the Governor in Council may, if satisfied that the delay has not been caused by the wilful default or neglect of the company, extend the period for the completion of the contract for such time as he should deem reasonable.

(*g.*) As only two and a half years remain of the period originally allowed, it is and was obviously impossible that the company could raise capital for the completion of the contract within such a time, and as the company had been always willing to perform its part of the contract, and as the delay in its further issues of capital had been simply consequent upon the action of the Government, the company considered that it was entitled under clause 44 to the extension asked for.

(*h.*) No extension of time has yet been granted, the result of which is to leave the company powerless. It has received no reply to its request, and is quite unaware whether the Government propose to advise His Excellency to indorse upon the contract a memorandum of the extension required for its purposes.

F.—Taxation

(*a.*) Since the formation of the company an alteration in the incidence of taxation has left the company in the position of being subject to a graduated land-tax, which, if it were to take up the grants it has and will become entitled to, would render the concession made to it by the colony a ruinous possession.

(*b.*) The result in the case of the company has been that, whereas the company was induced, by the offers of 1884, and by the subsequent legislation, to enter into a contract upon basis of receiving an endowment of land, that endowment has, by the imposition of a graduated tax, been turned into a property which it would be dangerous for the company to take up, and impossible for the company to retain and work to advantage.

(*c.*) It is submitted that during the currency of a contract of such a nature it could not have been intended by Parliament that the company should fall within the operation of a measure directed against the possession of large areas of land.

(*d.*) In several speeches the Government have declared the intention of the graduated tax to be to prevent the holding of land in large areas, and therefore the intention and object of the tax has been in direct conflict with the object and intention of the offer which was made to the shareholders upon the faith of the colony, and upon the credit of which English capital was invested.

(*e.*) A further alteration was made by the Act of 1891 in the direction of taxing foreign debenture-holders.

(*f.*) The combined result of the graduated tax upon land and of the change in taxation of debenture-holders has been to render it difficult in the extreme for necssary capital to be raised upon the London market for the completion of the undertaking.

8. 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, still submits that it is a real grievance that a company formed for the purpose of providing means of access to the country should be so taxed as to be the principal source of revenue of local bodies along its line of route. The company does not object to the taxation of its land, but protests against the taxation of its railway, as a going concern, for the purposes of the revenue of local bodies.

9. The company has recently made offers to the Government, none of which have so far been accepted. The company has offered to surrender the whole of its land grants, except lands already selected, earned, or pledged, in consideration of certain guarantees which it has requested the Government to grant. The company desires to bring under the notice of Parliament the subject-matter of its various recent proposals to the Government, the correspondence relating to which has been ordered by the House of Representatives to be printed.

10. The company desires respectfully to request permission to put its present petition to Parliament in two aspects: First, as asking Parliament to appoint a Committee to consider the proposals made by the company, in the belief that the acceptance by the colony of such proposals, or some modifications thereof, may lead to a settlement of all the existing questions between the colony and the company; and, secondly, as asking Parliament to consider the matter of the grievances which the company undoubtedly has against the Government of the colony in respect of the action of the Government, and the injury which the company has suffered consequent on such action.

11. The company, while submitting with all respect the subject-matter of the petition to Parliament, is advised that it is necessary to state in express terms that it does not thereby abandon the legal rights which it has in respect of the matters above referred to, in the event of a settlement of the same not being arrived at through the action of Parliament.

Wherefore your petitioner humbly prays that your honourable House will be pleased to appoint a Special Committee to consider the matter of this petition, and to report to your honourable House thereon.

And your petitioner, as in duty bound, will ever pray, &c.

THE NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED),
By its Attorney, ROBERT WILSON.