

umpire, and having been attended by the parties and their witnesses, and having heard and considered the allegations and proofs of the parties, do make this my award and determination in writing of and concerning the premisses in manner following, that is to say :—

- (a.) As to the claims numbered 1 and 2, I find and award that the company has not any claim against the Crown, or any right to recover any sum of money from the Crown in respect of the said claims :
- (b.) As to the claims numbered 3 and 4, I certify that the parties have consented and agreed before me, and I find and award, that the company is entitled to exercise the right of selecting under the provisions of the contract blocks of land up to the B1 value of £21,066, and is entitled in *pro tanto* satisfaction of the exercise of such right of selection to take the proceeds of the sales which have been made by the Queen of Nelson Towns, Reefton, lands now in Suspense Account, the lands sold being charged to the company at the B1 value thereof :
- (c.) As to the claim numbered 5, I certify that it was declared and agreed by the company during the second reference that my powers under the arbitration clause were limited to and were in fact those which would have been vested in a Judge of the Supreme Court on an application under the 124th section of the Act of New Zealand, 45 Victoria, number 37 (1881), and that no claim for damages could be maintained in the premisses ; and I find and award that there was such unreasonable and inexcusable delay by the company in the prosecution of the works connected with the railway, and also that there was on the part of the company such a wilful breach of the contract between the company and the Queen, as on either ground to justify the exercise of the power of the Governor to take possession and assume the management of the railways ; and that, in my opinion, the power conferred by the 123rd section of the said Act was rightly exercised ; and I find that the company has not any claim against the Crown, or any right to recover any sum of money from the Crown in respect of the said claim numbered 5 :
- (d.) And I certify that each of my findings hereinbefore stated, and lettered (a), (b), and (c), is a separate and distinct finding upon the matters therein comprised, and is in no way dependent on any other of such findings :
- (e.) I award that each of the parties shall bear and pay their own costs of the reference, and that, as between themselves, each of the parties shall bear and pay the fees and expenses of the arbitrator nominated by such party (which fees and expenses are included in the costs and charges of my umpirage and award) ; and that, as between themselves, each of the parties shall bear and pay one-half of the remaining costs and charges of my umpirage and award.

As witness my hand at Wellington, New Zealand, this 24th day of December, A.D. 1895.

EDWARD BLAKE.

Signed and published on the day and year last above mentioned, in the presence of—S. O. Blake.

(g.) *The Possession by the Governor, and Expenditure towards Completion of the Railway.*

From the year 1895 on, the Governor under his powers worked the railway so far as it was constructed, and proceeded with work in completion of the railway, and delivered half-yearly demands to the company for payment of the outlay and expenditure entailed as required by the statute, giving credit for the net results of the working. The company or the debenture-holders met the first four of such half-yearly payments, viz. :—

Amount.			Demanded.	Paid.
£	s.	d.		
4,463	17	0	28th May, 1896	1st October, 1896.
12,845	5	6	16th October, 1896	27th January, 1897.
6,954	8	0	21st April, 1897	27th August, 1897.
13,613	4	7	22nd October, 1897	26th January, 1898.

Neither the company nor the debenture-holders have repaid to the Governor any part of the expenditure incurred by him in completing the railway since October, 1897, amounting to over £160,000.

(h.) *The Debenture-holders' Petition to Parliament.*

The company's grievances having been disposed of by Mr. Blake's award, the debenture-holders, who were not parties to that award, next come on the scene. Mr. Blake's award had disposed of the company's claims, one being that the Governor was not justified in taking possession of the railway. Mr. Blake found the Governor to be justified in the action he took, the company having been guilty of wilful default, and of gross breaches of the contract. Then the debenture-holders began to make claims upon the Government. Mr. G. B. Parker, who had been appointed Receiver by the trustees of the debenture trust deed, came out to the colony in 1896 and presented a petition to Parliament, Mr. F. Chapman appearing for him. The debenture-holders then raised several matters, which I shall endeavour later on to define and specifically meet. The company presented a petition at the same time. (See I.—7 and I.—7A, 1896.) Mr. Parker declined to admit that the debenture-holders had no redress at law, and Parliament declined to interfere. In 1898 the debenture-holders commenced proceedings in the Supreme Court of New Zealand, and obtained the appointment of Mr. Coates as Receiver. Through him they claimed to put the Governor out of possession, and to sell the portion of the railway constructed by the company, and also the rolling-stock and plant. The Supreme Court held that they were not entitled to anything of the kind. The Court of Appeal of New Zealand affirmed the decision of the Supreme Court, and in February of the present year the Judicial Committee of the Privy Council affirmed both judgments, and indorsed the reasons given by New Zealand Judges.

In 1899, in the interval between the judgments of the Supreme Court and of the Privy Council, and while the litigation was still pending, a violent campaign against the colony, impugning its credit and good faith, was carried on by the debenture-holders and their solicitors, both in the public Press and in their petition to the Stock Exchange. That I shall deal with later on.

II. DIVISION OF THE CLAIMS PUT FORWARD BY THE PETITIONERS INTO TWO SEPARATE CLASSES.

Such, sir, is the history of the case, and I now wish to state the grounds on which we understand the claims of the petitioners are founded. The Committee will find that the "equitable and moral" grounds upon which the petitioners found their claim can be classified under two heads. It is important that the two classes of claims should be kept separate and distinct before the Committee and the public. Under the first class they claim relief as persons injured by acts and conduct of the Parliament and Government of the colony, and by innocent reliance upon representations made to and acted on by them, the representations being made under circum-