

That in the year 1895 the Government took possession and assumed management of the railway of the company, and have continued the construction of the railway and demanded from the company from time to time payment of the moneys expended by them thereon, so far as the same exceeded the net receipts of the said railway, and from time to time have served notices of their intention to retain the railway as Government property.

That is quite correct. They go on,—

That in the year 1897 proceedings were taken under the said 14th section of the colonial Act by certain debenture-holders of the company, and an order was made by the colonial Courts appointing a Receiver.

That, notwithstanding the said order, the Government have retained possession of the railway and the assets of the company pertaining thereto, and continue to spend money on construction and to claim repayment of the amounts expended.

Now, Sir, both those statements are correct in their language, but they are utterly misleading. The order for the appointment was not opposed. It was made by arrangement in order that the matter in dispute might be brought before the Court, and be open to argument. The difficulty which those who conducted the matter on behalf of the debenture-holders, found themselves in was that they were without a plaintiff, and the Crown met them by agreeing not to oppose the appointment of a Receiver, his rights to be afterwards ascertained. The Government did this at the request of counsel for the debenture-holders, to prevent the debenture-holders being hampered by any technical difficulty, and the order was accordingly granted without opposition or argument; and yet the statement in the petition of the debenture-holders to the Stock Exchange is that, notwithstanding the order, the Government still retained possession of the railway. The order was rescinded afterwards.

*Dr. Findlay*: The order was not rescinded. It was varied.

*Mr. Bell*: Just so. It was varied by permitting Mr. Coates to continue as Receiver of any money or other such assets belonging to the company, but the railway was excluded. It was never suggested by the other side that the order for the appointment of a Receiver should of itself, and on the hearing of the motion to rescind, in any way alter the relative positions. On the contrary, it was part of the arrangement that the Crown was to retain possession pending the determination of the motion to rescind. That should have been, and, indeed, must have been known by the gentleman who drafted this petition to the Stock Exchange—as well known to him as it was to Dr. Findlay or myself. And yet they make this statement in London for purposes which you will see further on. The suggestion that the Government defied an order of the Supreme Court in the matter is totally without foundation. Then they go on to say,—

That such Receiver having applied to the Supreme Court of the said colony for an order for sale of the railway and undertaking of the company, such application was successfully opposed by the Government on the ground, *inter alia*, that, notwithstanding the provisions of the colonial Act, the debenture-holders had no better position than the shareholders of the company.

That the Government have resolutely opposed the attempt of the debenture-holders to expedite the decision of the questions raised, and the debenture-holders having applied for leave to appeal direct to the Privy Council, such application was successfully opposed by the Government.

Sir, the statement in the first part of the paragraph last quoted is utterly incapable of support by fact. It is true that they did ask for leave to appeal direct from the Supreme Court of the colony to the Privy Council, and that the Government opposed that application, contending that the decision of the Court of Appeal of the colony should be obtained in ordinary course. To have appealed from the Supreme Court here to the Privy Council would have been just the same as if a person in England were to appeal from the High Court to the House of Lords without going through the usual course of first appealing to the Court of Appeal. The statement that the Government opposed the attempt of the debenture-holders to expedite the decision of the questions raised is easily disposed of. So far from the Government opposing expedition in the matter, it was the Government who insisted upon expedition, as will appear later. The Government abstained from issuing an Order in Council, under section 126 of the Act of 1881, pending litigation, but insisted that the litigation must be proceeded with with due diligence. I ought to say, and should have said it at the beginning of this part of my address, that the Government do not desire that the debenture-holders or the shareholders should be in the least prejudiced before this Committee by the action which they thought fit to take in London. They desire that the Committee should not be affected in coming to its decision by the action which these gentlemen thought fit to take in London or elsewhere, and I am now only meeting the charges there made lest we should be accused of ignoring them, and am using them further as an illustration of the reckless nature of the charges which have been made against the good faith of the colony—charges which are not only without foundation, but are directly contrary to fact. Then they go on,—

That large sums have been raised by the debenture-holders and paid to the Government to meet its demands for expenditure on the railway, and that the intention of the Government, apparently, is to delay the hearing of the case before the Privy Council until the resources of the debenture-holders are exhausted, and then by publication of an Order in Council, under section 126 of the colonial Act of 1881, to put themselves into a position to contend that, whatever rights the debenture-holders may have had prior thereto, by virtue of such publication the Crown is entitled to permanently retain the railway and assets of the company pertaining thereto, and that the debenture-holders are thereby deprived of a first or any other charge thereon or equity therein, whether in respect of the original loan or the money paid to the Government.

Sir, I might appeal to Dr. Findlay to say whether there is any foundation whatever for that statement, but I prefer to disprove it in the most conclusive way. At the initiation of the proceedings the Government was asked by the Receiver not to issue an Order in Council till the close of the litigation. The Government consented, but stipulated that the Receiver must get to the end of the litigation in the Privy Council with all diligence. And yet the Stock Exchange is told that the intention of the Government was to delay the proceedings and exhaust the funds of the company, and then issue the Order in Council which they had undertaken not to issue until the litigation was finished; and the charge reckless, and without foundation, was launched under circumstances making speedy reply difficult. The answer of the Agent-General is conclusive, but it could not possibly be as complete as it would have been if the charges had been made where they could have