

1892.
NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE.

(REPORT ON THE PETITION OF THE NEW ZEALAND MIDLAND RAILWAY COMPANY, LIMITED;
TOGETHER WITH PETITION, MINUTES OF PROCEEDINGS AND EVIDENCE, AND APPENDIX.)

Report brought up 8th October, 1892, and ordered to be printed.

ORDER OF REFERENCE.

Extract from the Journals of the House of Representatives.

TUESDAY, THE 5TH DAY OF JULY, 1892.

Ordered, "That a Committee be appointed to examine into and report upon such questions relating to the Public Accounts as they may think desirable, or that may be referred to them by the House or by the Government, and also into all matters relating to the finances of the colony which the Government may refer to them; five to be a quorum. The Committee to consist of Mr. Guinness, Hon. Sir J. Hall, Mr. G. Hutchison, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward, and the mover."—(On the motion of Hon. Mr. BALLANCE.)

R E P O R T.

THE petitioning company state,—

That the company entered into certain contracts with the Government, dated the 17th day of January, 1885, and the 3rd day of August, 1888, respectively, for the construction of the East and West Coast and Nelson Railway, and, pursuant to those contracts, raised large sums of money, and entered upon the construction of the works.

As specific allegations of departure by the Government from the contract, the company cites,—

- (a.) The method of the Government in proclaiming mining reserves, and that such Proclamations have been greatly in excess of the requirements, and will be a hindrance to settlement.
- (b.) That the Government have allowed the company's interest to be injured by permitting timber to be cut for other than mining purposes, and has imposed difficulties and delays in the way of the company dealing with lands for settlement purposes on the West Coast of the South Island.
- (c.) That long and unnecessary delays were caused by the Government in consenting to the deviation of the railway-line at Lake Brunner, though such deviation is beneficial to the colony.
- (d.) That great and unnecessary delay took place in the consent of the Government to the construction by the company of an incline line at Arthur's Pass instead of a tunnel line, and the consequence of this delay has been disastrous to the company.
- (e.) That on the 15th day of March, 1892, the company applied to the Government for an extension of its contract time under clause 42 of the contract; and, though the delay in construction has not been caused by the "wilful default or neglect of the company," the Government has neglected to give such consent, and by reason of such neglect the company is powerless to make further financial arrangements.
- (f.) That the imposition of the graduated land-tax has seriously depreciated the value of the grants of land to be made to the company, and that the imposition of the tax on debentures has increased the company's difficulty in raising further capital.

As to local taxation, the company, while not alleging that the matter under this head has been the result of the action of the Government of the colony, or that any change has been made since the formation of the company, submits that it should not be taxed by local bodies in respect of its railway-line, which provides a means of access through the country.

The company has made certain proposals to the Government to surrender its future land-grant in return for certain Government guarantees.