my speech, is it the market-value of the railway, or the sum which it cost them to construct it, or the sum which it would have cost the Government to construct it. The measure is, no doubt, to be determined first. Supposing the Committee assume that it is necessary to approach the subject at all, since the colony has only exercised the powers given by the contract, then, no doubt, the Committee will proceed to determine under which of the three heads its estimate should be made. I will deal with each of them. And, first, the market-value appears to be the correct test, because Mr. Coates and the shareholders complain that they have been refused their motion for an order, which would have empowered him to sell the railway. Supposing he had proceeded to sell it, and the Government had chosen to stand by and look on, then there is for sale a line which, without the completion of the unconstructed part, is of very little value. Of course, it may be said in answer that a speculator might take it and be content to wait for a time in the expectation that the colony must complete the line or purchase his part. That may be so, but even taking that into consideration you have the estimate of the Public Works Department, through Mr. Blow in answer to the allegations in the petition, in which the department says that the outside capital value of the constructed railway on the market is about £135,000. That is the outside value, but the line is at present useless, unless some one will contract to construct the connections and provide the machinery to enable it to be worked at a profit. As I have pointed out before, there is no obligation on the part of the Government to continue the construction of the railway, and an ordinary individual would wait until the speculator was tired of running his line. The line from Springfield to Jackson's cannot possibly pay by itself. Considering the enormous capital expenses to be incurred, and the enormous working-expenses, it is not likely that the Government would construct it. The first way to approach the question is to ascertain the market-value. If that is the correct method, then the matter is at an end. We have paid these gentlemen out of the colonial funds over £300,000. Assuming, then, that the market-value is taken, obviously it is wiped out at once, for they have actually in their pockets over £300,000 out of the funds of the colony by the sale of their land grants, and that must not be treated as a mere technicality. I hope the Committee will bear in mind that unless the company had contracted to construct the railway from point to point they never would have had an acre of land grant, nor would they have had the immense reservation over which they could make their selection. So that you may take it that every acre of land they have had in respect to the small portion of the railway which they have constructed is, from the point of view of the colony, so much colonial property wasted. Upon the second head, let me meet the case as Dr. Findlay has put it—that the basis should be what it cost them to construct the line. I may say at once that is no measure of the value to the Government. The foundation of their claim is that "we have an asset which would have cost us something to construct," and that is a complete answer to the suggestion that you should proceed on the sum it cost the company unless you can assume that that is a sum which it would fairly have cost the Government. I will show conclusively that it is not; and I must ask the Committee to look at the report of the Committee in 1896. There were two petitions before that Committee, one from the company and one from the debenture-holders. In Exhibit L, I.-7A, 1896, you will find a payment of £12,500—paid to the English contractors for the first three sections to give up their contracts. The company found that their contracts had been made at such extravagant prices that they gave the contractors £12,500 to surrender them. I dare say the work was very well done, but it seems to have been a most extravagant expenditure. The Committee will find that the estimated cost of the works, for the purposes of the contract, was made out by Mr. Napier Bell on behalf of the company and Mr. Blair on behalf of the Government; and you will find that when the question was put to the Railway Commissioners in 1893, as to what Government could complete the contract for the East to West Coast Railway for, they gave a sum of £973,000, which, added to the estimated cost of the portion constructed by the company, very slightly exceeds £1,500,000. I have, as one example, to call attention to the expenditure on the first three sections let in England without tender. I refer the Committee to I.-7, 1896, page 53, where they will find this :—

EXHIBIT L.—STATEMENT showing Contracts let to Messrs. MCKEONE, ROBINSON, and D'AVIGDOR.

No. of Contract.	Particulars of Contract.	Amount of Contract.	Amount paid, including Additions to Contracts.	Amount paid to Contractors to forego Contracts.	Total.
		£ s. d.	£ s. d.	£ s. d.	£ s. d.
1	7 miles 41·25 chains in length, commencing at a point marked on plan 12 miles 41·25 chains, near Stillwater Junction, to a point marked 5 miles 4 chains towards the Teremakau River. Completed 15th February, 1888	89,228 3 2	94,413 10 0	..	94,413 10 0
2	1 mile 16 chains in length, commencing at the end of the existing Government railway at Brunnerton, and ending at a point marked on the plan 12 miles 45·25 chains. Completed 13th March, 1888	11,306 0 0	12,543 15 7	..	12,543 15 7
3	6 miles 67 chains in length, commencing at a point marked 1 mile 41 chains, near Stillwater Junction, and ending at a point marked 8 miles 28 chains, near Nelson Creek. Completed Nov., 1888	66,600 0 0	68,484 14 1	..	68,484 14 1
	Payment to contractors to forego contracts Nos. 1, 2, and 3	..	..	12,500 0 0	12,500 0 0
	Totals	167,134 3 2	175,441 19 8	12,500 0 0	187,941 19 8

E. and O. E.—Wellington, 4th August, 1896. F. H. LABATT, Accountant to Receiver.