

That is exactly the present case. Dr. Findlay says that the debenture-holders were mere mortgagees, and that they are not to be treated as defaulting contractors, and the colony cannot claim against them. But that is the very point which was before the Privy Council in the Newfoundland case—a case between the Government and railway contractors and the bondholders, relating to the construction of a railway. I call Dr. Findlay's attention to it because he omits to consider whether, supposing the value of the railway is to be calculated, and supposing there is to be deducted from that value the money which they actually received from the land grants of the colony, there is not a further deduction to be made, in justice as well as in law, by the colony against the bondholders for the great loss and damage which the colony has sustained by the failure to carry out the contract. That is the only matter of law with which I shall have to deal. Dr. Findlay has referred once more to the initiation of the contract as the foundation of some moral claim against the colony. The facts in connection with the initiation of the contract must already be well known to many members of the Committee, but it will be necessary to repeat them, and I cannot do so now with that detail which is essential if my reply is to be taken as on behalf of the Government.

Right Hon. R. J. Seddon : I am sitting here as a Judge and not as representing the Government, and therefore Mr. Bell's reply will be on behalf of the Government.

The Chairman : Does the Committee adopt Mr. Bell's view ?

Hon. Members : Yes.

Dr. Findlay : Are you going to hear evidence of any kind, or is Mr. Bell's speech to close the evidence. Mr. Dalston might like to give evidence, and so might Mr. Coates, and Mr. Bell might find something in that evidence which he would like to answer.

The Chairman : I think it is the wish of the Committee that the petitioners and Dr. Findlay should make their case as complete as possible first.

Dr. Findlay : If the right of giving evidence is given us.

Mr. Bell : I prefer that the evidence should be given first, and then Dr. Findlay will reply.

The Chairman : What does the Committee say ?

Hon. Members : Aye.

Mr. Guinness : I should like to ask Dr. Findlay if he can produce the prospectus issued by the company to induce the debenture-holders to lend their money ?

Dr. Findlay : I can get a copy of it.

Mr. Bell : It will be found in the Appendix to the Journals of 1896.

Dr. Findlay : The evidence which I shall give will be entirely documentary. I do not know that there is anything else which Mr. Bell wants.

The Chairman : You will undertake to supply Mr. Bell with copies of anything you put in to the Committee ?

Dr. Findlay : Yes. I have here a statement by Mr. Coates, which can be put in at once, showing how the figures I quoted were arrived at. I also put in a complete statement by Mr. Dalston of how all the moneys have been spent, and how the land has been sold, the amount received from it, and so on. I shall ask the Committee to permit me to call further evidence, if necessary, if Mr. Bell contests any of the statements made here.

Mr. Bell : On behalf of the Government I do not object to Mr. Dalston or Mr. Coates putting before the Committee at any time matter which they consider essential, provided we have a fair opportunity of seeing and criticizing it.

TUESDAY, 4TH SEPTEMBER, 1900.

Mr. H. D. Bell : Mr. Chairman and Gentlemen,—The Committee will remember that at its last sitting the question was raised by Dr. Findlay as to the mileage of railway constructed by the Government, and the cost of the sections constructed by the Government. I now hand in a document which I hope will appear in the Appendix to the proceedings, and which will show that the length of line completed by the Government is twenty-six miles. Upon two sections platelaying and ballasting has been done, and the remainder has been completed. Two of these sections are the most expensive on the whole line. On the section between the Otira Gorge and Jackson's Creek large sums have been expended ; but under the company's valuation they are expensive portions of the railway. We have also completed one portion of the line from Spooner's to the range, a distance of 4 miles 25 chains. That is an average section, about as difficult as those which the company has constructed upon the level line. That portion has been constructed at a cost of £5,850 a mile, or far less than the average cost which the company's expenditure shows.

Many members of the Committee must be familiar with the circumstances of the formation of the New Zealand Midland Railway Company, and with the nature of the claims which both the company and its debenture-holders have at various times made against the colony, but if I did not begin by a short sketch of the history of the case from the beginning to the present date, I could not make clear to the Committee how complete an answer there is to the attack on the good faith of the colony.

Mr. Dalston : I suppose Mr. Bell is only answering the petition of the debenture-holders ?

Mr. Bell : I am doing nothing of the kind. I am answering not only the questions which have been raised in both petitions, but also the statements which have been made in the Stock Exchange in London, and to the debenture-holders in London ; and for this reason, that the words "so-called"