

The valuation of the steamships was made by Mr. John Cable, of the firm of Morgan, Cable, and Co., shipbuilders and marine engineers, Port Chalmers, and the remaining assets were valued by Captain E. T. Wing, Queenstown.

In the month of September, 1902, the Lake Wakatipu Shipping Company (Limited) offered to sell to the Government of New Zealand the whole of its property, excluding the reserve fund and book debts, for the sum of £30,000.

In the month of October, 1902, Sir J. G. Ward, on behalf of the Government, offered to purchase the whole of the company's property and assets of all descriptions, excluding the reserve fund and book debts, at the price of £15,000, payable as follows: A deposit of £750 on acceptance, and the balance (£14,250) on the 3rd April, 1903, with interest thereon at £6 per centum per annum. To this offer was added a stipulation that, if accepted, the steamers would require to be placed at the disposal of the Government on the 1st November, 1902.

In order that the sale might be conducted in a fair and businesslike manner, the company endeavoured to get the matter referred to arbitration, but the reply received from Sir J. G. Ward was that the Government had no intention of arbitrating in a matter of the sort, that the Government's responsible officer reported the value of everything (exclusive of the reserve fund) at £8,000, and that the offer he had made was the only thing he could do. The company was also informed that if the offer of the Government was not accepted the Government would have steamers built and enter into competition with the company, with the result that the company would be ruined.

Fearing that unless the offer of £15,000 was accepted the company would get nothing, and that the company could not successfully compete with the Government for the Lake Wakatipu traffic, the company was very reluctantly compelled to accept the offer, and the Government entered into possession on the 1st November, 1902.

Your petitioners believe that the company's property purchased by the Government was valued by an officer of the Government at £21,500.

The actual loss in cash sustained by the members of the company, as shown in the final balance-sheet, amounts to £8,519 19s. 5d. To this must be added £1,435 1s. 4d., which represents the loss of interest on capital from 1st July, 1902, to 17th April, 1903, giving a total loss of £9,955 0s. 9d. The members also lose about £1,500 per annum, being the difference between the average dividend paid by the company and the current rate of interest on their reduced capital.

Your petitioners pray that compensation may be made to them for the loss they have sustained by being forced to sell their property at a price very much below its true value.

And your petitioners will ever pray.

JAMES DOUGLAS (and 26 Others).

REPORT.

No. 409.—Petition of JAMES DOUGLAS, of Queenstown, and 26 Others.

PETITIONERS pray that compensation be granted them for loss sustained by the forced sale of the property, known as the Wakatipu Steam Shipping Company, to the New Zealand Government.

I am directed to report that the Committee has made full inquiry into the purchase of the Wakatipu Steam Shipping Company, and, after hearing the evidence of Dr. J. Douglas and Captain Wing on behalf of the petitioners, and that of Mr. C. A. Piper and Captain Post on behalf of the Railway Department, the Committee is of opinion that full value was paid by the Government. The Committee, therefore, has no recommendation to make upon this petition, further than to recommend that the evidence be printed.

4th November, 1904.

WALTER SYMES, Chairman.

MINUTES OF EVIDENCE.

THURSDAY, 8TH SEPTEMBER, 1904.

JOHN DUTHIE, M.H.R., examined. (No. 1.)

The Chairman.] We shall be pleased, Mr. Duthie, to hear anything you have to say in support of this petition.

Mr. Duthie: In this case, from the report we have just heard read, it will be found that the main facts are scarcely in dispute. So far as I have been able to follow it, the claim that these petitioners prefer is based upon a phase of the matter which is scarcely represented by the report, because while it was stated it was open to the company to either accept or reject the offer made by the Government, yet from the fact that this company's plant was irremovable in an inland lake, consisting as it did of steamers, wharves, stores, &c., and that the company was threatened with competition from steamers of the Government in the event of refusing the offer, the company was placed in such a position that they were not free agents. As a matter of fact, the company's £1 shares before this position was forced upon them were being bought at £1 2s. 6d. and £1 5s., while under this bargain they at once fell to 12s. 6d., and later were unsaleable at that price.