

(C.)

[This is the copy-letter marked "C" referred to in the annexed affidavit of Hugh Gully, sworn this 23rd day of November, 1895, before me—T. F. MARTIN, a Solicitor of the Supreme Court of New Zealand.]

Crown Solicitor's Office, Wellington, 28th March, 1895.

SIR,—

Midland Railway Arbitration.

I have the honour to inform you that the Crown has appointed Sir Charles Lilley (recently Chief Justice of Queensland) to be arbitrator in the proceedings instituted by you.

I presume your solicitor will prepare and forward a draft deed of reference, and that your claims against the colony will be specifically formulated therein, or in particulars appended thereto.

Up to the present time I am only apprised of the general nature of the claims, and that mainly by reference to the Parliamentary proceedings. It must be obvious that the subject-matter of inquiry before a Parliamentary Committee is, or may be, entirely different from the material properly to be introduced before a Court of Arbitration. I presume, therefore, you will indicate whether any of the claims pressed before the Committee will be eliminated upon the present proceedings. You will agree that it is undesirable that expense should be incurred in collecting evidence, either in support of or defence to causes of action which the arbitrators have no power to try.

After obtaining a specific statement of your claims, I should require a reasonable time to prepare the defence, although, of course, this time will be materially lessened by the knowledge derived from the Parliamentary proceedings. You may rely upon matters being pushed on with all promptitude consistent with the defence being properly placed before the arbitrators.

With reference to arranging the procedure so as to involve a minimum of delay and inconvenience, would it not be advisable to have a personal conference between your solicitors and myself?

As indicated in my letter of yesterday's date, all proceedings in reference to the arbitration must be taken to be without prejudice to the contention that the Company are barred by their own breaches and non-performance of its provisions.

I have, &c.,

R. Wilson, Esq., General Manager,

HUGH GULLY, Crown Solicitor.

New Zealand Midland Railway Company (Limited)).

(D.)

[This is the copy-notice referred to marked "D," in the annexed affidavit of Hugh Gully, sworn this 23rd day of November, 1895, before me—T. F. MARTIN, a Solicitor of the Supreme Court of New Zealand.]

[See "Notice of Appointment of Arbitrator" (Second Reference), *ante*, p. 2.]

(E.)

[This is the copy-letter marked "E," referred to in the annexed affidavit of Hugh Gully, sworn this 23rd day of November, 1895, before me—T. F. MARTIN, a Solicitor of the Supreme Court of New Zealand.]

Crown Solicitor's Office, Wellington, 31st July, 1895.

SIR,—

Midland Railway.

The Government have received information which apparently indicates that an attempt to institute further arbitration proceedings is being made by the company: The claims are said to be founded upon the taking possession of the lines of railway on the 25th May. I am instructed that notice of the appointment of Sir Bruce Burnside has been served upon the Agent-General in London. If this is so, I think it advisable to remind you that this process (though perhaps it has been served with some ulterior object) can hardly, even by your directors, be deemed to have any effect.

You are doubtless well aware that, under the contract (even if it were in existence, which it is not), notices must be served upon the Governor, or upon his appointee in the colony. The only person appointed by him is the Minister for Public Works, upon whom your former notice was served. Furthermore, I think it may be as well to again remind you that the Government recognise no right on your part to make any claims upon an unperformed contract after the time for performance has expired.

Furthermore, I have to point out to you that, if your directors seriously suggest that the delay in the performance of the contract is not unreasonable, or is excused by any act of the Colonial Government, they have a remedy expressly given under the Act which authorises possession to be taken. This procedure having been expressly provided, I beg to inform you that, according to the view of the advisers to the Government, no other tribunal is open to you.

I think I am justified in asking you to state definitely whether you are instructed not to proceed in the method indicated by the statute law of the colony.

I have, &c.,

HUGH GULLY,

Crown Solicitor.

R. Wilson, Esq., General Manager,

New Zealand Midland Railway Company, Christchurch.