than the guarantee system. Where is the company's capital? The whole thing hinges on that. That would be of very little service to them. They are supposed to take the land scrip or certificate as being at the marketable value, and they would not improve their position in that respect.

Hon. Sir J. Hall: It would not matter to you if the work were done.

100. *The Chairman.*]—The financial men at Home might be more willing to take the Government debentures with the guarantee of the colony attached to them than land, which might be looked upon as of problematical value?—Yes, there is the difficulty. My opinion, after a great deal of experience, is, that it would be a much more preferable system to either guarantees or land grants.

101. *Mr. Shera.*] If the mortgage-holder foreclosed, have the company sufficient time to complete the railway itself under the contract?—It would all depend on their capital; we will suppose the capital were raised to-morrow, it would take three years—this is the opinion of experts—it would take three years to finish the line after they have got the capital.

102. Supposing they did not foreclose until the time had lapsed for completing the contract, have the company any further time to complete?—No.

103. In that case would the line revert to the colony?—I do not think it. It has been taken for granted from beginning to end that the company is so strong that, in dealing with it, it has never been supposed for a moment that there would be a non-completion or breaking-down.

104. *Mr. Bell* (by permission of the Chairman).] I should like to ask you, Mr. Seddon, whether the powers of the Government are not contained in the Railways Construction and Land Act—I mean in regard to the East and West Coast Railway—in the Act of 1881?—If so, they would be mentioned in the Act or in the contract.

105. *Hon. Sir J. Hall:* The Act of 1881 has nothing to do with this particular line.

106. *Mr. Bell:* I am perfectly aware of that. The powers are contained in the Act of 1881, are they not, Mr. Seddon?—I think the whole must be read together.

107. What I want to know is, whether your attention has been called to the powers of the Governor?—You have no power to impose any penalty.

108. In the event of unreasonable or inexcusable delay does not the 123rd section of the Act give you power to complete the line?—Yes; that is the main power. After reading the contract with the Act I do not think myself that there are penalties.

109. This is the point I put to you: If the company does not go on with the work your only remedy is to complete the line, and you may work the two pieces at each end—you may work them and charge the company with the working-expenses, and pay them any profits?—No; we have another remedy.

110. What is the other remedy, may I ask?—To take the two pieces.

111. And pay the cost of them?—Yes; it would be much better than to give the required guarantee.

112. I do not know whether you have power to take the railway at any time?—Yes, we can take any section of it.

113. You say you have that power?—I think so.

114. You might take these two ends and complete the space between them; but if the railway is to be constructed you would not take these two ends, which you say are worthless, without making the line between them?—I think that would be a matter for consideration. You do not take into consideration this fact: that should the company do nothing under the contract there is such a thing as a Parliament in this country. I do not think Parliament, under these circumstances, would be dead altogether.

115. Are you not aware that this railway would be the property of the debenture-holders, and not the property of the contractors, and Parliament could not take the debenture-holders' property from them?—Whether it is taken by foreclosure or otherwise, it will always be subject to the law for the time being. This will apply to the company.

116. Do yo think *ex post facto* legislation would be passed by this Parliament to take the property of debenture-holders away?—I do not think it would be required for that purpose.

117. Then, I am to understand that this is the view you take of the present position of the Act as it stands?—I think the debenture-holders would be mighty glad to come to terms with the Government, and very easy terms. If they have dead money not paying interest, and not in the position of bringing anything in, they would be very glad to come to some arrangement. There is nothing to be feared from the debenture-holders; I do not fear them at all; they would be inclined to sell very cheap.

118. I was asking you as to the powers of the Government?—I have formed my own conclusions. I have not been advised upon that point. I have formed my own opinion on the question.

119. And you understand that that is the position; and perhaps you will say before the Committee that, if the views of the officers of the Government differ from your views, you will be able to support the proper view?—Yes; that is so.

120. *Mr. Wilson.*] With regard to your statement that it would be better for the colony to give the company the value of the land instead of a guarantee, have you carefully gone into this last proposal which I intimated to the Government, as contained in Enclosure No. 6, in which I offer, on behalf of the company, that if you will give them a guarantee of 3 per cent. on £1,600,000, the company will practically give back to the Government the whole of the land-grant value? You stated also that the estimate of traffic may be taken as fairly correct. You also stated that the cost of working would not come out as favourably as anticipated?—Yes, with certain modifications.

121. Have you looked into how the cost of working has been estimated?—Yes.

122. Then, you are aware that the estimate is based upon the figures given by Messrs. Higgin-