charge put upon your land, and only paid on the unimproved value of the land?—Yes; it would come very heavy on us, as we should have a large area of unimproved land. If they rated us only on a mere strip of railway land, without the improvements on it, that would, of course, be a trifling matter compared to what it is to-day. But to-day they are rating us on the capital cost of our railway.

110. What I wanted to ascertain is, whether this proposed alteration would not really reduce your complaint, your grievance, to nothing?—It might; but, on the other hand, it might bring us back to the same amount of taxation. At unimproved waste-land value we have £30,000 worth of land lying there on which we must be rated, in addition to paying local rates on our railways as well.

111. But you have to pay at present on both? You have to pay on your timber land, and on the improved value of the land occupied by the railway?—That is so, and we desire an alteration.

112. Now, would not this alteration in regard to the rating of your railway give you a very great advantage indeed?—Undoubtedly it would give some relief.

113. *Hon. Mr. Seddon.*] What provision, if any, has been made to meet a case of this kind: that the company in the construction of the works meets with difficulties, and cannot complete them within the time specified?—I have calculated the time of completion. I have gone carefully into the question. I know the country very well; indeed I have been over it dozens of times and studied it carefully, and I do not anticipate any engineering difficulties calculated to delay us. It would be something very abnormal indeed which could delay us. What was supposed to be a difficult part of the country proves now, when we have made our surveys through it, to be of a very solid nature indeed. Where we expected to meet the greatest difficulties I do not now anticipate anything of the kind. And I think my estimates will cover any fair contingency that might arise in the works.

114. But no provision is made for penalties by reduction. You receive these instalments, these debentures, right off. What guarantee do you give in return?—I think you have ample provision. The company expect to have completed and be working its line in three years and a half. The Government will only have paid three years and a half of the instalments in that time. The Government would see at once the progress the company made and know its expenditure. As to the company not carrying out its part of the bargain, I propose to meet that objection in the sense suggested by Mr. Hutchison the other day: that the first instalment should not be paid as suggested in the proposals on the signing of the contract, but twelve months after signing, so that in fact the Government would never make up in payments any sum approaching the amount of the expenditure which the company must make to complete its work in the time. I calculate it will take us three months before we start on works after getting the money. We shall have to advertise our contracts, and probably give the contractors three months in which to go through the plans and over the ground. It is a large expanse of country, and a country in which it is difficult for any man to form rapid and accurate estimates. We shall therefore have to waste practically three months before we can actually get to work after the capital is arranged for in London. So that, in making the first payment twelve months after the signing of the contract, the company's expenditure by that time will far exceed this first payment. But if you can suggest any reasonable clause by which the Government would be protected I should only be too glad if you will do so. I will agree to anything reasonable in that way.

115. You will admit there is novelty in these proposals to pay beforehand—that by them we are absolutely committing the colony to works not touched?—I will put it this way: If you make your first payment twelve months after the signing of the contract, you can put in a stipulation that it is not to be paid unless the company have expended more than that amount on the works. You could protect the colony in that way.

116. Would not that apply to each payment?—If you like. It would not affect us in the slightest degree. That might be done with perfect safety. I expect to spend at least £30,000 a month once we start. We must do this to get the work finished in the time named.

117. I am only calling attention to what I think an omission in the proposals?—I am quite willing to insert any reasonable condition. The suggestion I make is perfectly reasonable, and I have not the slightest fear that at any time these payments on account of the sale of land-grant will approach in amount our expenditure on works.

118. In an ordinary contract, bonds are given for the due carrying-out of the contract. A deposit is lodged, and bonds given?—That was a special circumstance, if you remember, arising in regard to Lake Brunner deviation.

119. I am not alluding to that, but to contracts generally. A contractor for a certain work, which he undertakes to do within a specified time, on receiving payments from the contractee, gives that contractee a guarantee. He gives bondsmen, and, in addition, a percentage of his earnings is kept back?—You are speaking of an ordinary contractor?

120. Yes?

Mr. G. Hutchison: He begins afresh.

Hon. Mr. Seddon: We have had so many breakdowns, and so many applications to Parliament for bills each time in favour of the company. Now, what guarantee have we now? Is the company prepared to give any?—You have a guarantee at once; in fact, you have two. The day the company sign the proposed new contract the whole of our land-grant passes into the hands of the Government.

121. It is ours now?—No, it is under contract to be paid to the company.

122. It is only kept there for you to select from?—Not that alone. It is ours, in a measure. It is conveyed in our present contract; and as long as our present contract exists it is ours.

123. *Mr. Wright.*] It is in pawn?—We still hold it, though, of course, we cannot take it away, and it must be handed to the company under certain conditions.