

amount of money on the work as would prevent the company or its assignees from redeeming it. From time to time he made six-monthly demands upon the company and the Receiver. May I again refer to these sections, 123 to 126. By section 123 the Governor may go on to complete the railway. If he does so he renders half-yearly accounts of his expenditure on construction, less the net receipts from working. As each section is completed by the Governor the company or its mortgagees has the right to select land to the value of 50 per cent. of the estimated cost at the B 1 values. When the line is completed by the Governor it belongs to the company or its mortgagees if they pay the half-yearly accounts. Therefore when they are called upon to pay they pay not the actual cost of construction, but that actual cost less the net profits from the working. Then they immediately receive, and can sell, land representing nominally 50 per cent., but, in fact, much more than 50 per cent., of the agreed estimate. The Committee will remember that the lands selected and sold by the company have averaged more than 25 per cent. above B 1 value, so that the cost to them of completion by the Governor must be less than 50 per cent. of the moneys expended by the Governor in construction, and will probably not exceed 35 per cent. of that cost—certainly not more than 40 per cent. Then, by section 125 they have a full year to find each instalment. The Governor can do nothing unless default is made in payment and continues for a year. So far, therefore, from being powerless or without remedy, the debenture-holders might have provided funds, as they did from October, 1896, to January, 1898, to meet the half-yearly balances, and they would have finally owned the completed railway at a cost of from 30 to 40 per cent. of the actual moneys expended by the Crown in its construction. Yet they preferred to lose the part constructed by themselves rather than become owners at such a reduced cost of the whole of the railway, which was the security they had contracted with the company to obtain. Dr. Findlay tried here to confuse—or, rather, perhaps, I should say did confuse—the issue. He referred to the fact that if the Governor once took possession he might always continue the management, since there is no provision for turning him out compulsorily. Section 124 only provides for an appeal to the Supreme Court against his action in taking possession. It would be odd if the Governor refused to give up possession when the railway was completed, and still more strange if the company found the management by the Government disadvantageous. But, putting that aside, the profits of the railway would belong to the company, or the debenture-holders, whoever managed it. Besides, section 123 gives special power to the Governor to restore the railway, and, having that power, it is idle to contend that he would retain possession and management after completion. If the company and the debenture-holders, even upon such terms as I have referred to, refuse to pay the balances found due by them to the Government, and if they continue their refusal for a year, still they have another three months' notice under section 125, and if they still persist, then there is nothing left but that they must give up the part constructed by them. Their position is not altered. They never had any right to the ownership of part, except upon condition of completing the whole. If they definitely refuse to perform the condition, their right, which is based upon that condition, is necessarily determined. Every indulgence has been shown them. In lieu of one year's default there has been two years and a half before the final notice was given upon which the Order in Council is founded, for their last payment of January, 1898, was in respect of an account rendered in October, 1897. I think I have proved that their remedy was complete and ample; that the conditions were severe rather upon the colony than upon the debenture-holders, and that they have had the choice between buying a complete railway at 40 per cent. of its cost, and so performing the condition upon which their right to part depended, and losing that right; and that they, and not the Government, have chosen between the two courses, and that with their eyes open to the consequences they have refused to perform the condition.

(e.) *No. 6. The references to the Speeches of Public Men.*

I have dealt with this in my summary of the provisions of the Act of 1881.

(f.) *The alleged Embarrassment as to Time for Completion.*

There is one other matter I have to refer to, and that is the point as to the extension of time. I shall have, I am afraid, to ask your indulgence in this. I have had to wade through an immense mass of papers to pick out those which referred to a point which I had not anticipated would be raised. I am able to prove conclusively that, if an extension of time was all the company wanted, they could have had it at any time, if they showed that they could complete the work within the extended time. When Mr. Wilson was asked by the Committee, in 1893, how long it would take to complete the line, he said they could complete the line from Springfield to Brunnerton—which, by the way, is a very difficult part of the work—in three years and a half. We have stated in our answer to one paragraph of their petition that it was want of finance which caused the difficulty, and not pressure of time, and I shall show that that is absolutely the fact. Their finance was exhausted in 1892, and they went on with the work without any vigorous effort. When they came to Parliament in 1893 they said they only required three years and a half to complete the work, and six months of that would be required to arrange their finance in London. The evidence on this point will be found in the Appendix I.-6c of 1893, page 9. Mr. Wilson says,—

The first point has reference to the extension of time necessary for the completion of the line from Brunnerton to Springfield. We ask for such time as may be necessary. The intention is, of course, to push forward with the works as rapidly as possible. We in our proposed draft contract stated a certain time. I think it was five years; but of that we should probably take only three and half with good luck and good weather.

If they could complete the East and West Coast line in three years and a half, there was no reason to prevent them going on at the same time with the Nelson-Lyell line. It was a very difficult portion of the work on the East and West Coast line which they wanted three years and a half to complete.