

to its line. By section 8 it was provided that should there not be sufficient Crown land adjoining the line, then other land should be set aside in places which would be specially benefited by the construction of the railway; and by the same section (subsection 5) it was provided that the company should be entitled to any coal found upon the land comprised in its grants. By subsections 8 and 9 of section 8 lands described in the Schedule to "The Westland and Nelson Coalfields Administration Act, 1877," and lands then used for mining purposes, on which were known gold-workings, were excepted, and declared not to be Crown lands for the purposes of the Act.

2. A contract under the Act of 1884 was, on the 17th day of January, 1885, entered into between Her Majesty, of the one part, and several gentlemen therein named, of the other part, and was laid before the General Assembly in the session of 1885.

3. On the 14th day of May, 1886, this original contract was, with the consent of the Governor of the colony, assigned to the New Zealand Midland Railway Company, your now petitioner.

4. The Amendment Act of 1886 was then passed, authorising the Governor to enter into a new contract with the company. In the 3rd section of the Act of 1886 maps were referred to as defining the part of the colony within which the company was entitled to select lands to be granted to it.

5. In the year 1887 "The Midland Railway Contract Act, 1887," was passed, authorising the Governor to enter into a contract with the company, and providing by statute for the provisions of such contract, and declaring that such contract should operate as a substitute for the original contract. Pursuant to this Act a contract was duly executed, bearing date the 3rd day of August, 1888, between the company and Her Majesty. The 16th clause of this contract provided that all lands within the limits of the authorised area should be available for selection by the company with the exceptions therein specified, one of which exceptions (see paragraph *c*) was in the following terms:—

All lands which from time to time, in the opinion of the Governor, are or may be required for *bonâ fide* mining purposes, and the several purposes connected therewith or incidental or conducive thereto, and which lands shall from time to time be set apart and defined by Proclamations to be issued in that behalf; but no more than 10,000 acres shall be so set apart or proclaimed in one block at any one time; and the lands so set apart and proclaimed from time to time shall not in the aggregate exceed 750,000 acres.

By clause 18 it was provided that the company might select timber on lands reserved or set apart for mining purposes in lieu of land, provided that timber should not be taken where required for saw-milling industries in existence at the date when the option to take such timber should be exercised, or where such timber should be likely at any time to be required for holders of timber-licenses or miners' rights, or for mining purposes. By clause 25 the provision of the original statute as to the selection of alternate blocks was rescinded, and the right given to the company to select any block which it should have earned or become entitled to. By clause 29 it was provided that no selection made by the company should be valid until a period of two months should have elapsed after the notification of such selection to the Minister for Public Works, and that within that period the Minister might object to any such selection either in whole or in part on the ground that the land or part of the land comprised therein was required for any of the purposes set forth in clauses 16 and 18. By clause 33 it was provided that, so far as respected any lands in the Nelson and Westland Land District on the western side of the main range of mountains, and available for selection by the company, Her Majesty should from time to time, at the request of the company, sell any such lands for cash or on deferred payments in such manner as might be agreed upon between Her Majesty and the company, and making provision for the assessment of the price and for payment of the purchase-money to the company.

6. Pursuant to the contract of 1888 the company raised large sums of money by the issue of shares and debentures, and entered upon the construction of the work specified in the said contract, and has endeavoured in all things to comply with the provisions of the said contract subject to certain deviations and alterations which have been permitted and assented to by the Governor and by the Parliament of the colony. Your petitioner avers that the colony has not performed its part of the contract with the company according to the true intent and spirit of the contract, and that the result of such action on the part of the colony has been to seriously hamper and hinder the work of the company, to depreciate its property and the value of its concession, and to make it impossible for the company to raise further necessary capital except at great loss, and to render its financial operations and its prospects of success difficult and doubtful.

7. Your petitioner submits the following specific allegations of departure by the Government of the colony from the true intent and meaning and spirit of the contract.

*A.—The Proclamations reserving Land for Mining Purposes.*

- (a.) The provisions of clause 16 of the contract of 1888 were intended to enable the Crown to reserve such lands within the area of selection as were then being worked for gold-mining purposes or in respect of which there was reasonable proof or evidence that payable gold would be discovered thereon, and was intended to authorise the Governor to provide for any emergency which might arise, such as a discovery of payable gold, and a large access of population to the place where such gold was discovered.
- (b.) The company never intended, nor did any person contemplate at the time when the contract was executed, that the company should surrender, by the operation of clause 16, the whole value of its land-grant in the neighbourhood of its railway.
- (c.) One most important inducement to the shareholders and debenture-holders of the company was the prospect of obtaining grants of land adjoining the railway and settling a population thereon, which would use the railway. The enhanced value given to the land by the construction of the railway and the increased working-profits by the settlement of a population thereon was an inducement held out by