That seems obvious enough. I do not know what Mr. Seddon actually said, but if he said that no Government would complete the two sections connecting the two ends of this middle section with Christchurch and Nelson for the benefit of the contractors I do not think Mr. Young could have been greatly surprised. Then they say,—

Further, from information received from New Zealand, there are grounds for believing that the Government have refused to allow the issue of the certificates of title for some of the lands awarded to the company by the arbitrator, thus preventing the company using its securities to raise the very moneys which the Government have demanded.

That paragraph shows what ludicrous misrepresentations are possible. Mr. Parker had been appointed Receiver by the Court of Chancery on the first petition; then Mr. Young was appointed Receiver at Home, and we had Mr. Coates as Receiver in the colony. Before Mr. Coates was appointed applications were made by the company for land-grants, and they were told, "Settle amongst yourselves who is to be named in the grants, and they shall be issued." That went on until the Chief Justice of New Zealand decided that Mr. Coates was to have the grants. Yet they represent to the commercial world in London that we refused to give them the grants, in order to prevent them having money to carry on the contest. They were told, in letter after letter, that they could have the land if they would only settle amongst themselves who was entitled to it, but they could not settle that point. It was a purely technical difficulty, raised by the lawyers, and yet it is represented in the City in the manner I have stated. Then they say,—

These proceedings have been persisted in for a long time, to the great detriment of the debenture-holders, and yet Mr. Reeves tries to justify them by stating that the New Zealand Government have agreed not to issue an Order in Council until the decision of the Privy Council has been given; but an undertaking not to issue the Order in Council was not given until as late as February, 1899.

The undertaking was a verbal undertaking given in open Court by counsel for the Government. It arose in this way. As I have stated, there was a difficulty, which my friends on the opposite side felt, in getting a plaintiff, and we allowed Mr. Coates to be appointed Receiver. So they got their Receiver appointed, and in that way we helped them out of their initial difficulty. They were then faced by a second difficulty: that if the Government, as it had a legal right to do (and I submit a moral right as well), issued an Order in Council declaring the railway to be the property of the Crown, the position of the Government in the litigation would be greatly strengthened. We said that if they proceeded with due diligence with the litigation no Order in Council would be issued until after the final decision in the Privy Council. We did not want the blue mark on the map of New Zealand to continue there indefinitely. I will read a letter, dated the 15th April, 1899, from Stout, Findlay, and Co. to the Crown Solicitor. The Committee will observe later that in the second letter, dated 10th May, 1900, the solicitors to the debenture-holders refer to this correspondence as being the first undertaking satisfactory to their counsel in London.

Colonial Exchange Buildings, Lambton Quay, Wellington, 15th April, 1899.—DEAR SIRS,—*Re* Midland Railway and the Government: Referring to our Dr. Findlay's conversation with your Mr. Bell to-day, we have to say that the undertaking given by counsel for the Crown to counsel for the Receiver, when the summonses were before the Supreme Court, was as follows: That the Crown agrees, on condition that the Receiver presents his appeal to the New Zealand Court of Appeal and Privy Council with the utmost diligence, that all moneys due to the Crown under section 123 of "The Railways Construction and Land Act, 1881," on the date of the decision of the appeal in question by the Privy Council may be repaid to the Crown within one month from the date of such decision, and that upon repayment of such moneys within such month no notice under section 125 shall be given or proclamation under section 126 be published by the Crown for any previous default in non-payment of such moneys. If all the said moneys are repaid within such month this undertaking is at an end. We are advised from London that if the Crown will assist in expediting the appeal it is almost certain to be heard before next Christmas. We are in a position to give you our assurance that the appeal in England will be prosecuted with the utmost despatch, and that our representatives there are endeavouring to secure a fixture of the earliest possible date for the hearing. We shall be glad, in accordance with the arrangement made between your Mr. Bell and our Dr. Findlay, to have a written undertaking from the Government embodying the arrangement we have stated above.—Yours truly, STOUT, FINDLAY, AND Co.—Messrs. Bell, Gully, and Bell, Solicitors, Wellington.

The answer to that letter is signed by myself, and is to this effect:—

20th April, 1899.—DEAR SIRS,—We have to acknowledge receipt of your letter of the 15th instant, and to say: 1. That your letter correctly states the effect of the undertaking given by counsel for the Crown, except that you omit the following conditions, subject to which the undertaking was given: (*a.*) The appeal to the Privy Council must be heard during the present year, unless counsel for the Crown are absolutely satisfied that by no possibility could it have been so heard—that is to say, it is not for you to demonstrate the impossibility, but for us to be satisfied that the impossibility exists. So far as at present appears, this condition is not likely to be of much importance, as it seems that you anticipate no difficulty in having the appeal heard before the end of the present year. (*b.*) The moneys to be paid to the Crown are the moneys claimed by the Crown, not the moneys which you may or may not admit to be due—that is to say, that the Receiver must pay over to the Crown within the month the amount which appears by the account rendered by the Public Works Department to be due to the Crown. Such payment would be made on the usual terms in such cases that the person paying was entitled afterwards to challenge the accuracy of items in the account. 2. We have submitted your letter to the Government and are authorised to write this reply.—Yours faithfully, BELL, GULLY, AND BELL.—Messrs. Stout, Findlay, and Co., Solicitors, Wellington.

You will see the correspondence meets both points. First of all they say we were endeavouring to delay the debenture-holders in the proceedings, and, secondly, that we would not give an undertaking not to issue the Order in Council. The correspondence shows that it was quite the other way, and that we gave the undertaking, but insisted on expedition being used. Dr. Findlay told us the other day that they could have hung the matter up for three years, and yet they tell the Stock Exchange in their petition that it was the Government who were attempting to delay the proceedings, and that they compelled us to hold over the Order in Council until the matter had been decided by the Privy Council. The Privy Council says that the course taken by the Government was a very proper one. They recognise that the Government were not at all compelled to do what the debenture-holders asked of them, and they spoke in the highest terms of the action of the Government in holding over the Order in Council. Am I not then justified in saying that