the head of the Department, Colonel Hume. It examining his chief clerk, Mr. Evans, I asked him whether the lists of recommended transfers, promotions, &c., as prepared by the Commissioner, and submitted for the Minister's signature, were altered between the time they were submitted to the Minister and being returned to the Commissioner to which he answered "Yes." This witness also said that generally appointments, transfers, and promotions were made by the Minister during Colonel Hume's time. Colonel Hume himself, the ex-Commissioner, measured his subjection to Ministerial interference when he said, in reply to a question I put to him as to what effect he thought the reinstatement of a drunken constable would have on the force:—"It was not for me to think at all; I did as I was told." Captain Russell was Defence Minister in the administration which preceded the present, and Inspector Pardy frankly admitted that: "Certainly, under Captain Russell there was very little of it. It has been worse since he retired; there is no question about that. I have not felt so much of it the last six months. Since the attack on the Department, an order has been given and it has to be obeyed." Inspector Pardy's statement was in reply to a question about the demoralising effects of political interference with the force. The New Commissioner has just presented his first report to Parliament. He has attended the sittings of the Royal Commission, and his report states in that portion referring to recruits:—"No enquiry is made, and without being seen by any police officer or by the Minister he is appointed a constable."

Absence of Training.

Accompanying this contempt for the character of the recruits we have been equally contemptuous of the men's training. No depot has existed for training recruits in a knowledge of their duties and powers. When pressed as to whether the absence of proper training would not prevent the men from protecting public interests, Colonel Hume said: "It is their own fault; that is all I can say. They are paid to know the law, and I do not see why they should not know it." Conclusive evidence was produced, proving that the men go straight on to street duty after enrolment, and had to "pick up their knowledge" of police duties and powers.

The test applied to recruits has been, Whom do you know? What can they do? rather than, What are you? What can you do? Such a test excludes merit, and must, if persisted in, prove excessively injurious to the best interests of the public service.

A return prepared shows that the total strength of the force on January 1, 1898, was 533, of whom 311 were Protestants and 222 Roman Catholics. This gives Catholics 41 per cent, of the police, although they form only 14 per cent, of the total population. In view of the large number of publicans who are licencees of hotels, this fact to some extent explains the lax administration of the licensing laws, to which I refer later on.

Transfers.

The late Commissioner, in his report for 1896, says, "Periodical transfers from one station or district to another are imperative for the maintenance of a thoroughly efficient police force." A similar declaration was made by the Commissioner in each annual report for seven years. In 1896 he complains that "it is easier to move any other officer of the public service than a constable." I put on record a number of cases where transfers had been ordered, and afterwards cancelled, because of political interference with the authorities. I quote from the official evidence a typical case. I asked Colonel Hume as follows:—

I think on March 7, 1897, it was publicly notified that Sergeant O'Grady was to be removed from Oamaru to Invercargill. Was there any special reason for the order other than the efficiency of the force?

Colonel Hume: No, I think he had been a long time at Oamaru.

It was just to secure the efficiency of the force?

I think so.

Was he removed?

No; he is still at Oamaru.

Can you tell me why he was not removed?

The Minister told me not to remove him.

Numerous instances similar to the one quoted could be given. The general effect upon the force of this political control may be judged by the evidence given by Inspector Broham, who said:—"The powers of inspectors have been very much curtailed of late years. Formerly, inspectors had authority to remove within their own districts all sergeants and constables from station to station. That power was taken from them. They have not been consulted of late years regarding promotions, nor as to the transfer of men under their charge. They know nothing whatever of the transfers until the men are told to go to different places, everything being controlled from Wellington. The constables knew that the inspectors' powers were largely curtailed; they knew that it was not by steady attention to their duty that promotion was to be obtained, or advancement given, and they sought promotion and advancement by political influence. This system directly bred insubordination and

the spirit of disobedience throughout the force."

Other inspectors spoke to an exactly similar effect as to the evil results which have followed the conversion of the police force into a medium for conferring patronage in the interests of the political party, and such a system, if continued, must inevitably produce a state of corruption in this colony such as the unrestrained operation of the same causes, under Tammany, produced in New York, and which has made the New York police force the reproach of the civilised world. Pages of evidence on this point could be quoted, all of which might be summarised in the candid admission of ex-Inspector W. G. Fox, of Invercargill, who said: "I believe, on my oath, the men, from the inspectors down to the lowest rank, were afraid to do their duty."

With a force recruited without enquiry being made into their character, intelligence, or education of its members; with policemen who receive no training before being placed on the public streets; with a Commissioner who is under the control of the political powers of the hour, and whose helplessness is measured by his declaration, "It was not for me to think at all, I did as I was told"; with the "spirit of disobedience and insubordination in the ranks," what description of administration has been recorded?

I quote several cases briefly:—

Maladministration.

No. 1. A married constable was dismissed from the service for gross immorality. He subsequently applied for an hotel licence, but as the police report, required by law to be supplied to the magistrate who is chairman of the Licensing Bench, gave the reason for his dismissal from the force as "immoral conduct," the magistrate refused the licence. The law is very strict in theory as to the character of hotel licencees. The applicant in this case was on friendly terms with the Defence Minister (the present Premier), and attempts were made to influence the magistrate. The magistrate resisted the pressure for some time, and on May 11, 1895, wrote the Commissioner of Police, who had wired him on behalf of the Minister of Defence, as follows:—

"Police report applicant was dismissed from force for immorality. Hardly see how I can do otherwise than refuse certificate with such a report before me."

The inspector's report to which the magistrate referred was as follows:—"I cannot express an opinion as to this man's fitness to conduct an hotel; he was dismissed from the force for immoral conduct." After the Commissioner had had several communications with his subordinates, and two days after the magistrate had explained the reasons for refusing to issue the licence, the inspector sent the magistrate a telegram:—"Re—licence for public house. I beg to withdraw all objections, having made further inquiries. I believe he will make an excellent publican." On the same day the magistrate issued the certificate for the licence. The effect of this case upon the character of the police, who had been forced by the will of their political masters to participate in the affair, may easily be imagined. They would have no shadow of doubt as to how they were to act in future in a similar case!

In another case a constable with a very fluctuating record, who had been described by the stipendiary magistrate as either "very untruthful, or deficient in intelligence," made application to his inspector for admission into the detective branch of the service. The inspector reported to the Commissioner as follows:—"In justice to the service, I cannot recommend it; to place him at an important station like Invercargill would be very detrimental to the service, and unfair to the public, who look to the police for protection." Commissioner Hume stated that, despite this report from the inspector, the Minister of Defence, at the instigation of Mr. Millar. M.H.R. for Dunedin, gave instructions that the constable was to go into the detective service, and he went. After experience of the man, Inspector Pardy stated that there was no man in New Zealand less fitted for detective work than the one thus appointed.

The Police and Drink.

It was admitted by a number of policemen in one city that they had for years frequented a certain brewery at night, and that on occasions liquor was taken from the brewery to the police barracks. The undue familiarity of many police with the publican interests was clearly demonstrated. On June 21, 1892, a sergeant of police was dismissed for having been drunk and attempting to break into a private dwelling. In February of the same year he was severely reprimanded for having been found asleep at mid-day in the public street. When reporting the man to the Defence Minister, the Commissioner said, "He is unfit for further service in the force." On June 28—seven days after the dismissal—one of the wealthy brewers of Wellington, who finds a large portion of the election expenses for Government candidates in Wellington, wrote to the Premier on the sergeant's behalf. On July 5 the man was reinstated, but in a lower grade. In a few months, as a result of petition and representations from Members of Parliament, the man was promoted one step, and in August, 1893, at the instigation of Mr. Guinness, M.H.R., he was again promoted and given charge of a station. As against this special treatment, it

was proved that many men, with clean records, have been kept for twelve years for their first step of promotion, and intense dissatisfaction existed throughout the force because of such exhibitions of favouritism.

Another constable was reported as on sick leave in December, 1896, suffering from "severe debility." I produced extracts from the hospital books showing that the man was in the hospital suffering from delirium tremens at the time. The inspector admitted he knew the man was undergoing treatment for chronic alcoholism at the time he returned him as suffering from "debility." the inspector did report this man on another occasion to the Commissioner as being "a tippler, and having the appearance of a set," but the Commissioner said he did not take any action as he did not regard this as a "charge." It would be interesting to know what would constitute "misconduct," under such rule as that. In December, 1896, this constable was in the hospital with delirium tremens; in February, 1897, he was promoted to first-class constable; in June, 1897, he was fined £1 for being in an hotel drinking whilst in uniform; and with the knowledge in their possession, is it any wonder that discontent should exist amongst the decent men in the force?

In another case Captain Russell, who was Mr. Seddon's predecessor in the Defence Office, dismissed a man for having been found helplessly drunk just after noon on the Christchurch racecourse. Thousands of people were present. Mr. Seddon became Defence Minister within three months of this constable's dismissal; he had been on friendly terms with the constable on the West Coast before his star rose in the political firmament. Within a few weeks of getting power, he reinstated this friend in his old rank, and placed him in the same district where he had misbehaved himself! In certain cases it was proved that punishments recorded on constables' defaulters' sheets by the inspectors, had been cancelled by the Defence Minister, without consultation with the inspector imposing them, and in one case a punishment inflicted by the Commissioner himself was removed by a direct order of the Minister, without consultation with the Commissioner. In several cases where men had been retired on compensation (there is no pension fund in New Zealand), they were reinstated upon the understanding that the moneys received as retiring allowances would be refunded; but they were not refunded, and the Department permitted the men to defy the agreement to refund.

Gambling.

In a certain town a man followed the calling of *spieler* at intervals, as a break to the monotony of his ordinary occupation; he was brought before the magistrate for playing games of chance on racecourses. The magistrate decided that the game was contrary to law, but the man continued to play it. There were complaints from the public as to the defiance of the law displayed by the gamester. The local M.H.R. wrote the Commissioner of Police asking that this man should not be interfered with, for certain reasons, and Commissioner Hume replied as follows:—

"I have the honour to acknowledge the receipt of your letter of the 12th inst., re the conditions of a game called 'Bird on the Wing,' as to whether it is, or is not, a game of chance, and to inform you in reply that the matter has already been decided by a resident magistrate, who stated that the game is a game of chance; and, therefore, the police have no option in the matter, but are bound to stop it at all gatherings, under Clause 8 of the Gaming and Lotteries Act, 1881."

The man continued to defy the law, and complaints came to the Commissioner on the subject. Within ten months of writing the letter quoted, the Commissioner wrote some of these complainants as follows:—

"The police are of opinion that the 'Bird on the Wing' is not a game of chance, and therefore, they were not justified in taking any action."

The Commissioner wrote that letter with the following report from the inspector for the district before him:—

*"The game referred to is purely a game of chance, and, like all other games of chance, is fairly enough if fairly played, but a clear breach of the law. If this same is allowed, then all other games of chance must be tolerated, and the continual increase of *spieler*s allowed to go on unchecked by the police."*

Then the local police took action against the gamester, but the summons was withdrawn by the Minister of Defence and the Commissioner of Police upon a letter being received from the local M.H.R. Amongst the voluminous correspondence which passed, one letter from the Inspector of Police (who had replaced the officer whose report is quoted above), stated that "strong efforts would be made during the coming session of Parliament to legalise the game." This scandalous connivance with law-breaking was still resisted by the public, and upon the Commissioner receiving a letter threatening a Parliamentary exposure of the affair, and a petition demanding the suppression of the game from 456 residents in the town, the police took action against the man, and secured a conviction, and the stoppage of the game. Tammany corrupts justice to serve political and private interests, and the case quoted is more than a shadow of the American curse—it is the thing itself.

The Licensing Question

Inspectors Pardy and Cullen, two of the most capable and esteemed inspectors in the colony, stated they had both been removed for doing their duty in regard to the enforcement of the licensing laws. Sergeants and constables made the same statements, and showed that the threats of removal made by publicans were followed by the removal almost immediately. Mr. Northcroft, stipendiary magistrate, said:—"For some years past, political influence had undermined the whole of the value of the force. Specific cases of that kind had come under his notice." This witness was followed by inspectors, sergeants, constables, lawyers, and other citizens, who affirmed the same fact, and quoted chapter and verse in support of their opinion. We have six inspectors in this colony. The examination of one of them was a pitiable sight. Another inspector was on his trial for being of "drunken habits, and addicted to gambling." the Crown Prosecutor, barristers, surveyors, commercial men, six police officers, business people, and others, all testified to having at various times and places seen the inspector the worse for drink, and several reliable witnesses detailed when and where they had gambled with him for stakes, usually at the solicitation of the inspector. In his defence the inspector admitted the gambling habits. In the course of this case I proved that he had been warned by the Committee of the Working Men's Club, of which he was a member, for having gambled contrary to the rules on the club premises, and that his resignation followed almost immediately. Several of the witnesses swore to having seen this inspector absolutely drunk. His habits for years past have been matters of notoriety, but he was an old friend of the present Premier on the West Coast, and, despite his conduct, was recently promoted to the rank of first-class inspector.

It would be superfluous to quote evidence to show the failure to enforce the licensing laws, it was voluminous, and came from all classes; it is corroborated by the new Commissioner of Police in his report, just handed to Parliament, in which he Bays that, unless the law is amended, he cannot undertake to satisfactorily administer the liquor laws. Whilst recognising and admitting the extreme difficulty of enforcing liquor laws in licensing districts, the same excuses cannot be urged by the police for the failure to prevent sly grog-selling in the King country and the Clutha. The King country is the special abode of the Maori race, and is a prohibited area by statute; the Clutha is a prohibited area, as a result of a popular vote. Evidence from doctors, schoolmasters, farmers, justices of the peace, police, and magistrates, proved conclusively that the enforcement of the prohibitory law was spasmodic and reluctant. The terms of intimacy existing between the brewing interests and the present Ministry, and the power the liquor interests exert over the administration, explain the unsatisfactory condition of things in the King country and Clutha. My contention is, that no vested or other interest must be permitted to grip our executive powers. The administration must be for the State, and not for sections.

"No Licence" and Its Effects.

Despite the defective enforcement of law in Clutha, the district under "No Licence" shows a wonderful result in comparison with the conditions existing there prior to the hotels being closed. The police prepared a return under orders from the Commission. It is worthy the study of social reformers everywhere. The hotels were closed in Clutha on June 30, 1894. For three years and a half before that date the total number of convictions recorded were 243. For three years and a half since, up to December 31, 1897, the total number was 90. Seeing that the prohibition only applies to hotel sales, the following summary goes to show that a more stringent enforcement of the law would completely abolish crime in Clutha:—

Not only has crime generally shrunk in the ratio approaching the decrease in drunkenness, but vagrancy, indecent exposure, threatening language, cruelty to animals, and obstructing the police, are offences which do not appear in the calendar for the three and a half years since the hotels were closed. If more drink is consumed in the Clutha since "No Licence" was voted, where are the evidences?

I could quote case after case to show the dangerous moral tone of the police administration during the past seven years similar to those already given, but space forbids. A considerable batch of the men whose drunken habits I specially referred to when speaking on this matter in the House of Representatives last year have since been dismissed. The new Commissioner, who is worthy of every confidence, is a direct product of the attack upon the Department of last year. There can be no doubt that his appointment was made in the hope that it would stave off an investigation into the Department; when that hope was not realised, every effort was made to render the inquiry abortive. Between the appointment of the Royal Commission and the taking of evidence over seventy policemen of various ranks were promoted, equal to about a seventh of the complete force. The lack of promotion had been a strong grievance with the men, and many men who desired to prefer a complaint about delayed promotion were amongst my witnesses in support of other charges against the administration; but their promotion sealed their lips.

A Hard Fight.

The odds I had to contend with have been heavy. The extreme reluctance of private citizens to give evidence, the stolid opposition of the officialism impeached, and, worse than all, the positive refusal of the present Minister of Defence, and the Premier, who was his predecessor, to give evidence. These two witnesses were possessed of the facts which were necessary, and in some cases essential, to complete sections of evidence. In many cases they only could tell the Commission why certain extraordinary things had been done. Although they were the trustees of the public documents, and alone possessed a knowledge as to the secret methods connected with the administration of the past seven years, they refused to give a word of evidence. No precedent was quoted in support of their refusal; I showed that they had tendered themselves as witnesses before another Royal Commission during the last four years. It is natural to conclude that the fear of exposure is the only reason for the Ministers' actions.

A summary of the matter is as follows:—This Ministry has been in power for nearly eight years, it has controlled the largest and most pliant majorities on record in this colony; its desire has never been questioned by its followers. Eight years is more than sufficient time to discover defects in any department. The late Commissioner made strong complaints every year about the unsatisfactory state of things, but absolutely nothing was done to remedy matters until a public exposure of the maladministration was inevitable, then haste is made to change the Commissioner, and in theory a measure of control is given him which has all along been denied to his predecessor. I submit that I have fully justified the demand for the appointment of the Royal Commission, and the expense of its inquiry.

I regard New Zealand as a veritable Land of Promise. Whatever of song, of art, of industry, of heroism, or of prosperity and knowledge has been won by the Britain of the North will be excelled in the days to come by the more richly endowed and loyal Britain of the South, and one of the chief concerns of citizens to-day should be the laying of strong, clean foundations for our public institutions and for our methods of administration. Such a condition of things as I claim has been proved to have been tolerated in the police force of this colony can only lead to a deterioration of our public services, and, believing that the recent inquiry will destroy largely the evil growth it was designed to attack, I feel that a full justification exists for my share in this inquiry.

The Case for the "Braddon Clause" in the Federal Bill.

BY THE RIGHT HON. SIR E. BRADDON, PREMIER OF TASMANIA.
REVIEW OF REVIEWS, SEPTEMBER 15, 1898

[The federal fight, at its present stage, eddies mainly round what, by its opponents, is unkindly called the 'Braidon Blot' in the Federal Bill. The case for this much-assailed clause, by its author, Sir Edward Braddon, will be read with interest everywhere.—ED. "REVIEW OF REVIEWS."]

In writing my justification of the Braddon clause of the Constitution Bill, as finally adopted by the Convention at Melbourne, I labour under the serious disadvantages: (1) Of shortness of time, and (2) of scarcity of material. I shall therefore give merely a brief and rough outline of the reasons that led to the action I took in this respect, and the necessity, as a majority saw, for some such provision as the Braddon clause made.

From the outset it was recognised by members of the Convention, with but few exceptions, that the intercolonial Free Trade that was to come of Federation must be accompanied, both for revenue purposes and for the preservation of local industries, by some measure of Protection against the colonies and countries outside the Commonwealth.

It was also felt by the larger number of representatives that there must be in the Constitution some certain guarantee of a return to the several States of their share of the surplus revenue from customs and excise—a guarantee that was not provided in any form until my clause was inserted.

There were, also, many representatives, including that capable and cautious Treasurer, Sir Geo. Turner, who urged at every opportunity the necessity for such measures as should insure, at least in the early days of the Commonwealth, observance of rigid economy in the Federal administration. But these views did not always prevail, as, for example, when that costly tribunal, the Inter-States Commission was created during the Melbourne Session of the Convention.

As that session drew to a close, there were upon the notice paper three motions, all very much alike in character and motive, whereof mine was one, and the others stood in the names of Messrs. Deakin and Higgins. Mr. Deakin's motion stood before mine, but he was good enough to allow mine to take precedence, and, that being carried, the others were allowed to drop.

That motion became Clause 87 of the Bill, with the following effects:—

1. By limiting the Commonwealth expenditure to one-fourth of the net revenue from customs and excise, it

insured economy of the federal administration, inasmuch as no federal government would venture to raise such heavy customs and excise duties that one-fourth of the net collections would permit of extravagance.

And here I would specially note that, as Mr. Nash has frankly admitted, it would be impracticable to the Federal Government to raise, by way of income or other direct taxation upon the States, any revenue whatever under the existing order of things, or so long as that order remains.

2. Because of the necessity of that one-fourth of the net customs and excise revenue being sufficient for efficient, although economical, discharge of federal affairs, this clause makes it incumbent upon the Federal Government to raise such a sufficient revenue that three-fourths of it will provide for the reasonable requirements of the several States.

3. Because it gives to the States a guarantee—the only guarantee in the Bill—that there shall be such return of revenue to them.

The principle of this clause was, I believe, urged strongly by Mr. Holder in the Financial Committee of the Convention, but without effect. The clause, as submitted and carried, was approved of by all the Premiers and Treasurers present in the Convention with the exception of Mr. Reid, who, at least, preferred it to any other suggestion of like character. And it was carried because of the strong feeling which existed then—and still exists in many quarters—that without such a clause, or such safeguards as this clause provides, Federation would not be acceptable to some of the States represented, in the Convention.

The Books of the Month.

I.—Rupert of Hentzau.

The novel that has the most vogue this month is Mr. Anthony Hope's "Rupert of Hentzau."

"Rupert of Hentzau" (Arrowsmith, 6s.), makes an admirable book for holiday reading. It has all the lightness and sparkle of Mr. Anthony Hope's style. In thrilling interest, the boldness of its situations, and the skill with which the complicated skein of an intricate conspiracy is unwound, "Rupert of Hentzau" does not fall below "The Prisoner of Zenda." Mr. Hope, like his hero Rudolf Rassendyll, has learnt how slow suspicion is, if the deception be bold enough. It is only likely frauds that are detected. If we are to accept this as the test of safety, Mr. Hope's characters can play their parts with the utmost assurance of remaining undetected. "Rupert of Hentzau" is filled with battle, murder, and sudden death. When we leave the Prisoner of Zenda the Kingdom of Ruritana is once more at peace. But it was a calm which precedes a fresh storm. A single spark was sufficient to set everything in conflagration. This spark is supplied by a letter written by Queen Flavia to Rudolf of Rassendyll. The letter falls into the hands of Rupert of Hentzau, who sees in it a means of defeating his enemies and regaining his position in Ruritana. Mr. Hope describes the working of the two conspiracies, one to place the letter in the hands of King Rudolf, and the other to prevent the letter reaching him. The letter is finally destroyed, but almost all the principal characters have perished in the struggle. King Rudolf, Rupert of Hentzau, and Rudolf Rassendyll all die violent deaths. Queen Flavia alone remains to lament the death of husband and lover, and to reign in Ruritana. Grim old Colonel Sapt is as resourceful and cool as ever. Only on one occasion does his ingenuity fail him. He is in the hunting lodge with the dead body of King Rudolf. Affairs are in an exceedingly complicated condition. Rassendyll has been recognised and acclaimed king in the capital, owing to his remarkable resemblance to the deceased monarch. The difficulty is how to dispose of the body. James, Mr. Rassendyll's body servant, suggests burning the lodge. They decide to leave the actual execution of the project to fate, but they prepare the way. There is something grim about the conception and carrying out of the scheme. Mr. Hope thus describes it:—

The mockery, real or assumed, in which they had begun their work, had vanished now. If they were not serious they played at seriousness. If they entertained no intention such as their acts seemed to indicate, they could no longer deny that they cherished a hope. They shrank, or at least Sapt shrank, from setting such a ball rolling; but they longed for the fate that would give it a kick, and they made smooth the incline down which it, when thus compelled, was to run.

Fate certainly does run its course in the tale. It defeats the best-laid plans, and in the moment of victory claims its own. But with this one exception, the human agents play their part with a determination which knows not hesitation. There are so many death-scenes, that to describe one cannot spoil the reader's appetite for the others. It should rather whet it. This is how Rupert of Hentzau met his doom. He and Rudolf Rassendyll had fought a death-struggle in an attic in the Konigstrasse. Rupert's hour had come. An eye-witness thus describes what happened:—

Rupert's teeth were biting his under-lip, the sweat dropped, and the veins swelled large and blue on his

forehead; his eyes were set on Rudolf Rassendyll. Fascinated, I drew nearer. Then I saw what passed. Inch by inch Rupert's arm curved, the elbow bent, the hand that had pointed almost straight from him and at Mr. Rassendyll pointed now away from both towards the window, But the motion did not stop; it followed the line of a circle; now it was on Rupert's arm, still it moved, and quicker now, for the power of resistance grew less. Rupert was beaten; he felt it. And knew it, and I read the knowledge in his eyes. The revolver, held still in the man's own hand, was at his heart. The motion ceased, the point was reached. I looked again at Rupert. Now his face was easier; there was a slight smile on his lips; he flung back his comely head and rested thus against the wainscoting; his eyes asked a question of Rudolf Rassendyll. I turned my eyes to where the answer was to come, for Rudolf made none in words. By the swiftest of movements he shifted his grasp from Rupert's wrist and pounced on his hand. Now his forefinger rested on Rupert's, and Rupert's was on the trigger. Now it was crooked round seeming like a man who strangles another. I will say no more, He smiled to the last; his proud head, which had never bent for shame, did not bend for fear. There was a sudden tightening in the pressure of that crooked forefinger, a flash, a noise. He was held up against the wall for a moment by Rudolf's hand: and when that was removed he sank, a heap that looked all head and knees.

This extract is a characteristic one. The greater part of the story is strung up to this high pitch, for whatever faults Mr. Hope may be guilty of, he never allows the interest of his narrative to flag.

II.—"The Yellow Danger."

"None of your gaudy colours for me," said an old pit wife, "give me good plain red and yellow." Those persons who share the taste for such simple hues will find them gratified to the full in Mr. Shell's romance, "The Yellow Danger" (Grant Richards, 6s.) For the yellow is in it in the shape of the Chinaman, while as for red, it is supplied by a "blugginess" which, for horror, dwarfs the boldest efforts of Mr. Rider Haggard. Those who do not like murder, torture, and bloodshed on the largest scale, had better give Mr. Sheil's book a wide berth, for as a record of carnage it is quite unequalled, so far as I know, in modern fiction. But the majority of human beings, who would spend a sleepless night if they gave the most objectionable of their fellow-creatures a bloody nose, nevertheless revel in blood when it is shed for them vicariously by the pen of the romancer. Such persons, and they probably constitute an enormous majority of the human race, will find Mr. Shell's "Yellow Danger" the book of all books with which to enliven their holiday by the seaside. It is a seasonable book, and no mistake. All the year the newspapers have vibrated and throbbed with the sound, imaginary and otherwise, of the cannon thunder supposed to be echoing in the West Indies and in the Philippines; while the last exploit of Parliament was to listen, with cheers, to Mr. Goschen's proposed addition of eight millions to the already Atlantean load of our naval expenditure. For "The Yellow Danger" is a book in which navies play a great part. The hero is a sub-lieutenant, who blossoms into an admiral of dimensions far exceeding those of Lord Nelson, before he is old enough to have obtained a captaincy, and the whole volume, from cover to cover, simply reverberates with battle thunder.

The motive of the story is simple enough. In my humble way I ventured to touch upon the same theme in "The Splendid Paupers," or "The Yellow Man with the White Money," which indulged in a more or less fantastic vision of the economic triumph of the Chinese over the Western World. Mr. Sheil paints with a much bigger brush, and dabs it on with much more glaring tints. Therein lies the probability that "The Yellow Danger" will be a great and sensational success, for a public which in the course of the last six months has seen two Spanish fleets wiped off the face of the sea in a couple of battles, is apt to be exacting in its demands upon those who attempt to outvie the realities of actual life. Mr. Sheil rises to the occasion, and in his romance he has constructed a story which for extravagance of horror and for colossal Gargantuan scale upon which everything is drawn, leaves all competitors far behind. If you could imagine a man who has spent a year in constructing gigantic scare-heads for the "New York Journal" during war time turned loose with a free hand to invent a story which would outvie even his wildest imaginings in the shape of horror and bloodshed, we might conceive him producing something like this book of Mr. Sheil's. As a story it is a distinct success even apart from the carnage in which the romance literally welters from first to last. There is a severe simplicity and unity running through it all. In brief the story is this:—

Yen How, a Chinaman of marvellous genius, with a brain of ice, in which he is able to concentrate all the science of the world, has so much intellect that he has no conscience, and only sufficient heart to fall in love with an English servant lass whom he meets on his visit to London. He conceives the idea of wiping the Western races out of existence. China, with its vast reservoir of four hundred millions of the human race, must be mobilised on a war footing, and launched as a tremendous weapon of conquest on the white section of the world. The description of Yen How, as a man with the intellect of a friend, uniting the genius of a Napoleon and of a Tamerlane, who pursues his policy with the ruthlessness of a Bismarck and the savagery of a Red Indian, is powerful, almost appalling from the vividness with which it is worked out from first page to last.

Against Yen How Mr. Sheil pits John Hardy, a consumptive English lad alike marvellous in naval warfare and for political insight. The story which Mr. Sheil has to tell is the conflict between two supreme representatives of the white and yellow races, a conflict, the theatre of which is two continents, both of which are fairly well depopulated before the story finishes. Yen How's scheme for the conquest of Europe has its germ in a thought which undoubtedly animates the mandarins at the court of Peking. Not that they contemplate the conquest of the world. Their objective is far less remote, being limited for the most part by a desire to protect themselves against being conquered by Europe, but their idea and Yen How's is the same. The true policy of the Chinese must be to sow dissension among the European nations. Let them quarrel among themselves. When rogues fall out, the honest Chinaman will come to his own. So concession after concession is forced into the hands of England, France, Russia, and Germany, with the result that before long Yen How attains his end and England finds herself at war with the allied nations. Universal war convulses Europe from Archangel to Sicily. Then when all the European fleets have been reduced to a decimal point of their former strength, when every nation on the Continent has exhausted its resources in men and in munitions of war, then Yen How launches his thunderbolt in the shape of the mobilised millions of China on a distracted and impotent Europe.

III.—Humorous Books.

One of the greatest things to be desired in the books which you take off to the seaside with you is something to make you laugh. If you cannot be made to laugh, it is a case, not for the seaside, but for the surgical ward of a hospital or some other place where the human apparatus can be subjected to searching and drastic repairs. "Laughter holding both his sides" is the best of all physicians. A merry heart doeth good like a medicine; and a good book which tickles the midriff and makes you laugh till you cry does more to recuperate the worn-out nervous system than any specific that has ever been devised in the pharmacopoeia the druggist. It is possible that you may not be able to laugh right out, if you read your funny book all to yourself alone. The best prescription for extracting the maximum amount of merriment out of a book is to read it aloud to a sympathetic circle of people, young by preference, who can see a joke and are not ashamed to greet it when it comes with a giggle for a little joke and a hearty guffaw for a champion. If you have never tried this prescription, put it in practice this holiday, and you will regard me as your benefactor for life. To read an amusing book to a small, good-humoured crowd is like mercy—it is twice blessed: it blesses him who reads and those who are read to, and is a striking manifestation of the scriptural saying about scattering and yet increasing, while he that withholdeth more than is meet tendeth to poverty. There are some supercilious people so fastidious they will not laugh at any but a superfine joke, and there are others so shameless that they refuse to smile at any joke except on first making its acquaintance. Now a good joke is like a good wife—one of the best gifts vouchsafed to mortals; and only to laugh once at a joke is as absurd as only to kiss your wife on your wedding day, and never again.

There are several authors whom critics of the blue china school have never deigned to recognise, who nevertheless distribute more health and happiness among the crowd of holiday makers than all the cynics in Christendom or the borders thereof. I can remember when Mark Twain was tabooed as vulgar; and as for Max Adeler—"Who is the creature?"—they never heard his name. The American humourist has won recognition of late years; but it is still a more or less temerarious exploit to venture to praise a comical book merely because it has made you and your children laugh till their sides were sore.

There, for instance, is Mr. W. L. Alden, whose delightful tales, "Told by the Colonel" (McClure, 3s. 6d.), have contributed much to the gaiety of the nations which speak English. It is about time the genial humourist brought out a new selection, and included in it the inimitable story of how the saloon-keeper out West got the better of the praying sisterhood. I have searched for that story in vain. Even my indexer cannot find it, and when my indexer cannot find anything, I generally conclude that it has followed Prospero's magic book into depths deeper than any plummet sounded. The wily but wicked barkeeper welcomed his pious visitants who came to hold a prayer-meeting in his saloon, then locked the door, and when the prayer meeting was in full blast, he let loose a friendly, timid, and innocent mouse! Imagine the scene of consternation! the pious sisters climbed on to the top of the tallest stools and screamed. But their relentless host, with relays of rats at his disposal, refused to release them until they had all partaken of his liquor, and appended their signatures to a certificate that as his Old Rye was the best they had ever tasted, they had every confidence in recommending it to their friends. It is a broad, screaming farce if you like, but it is unspeakably funny, and the man is indeed fit for nothing but stratagems, and spoils, and all manner of political scoundrelism who does not feel irresistibly impelled to laugh at Mr. Alden's story.

Mr. Alden, although living for the most part in England—when he is not in Italy—is an American. In Yorkshire there resides a native humourist, English born and English bred, whose books are rapidly acquiring somewhat of the popularity which they deserve. His name is W. Carter Platts, he is angling editor of the

"Yorkshire Post," and to his books I owe many a hearty peal of laughter. There are few writers who move their readers more irresistibly to merriment. To have a house full of young folks on a holiday without a volume of W., Carter Platts' to read aloud on a wet day, or when they are resting after lunch, is not to live up to your privileges. I began on "Tuttlebury Tales" (Jerrold, 2s. 6d.), and read it through aloud to my seaside party, and found each chapter was accompanied by those outbursts of laughter which are as, spontaneous as they are contagious. My sister carried off the book, and found it equally mirth-provoking when read to the inmates of a workhouse—who art; not much predisposed to gaiety.

Mr. W. Carter Platts is broadly farcical and exquisitely humorous. If sometimes there is a certain mannerism in his style, and a certain sameness in which he leads up to his effects, that is no more than can be said of much more famous personages in all departments of literature and art. I have never seen "Charley's Aunt," but from what I have heard of the way in which that play affects those who hear it, I should imagine Mr. Platts' writing is something like "Charley's Aunt" in print. The "Spectator" compares him to Max Adeler, and he is quite as amusing. No doubt much of the humour is simple, some of it even vulgar, and it is as exaggerated in its way as Mr. Shell's "Yellow Danger." But it is full of exuberant good spirits, good humour, and good jokes.

After "Tuttlebury Tales" we had his "Angling Done Here" (Jerrold, 1s.)—more or less impossible yarns strung loosely on the line of a more or less mythical angler. And now we have, just in time for the holidays, his latest shilling contribution to the mirth of mankind—"A Few Smiles" (Jerrold, 1s.) It will raise a few smiles—not a few, I hope, although perhaps not so many as "Tuttlebury Tales." the breadth of the author's smile, he says in his preface, will depend on the width of the book's circulation, and that, in turn, will depend upon how far it succeeds in spreading a few smiles over the countenance of the reader:—

If any reader should find the title misleading, and that there is nothing whatever in these pages gay and joyous and calculated to make home happy, the author (being a conscientious man with a sincere dread of appearing before the public under false pretences) will be humbly grateful to him if he will buy up and destroy all the copies he can lay his hands on.

Mr. Platts' illustrations are homely, but effective; as, for instance, when he tells us of a famous singer:

When she sang low it was like a piece of toffee wrapped up in a love-letter—so sweet that old Jenkinson had to go out because he had a decayed tooth, and it got into it and made it ache; and when she stood up on her tip-toes and grabbed the high notes down off the top shelf, it was so sharp and clear that it sort of went clear through your head and rang a bell inside.

Here is an instance of the veracious anecdotes with which the book is studded:—

One day last summer as Ferguson, Jopson, and I were trout-fishing on the Wharfe, a heavy thunderstorm came on. Amid the roar of Nature's heavy artillery and the dazzling flashes of lightning, the rain came on in torrents, and drove us for shelter beneath a spreading chestnut tree. Scarce had we reached its welcome shelter when a blinding flash, more vivid than any previous one, appeared in our very midst, hurling Ferguson and me to right and left, and felling poor Jopson like a skittle. As soon as we recovered sufficiently from our terrible fright we hastened to his assistance. He was a sickening sight. His hair and beard were singed to cinders. His clothes were burnt off him down one side. His right arm was broken in two places, and his left in one, while his right leg was fractured twice. Yet he still breathed. We rubbed him and forced a few drops of brandy between his lips, and in half an hour our efforts were crowned with success, for he slowly recovered consciousness sufficiently to lisp imploringly, "It's all right, Maria! You needn't shake me agin. I'm just gettin' up to light the fire!" He thought it was merely his wife thumping him in the ribs and singing the old morning tune.

The story of the man who ruptured his nerve centres, and connected up the wrong way, so that every nerve was switched on to the wrong receiver, is as good as Max Adeler, and many of his monstrous fibs are equal in their capacious unveracity to the greatest of the American variety of news paper fable.

Mr. Platts is consciously humorous, deliberately and malice prepense farcical. It is far otherwise with the little unconscious humourists whose essays Mr. H. J. Barker has just reissued in a fourth edition under the title, "The Comic Side of School Life" (Jerrold, 6d.) "Very Original English" was the original title of the collection, portions of which appeared in "Longman's Magazine." It has been going about doing good and making people laugh at the delightfully humorous touches of the juvenile authors until it has now reached a circulation of 17,000. I have noticed it before, but I must welcome it again, and, for the sake of readers who may not have seen the previous notice, I make free to sample Mr. Barker's contribution to our holiday mirth by extracting a few passages from the papers written by his scholars on subjects in Natural History. They speak for themselves, and need neither introduction nor comment:—

The Cat.

The house cat is a fourlegged quadruped, the legs as usuarl being at the corners. It is what is sometimes called a tame animal, though it feeds on mice and birds of prey. Its colours are striped, tortusshell, black, also

black and white, and uthers. When it is happy it does not bark, but breathes through its nose, instead of its mouth, but I can't remember the name they call the noise. When you stroke this tame quadruped by drawing your hand across its back, it cocks up its tail like a ruler, so as you can't get no further. Never stroke the hairs acrost, as it makes all cats scrat like mad. Its tail is about too footlong, and its legs about one each. Never stroke a cat under the belly, as it is very unhelthy. Don't teese cats, for, firstly it is wrong so to do, and 2nd, cats have clawses which is longer then people think. Cats have 9 livses, but which is seldom required in this country because of Christianity.

The Dog.

The dog is the commonest kind of all living brutes. Its legs are four, and one tail of all sizes. Cats are very common in all large towns and streets, but dogs are more so. There is only 3 things wiser than the dog which is ourselves, all monkeys, and all eliphents. You may call the colours numerous, except pink, red, and blue. The thing about dogs is that they keep gentlemen's houses safe when they are asleep. Only think how frightened a robber must feel, when, just as he is putting his face to the keyhole, he hears a sharp growl on the other side of the keyhole. Then the robber runs away quick, for he does not know whether it is a lady's dog, or a bull-dog. When the robber gets home and thinks about it, he thanks the dog in his heart for having tought him a lesson not to commit sin for it is the 8 commandment.

The Cow.

The Cow is a noble quadrerped, though not so noble as the horse, much less the roaring Lion. It has four short legs, a big head for its size, and a thick body. Its back legs are bent, and there's two big bones sticking out just above. Its tail is more noble than the donkey's but nothing to come up to that of the race horse. The cow gives us milk, and niced beef, and shoolether. How thankful should children be to this tame quadrerped. How thankful ought we to be to the cow for nice hot beef. Pertaters grows; they are not on the cow. The four things what you sees under the cow's belly are what the milk comes through. How thankful should we be, the cow makes milk from grass. God teaches the cow how to do it. A cow's feet are split in two, like sheeps; they are called hooves. Little cows are called carves. Carves are the stupidist of all tame quadrerpedes, except pigs and donkeys. When you drive a carf, never prick it behind, but push it gently with your flat hand. Men are crewel to carves because they cant draw milk from them. Cows are painted different colours: white, and red, and yellow. When they are black and white they are genlly half bulls so you must not go near them. Cream which rich people eats is got from cows which are all white.

The Turkey.

The Turkey is a large blew bird, genelly fat, with thick legs. It has no tail worth mentioning at the side of a cock's tail, but it has instead a long piece of skin hanging from its head and under its chin just like red tripe. This skin is genelly dirty at the bottom because of draggling on the ground when the bird is a feeding. The Turkey is the king of the goose and most other birds, but the eagle can fight it. It is like a very big cock if it wasnt for the tail. It is not cruel to kill a Turkey, if only you take it into the back yard, and use a sharp knife, and the Turkey is yours. Boys like the Turkey to run after them, because they get home quicker without feeling tired, and the Turkey has to go all the way back.

At the Zoo.

When you see the lion, he looks at you as if he sez, "think as you can fight, don't yer, little boy, just coz you no I can't get out all coz of this bloomin kage. If I could only skweez through, I'd swallow you and yer mother too." I said to my mother "I should like to hear the lion aroaring." When she said "why that was aroaring just now when the keeper looked in at him." Then I nearly cried, I was so wild; why, it wasn't like thunder and lightning at all.

"Martha and I," by R. Andom (Jerrold, 1s.), illustrated by Alec Carruthers Gould, is a book reminding us at every turn of Mr. W. Carter Platts'. There is even a Tuckleberry family in "Martha and I," and the book is as like, or unlike, Mr. Platts' as Woodford, in Essex, is like the West Riding of Yorkshire. The illustrations would seem to suggest that artistic talent is hereditary. Alec C. G. will, if he goes on like this, make his initials as famous as those of "F. C. G." of the "Westminster Gazette."

"A Feast of Fun" is the title of the little volume containing the first six numbers of the Pennyworth Series, edited by David Macrae, one of the best of our Scottish humourists. The contents are varied, consisting of puns, parodies, blunders, epitaphs, chestnuts, and repartees.

Professor J. S. Nitti, the editor of "La Riforma Sociale," who is perhaps the ablest student of political and economic problems of Italy to-day, contributes a strong and thoughtful article to his review on the position of affairs. While fully realising the gravity of the crisis through which the country is passing, he condemns emphatically a policy of panic and repression. The price of bread he states to have been the immediate cause of the recent riots, but there are other and more far-reaching reasons. Discontent is rife in every part of the country. "After thirty years of peace, we have to-day a high rate of exchange, an enormous national debt, heavy taxation, customs which crush all industry and commerce, and, what is still worse, a cumbrous and costly administration." the Professor maintains that the Chamber of Deputies is not specially to blame for this state of affairs: it is more liberal and more enlightened than the country at large; but thousands of persons are ever struggling to obtain administrative berths, and Deputies are frequently constrained to vote expensive public works merely to provide for their clamorous supporters. The State is founded on a radically unjust and undemocratic basis, and in self-defence is obliged to combat every wide aspiration towards liberty. In other countries religion and authority buttress each other; in Italy they are in constant antagonism. The State has done its utmost to eradicate the Catholic faith of the nation, and so to-day it cannot fall back upon the Church in its need. Professor Nitti points out that not only has the people been deprived of its religious ideal, but it has not even been given material prosperity. Protection has favoured the North at the expense of the South, and, in spite of all Luzaatti's assurances to the contrary, the present financial year will still show a grave deficit. In spite of this severe indictment of his country, Nitti is no pessimist. He believes in United Italy, and in the House of Savoy; he pleads for no persecution, whether of Catholic or Socialist, but for a large retrenchment of unproductive expenditure in public works, and he urges fiscal reform, the abolition of the hated Dazio, a wide scheme of decentralisation, and the abandonment of vain dreams of national aggrandisement.

"Gentleman's" for August is very readable. Macaulay's ancestors are traced by W. C. Mackenzie to the Norse clan of that name in Lewis, and are shown to be "a fighting, a writing, a preaching, and a political stock." One whom Macaulay hated intensely, John Wilson Croker, is set in a more favourable light by P. A. Sillard. A concise and chatty history of Oxford is given by Mr. C. J. M. Allen. Mr. Henry Attwell tells the story of the French epigrammatist Chamfort, with many of his most striking apothegms. T. S. O. attempts a bold bit of Browningsque, entitled "Victory," purporting to be "by the heroine of Browning's poem, 'The Worst of It.'" F. G. Walters' "Tudor Garden" is a pleasant piece of writing. Mr. Pendleton engages in a seasonable chat about railway passengers and tunnels, and wonders why, with so many contrivances for improving railway travel, nothing effective has been done to ventilate tunnels. Mr. Arthur Smith's "Brain Power of Plants" requires special notice.

"Macmillan's" for August has a pleasant sketch by H. C. Macdowall of the character and career of the historian Michelet.

The Government and the Working Man.

Failure of the Recent Labour Legislation.

By Samuel Vaile.

Auckland, N.Z., 1898.

Auckland. Wilsons and Horton, General Printers, Queen and Wyndham Streets,

The Government and Labour legislation.

Have their Measures Increased the Demand for Labour?

By Samuel Vaile.

Note.—All the Figures which follow are taken from the Public Records.

How to improve the position of the great mass of workers has been the study of my lifetime, for, like other thinkers, I have seen that the only way of effecting any real lasting social improvement is by uplifting the great army of wage-earners.

In the nature of things, in every community, the vast preponderance of the people must be wage-earners. No matter what circumstances may arise, very few can be directors. In the army and navy the officers are few, the men are many. So it is in the industrial army; the leaders must be few in number, the workers many.

This being so, how important it is to us all to do everything in our power to improve the condition of the wage-earners, to elevate and dignify labour. The old Baronial days, when the workers were little better off than

slaves working for the sole benefit of a few nobles, are, thank God, gone for ever; the conditions are altered we must adapt ourselves to them, and do all that we can to give the wage-earners a better chance, for it is only as they prosper that the trading and professional classes can share in the benefit.

Recognising these facts, when the present Ministry took office I was quite disposed to give them what little support lay in my power. I was not satisfied with the last administration, and hoped the new party would do better, but as time passed on, their reckless, thoughtless—I had almost said ignorant—legislation amazed me, as it has many others. The want of far-seeing judgment, and of thoughtful consideration, displayed in such Acts as the Workmen's and Contractors' Liens Act, the Factories Act, the Conciliation and Arbitration Act, Masters and Apprentices Act, and numerous others, prove that they are wanting in all the great qualities that go to make up statesmen.

In order to ascertain what has been the effect of this labour legislation, I have gone through the statistics of the colony for the last 12 years, and give the result in the following tables. They are very eloquent, and require little explanation from me:—

What the Present Government Have Had to Work Upon. TABLE No. 1.

Table showing the increased burdens the present Government has imposed upon the people, and the advantages they have enjoyed, as compared with their predecessors:

This table shows that although the present Government has had, according to their own account, accumulated "surpluses" of over £2,600,000, they have found it necessary to increase the debt of the colony by over £5,600,000, and increase the taxation by £342,000, and this with an increased population of 95,000 to work upon.

As regards the "surpluses," their existence has been, and I think rightly, disputed; the Government, however, assert they are real, therefore it is for them to show what they have done with them.

The taxation of the population was increased last year by no less a sum than four shillings (4s.) per head for every man, woman, baby, gaol-bird, and lunatic in the colony. It is obvious that if a country is rightly governed, as population increases, taxation per head ought to decrease, but, during the last six years, it has averaged 2s. 6½d. per head per annum more than it did during the previous six years.

It will be seen that the present Government has increased the liability of the colony by no less a sum than £10,887,550. What they have given us in return, and whether it has increased the demand for labour, subsequent tables will show.

To create a permanent demand for the employment of labour, successful land settlement is a first necessity, for it is by the direct application of labour to the land that we obtain all our primary products, and without them we can do absolutely nothing.

Tables Nos. 2 and 3 will show that, as regards land settlement and mining, the policy of the Government has been an absolute and miserable failure.

As regards land settlement, I believe that the failure is not so much due to bad land laws as to the fact that the Government allow the railway officials to neutralise the effect of the liberal regulations for land purchase, by their ridiculous and unjust method of levying railway charges. Judging, however, by their past action, and the Hon. Mr. Cadman's recent utterances, they are determined that no real reform shall be made in railway administration, if by any possibility they can prevent it, and this notwithstanding the fact that they have all voted that the new system ought to be tried.

Failure of Land Settlement. TABLE No. 2.

Table showing effect of the expenditure and recent "progressive" legislation on land settlement:—

This table shows that, notwithstanding the population had increased by 95,500, the Seddon Government, in the year 1896-1897, placed 247 "selectors" and their families, equal to at least 750 people, less on the land than the "Tory" Government did in 1890-1891; and that, notwithstanding the enormous sums spent in purchasing lands, improved and unimproved, their land revenue was £79,463 less than it was under "Tory" administration six years previously.

It is clear no extra labour can be employed in agricultural and pastoral pursuits.

Failure of Mining Legislation. TABLE No. 3.

Table showing the effect of the increased expenditure and of recent labour and mining legislation on our mining industries:—

Could there possibly be a better proof of the utter failure of the recent legislation than the fact that the total value of all our mineral products has only increased £73,555 during the five years the present party has been in power, and this in spite of the enormous amount of English and foreign capital invested in our mines during that period.

Failure of Industrial Legislation.

We now come to the legislation on which the Government specially pride themselves, that relating to factories, workshops, and mills, and here, as No. 4 table will show, we find the most pitiable failure of all. What is to become of the workers unless some alteration is made? I am sure I do not know. Certainly this Government has been their worst enemy.

TABLE No. 4.

Table showing effect on "manufactories and works," that is, industries carried on in workshops and mills:—

In 1896 the import and export trade per head of population was £2 4s. 8d. less than it was in 1891.

Thus we see that the effect of the "progressive legislation" of the "great Liberal party," has been to reduce the average yearly increase in the number of our factories from 61 to 41, the increase in number of hands employed to less than half, and the value of our locally-manufactured articles by no less a sum than £1,286,935 per annum, and it must be remembered that this is with an increased population of 95,000 people to work upon. Where is this to land our working men and women? It is clear that the "progressive legislation" is rapidly destroying our local industries as well as our import and export trade, which has decreased £2 4s. 8d. per head the workers have a poor outlook before them.

Increase of Paupers and Poverty. TABLE No. 5.

Table showing some things we have gained:—

What becomes of the boast that this wonderful legislation was to find employment for every man and woman wanting work? It is clear the Government have not fulfilled their pledges. Judge it by what standard we may, it is certain that the legislation of the last six years has not only been a complete and contemptible failure, but has been most mischievous.

Their Land Valuation Policy.

"The Government Valuation of Land Act, 1896," is one of those cunning, foxy pieces of legislation that involves a great deal more than appears on the surface; and I have little doubt that its framer's intention was, as most certainly its effect will be, to covertly but largely increase the taxation of property owners. Its very title is a fraud, it is called "The Government Valuation of Land Act;" as a matter of fact, it enforces not only the valuation of the land, but of all buildings and every other class of improvements on the land, and makes the following dangerous provisions:—

Clause 9 says: "The general valuation roll, so long as it continues in force, *shall* be the standard roll from which the valuation rolls of *all local authorities having rating-powers* and rating on the CAPITAL or on the unimproved value shall be framed."

The local bodies are not compelled to adopt this valuation roll, but they may do so if they please and levy their rates on this valuation. It is provided that these valuations *shall* be used "so far as *the Governor in Council* from time to time directs for the following purposes:—

The assessment of duties of land-tax and otherwise under "The Land and Income Assessment Act, 1891."

Stamp duties under the Stamp Act.

Duties under "The Deceased Persons Estates Act."

For "*Advances and investments on mortgage* of land by or on behalf" of any or all of the public moneys in the hands of the Government and belonging to any of the departments, all of which are enumerated.

After making these explicit provisions, the following clause is introduced:—"Provided that in every case where such copy" (if a Government valuation) "is required for lending purposes by any of the aforesaid officers or departments," (or for a trustee or trustees) "it shall be the duty of the Valuer-General to satisfy himself that the entry is correct as to their value and other prescribed particulars of the property to which the entry relates; and for that purpose he shall amend the roll where necessary."

Ordinary readers would think that this meant that the Valuer-General was to satisfy himself that the copy was a correct one. What it really means is this: That while the Government compel the people to pay every kind

of taxation, including succession duties, on these valuations, *they know that they are so utterly unreliable that they dare not lend the Government moneys on them, nor do they dare compel private trustees to do so.*

I have no wish to say one unkind word of the men who have been appointed Valuers under this Act, but I know of so many instances in which people have suffered through them, that I feel I should be evading a duty if I did not expose the wrong-doing of the Government in this matter. I am sure I speak well within bounds-when I say that fully two-thirds of them have not the slightest scientific knowledge of the work they undertook to do. If they had they would never have undertaken it for the miserable pittance doled out to them.

I will cite only one or two examples of their work. No doubt the Government employed their best men in the chief cities, and this is what one of them did in Queen Street, Auckland, as brought out in the evidence taken in the Assessment Court, in the case of the Bank of New South Wales, on the 26th and 30th of last month. Starting from the corner of Swanson Street and going right up to Wyndham Street, he valued the whole frontage at £175 per foot, and this without the least regard to the length of the various frontages, their depth, or the fact of their having a frontage at the back or no back entrance at all. In this valuator's opinion, land in the principal street in the city, having a frontage of 96 feet 6 inches to Queen Street and to Mills' Lane at the back, by a depth of 178 feet, was of precisely the same value as land close by, having a frontage of only 39 feet 6 inches by a depth of 94 feet 3 inches only, and without any back entrance whatever. There is not much science about this I wonder what he thought he was valuing. Possibly soap or candles, and that being a wholesale lot, he would lump it. But really when we remember that it is on this valuation that the whole of our taxation is to be levied, it becomes a very serious matter. I venture to say that if a proper scientific valuation of this block were taken, hardly two properties could be found of which the value per foot frontage was precisely the same.

Another Government Valuer gave the extraordinary evidence that in this block small frontage lots were of more value per foot than long frontages were. Being an architect, he should have known that the smaller the lot the greater the proportion taken up in brick walls; therefore the less proportion of available space, and, consequently, the less value per foot. This same gentleman also stated that the whole of the north-east side of Alexandra Street was of the same value (£4 per foot) from one end of the street to the other.

Every man in Auckland knows that the east side of Queen Street is much more valuable than the west side, yet another of these gentlemen said that "Coombes' Arcade section" (which has a depth of 168 feet, and a frontage to both Queen and High Streets) was "worth at the present time from £160 to £175 per foot," or no more than land on the west side of the street with only one frontage and not half the depth. So far as has come under my observation, the whole of the Auckland Province has been valued in this fashion. I know of instances in which the unfortunate owners are paying taxation on from three to six times the price they are willing to sell at.

In this instance, again, the "Poor Man's Government" makes the poor man suffer most, for, in many instances, the cost of contesting the valuation makes it cheaper to pay the unjust demand.

In this valuation, the Government no doubt have two objects: (1st) To screw out additional taxation, and (2nd) to make it appear that their measures have raised the value of the lands of the Colony.

Their Railway Administration.

It is very loudly claimed that the present Government have made a great success of their Railway Administration. Well, I can fairly claim to know something of this matter, and I fail to see where the success comes in; but before showing their failures in this respect, let me give them their just need of praise.

The eternal thanks of the entire country are due to them for their courage and prompt action in ejecting from office, or rather in refusing to re-appoint, the late irresponsible Railway Commissioners. For their action in this matter I give them the warmest praise, and claim to speak with knowledge when I say that it is impossible to estimate the value of the service they have rendered the community in this respect.

While, however, I say this, I deny that the present administration is, or has been, a success, financial or otherwise. The apparent financial success has been made by the very simple process of charging to capital account items which ought to have been charged to revenue account. If the accounts were correctly taken, it is probable—I believe, certain—that the last two years would show the worst results since 1880.

It must not be thought that I consider the Commissioners did any better; they did far worse. What little extra interest they claimed to have earned was simply obtained by increasing the charges, cutting off train services, and neglecting maintenance of the lines and rolling-stock. They cut off 210 train miles per annum for every mile of railway opened, and they spent £30 per mile per annum less in keeping the lines and rolling stock in repair.

To say nothing of the train mileage, the expenditure "saved" by neglecting maintenance during the Commissioners' term amounted to £393,000, or just £8,000 more than we now find it necessary to spend to put the lines and rolling stock into proper repair and order.

The Government has been very unjustly blamed for the present position of the lines and rolling stock; it is quite clear that the damage was done by the Commissioners. This, however, must be borne in mind: when they were appointed, a considerable portion both of the House and the country demanded that this should be done. The change made was avowedly in the nature of an experiment, and it was the bounden duty of the Government in power, when the Commissioners' term expired, *to have made a searching investigation into the then condition of the lines and rolling stock*. Here the present Government seem to be at fault, and they must, therefore, accept the responsibility of having failed in their duty in this respect, or of having caused the damage themselves.

It is claimed that the Government have made "large concessions" to the public in rates and fares. I absolutely deny the truth of this statement. What they have done is to reduce the charge on some small items, but to increase it on others to such an extent as to raise the charges on the whole. If an example is wanted, I refer to my exposure of the late Parcels Rates Fraud, in the *New Zealand Herald* of 26th April, 1897.

Homes for our Wage-Earners.

It is quite impossible to over-estimate the importance of placing our workers in a position to acquire homes of their own. Every man and woman so placed is directly interested in the maintenance of law, order, and the rights of property. The real strength and safeguard of any country is a large army of small freeholders, and all our efforts ought to be to greatly increase their number.

The danger to society comes from the great moving, restless mass who have no interest in the Colony beyond their daily wage. When that ceases they easily fall a prey to those curses of society—the needy, seedy politician, and the labour agitator.

To increase the number of freeholders, however, does not suit the politician who wants to manipulate the Working Man's vote. His desire is to keep him in the cities; his vote can be much more easily managed there. If he had an acre or two of his own he would be altogether too independent; he would not require to hang on to the skirts of one of "the party" to get a job on some co-operative works, for when he was out of employment he could be profitably engaged on his own land, but the "Working Man's Government" is not at all disposed to help him in this direction. This is now quite evident.

When in 1882 I invented the Stage System, my main objects were *to enable the writers to live on holdings of their own, to enable them to travel long distances in search of work or of health, to promote land settlement generally, and to largely increase the railway revenue by greatly reducing the charges*. That it will do all this is no longer a matter of my theory, but one of ascertained fact. The Government, however, appear to have now made up their minds to openly oppose this system, and this notwithstanding they have, *one and all, voted that it ought to be introduced*.

In his speech at Paeroa the Hon. Mr. Cadman is reported to have said that "he hoped Mr. Vaile would next session set forth his scheme to a Committee of the House. The evidence would be printed, and the people would be able to form some opinion as to the merits of the scheme."

In order that I may not be a party to wasting the time and money of the country, I will at once say what will be my attitude if called before the proposed Committee.

If I am accorded the same position that was given me on the 1886 Committee, that is to say, the right to conduct my own case, to call witnesses, and to cross-examine the witnesses on the other side, then I will attend and render every assistance in my power; but if I am to be called merely as a witness, then I will only attend on compulsion, and no good will be done. There is an old saying about the horse and the water.

The Hon. Mr. Cadman, like his predecessors, appears to have fallen bodily into the hands of the superior officers of the Department, and their avowed object is to kill the reform movement by

"Worry and Delay."

"Vaile can't last forever, and when he dies his scheme will die with him." It is, without doubt, true that if it is not tried during my lifetime it will never be faithfully tried at all; for, after my experience, who would take up such a work. I could hardly ask my worst enemy to take my place.

In proposing to set up this Committee, it is obvious the Department wish to gain another two years of "worry and delay." I protest against it. For now nearly 16 years this question has been discussed throughout the length and breadth of the land, and "the people" have long been convinced that the new system would be greatly to their advantage, and they have largely petitioned Parliament that it may be introduced.

I was before the Parliamentary Committee of 1886 for 10 weeks; the matter was exhaustively gone into, and their report was that the new system ought to be tried. In Hungary and Russia, where it has been introduced in a much-spoilt form, it has given results that are simply marvellous. Why, then, should it fail here, where the

conditions are much more favourable? *It does seem hard that the country in which the system was invented cannot share in its benefits, because of the selfishness of a few officials.*

To show how utterly unfit these gentlemen are to lead the public in such an important matter, I refer to Parliamentary Paper I.-9, 1886, and will just quote two answers given by the present sub-manager. At question and answer No. 422, question by Mr. Maxwell to Mr. Hudson: "Do you think that these fares (Vaile's) would have the effect of largely encouraging the settlement of the country?" Answer: "The view I take of that is, that if a man goes to settle in the country he makes *one journey* to the place he proposes to live at, *and then the railway has done with him*—that is, as far as long distances are concerned. Cheap fares would lead people to live in the suburbs and travel to and from their daily work in town; but I do not think that long-distance cheap fares will ever induce the settlement of the country, because the general expenses of moving about are so large that the difference in fares *would not lead to more travelling*, time always being the principal object with 'business men.'"

Question No. 453: "You assume that (Mr. Hudson had been contending that the proposed reductions would not lead to increased traffic.) "I do, because I think *the principal number of single short-distance fares issued are to people who travel to the parts to go away by sea*. These people do not require return tickets. Therefore, *I take that as the basis of my calculation*. Mr. Vaile's average ticket is 5d., ours is 7½d., for the same distance. I do not think that in New Zealand that difference would have any appreciable effect." (The italics are mine.) May I ask why they issue return tickets at a reduction of 25 per cent., if a reduction of 33? per cent, would not increase the traffic?

What Mr. Hudson says in these two answers is this:—First, that the duty of our railways is to dump a settler down on his location, it may be in a swamp or a forest, and then leave him there, they have done with him; second, that in his opinion the chief use made of short-distance single journeys is to take people out of the country: and third, that a reduction of 33? per cent, on short-distance fares would not lead to any appreciable increase in travelling. It is also evidently his idea that "business men" are the only people who want to make use of our railways Mr. Hudson, of course, has a right to his opinion, but I think I may ask if a man holding these peculiar views is able to guide, or ought to be allowed to influence public opinion on such an important matter as *the policy* that should govern our Railway Administration.

What can we expect of a country when men like this are allowed to control an institution which absolutely dominates our trade and social conditions generally. I have no wish to injure any of the officers of the department, but I think it is my duty to show how utterly incompetent they are to deal with this question.

To show how our railways and railway magnates strike outsiders, I quote the following from a recently-published book on the Colonies. The writer is describing a trip to Rotorua:—

"At one of the small stations an untidy little man, with a shock head, a fuzzy beard, and a pair of spectacles, joined us. 'One of our traffic managers, whispered our Maori-speaking friend, 'I'll have a talk with him. Good morning, Mr. Smith,' said Maori. 'Good morning, good morning, Mr. Maori,' was Mr. Smith's reply. 'You're getting things to work very nicely on your line this year. Very few of the other lines can heat what you have done up here.' It may here be mentioned that the carriages were dirty, curtainless and uncomfortable; the average pace was, as I have said, about ten miles an hour, and there were only two trains each way per day Smith felt Maori's compliment, and replied, with a sigh, "Yes, yes, it has cost me a lot of thought. You can't imagine the anxiety and scheming I have gone through to get things as they are.' Then he passed his hand over his little brow, as if he wished us to imagine that his brain was yet feeling the effects of the strain that had been imposed upon it. 'Everything fits to a nicety, and I think the employees are satisfied and the public are pleased.' 'You're quite right,' said Maori, with a twinkle in his eye; 'the very fact that no one grumbles shows that things are satisfactory. It's impossible to improve on what you have done, Mr. Smith.' Mac afterwards suggested to me that walking would be a great improvement."

There is really something grotesquely absurd in the idea of allowing men like this to dictate the railway policy of a country.

I note a peculiarity about the Railway Accounts for 1897-1898. In the first twelve four-weekly periods, *every month* the working expenses showed a considerable increase on the corresponding period of the previous year, until, on the 5th March, the increase was £88,330; but in the last four weeks the account shows a decrease of £20,193, which makes it appear that the increase of expenses for the whole year has been only £68,137, or £20,193 less than the increase for the eleven months.

How does this arise? If it is due to payments held over, it would, of course, swell the surplus, and also make it appear that the railways had earned a better rate of interest. On the first four weeks of this year there is again an increase of £2,870 in the working expenses, so it is rather remarkable that there should be such a large decrease in the one four-weekly period. "Adjustment of accounts," no doubt.

To prove what can be done by even a faulty Stage System, I give the following figures showing

What Has Been Done in Hungary.

From the above figures it will be seen that during the nine years the Zone System has been at work in Hungary, the increase of traffic, as also the increase of revenue, has been great and continuous. The increase in passenger traffic has been 282.2 per cent., and the increase in passenger revenue 91 per cent.

This result has been brought about by reducing fares to the same extent that I proposed here, namely, on the average, to about one-fifth of the present charge, and I have always maintained that no less reduction would give a profitable return.

One of the most important results obtained in Hungary is the great extension in the average distance travelled by each passenger, which is from 71 to 130 kilometres, or over 83 per cent. It is easy to see what an influence this must have, not only on the railway revenue, but on other items of revenue, trade, commerce, and social conditions generally. My finance is based on the assumption that the average distance travelled will be not less than 15 miles, and the average fare not less than one shilling. It is obvious that, no matter what may be the system, the average fare paid must depend on the average distance travelled.

When Mr. Fife's table was prepared for the use of the Parliamentary Committee of 1886, the average travelling in New Zealand was 13 miles, and that table proves that we should not require any extension in order to secure the shilling average; but should we secure the same extension as in Hungary, and considering the difference in the habits of the people, we ought to secure a greater, it would mean 24 miles instead of the 15 calculated on.

What then would be the average fare? I say 1s. 8d. If that were so, the result would be remarkable, for our average fare last year, 1896-1897, was only 1s. 8½d. Thus we should secure practically the same passenger revenue, without carrying any additional fares. I expect that under the Stage System we should get five fares where now we get one. In Hungary they have now four where formerly they had one. If we only had the same, then this would be the result. Last year our "ordinary" passenger revenue was £378,684. Four times this amount is, £1,514,736. the figures are startling, but really do not seem impossible of attainment.

The Zone System was ridiculed by men who claimed to know, yet it has been a great success in Hungary, and still greater in Russia. There in its first year they secured £3,015,781 more than their railway experts calculated on, and this was from only the thinly-populated districts of that sparsely populated empire. Another remarkable development in Hungary has been the great increase in the best paying branches of passenger traffic, that is, in the first and second class and express travelling, in the United Kingdom the increase is solely in third class travelling, but under the Zone System in Hungary it is the reverse.

It was asserted by our railway men and others that the first success of the Zone System was merely due to its novelty, and that the effect would soon wear off, but the prosperity has been continuous for now over nine years, which proves that it is no mere spurt. The great general prosperity of Hungary is well known, and it is certain that the prosperity is largely connected with the alteration of its railway system.

The Cost of a Trial,

say for one year, on the Auckland Section—what would it amount to?

The number of passengers carried on this Section during 1896-1897 was 582,280, and they produced a revenue of £46,952. the same number at my average fare of one shilling (1s.) would yield £29,114. Thus, if, through the enormous reductions in fares, we did not carry one extra passenger, or carry them one single mile further, the loss for a whole year, on the department's own showing, would be only £17,838. The officers of the department know well that there will be no loss of revenue, but a great loss of credit to themselves, for they know that a trial would convict them of a contemptible want of knowledge of the business of their own department. I do not suppose there is a man in New Zealand who believes they would hesitate to spend £100,000 of the public money to prove me wrong. They know the new system will be a great success, and that is the reason why they are determined to prevent a trial if they possibly can. No trial of the new system will ever be obtained by consent of the department; it must be ordered in defiance of it.

Railways in War Time.

Although I have not hitherto written or spoken on this portion of the subject, it has occupied much of my attention.

If war were to break out now, the North and South ends of this island might easily be severed for want of inland communication. Wellington and Auckland could not properly support each other. These cities could be easily and cheaply connected by means of a 2ft. 6in. line, but here the department steps in again and says: These lines cannot be allowed here, they will never do among our mountains. They do very well among the

Himalayas, and pay a high rate of interest. I was under the impression that this range was just a little more stupendous than anything we have here, especially in the North Island, but perhaps the department knows better. At any rate, these lines have been found to be very useful to connect with the English, Irish, and Indian lines, and, therefore, ought to be good enough for us.

What an enormous advantage it would be to us in war time if we could run about over the country at the fares I propose. It would be easy then to send the women and children away to places of safety. And what so much enables a country to be defended as an intimate knowledge on the part of its inhabitants of all its strong and weak places. But what do most of us know about our country now? Absolutely nothing from personal observation.

If I have dwelt long on the subject of our railways, it is because I am convinced that

The Road Absolutely Governs the World

and its social conditions, and that, therefore, until we regulate our national transit system on sound principles, it is useless to expect permanent progressive prosperity in any department. It is because of our faulty transit system that we have so very little *internal trade*, which ought to be the mainstay of every country.

I have no wish to detract from any merits of the present Government, but I say that their general legislation has been most disastrous, and that no class has suffered and will suffer so much as the *wage earners*. A careful study of their policy, their actions, and the effects of their legislation, leads me to the conclusion that, so far from wishing to

Make the Working Man Independent,

their sole desire is to render him absolutely dependent, and to put him in a position where he must go to the Government for the means of existence, which he will only get if he belongs to "the party" and will vote to keep them in power.

Where the Government have made their failure, is in the fact that their legislation has been class legislation. There has been no thought of the country, but only of the "Great Liberal Party." They appear to be unaware that the co-operation of all classes is necessary for the public good, and they are now-, by costly "experimental legislation," gaining the knowledge which they should have acquired in their schooldays.

No class will suffer so much as the class they profess to serve, as against all the rest. Statesmen might be expected to have known that such Acts as "The Workmen's and Contractors' Liens Act," and "The Factories Act," especially, play directly into the hands of the capitalists and monopolists. The only chance the wage-earner has of rising is by becoming a small contractor or a small manufacturer, but these Acts are directly against these classes, and the tables given above clearly prove that they are already fast going out of existence. None but men of considerable capital can comply with the provisions of the "Labour Legislation." and therefore it really works *in the interests of the capitalists and not of the workers*.

This is so apparent to all who are accustomed to study these subjects, that it is difficult to believe in the sincerity of the Ministry, and it raises the question whether their real object is not to foster monopolies and introduce the Tammany system. If they are sincere, then they exhibit such a deplorable want of knowledge that it is to be hoped the country will never again entrust them with office.

The surface appearance of prosperity during the past few years has been brought about by the expenditure of over £6,000,000 of borrowed money. When that is over we shall find out where we are.

Summary of what we have gained in six years by the "Progressive Legislation" of the

Great Failure Party;

£5,654,000 increase in our national debt, and contingent liability of £5,234,000.

£2,636,000 surpluses gone, and nothing to show for them.

£342,000 per annum of increased taxation. An increase in taxation last year of 4s. per head of the entire population, with a certainty of a further increase this year.

453 more Civil servants to provide for.

2,800 more State paupers to keep.

17,400 unemployed to look after.

About 4,000 less people placed on the land.

A great decrease in the number of acres taken up.

A largely-reduced revenue from land.

Practically no increase whatever in the development of raining industries.

A decrease in our import and export trade of £2 4s. 8d. per head of the entire population.

A falling-off in the rate of increase of manufacturing establishments of 20 per annum.
A falling-off in the rate of increase in the number of hands employed of 350 per annum.
A decrease in the development of the output of our local industries of no less than £1,286,935 per annum,
and all this with an increased population of 95,000, to work upon.

Is there any progress here?

Yes, there is—headlong progress to destruction. No Government has had such power and opportunity. No Government has promised so much. No Government has failed so utterly and completely as the Seddon Government, and their worst failure has been as regards the interests of the WORKING MAN.

Personal.

Once more I appeal to the Members of Parliament and my fellow-citizens not to allow the Stage System to be destroyed by any pretended "improvements" by the Railway Department.

For now 16 years I have earnestly striven to effect a reformation in our transit system. I have given the best years of my life to it, have carried on the contest at my own cost—not a small sum—and I think I might reasonably expect in return that an opportunity would be afforded me of trying the new system while I have the working power to look after it. What the department wishes is to see me out of the way, and they know that then they could speedily destroy distinctive features of the Stage System and perpetuate the present vicious condition of things.

One of the objections urged to according the Stage System a trial is that it would be dangerous to the country to give me control over a small section of our railways.

If this is so, may I ask why a gentleman who never pretended to have the slightest knowledge of either railway policy or working was made Chief Commissioner of the whole of our railways, with irresponsible power to deal with them just exactly as he pleased, and also power to over-ride his fellow Commissioners.

Mr. J. P. Maxwell, too, when he was appointed General Manager, on his own showing, had never had a day's training to qualify him for his post. (See Parliamentary Paper, I.—IX., 1886, Questions and Answers, 617 to 620.)

I think, too, that without presumption I may be permitted to say that my knowledge of the railway question is at any rate equal to that of any of the Ministers who have had charge of our railways during the last fifteen years.

All that I ask for, is, that such temporary powers may be given me over one section of our railways as will enable me to lay down on it the Stage System, as regards every detail of coaching and goods traffic. That done, I shall be prepared to at once resign my post, and all I will ask for my services will be my actual expenses.

If a trial of the new system is entrusted to the railway men, it is its scientific character which they will seek to destroy. What they strive for is a system where all the rating depends *on their will*, and consequently all their efforts will be to assimilate it as much as possible to a mileage system, and this is how they will proceed.

They will say: Oh, yes, Vaile's System is all right; but then, like all reformers, he is too extreme. It is not possible to do all he asks, but with slight improvements it will do well enough: and, if they are allowed, they will carry out their improvements in this fashion:

They will place more stage stations on the long-distance stages, without regard to *the location of population*, and will thus largely destroy its value as a distributive and land settlement system. The effect will be to raise all the fares and rates to the distant and least accessible lands, and, by thus compelling the poorest and most thinly populated districts to pay more than their fair share of the revenue, retard their settlement and progress.

Even in this mutilated form it would give greatly better financial results than the present system, and the railway men would claim that these results were due to their "improvements," whereas they would only have secured *a part of the revenue* that might have been obtained had the system not been tampered with, and its great distributive capabilities most seriously injured.

All I ask is that my work may not be destroyed by incompetent and selfish men.

AUCKLAND,

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The Government and Labour Legislation.

Have their Measures Increased the Demand for Labour?

By Samuel Vaile.

Note.—All the Figures which follow are taken from the Public Records.

How to improve the position of the great mass of workers has been the study of my lifetime, for, like other thinkers, I have seen that the only way of effecting any real lasting social improvement is by uplifting the great army of wage-earners.

In the nature of things, in every community, the vast preponderance of the people must be wage-earners. No matter what circumstances may arise, very few can be directors. In the army and navy the officers are few, the men are many. So it is in the industrial army; the leaders must be few in number, the workers many.

This being so, how important it is to us all to do everything in our power to improve the condition of the wage-earners, to elevate and dignify labour. The old Baronial days, when the workers were little better off than slaves working for the sole benefit of a few nobles, are, thank God, gone for ever; the conditions are altered we must adapt ourselves to them, and do all that we can to give the wage-earners a better chance, for it is only as they prosper that the trading and professional classes can share in the benefit.

Recognising these facts, when the present Ministry took office I was quite disposed to give them what little support lay in my power. I was not satisfied with the last administration, and hoped the new party would do better, but as time passed on, their reckless, thoughtless—I had almost said ignorant—legislation amazed me, as it has many others. The want of far-seeing judgment, and of thoughtful consideration, displayed in such Acts as the Workmen's and Contractors' Liens Act, the Factories Act, the Conciliation and Arbitration Act, Masters and Apprentices Act, and numerous others, prove that they are wanting in all the great qualities that go to make up statesmen.

In order to ascertain what has been the effect of this labour legislation, I have gone through the statistics of the colony for the last 12 years, and give the result in the following tables. They are very eloquent, and require little explanation from me:—

What the Present Government Have Had to Work Upon. TABLE No. 1.

Table showing the increased burdens the present Government has imposed upon the people, and the advantages they have enjoyed, as compared with their predecessors:

This table shows that although the present Government has had, according to their own account, accumulated "surpluses" of over £2,600,000, they have found it necessary to increase the debt of the colony by over £5,600,000, and increase the taxation by £342,000, and this with an increased population of 95,000 to work upon.

As regards the "surpluses," their existence has been, and I think rightly, disputed; the Government, however, assert they are real, therefore it is for them to show what they have done with them.

The taxation of the population was increased last year by no less a sum than four shillings (4s.) per head for every man, woman, baby, gaol-bird, and lunatic in the colony. It is obvious that if a country is rightly governed, as population increases, taxation per head ought to decrease, but, during the last six years, it has averaged 2s. 6½d. per head per annum more than it did during the previous six years.

It will be seen that the present Government has increased the liability of the colony by no less a sum than £10,887,550. What they have given us in return, and whether it has increased the demand for labour, subsequent tables will show.

To create a permanent demand for the employment of labour, successful land settlement is a first necessity, for it is by the direct application of labour to the land that we obtain all our primary products, and without them we can do absolutely nothing.

Tables Nos. 2 and 3 will show that, as regards land settlement and mining, the policy of the Government has been an absolute and miserable failure.

As regards land settlement, I believe that the failure is not so much due to bad land laws as to the fact that

the Government allow the railway officials to neutralise the effect of the liberal regulations for land purchase, by their ridiculous and unjust method of levying railway charges. Judging, however, by their past action, and the Hon. Mr. Cadman's recent utterances, they are determined that no real reform shall be made in railway administration, if by any possibility they can prevent it, and this notwithstanding the fact that they have all voted that the new system ought to be tried.

Failure of Land Settlement. TABLE No. 2.

Table showing effect of the expenditure and recent "progressive" legislation on land settlement:—

This table shows that, notwithstanding the population had increased by 95,500, the Seddon Government, in the year 1896-1897, placed 247 "selectors" and their families, equal to at least 750 people, less on the land than the "Tory" Government did in 1890-1891; and that, notwithstanding the enormous sums spent in purchasing lands, improved and unimproved, their land revenue was £79,463 less than it was under "Tory" administration six years previously.

It is clear no extra labour can be employed in agricultural and pastoral pursuits.

Failure of Mining Legislation. TABLE No. 3.

Table showing the effect of the increased expenditure and of recent labour and mining legislation on our mining industries:—

Could there possibly be a better proof of the utter failure of the recent legislation than the fact that the total value of all our mineral products has only increased £73,555 during the five years the present party has been in power, and this in spite of the enormous amount of English and foreign capital invested in our mines during that period.

Failure of Industrial Legislation.

We now come to the legislation on which the Government specially pride themselves, that relating to factories, workshops, and mills, and here, as No. 4 table will show, we find the most pitiable failure of all. What is to become of the workers unless some alteration is made? I am sure I do not know. Certainly this Government has been their worst enemy.

TABLE No. 4.

Table showing effect on "manufactories and works," that is, industries carried on in workshops and mills:—

In 1896 the import and export trade per head of population was £2 4s. 8d. less than it was in 1891.

Thus we see that the effect of the "progressive legislation" of the "great Liberal party," has been to reduce the average yearly increase in the number of our factories from 61 to 41, the increase in number of hands employed to less than half, and the value of our locally-manufactured articles by no less a sum than £1,286,935 per annum, and it must be remembered that this is with an increased population of 95,000 people to work upon. Where is this to land our working men and women? It is clear that the "progressive legislation" is rapidly destroying our local industries as well as our import and export trade, which has decreased £2 4s. 8d. per head the workers have a poor outlook before them.

Increase of Paupers and Poverty. TABLE No. 5.

Table showing some things we have gained:—

What becomes of the boast that this wonderful legislation was to find employment for every man and woman wanting work? It is clear the Government have not fulfilled their pledges. Judge it by what standard we may, it is certain that the legislation of the last six years has not only been a complete and contemptible failure, but has been most mischievous.

Their Land Valuation Policy.

"The Government Valuation of Land Act, 1896," is one of those cunning, foxy pieces of legislation that involves a great deal more than appears on the surface; and I have little doubt that its framer's intention was, as most certainly its effect will be, to covertly but largely increase the taxation of property owners. Its very title is a fraud, it is called "The Government Valuation of Land Act;" as a matter of fact, it enforces not only the

valuation of the land, but of all buildings and every other class of improvements on the land, and makes the following dangerous provisions:—

Clause 9 says: "The general valuation roll, so long as it continues in force, *shall* be the standard roll from which the valuation rolls of *all local authorities having rating-powers* and rating on the CAPITAL or on the unimproved value shall be framed."

The local bodies are not compelled to adopt this valuation roll, but they may do so if they please and levy their rates on this valuation. It is provided that these valuations *shall* be used "so far as *the Governor in Council* from time to time directs for the following purposes:—

The assessment of duties of land-tax and otherwise under "The Land and Income Assessment Act, 1891."

Stamp duties under the Stamp Act.

Duties under "The Deceased Persons Estates Act."

For "*Advances and investments on mortgage* of land by or on behalf" of any or all of the public moneys in the hands of the Government and belonging to any of the departments, all of which are enumerated.

After making these explicit provisions, the following clause is introduced:—"Provided that in every case where such copy" (if a Government valuation) "is required for lending purposes by any of the aforesaid officers or departments," (or for a trustee or trustees) "it shall be the duty of the Valuer-General to satisfy himself that the entry is correct as to their value and other prescribed particulars of the property to which the entry relates; and for that purpose he shall amend the roll where necessary."

Ordinary readers would think that this meant that the Valuer-General was to satisfy himself that the copy was a correct one. What it really means is this: That while the Government compel the people to pay every kind of taxation, including succession duties, on these valuations, *they know that they are so utterly unreliable that they dare not lend the Government moneys on them, nor do they dare compel private trustees to do so.*

I have no wish to say one unkind word of the men who have been appointed Valuers under this Act, but I know of so many instances in which people have suffered through them, that I feel I should be evading a duty if I did not expose the wrong-doing of the Government in this matter. I am sure I speak well within bounds-when I say that fully two-thirds of them have not the slightest scientific knowledge of the work they undertook to do. If they had they would never have undertaken it for the miserable pittance doled out to them.

I will cite only one or two examples of their work. No doubt the Government employed their best men in the chief cities, and this is what one of them did in Queen Street, Auckland, as brought out in the evidence taken in the Assessment Court, in the case of the Bank of New South Wales, on the 26th and 30th of last month. Starting from the corner of Swanson Street and going right up to Wyndham Street, he valued the whole frontage at £175 per foot, and this without the least regard to the length of the various frontages, their depth, or the fact of their having a frontage at the back or no back entrance at all. In this valuator's opinion, land in the principal street in the city, having a frontage of 96 feet 6 inches to Queen Street and to Mills' Lane at the back, by a depth of 178 feet, was of precisely the same value as land close by, having a frontage of only 39 feet 6 inches by a depth of 94 feet 3 inches only, and without any back entrance whatever. There is not much science about this I wonder what he thought he was valuing. Possibly soap or candles, and that being a wholesale lot, he would lump it. But really when we remember that it is on this valuation that the whole of our taxation is to be levied, it becomes a very serious matter. I venture to say that if a proper scientific valuation of this block were taken, hardly two properties could be found of which the value per foot frontage was precisely the same.

Another Government Valuer gave the extraordinary evidence that in this block small frontage lots were of more value per foot than long frontages were. Being an architect, he should have known that the smaller the lot the greater the proportion taken up in brick walls; therefore the less proportion of available space, and, consequently, the less value per foot. This same gentleman also stated that the whole of the north-east side of Alexandra Street was of the same value (£4 per foot) from one end of the street to the other.

Every man in Auckland knows that the east side of Queen Street is much more valuable than the west side, yet another of these gentlemen said that "Coombes' Arcade section" (which has a depth of 168 feet, and a frontage to both Queen and High Streets) was "worth at the present time from £160 to £175 per foot," or no more than land on the west side of the street with only one frontage and not half the depth. So far as has come under my observation, the whole of the Auckland Province has been valued in this fashion. I know of instances in which the unfortunate owners are paying taxation on from three to six times the price they are willing to sell at.

In this instance, again, the "Poor Man's Government" makes the poor man suffer most, for, in many instances, the cost of contesting the valuation makes it cheaper to pay the unjust demand.

In this valuation, the Government no doubt have two objects: (1st) To screw out additional taxation, and (2nd) to make it appear that their measures have raised the value of the lands of the Colony.

Their Railway Administration.

It is very loudly claimed that the present Government have made a great success of their Railway Administration. Well, I can fairly claim to know something of this matter, and I fail to see where the success comes in; but before showing their failures in this respect, let me give them their just need of praise.

The eternal thanks of the entire country are due to them for their courage and prompt action in ejecting from office, or rather in refusing to re-appoint, the late irresponsible Railway Commissioners. For their action in this matter I give them the warmest praise, and claim to speak with knowledge when I say that it is impossible to estimate the value of the service they have rendered the community in this respect.

While, however, I say this, I deny that the present administration is, or has been, a success, financial or otherwise. The apparent financial success has been made by the very simple process of charging to capital account items which ought to have been charged to revenue account. If the accounts were correctly taken, it is probable—I believe, certain—that the last two years would show the worst results since 1880.

It must not be thought that I consider the Commissioners did any better; they did far worse. What little extra interest they claimed to have earned was simply obtained by increasing the charges, cutting off train services, and neglecting maintenance of the lines and rolling-stock. They cut off 210 train miles per annum for every mile of railway opened, and they spent £30 per mile per annum less in keeping the lines and rolling stock in repair.

To say nothing of the train mileage, the expenditure "saved" by neglecting maintenance during the Commissioners' term amounted to £393,000, or just £8,000 more than we now find it necessary to spend to put the lines and rolling stock into proper repair and order.

The Government has been very unjustly blamed for the present position of the lines and rolling stock; it is quite clear that the damage was done by the Commissioners. This, however, must be borne in mind: when they were appointed, a considerable portion both of the House and the country demanded that this should be done. The change made was avowedly in the nature of an experiment, and it was the bounden duty of the Government in power, when the Commissioners' term expired, *to have made a searching investigation into the then condition of the lines and rolling stock*. Here the present Government seem to be at fault, and they must, therefore, accept the responsibility of having failed in their duty in this respect, or of having caused the damage themselves.

It is claimed that the Government have made "large concessions" to the public in rates and fares. I absolutely deny the truth of this statement. What they have done is to reduce the charge on some small items, but to increase it on others to such an extent as to raise the charges on the whole. If an example is wanted, I refer to my exposure of the late Parcels Rates Fraud, in the *New Zealand Herald* of 26th April, 1897.

Homes for our Wage-Earners.

It is quite impossible to over-estimate the importance of placing our workers in a position to acquire homes of their own. Every man and woman so placed is directly interested in the maintenance of law, order, and the rights of property. The real strength and safeguard of any country is a large army of small freeholders, and all our efforts ought to be to greatly increase their number.

The danger to society comes from the great moving, restless mass who have no interest in the Colony beyond their daily wage. When that ceases they easily fall a prey to those curses of society—the needy, seedy politician, and the labour agitator.

To increase the number of freeholders, however, does not suit the politician who wants to manipulate the Working Man's vote. His desire is to keep him in the cities; his vote can be much more easily managed there. If he had an acre or two of his own he would be altogether too independent; he would not require to hang on to the skirts of one of "the party" to get a job on some co-operative works, for when he was out of employment he could be profitably engaged on his own land, but the "Working Man's Government" is not at all disposed to help him in this direction. This is now quite evident.

When in 1882 I invented the Stage System, my main objects were *to enable the writers to live on holdings of their own, to enable them to travel long distances in search of work or of health, to promote land settlement generally, and to largely increase the railway revenue by greatly reducing the charges*. That it will do all this is no longer a matter of my theory, but one of ascertained fact. The Government, however, appear to have now made up their minds to openly oppose this system, and this notwithstanding they have, *one and all, voted that it ought to be introduced*.

In his speech at Paeroa the Hon. Mr. Cadman is reported to have said that "he hoped Mr. Vaile would next session set forth his scheme to a Committee of the House. The evidence would be printed, and the people would

be able to form some opinion as to the merits of the scheme."

In order that I may not be a party to wasting the time and money of the country, I will at once say what will be my attitude if called before the proposed Committee.

If I am accorded the same position that was given me on the 1886 Committee, that is to say, the right to conduct my own case, to call witnesses, and to cross-examine the witnesses on the other side, then I will attend and render every assistance in my power; but if I am to be called merely as a witness, then I will only attend on compulsion, and no good will be done. There is an old saying about the horse and the water.

The Hon. Mr. Cadman, like his predecessors, appears to have fallen bodily into the hands of the superior officers of the Department, and their avowed object is to kill the reform movement by

"Worry and Delay."

"Vaile can't last forever, and when he dies his scheme will die with him." It is, without doubt, true that if it is not tried during my lifetime it will never be faithfully tried at all; for, after my experience, who would take up such a work. I could hardly ask my worst enemy to take my place.

In proposing to set up this Committee, it is obvious the Department wish to gain another two years of "worry and delay." I protest against it. For now nearly 16 years this question has been discussed throughout the length and breadth of the land, and "the people" have long been convinced that the new system would be greatly to their advantage, and they have largely petitioned Parliament that it may be introduced.

I was before the Parliamentary Committee of 1886 for 10 weeks; the matter was exhaustively gone into, and their report was that the new system ought to be tried. In Hungary and Russia, where it has been introduced in a much-spoilt form, it has given results that are simply marvellous. Why, then, should it fail here, where the conditions are much more favourable? *It does seem hard that the country in which the system was invented cannot share in its benefits, because of the selfishness of a few officials.*

To show how utterly unfit these gentlemen are to lead the public in such an important matter, I refer to Parliamentary Paper I.-9, 1886, and will just quote two answers given by the present sub-manager. At question and answer No. 422, question by Mr. Maxwell to Mr. Hudson: "Do you think that these fares (Vaile's) would have the effect of largely encouraging the settlement of the country?" Answer: "The view I take of that is, that if a man goes to settle in the country he makes *one journey* to the place he proposes to live at, *and then the railway has done with him*—that is, as far as long distances are concerned. Cheap fares would lead people to live in the suburbs and travel to and from their daily work in town; but I do not think that long-distance cheap fares will ever induce the settlement of the country, because the general expenses of moving about are so large that the difference in fares *would not lead to more travelling*, time always being the principal object with 'business men.'"

Question No. 453: "You assume that (Mr. Hudson had been contending that the proposed reductions would not lead to increased traffic.) "I do, because I think *the principal number of single short-distance fares issued are to people who travel to the parts to go away by sea*. These people do not require return tickets. Therefore, *I take that as the basis of my calculation*. Mr. Vaile's average ticket is 5d., ours is 7½d., for the same distance. I do not think that in New Zealand that difference would have any appreciable effect." (The italics are mine.) May I ask why they issue return tickets at a reduction of 25 per cent., if a reduction of 33½ per cent, would not increase the traffic?

What Mr. Hudson says in these two answers is this:—First, that the duty of our railways is to dump a settler down on his location, it may be in a swamp or a forest, and then leave him there, they have done with him; second, that in his opinion the chief use made of short-distance single journeys is to take people out of the country: and third, that a reduction of 33½ per cent, on short-distance fares would not lead to any appreciable increase in travelling. It is also evidently his idea that "business men" are the only people who want to make use of our railways. Mr. Hudson, of course, has a right to his opinion, but I think I may ask if a man holding these peculiar views is able to guide, or ought to be allowed to influence public opinion on such an important matter as *the policy* that should govern our Railway Administration.

What can we expect of a country when men like this are allowed to control an institution which absolutely dominates our trade and social conditions generally. I have no wish to injure any of the officers of the department, but I think it is my duty to show how utterly incompetent they are to deal with this question.

To show how our railways and railway magnates strike outsiders, I quote the following from a recently-published book on the Colonies. The writer is describing a trip to Rotorua:—

"At one of the small stations an untidy little man, with a shock head, a fuzzy beard, and a pair of spectacles, joined us. 'One of our traffic managers,' whispered our Maori-speaking friend, 'I'll have a talk with him. Good morning, Mr. Smith,' said Maori. 'Good morning, good morning, Mr. Maori,' was Mr. Smith's reply. 'You're getting things to work very nicely on your line this year. Very few of the other lines can heat what you have*

done up here.' It may here be mentioned that the carriages were dirty, curtainless and uncomfortable; the average pace was, as I have said, about ten miles an hour, and there were only two trains each way per day Smith felt Maori's compliment, and replied, with a sigh, "Yes, yes, it has cost me a lot of thought. You can't imagine the anxiety and scheming I have gone through to get things as they are.' Then he passed his hand over his little brow, as if he wished us to imagine that his brain was yet feeling the effects of the strain that had been imposed upon it. 'Everything fits to a nicety, and I think the employees are satisfied and the public are pleased.' 'You're quite right,' said Maori, with a twinkle in his eye; 'the very fact that no one grumbles shows that things are satisfactory. It's impossible to improve on what you have done, Mr. Smith.' Mac afterwards suggested to me that walking would be a great improvement."

There is really something grotesquely absurd in the idea of allowing men like this to dictate the railway policy of a country.

I note a peculiarity about the Railway Accounts for 1897-1898. In the first twelve four-weekly periods, *every month* the working expenses showed a considerable increase on the corresponding period of the previous year, until, on the 5th March, the increase was £88,330; but in the last four weeks the account shows a decrease of £20,193, which makes it appear that the increase of expenses for the whole year has been only £68,137, or £20,193 less than the increase for the eleven months.

How does this arise? If it is due to payments held over, it would, of course, swell the surplus, and also make it appear that the railways had earned a better rate of interest. On the first four weeks of this year there is again an increase of £2,870 in the working expenses, so it is rather remarkable that there should be such a large decrease in the one four-weekly period. "Adjustment of accounts," no doubt.

To prove what can be done by even a faulty Stage System, I give the following figures showing

What Has Been Done in Hungary.

From the above figures it will be seen that during the nine years the Zone System has been at work in Hungary, the increase of traffic, as also the increase of revenue, has been great and continuous. The increase in passenger traffic has been 282.2 per cent., and the increase in passenger revenue 91 per cent.

This result has been brought about by reducing fares to the same extent that I proposed here, namely, on the average, to about one-fifth of the present charge, and I have always maintained that no less reduction would give a profitable return.

One of the most important results obtained in Hungary is the great extension in the average distance travelled by each passenger, which is from 71 to 130 kilometres, or over 83 per cent. It is easy to see what an influence this must have, not only on the railway revenue, but on other items of revenue, trade, commerce, and social conditions generally. My finance is based on the assumption that the average distance travelled will be not less than 15 miles, and the average fare not less than one shilling. It is obvious that, no matter what may be the system, the average fare paid must depend on the average distance travelled.

When Mr. Fife's table was prepared for the use of the Parliamentary Committee of 1886, the average travelling in New Zealand was 13 miles, and that table proves that we should not require any extension in order to secure the shilling average; but should we secure the same extension as in Hungary, and considering the difference in the habits of the people, we ought to secure a greater, it would mean 24 miles instead of the 15 calculated on.

What then would be the average fare? I say 1s. 8d. If that were so, the result would be remarkable, for our average fare last year, 1896-1897, was only 1s. 8½d. Thus we should secure practically the same passenger revenue, without carrying any additional fares. I expect that under the Stage System we should get five fares where now we get one. In Hungary they have now four where formerly they had one. If we only had the same, then this would be the result. Last year our "ordinary" passenger revenue was £378,684. Four times this amount is, £1,514,736. the figures are startling, but really do not seem impossible of attainment.

The Zone System was ridiculed by men who claimed to know, yet it has been a great success in Hungary, and still greater in Russia. There in its first year they secured £3,015,781 more than their railway experts calculated on, and this was from only the thinly-populated districts of that sparsely populated empire. Another remarkable development in Hungary has been the great increase in the best paying branches of passenger traffic, that is, in the first and second class and express travelling, in the United Kingdom the increase is solely in third class travelling, but under the Zone System in Hungary it is the reverse.

It was asserted by our railway men and others that the first success of the Zone System was merely due to its novelty, and that the effect would soon wear off, but the prosperity has been continuous for now over nine years, which proves that it is no mere spurt. The great general prosperity of Hungary is well known, and it is certain that the prosperity is largely connected with the alteration of its railway system.

The Cost of a Trial,

say for one year, on the Auckland Section—what would it amount to?

The number of passengers carried on this Section during 1896-1897 was 582,280, and they produced a revenue of £46,952. the same number at my average fare of one shilling (1s.) would yield £29,114. Thus, if, through the enormous reductions in fares, we did not carry one extra passenger, or carry them one single mile further, the loss for a whole year, on the department's own showing, would be only £17,838. The officers of the department know well that there will be no loss of revenue, but a great loss of credit to themselves, for they know that a trial would convict them of a contemptible want of knowledge of the business of their own department. I do not suppose there is a man in New Zealand who believes they would hesitate to spend £100,000 of the public money to prove me wrong. They know the new system will be a great success, and that is the reason why they are determined to prevent a trial if they possibly can. No trial of the new system will ever be obtained by consent of the department; it must be ordered in defiance of it.

Railways in War Time.

Although I have not hitherto written or spoken on this portion of the subject, it has occupied much of my attention.

If war were to break out now, the North and South ends of this island might easily be severed for want of inland communication. Wellington and Auckland could not properly support each other. These cities could be easily and cheaply connected by means of a 2ft. 6in. line, but here the department steps in again and says: These lines cannot be allowed here, they will never do among our mountains. They do very well among the Himalayas, and pay a high rate of interest. I was under the impression that this range was just a little more stupendous than anything we have here, especially in the North Island, but perhaps the department knows better. At any rate, these lines have been found to be very useful to connect with the English, Irish, and Indian lines, and, therefore, ought to be good enough for us.

What an enormous advantage it would be to us in war time if we could run about over the country at the fares I propose. It would be easy then to send the women and children away to places of safety. And what so much enables a country to be defended as an intimate knowledge on the part of its inhabitants of all its strong and weak places. But what do most of us know about our country now? Absolutely nothing from personal observation.

If I have dwelt long on the subject of our railways, it is because I am convinced that

The Road Absolutely Governs the World

and its social conditions, and that, therefore, until we regulate our national transit system on sound principles, it is useless to expect permanent progressive prosperity in any department. It is because of our faulty transit system that we have so very little *internal trade*, which ought to be the mainstay of every country.

I have no wish to detract from any merits of the present Government, but I say that their general legislation has been most disastrous, and that no class has suffered and will suffer so much as the *wage earners*. A careful study of their policy, their actions, and the effects of their legislation, leads me to the conclusion that, so far from wishing to

Make the Working Man Independent,

their sole desire is to render him absolutely dependent, and to put him in a position where he must go to the Government for the means of existence, which he will only get if he belongs to "the party" and will vote to keep them in power.

Where the Government have made their failure, is in the fact that their legislation has been class legislation. There has been no thought of the country, but only of the "Great Liberal Party." They appear to be unaware that the co-operation of all classes is necessary for the public good, and they are now-, by costly "experimental legislation," gaining the knowledge which they should have acquired in their schooldays.

No class will suffer so much as the class they profess to serve, as against all the rest. Statesmen might be expected to have known that such Acts as "The Workmen's and Contractors' Liens Act," and "The Factories Act," especially, play directly into the hands of the capitalists and monopolists. The only chance the wage-earner has of rising is by becoming a small contractor or a small manufacturer, but these Acts are directly against these classes, and the tables given above clearly prove that they are already fast going out of existence. None but men of considerable capital can comply with the provisions of the "Labour Legislation." and therefore

it really works *in the interests of the capitalists and not of the workers*.

This is so apparent to all who are accustomed to study these subjects, that it is difficult to believe in the sincerity of the Ministry, and it raises the question whether their real object is not to foster monopolies and introduce the Tammany system. If they are sincere, then they exhibit such a deplorable want of knowledge that it is to be hoped the country will never again entrust them with office.

The surface appearance of prosperity during the past few years has been brought about by the expenditure of over £6,000,000 of borrowed money. When that is over we shall find out where we are.

Summary of what we have gained in six years by the "Progressive Legislation" of the

Great Failure Party;

£5,654,000 increase in our national debt, and contingent liability of £5,234,000.

£2,636,000 surpluses gone, and nothing to show for them.

£342,000 per annum of increased taxation. An increase in taxation last year of 4s. per head of the entire population, with a certainty of a further increase this year.

453 more Civil servants to provide for.

2,800 more State paupers to keep.

17,400 unemployed to look after.

About 4,000 less people placed on the land.

A great decrease in the number of acres taken up.

A largely-reduced revenue from land.

Practically no increase whatever in the development of raining industries.

A decrease in our import and export trade of £2 4s. 8d. per head of the entire population.

A falling-off in the rate of increase of manufacturing establishments of 20 per annum.

A falling-off in the rate of increase in the number of hands employed of 350 per annum.

A decrease in the development of the output of our local industries of no less than £1,286,935 per annum, and all this with an increased population of 95,000, to work upon.

Is there any progress here?

Yes, there is—headlong progress to destruction. No Government has had such power and opportunity. No Government has promised so much. No Government has failed so utterly and completely as the Seddon Government, and their worst failure has been as regards the interests of the WORKING MAN.

Personal.

Once more I appeal to the Members of Parliament and my fellow-citizens not to allow the Stage System to be destroyed by any pretended "improvements" by the Railway Department.

For now 16 years I have earnestly striven to effect a reformation in our transit system. I have given the best years of my life to it, have carried on the contest at my own cost—not a small sum—and I think I might reasonably expect in return that an opportunity would be afforded me of trying the new system while I have the working power to look after it. What the department wishes is to see me out of the way, and they know that then they could speedily destroy distinctive features of the Stage System and perpetuate the present vicious condition of things.

One of the objections urged to according the Stage System a trial is that it would be dangerous to the country to give me control over a small section of our railways.

If this is so, may I ask why a gentleman who never pretended to have the slightest knowledge of either railway policy or working was made Chief Commissioner of the whole of our railways, with irresponsible power to deal with them just exactly as he pleased, and also power to over-ride his fellow Commissioners.

Mr. J. P. Maxwell, too, when he was appointed General Manager, on his own showing, had never had a day's training to qualify him for his post. (See Parliamentary Paper, I.—IX., 1886, Questions and Answers, 617 to 620.)