

"1. In all negotiations with the Government you are to be guided by the terms of the letter of the Board to the Premier of New Zealand, dated 14th April, 1893, with reference to the heads of the contract proposed to be entered into between the Board and the Government of New Zealand.

"2. You are specially to impress upon the Government that the terms contained in that letter are 'the least that the company can agree to' with the faintest prospect of financing the matter in London, and that if accepted the contract 'will be taken by the company as a complete discharge of all claims upon the colony in respect of the past.'

"3. Should the Government refuse to entertain the proposals laid before them, you are instructed to give the necessary notice that the company intends to take legal proceedings without delay to secure substantial compensation for damages, &c., from the colony, and at the same time to inform the Government and the colony, through the public Press, that my directors, while regretting the necessity of taking such proceedings, have been forced to do so through the action of the Government, and to safeguard the interests of the share- and debenture-holders of the railway and others interested in its completion.

"4. All existing contracts must be completed as speedily as possible, and all expenditure must be cut down to the lowest point. For these purposes my directors give you full powers of summary action with respect to all matters and to all persons in the employ of the company without exception.

"Yours faithfully,

"Robert Wilson, Esq., General Manager,

"ÆNEAS R. McDONELL, Secretary.

The New Zealand Midland Railway Company (Limited),  
Christchurch, New Zealand."

That is my letter of instructions received from my Board in London, and it is well the Committee should be made aware of it. I merely give it to show what my instructions are, and in proof that the company have endeavoured to do their very best to bring this matter to a satisfactory and friendly settlement. I do not read clause 3 in any way threateningly. It is my desire to arrive at an amicable settlement; it is also the desire of my Board. But, unless the proposals submitted to the Committee are acceded to, it is impossible to raise the money. I need hardly recall last year's evidence adduced before this Committee—evidence that the railway could not possibly pay. That has had a very serious effect upon the company's prospects in London. It may have appeared very trifling to this Committee that such evidence should have been given by a man not reliable, or an expert on the question on which he spoke. The injury was done, however, by the fact that the statement had been made publicly by an officer of the Government. I regret exceedingly it should have been done. On the face of it it is incorrect. The company have documentary evidence in direct contradiction; they have the evidence and speeches of Ministers of Public Works of this colony; they have the records and statistics submitted here by the recognised officials of the Government, all stating that the line itself would pay, and pay well, immediately it was open—that it would pay 2 per cent. at least; that in addition it had the whole of its land-grant, and the increase of value of that land as well as the prospect of a great and rapid development of traffic. I may mention to the Committee that the whole of this evidence was submitted to counsel in London—to some of the most eminent men there, and their opinion was favourable to the company. In view of the evidence given last session that the line will not pay working-expenses, it is impossible for my directors to go to the city for further capital. There is no other way to finish the line than to submit proposals with a view of arriving at a friendly and amicable settlement, one which would enable them to complete their undertaking, and be able to assure their shareholders and debenture-holders that the best efforts have been made in their interest.

93. *Hon. Mr. Seddon.*] On that point, Mr. Wilson, Mr. Bell added to the evidence you have referred to, by telling the Committee that the company was financially unable to go on with the work and do anything last season?—I may explain the reason the company were unable at that time to go on with finance. This was due to the reports sent to London, that the land-grants given to the company were worth nothing at all. Reports of speeches made in the colony were sent home. The company cannot be blamed if people in the colony will speak against the place, and "wash its dirty linen in public." Neither can the company prevent reports getting to London. But the speeches saying the land-grant was worth nothing at all did get there. Moreover, you must remember it has raised a very grave doubt in the minds of the public in London, as to the *bona fides* of the Government, when wholesale mining reserves were made, against the spirit and intention of our contract. I am not going to enter into that now. It is purely a legal question, and I have no desire to raise any matter of discussion of any kind. I am here to try and arrange a satisfactory and amicable settlement, and I at present must decline to raise any question which would be warmly discussed on both sides.

94. I am very glad you have cleared up that point, as to the effect of the statement being made that the land-grants were unsaleable, or not worth what the colony asserted they were?—It was a most serious statement to make in the London market at the very time we were raising our capital. I can assure the Committee, had it not been for such statements and letters written from this colony to London, we should have been able to raise the necessary money. The people here do not seem to appreciate how delicate a plant finance is. The least breath of suspicion blowing upon a scheme in the London market may destroy its prospects and completely spoil its chances in an hour's time. The company have had grave difficulties to contend against. The London money-market has been unfavourable. Their whole position has been one of difficulty. They had to start with very small capital in the first instance, because it was exceptionally difficult at that time to raise any money for New Zealand. The colony had nothing like the financial reputation or the credit it has to-day. How it has got that is a matter outside this question. But, at any rate, it is in a very different position to what it was when we went to the money-market. I can only hope that the Committee will consider these proposals which the company now make in a broad spirit. I would ask the