

MONDAY, 17TH JUNE, 1901.

The Commission met at 10.30 a.m.

Present: Mr. McKenzie (Chairman), Mr. Fraser, Mr. Graham, Mr. Hudson, and Mr McKerrow.

The minutes of the previous meeting were read and confirmed.

A letter was received from Dr. Findlay (counsel for Receiver) in regard to Mr. Bell's memorandum of the 26th April, 1901, in reference to the moneys contributed by the Midland Railway Company, or its debenture-holders, towards construction-works on the line carried out by the Government (Exhibit No. 153); and it was resolved, on the motion of the Chairman, That the letter be made a record of the Commission (Exhibit No. 176).

A letter was received from Mr. Bell (counsel for Crown) in reply to the above-mentioned letter from Dr. Findlay; and it was resolved, on the motion of the Chairman, That the letter be made a record of the Commission (Exhibit No. 176).

The following draft report was submitted by the sub-committee appointed to prepare it:—

To His Excellency the Right Honourable Uchter John Mark, Earl of Ranfurly, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over His Majesty's Colony of New Zealand and its Dependencies, and Vice-Admiral of the same.

MAY IT PLEASE YOUR EXCELLENCY,—

We, the Commissioners appointed by your Excellency's Letters Patent of the 31st day of January, 1901, and the 1st day of June, 1901, to make inquiry into the several matters set forth therein, have now the honour to report to your Excellency as follows:—

The Commission held its first meeting in Wellington on the 1st day of February, 1901, and, after hearing counsel for the Crown and counsel for the petitioners (viz., the debenture-holders and shareholders of the New Zealand Midland Railway Company, Limited), decided to visit and inspect the several lines of railway in the Provincial Districts of Nelson, Westland, and Canterbury. A most exhaustive and careful examination of these lines was made by the Commission, and evidence was taken in Nelson, Westport, Greymouth, Christchurch, and Wellington as to the condition of the lines, the expenditure in connection therewith, both by the company and by the Government; and also as to the traffic, present and prospective, having regard to the natural resources of the districts traversed by the lines of railway.

The inquiry has been a most exhaustive one, involving as it does the transactions of the company, the debenture-holders, and the Government in connection with the railway for a period of fifteen years.

Throughout our journeys in connection with these inquiries we were accompanied by the counsel for the Crown, the Receiver and his counsel, as well as the general manager of the New Zealand Midland Railway Company and the Under-Secretary for Public Works.

Our meetings were open to the Press, and every opportunity was afforded to the parties interested to procure evidence and lay the same before us. The evidence of voluntary witnesses was also accepted, and any further evidence obtained which the Commissioners considered desirable.

The Commissioners have experienced a great deal of difficulty in ascertaining the information required by the Commission, more especially the separate information for the three sections of railway, owing to the fact that the office organization and the records of the company have been dispersed and the staff disbanded, thus making it almost impossible to procure the information in the form required. This applies more especially to the cost of management and finance. The Commissioners have had to arbitrarily apportion such charges between the several sections themselves, and from the fact that the undertaking was never completed these financial charges are enormous in comparison with the work done. The very large sums paid in the form of debenture interest, shareholders' interest, cost of raising moneys on debentures, administration, engineering, and law-costs are therefore out of all proportion to the moneys expended upon railway material and labour.

The Commissioners now propose to take the questions submitted by your Excellency in the order in which they appear in our Commission, and to answer them, as far as possible, seriatim:—

1. "The sums actually expended by the said company in constructing the sections of the said railway from Stillwater to Reefton and from Brunnerton to Jackson's, and separately the sums actually expended by the said company in constructing the section of the railway from Belgrove to Norris's Gully and the section from Springfield to Patterson's Creek; the sums expended for supervision, and in commissions and salaries, and in other incidental matters being ascertained separately from the sums expended for actual construction, railway material, and labour."

Stillwater to Reefton and Brunnerton to Jackson's (69 m. 49 ch.).

	£	s.	d.
For actual construction, railway material, and labour	540,302	19	11
For supervision, commissions, salaries, and other incidental matters	385,739	9	10
Total	£926,042	9	9

Belgrove to Norris's Gully. (Length, 6 m. 31 ch.)

	£	s.	d.
For actual construction, railway material, and labour	56,081	3	0
For supervision, commissions, salaries, and other incidental expenses	33,997	8	6
Total	£90,078	11	6