

I referred in my opening. And with this material before them, in light of the legitimate cost of the line, the legitimate traffic returns from the line, and a reasonable view of the prospects of the line, to consider what relief ought in justice to be given to the debenture-holders, and what form that relief should take. I would point out this: That though the debenture-holders come in a sense as suppliants before this Committee, it is not necessary for them to come, in the most absolute sense, as making an appeal. They come here to ask that the country shall come to some settlement with them. Whatever settlement is come to with them cannot be said to be a purely one-sided matter for their benefit. It is eminently desirable in the interests of this colony that their claims should be settled in some way, that matters should be brought to a termination, and that the colony should definitely ascertain its position with regard to the debenture-holders. It is idle to suggest that finality is reached by going through the legal form of forfeiting this line. The conscience of the colony would never admit that that was a settlement with the debenture-holders. A settlement with them is eminently desirable, in view of what Mr. Blow pointed out—that at present the whole question of this large area reserved under the contract for selection is in a sense tied up. The debenture-holders are not to blame for that; the company are to blame. But that is not a matter with which I have to concern myself. I prefer to leave all these questions to them and their advocates. But I do point out that that the forfeiture of the line does not settle that question. As Mr. Blow has pointed out, that area is tied up, and it is obviously very desirable to settle the whole question between the debenture-holders and the colony in order that the merits of the question may be settled at once, as speedily as possible, and in such a manner that the debenture-holders will feel at least that every endeavour has been made to do justice to them and their case. With this I leave the matter in the hands of the Committee. I have to repeat my request that reasonable adjournment be given, and that Mr. Young be called from the West Coast.

*The Chairman*: I might remind you, Mr. Chapman, that you referred to the colony as being responsible in a great measure in inducing the debenture-holders to lend their money. But I think you omitted to mention anything about the inducements held out to money-lenders in that prospectus.

*Mr. Chapman*: All I say about that prospectus is this: The first thing I did was to withdraw the suggestion that that prospectus had been officially approved by the Agent-General; I cannot carry that any further. The letters put in by Mr. Blow speak for themselves on that subject, and they displace the evidence given by Mr. Salt before the Arbitrator. That the prospectus was sent to the Agent-General's Office is very probable, and that the prospectus was circulated, and that in some sense or other, I presume, it came to the knowledge of the Government of this country, is, no doubt, matter of conjecture; but it is exceedingly probable that it did come to the knowledge of the Government. But I suppose the Government considered at the time that it was not their duty to go to London and repudiate an instrument with which they were not directly connected.

*The Chairman*: It also does not appear from your remarks whether the debenture-holders had attempted to obtain any mode of settlement from the directors before coming here, but I understand they have done nothing in that direction.

*Mr. Chapman*: I presume they have done nothing. I have no information on the subject. I think we should have seen it through the ordinary channels through which news comes from England, if anything of the kind had been done.

*The Chairman*: Then your case, so far, is closed until further evidence is taken some days hence?—Yes, Sir. Will the Committee say what returns they would like from Mr. Labatt? He is here and will remain here till the reports come up, so that if anything is needed in the meantime, Mr. Labatt will prepare it.

*Mr. Montgomery*: The whole amount of money raised or borrowed by the company from time to time on debentures or otherwise; and the cost in each case on raising such money, showing in a separate schedule the security offered, cost and expenses, amount of money raised, and the rate at which interest was arranged; total payments to Mr. Wilson, showing salary and commission separately; also interest paid to debenture-holders and mortgagees from time to time up to date.

*Mr. Labatt*: I should like to say a word in relation to Mr. D'Avigdor and the contracts let to the firm of McKeone and D'Avigdor. Mr. Blow inferred that contracts were let to a director of the company. I find Mr. D'Avigdor's name does not appear as a director of the company until the balance-sheet of 30th June, 1891, was presented, at which date the contracts let to Messrs. McKeone, D'Avigdor, and Robinson had terminated.

*Mr. Blow*: Do you know whether Mr. D'Avigdor was a shareholder from the start?

*Mr. Labatt*: I cannot say.

[At this stage the Committee adjourned till Thursday, 6th August.]

FRIDAY, 7TH AUGUST, 1896.

Mr. H. W. YOUNG sworn and examined.

1. *The Chairman*.] You appear for Mr. Parker, the attorney of the debenture-holders, Mr. M. Chapman?

*Mr. Chapman*: Yes.

1A. *Mr. Chapman*.] You, Mr. Young, are an engineer?—Yes.

2. Where are you employed now?—I am in private practice at Greymouth at present.

3. You were employed by the Midland Railway Company?—Yes, from the end of 1886 to the beginning of this year.

4. You are familiar with the line and its construction by the company?—Yes.

5. There have been some figures before the Committee, Mr. Young, which were intended to show the probable value of the line; the original estimate for the piece from Brunnerton to Belgrove was a million, I believe?—That was the statutory estimate.