

MINUTES OF PROCEEDINGS.

TUESDAY, 29TH OCTOBER, 1901.

The Committee met pursuant to notice.

Present: Mr. J. Allen, Mr. Fisher (Chairman), Mr. W. Fraser, Mr. Graham, Mr. Guinness, Captain Russell, Rt. Hon. R. J. Seddon, Hon. Sir J. G. Ward.

A letter from the Under-Secretary for Public Works, relative to the New Zealand Midland Railway Accounts, was read as follows:—

Public Works Department, Wellington, N.Z., 28th October, 1901.

SIR,—

Midland Railway Accounts.

I have the honour to acknowledge the receipt of your letter of 23rd instant asking for a return in detail of the amounts paid by the Midland Railway Company, or its debenture-holders, to the Government in pursuance of demands made upon the company under sections 123 and 125 of "The Railways Construction and Land Act, 1881," and in reply to transmit to you herewith a return giving the information asked for.

In reply to the questions contained in the footnote to your letter, I have to state that, in my opinion, the sum of £7,331 3s. 9d. should not be added to the amount of £50,242 19s. 3d. referred to in the memorandum signed by myself on behalf of Mr. H. D. Bell, and appearing on page 159 of Parliamentary Paper H.-2. of the current session. The several sums making up the £50,242 19s. 3d. were utilised by the Government in carrying on construction work upon the railway, but the £7,331 3s. 9d. (though possibly fairly chargeable to a capital account had such an account existed) was expended upon protective works, rolling-stock, signals, and improvements on the *opened sections of the railway*. This expenditure was necessary for the preservation and operation of the railway in order to enable it to earn the revenue with which it has been credited, and had nothing to do with the new construction works beyond the end of the opened line.

I have, &c.,

H. J. H. Blow,

Under Secretary.

The Chairman, Public Accounts Committee, House of Representatives.

[Enclosure.]

New Zealand Midland Railway.

RETURN showing amounts paid by the New Zealand Midland Railway Company or the debenture-holders pursuant to demands made by the Government after the Government took possession of the railway: 12th October, 1896, £4,463 17s.; 27th January, 1897, £12,845 5s. 6d.; 2nd September, 1897, £6,954 8s.; 26th January, 1898, £13,613 4s. 7d.: total, £37,876 15s. 1d.

Net receipts from working the opened sections of the railway from date of seizure until the line became vested in the Crown. (See Exhibit No. 2, Parliamentary Paper H.-2. of 1901); £12,366 4s. 2d.

Total receipts: £50,242 19s. 3d.

Public Works Office, 28th October, 1901.

G. J. CLAPHAM, Accountant.

MONDAY, 4TH NOVEMBER, 1901.

The Committee met pursuant to notice.

Present: Mr. Fisher (Chairman), Mr. J. Allen, Mr. W. Fraser, Mr. Graham, Mr. Guinness, Mr. Palmer, Captain Russell, Right Hon. R. J. Seddon, and Sir J. G. Ward.

The minutes of the previous meeting were read and confirmed.

Messrs. Coates and Dalston were present and examined, their evidence being taken down by a shorthand writer.

Mr. Fisher moved, and the question was proposed, That the Committee has no recommendation to make.

And the question being put, the Committee divided, and the names were taken down as follow:—

Aye, 1.—Fisher.

Noes, 6.—Fraser, Guinness, Palmer, Russell, Seddon, Ward.

So it passed in the negative.

Motion made, and question proposed, That the sum to be offered be £130,000.

And the question being put, the Committee divided, and the names were taken down as follow:—

Ayes, 5.—Fraser, Guinness, Palmer, Russell, Ward.

Noes, 4.—Allen, Fisher, Graham, Seddon.

So it was resolved in the affirmative.

Resolved, That the sum of £130,000 to be offered be divided as follows: £110,000 to the debenture-holders, and £20,000 to the shareholders.

Resolved, That the Committee do make the following Report to the House:—

That, although the colony has received injury by the non-completion of the contract and the action of the debenture-holders, and notwithstanding the colony's proved legal right, still, in consideration of the losses the debenture-holders and shareholders of the Midland Railway have sustained, and taking into the computation all moneys that have been paid by the debenture-holders or the company pursuant to demands made by the Crown, and also all profits that have been derived from the working of the open sections of the railway during the period between the seizure and the vesting in the Crown, the Committee have the honour to recommend that the sum of £110,000 be offered to the Receiver for the debenture-holders, on condition that he gives a receipt on behalf of the debenture-holders setting forth that the colony has dealt equitably and justly, and that he is fully satisfied on their behalf. That a sum of £20,000 be offered on similar terms to Mr. Dalston, on behalf of the shareholders. That a Bill be passed this session to give effect thereto, with such conditions as may be deemed advisable to completely safeguard the interests of the colony. That each debenture-holder and each shareholder shall give a receipt to the Receiver and the attorney for the company for the money, stating that the colony has dealt equitably and justly with him, and that he is fully satisfied.

The Committee then adjourned.

[NOTE.—There being no quorum present at the next and final meeting of the Committee, on the 7th November, these minutes were not confirmed. The members present at the final meeting were—Messrs. J. Allen, Fisher, and Graham.—GEO. FISHER, Chairman.]