

90. Then, that would leave £40,000 to pay you?—We have spent in all £60,000 on the section. We shall have to spend another £30,000 to finish, equal to £100,000, and would be willing to sell for £70,000

91. You would be willing to sell for £70,000?—Yes; below its full value. The Government would get the line for £70,000 which cost £100,000.

92. You say £70,000, or 70 per cent., including £30,000 for lands?—Exclusive of land-grant.

93. You want £70,000 of bonds in addition to £30,000 land-grant?—Yes.

94. Practically, twenty shillings in the pound on its cost?—Practically. You must not confuse the two things; the one is the cost of the works.

95. You make it appear you are willing to sell for £70,000 on the cost, but if you get £70,000 in bonds——?—We do not get £70,000, except as the ultimate selling-price.

96. What do you get in addition to the land-grant?—£15,000. It would mean that we should have to spend up to £100,000 to complete. It will take £30,000 more to finish. The Government give bonds for £15,000 on the old basis, and when the section is completed we would sell it to them for £70,000 in bonds; we having spent £100,000, the Government would thus get £30,000 back.

97. Seventy thousand pounds includes the land-grants?—Yes.

98. In paragraph “E” of your letter of 20th July you state that, if the company completes the Belgrove Section to the junction of Norris’s Gully and Motueka Valley, the Government shall purchase it for £70,000; and in paragraph “E” of letter dated 19th June, you state the price at £90,000, how do you explain this?—I have made a reduction. If the company got £15,000 bonds for land-grant, the company can rebate something. £90,000 was estimated as the net cost to finish.

99. *Mr. Hutchison.*] You are willing to forego 15 per cent. of the cost?—Yes.

100. That is, the total cost of everything?—Yes.

101. *Mr. Fraser.*] I understood you to say, with regard to the resolution of last year, in your reply to Mr. Graham, that it was contemplated when the resolution was passed that there was a possibility of completing the line?—Yes.

102. What is there before us to show that?—The whole correspondence of last session.

103. It is not shown here?—The possible profits on the transactions with the land were not such as to induce people to find capital. The company’s position would have been all right if they could have shown a security which would have insured the interest on the capital.

104. After that reply, do you consider the new proposals submitted to us now are any departure from the resolutions of last year?—No; I do not say that. The departure consists in the company excluding the Belgrove line, and completing the East and West Coast line only, and leaving the Reefton–Belgrove Section for future negotiations.

105. Is it a departure from last year?—It is a modification by excluding Reefton–Belgrove Section.

106. What position would the company be in in the event of its new proposals not being accepted?—The company maintain that they have the right of legal redress. There is no doubt that, if the company’s offer is not accepted, they will have to appeal to the law.

107. *Mr. Hutchison.*] Are they advised that they have a cause of action?—They are advised, in London, that they have a strong case, and are advised that there have been grave breaches of the contract—in the manner of making mining reserves, and changes of the conditions under which the company undertook its work, and also as to the evidence put before the company on the nature of the traffic and the paying qualities of the land, such as those based on statements of Ministers for Public Works and other public officials which were sent to London as evidence in favour of the railway. The lawyers in London think the company have a claim against the Government on the grounds that such evidence was misleading and inaccurate; or the evidence brought forward two sessions ago, that the lines would not pay, was brought forward for the purpose of damaging and depreciating the property of the company.

*Mr. Graham:* As against that, the opinion of eminent lawyers here is that that is just “moonshine.”

108. *Mr. Hutchison.*] Can you tell us the resources the company possess for the purposes of litigation?—They have sufficient funds at present, which they mean to reserve to carry, if need be, the case to the Privy Council. Shareholders might not subscribe to new-works capital, but they would probably subscribe to a legal defence fund. I may add more: if the company is driven to take legal action the case will not be one of arbitration. The company will make a definite and specific charge against the Government, and obtain an injunction to prevent the lands being released until the case is tried.

109. *Mr. Tanner.*] When is the actual termination of the contract?—The 17th January, 1895.

110. *Mr. Hutchison.*] What is the sum of the stock, so to speak, in the shape of debenture capital subscribed?—£745,000 debentures, and a quarter of a million share capital.

111. All the money would be lost if some arrangement is not come to?—No; the company would have its property in the colony, and right of action under contract against the Government.

112. What is the amount of uncalled capital?—No uncalled. Share capital, if fully paid——

113. Does that represent the subscribed portion?—Yes.

114. What is the amount of uncalled capital?—All called up—a quarter of a million.

115. *Hon. Mr. Seddon.*] I want to know, in addition to this return, what it would cost the Government. For instance, there is a piece of railway at the Springfield end that belongs to the company, and there is another piece between the Brunnerton and Jackson’s line that belongs to the company; the Government own pieces of railway at the extremities of the company’s lines, and we ought to know the complete scheme to take up the whole thing. If we are going to take up the Springfield–Jackson’s portion, we ought to know what it will cost to construct it and finish it. We