legal right now left us—that we are wholly without any legal grounds on which to base a claim, and we approach you in the faith and trust that you will recognise that you must hear this petition as a Court of equity and justice, and not in any sense as a Court of law. We put forth a moral claim, and we respectively invite an impartial and equitable hearing from you. In order to assist the Committee, and also to make our position clear, I would ask you to bear with me for a short time while I explain to you how it was that the debenture-holders came to lend their money on this Midland Railway security; secondly, why that security failed; thirdly, to show what the Government has gained by the confiscation of that security; and, lastly, to emphasize briefly the difference between the position of the debenture-holders and that of the shareholders of the company. It may assist some members of the Committee—I cannot hope that it will assist all of them, for many of you have had the matter before you for so long a period that you must be fully familiar with the history of this matter—but it may assist some of you if I briefly state some of the facts connected with the first inception of the company's undertaking and with its progress up to the 3rd August, 1888. A consideration of some preliminary steps taken prior to that date will help us. They began as far back as 1882, when a Railway League was formed in Canterbury and Westland, through whose co-operation and industrious efforts the East and West Coast (Middle Island) and Nelson Railways Construction Act was passed. You are aware that there was a Railways Construction Act passed in 1881, which empowered the Crown to enter into a contract for the construction of this railway, but it was found that that Act did not afford sufficient inducements for any private person to carry out the work. Hence the League directed its attention to the passage of a Bill through Parliament which would give a company substantially larger inducements to carry out the railway. The Act of 1884 was passed, and its preamble says it was intended to give further facilities to private companies to carry out this work. These "further facilities" were a "first charge" on the railway and land grants, and I shall show that it was these so-called "further facilities" in the Act of 1884 which led the debenture-holders into a sense of false security. Dealing as we are with an equitable consideration of this matter, it is well to bear in mind that a body of gentlemen entered into what was known as the "Chrystal contract." In July, 1885, they went to England to endeavour to induce the people there to enter into this undertaking. It was not a case of a company coming to this colony in order to seek an outlet for its capital, but delegates were sent to England to induce people there to invest their money in the enterprise. The first negotiations were with the Messrs. Meiggs. They demanded a guarantee from the colony, and it is significant, as you will see in a moment, that these people did demand a guarantee from the Crown. They had been impressed with the belief that this colony was in a sense sponsors for the statements of the delegates, and Messrs. Meiggs turned round to the delegates and said, "Let us have a substantial assurance of the colony's faith in this security offered for our investment." I will refer to a speech of the Hon. Mr. Richardson, who was then Minister for Public Works, to show that this is how the Government viewed the Meiggs proposals. These proposals were rejected, and in 1886 the promoters of the present company agreed to take over the "Chrystal contract." Negotiations took place between the Government of the day and the promoters, by which it was proposed and agreed that certain alterations should be made in the terms of the contract as soon as Parliament met. This is important because it shows that the promoters were in direct correspondence with the Government through the Agent-General, and that the Government of the day undertook to get statutory powers to carry out their arrangement with the company. It is also of importance because one of these alterations was a provision that on the sum of money raised for the construction of the line there was to be paid by the Crown, if it acquired the line, interest to the extent of £400,000, so that if the Government purchased the line, as they could do under their statutory powers, they would have to pay £400,000 in addition to the actual cost of construction for the railway. Another alteration was that provision was made for an extension of the contract time. There were only six years and a half of the original term of ten years left in 1885 to complete the line. That was found to be insufficient, and it was insisted that there should be power in the Governor and Government to extend the time unless it should be shown that there was wilful delay on the part of the company. These demands were made and acceded to. I may say at once here that I am not urging all this as a ground in favour of the company's present petition, for I do not represent the company; but I want to point out that any inducement which at that time would appeal to the company would also appeal to the debenture-holders, because if the venture promised to turn out prosperous they have a greater inducement to lend their money. I wish to point how Mr. Blow meets this in his report, and no doubt he is right from the legal point of view. He, in effect, says, "You are business-men; you have invested your money in this venture, and if you have lost it you should not come on us; you have spilt your milk, and you should not ask us to restore it." That is quite right from the strictly legal point of view, but we may fairly ask here how far was this colony, I do not say improperly, but by some mistake, a party to the misrepresentations upon which this undertaking arose. In this connection I submit to you that the Government, in the years 1885, 1886, and 1887, were far too sanguine of the future prospects of this railway. This was shown by their publicly expressed estimates and anticipations, and these estimates and anticipations were used in England when the company came to raise from the petitioners the capital required for this work. No doubt there were other inducements. There were tthe land grants, and there were the coal and the timber freights, and the royalties from the coal and timber, besides other inducements. Now, looking at these matters in an equitable way, I submit the colony is to a great extent morally, though not legally, responsible for the mistake which the company made in its estimate of the value of the railway. Let us see how Ministers of the Crown spoke of the value of this railway. In August, 1885, Sir Julius Vogel, then Colonial Treasurer of the colony, said, in his place in the House, "This railway will ultimately prove one of the best paying railways in the colony," and the Public Works Statement of 1885 contained