Again, further on, Mr. Seddon is still giving evidence, and this is what he said:—

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.

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

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.

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.

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

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.

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.

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.

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.

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

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

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

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

You might take these two ends and complete the space between, 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.

Are you 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.

Do you 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.

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.

I think Mr. Bell will frankly admit that in Mr. Seddon's answers he acknowledges that this partial line was the property of the debenture-holders, and could not be taken from them because of this contract with the colony.

Mr. Bell: I think you should read question and answer 118.

Dr. Findlay: I will do so:—

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 that question.

The next is on page 106, where you will find this question put:—

How do you mean "losing their money" when they would get the line existing?—I mean to say that on the pieces of line constructed they would not get interest on their money, for it would simply take all they could get for working expenses.

I do not want to weary the Committee by reading further extracts from this evidence.

Mr. Bell: I think you should read question 9 and answer.

Dr. Findlay: I will do so. It is as follows:—

I think in your evidence yesterday you stated that the outcome would be that the Government would have to purchase the debenture-interest in the line?—I never said that. The question was put to me as a supposititious case, What would eventuate supposing the Government could not agree to the proposals, seeing that the debenture-holders had a mortgage on the property? I said I thought they could be very easily dealt with. Then Mr. Bell raised the question that we could not take over a piece of the line, but would have to take over the whole of it. Then he called my attention to a letter on the subject; and I said, and say again, that if the company did not make the line, the people who held the debentures would lose their money. There would have to be a re-forming of the company, and the debenture-holders would have to go into it or lose their money.

But question 10 shows as plainly as it is possible to be that in the minds of both questioner and witness there was no doubt that the debenture-holders had got as their absolute security "the existing line."

Rt. Hon. R. J. Seddon: You will find that repeated in what I told Mr. Young in London.

Mr. Bell: I say now, as I said then, that the Government could not take a bit of the line without undertaking to complete the rest.

Dr. Findlay: Well, I have read these questions and answers, and I will leave the inference to the members of the Committee. I do not blame any one, for I think we all, until the Act of 1885 came up in legal proceedings, and legal minds closely analysed these Acts—we all believed that the debenture-holders had a secure position. I am compelled to bring these matters forward to meet the statement of Mr. Blow and Mr. Bell that no "intelligent person" could read the Act of 1884 as giving the debenture-holders a first mortgage on the railway. Why, at page 175 you will find Mr. Bell himself summarising the legal position briefly, and plainly stating as a proposition of law that we had a charge over a part of the railway. He says there, "Clause 9 of the contract specially protects the rights of debenture-holders as assigness of *the part of the railway charged in their favour.*" Now, Mr. Bell is there summarising the legal position as well as the position of facts, and he says, addressing this tribunal, that there is a charge on part of the railway; and I take leave to think that Mr. Bell honestly believed then, as we