

appeal to the Privy Council. They might have gone on spending thousands of pounds on the line, and they could not have any certainty as to whether they were wasting the public money or not. By taking the matter Home we did good service to the colony. We need not have appealed so promptly; we could have hung it up, perhaps, for years; and I urge that instead of the appeal to the Privy Council being taken as against us now it should be a factor in our favour. We had to pay the costs of the appeal, and therefore I put it that if we were entitled to consideration last year we are equally entitled to it now. I desire to emphasize now that in the absence of all legal claim on our part any sum of money you may give us will come more handsomely from the colony than it could before this case was decided. It might have been said before that it was but an attempt to get a compromise of our legal agreement, but here we come without legal claim, and we say if you give us a fair sum now you will be doing so more handsomely and with greater credit to the colony than would have been the case before the appeal. I leave the matter there. In this case, as in any case in connection with a Government, it is an appeal from Cæsar to Cæsar's conscience. I have tried to "nothing extenuate naught set down in malice." We feel that the colony cannot keep this line of the debenture-holders without some return to them. If the Committee will deal with us in a spirit of fairness, Mr. Coates has the fullest power from the debenture-holders to accept the compensation in settlement of this troublesome business. I do not desire to make any threat, but I say if we are entitled to consideration, if we have a moral claim, that moral claim must continue to exist, and I put it to the Committee to deal with this matter now, to settle this claim if there is a claim on the colony, and have done with it. We feel we shall get from you such fair compensation as will silence all critics of the Government in future.

*Right Hon. R. J. Seddon:* I wish to ask you a question, but I do not want you to answer it if it will prejudice your position. Supposing there were no Government in the matter and it was a company which had exhausted its capital. There are two positions which it might take. One is that it might work the line as far as it was made, and the other is to put it into the market. What would be the value of the property then?

*Dr. Findlay:* Naturally we should work the line. You will recollect we were anxious to get that opportunity, and would gladly have embraced it. I hope you will not fail to appreciate that we did not ask for the full amount the line has cost us. We merely put down these figures as showing what it cost us, and ask you to say to what we are entitled.

*The Chairman:* What course does the Committee wish to take? Shall we take the evidence now, or shall we hear Mr. Bell?

*Right Hon. R. J. Seddon:* My view of the matter is that we should hear counsel. Subsequently, if we want the figures in connection with the case—in relation to construction or interest, or anything of that sort in order to verify the figures which have been given—we can get them. I think we should settle the principle on which we intend to go. It would depend afterwards upon whether we wanted the figures what course we should take. If we decide subsequently, independent of the legal position, and even of the equitable position, we could go into the figures. I would ask Mr. Dalston to say whether he has anything to say in addition to what is in his petition.

*Mr. J. Allen:* I submit the only question we have to consider is the possible equities, and we should have the evidence before us, but I do not object to hearing counsel.

*The Chairman:* I thought it would be better, if Mr. Bell is ready, that he should address the Committee now.

*Mr. Bell:* In one sense I am ready, and if the Right Hon. the Premier himself proposes to address the Committee I can deal with the matters raised by Dr. Findlay at once, but if my address is to be the defence of the colony to the allegations of the petitioners as well as to Dr. Findlay's contentions I must ask for further time. In the course of the important duty I have to perform I may say there is only one point of law to which I shall have to refer—that is, the point which was decided by the Privy Council in the case of the Newfoundland Railway Company, which is on all-fours with the case which we are now considering. It was there held that the Government had the same rights against the debenture-holders as they had against the company, so far as concerned the moneys due by the Government to the contractors and claimed by the debenture-holders under their lien. I will read an extract in reference to that case which has been quoted by the Chief Justice of this colony. I wish to call Dr. Findlay's attention to it, because he has assumed that the position of the debenture-holders is entirely different from that of the company.

*Dr. Findlay:* The term "equity" as used by Mr Bell is equity in the legal sense, while we admit we have no legal rights, and I have been dealing with moral rights.

*Mr. Bell:* I will read the extract. It is referred to in a judgment of the Chief Justice of the colony, Sir James Prendergast. He says,—

"In the Government of Newfoundland v. The Newfoundland Railway Company, L.R., 13 A.C., 199, though it was held that by the terms of the charter the contractors and the trustees for the bondholders were entitled to receive portions of the stipulated subsidy and land grants in proportion to the completed sections notwithstanding that the contractors had failed to complete the whole line, and had abandoned further performance of the contract, having, as in the present case, completed only the part most advantageous to the contractors, yet that in an action in which the trustees of the bondholders were parties to enforce payments of the portions of subsidy and land grants the Government would on general principles set off as against the bondholders' claim for such portions of the subsidy and land grants damages for injuries sustained by the Government by reason of the non-completion by the contractors of other portions of the line not assigned to the trustees."