

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