

- (f.) Settlement has thus been hindered; such lands as the company was able to dispose of to selectors it has been prevented from dealing with, and persons who were willing and anxious to deal with the company, and had made applications for lands to the company, have left and are still leaving the district, in consequence of the delays and difficulties thrown in the way of the company by the Government.

*C.—The Delay in respect of the Deviation of Lake Brunner.*

- (a.) Soon after the operations of the company had been commenced it was clearly shown by surveys, and by practical experience, that a line taken on the eastern side of Lake Brunner, instead of the specified line on the western side, would save a steep gradient and much annual cost of working and maintenance, and in the month of December, 1889, the company applied to the Governor for his consent to the deviation.
- (b.) There was no question but that such deviation would be a benefit to the colony, nor was there any doubt that it would be inadvisable for the company to proceed with its work at that point until the right to deviate was granted.
- (c.) Notwithstanding that the Government were fully aware of all the matters stated under this head, they delayed the consent to the deviation until the 7th day of July, 1891, and thereby caused wholly unnecessary delay, loss, and expense to the company, involving £18,625 of debenture-interest, in addition to the loss caused by the postponement of the earning of traffic-receipts.

*D.—The Delay in Consent to the Incline.*

- (a.) Clause 4 of the contract of 1888 provides that the company might construct an incline instead of a tunnel, if the Governor, after having obtained the opinion of two eminent engineers, to be nominated by him, was satisfied that the incline-line, when made, would be suitable for mineral and other heavy traffic, and, in his opinion, worked at a satisfactory cost.
- (b.) The company completed its survey and plans of the incline on the 18th day of August, 1891, and then applied to the Governor for his consent to the construction of the incline, and have since constantly urged the Government to grant it an early reply, as it was quite unable to proceed with any arrangements, financial or otherwise, until it knew whether the line was to be made by tunnel or over the incline.
- (c.) The Government did not refer the question until February, 1892, when they appointed Messrs. Higginson and Maxwell to make the inquiry pursuant to clause 4. On the 21st April, 1892, the Government received the report of those engineers, who advised that the incline-line when made would be suitable for mineral and heavy traffic, at a satisfactory cost.
- (d.) Notwithstanding such report, and notwithstanding the provisions of clause 4, the Government have never yet forwarded to the company the Governor's consent to the construction of the incline-line.
- (e.) The substitution of an incline for a tunnel would reduce the total cost of the railway from Springfield to Brunnerton by £559,881, and it is quite impossible for the company to arrange its finance, or to calculate its engagements, or to arrive at a just estimate of its position under the contract until such consent has been given.
- (f.) All arrangements of the company for the issue of further capital have therefore been delayed by the action of the Government in abstaining from forwarding to the company the necessary consent to an alternative which involves a difference in cost of considerably over half a million of money.
- (g.) The result of this delay to the company has, combined with the other matters above referred to, been disastrous. Favourable opportunities of raising the necessary capital have been lost, and an injury which it is difficult to estimate at a reasonable sum has been suffered by the company.

*E.—The Refusal or Delay in Extension of the Time for Completion of the Line.*

- (a.) By the original contract ten years was allowed, computed from the 17th day of January, 1885, "or such further time after the expiration of that period as may be allowed in that behalf under these presents."
- (b.) Of the ten years, one year and six months elapsed before the New Zealand Midland Railway Company was formed, and another six months elapsed necessarily before the works could be begun in the colony.
- (c.) Thereafter a further period of one year and nine months was spent in the negotiations with the Government for the alteration of the contract, which led to the execution of the contract of 1888; and until the completion of the modified contract of 1888 it was obviously impossible for the company to make its necessary issues of capital for the work to be done.
- (d.) Then followed the great delay in the consent of the Governor to the Brunner deviation, and the total neglect to consent to the incline.
- (e.) The result has been that up to the present time five years and seven months have been lost through delays from causes entirely beyond the company's control, and of a kind which have prevented the company from commencing the construction of further sections of its railway, and therefore from making further issue of capital necessary for the construction of such further section.
- (f.) On the 15th March, 1892, the company applied to the Government, under clause 42 of the contract for an extension of time for completion. That clause provides that