

1856.

HOUSE OF REPRESENTATIVES.

REPORT OF THE SELECT COMMITTEE
ON THE
NEW ZEALAND COMPANY'S DEBT.

EXTRACTS FROM THE VOTES AND PROCEEDINGS OF THE HOUSE OF
REPRESENTATIVES.

VOTES, No. 3, FRIDAY, APRIL 18, 1856.

4. New Zealand Company's Debt:—Mr. Bell, pursuant to notice, moved, That a Select Committee be appointed to inquire into and report on the state of the Account between the New Zealand Company and the Colony, in respect of their charge upon the Land Fund of the Colony, under the Constitution Act; the Committee to consist of Mr. Fox, Mr. Campbell, Mr. Stafford, Mr. Elliott, Mr. Brown, Mr. Featherston, and the mover; the report to be brought up on the 2nd of May.

Question put and passed.

VOTES, No. 5, MONDAY, APRIL 23, 1856.

13. New Zealand Company's Debt:—Mr. Bell, pursuant to notice, moved, That Mr. Macandrew and Mr. Brittin be added to the New Zealand Company's Debt Committee.

Question put and passed.

VOTES, No. 8, THURSDAY, MAY 1, 1856.

7. Postponement:—On motion of Mr. Bell, leave was given to postpone the report of the Committee on the New Zealand Company's Debt to this day fortnight.
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VOTES, No. 18, THURSDAY, MAY 15, 1856.

5. Postponements:—(5) Report of the Committee on the New Zealand Company's Debt postponed, on motion of Mr. Bell, until this day week.
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VOTES, No. 23, THURSDAY, MAY 22, 1856.

7. Postponements:—(5) On motion of Mr. Bell, the Report of the Committee on the New Zealand Company's Debt postponed until Tuesday next.
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VOTES, No. 28, THURSDAY, MAY 29, 1856.

8. Postponements:—(3) On motion of Mr. Bell, the Report of the Committee on the New Zealand Company's Debt was postponed until Tuesday next.
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VOTES, No. 30, TUESDAY, JUNE 3, 1856.

8. New Zealand Company's Debt Committee:—Mr. Bell, Chairman of this Committee, brought up their report, which was read, and ordered to be printed, together with the Appendix.
D.—No. 9.

REPORT.

THE SELECT COMMITTEE of the House of Representatives, appointed April 18th, 1856, “*to enquire and report on the state of the Account between the New Zealand Company and the Colony, in respect of their Charge upon the Land Fund of the Colony, under the Constitution Act*,” have agreed to the following Report :—

The first question to which your Committee directed their attention was the state of the capital and interest account, as settled in England between the Lords Commissioners of Her Majesty's Treasury and the New Zealand Company. They find, by an account approved by the Treasury, that the original principal sum of £268,370 15s. had been reduced by various payments on account of principal and interest, up to the 5th July, 1855, by a sum of £6,183 14s. 9d. On that day the balance against the Colony was £261,057 16s. 10d. principal, and £1,129 3s. 5d. interest, making together a total of £262,187 0s. 3d. By a later account just received, up to December last, this sum had again been reduced by further payments to the sum of £243,228 6s. 7d., and between that period and the present, additional payments will have been made in England, still further in reduction of the balance. It appears by an account furnished to the Committee by the Auditor-General, and appended to this Report, that the total amount which had accrued to the Company up to the present time is £90,646. Towards this sum £64,482 had been remitted to England up to the same date, leaving £26,164 still due to the Company. There appear, however, to have been paid to the Company from 1850 to 1854, large sums (including upwards of £16,000 paid by the Canterbury Association), which cannot have arisen from the remittances made from this country; for instance, the whole amount remitted to the Company for the period from 5th July, 1850, to 30th September, 1853, was only £1,663, whereas, up to the 4th July, 1853, the Company had received from the Treasury a sum of £15,550. It would appear, therefore, very probable that large sums paid to the Company by the Lords of the Treasury will have to be added to the remittances from the Colony direct, though, from the state of the accounts, your Committee have not yet been able to determine the precise nature or extent of the payments to be so added.

Your Committee, however, have felt called upon not to limit their enquiry to the mere state of the account, but to enter into the consideration of a proposal which has been made for converting the Company's charge on the Land Fund into a reduced sum chargeable on the general revenue of the Colony. The correspondence on this subject, which has been laid before the Committee, is appended to this Report; in it will be found the details of the proposal, whereof the following is a summary.

1. The Company is to receive, on the 5th April, 1857, the sum of £200,000, in liquidation of the original principal sum of £268,370 15s.; in addition to interest calculated on the latter sum up to the same date.

2. The amount in excess of the interest due up to the 5th July, 1855, which was on that day in the Company's hands, (and amounted, as before stated, to £6183 14s. 9d.) is to be taken by the Company as part payment of the farther accruing interest; and all sums which may be in their hands on the day of payment, over and above the interest so accruing on the £268,370, are to be taken in part payment of the £200,000.

3. The Imperial Government, having a claim on the Company for about £13,000 out of the £200,000, offers to give up that sum, whereby the £200,000 payable by the Colony would be reduced to £187,000, on condition of the Colony taking on itself all liabilities of the Crown outstanding on account of the Company, and the execution of all remaining contracts.

4. If the Colony should accept the proposal, Her Majesty's Government will apply to Parliament to guarantee a loan, at an interest not exceeding 4 per cent., for carrying it into effect; such loan to be a charge on the import duties of the Colony, and collaterally on the Land Fund, with provision for the maintenance of an adequate Sinking Fund for the redemption of the debt in 30 years.

In estimating the value of this proposal to the Colony, your Committee have referred to the following considerations.

On the one hand it appears, that while the Colony has already paid the sum of nearly £65,000 in cash, and thereby had its resources grievously crippled at the very time when the application of

such a sum to public works was most urgently required, it has only succeeded in reducing the heavy burthen of the debt by a comparatively small sum; and that so long as the present plan continues a similar ruinous pressure will be maintained on the present resources of the settlers. In addition to this, if the proposal be not accepted, it will be necessary for the House to make immediate provision for paying the Company the balance of £26,164 still unremitted.

On the other hand, by accepting the proposal for converting the debt, the following advantages, among others, would be gained. In the first place, the above amount, now payable to the Company, might be retained in the Colony. Again, on the 5th July, 1855, the Company had in hand, as already stated, the sum of £6,183 towards further accruing interest; that interest, calculated from 5th July, 1855, to 5th April, 1857, would, on the day fixed for paying the £200,000, amount to £16,437 14s. 2d. Against this, the Company will have received, so far as your Committee can estimate from the various amounts stated in the accounts referred to, a sum of at least £26,000. So that at the present time the accruing interest has not only been all paid up to the 5th April, 1857, but the capital been reduced to about £190,000. Moreover, the acceptance of the proposal would leave the Provinces free to deal with their Waste Lands as is now proposed, and enable the House to regulate the finances with a security which was impossible while a fluctuating and uncertain but necessarily large amount, was being periodically drawn from the territorial revenue alone.

With regard to that part of the proposal which relates to the Colony deducting the £13,000 due to Her Majesty's Government, and assuming their liabilities under contracts of the Company, your Committee conceive that they have not information sufficient to justify them in recommending its adoption to the House. The single item of liability to the Nelson Trust Funds has been stated to exceed that sum; and unless the liabilities were clearly and fully enumerated, it would obviously be unwise for the Colony to run the risk of assuming them.

Subject to this reservation, your Committee have no hesitation in strongly recommending the House to accept the proposal for converting the debt; and if this be done, they would suggest that an address be presented to his Excellency the Governor, requesting him to acquaint her Majesty's Government that the House will pass a Bill for effectuating the arrangement in the manner required by the Secretary of State.

Your Committee cannot close this Report without expressing their deep sense of the obligation the Colony owes to Mr. Adderley for his most valuable and disinterested assistance in effecting the contemplated adjustment. And if, adhering to the often reiterated opinion of the House, that the imposition of the debt at all by Parliament was a hardship and an injustice, the terms conceded by the Company must still appear very onerous, the Colony will not forget that it is through Mr. Adderley's exertions that any concession was obtained at all, and that a great and immediate relief from an extreme pressure upon the finances of the Colony has been secured.

F. D. BELL, *Chairman.*

*Committee Room, House of Representatives,
June 3, 1856.*

APPENDIX.

DOWNING STREET,
4th July, 1855.

SIR,

The subject of the Debt charged on the Land Revenue of New Zealand, in respect of the lands ceded by the New Zealand Company, under the provision of the Company's Act of 1847, has been brought before Her Majesty's Government in various shapes by your predecessors, Sir George Grey and Colonel Wynyard, and by addresses from the Colonial Legislature. It has also been pressed on them by Mr. Adderley on behalf of the Colony generally; and his assistance has been freely afforded towards discussing the means which might be devised for its adjustment. The proposal which I have now to make is grounded on suggestions of the Directors of the Company, embodied in the Resolutions of which a copy is subjoined. The following are its general outlines:—

1. It is proposed that the Colony should be relieved entirely from the charge in question, on paying to the Company £200,000, being the nominal value of its capital.

2. The payment to be made on or before the 5th April, 1857. In the meantime, the Company is content to take all sums which may be in its hands this day in excess of interest due, as part payment of further accruing interest; and to take any sum which may be in their hands on the day of payment over and above the interest so accruing on the £268,000 in part payment of the £200,000. If, however, this arrangement should fail of execution, then all such sums to go, as before, in reduction of the said charge and interest thereon.

3. If the Colony consents to this proposal, Her Majesty's Government will propose to Parliament to guarantee the principal of such sums as the Colony may raise for the purpose, and interest not exceeding 4 per cent., in the same manner as the recent Jamaica loan, under the Act 17 and 18 Vict. ch. 54, s. 1.

4. In return for this guarantee, Her Majesty's Government would require that the principal and interest should be made by Colonial Legislation a charge on the import duties of the Colony, and likewise collaterally a charge on the Land Fund, with provision for the maintenance of an adequate sinking fund for redemption of the debt in 30 years.

5. Of the sum of £200,000 thus paid in discharge of the nominal capital of the Company, a portion approaching but not exceeding £13,000 would be received by Her Majesty's Government (as the holders of certain shares and liens on shares heretofore held by the Company collectively, and now devolving on the Crown as assets of the Company under the agreement of 1847). Her Majesty's Government would have no wish to receive this money at the expense of the Colony; but the Act of 1847 throws on the Crown the discharge of certain liabilities of the Company, and the execution of certain of its contracts, which have already involved Her Majesty's Government in an expense considerably exceeding that amount. Without any regard, however, to what has been already paid in this manner, Her Majesty's Government are willing to relinquish the £13,000 in question, if the Colony will take on itself the discharge of all further liabilities of the Company, specified in the Act of 1847 as devolving on the Crown, which may be yet found to exist, and also the execution of all remaining contracts.

The alternative proposed to the Colony therefore is, either to pay £200,000, or to pay £187,000, and undertake these contracts and liabilities. I have every reason to believe that the contracts and liabilities in question have been so reduced by transactions since 1850, as no longer to present any probability of serious demands. But I hope, by an early opportunity, to send you such information as can be procured respecting them.

To carry into effect this arrangement, Colonial legislation would be required, to empower the Local Government to raise the money, and charge it on the required branches of the revenue, and an Act of Parliament to give the requisite guarantee, and at the same time to extinguish the charge of £268,000, and also to extinguish the remaining liabilities of the Crown in respect of the Company's affairs, if that branch of the alternative should be accepted by the Colony.

I have, &c.,

(Signed)

J. RUSSELL.

To Governor Gore Browne, &c. &c. &c., New Zealand.

(COPY.)

At a Special Court of Directors of the New Zealand Company, Monday, 2nd July, 1855:—
Mr. Mangles, M.P., in the Chair.

Mr. Few attended by appointment.

Mr. Mangles laid before the Court a letter from Mr. Adderley, dated 30th June, stating that, as now explained, the last proposition seems to differ from the first proposal; that, subject to certain arrangements to be made by him with Her Majesty's Government, he cannot object to recommend it to the Colony; but suggesting that, as interest is to be charged, the period may be extended to the 5th April, 1857, the end of the Company's financial year.

Whereupon it was resolved—

(A.) That the arrangement to be recommended for the acceptance of the shareholders be understood to be as follows, viz.—

1. That in the event of the Colony of New Zealand paying to the New Zealand Company in London, on or before the 5th day of April, 1857, the full amount of the share capital of the said Company, viz.,—£200,000 (Two Hundred Thousand Pounds), in addition to the interest due to the Company on the sum of £268,370 15s., under the Acts of Parliament 10 and 11 Victoria, c. 112, and 15 and 16 Victoria, c. 72, up to the date of such payment, the said Company will abandon all claims upon the said Colony under the said Acts.

2. That in the event of this arrangement being carried out, the sum that may be found to be in the hands of the said Company on the 4th July instant, in excess of the interest due to that date, under the said Acts, is to be debited to the Company, in part payment of the interest of the sum of £268,370 15s., to accrue between the said date and the date of paying the sum of £200,000 as aforesaid.

3. That in the event of this arrangement being carried out, all sums which may be received by the said Company from the Colony of New Zealand, subsequently to the said 4th July instant, in excess of the interest accruing on the sum of £268,370 15s., are to be debited to the said Company in part payment of the sum of £200,000 as aforesaid.

4. But that if payment of the said sum of £200,000, and the said interest, be not made on or before the said 5th day of April, 1857, then all sums which may have been received by the said Company subsequently to the said 4th July instant, are to be carried to account in conformity with the provisions of the said Acts of Parliament, as interest in the first instance, and on that being satisfied, in liquidation, *pro tanto*, of the capital sum of £268,370 15s., specified in the said Acts.

(B.) That Mr. Mangles be requested to communicate the foregoing to Mr. Adderley, and on his assenting thereto on behalf of the Colony of New Zealand, to make application to Her Majesty's Government (in company with Mr. Smith and Mr. Hutt, or either of them) on the subject of bringing in a Bill to enable the Directors to make arrangements for a compromise of the debt owing to the Company under the Acts above mentioned, upon such terms as may be agreed to by a general meeting of the shareholders specially convened for that purpose.

(C.) That a letter be drafted to Lord John Russell, apprising him of the negotiations in progress with Mr. Adderley, but stating that the Directors have at present no power to carry the same into effect (or to accept less than the sum specified in the Act referred to), and submitting that, under the circumstances, the Government will probably have no objections to bring in such an Enabling Act as is required.

Adjourned.

DOWNING STREET,
4th July, 1855.

SIR,

With reference to my despatch of this day respecting the New Zealand Company, I wish you clearly to understand that Her Majesty's Government interfere in this matter solely with a view to put an end to this embarrassing question.

If the Colony prefers to leave matters as they are, the Act of Parliament must be left in vigour, and the Company will expect the full payment of the sum awarded to it by the highest authority in the realm.

I have to add that, by a letter received this morning, the Directors inform me that although they are prepared to recommend this proposal to the shareholders, the acceptance of each individual shareholder would be necessary to make it binding, unless Parliament should give the necessary powers, and they request me to introduce a Bill to that effect this Session.

I have however judged it best to leave this grant of the necessary powers to form part of the final Parliamentary arrangement.

I have &c.,

(Signed)

J. RUSSELL.

Governor Gore Browne, &c. &c. &c.,
New Zealand.

A STATEMENT OF ALL AMOUNTS DUE TO THE NEW ZEALAND COMPANY ON ACCOUNT OF
LAND RECEIPTS,
FROM 5TH JULY, 1850, UP TO THE PRESENT DATE,
AND OF ALL REMITTANCES MADE TO THEM FROM THE SAME PERIOD.

AMOUNTS REMITTED TO NEW ZEALAND COMPANY ON ACCOUNT OF LAND SALES.		£	s.	d.
(No Remittance from 5th July, 1850, to 31st December, 1852).				
To Remittance, Nine Months, to September, 1853 ..	1,663	0	8	
To ditto ditto June, 1854	21,786	11	0	
To ditto Year ending June 30, 1855	36,699	13	1	
To ditto Six Months ending September 30, 1855 ..	4,332	15	4	
To ditto March Quarter, 1856	Nil.			
Balance due to New Zealand Company at the pre- sent date	26,164	1	6	
	£90,646	1	7	

AMOUNTS DUE TO NEW ZEALAND COMPANY ON ACCOUNT OF LAND SALES.		£	s.	d.
By One-Fourth of Land Sales—				
5th July, to 31st December, 1850	1,389	12	3	
Year ending December, 1851	2,434	4	1	
December 31, 1852	2,494	15	10	
Nine Months ending September 30, 1853	9,806	13	1	
June 30, 1854	3,502	6	4	
Year ending June 30, 1855	25,563	15	2	
Six Months ending December, 1855	7,633	19	11	
March Quarter, 1856	4,714	4	8	
Taken from accounts received up to the present date	5,106	10	3	
	£90,646	1	7	

CHARLES KNIGHT, Auditor-General.

June 3, 1856.

NEW ZEALAND COMPANY'S FOURTHS ARISING IN EACH PROVINCE,

DURING THE DIFFERENT PERIODS DISTINGUISHED BELOW.

PROVINCES.	From July 5, 1850, to Dec. 31, 1852.	Nine Months ending Sept. 30, 1853.	Nine Months ending June 30, 1854.	Year ending June 30, 1855.	Six Months ending Dec. 31, 1855.	March Quarter, 1856.	From accounts re- ceived in the Audit Office since March, 1856.	TOTAL.
AUCKLAND	£ s. d. 6318 12 2	£ s. d. 6384 3 9	£ s. d. 10,029 9 11	£ s. d. 15,027 17 2	£ s. d. 3310 2 2	£ s. d. 3035 16 0	£ s. d. 1147 1 8	£ s. d. 45,253 2 10
NEW PLYMOUTH	—	211 15 3	982 11 3	760 17 6	46 8 9	—	—	2001 12 9
WELLINGTON	—	1315 5 0	7011 8 7	3803 0 0	969 11 10	412 17 11	198 19 6	13,711 2 10
NELSON	—	1590 0 9	3951 4 1	4397 3 0	1431 17 5	595 5 10	2957 0 9	14,922 11 10
CANTERBURY	—	35 7 6	8224 10 0	1175 17 4	1655 2 11	576 14 7	803 8 5	12,471 0 9
OTAGO	—	270 0 10	1303 2 6	399 0 2	220 16 10	93 10 3	—	2286 10 7
	£6318 12 2	£9806 13 1	£31,502 6 4	£25,563 15 2	£7633 19 11	£4,714 4 7	£5106 10 4	£90,646 1 7

CHARLES KNIGHT, Auditor-General.

June 6, 1856.

