

pleted, in accordance with the terms of the contract, in 1886, five years before the specified time.

281. This proposition was agreed to by the Government, and in the Session of that year (1884) an Act, 47 Victoria, chapter 1, was passed, by which a loan of \$22,500,000, with interest at 5 per cent., and payable in May, 1891, was made to the Company, security being taken for the same by a mortgage on their entire property. Of this sum, \$7,500,000 was paid to the Company at once, in order to extinguish their then floating debt, and the remainder has been paid over as the work proceeded.

282. This arrangement necessitated the rapid progress of the work, and also a much larger outlay than would have been required if the original time had been adhered to, and it was found that the money thus advanced, would not be altogether sufficient to complete and equip the road; the Company, therefore, in 1885, applied to the Government for further aid, and, in consequence of this application, by an Act 48-49 Victoria, chapter 57, some changes were made in the arrangements of 1884.

283. The Company issued and delivered to the Government \$35,000,000 first mortgage bonds, bearing interest at 5 per cent., and secured by a mortgage on their entire property, and thereupon the Government cancelled and destroyed the shares in the capital stock, amounting to \$35,000,000, held by them.

284. The company were then liable to the Government as follows:—

Loan under Act of 1884.....	\$22,500,000
Balance of amount due under agreement of 10th November, 1883.....	7,380,912

Total	\$29,880,912

which amount, with interest at 4 per cent., was to be repaid by the 1st May, 1891. \$20,000,000 of this amount were payable in cash, and secured by a like amount of the above-mentioned first mortgage bonds, and the balance was secured by a lien upon the unsold lands of the company, about 20,000,000 acres. Of the remaining \$15,000,000 of bonds, \$8,000,000 were held by the Government as security for a temporary loan of \$5,000,000, and the balance was to be paid over from time to time to the Company for the improvement of the road. The temporary loan, which was made in July, 1885, was repaid in the following months of September and November, the Company having succeeded in disposing of bonds placed on the London market. These bonds are now quoted at 106.

285. During the last session of Parliament, an arrangement was made with the Government by which the Company undertook to pay back in cash by the 1st July, 1886, the sum of \$20,000,000, secured by the \$20,000,000 in bonds, while in lieu of the balance owing, amounting, with interest, to \$10,189,000, the Government agreed to take over 6,793,014 acres of the Company's unsold lands.