

We have the honour to report that by the law of this country bearer bonds and securities which pass by mere delivery, without any act requiring to be done outside the country in which they are locally situate, are treated as situate in that country for the purposes of duty. It is also, as we are advised, established by the case of Attorney-General v. Glendining that the mere fact that such bonds contain a charge on property outside that country does not prevent the principle from attaching.

The New Zealand Act in question, in our opinion, fails to comply with section 20 of the Finance Act, 1894, in the following particulars:—

(1.) The provisions of section 8 (c) and (d) produce the result that a bearer bond situate in this country but issued by a company domiciled in New Zealand is not regarded as situate in this country but in New Zealand, and therefore as not coming within section 32 (1) (see subsection (3)). It is true that the provisions of section 8 (g) contain an exception to the previous subsections in favour of a debt represented by an instrument which is "negotiable" in New Zealand, but we have a difficulty in construing this expression, and we are unable to say it would apply to all bearer bonds.

(2.) Section 8 (h) introduces a limitation which is directly contrary to what we understand to have been decided in Attorney-General v. Glendining, because the bonds in that case contained a charge upon New Zealand property.

(3.) Section 5 (j) produces the same result, for that subsection is not limited to property situate in New Zealand.

(4.) Section 28 (1) creates a charge, *inter alia*, upon property situate in this country, and therefore is in conflict with section 20 (2) of the Finance Act, 1894, which, as we are advised, should be construed to be one of "the foregoing provisions" referred to in subsection (3) of that section.

(5.) The same objections arise in reference to the duties imposed by sections 14 and 15.

In the circumstances, we beg to inform your Lordships that the Act in question would appear to be of a nature which would disentitle New Zealand to the benefit of section 20 of the Finance Act, 1894.

We have, &c.,

E. E. NOTT BOWER.

J. P. CROWLY.

The Lords Commissioners of His Majesty's Treasury.

No. 40.

New Zealand, No. 140.

MY LORD,—

Downing Street, 6th July, 1910.

I have the honour to transmit to you, for the information of your Ministers, the accompanying copy of a letter from the Admiralty, regarding the question of the manner in which time served by officers of the Royal Navy who may be lent to the Naval Forces of the Dominion should count for naval purposes. A.—1, 1911,
No. 33.

I have, &c.,

CREWE.

Governor the Right Hon. Lord Islington, D.S.O., &c.

Enclosure.

SIR,—

Admiralty, 30th June, 1910.

I am commanded by my Lords Commissioners of the Admiralty to acquaint you, for the information of the Secretary of State, that they have had under their consideration the question as to how time served by officers of the Royal Navy who may be lent to colonial Naval Forces should count for naval purposes, and they have approved of the adoption of the following rule:—

The service of officers in a ship-of-war maintained by the Government of any of His Majesty's dominions beyond the seas, and commissioned for sea service, may, at the discretion of the Admiralty, count as the equivalent of naval "service in a ship-of-war at sea" for purposes of promotion and increase of full, half, or retired pay, under conditions similar to these laid down by the Treasury under section 6 of the Superannuation Act, 1887.

The High Commissioner for Canada has been informed that their Lordships have approved of the time served by naval officers with the Canadian Naval Forces counting as provided for in this rule.

I am, &c.,

C. I. THOMAS.

The Under-Secretary of State, Colonial Office, S.W.

No. 41.

New Zealand, No. 144.

MY LORD,—

Downing Street, 7th July, 1910.

I have the honour to transmit to you, for the information of your Ministers, the papers noted below on the subject of the rates of postage between New Zealand and French Oceania.

I have, &c.,

CREWE.

The Officer administering the Government of New Zealand.