

necessary to be done. He has, under advice, presented this petition, in order to bring the matter before Parliament at the earliest date. The debenture-holders have no other redress than such as Parliament can give them. They are not parties to the contract. They have not the right of suit, or the right to go to arbitration. The whole situation seems involved in such complexity that it is almost necessarily a matter which should be dealt with by Parliament, or by Government under the sanction of Parliament. From the debenture-holders' point of view, as they see the matter at present, they had no course open to them but to come here and ask for such relief as Parliament would think fit to award. They had no quarrel with the Government; they have no quarrel with the company. They have not been parties to the long pending dispute between the company and the Government. They come here with this prospectus and trust deed in their hands. They say that it was on the faith of these, so far as the ordinary subscription was concerned, it was on faith of the conditions upon the face of the prospectus that they subscribed their money, and they ask that some relief should be awarded to them. They point to this fact: that they subscribed their money on the face of a statement which, undoubtedly, would have created a belief in the mind of any person tendering money for these debentures that he was to receive as his security the railway constructed and to be constructed. The position of a debenture-holder is not exactly the same as that of a shareholder, who to some extent speculates in the venture into which he puts his money. The debenture-holder does not do anything of that sort: he invests his money upon a specific security. I have pointed out that the Government claim the right, under the contract between them and the company, under the statutes of the colony, to forfeit this line unless a sum for construction is paid within three months. The debenture-holders have instructed their Receiver to come here on their behalf, and he points to the solid fact that this large sum of money, found by persons not at all concerned in the colony, is actually invested in this line. It is in respect of this that they ask for relief. It would be difficult to say specifically what relief is asked; for this is not like an action in which a specific statement of claim is formulated. They submit their position to the consideration of Parliament, in all the circumstances to which I have alluded. I submit, in view of the circumstances, that, practically speaking, no other relief is open to them than that which Parliament alone can afford them. I put it thus: that in some shape or other Parliament is bound to do justice to these persons who have subscribed their money in this way. It is not to be supposed that the Crown intends to forfeit the line; or that power is given to it for that purpose, seeing that the money which paid for it has been found by others. No doubt, in adjusting the matter, whatever course Parliament takes, that course will be an equitable one. The debenture-holders do not come here as cormorants to grab all they can get. They come here putting the whole of the circumstances before the Committee, asking the Committee to make such recommendation as will do justice in all the circumstances. It is stated in the petition that the debenture-holders do not abandon their legal rights. That is a matter scarcely to be considered. This is not to be treated as an action against the Government. If the debenture-holders have any legal rights they reserve them formally by their petition; the position in respect of that matter has not been considered; what they state is set out in the nineteenth paragraph of the petition. They ask this Committee to make such recommendation as will result, so far as is possible, in these persons receiving the fruit of their money, so far as it is invested in the solid railway line now worked by the Government.

19. *The Chairman.*] Your attitude here, Mr. Chapman, is based rather on a sense of right: an equitable sense, and not a strictly legal one?—Yes; no doubt.

20. Are you aware whether the Agent-General's attention was drawn to the form of the debenture in the trust deed?—We find that he did peruse the deed; the debenture is set out in the trust deed.

20A. Have you any other evidence?—It is a question what the Committee requires. We have alleged the cost of construction. Does the Committee require proof as to that?

21. If you have finished, I would like to put it to the Committee what evidence it thinks necessary?—I have finished my opening. I may have something further to say on any points which the Committee desire to raise. I should like to have the evidence of Mr. Parker.

*The Chairman:* Mr. Blow, the Under-Secretary for Public Works is here. He may have some evidence to give.

[The Committee deliberated. Mr. Blow, in reply to a question by the Chairman, said he would prefer to give evidence at the next sitting.]

22. *Mr. T. Mackenzie.*] Have you any idea, Mr. Chapman, what profit the Government made—after allowing for land given to company—to themselves by taking over the line, and depriving the debenture-holders of their property?—Property; in what sense, the value of the line?

23. What was the value of the line to the Government?—I do not know whether that is separated from the cost of construction—we know what is the cost of construction—that is set out in the petition. Here is the account, £763,958 16s. 6d; that is the cost of construction—in the colony.

24. That is the property the Government has taken over in addition to the reserves?—No; not the reserves. That is what they have taken over; that includes such compensation as the company had to pay for the land on which the line is.

25. What outlay was the Government at, as a set-off against this?—The outlay of the Government in the same connection would be the land.

26. You do not know the area?—Here is the value, in which it is computed at £245,845.

27. *Mr. Button.*] That is the value of the land received?—Yes.

28. And disposed of?—That includes what is not disposed of. There would have to be a further deduction of £20,000 for existing rights of selection; so that your figures would come to something more like £500,000.

29. They have received that?—Yes.