

money. That was the first request—that it would facilitate the raising of the money if the Government would grant the incline system. That has been discussed and determined in a very friendly spirit with a view to aid the company to raise the capital. With regard to the extension of time, that came after, and was put by the company to the Government thus: "We have only two and a half years to run, and there is some difficulty about the raising of capital. Without an extension of time is granted we cannot go and ask for capital, otherwise we should be able to do so." Under the contract there is a clause dealing with extension of time, and the Government are quite willing and would only be too glad to meet the company as fairly as we can in this matter. I stated to the Committee what my view was on this question, that I saw no objection to an extension being granted. At the same time it should be granted on terms, just the same as when an alteration was made previously and certain terms were fixed. I think there ought to be a fixed expenditure within the time limited on the present contract; and, on an expenditure to that fixed amount taking place, a reasonable extension of time might be granted. I do not think I can say any more than this at present, as we really have not got the company's whole case before us, there having been sundry references from time to time of their being something in reserve in the event of a modification of the contract not being agreed to. Whether this may be a hint of there being litigation in view, of course I cannot say.

[Mr. Bell here made a statement, which was taken down, as follows:]

*Mr. Bell:* I wish to make a statement, and that it be taken down by the reporter. The reason I ask to be reported is that I made the statement on a previous occasion, and it does not appear on the minutes. The company is at the end of its finance. To say that the contract is in existence for two years and a half is, in the sense Mr. Seddon says it, correct. But it is not so in the sense that I should use the words. The company is without funds to complete its contract—the company cannot raise the funds to complete its contract without some modification of the contract. It is true that the company has said that it could not raise the funds without the determination of the question of the incline, and of the question of extension of time, but the company has not said that the settlement of those two questions alone would enable it to raise the necessary funds. The real question which we have brought, and desire to bring before Parliament through this Committee is this: Will you make a modification in the contract? because, if not, it is impossible for us to carry it out. We have not the funds, and without some modification we cannot procure the funds. Therefore, if the railway is to be carried out by this company, give us some modification. We have made some suggestions; we are prepared to consider any others that may be offered. But we desire to find a ground where we may meet the Government and ascertain what modifications the Government are willing to consent to, if any. If none, then the matter is disposed of by this: that the company is without the funds to enter into further obligations, and can only provide funds to meet the interest on the debentures for the period of the contract. The position is clearly set out in the petition for which I am responsible. [Paragraph 11 of the petition read as follows: "11. The company, while submitting with all respect the subject-matter of the petition to Parliament, is advised that it is necessary to state in express terms that it does not thereby abandon the legal rights which it has in respect of the matters above referred to, in the event of a settlement of the same not being arrived at through the action of Parliament."] The Committee has the whole case before it. We think we have a grievance. We may be right or wrong. We do not desire to bring this grievance into consideration except for the purpose of showing that there are two grounds upon which we come to the colony: first, because we cannot carry out the contract without a modification, and therefore we put it that it is to the interest of the colony as well as to that of the company that there should be a modification; and, secondly, because we have grievances. Of course, if the contract be modified, there is an end to the grievances. It must be a necessary condition of the modification that we abandon all claims in respect to the old contract. The claims may be entirely non-existent, they may be perfectly worthless; but if the modification is granted the claims, worthless or the contrary, will disappear. There is nothing in reserve if the modification is agreed to. If the modification is not agreed to, then, if the Government propose to exercise all legal rights on their part, on the other hand it will be necessary for the company to exercise all legal rights. There is an end of the work under the contract. The company's finance is impossible; it cannot continue to work; it cannot raise the money without a modification. If the modification be granted there is an end of all the questions which have been raised before the Committee. We have no legal claim against the Government in that case. If the modification is not granted and the Government stands on its rights, then of course it would be expected that the company should stand on its rights. No litigation has been threatened or suggested. It has only been said, in submitting the case to the Committee, that we do not abandon our rights in the event of Parliament not giving us any redress at all. That, I wish again to urge, is a subsidiary question altogether. The main question is whether or not it is in the interest of the colony that the work should be done. If the work is to be done, then there must be a modification of the contract. That is the principal question. The grievances, as I say, will disappear if that modification is assented to. I wish to refer for a moment to what has been said about the concessions made by the Government. The company came to the Government for a modification in connection with the incline and for an extension of time, because the contract confers upon the Government the power to grant these two things. The company did not say they could raise the capital if these two things were granted—the company said they could not raise the capital unless these two things were granted. The two positions are very different. What the company is now coming for is something which the Government have no power to grant, but which Parliament has power to grant. That is the position so far as I can place it before the Committee.

*Mr. Seddon:* I say that the Government were certainly led to believe that if the Abt system was settled upon the money could be raised. We were told distinctly that if that system were granted there would be no difficulty in raising the money.