

6. It is obvious that there would have been no subscriptions to the issue had it been known that if, by chance, differences should arise between the Government and the company, it might result in the total loss of the debenture-holders' security. Those who subscribed to the debenture issue never for a moment supposed that the Government of New Zealand could, under any circumstances, have the right to confiscate the lien held by the debenture-holders on the railway, whatever they might be able to do as regards the interest which the company retained in the undertaking after satisfying the debenture-holders' claims.

7. The debenture-holders were never advised or consulted as to any such differences, and they respectfully beg that the Government will take into consideration their position as innocent parties, and will recognise the justice of their claims to an honourable settlement. Your petitioners cannot believe that it is desired to take advantage of any technical legal defect in the debenture-holders' title in order that the colony may benefit at the expense of the debenture-holders.

8. The railway is admitted to be a work of great public utility, and including the sum of £100,000 provided by the Government, represents an expenditure of about £1,000,000, of which by far the greater part has been provided by the debenture-holders on the faith that the security assigned to them constituted a first and unassailable charge on the undertaking.

Your petitioners therefore confidently appeal to the Government and Parliament of New Zealand, not only for equitable treatment, but for just and generous consideration of their claims.

And your petitioners will ever pray.

AVEBURY,	R. A. HANKEY,
LIONEL ASHLEY,	J. RATHBONE,
ARTHUR BRAND,	BECKWITH SMITH,
EUSTACE CECIL,	L. E. SMITH,
WALTER CHAMBERLAIN,	W. TROTTER,
C. W. FREMANTLE,	

(By their duly authorised Agent and with the sanction of the Supreme Court of New Zealand),

J. H. B. COATES,

Receiver in the Colony for the Debenture-holders of the New Zealand Midland Railway Company.

17, Moorgate Street, London, E.C.,
18th June, 1900.

6. It is impossible that the views set forth in this paragraph could have been held at the time, or can be held now, by any intelligent person perusing the debenture-prospectus and other documents submitted to the investors by the company when inviting offers for the debentures. The debenture-prospectus stated that a copy of the Midland Railway contract could be seen at the offices of the company, and the contract states that it is made under the Act of 1881, and refers to that Act as "the principal Act," and, as I have already stated, a reference to that Act would have disclosed the powers of seizure. Moreover, the contract itself distinctly refers to there being a power in the Governor to "take possession of the railway."

7. The defect in the debenture-holders' title is not a technical legal one. The Governor had the right to take possession in the event of non-performance, and the debenture-holders in advancing their money knew, or ought to have known, of this provision, and they cannot therefore reasonably now complain because the Governor has exercised his plain right. If the company had performed its contract the debenture-holders would have their security. Neither the prospectus nor the Acts purported to give them any right to claim a fragment of the railway as their property.

8. The reference to the sum of £100,000 provided by the Government is not understood. The land grants actually received by the company or its representatives from the Government amounted to over £260,000 in value, according to valuations made for the purposes of the contract, and as the land was sold by the company at prices exceeding the assessed values, the amount really provided by the Government towards the cost of the part of the railway constructed by the company probably exceeded £300,000.

H. J. H. BLOW, Under-Secretary.

Public Works Office, Wellington,
New Zealand, 22nd August, 1900.

MR. DALSTON'S PETITION (No. 267/1900), AND REPORT OF PUBLIC WORKS DEPARTMENT THEREON.

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled.

THE HUMBLE PETITION of the NEW ZEALAND MIDLAND RAILWAY COMPANY (Limited), by NORMAN HOWARD MAXWELL DALSTON, its Attorney and General Manager, sheweth,—

1. For some years prior to 1888 the Government of this colony desired to encourage, and did encourage, the construction of a railway by private enterprise, connecting the Provincial Districts of Canterbury, Nelson, and Westland.

1. No remarks.