

So it passed in the negative.

The Hon. Sir R. Stout proposed, "That the Committee have no report to make, but report its minutes and evidence."

Upon the question being put, a division was called for, and the names were taken down as follow:—

Ayes, 5: Mr. Fraser, Mr. Graham, Hon. Mr. Mitchelson, Captain Russell, Hon. Sir R. Stout.

Noes, 7: Mr. Guinness, Mr. G. Hutchison, Mr. McGowan, Mr. Saunders, Hon. Mr. Seddon, Mr. Tanner, Hon. Mr. Ward.

So it passed in the negative.

The Hon. Mr. Seddon proposed, "That the sub-committee previously appointed be requested to prepare and submit a report by Friday next."

Upon the question being put, it was resolved in the affirmative.

Resolved, on the motion of the Hon. Mr. Seddon, That the Committee adjourn until Friday next at 11 o'clock, and that the sub-committee meet to-morrow at 10.30 o'clock.

Minutes confirmed.

THURSDAY, 23RD AUGUST, 1894. (Sub-committee.)

Present: Mr. Graham, Mr. G. Hutchison, Hon. Mr. Seddon, Mr. Tanner.

Minutes of the previous meeting read and confirmed.

A letter from Mr. Wilson, dated the 23rd August instant, confirming in writing what he had promised at the last meeting as to completing and handing over to the colony the section between Norris Gully and Motueka Valley, was read.

Mr. Wilson, by request, attended the meeting, and explained what was meant by "completing" the line—that it would have all necessary completion and equipment except being supplied with rolling-stock.

Mr. Wilson then withdrew.

The sub-committee then drew up certain proposals, and it was resolved, on the motion of the Hon. Mr. Seddon, That the sub-committee adjourn till later in the day, so that a printed revise might be obtained and considered.

At 5.30 the sub-committee met and agreed to the following proposals:—

"That the Committee, having carefully considered the position of the Midland Railway Company, and its ability or otherwise to complete the present contract, and having also considered the proposals submitted by the company for an amendment of the contract, have the honour to report as follows:—

"1. That the company is unable to complete the present contract, even with the concessions set forth in the resolution of the House last session.

"2. Your Committee recommend that the present contract be rescinded, and that on such rescission a new contract be entered into (provided the Government are satisfied the company can give practical effect to such new contract) on the following lines:—

"(a.) That the company shall complete the Belgrove Section to a point at the junction of Norris Gully and Motueka Valley within two years, and that such work shall include everything necessary to the complete construction and equipment of the line, with the exception of rolling-stock, and on completion that portion shall be handed to the colony absolutely free from all claims whatsoever.

"(b.) That the making of the portion of the line beyond the junction before mentioned to Reefton be left over for future negotiation.

"(c.) That, in respect of the uncompleted portion of the line between Patterson's Creek and Jackson's, in lieu of land-grants, the same be paid for in Government $3\frac{1}{2}$ -per-cent. debentures to the amount of £618,250, to be delivered as follows: £200,000 within one year from the date of new contract, £200,000 under two years from same date, and the balance, £218,250, on the completion of the through line.

"(d.) That the rescission of the existing contract shall extinguish all claims and demands that could have been made thereunder by either the Government or the company; and all the Crown land at present reserved from sale for selection by the company (except as regards the area yet to be selected in respect of the portion of the railway already constructed) shall be entirely released from such reservation, and shall be available to be dealt with in any manner the Government may think fit, as from the date of the execution of the new contract; also, that the area of land which the company is entitled to select in respect of the portions of the railway already completed shall be so selected within three months from the execution of the new contract.

"(e.) That the time for the completion of the railway between Patterson's Creek and Jackson's be a period not exceeding four years from date of the new contract.

"That your Committee would further recommend that the copy of the report of the Committee be forwarded to the company, and that the company be informed that this is final, and that unless the company is in a position forthwith to state their willingness to cancel the original contract, and accept the new contract in the terms hereinbefore mentioned, then no further steps be taken."

Resolved, on the motion of Mr. Tanner, That the proposals as printed be submitted to the Committee as the report of the sub-committee.

The sub-committee then adjourned.

Minutes confirmed.