

PREVIOUS REPORTS OF PUBLIC ACCOUNTS COMMITTEES.

REPORT.—1892.

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 difficulties 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.

The company prays—

1. That Parliament will appoint a Committee to inquire into its proposals, in order to settle all existing differences between the Government and the company.
2. That Parliament will consider the grievances which the company has in consequence of the action of the Government and the injury caused to the company thereby.

The Committee, having carefully considered the petition and taken voluminous evidence thereon, have the honour to report as follows:—

A.—The Proclamations reserving Land for Mining Purposes.

1. 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 an area of land in continuous blocks exceeding what might have been reasonably contemplated by the company to have been reserved in this way. 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 are of opinion that the reservation in continuous blocks of such a large portion of the land in the Grey Valley could not have been reasonably contemplated by the company.

B.—Regulations of the Government injuriously affecting the Company.

2. The company has had some grounds for complaint under this head, but the Committee do not consider them of such importance as to seriously affect the position of the company.

C.—The Delay in respect of the Lake Brunner Deviation; and D.—The Delay in Consent to the Incline.

3. These delays have arisen in consequence of time being necessary for the consideration of proposals by the company for modifications of certain provisions of the contract, but these proposals were made by the company in its own interest: the Committee therefore do not think the company can reasonably complain.

E.—The Refusal or Delay in Extension of the Time for Completion of the Line.

4. The Committee are 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 is evident the work cannot now be completed within the contract time. The