

1886.

NEW ZEALAND

CHARGING INTEREST TO CAPITAL DURING CONSTRUCTION
OF PUBLIC WORKS

(FURTHER PAPERS RELATING TO).

[In Continuation of Papers presented the 15th July, 1886—Parliamentary Paper B.—12A.]

Presented to both Houses of the General Assembly by Command of His Excellency.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 2nd June, 1886.

In my letter of the 19th April, No. 492, I sent you a copy of Lord Redesdale's minute on the subject of charging interest to capital. Very shortly afterwards he died, and it was hardly doubted that, when his long and inflexible opposition to the principle was removed, a change would come.

A Select Committee was appointed the other day by the Lords, who made short work of the matter by advising that their Standing Order should be brought into conformity with that of the other House. I transmit herewith a copy of the Committee's report, which was presented a few days ago, and has been adopted by the Lords. In substance the Standing Orders of both Houses are therefore now alike.

You will see that the Committee went through the solemn process of "ascertaining from some person of large financial experience whether the prohibition hitherto maintained was an obstacle to the raising of capital for the purpose of sound and legitimate enterprises." The person they selected was Lord Rothschild, and no sooner was his evidence given than the Committee resolved that the change in the Lords' Standing Order should be made.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

REPORT by the SELECT COMMITTEE appointed to consider PRIVATE BILLS (Standing Order No. 128).

Ordered to report, That the Committee had met, and had examined a witness, and had agreed to the following report:—

Down to the year 1883 Standing Order 167 of the House of Commons was practically similar to Standing Order 128 of the House of Lords (which has been in force since 1848), and required the insertion of a clause in all Railway Bills prohibiting the payment of interest out of capital.

In the year 1883, upon the recommendation of a Select Committee of the House of Commons, which had already sat and reported in the previous year, an alteration was made by that House in their Standing Order, allowing, upon certain conditions, the insertion of a clause permitting the payment of interest out of capital.

Your Committee have had before them, and carefully examined, the evidence submitted to that Committee, and upon which their report was founded. Your Committee considered that no useful purpose would be served by taking again the same class of evidence; but they thought it would be of advantage to ascertain from some person of large financial experience whether the existing prohibition maintained by your Lordships' House would be likely to act as an obstacle to the raising of capital for the purpose of sound and legitimate enterprises. They accordingly obtained upon this point the evidence of Lord Rothschild.

Upon a consideration of the whole of the evidence thus before them they have arrived at the conclusion that it is expedient to alter the present Standing Order, and that this may safely be done if due provision is made that the public should be informed that the interest paid during the construction of the works is being paid out of capital.

Having in view the great advantage of uniformity between the Standing Order of the two Houses, your Committee have thought it best to recommend that the present Standing Order of the House of Commons should, in substance, be substituted for the existing Standing Order 128. But, whilst they propose its adoption in substance, they recommend certain verbal alterations rendering more clear the obligation to give full information to the public.