

the replies from Messrs. McKerrow and Maxwell, and that Mr. Seddon stated he still wished the statements of Messrs. Gordon and Blow to be put in, together with the comments and explanations of the Railway Commissioners; and it was then *Resolved*, on the motion of Mr. J. Mills, That the replies from Messrs. McKerrow and Maxwell be printed with the statements of Messrs. Gordon and Blow.

Mr. Bell made a further statement, which was taken down by the reporter.

After the witnesses had withdrawn, it was resolved that the Committee should meet to-morrow to deliberate upon the petition, and that in the meantime copies of the seven questions submitted by Mr. Bell should be sent to each member of the Committee.

The Committee then considered whether the statement read and handed in by Mr. Gordon on the 27th September, 1892, should be printed.

After discussion, it was *Resolved*, on the motion of Mr. J. Mills, That the statement of Mr. Gordon, read and handed in by Mr. Gordon, be printed, together with the other evidence.

The Committee then adjourned until to-morrow at 11 o'clock.

FRIDAY, 7TH OCTOBER, 1892.

Present: Mr. Guinness (Chairman), Hon. Sir J. Hall, Mr. J. Mills, Dr. Newman, Mr. Saunders, Mr. Shera, Mr. Tanner, Hon. Mr. Ward.

Minutes of the previous meeting read and confirmed.

After some discussion, it was *Resolved*, on the motion of the Hon. Mr. Ward, That a sub-committee, consisting of the Hon. Sir J. Hall, Mr. Saunders, Mr. Tanner, Mr. J. Mills, and the Chairman, be appointed to draft a report, and submit the same to the Committee at 5 o'clock in the afternoon.

The sub-committee, having met at 2 o'clock in the afternoon, the members submitted certain resolutions.

Mr. J. Mills was asked to embody the resolutions in a draft report, and submit the same to the Committee at the meeting at 5 o'clock.

When the Committee met at 5 o'clock, Mr. J. Mills submitted the following draft report:—

The investigation of this petition has extended over a very long period; a large mass of evidence having been offered, both on behalf of the company and of the Government. The Committee have therefore had but a very short time to consider the effect of the evidence, and of the recommendation which it is its duty to make. After the best attention they have been able to give to the matter they have the honour to report as follows:—

A. Proclamations reserving Land for Mining Purposes.—The generally auriferous character of the country through which the Midland Railway passes on the western slope has made it possible for the Government to reserve a continuous block of land far beyond the amount contemplated by the contractors. It does not appear to the Committee that in doing so the Government has exceeded its legal rights, nor has reserved, or proposed to reserve, more land than an exclusive regard for possible future mining developments may prove to be of advantage to that industry; but the Committee is of opinion that the reservation in continuous works of such a large portion of the land in the Grey Valley could not have been reasonably contemplated by the company, and is therefore hardly within the spirit of the agreement.

B. Regulations of the Government injuriously affecting the Company.—The company has had some grounds for complaint under this head, but the Committee does not look upon them as of such importance as to seriously affect the position of the company.

C. AND D. Delays in respect of Deviations, &c.—These delays have arisen in consequence of time being necessary for the consideration of proposals by the company for modifications of certain of the provisions of the contract, but these proposals were made by the company in its own interest; the Committee therefore does not think complaint can be reasonably made.

E. Extension of Time.—The Committee is of opinion that the time allowed in the original contract for the completion of the work was sufficient, but that owing to the delays consequent upon the negotiations for modifications of the contract, and also owing to the many other difficulties under which the company has laboured it shall be treated generously in the matter, and the Committee recommends that the Government should consider favourably any application for a reasonable extension of time for the completion of the Brunnerton and Springfield line, and for a liberal extension in respect of the Reefton-Belgrove Section. In such an arrangement, however, care should be taken that the land reserved for the company is not locked up beyond the term of the present contract, but rather that inducements should be offered to the company to release their claims to the reserves at an earlier period.

F. Taxation.—It must be admitted that under recent changes in the incidences of taxation, "general taxation" falls heavily on the company, but this applies alike to all large companies trading in the colony. The Committee therefore cannot see its way to recommend an exception in the present case. As to "Local taxation," it does not appear that the Government can interfere with a view to securing to the company any relief. The Committee is, however, of opinion that it is unfair on the part of "local bodies" to impose heavy taxation on the company, by placing the value for rating purposes upon sections of the line which may be completed but are not open for traffic.

FINALLY.

As to Proposals for Guarantee.—The Committee cannot recommend that these should be entertained in their present shape; to do so would be practically to increase the liability of the colony, and to abandon the advantage contemplated in leaving the construction and working of the line to a company. The Committee, however, recommends that the Government negotiate with the company during the recess for the submission to Parliament next year with a view to endeavouring to