

MINUTES OF EVIDENCE.

MONDAY, 4TH NOVEMBER, 1901.

JAMES HUGH BUCHANAN COATES in attendance and examined. (No. 1.)

1. *The Chairman.*] You are Receiver and representative of the debenture-holders of the Midland Railway?—Yes.

2. Have you received a copy of the report of the Midland Railway Commission, and do you know its contents?—I have received a copy of the report, and know its contents.

3. *Rt. Hon. R. J. Seddon.*] You are the petitioner?—Yes.

4. On behalf of the debenture-holders?—Yes.

5. You have noticed that the House has decided to refer the petition, together with the report of the Royal Commission, to the Public Accounts Committee?—Yes.

6. You have stated to the Chairman that you have received a copy of the Report of the Royal Commission?—Yes.

7. Is there anything you would like to say to the Committee in reference to the matter?—In regard to the Report of the Royal Commission?

8. You appeared before the Committee on a previous occasion, and you were represented by counsel, who addressed the Committee, and the result was the setting-up of a Royal Commission?—Yes.

9. Have you anything to say now with regard to the matter?—I should like to explain what I interpret the finding of the Commission to be. It is very plain that the report of the Commission is limited by the strict conditions which were submitted to it. I am quite satisfied with the labour which was taken by the Commission, and that their finding was in accordance with the evidence which was brought before them. The interpretation, as it appears to me, is this: that the reasonable cost of the construction of the railway was £674,784, and of this sum £313,000 was provided by the colony—at least, it was produced from the land given by the colony as a premium to encourage the company to carry on the work. This leaves a sum of £361,724 which has been provided by the debenture-holders. The result is that a constructed railway is now in the hands of the colony for which no equivalent has been given to the debenture-holders for their expenditure of £361,724. I am now speaking as to the finding of the Commission. In addition to this amount, there are two sections of the railway which have been valued at nil—the Springfield Section and the Nelson-Motupeko Section—on which a sum of £124,000 was expended by the debenture-holders. The selling-value which has been estimated by the Commission, based on the conditions laid down, is £192,833. I am satisfied that on the conditions which were set forth in the Commission this sum may be considered the reasonable selling-value. I have nothing further to say, except I earnestly hope that, after four years of negotiations for settlement of this matter, the Committee will be able to arrive at some final decision based on the findings of the Royal Commission. Of course, I appear before you as a suppliant, and have no legal standing whatever. On the whole, I recognise that the best has been done to arrive at an equitable finding by the Commissioners, although, as I said at first, the conditions laid down were very restricted. Nevertheless, as a suppliant, I can say no more than that I accept the finding of the Commission, and shall be glad if the Committee will come to a final decision, and in the interests of all concerned have the question settled this session. I shall be pleased to answer any questions.

10. You have noticed that in one part of the report of the Commissioners there is a reference to a sum of £192,000?—Yes; that is the selling-value to which I have referred.

11. In reference to that £192,000, there is a summing-up by the Commission?—Yes; you mean with regard to the division.

12. Have you anything to say as to that?—Well, my view of that finding is that the apportionment of it is in favour of the Crown. However, I have already said that I am satisfied with the finding. If you ask me do I consider there is anything to be put against that I will say——

13. I did not ask you anything upon that point. You did not mention it in your evidence in chief?—No.

14. There is nothing at all put there as regards the company?—No.

15. If the debenture-holders are losers and the Government are losers, the shareholders are also losers?—Yes.

16. Then, putting a hypothetical case, if the Commission find that there is so much to be given to the debenture-holders and so much to the Government, there is nothing to be given to the company?—Yes; that is the finding of the Commission.

17. Anything to say on that point?—As to whether it was justified in not apportioning anything to the company?

18. If we are all losers?—Yes; very heavy losers, but my first care is for the debenture-holders. I do not represent the company.

19. Have you anything to say on that point?—No. The debenture-holders are in quite a different position as creditors of the company. Mr. Dalston represents the company. I have petitioned for equitable consideration on behalf of the debenture-holders, and not on behalf of the company.

20. In your evidence in chief in regard to that point you say you are satisfied with the finding of the Commission?—Yes.

21. That is, interpreting your evidence on that point, £126,000 is what you are satisfied with?—Yes. That is the finding of the Commission under the terms laid down. The selling-value of £192,000 is reasonable, and the apportionment thereof is also reasonable.

22. Is that what you meant when you said the finding was satisfactory?—Yes.