

STATEMENT showing the Proportion which the Estimated Cost of Construction of the several Sections of the said Railway bears towards the Sum of £2,500,000. (To be further detailed, with all convenient speed, as regards Sections 1 to 10 and 25 to 35 inclusive.)

No. of Section.	From-To	From	To	Length of Section.	Estimated Cost.	Proportionate Cost.
		M. ch.	M. ch.	M. ch.	£	£
1-10	Springfield-Jackson's	0 00	64 20	64 20	1,296,500	1,296,500
11	Jackson's-Paeroa	64 20	67 50	3 30	34,100	34,100
12	Paeroa-Laketown	67 50	72 50	5 00	21,300	21,300
13	Laketown-Hohonu	72 50	77 30	4 60	33,500	33,500
14	Hohonu-Summit	77 30	80 70	3 40	26,400	26,400
15	Summit-Tunnel	80 70	85 45	4 55	32,300	32,300
16	Tunnel-Kokiri	85 45	88 10	2 45	18,200	18,200
17	Kokiri-Brunnerton	88 10	94 17	6 07	37,700	37,700
	Total—Springfield to Brunnerton	..	..	94 17	1,500,000	1,500,000
18	Stillwater-Nelson Creek	0 00	7 15	7 15	63,000	47,400
19	Nelson Creek-Ahaura	7 15	12 55	5 40	35,000	26,300
20	Ahaura-Totara Flat	12 55	17 55	5 00	26,000	19,600
21	Totara Flat-Ikamatua	17 55	22 15	4 40	33,000	24,800
22	Ikamatua-Mawheraiti	22 15	28 35	6 20	37,000	27,800
23	Mawheraiti-Slab Hut	28 35	33 05	4 50	24,000	18,000
24	Slab Hut-Reefton	33 05	38 35	5 30	57,000	42,900
25-35	Reefton-Belgrove	38 35	140 63	102 28	1,055,000	793,200
	Total—Stillwater to Belgrove	..	..	140 63	1,330,000	1,000,000
	Grand total—Springfield to Belgrove	..	..	235 00	2,830,000	2,500,000

Agreed to in accordance with clause 24 of contract entered into between Her Majesty the Queen and the New Zealand Midland Railway Company (Limited).
Dated 3rd August, 1898.

WM. F. D. JERVOIS,
Governor of New Zealand (on behalf of Her Majesty the Queen).

H. ALAN SCOTT,
General Manager, New Zealand Midland Railway Company, Limited
(on behalf of the company).

Early in 1887 certain gentlemen, called in the company's petition "accredited delegates," went to London to obtain capital to carry out the contract. I do not understand that it is contended by Mr. Dalston that they were accredited by the Government, or in any sense by the colony.

Throughout the time I am speaking of, and for some time previously, the questions of the construction of the lines, and of the modifications which it might be fair to make in the contract, were the subject of frequent discussion in Parliament and on the platform, and many public men expressed their belief that the railway, if completed, would prove profitable. Some of those men are now dead, but those who survive are, I believe, of the same opinion now, and many agree with them. The correctness of their view has never been tested, the lines have never been constructed, the connections of coast to coast have never been made, there has been no through traffic of any kind. The conditions of trade and traffic remain exactly the same as they were before the contract was made, except that all settlement has been prevented by the reservation of land for the benefit of the contractors. I only refer to the speeches of public men because Dr. Findlay has done so. Obviously the colony is not responsible for the accuracy of such opinions if they could be proved to be wrong. But it will be made manifest later on: firstly, that no such matter forms or can form the ground of the present complaint of either the company or the debenture-holders; secondly, that the company acted on reports of its own officers, and was entirely satisfied with its prospects from the beginning; and, thirdly, that at the time of the first debenture issue, three years had elapsed since the formation of the company, and three sections of the line had been completed by the company at a cost of over £200,000, and, therefore, that the company which issued the debenture prospectus was in the fullest possession of all information as to its position and prospects.

Early in 1886 the New Zealand Midland Company was formed with a capital of £500,000, a first issue of shares to the amount of £250,000 being made. Of course the company had the usual power to increase its capital from time to time. Considering that the contract work was estimated to cost £2,830,000, it is obvious that in its initiation the company made no proper provision of capital, and the Committee will find that that non-provision of sufficient capital by the company, beginning then and continued afterwards, is the reason, and the only reason, why the contract work has not been carried out. They contracted to find the money to complete the railway. They did not find it; and they have sought, and are seeking, to make the colony answerable for the consequences of their default.

By deed, dated the 14th May, 1886, Messrs. Chrystal and others assigned to the company just formed the benefit of the contract of the 17th January, 1885. The company asked for certain modifications of the contract. Part of the correspondence on the point will be found in the Second Schedule to the Amendment Act of 1886. In compliance with the company's request Parliament agreed to modify the provisions of the contract, and to empower the Governor to enter into a new contract so modified. Accordingly "The East and West Coast Railway Amendment Act, 1886," was passed. It is not necessary to refer specially to the provisions of that Act.