

FRIDAY, 7TH SEPTEMBER, 1900.

*Mr. Bell* : I propose next to call evidence to prove the damage which the colony has sustained through the non-performance by the company of the contract, and secondly by the reserves having been made and continued for fifteen years without any purport. But before I call my witnesses I wish to make one remark with regard to my speech of yesterday, in reference to the passage in the solicitor's letter in London in which they complain of the delay of the Government in issuing the land-grants, and the suggestion that it was done for the purpose of preventing them acquiring the necessary funds to continue their litigation. There is one point in connection with that which I am anxious to add. I said that the difficulty was that a Receiver had been appointed in 1896, and then a second by the Court of Chancery, and then a third was appointed here by the Supreme Court and it was impossible to decide who was entitled to the land-grants. The Government said, "If you will settle among yourselves who is to receive them we will issue the grants, but we are bound to give them to the person entitled to them." Then we met Mr. Coates's request by consenting to issue to him if the English Receiver consented, but on being cabled to that gentleman at once declined to accept the proposition unless Mr. Coates was appointed his agent. Therefore, if the Government had taken upon itself to select which of the gentlemen was entitled we should at once have had litigation.

*Dr. Findlay* : The reason was that the Receiver in London had to ask the authority of the Court there to his consenting to their issue to Mr. Coates.

*Mr. Bell* : I cannot use the correspondence upon that point, because a considerable portion of it is of a private nature, between myself and my friend ; but the facts are as I have stated them.

*Rt. Hon. R. J. Seddon* : I ask your permission, Mr. Chairman, to address a few words to the Committee before Mr. Bell proceeds to examine his witnesses. There are two points which I wish to set at rest. One is in reference to that paragraph in my speech which has been quoted by Mr. Dalston, with regard to the offer to give in respect to the construction of the Jackson-Springfield section of the railway debentures to the extent of £618,000 in lieu of land-grants. The second is with reference to what purports to be an account of what took place at an interview which Mr. Young had with me in London. With reference to the first, I may say that if any one will read my speech with the context he will find that what I said was that there would be a difficulty as between the colony and the company if this was not done. It had been said that the B1 valuation was set down at £618,000, and that the land was not of that value, and that we would not give anything like this. My reply was that, as we had certified that the value was £618,000, to offer to give less than that amount would be a breach of faith, and would place the colony in a wrong position, and it would be dishonourable to offer less than we ourselves had fixed as the value of the land. It requires this explanation, otherwise, taking the conclusion of the speech itself, it would appear as though I was trying to make out that the colony was doing a great injustice. I have frequently and previously made the correction on this matter, and I give you this explanation as it has been brought up again by Mr. Dalston. With regard to other matters that took place at the interview with Mr. Young, what I stated was that a gentleman of standing, and one connected with the debenture-holders—Mr. Kelman—who was put forward as liquidator by a section of the shareholders and debenture-holders, had informed me he would have no difficulty in raising the money necessary to finish the Nelson-Springfield connection on a guarantee for 3 per cent. for fifteen years. He said no company would ever complete the Nelson portion of the line. Mr. Young replied he was simply a Receiver, and had nothing to do with schemes for construction; his duty was to realise on the best terms possible. He leaves that out altogether, and when I referred to that he said, "Well, of course we all know that is the principal drawback; anyway, I am only Receiver, and that finishes that." I am quoting from memory. The other part of the quotation was as to the value of the line. I said to him, "What is the value of the line? The marketable value of the line is nil. You will have nothing to receive, calculated on its present earning capacity. That is, taking into consideration the true value, and the depreciation, and what is required to work it, it is not worth anything to you. The average receipts have been about £2,000 a year while the Government have been working it, but if you had to work it with a separate staff you would be money out of pocket. So, if the Government simply said, 'Take it,' it would be of no value to you." I also said, "It is not likely the Government would give you the Jackson's-Reefton Sections and then go on spending a million of money to bring the same into profit. The best thing you can do is to at once go to Parliament and plead *ad misericordiam*, and trust to the generosity of Parliament." I think that is in the statement made in reference to the petition. That is practically what took place. I told Mr. Kelman afterwards what had occurred, and he said, "In that case it is no use submitting proposals." I thought it only right to set these two points right, and if Dr. Findlay wishes to ask me any questions about them I shall be happy to answer him.

*Dr. Findlay* : I presume that you are still of the same opinion, and that if the company and the debenture-holders decided to go to Parliament they could expect to be treated with generosity?

*Rt. Hon. R. J. Seddon* : Yes. I am of the opinion that fair treatment will be accorded, and was of that opinion at the time the interview took place, and in fact I was fully satisfied that there was no other course. If they went to litigation they would not have a leg to stand upon, and the only thing for them to do was to appeal to Parliament. I may also express the opinion that the offer of £618,000 would have been a good thing for the colony, the company, and debenture-holders, if the Parliament had approved our proposals, and I believe it would have been a good thing for all concerned, because it would have enabled the Jackson's-Springfield Section to be completed.

Mr. THOMAS HUMPHRIES in attendance, and examined on oath.

1. *Mr. Bell*.] What are you, Mr. Humphries?—Chief Surveyor and Commissioner in Nelson.
2. How long have you held the office in Nelson?—Three years and eight months.