

2. In the year 1885 certain accredited delegates from this colony visited England for the purpose of inducing British investors to take an assignment of a contract they had obtained from the then Government for the construction of the above-mentioned railway.

3. The reports and reiterated public and official statements of members of the then Government as to the paying possibilities of the line, brought Home by these delegates, led to the formation of the New Zealand Midland Railway Company (Limited).

4. This company in the year 1886 raised in share capital £250,000, and subsequently raised in debentures £745,000, the whole of which sums have been spent on or in connection with the construction of the railway.

5. On account of the great delays in finally settling the existing contract the time originally provided for the completion of this work—namely, ten years—was reduced to six years and five months. The company has on many occasions applied for an extension of time, but without success.

6. Through a variety of reasons the company has not been able to complete its contract. The Crown has confiscated the entire railway, which was pledged to the company's debenture-holders in the faith that they (the debenture-holders) would obtain "a first charge" and, therefore, perfect security.

7. The company is earnestly desirous of supporting in every way the object of the Receiver, Mr. James Hugh Buchanan Coates, whose petition on behalf of the debenture-holders of the company has already been presented to your honourable House.

8. The shareholders are all British investors. They did not come to this colony to seek this investment. They were diligently solicited in England by accredited delegates from this colony, and

2. The term "accredited delegates" does not mean delegates in the service of or sent on behalf of the Government. The first contract for the construction of the Midland Railway was entered into in the colony, with a Christchurch-Nelson Syndicate, and the so-called "accredited delegates" were sent Home by these gentlemen to endeavour to dispose of the contract to an English company.

3. The final Midland Railway contract was entered into with the Midland Railway Company (the present petitioners). It was not, however, entered into on the representations of the "accredited delegates" mentioned in the second paragraph of the petition, nor on the "reports and reiterated public and official statements of members of the then Government," referred to in the paragraph now under review. The Deputy-Chairman of the company visited the colony prior to the contract being signed, and remained here some months, and the shape the contract ultimately took was largely due to representations made by him. The paragraph under notice is calculated to convey the impression that the company was misled by the statements of colonial politicians, but this can scarcely be so in view of the Deputy-Chairman's visit to the colony, and the lengthy negotiations that took place between him and the Government.

4. No remarks.

5. There was very great delay in the signing of the contract of August, 1888; but the delay was wholly attributable to the Midland Railway Company. Both the Government and Parliament were much irritated at this delay, in proof of which I append an extract from a cablegram sent by the then Premier to the Agent-General on the subject on 24th July, 1888, which ran as follows:—"Parliament irritated at delay, and Government has had to promise withdraw contract unless signed soon." In any case, the company signed the contract on the 3rd August, 1888, well knowing that it provided that the whole railway was to be completed on or before the 17th January, 1895. It is useless, therefore, to now contend that the time allowed for the work was not sufficient. The proper time to have raised this contention was before the contract was signed. Further, a reference to evidence given on behalf of the company before Committees of the House on previous occasions, and to the eighth paragraph of the petition, demonstrates that the failure of the company to complete its contract was due to want of funds, and not to pressure of time.

6. The question of the debenture-holders' "first charge" on the railway does not affect the company's petition, and I have gone into the question on both the debenture-holders' petitions, so that it is unnecessary to make any further remarks on the subject here.

7. No remarks.

8. It is quite likely that the gentlemen who originally formed the company were "diligently solicited in England by accredited delegates from this colony"; but I have already explained that