

*The Chairman* : In other words, the debenture-holders' petition is throwing themselves in an equitable sense on the consideration of this Committee. There is no doubt that your statements have been most valuable to the Committee, and will be, so far as the company's petition is concerned.

*Mr. Blow* : Referring again to this statement signed by the Governor, and general manager of the company, I find from it that the estimated cost of the section of the line from Brunnerton to Jackson's was £203,500, and a similar estimate of the section between Stillwater and Reefton was £275,000. Then there were two smaller sections—one at Belgrove, and one at Springfield—not included in these amounts. As regards these, the company was bound by the terms of its contract to spend £60,000 on each; and they spent that amount. Therefore, we have a total amount of £598,500 which the work executed by the company ought to have cost. Against that the company has received land grants, according to Mr. Labatt's figures, of £245,845, and has yet to receive twenty-one thousand and sixty-six pounds' worth of land. Then there is the cost to the colony of the recent arbitration proceedings. Put them down at, say, £12,000. Taking, for argument's sake, £598,500 on the one side, as what the works ought to have cost, and £278,911 on the other side as value of land granted, or to be granted, and costs incurred, and there is a difference of £319,589. In addition to urging that the Committee ought to take the estimate of two eminent engineers like Messrs. Bell and Blair as to the cost of the line, I would further contend that the difference between what the line ought to have cost and what it actually did cost is sufficiently accounted for by the profusely liberal way in which the company went about the conduct of its business. It has already been stated in evidence that Mr. Wilson received a salary of £2,600 a year, besides commission. The commission was 10 per cent. on nearly all the items. Ten per cent. on the whole would amount to over £70,000, and it does not need any words of mine to demonstrate that that is an absurd amount to allow for the engineering of the line. In addition to that Mr. Wilson had £2,600 a year for, I think, about ten years, which is another £26,000, so that the amount that went into Mr. Wilson's pocket was probably nearly £100,000. The engineering on the Government works costs about 5 per cent. and I know of no reason why engineering should have cost the company any more. Then, in addition, it has been shown that the first contract was let to McKeone, Robinson, and D'Avigdor, in England, gentlemen who had not seen an inch of the ground, and Mr. D'Avigdor either was, or afterwards became, a director of the company. The company started by letting contracts at sums agreed upon privately in England. A good firm of contractors at Home would not take a contract like this at the other end of the earth without a considerable margin of profit, on account of their never having seen the country at all. Then at the end these gentlemen were bought out, on what terms we cannot ascertain, but doubtless on terms profitable to themselves. In addition to those contracts that were let in England, we have also had it in evidence that certain other contracts were let in New Zealand privately. In Mr. Labatt's words, certain contractors were found to have given great satisfaction with their work, and further work was given to them. Public tenders were not invited for this work, and consequently the cost would doubtless be considerably higher. There are other matters that are some of them within my own knowledge, and some known to members of the Committee, which indicate that the company was not as frugal in its expenditure as it might have been; consequently I do not think the difference of £160,000 between my figures and those of the company is at all a matter of surprise, and I think the difference being no larger goes to show that the figures I adduce are fair and reasonable. Then, if the Committee decides to recommend the House to make any payment to the debenture-holders on account of this balance of £319,000, which the colony seems to be the gainer by in taking possession, the Committee will, of course, take into consideration the enormous loss incurred by the colony in having 5,000,000 acres of land locked up and entirely unavailable for settlement for a period of more than ten years. There is also another loss. The company contracted to give us a railway in return for certain concessions, which they have not done; and, if this case were before a Court of Law on a claim for breach of contract, doubtless very considerable damages could be recovered against the company for this default.

*The Chairman* : I think that is all shown in the proceedings before the arbitrator.

*Mr. Blow* : Further, if any payment is to be made to the company or to the debenture-holders at all, it should be borne in mind that we are losing money by this railway, on account of its small receipts, so that in this light there seems to be no ground whatever for making any further payment, either to the company or to the debenture-holders. The line is only earning about 10s. per cent. on what it is stated to have cost, and less than 1½ per cent. on what the Government has already paid in respect of it—namely, land-grant and arbitration-expenses, so that we are losing money over it every day.

*Mr. Chapman* : I do not propose to go at length into anything like an exhaustive answer to Mr. Blow's observations. I shall point out that one or two portions of Mr. Blow's address are necessarily speculative, and he has not supported them by evidence. But that is a matter I shall come to presently. What I wish to draw the attention of the Committee to is the central fact with which I opened, and that is the substantial value of the assets, which is there in the shape of a railway. In that view I do not consider it necessary to go into those questions which are railway questions between the company and the colony. I wish, however, at the outset, before discussing what Mr. Blow has put before the Committee, to refer to the subject with which I opened the Agent-General's supposed approval of the prospectus and trust deed. I was not aware of the existence of the correspondence which Mr. Blow has produced. I relied upon Mr. Salt's statement that such was the case. Moreover, to show that that was not a mere reliance upon a passing piece of evidence, not very material to the issue then before the arbitrator, I wish to say this: That the receiver cabled to London to ascertain more definitely what supported that evidence, but only received a reply that the Agent-General did approve of the prospectus, carrying the matter no further than Mr. Salt's evidence. But in face of the correspondence produced by Mr. Blow, it would not be right