

MINUTES OF EVIDENCE.

THURSDAY, 23RD JULY, 1896.

Mr. G. B. PARKER (the Petitioner) present.

1. *The Chairman.*] You are represented by counsel?—Yes.

[The clerk read the report of the Public Works Department :—

“ Public Works Department, Wellington, 23rd July, 1896.

“ SIR,—

Re Midland Railway : Petition of Mr. G. B. Parker.

“ In reply to your memorandum of yesterday’s date, asking for a report upon the above-mentioned petition, I have the honour to state that the allegations contained therein, so far as the facts are within the knowledge of this department, are generally correct.

“ Paragraph 6 is somewhat incorrect, however, as the length of the completed section of the railway between Springfield and Paterson’s Creek (called in the petition the ‘ Springfield Extension ’) is only 5 miles and 60 chains, instead of 6½ miles, as stated ; and the Belgrove Extension is only 5 miles 55 chains long, instead of 6 miles, and was not actually completed by the company at all. The company merely did the formation works upon this section, and this department is now engaged in laying the permanent way and constructing the necessary station-buildings and accommodation works.

“ As regards the alleged grievances which the debenture-holders have against the Government in respect of the seizure of the line (referred to in paragraph 19 of the petition), I may state that the company’s contract, in its recitals, plainly sets forth that it is made under and in pursuance of ‘ The Railways Construction and Land Act, 1881,’ which Act confers the right of seizure upon the Governor. The debenture-holders therefore advanced their money upon a security which they knew, or ought to have known, was liable, under certain circumstances, to forfeiture.

“ Also clause 43 of the company’s contract provided that if, under the provisions of the Railways Construction and Land Act, the Governor should be entitled to take possession of the railway at any time, he might, if he thought fit, exercise the right to purchase the line instead, even though the period within which it could not otherwise be purchased by the Crown had not expired. The trust deed to secure the payment of the company’s debentures recites this provision of the contract, and the form of debenture issued by the company also makes reference to it, so that the debenture-holders seem to have had their attention drawn to the fact that, under certain circumstances, the Governor would be entitled to take possession of the railway.

“ I have, &c.,

“ H. J. H. BLOW, Under-Secretary

“ The Chairman, Public Accounts Committee,

“ House of Representatives, Wellington.”]

Mr. F. R. CHAPMAN present on behalf of the Petitioner.

Mr. F. R. Chapman appeared for the petitioner, and said : I presume the more convenient course for me will be to state the position in which the petitioner is, and the grounds of his petition.

The Chairman : I think the Committee will agree with me that, if you will state your case in your own way, that will be the most satisfactory form of getting at the substance of the petition.

Mr. Chapman : The actual evidence, I may state, is mainly documentary. I appear to represent Mr. G. B. Parker, who has come to this country, having been appointed Receiver for the debenture-holders of the company, commonly and briefly referred to as the Midland Railway Company. The subject-matter of the petition is, in a general way, probably known to honourable members of the House present. It is a matter of common knowledge that at a recent date the position of the matter as between the company and the colony resulted in a submission to arbitration, and that the arbitration resulted in an award, made by the Hon. Mr. Blake, as the umpire who finally acted in the matter. His award was a finding, in effect, that the company had broken its contract with the Queen, and was not entitled to relief in respect of the matters on which it went to arbitration. Now, the parties whom I represent, that is to say, the Receiver and the trustees for the debenture-holders, were not parties in any way to that arbitration, but were interested in it, as is manifest from the circumstance that the assets of the company were really at stake. The event of the arbitration affected very largely the claim of the company, which, had the arbitration been successful, would have materially supported the securities.

2. *The Chairman.*] You mean of the debenture-holders?—Yes; however, the event was the other way. It is for me now to point out to the Committee the position in which the debenture-holders find themselves, and to ask, on their behalf, that some mode of relief should be devised which would make their position more assured than it is at present. It is necessary that I should refer to matters early in the history of this company. The history of the company has been divided into several periods. But with the long period involved in the working of the company, and the construction of the line, I shall have little or nothing to do. The points to which I wish to direct the attention of the Committee are : The formation of the company, and the floating of it in London in 1886 ; the placing the debentures on the market in 1889 ; and then little else until a recent date, when the troubles of the company became acute. I wish to refer briefly to the history of the formation of the company, because that leads me directly to the placing of the debentures on the London market. It was formed in England in 1886, and the Government of New Zealand took a very keen interest in the formation and successful floating of the company. In support of this, I would refer to State paper