

been refuted directly by the Government themselves, and but for the existence of the cable these statements made in London for the purpose of ruining the credit of the colony in the City must have remained for months without the contradiction they received. Then they go on to say,—

That the Government will no doubt seek from time to time to raise further loans in this country for the purpose of railway construction, and in that case would apply to the Stock Exchange, London, for an official quotation in respect of such loans.

Paragraph 12 of the petition to the Stock Exchange says,—

That the Government have permitted the provisions of the colonial Act to be used as representing that subscribers for debentures created by the company would have the benefit of a first charge upon the railway and everything pertaining thereto.

I have dealt with that already, and am not going to repeat what I said at the last meeting of the Committee. If I have failed to convince the Committee that the Government had nothing whatever to do with the issue of the debentures, and that the people who took them up must have known, or should have contemplated that the Government had the powers conferred by the Act of 1881, then I have, of course, failed in my defence. They must have known of the existence of that Act. They had notice of it from the company, and they had it in the prospectus, and they had it on the back of their own debentures and in their debenture deed. Dr. Findlay and Mr. Coates have before this Committee expressly repudiated any intention, by the use of the words "illusory" or "so-called" in the petitions, to suggest that the Government was a party to misleading the petitioners. I accept their statement as to their meaning and intention; but, in view of the language of paragraph 12 of the petition to the Stock Exchange, it is plain that their principals in England still make the charge.

*Dr. Findlay*: It is only fair to say that Mr. Young had been appointed Receiver, and he represented the whole body of debenture-holders; but we are not responsible for the statements in the petition to the Stock Exchange, and I do not know that Mr. Young is.

*Mr. J. Allen*: Who signed this petition? There are no signatures here.

*Mr. Bell*: I cannot answer that question. The gentlemen who presented the petition had not the courtesy to send the Agent-General a copy, nor did they send one to the Government of the colony, and I suppose the Committee of the Stock Exchange treated the matter as one so far from the scope of their ordinary duties that they did not think it necessary to send one.

*Dr. Findlay*: I may say we do not adopt all the statements made in that petition.

*Mr. Bell*: Then they go on to say,—

And that accordingly on the issue in London of the company's debentures they were described as first-mortgage debentures, and were officially quoted, and in the Official List of the Stock Exchange described and listed as such by your committee; but the Government, notwithstanding the appointment by the colonial Courts of Receiver on behalf of the debenture-holders, and the provisions of section 14 of the colonial Act regarding vesting as above mentioned in such Receiver of the company's railway and works on behalf of the debenture holders, are now contesting the claim of the debenture-holders to any mortgage on the railway, disputing the meaning of the colonial Act put upon it by the subscribers for the said debentures, and claiming to retain without compensation or payment of any kind to the debenture-holders the railway and works which have been constructed by means of money mainly provided by them.

There again is an attempt to confuse the two classes of claims which I have contended should be kept separate. And then they say,—

That it is inexpedient and impolitic in the interest of investors that any Government acting in the manner aforesaid should in the meantime be afforded facilities for raising public loans in the money-markets of this country, or that they should receive assistance in so doing from your committee, and your petitioners therefore respectfully urge that the advantage of an official quotation should be withheld from any loans which may be hereafter issued by the Government in this country.

I have already referred to the fact that this was while the case decided against the debenture-holders was in process of appeal from the Supreme Court of this colony through the Court of Appeal to the Privy Council. It was a direct attempt to coerce the Government. I shall show shortly that they not only misrepresented the case when they alleged that we were coercing them, but their solicitors actually wrote that it was not until after this petition was presented to the Stock Exchange that the Government did what their counsel considered necessary. So that they not only petitioned the Stock Exchange with a view of coercing the Government in the conduct of the litigation, but they openly boasted of having succeeded. Of course, they were mistaken. The Government was not likely to be coerced or to be affected in the proceedings in any such manner as they allege.

The Agent-General called the prayer of the petition an amazing proposal, and he declined to believe that the Committee of the Stock Exchange would for a moment contemplate perpetrating such a grave injustice. He added, "But it is not for me to anticipate that the Committee of the Stock Exchange will allow that body to be made a tool of by the plaintiffs in the action now pending against the Government of New Zealand." The Agent-General's spirited and effective letter to the *Times* was not accepted by the gentlemen who promoted the petition as conclusive, for the next thing that happened was that the debenture-holders, through their solicitors, wrote to the *Times*, on the 24th April, 1899, a letter which I shall now read to the Committee, and I propose to set the whole out, with my answer to the various allegations made by them. They say,—

It was hardly to be expected that the grave allegations contained in the petition presented by our clients, the debenture-holders of the New Zealand Midland Railway Company, to the Committee of the Stock Exchange, would be allowed to pass unchallenged by Mr. W. P. Reeves, the Agent-General of that Government; but it cannot be doubted that the defence of the action of his Government in his letter published in your issue of the 12th instant only strengthens the position of the debenture-holders, and condemns the attitude taken up by the Government of New Zealand.

The true issue between the Government and the debenture-holders, as raised by the position referred to by Mr. Reeves, and apart from any purely legal question, appears to us to be: Can the New Zealand Government equitably, without either compensation to the debenture-holders or the recognition of their mortgage, appropriate some eighty or ninety miles of railway in the colony, which has been constructed mainly out of money provided by the debenture-holders, and has been mortgaged by the company to the debenture-holders?