

20. The railway is about eighty-six miles in length, extending now from Stillwater to Reefton, from Stillwater to Otira, and from Springfield to Patterson's Creek, while some nine miles of it constitute what is known as the Belgrove Extension. The whole of it is perhaps the most substantially-built railway-line in the colony; and, having now practically made it the absolute property of the Crown by confiscation, this colony has obtained at the expense of the debenture-holders an immensely valuable asset—a railway which must prove of growing service and importance as the population of Westland and the West Coast generally increases and its enormous mineral and timber wealth is developed. The debenture-holders have no remedy against the company, which is insolvent, all its capital having long since been called up and expended on the construction of the railway.

21. The Crown having taken possession of and having declared its intention to confiscate the line and everything pertaining to it, the debenture-holders are now deprived of the whole of their security; for all the other assets of the company have been sold or fully mortgaged for the purposes already stated, and they have exhausted all their legal remedies only to find that their so-called "first charge" on the railway is illusory and valueless.

22. The debenture-holders admit that they have now no legal right whatever to the line, no estate or interest in it, and no security whatever over it. Being therefore entirely without legal redress, they respectfully ask Parliament through this petitioner to consider their grievance, the injury they have sustained, and the moral and equitable claim they have, in view of the circumstances, upon the Crown for redress.

Wherefore your petitioner prays that your honourable House will be pleased to inquire into the statements contained in this petition and grant to the debenture-holders such redress as to your honourable House shall seem meet.

And your petitioner, as in duty bound, will ever pray.

J. H. B. COATES.

20. The sections of the line mentioned in this paragraph include the sections constructed by the Government since taking possession. On these latter sections the Government has expended a sum of over £200,000, of which amount only £37,876 15s. 1d. has been repaid by the company, but in addition to this £12,293 has been derived as profit from the working of the railway; still, however, leaving the Government an unsatisfied claim against the company amounting to more than £150,000. The line is not more substantially built than Government railways constructed during recent years. In some respects indeed it is below the present Government standard. The rails are lighter than those now being laid in Government lines, there are fewer sleepers to the mile than the present Government standard, and at the time of the seizure the ballast on the railway was very deficient, and the rolling-stock in poor condition. Its value as an asset, from a business point of view, is merely the capital sum upon which it will earn interest; and the Government experience of the railway, extending now over five years, is that the receipts exceed the working-expenses by about £2,500 per annum on an average. If, however, the expenditure on new wagons (which might have been charged to Capital Account, had such an account been available) and rates to local bodies (which will not be payable under Government management) is deducted from the total expenditure, the receipts would then have exceeded the expenditure by about £4,000 per annum. This, on a 3-per-cent basis, would make the capital value of the railway about £135,000.

21. The assertion that the "so-called" first charge was "illusory" has been contravened in the reply to previous paragraphs.

22. No remarks.

H. J. H. BLOW, Under-Secretary.
Public Works Office, Wellington,
New Zealand, 22nd August, 1900.