

*Mr. Guinness* : It will be confusing the matter if we take the evidence of Mr. Coates and his witnesses on his petition, and then, in the middle of it, have to take the evidence of Mr. Dalston and his witnesses. It seems to me they are on different foundations.

*Mr. W. Fraser* : I think we should take the case of the debenture-holders as separate from that of the company.

*The Chairman* : I hope the members of the Committee will not—as I am sure they will not—be unaware of the force of the remarks of Mr. Bell, that they may be leaving the door open for fresh application.

*Mr. Mills* : As I presented these petitions, I should like to say that I have followed the career of the Midland Railway Company from its inception. I have always opposed the extension of time for the contract; but I have followed the case throughout, and now, according to the claim set forth in these petitions, the company and debenture-holders have abandoned all legal rights, and have come here asking for fair consideration of the position as they stand to-day. I think they set forth very clearly in their petitions that, as far as the debenture-holders are concerned, it is apparent to most people that a misunderstanding occurred with regard to clause 13 of the Act, as to whether they have a legal claim over the line or not. I do not want to bring forward any minor points, because Dr. Findlay is here to represent the debenture-holders, and Mr. Coates will make his statement with regard to the case. I have assured them the Committee will treat the matter in a careful and businesslike manner. I hope it will not be considered a case for the confiscation of the line only and for giving no redress to those who have invested their money in the undertaking. I am sure the Committee will not take up the strict legal position and ignore the equitable issues. The petitioners ask that their petition may be considered in a generous and practical spirit. I feel certain the colony will realise that there is a fair claim to bring before the House, and to ask its consideration and decide as to whether the company have anything in the way of a genuine claim against this colony or not. I will not detain the Committee, but will ask Mr. Coates to make his statement with regard to the matter.

*Mr. J. Allen* : I suggest that we should hear Mr. Coates's statement now, and then decide what course we shall take.

Mr. JAMES HUGH BUCHANAN COATES in attendance, and makes the following statement:—

*Mr. Coates* : I appear before you as the petitioner for the debenture-holders of the New Zealand Midland Railway Company (Limited), and I deem it my duty, both to myself and to the Committee, to define shortly my position. Although I am represented by counsel, I desire to give one statement the weight of my personal assurance, and that is with regard to the authority I have to represent the debenture-holders. I am entitled to say that, both as an officer of the Supreme Court in this colony, and as the fully authorised representative of the whole body of debenture-holders, I am empowered to bind, for any purposes of settlement of the claim set up in this petition, those I represent. I may mention I was appointed Receiver for the New Zealand Midland Railway debenture-holders by virtue of an order of the Supreme Court on the 4th July, 1898. This order was made with the sanction of the English Court, and with the full approval of the company itself—the company, in fact, being a party to my appointment. To further ratify my authority in this matter, the committee, appointed at a meeting of the debenture-holders held in London under the direction of the High Court of Justice, consisting of Lord Avebury and other influential gentlemen in London, have sent me a petition, which is supplementary to my own, with instructions to act with full authority for them. This petition, I wish to make quite clear, differs in no way from my own, but has been presented merely as the best and most effective method of affirming and guaranteeing to Parliament that I act with full sanction and power of the whole body of debenture-holders. It is perhaps unnecessary to add that the Supreme Court here has by formal order declared that no person or officer except myself has any right to represent the debenture-holders in this colony. I now pass to a brief statement of the merits of the present claim. A Proclamation was issued by the Governor on the 23rd July last, by which the New Zealand Midland Railway, with all the rolling-stock, railway-stations, lands, and other appurtenances belonging to the railway were made the absolute property of the Crown. The situation of affairs is now therefore this : Practically the whole security covered by the debentures has passed away from me absolutely as Receiver, and by this Proclamation, and the decision of the Privy Council, the debenture-holders have been brought face to face with the fact that their security, which the Act of 1884 says “shall be a first charge on the entire assets of the company, including the railway and everything pertaining thereto,” has passed from them like a shadow. The important question now therefore arises, whether the Government have in honest fact paid for this valuable property they have so taken. If they have fully paid for it we plainly have no claim; but if, on the other hand, the Government, in exercise of a strict legal right, has obtained the proceeds of the debenture-holders' money without giving a fair equivalent, a moral and equitable claim surely exists, and an undeniable obligation rests upon the colony to pay for the property they have acquired. Shortly stated, £1,384,395 has been spent either on the railway itself or in connection with its promotion. The Crown, in accordance with its agreement to aid the enterprise, has given the company land-grants amounting to £260,243; but even if the value of these land-grants has to be treated as part payment—which it certainly was never intended to be—there is still a substantial balance in favour of the debenture-holders. In face of these figures, I respectfully submit to the Committee whether this colony can equitably refuse the redress prayed for in my petition. It is well to anticipate at once a somewhat common confusion of the debenture-holders with the company. Whatever the legal relationship between the company and the debenture-holders, there can be no manner of doubt that the debenture-holders are, in common-sense and in fact, in a wholly different position. The debenture-holders were and are mortgagees, advancing their money as ordinary lenders. They had no right to participate in the profits which might have been made, and which certainly were anticipated by the company. The best they