

1888.
NEW ZEALAND.

WASTE LANDS COMMITTEE

(REPORT OF THE), ON THE PETITION OF THE WELLINGTON AND MANAWATU RAILWAY COMPANY, TOGETHER WITH MINUTES OF EVIDENCE AND APPENDIX.

Report brought up 17th August, and ordered to be printed.

REPORT.

PETITIONERS state that in the year 1882 a contract was made between the Government of New Zealand and themselves for the construction, working, and maintenance of a line of railway between Wellington and Longburn: That by clause 11 of the said contract it was agreed that, in the event of the Government acquiring certain lands within a period of five years from the date of said contract, such lands, or a proportionate part of the same, should be granted to the company: That Petitioners have reason to believe that Government have acquired a portion of the lands referred to in clause 11 of the contract.

Petitioners pray that effect be given to the object and intent of clauses 11 and 12 of the said contract, or to the alternative claim of the Petitioners.

I am directed to report, That, in the opinion of the Committee, the company have no equitable claim upon the Government.

17th August, 1888.

JAMES FULTON,
Chairman.

[For beginning of Evidence, see I.-5, Appendix to Journals, 1887.]

MINUTES OF EVIDENCE (*continued*).

WEDNESDAY, 23RD MAY, 1888.—(Hon. Sir Robert Stout and Mr. H. D. Bell, Solicitor to the Manawatu Railway Company, in attendance.)

Hon. Sir ROBERT STOUT examined.

1. *The Chairman.*] The Committee understands, Sir Robert, that you wish to make a statement in reference to some evidence given before the Waste Lands Committee last year?—I do not know that it is of any importance to the question which the Committee has to discuss in regard to the claim of the Manawatu Railway Company. Perhaps it is unnecessary. But my name has been dragged before this Committee with reference to certain land which Major Kemp conveyed to Mr. Sievwright. I want to say that I never had any interest in it, and Mr. Sievwright and myself were not in partnership. I understood from Mr. Sievwright that he had advanced large sums of money to the Maoris, as well as having claims against them for costs, and that this land was given to him in payment. It was given by Kemp or the Maoris—I do not know in whom the title was—to Mr. Sievwright in payment of those claims. Mr. Sievwright, I believe, has not seen the evidence; but he says that if anything were to come out in regard to his claim he would like to be present. He says the land that has been given will not meet the claims he has against the Maoris. Mr. Sievwright lives at Gisborne. Even if he were to get £3 10s. an acre for it, that would not wipe out their indebtedness to him. I have no personal interest in the matter. I had nothing whatever to do with it.

2. *Mr. Bell.*] You do not suggest, Sir Robert, that any of the matters you refer to were brought forward at the instance of the Manawatu Railway Company?—Kemp said, in answer to a question from Mr. Travers, that he had given this land to Mr. Sievwright.

3. You were Premier in the late Government?—I was.

4. Have you read the contract between the Manawatu Railway Company and the Government of New Zealand?—I have read it.

5. Do you understand the question in regard to the unallotted land?—Mr. Nathan called on me once, and told me that the company had a claim against the Government.

6. Were you aware that the land which had been allotted to the company in the Forty-mile Bush had been withdrawn?—I do not think that came before me. I knew of it only from hearing about it. I do not think Mr. Nathan made any point of that. I thought that land at the other side of the Tararua Range was not to be included, as it was a different watershed. He said the Government had promised to give them land, which, I understand, they would have to purchase from the Natives. He asked the Government to give them the land, and to purchase it for that purpose from the Natives.

7. Did you agree to that?—I think that part of the contract was entirely illegal. The Government had no power to perform that part of the contract—to purchase this land out of loan-money, and hand it over to the company. I thought that was a thing we ought not to do. I do not think that we would be acting fairly to get loan-money, and to purchase with it Native lands, to be given to the company without Parliament being acquainted with the transaction.

8. Then, do I understand you that you would repudiate the contract entered into by Sir John Hall and his Government?—I agree that a succeeding Government is bound to perform the contracts entered into by a former Government. But if there is something more put into the contract than was there when the contract was before Parliament, and which Parliament had not sanctioned, then I say the succeeding Government has no power to agree to that.

9. Are you aware that the contract as it now stands had been laid before Parliament as the law required, and that Parliament had approved of it?—I am only speaking from memory; but what I recollect is this: that there was no formal resolution approving of it, but so long as there is no resolution disapproving of it the contract is valid.

10. But you are aware of the fact that, as the Act required the contract to be laid before Parliament, it was laid before Parliament? I understand you now to say that you would refuse to perform that contract in consequence of the view you have formed of its illegality?—What I say is that the Executive had no power to give any land, or to promise to give any land, to the company except what were Crown lands when the Proclamation issued. That part of the contract which says that land should be given, which land would have to be purchased with loan-money—I say, to take loan-money for the purpose of carrying out such a contract, without consulting Parliament and taking the decision of Parliament upon that point, is without any warrant of law. There was a proposal to buy the railway, and I thought the arrangement with the company might be this: They might have their money back with a fair percentage, and the lands they had reclaimed, as an equivalent for their preliminary expenses, might be given to them, they giving up all the other land.

11. I do not desire to enter into the secrets of your Cabinet, but I would ask, did your Government act upon your advice in this question?—Well, I do not think that it ever came to the stage of my giving a formal opinion as Attorney-General; but I expressed this view on more than one occasion, and told members of the Cabinet what I thought about it. I do not think the Solicitor-General ever gave a formal opinion upon it. I do not say that my opinion is right. You had better take the opinion of the Solicitor-General upon it. I only tell you what my opinion was, looking to the Act and looking to the contract. If you take the Act you will find, according to my memory, it provides that the area and the lands to be allocated are given. There is no provision in the Act to make a contract which provides that the Governor is to buy lands and give them to the company. There is no power of that kind provided for in the Act. I may be wrong, but that is my impression.

12. We have it stated by your Government that their objection was in effect that your Government had not acquired the land within the time?—Yes, that is very true.

13. Now, I understand from you that, even if the land had been acquired within the time, you would have taken advantage of this legal technicality and refused to allot the land?—I do not know what the Cabinet might think when the subject came before them, but I do not call it a technicality. I say it is a good deal more than a legal technicality—I say it is something more: it is giving away to an association the property of the Crown without the sanction of Parliament.

14. Notwithstanding the contract was approved by Parliament in accordance with the Act?—If the Act authorised the Government to enter into the contract, and the Government put a provision that was unauthorised, being without the sanction of Parliament, I do not think that any subsequent Government has a right to carry out such an arrangement.

15. May I ask why that opinion was never communicated to the company?—The question never arose in a regular form. There was no land.

16. When the deputation waited on your Government?—Not on me.

17. On your Government?—I told Mr. Nathan that I did not think this proviso was binding on the Crown.

18. Did you not think that that was misleading? You knew that the deputation which waited on two successive Governments were told, not that there was any difficulty in carrying out this engagement if the land had been acquired, but that the land had not been acquired?—That is quite true: the land had not been acquired. It was not likely to be acquired at any time, because Kemp said he would not sell.

19. Why did you not tell them that they were wasting their time?—I would have told them, if they had come to me, that I would not be for giving them land without Parliament being consulted. Mr. Nathan had only one short interview with me. He saw Mr. Ballance and Sir Julius Vogel, I believe; but they thought there was no land likely to be got. I may add that it was fair to presume that the solicitor to the company would advise them that this proviso was *ultra vires*.

20. Do you not think that the Solicitor-General and Attorney-General should have advised the Government to that effect when making this contract?—I think so. They ought to have done so if they were asked.

21. *Mr. Smith.*] Do you think, Sir Robert Stout, they have any claim—that is, of course, a fair claim?—I think the Act of 1881 did not authorise the Government to give them this promise.

22. *Mr. O'Callaghan.*] Did the company mention this land when offering the line to the Government? Did they mention it at the time of the offer?—Yes, I think they said they had this claim on the Government. I tried to negotiate the matter, and offered to give them their money back with interest added, they giving up their lands. There was something about reclaimed land. They were to be allowed to keep the reclaimed land to pay their preliminary expenses. They were to get a percentage, and to enter into a provisional agreement, to be submitted to Parliament.

23. Was their claim in this particular matter considered?—No, I do not think so. I thought it a fair thing that these men, who had undertaken the risk on behalf of their district, should bear no loss; but I do not think the colony should be expected to give them land purchased out of loan-money, without Parliament being consulted. It was left to me to suggest what terms would be fair. I thought it was only fair that these men should have their money returned with interest and their preliminary expenses.

TUESDAY, 12TH JUNE, 1888.

Mr. W. S. REID, Solicitor-General, examined.

24. *Mr. Bell.*] You have seen a copy of the evidence given before the Committee by Sir Robert Stout?—I have.

25. Did you act on behalf of the Government in settling the form of the contract with the company?—I did.

26. Do you remember the 11th clause?—Of course, I have referred to the printed copy of the contract and the papers on errors since I had notice to attend this Committee.

27. Can you say whether the 11th clause was drafted by you or by Mr. Travers?—By Mr. Travers, and submitted to the Government.

28. Was it approved by you in the form in which Mr. Travers submitted it to you?—It was.

29. Was there no alteration it?—I could not exactly say. No alteration that I remember. I recollect, since refreshing my memory, and looking into the file of papers, that there were some words put in to the effect that “if in the opinion of the Government land should be available,” &c.

30. Then some alteration in the clause was considered by you?—Yes.

31. I assume you received instructions from the Government with respect to the 11th clause?—The clause came in just in the ordinary way, by a reference from the Public Works Department, to be settled; and it was settled in the ordinary way. I had, of course, to do with the prior draft.

32. I understand that the 11th clause was not in the contract originally?—No.

33. The separate draft was submitted to, and approved by you?—Yes.

34. Coming from the Public Works Department?—Yes.

35. So that in that way your special attention was called to the provision made in the 11th clause?—Yes.

36. Can you say, if you remember, whether any question was raised at that time as to the validity of such clause?—I do not remember. So far as I am aware, no question was raised.

37. Either by you or by the Government?—Certainly not by me. I do not know whether there was by the Government.

38. Were you informed at the time that the 11th clause was to provide land for allocating to the company?—It came with a letter that had been sent to the company, accompanied by the draft-clause submitted by Mr. Travers, with a direction to peruse the clause, and, if I approved, to agree to it in that shape.

39. What letter was that?—The letter of the 20th or 21st February. I am not sure which.

40. Is it the letter of the 13th February?—I thought it was the 20th February. I am not sure as to the date, but it was about that time. [File of papers handed to witness.] This is the letter.

41. To whom is it addressed?—To Mr. J. E. Nathan. It is a draft-letter. It is marked by Mr. Knowles as having been sent on the 20th February. [Letter read.]

42. Who is it signed by?—It is signed by Walter Johnston. It was a copy of that letter that came to me with the clause.

43. Can you refer to any other letter?—Yes.

44. Which?—It is a letter of the 21st February, addressed to Mr. Travers. [Letter read.]

45. I understand that that was referred to you in the usual way?—Yes, with the clause.

46. Has your opinion at any time been asked as to the effect of that clause?—It has not.

47. At no time?—At no time.

48. By no Minister?—By no Minister.

49. Do you remember the question being ever raised in any way by Sir Robert Stout to yourself?—At no time.

50. Was the first suggestion of its invalidity the receipt of Sir Robert Stout's evidence?—It was.

51. Were you ever consulted as to the limit of five years?—No.

Mr. SHORTT examined.

52. *Mr. Bell.*] You are a clerk in the Public Works Office?—I am.

53. Do you produce certain files of papers in the Public Works Department?—I do.

54. Are these files connected with the preparation of the Wellington and Manawatu Railway contract?—Yes.

55. Are there other matters recently connected with the contract on that file?—Nothing since 1883. The last paper on the file is dated 12th October, 1883.

56. There would be no inconvenience in leaving these files here in charge of the Committee?—No inconvenience if they are kept according to the stipulation that Mr. O'Connor has made.

THURSDAY, 14TH JUNE, 1888.

The Hon. JOHN BRYCE examined.

57. *The Chairman.*] You have been summoned to give evidence in this case?—That is so.

58. I presume you have gone through the papers relating to this case. Will you be good enough to make such statement as you think requisite in regard to this matter?—Why I am here, I think, may be explained in this way: During the recess the Minister for Public Works, in his official capacity, sent me a report of the evidence taken before the Committee last session, stating that he sent it to me for my information, because in all probability I would this session be called

as a witness. I presume it was pursuant to that desire on his part that I have been summoned before the Committee. In looking over that evidence—which I have done very carefully—one thing struck me which, I think, I ought to make clear at once. I see that Mr. Travers, in his address to the Committee, and Mr. Levin, in his evidence before the Committee, imputed to me a special hostility against the company. I may say that they are under a perfect misapprehension in this respect. I can possibly explain that misapprehension. I have always been opposed, politically and on principle, to grants of blocks of land to any private syndicate whatever. I have always held that the first duty of a Government in a new country is to manage and settle its land, and that it has no moral or political right to abdicate these functions in favour of any company whatever. That, you may observe, would make me hostile, in a sense, to all such companies—that is, where endowments of land are given or promised to be given. I have never had any hostility to the Manawatu Company in any other sense. On the contrary, I have been favourable to the construction for many years. In 1872 I advocated the construction of that railway when no other Wellington member would listen to a word except spoken in favour of the Wairarapa line. I have done friendly things for the company in my private capacity, to which I need not further refer, and of which the company may not be aware. I simply wish to explain the contract as I understand it. I may state that the Government of which I was a member were desirous to do everything possible to promote the objects of the company under the Act which had been passed. With reference to the passing of that Act, I had nothing to do with it except by voting against it in the House. I was not in the Government at the time—it was during an interregnum; but when I came into the Government I found that negotiations had been going on for the construction of the railway, and that the agreement was ready for signature at that time. Now, I had no particular part in these negotiations, for during the first of them I was out of the Government. I do not remember the particular stage which the contract had reached when I joined the Government, but I remember that the negotiations had so far progressed. If it had been suggested—possibly because of my general objection to granting land to a syndicate—that I was prepared to defeat an honourable and legal agreement between the Government and the company, I say absolutely that such a suggestion has no foundation in fact. I was quite prepared to carry out the agreement, as I understood it, that the Government should proceed with the purchase of land according to its declared policy. But I think I ought to point out to the Committee that it was perfectly well known at that time, and had been well known for some time before, that it was no part of the policy of the Hall Government to vigorously pursue the purchase of Native land. On the contrary, when they came into office they found very large engagements on hand, and it was a positive fact, known to the whole colony as well as to the promoters of the railway, that it had become a part of the policy of the Government to curtail these purchases to a very large extent. Indeed, the amount of money voted for the completion of purchases of Native lands would itself show, as well as the speeches made by themselves and other members, that it was a part of the policy of the Government not to purchase land largely from the Maoris—not to proceed vigorously with the purchase of Native lands. If the company had a right to demand that the Government should use what is called “diligence,” or to proceed vigorously with the purchase of land, in such case the company would have the right to demand that the Government would reverse its policy altogether in respect to the purchase of Native lands. But that was not the case. As I have said, I was quite prepared to go on with the purchase of land in the usual way. Certain blocks of land had certain advances made on them by the Government, and in consequence of these advances those blocks had been proclaimed. It was only intended to complete these purchases so far as they could be completed, and then, if necessary, to call on the Court to define the Government's interest; or, in other cases, where the purchase was not desired, to receive back from the Maori owners, where it could be got, the amount paid to them, and take off the Proclamation. As I have stated, the general policy of the Government rendered it very unlikely that large purchases would be made. There were other circumstances also which rendered it still more unlikely that any great success would attend the purchase of Native land in that locality. A quarrel existed between Major Kemp and the Government, or, more properly, between Major Kemp and myself. Kemp was an influential landowner in the district and an important chief. I had had occasion to dismiss him from various offices which he held. I do not wish to say anything against Major Kemp—I think him a very honourable man; but he naturally felt some irritation owing to his dismissal, and he declared, I believe, that he would not sell any land that he had any authority over to a Government of which I was a member, and that he would, as far as he could, prevent any land being sold to the Government. I do not complain of that. I think it natural that he should have so acted in the circumstances; but all this tends to show the unlikelihood of any large quantity of land being acquired, and the members of the Manawatu Company were perfectly aware of this as well as other people. Therefore it seems to me that the prospect of acquiring land to meet this so-called deficiency between the amount of land proposed to be granted and the amount to which they might have become entitled was of the slenderest character. At the same time I wish to repeat again that I was quite prepared to go on in the usual way of purchasing land, and I would not have held back my hand for a single hour to prevent the Manawatu Company having the benefit of any purchase made in the usual way; but I was not prepared to abandon the policy of the Government and propose a vigorous pursuit of land-purchase in favour of this company. There is another reason for the land not being acquired. The Government were closing up purchases not only there, but in other parts of the colony. On the opposite side of the range, on a block of land called Matatainoko, they were offering a certain price for the land. To some extent the same Maoris were interested in this land, and, obviously, if the Government had offered a larger sum for similar land on the western side, it would have stopped their power of purchasing on the eastern side. The company appeared as desirous of purchasing land for themselves as of getting the Government to purchase. The company commenced by giving prices largely in excess of what the Government was offering. Mr. Booth reported that the company's agents were going to give an average of £1 an acre; in some cases £1 15s. and £2, but the

average would be about £1. He also pointed out that this would be destructive of the Government's power to purchase elsewhere. It was obviously so. The company did request the Government to go on with the purchase of land for them; but I never thought of giving as large a price as the company were offering. I could not see my way to do it, for it would have disturbed the Government negotiations in other districts. Now, I think that all these matters combined might make it clear that the fact of purchases not being made was not due to any special hostility on my part towards the company. I say absolutely that I was never personally hostile to this railway; but I am hostile, and have always been hostile, to granting large blocks of land to any syndicate whatever. If I may refer to the evidence taken last session, I notice that Mr. Levin says that on one occasion I said to him, "I would not turn my hand to help the company." I have no recollection of saying that; but I am not going to put my negative testimony against Mr. Levin's positive testimony. But if he is sure that I did say it I do not altogether wonder at my having done so: there were things happening at the time of these requests being made by the company which made me very angry. There was one block of land, that was bought afterwards by the company, on which payments had been made by the Government. I had no doubt that the letter of the law had been violated in this case, although afterwards I came to the conclusion that what was done was done under a misapprehension. As I have said, I had no doubt the letter of the law had been violated, for the land was under Proclamation. It was bought by the company's agent. I saw Mr. McDonald in Wellington a little time afterwards, and reproached him somewhat bitterly with what he had done. Mr. McDonald said that the purchase was acquiesced in by the Government, as Mr. Booth had witnessed some of the Maori signatures. I called Mr. Booth to account, and he said that he had been assured by McDonald that the Government acquiescence had been given. I was excessively angry. It was no great matter, as it happened, for I would have taken the advances back; but I was exceedingly angry, and if Mr. Levin were so unfortunate as to come to me just after I had been entering on that question it is no wonder that I should have used the expression he has stated; the only wonder is that I did not use a stronger expression.

59. *Mr. Bell.*] I understand you, Mr. Bryce, to say that it was not the policy of the Hall Government to pursue a vigorous land-purchase system?—No; they found they had large engagements, and it was their policy, instead of extending them, to curtail them: some would therefore be abandoned, others closed up, and some would be completed.

60. Why should you object to the company buying land if they buy lawfully?—I had an objection to their buying proclaimed blocks of land.

61. If you did not intend to do anything under your Proclamation, why were you angry?—I felt angry because they had broken the law. If they were held to be at liberty to break the law without remonstrance, other people would have felt themselves equally at liberty.

62. But you do not understand that the company had broken the law?—In this particular instance the law was broken.

63. But you do not attribute the fault to them?—On the contrary, I believe there was a mutual misapprehension. After my indignation had been somewhat exhausted, I knew that there had been a misapprehension.

64. Can you give any other case in which such a thing was done?—I have not the slightest objection to the company acquiring land lawfully.

65. You say it was the policy of the Hall Government to wind up its engagements?—Yes; speaking generally.

66. Were you aware that there was an undertaking on the part of the Government which you joined that due diligence should be observed to acquire land to fulfil this 11th clause?—If you mean by due diligence that negotiations should go on in the usual way, as if no company were in existence, yes; if it went anything beyond that, no.

67. If you, in ordinary course, had been able to acquire the Horowhenua Block in 1880, within five years, though you did not get your conveyance for some short time after—for a month or two after the expiration of that period—would you or would you not have thought you were performing an engagement?—If, as you say, they could have got it within the five years, I should have thought it would be evading an engagement to purposely delay it. I would not have delayed the purchase for an hour.

68. You have spoken of the policy of the Hall Government, and you said that the only engagement the Government had entered into with the company was to continue purchasing in the ordinary way. Will you look at that letter? [Letter handed to witness.] Does that indicate an intention on the part of the Hall Government to continue its purchase in the ordinary way?—This refers to special circumstances. I apprehend, if you will allow me to speak from memory, not from book —

69. The book is here?—My memory is very good as to the circumstances. On one occasion the Government, in my opinion, could acquire a block of land on that coast with profit. I kept the company always as much out of my mind as possible. I proceeded as if the company had no existence. I found, or thought I found, that a block of land could be acquired on the hills not far from the Manawatu River. I came to the conclusion, from circumstances, that Mr. Alexander McDonald would be a gentleman who could acquire this block readily, or with less trouble to himself and the Government than any one else. I appointed Mr. McDonald an agent for the purpose of acquiring this block. He did successfully acquire the block in a very able manner. After he had acquired the block his services ceased. They were engaged for a special purpose. I do not know what was in Sir Harry Atkinson's mind when he said that I had an intention of making an appointment; but I presume it was to this appointment he referred. I think it must refer to the appointment of Mr. McDonald for the purpose of acquiring this special block of land. I have a good memory as to circumstances, but not as to dates.

70. But why should your Government communicate, in due course, that they would take steps to expedite the purchase of Native lands in that district?—It does not imply that this was expedit-

ing the purchase of lands in a particular manner. I have already said that I put the company out of my mind as much as possible. I carried out my object just as if there had been no company in existence. In my opinion this was a suitable purchase to make. I do not understand that it was altering the policy of the Government in acquiring land. I was proceeding as if there was no company at all.

71. Will you now look at the letter of July? [Letter dated 29th July, 1882, addressed by the Under-Secretary of Native Affairs to the secretary of the Manawatu Railway Company.] Now, I ask you whether this was part of the ordinary policy, to withdraw the land from the company?—This letter is addressed to the Manawatu Railway Company, and it was written by my instructions. It was written in reply to a letter from the company asking for the names of Maori owners and details of the moneys paid to Maoris, with a view to facilitating the purchase of land by the company. That was one of the requests made by the company—and improperly made, I think. They were not particulars that should have been applied for. I directed that they should not be given. But I say again that it was a part of the policy of the Government to retire largely, if possible, from those heavy engagements which were found to be in existence. Wherever the Government found it to be in the interest of the colony to close up these transactions by receiving back the advances, the Government did it. Public men are tolerably familiar with the Patatere Block. In that case Government offered to receive back the advances.

72. Did you write to the persons concerned in the Patatere Block, and inform them of the advances made to the owners?—I did not. If you will read this letter you will see that I refused to do it in this case.

73. They are in the margin?—Yes, the totals; but the total amounts are furnished in every case where they are asked for. But the details we did not furnish, and it was highly improper to ask for them.

74. Here is another letter of the same year [8th December, 1882]?—This letter was written in my absence. I am prepared to take the full responsibility of it.

75. I understand you you were not a member of the Hall Government when the understanding was arrived at which let in this 11th clause?—I should say not. These negotiations were going on, and had been almost completed when I returned to the Government. The agreement, I am pretty sure, was signed after I returned; but you are quite right in saying the understanding was arrived at when I was not in the Hall Government.

76. Sir Harry Atkinson has said in his evidence before this Committee that there was an understanding that land should be acquired if possible, for the purpose of fulfilling the purpose of that clause?—I wonder whether Sir Harry Atkinson explained the sense in which he used the words “if possible.” It may have been his opinion in a certain sense.

77. The question was put to you whether you were a member of the Hall Government at the time of the insertion of the 11th clause, and whether he had spoken to you about it?—If he had used the words “if possible” when speaking to me, he must have intended some limitation. He could not have meant that he would reverse the policy of the Government.

78. You were aware that the land which had been allocated to the company on the eastern side of the Tararua Range had been withdrawn?—I would like to explain about that. That is one of the points that I ought to make a statement upon. It was at first proposed to allocate the land on the eastern side of that range; but that suggestion was not long entertained. In point of fact, in all probability it could not have been legally done. At any rate, it would have been most distinctly in violation of the spirit of the Act, because that land was not likely to be benefited by the proposed line of railway. The position was this: that the Government were authorised under the Act to give the land adjoining the line of railway, retaining to itself every alternate section. That was according to one portion of the Act. It so happened there was no land actually adjoining the line. In consequence of that it might have been argued from that portion of the Act taken by itself that no contract could be made; but there was another part of the Act which gave the Government power to give land elsewhere, not necessarily in alternate sections, but in places likely to be benefited by the railway. It was at once pointed out that it could not be said that the land adjoining the East Coast Roads could be specially benefited, and it was immediately, by resolution of the Cabinet, taken out of the proposed allocation.

79. Did the Government of which you were a member mean to deceive them? Did you mean to treat the clause as having no effect at all? Did you intend to use a policy of evasion under this 11th clause?—No; because the policy of the Government was as well known to the members of the company at that time as it was to members of the Government. But I can see nothing in the agreement that implies that the Government should go out of their way in regard to their general policy in order to acquire this particular land for the company. I must say now that I believe the company themselves attached very little value to this expectation of Government getting land from the Natives. I have read over, for example, the speech of the then Minister for Public Works, Mr. Walter Johnston, in moving the second reading of the Thorndon Reclamation Bill. He made a very fair speech. He could not be accused of being unfriendly to the company. He gave in detail the land to be given to the company; but from first to last he did not say a word about the prospective acquisition of this land.

80. Mr. Walter Johnston was then a member of your Government?—Yes; he was a member of the Government.

81. Yet you say he deliberately left it out?—I did not use the word “deliberately.” I said that he did leave it out, and I mentioned the fact to show that but little value was attached to the expectation of the company at that time.

82. Well, there was a member of your Government leaving out all reference to the 11th clause?—I have said that I mentioned this as showing that the expectation of getting this land could not have been very great.

83. *Mr. Whyte.*] Suppose that these lands were under negotiation by the Government, and proclaimed, that prevented the company or any one else from buying?—It ought to have done so.

84. You alluded to Major Kemp being hostile?—To me particularly, at that time; but we are now very good friends. The purchase of part of the Horowhenua Block might possibly have come off but for Kemp's hostility.

85. Two or three years had elapsed when you returned to the Government?—Yes, one or two; it might have been two or three.

Mr. Bell: The contract is dated the 20th March, 1882.

86. *Mr. Whyte.*] Perhaps you could say whether Kemp's hostility extended to your successor or not?—I believe not. On the contrary, I think Kemp was especially friendly with my successor.

87. So that it was possible to have been bought during that two or three years by your successor?—Yes; I understand that a portion was ultimately bought. I think I might give an explanation here. After the railway had got into a considerable state of progress it was likely enough that Kemp might be unwilling to sell for another reason—namely, that it gave him an opportunity of getting an enhanced price for his land. That by itself would make him unwilling to sell, quite apart from any question of hostility or friendship.

88. *Mr. Kerr.*] There is one thing that I should like to be satisfied about—as to what you meant by saying that “McDonald getting inside Booth?”—I did come to the conclusion that the whole thing was a misconception—nothing more than that; although I believe it was a technical violation of the law. The fact that the Government intended to receive back the advances made to the Maoris on that land was well known; indeed, I might have mentioned it in the House, but it was widely known. The misapprehension might have come about in this way: Mr. McDonald would perhaps say, “Do the Government intend to buy this land?” Mr. Booth would probably say in reply, “I understand not.” Then, supposing that the Government did not intend to buy, he might have thought that the Government acquiesced in the company getting the land. McDonald, I think, asked Booth to assist him in getting the land, and Booth declined. Booth was a licensed Interpreter, and would have to witness the Maori signatures. As Booth witnessed some of the signatures McDonald might have thought that the Government had acquiesced. However, I came to the conclusion afterwards that the whole thing was a misconception.

89. *Hon. Mr. Ballance.*] Did the company apply to lift the Proclamation for any of these blocks of land?—When I came to Wellington I had a strong impression that they made repeated applications for that purpose; but I apprehend such applications must have been verbal, for I have not been able to find any letters—or I may not have got the complete piles of papers.

90. If they applied to you to lift the Proclamation, would you not consider that as relieving you from the obligation to purchase?—Yes.

91. If you intended to go on with the purchase you would refuse to take off the Proclamation?—Yes.

92. Did you understand that the company were desirous of purchasing large blocks of land?—I understood they desired to purchase large blocks of land—that is, a very considerable quantity.

93. Well, if they had gone in to purchase land themselves, would not that have prevented the Government from acquiring land, by raising largely the price?—I have no doubt about that.

94. The negotiations of the company would have the effect of raising the price?—Yes.

95. You would not have felt yourself justified to go in and compete with the company for the land?—Not at the price they were giving.

96. Would it have been an unreasonable thing for you to compete with the company, who were purchasing lands?—I endeavoured to ignore the existence of the company altogether. I endeavoured to act as if there was no such company. I do not know whether you can understand it, or the Committee either, but I tried to divest my mind of all thought of the company, and to make my mind up as to what I would have done if there was no company, and to act accordingly.

97. In regard to the money required for this purpose, in the Appropriation Act was there any vote taken?—There was, no doubt, a vote taken that could have been applied to this purpose; but the vote was calculated on the basis of closing up the purchase transactions.

98. In arriving at the vote had you not an estimate of the purchases that it would be desirable to complete; or had you money applicable to the purchase of this land?—At one time we must have had a very large amount that might have been applied to that purpose, because we had to provide from year to year a sum of £47,000 for land which was to be but was not purchased; at the same time, after the vote had been taken, it had to be renewed: so that a large sum might have remained in hand, and could lawfully have been applied to these purchases.

99. Was it specially appropriated to acquire the land at Matatana?—We did not expect to get much land there.

100. Did you ever state to any one that you thought the company had acquired sufficient land?—Not that I am aware of. I do not remember ever saying so to any one, except on the general principle that I objected to blocks of land being sold to any syndicate.

101. *Mr. Whyte.*] Was the general effect of this hostility on the part of Kemp—I say the general effect of it—to deprive the company of what they otherwise would have got?—In all probability it would have that tendency. I should not like Mr. Whyte to make too much of that; but Kemp's hostility did have a tendency to prevent us acquiring an interest in the Horowhenua Block. I may say I apprehended that in no case would the Government have acquired the whole of that block, for a great portion ought to have been left as a permanent reserve for the Natives for ever.

102. The word “competition” was used as “between the Government and the company.” That, I think, has been taken to mean more than you meant in using the word. It meant, if I understood you, not that you were to compete for any particular blocks, but that the operations of the company in buying other lands tended to raise the price to the Government?—What I meant was that if we were disposed to give, say 7s. 6d. an acre for a piece of land, it would have been useless for the Government to compete with the company, who were offering as much as £1 or £1 5s.

103. *Hon. Mr. Ballance.*] Are you aware whether Kemp was in a position to sell any portion of this land himself?—No; Kemp's opposition took effect in opposing the initial steps for the settlement of the title.

104. *Mr. Whyte.*] Do you think it probable the company could have got this land had not the Government been negotiating?—No, I do not think it.

Hon. Sir JOHN HALL, K.C.M.G., examined.

105. *Mr. Bell.*] You were Premier of the Government that passed the Railway Construction Act of 1881?—Yes.

106. I believe you took a part personally in the negotiations with regard to the formation and execution of the contract between the Government and the Manawatu Railway Company?—Yes, very largely: in fact, they were chiefly conducted by myself.

107. Do you remember the question of the proposed allocation on the eastern side of the Tararua Range?—Yes: to the best of my recollection the difficulty was brought home to the Government by representations from gentlemen living on the eastern side of the range, who pointed out that it would be a great grievance if land was taken there to help to make the railway on the western side, seeing that the eastern side would not be benefited by the work.

108. Do you remember an arrangement made with the company as to compensation for the withdrawal of the proposed allocation?—Yes: the matter was gone into, and the land on the eastern side was excluded from the grant to the company; that brought their land-grant below the amount which had been originally contemplated.

109. Fixed by statute?—Yes: one-third of the cost of the railway. The company then applied for compensation in money, which was refused; but they were informed that when land on the western side of the range should be purchased—within five years or thereabout—their land-grant would be made up to its full amount.

110. The result of that was the 11th clause?—Yes; that was the shape it eventually assumed. At that particular time the negotiations were conducted by myself.

111. Did you at that time contemplate that the land would be acquired within the time limited?—Certainly; I expected that it would.

112. What was the understanding between the company and the Government?—The original understanding upon which the negotiations were based was that they were to get, in addition to certain plant that was on hand, the benefit of certain works that had been completed, and one-third of the cost of the railway—up to a limited sum—in land.

113. What was the understanding when the land on the east side of Tararua Range was withdrawn?—I think that is shown in the official papers.

114. Was anything said as to fixing the period at five years?—I could not charge my memory with that. The railway was to be completed in five years, and it was thought that would be ample time within which the land might be acquired. I was not conversant with the details of the negotiations for the purchase of Native land. I was, however, aware that the acquisition of this land would encounter the hostility of Major Kemp; but we expected that would be got over in five years.

115. You heard the Hon. Mr. Bryce, in his evidence, state that it was not the policy of the Government to buy Native land largely?—Yes.

116. Did you pursue that policy so as to avoid this contract?—There is a letter from the Government to the company which is a complete answer to that question. It stated that the Government were trying to buy the land; so that the general rule you have mentioned could not apply to this particular block.

117. Then, did your Government intend to acquire the land if they could?—I do not say they would do so at any sacrifice; but it was the intention of the Government to endeavour to acquire the land.

118. Within five years the Horowhenua Block was passed through the Native Land Court, and was subdivided; in a month or two after the expiration of the five years the Government of the day acquired part of the Horowhenua Block?—Yes.

119. Do you or do you not consider that land in a similar position is covered by the engagement of the Government?—As the acquisition of the land was not completed until after the five years, it is not within the letter of the contract with the company.

120. If there has been a deliberate postponement of the acquisition of the land until after the expiration of the five years, would you or would you not consider that that was an honourable fulfilment of the engagement into which you, as Premier, had entered with the company?—I should consider it was a breach of the spirit of the engagement.

121. *Mr. Whyte.*] Do you consider that if the land had been acquired within a month or so after the five years, would the company, in your opinion, have an equitable claim to the fulfilment of the contract?—I think they would have a very strong moral claim. Perhaps I may be allowed to give my reason. I think the company expected, from the negotiations and conversations they had with the representatives of the Government, that the land would be acquired, and upon that expectation they conducted their proceedings. Nothing occurred between myself and them to lead them to any other conclusion.

122. You also expected the same thing?—I have said so.

123. I understood you to say that five years was fixed because it was considered ample time?—I think that five years was the term within which the railway itself was to be completed; it was considered to be ample time.

124. If it had been proposed to make it six years, would there have been any strong objection?—No.

125. I understood you that they could not get the £29,000 or the land until the railway was finished?—I do not remember details. They would, no doubt, get progress-payments as the work proceeded.

126. But if the time had been extended one year, there was no serious objection on the part of the Government to that?—No.

127. *Mr. Kerr.*] You said that you did most of the negotiations yourself at this particular time?—I think so. Just before the conclusion of the contract they were conducted through me.

128. Do you remember what was the amount of material and the worth of the labour they got beside?—I could not charge my memory with the figures; I think it is all specified in the schedule to the contract.

Mr. Bell: It is in the first schedule to the contract.

129. *Mr. O'Callaghan.*] You have heard the Hon. Mr. Bryce state that, in his opinion, it must be acknowledged on all hands that their prospect was the slightest of ever obtaining this land. Was that your opinion?—Certainly not.

130. You thought through the whole of these transactions that the company had a fair prospect of getting the land within the five years?—During all the negotiations I thought so. Not long after the contract was signed I left the Government.

131. As long as you were in the Government did you think there was a fair prospect of the land being acquired within the five years?—Yes.

132. *The Chairman.*] Had you been in the Government when the land was purchased, what attitude would you have taken up towards the allocation of the land?—Do you mean after the five years?

133. Yes. The negotiations were completed before the five years expired, but the actual purchase was made a month or so after the five years?—Assuming that there was no intentional delay on either side—and I presume the postponement of the purchase was not intentional—I should have thought the company had a strong moral claim, and I would have been prepared to bring the case before Parliament. I do not think the Government could have given the land upon its own authority; but the company, in my opinion, had a strong moral claim.

134. *Mr. Bell.*] Have you examined the files of the Public Works Department? Have you had them before you?—Yes, I have had them before me.

135. If there is any information that you can give as to what took place, from any note or memoranda of your own, I would be obliged to you if you would give the Committee the benefit of it?—I may mention that during part of the time covered by the negotiations I was Acting-Minister for Public Works. Mr. Oliver had retired, and Mr. Walter Johnston was not appointed until some time after. I was in the meantime Acting-Minister for Public Works, and made the Public Works Statement: that is how I was brought into the negotiations. It is possible that on the file which would contain the draft of the 11th clause there might be found some statement, or memorandum, or minute, showing precisely what was the intention of the clause. Any important points arising out of the negotiations were brought before the Cabinet. There are extracts giving the decision of the Cabinet on these points. I do not remember that there is anything which distinctly explains what the intention was; but a person might, I think, gather from a portion of the file that it was the intention that the company should have one-third in land.

136. And that was to be made up of Native land that was to be acquired?—Yes. There is a letter in which the company ask the Government to enter into a guarantee, and ask also when the purchase would be completed. The answer to that was that the Government could not enter into any such undertaking, but that the Minister was endeavouring to complete the purchase.

137. *Mr. Whyte.*] In your opinion was the prospect of getting the land so rosy that the Government built on that?—I have no doubt they did. I think, if you will read that letter it will show this.

138. It has been intimated that the chances of getting the land were of the slenderest description. From the negotiations that you conducted did you gather that?—No.

139. You thought the prospects were fair, as far as you proceeded in the negotiations?—Yes, I thought so.

140. *Mr. O'Callaghan.*] Did any negotiations take place during your term of office as to the extension of the time beyond five years?—I have no recollection of that. I do not think it was likely. Do you mean extension of time for making the railway?

141. No, for making the purchase?—I left office soon after the contract was signed.

142. *Mr. R. Thompson.*] Do you consider that the Government which succeeded yours were justified in refusing to carry out this contract, and hand over the land without coming to Parliament?—Legally I suppose that would be so; but I do not wish to speak definitely on that point. It is my impression that they would require parliamentary authority to make further concession to the company.

143. *Mr. Whyte.*] Outside the letter of the agreement?—Yes.

Hon. Sir HARRY ALBERT ATKINSON, K.C.M.G., Colonial Treasurer, examined.

144. *Mr. Bell.*] You were Colonial Treasurer in the Hall Government?—Yes.

145. At the time when the Railway Construction Act of 1881 was passed?—Yes.

146. Can you remember whether you took any part in the settlement of the contract between your Government and the Manawatu Company?—No direct part, except that, as a Minister, I received deputations from the company at different times. Of course I was consulted generally about the matter.

147. Do you remember a question that arose with regard to the allocation of land in the Forty-mile Bush to the company?—I remember, generally, that there was a question about that.

148. Were you aware of an arrangement that was made to obviate that question with the company? I may put it in this way, Sir Harry: was your attention called to this 11th clause which was put in by a separate draft?—Yes, I remember that clause very well.

149. You remember that it was put into the contract by a separate draft?—I could not say

that certainly, but I know there was a difficulty raised about some land which had been selected outside what was supposed to be the proper area, which land the Government wanted for other purposes, but had not acquired. I think it was wanted for other purposes.

150. But you have a recollection of this 11th clause and its insertion in the contract?—Quite.

151. You are aware that a limit of five years was fixed?—Yes.

152. Can you say what was the understanding between the Government and the company with regard to the acquisition of Native land by the Government?—The Government, as I understood it, were to use all reasonable endeavours to purchase land, and if it were purchased then the company would obtain the additional amount.

153. That was the way you looked at it?—The way I understood it.

154. There was some correspondence by yourself in regard to this question. I may as well show you this letter?—The fact is, I have not looked at the papers.

155. I am sorry to say, Sir Harry, that they will not allow me to look at them?—Yes; I remember now that I look at this letter. I remember quite well a deputation waiting upon me, and my communicating with Mr. Bryce on the subject. [Letter, 21st of February, 1883, addressed to J. E. Nathan, Chairman of the Manawatu Railway Company, put in and read.]

156. You say you remember that letter, and the deputation to which this letter is a reply?—Yes; I might say that Mr. Bryce was away; if my memory serves me, I think he was in the Auckland Province at the time.

157. Except for the purpose of fulfilling some arrangement with the company, you would not have to communicate with him as to the intention of the Government relating to this land?—I said at the beginning I understood that the Government were to use all reasonable means of obtaining this land if the land could be obtained at a proper price; and the deputation, if my memory serves me, represented that the Land-purchase Agent was not getting on as well as he might have done. I undertook to communicate with Mr. Bryce, representing what the company said, and I was to report the answer I should get from him. I think that was the meaning of that letter.

158. Are you aware that, almost immediately after the expiration of five years, the late Government acquired a quantity of Native land in this district, within the yellow limit?—I do not know of my personal knowledge; I have not looked it up; I have reason to believe that it is so.

159. Have you any recollection as to the limit of five years being fixed?—No; I suppose it was considered a reasonable time. I have no recollection why.

160. Having in view this fact that the Government, shortly after the expiration of five years, acquired the land within the yellow limit—sufficient land to satisfy the company's claim—did you or not consider that the colony was honourably bound to complete its engagement under the 11th clause?—I think that the company has an equitable claim on the Government myself.

161. You are aware that I did not know what your answer would be to that question?—Quite; I had no communication with you on the subject.

162. *Mr. Kerr.*] How long was it after the five years that this land was purchased?—I do not know.

163. How do you say that they had a reasonable claim?—I always looked on the claim of the company as a reasonable one. Had there been a quantity of land available at the time I think there is no doubt whatever they would have had a larger amount given to them.

164. But after the period of five years is over you say they have no claim?—I say they have no claim under the contract except an equitable claim. I think it was supposed that a period of five years was probably sufficient within which their claim might be extinguished. I was not dealing with a matter within my own department. It was the Minister for Public Works and the Native Minister who were officially concerned in the matter; the Native Minister in respect of the land. The matter came to me as a member of the Cabinet, or the Minister acting for a Minister who is away.

165. *Mr. Ormond.*] Do you know what the position of that land was: was it under lien to the Government by advances made upon it?—I think it was, but I would not be quite sure about that. There was great pressure put by the company on the Government to get a capable man; the Government held that the land could not be obtained at a reasonable price.

166. Then the position would be, if it was under lien, that the company would reasonably expect that the Government would acquire the land?—I think that both the Government and the company, when that clause was put in, thought there would be sufficient land to satisfy whatever claim they had.

167. *Mr. O'Callaghan.*] Were all reasonable endeavours made to secure the purchase of the land after that letter was written?—So I believe Mr. Bryce said; I do not know personally. I had received several deputations on the subject. I represented to Mr. Bryce all that I was told by the deputations that waited on me. He dealt with it.

168. Was there a suitable man appointed?—I cannot say what was done when Mr. Bryce came back.

[*Mr. Bell* referred to question 178 of Major Kemp's evidence, 1886: Horowhenua Block.]

THURSDAY, 21ST JUNE, 1888.

Hon. J. BALLANCE examined.

169. *Mr. Bell.*] You were both Minister of Lands and Minister of Native Affairs in the Stout Government?—Yes.

170. I call your attention to your own question (528) in the printed evidence. You were present when Mr. Wallace gave evidence?—Yes.

171. And expressed your opinion that it was accurate and fair?—Yes, it was substantially accurate, except so far as he speculated about things of which he had no knowledge.

172. As far as the facts are concerned he has been very accurate?—Yes, generally and substantially accurate.

173. One of the matters to which Mr. Wallace referred was his report of the proceedings of a deputation which waited upon you on the 2nd December, 1885. (See question 477.) He read his minute of what had taken place, and then it appears, by questions put (482 and 483), that he wrote a letter to the Government expressing the contents of his minute. Now, in that minute this expression is used by Mr. Wallace: "Mr. Ballance, in reply, said that as he read the 11th clause of the contract there was no obligation on the part of the Government to use diligence in acquiring Native lands within the time named. To his mind it seemed that, if in regular course any lands should be bought within the time, the company should have the power to claim the right of selection, but he did not think it was the present duty of the Government to acquire and allow what lands were under Proclamation in the district to fall into the hands of the company, the more especially as his policy in dealing with the lands of the people was very different from that of the company." Can you remember making use of expressions of that kind?—I cannot say that I remember the conversation, but I have no doubt it is accurate. I have no doubt that it is correct.

174. That, substantially, expressed your views?—Yes, I think so. I cannot say that the whole of the conversation has been given. I would not like to impugn the statement, as I have no doubt it is substantially correct as far as it went. I said a great deal more than that, but I should not like to say that those were not my sentiments at the time. I believe they were substantially what I said.

175. It expresses your view?—Yes.

176. And upon that view you founded your policy so far as this question is concerned?—I had other reasons besides what I have given there, which I have no doubt I have expressed to the company at different times, because several deputations from the company waited upon me with regard to this question at various times. I had other reasons than the reasons I gave there. I shall explain what my reasons were: In the first place, I think that the clause itself was a very curious arrangement, and I had some suspicion that it was the result of a compromise in the Ministry of the day, who made the contract. I understood that the Ministry of the last Government were not unanimous upon this question, and the information with regard to that point I received from the permanent heads of the department. I may go so far as that, as I do not wish to say anything which may not be strictly evidence.

177. Is that all?—That is all upon that point—that that was what first drew my attention to the terms of the clause. I may say that I had further reasons, which I ought to state; and one was that the company had used its influence, to my knowledge, with the last Government to give them facilities to purchase the land direct from the Natives.

178. *Mr. J. McKenzie.*]—Direct from the Natives?—Yes, direct from the Natives; and they had commenced to purchase through an agent who had been specially employed by the company for that work.

179. *Mr. Bell.*] You have heard Mr. Bryce's evidence on that point?—Yes.

180. You see Mr. Bryce strongly denied this?—I heard his evidence, but I did not think at the time that he had strongly denied it. On the contrary, I believe he virtually admitted it, in reply to a question that I put to him.

181. Then, do I understand that you did use your efforts to get out of the obligation of the Government under the 11th clause?—No, I did not use any effort. I simply refused to go on with the purchase of land under that clause.

182. Until the expiration of the five years?—No, without regard to the five years. Then I may state that at a later date I was quite prepared to submit the question to the Cabinet, and I did submit it to the Cabinet with the object, if the Cabinet approved, of having the matter brought before Parliament. I suggested that a sum of money might be placed on the Estimates for the purchase of land, and it was with the object of having the opinions of the two Ministers who had most to do with the question—Mr. Rolleston, the Minister of Lands, and Mr. Bryce, Native Minister. The matter was submitted to the Cabinet in accordance with the undertaking which I gave to the deputation from the company, and the decision was that the company should petition Parliament.

183. No opinion being expressed as to the justice of the claim?—Well, I think the opinion was rather unfavourable to the justice of the claim.

184. The opinion of all the members of the Cabinet?—No, not all.

185. Then your Cabinet was also not agreed—not at one on the subject?—Yes; it is quite true what has been stated in the evidence that Sir Julius Vogel was favourable to the claim of the company. He at one time proposed to provide the money for the purchase of land for the company. He said that he could provide the money, and he communicated with me, by telephone, from his own house to Government Buildings, Mr. Nathan, chairman of the company being with him at the time. He asked me if I would proceed to buy the land if he provided the money. I replied that I did not think that any money was available, and I think he said that it could be found in the Public Works Fund. I said, if he could find the money, then the next step would be to submit it to the Cabinet. With regard to the money, I arranged to meet him at the steamer when he was leaving for Christchurch, and after some conversation he came to the conclusion that he could not find the money—that there was no money available for the purpose.

186. He was your colleague?—Yes.

187. You do not suggest that his view was other than a genuine conviction on the subject?—No, not at all. He believed the company had a claim.

188. And you thought otherwise?—I thought otherwise at the beginning, but afterwards I was quite prepared to have it submitted to Parliament. I never could realise how it was that the Minister who had all to do with giving this land should have held the opinion right through that the company had got enough—that was Mr. Rolleston.

189. We have not Mr. Rolleston's evidence?—We have Mr. McKerrow's evidence, who said Mr. Rolleston told him. I thought the matter should be left to Parliament—that that would be the fairest way of disposing of the case. Then the Cabinet took the view that the company might raise the question in Parliament by means of petition, and they were recommended to adopt that course.

190. In regard to the Horowhenua Block, will you look at questions 297, 298, and 299—the evidence of your Under-Secretary, Mr. Lewis?—I have read them.

191. Did you not postpone the completion of the Horowhenua purchase, having in view this period of five years?—Certainly not. I was never in a position to purchase the Horowhenua Block until after the subdivision had taken place.

192. But the subdivision, as you are aware, took place in 1886?—Yes; at the end of the year—in December, 1886. Even then I was not disposed to purchase the Horowhenua Block or any portion of it.

193. Had you not this period of five years in view as to the purchasing of the block?—I absolutely refused to purchase the block. Kemp came to me with Mr. McDonald, and I refused to purchase the block. I recommended Kemp to bring it under the Native Land Administration Act.

194. Why did you buy a large portion of it in the year 1887?—Kemp pressed me to purchase it on the ground that he wanted the money to relieve his son-in-law, Wiri-hana Hunia, who was very much in debt—that he was pressed, and was liable to be put in gaol; and, further, a number of people were anxious that I should obtain a portion of the land for special settlement. Mr. Wilson, a member of the House, represented that it was suitable for that purpose. However, even then I refused to do it. I thought it better for Kemp to dispose of his own land through the Native Land Administration Act, and strongly urged him to take that course. I was not inclined to purchase the block at the time.

195. Are you quite sure you did not tell both Kemp and Wiri-hana Hunia that you could not compete for the land until the expiration of this period of five years, as otherwise the company would have a claim to the land?—I have not the slightest recollection of telling them that. I do not see what that has to do with Kemp. All that Kemp wanted was money; he had no other object in view.

196. Are you not sure you did not explain to him, as the reason you would not give him the money at that time, that you could not complete your purchase until after the Proclamation, because, if you did, the land would fall to the company?—I think it is most unlikely, for the reason that when Kemp did come to me I absolutely refused to purchase.

197. Is it a fact that a portion of the money was paid within the five years—the first payment of £100?—Not for the purchase that was made.

198. Would you mind looking at the papers to see whether the money paid—the first payment—was not made within the five years?—A payment was made within five years, but it had nothing to do with that particular purchase.

199. What was it paid for?—It was paid on account of the whole block, which was under Proclamation. The position was this: The block was under Proclamation. Kemp asked that the Proclamation should be lifted. We refused to lift the Proclamation off the land. Kemp then urged that we should make him a fourth advance. It was urged that it was unfair not to lift the Proclamation, and thus allow him to be ruined. The result was that the Government advanced him a certain amount of money on this block, but not with the intention of completing the purchase.

200. You said you had made up your mind that you would not purchase the block, and yet you paid £500 to Kemp?—I referred to the whole block—that we would not purchase at the time.

201. Yet you paid £500 within the five years?—No; not at that particular time.

202. You have said that there was no money available for the purchase of land. Where did the £500 come from?—There was money available for Government purchases. There was no money for purchasing land for the company.

203. But there was £500 available to enable you to purchase land on this coast?—There was a general fund for land purchases, and out of the general fund we purchased land from the Crown.

204. You had no difficulty as far as funds were concerned in acquiring land on this coast?—I have explained that. Perhaps I had better repeat it. We did not consider that there was any money appropriated by Parliament for the purchase of land for a company under that clause of the Act.

205. The clause does not say the Government is to purchase for a company?—That is the meaning of the clause.

206. The clause is: that, if the Government acquires Native land on that coast, that land should be appropriated to increment the 30 per cent?—That is the construction we placed on the clause—that it was purchasing land for a railway company under a specific clause in the agreement.

207. I understand that you have no recollection of having made any such statement to Kemp or Wiri-hana Hunia, or to them both together?—No, not the slightest. I may say that Alexander McDonald was generally with them when they came to see me. I was not prepared to purchase land which I knew would go to a company without the specific vote of the House. That is my answer—that whatever I might have stated I was not prepared to purchase this land unless the money was specifically voted by the House.

208. And that was your policy right through?—Yes, that was my policy.

209. *Mr. Whyte.*] In the early part of your evidence you seemed to imply that you considered the facilities given by the Government to the company to buy Native land made up to some extent for the want of the twenty-nine thousand pounds' worth of land, and that, in fact, the company seemed to put more value upon that than the fulfilment of a promise?—The deputations that waited upon me on more than one occasion asked that we should lift the Proclamation from the Horowhenua Block to enable them to purchase. At sometimes, I think, their humour varied. The deputations did not always hold the same views exactly, but at particular times they were more

urgent that the Proclamation should be lifted in order that they should purchase the Horowhenua Block.

210. *Mr. J. McKenzie.*] With regard to lifting the Proclamation from Native land, you would not do that for an individual, you would not do it except to a company?—We did not even lift the Proclamation to a company; we refused to do that. The previous Government had lifted the Proclamation from some blocks. I do not remember the names of the blocks, but the Under-Secretary has given evidence in regard to that. I know it was done.

211. We have evidence before us that there was land purchased by the company after the previous Government had taken the Proclamation off?—Yes. The company went on purchasing a very large quantity of land in the district—went on purchasing as far as they could, and if we had lifted the Proclamation would probably have purchased the Horowhenua Block.

212. *Mr. R. Thompson.*] I think it has been stated by some of the previous witnesses that the action of the company in being so eager to purchase land in that district was the cause of raising the price of the land there, and that, to a large extent, prevented the Government going on with any fresh purchases on account of the price being considerably raised—was that so?—I do not know whether the price was raised, because the Government did not purchase. The Government did not compete with the company, and the company had really no competitor; but, if the Government had gone into purchasing at the same time as the company, of course the land would have been raised to a competitive value. Both parties would have been precluded from purchasing the land at a reasonable rate. Therefore, it would be quite impossible for both parties to be purchasing at the same time.

213. *Mr. Macarthur.*] Would you consider that any facilities given to the company by the Government to buy Native land would be at all equivalent to the twenty-nine thousand acres?—Yes, I think it was much more than equivalent if they purchased the land. I do not know how much they purchased. I fancy it was fifty thousand acres. They purchased the very cream of the land. The impression I had formed, and I had very good authority on the subject, was that they would make more money in proportion from what they purchased direct even than from the Government land. They obtained better land.

214. The mere lifting of the Proclamation by the Government to enable them to buy that land at the Maoris' own price would be equal to the Government giving so large an area, which would have to come out of the same district?—It would depend on the quantity. I should say if they bought fifty thousand acres it would be more than equivalent. I fancy they bought the whole of the land at less than £1 an acre. They bought the cream of it, and there is no doubt the land was worth £2 or £3 an acre. I think they bought it at less than £1 an acre.

215. *Mr. Bell.*] You are taking into account the swamp?—I am stating generally what I am informed of their purchase from the Natives. I have been informed that the company purchased the best portion of the land. What I say is that it might be more advantageous for the company to purchase direct than it would be for the Government to purchase land and hand over twenty-nine thousand pounds' worth.

216. *Mr. Macarthur.*] I understand you to say that the purchase of twenty thousand acres by the company, at the price the Maoris might demand, would be more than equivalent to a gift of £29,000 to the company?—It depends upon the quality and quantity of the land. If the Government had taken off the whole of the Proclamation, and given them facilities to purchase on that coast it would be worth more to them than if the Government had handed them over £29,000.

217. *Mr. Bell.*] That is, if all the Proclamation had been taken off?—Yes.

218. When you say that the company would have had more than equivalent if the Proclamation had been lifted, are you including the Proclamation of the Horowhenua Block?—Yes; I attach importance to it because the company repeatedly urged upon me to lift the Proclamation. I came to the conclusion that they thought it would be better for them to have facilities given to purchase than it would be to comply with the terms of the clause to purchase ourselves.

219. The Proclamation on the Horowhenua Block was never waived?—No, never waived.

220. *Mr. Whyte.*] Of course you are aware that they would also probably have made a great deal of twenty-nine thousand pounds' worth of land?—I may state, with regard to that, that the deputation from the company expressed to me that they would be satisfied if £10,000 were applied for this purpose. They modified their views with regard to the amount considerably.

MR. JAMES WALLACE, Secretary to the Company, further examined.

221. *Mr. Bell.*] How much Native land have the company purchased altogether?—About 33,000 acres, including about 15,000 acres of swamp.

222. Are the 15,000 acres valuable property at present?—Not at present.

223. What is the estimated cost given for its reclamation?—Mr. Higginson, originally chief engineer to the company, estimated that it would cost about £70,000 to reclaim 15,000 acres.

224. Can you give any explanation to the Committee with regard to this offer of the company to accept £10,000?—Yes, I can. The lands allocated to the company were valued by officers set apart by the Government according to what they were worth in their primitive state, without regard to their prospective value. It was suggested by the company that a sum of £10,000 would very likely acquire sufficient land to make up the deficiency of allocation at the valuation those officers appointed under the contract would assess them. From what we knew as to the feeling of the Natives, and their inclination to sell, we thought that £10,000 would enable the Government to acquire enough land to cover the £29,000 worth, according to the valuation of those officers.

225. That is to say, the land was to be valued to the company to implement the £29,000 worth, at such price as the valuers would put upon it?—Yes.

226. And the company thought £10,000 paid to the Natives would procure enough land for that purpose?—Yes.

227. You do not pay the Natives what the land is worth—I mean the Government do not?—Some of the land which was valued for the purpose of allocation at £1, £1 10s., and £2 an acre had been bought by the Government at sums varying from 1s. to not exceeding 5s. an acre, and that was for land close to the Horowhenua Block, bordering the Horowhenua, and equal in value.

228. *Mr. Whyte.*] You say the company bought 33,000 acres of land, and that 15,000 acres of it is swamp, and practically of no value, seeing that it would cost £70,000 to reclaim it; therefore 17,000 acres remain?—Yes.

229. How much did that cost?—The land we bought from the Natives, in that particular block, averaged 9s. 6d. an acre, including the swamp.

230. Then, approximately, valuable land would cost you about 18s.?—17s. 9d. was about the average.

231. What is the 17,000 acres of land worth with the railway made? Is it worth £2 an acre?—Some of it is township. The average value of the rural land sold by the company is £1 18s. an acre.

232. Then, by that calculation, the privilege the company had to buy that land can only tot up to £17,000, or £1 an acre?—Yes; they had none—if the company had any privilege—but I am only referring to the price the company paid.

233. The valuable part of the country cost you about £1 an acre, and it is now worth, roughly speaking, £2 an acre. Therefore, the privilege of being allowed to buy that land affects the value to about £17,000?—Before we could get £1 18s. an acre, we had to spend money on survey, laying off roads, grading, and clearing roads.

234. Then the £17,000 would be reduced thereby?—Yes.

235. It was perfectly clear that that privilege did not equal the £29,000?—No, it did not.

236. *Mr. Rhodes.*] How much of the land bought from the Natives was sold?—About 14,000 acres.

237. What have you got for it?—On an average about £1 18s. an acre, including the township.

238. In the prospectus of the company there is no account of the land bought from the Natives?—Yes; the Native land is referred to.

239. What did you value it at there?—We valued the whole at £478,000. It was valued with a particular object. That was after the railway was constructed.

240. What proportion of the 33,000 acres is country land?—I could not say; it would require some calculation.

241. *Mr. J. McKenzie.*] If the company was in possession of £70,000 to reclaim the swamp, what would be the value of the swamp land per acre?—It depends altogether on the result. If the result would be equal to the reclamation of similar land on the opposite side of the river, belonging to the Hon. Mr. Campbell, it might be worth £10 an acre.

242. *Mr. Whyte.*] Does it lie very low, on the sea-level?—Yes. It would be necessary to construct an earth-wall or embankment to keep the water out.

243. Does that apply to Mr. Campbell's land?—It applies to his land in times of considerable floods.

244. Have the company any immediate intention of reclaiming this swamp?—Yes, a portion of it.

245. *Mr. Rhodes.*] Would you be willing to sell simply at the nominal value?—I think so. I think the directors would be willing to sell it at a very nominal value.

246. I see in the printed papers, page 26, 17,000 acres of land, including the swamp, is put down at the value of £137,000: is that the valuation to the public?—Yes, we valued it at £137,000; but that involves reclamation. The allocated land and the purchased land are mixed up. It is proposed to reclaim the swamp.

247. *Mr. Whyte.*] Has the land risen or fallen very much since that valuation was made?—It has fallen very considerably. When that valuation was made the land was selling at very high prices. In the neighbourhood of Taranaki—the Waimate Plains—it was selling from £3 to £7 an acre. Our valuation was based upon the calculation that such value would continue.

248. This land would not fetch anything like that price?—In some cases the land has brought good prices—the land convenient to the railway, and having certain facilities of access. In those cases we have got as much as the valuation, but in others we have not.

Subsequent statement by Mr. Wallace, dated 23rd June, 1888: When Mr. Whyte put his questions to me, my attention was diverted by several of the members of Committee speaking at the same time, and partly addressing me, and I did not quite understand the purport and bearing of the word “privilege” in his fifth, sixth, and eighth queries [228–233]. Evidently Mr. Whyte meant by the word “privilege” in these queries that facilities had been granted to the company for the purchase of Native lands adjoining its line that had not been given to the public. Such was not the case. The Government of the day, for purposes of their own, revoked the Proclamation over the Manawatu-Kukutauaki Blocks Nos. 2A, 2B, 2C, 2D, and 2E, after having defined the limits of their purchases in these blocks, and the balance of the blocks was subdivided, and grants issued to the respective Native owners, who had then full power to deal with them as they pleased. Mr. McDonald, an employé of the company, purchased what lands the company now hold in these blocks, and had no privileges or advantages other than any other person had.

TUESDAY, 10TH JULY, 1888.

Hon. Mr. ROLLESTON examined.

249. *Mr. O'Callaghan* (Acting-Chairman): I presume, Mr. Rolleston, that you have read the evidence given before this Committee by various gentlemen in reference to the Manawatu Railway Company's petition?—Yes; I have read it all, more or less carefully; some of it more carefully than the rest. I mean that there were points that I made myself more master of than others.

250. Would you then desire to make a statement to the Committee before any questions are asked of you?—If the Committee wish it I should be glad to do so.

251. I think that would be the most satisfactory way—that you should make a statement first—as Mr. Bell is not here, and then we can cross-examine you afterwards ourselves?—Then I will make a statement with regard to this question in respect of matters which have occurred to me in reading through the evidence which the Committee has been good enough to forward to me. First of all, I should like to say generally, with regard to my own position in respect of the Railways and Land Construction Act, that I am one of those who have held, during my whole public career, an opinion that construction of railways by concessions of land is an inadvisable course to pursue by a Government. The Act of 1881, of course, I am responsible for as a member of the Ministry who brought it in. The circumstances of the case at the time were such as induced the Government, of which I was a member, to consider that that was the best way of dealing with a difficult question in respect of the construction of a very important railway. I surrendered my own judgment on the main question of the principle of land concessions, and, as I have said, am therefore distinctly responsible for that Act. At the same time I think it right to myself to state the course that I took with respect to the framing of that Act, and with respect to the action that was taken under it in respect of this particular railway. The principle being admitted, it would have been, to my mind, a wrong thing for me, as a member of the Government, to do otherwise than expedite legitimate transactions under the Act of the Legislature; and both in the construction of the Act as it was put before Parliament, and in the dealing with the Act afterwards as Minister of Lands, I thought it my particular province to guard the provisions of the Act in two main points which affected the principle of land concessions. Those points were, first of all, that only land benefited by the railway to be constructed should be granted for the railway, as, to my mind, it would be an improper course to take simply to use land as a substitute for money in payment for railway construction, such land not having a natural connection with the railway, or special benefit accruing from its construction. I also made it my business, in respect of this particular contract, as Minister, to frame such conditions and regulations in respect of settlement as to prevent the Act from operating in a mischievous way to the public interest. The conditions of settlement the Committee are no doubt aware of, and how widely subsequent legislation of Parliament, in respect of railway construction, has differed in this respect. I say this much in reference to my general position in relation to the Act and to this contract. I observe in the evidence a statement that I held strong opinions as to the amount of land that was given to the company—that it was sufficient. And I also observed a statement as to whether I was favourable or not to the company and the contract. Dealing with the question as to whether I was favourable to the company, I may say that through the whole of the transactions, so far as I was mixed up with them, the whole of the dealings with the company were of a most satisfactory kind, and that I consider, on the whole, that the operation of the contract has been successful. It was not my business to be either personally favourable or unfavourable to the company. My business was to deal with the question as a matter of administration under the Act; nor do I think that any opinion of mine as to the quantity of land that the company received affects the question which, I understand, is now under the consideration of the Committee—the claim of the company under a particular clause of the agreement. It is no doubt a fact, as stated by Mr. McKerrow in his evidence, that I held an opinion, when the question was under consideration, that the concessions made to the company, including the reclaimed land, were sufficient; and, indeed, it will be seen, I think by this evidence, and it is within my own recollection, that the draft contract was completed without any provision for extra consideration under clause 11. As I have said, it appears to me that the question of my own opinion on that matter is neither here nor there. The question is now one of what is the value of that particular clause as inserted in the contract. That is the view that I should take about that, and I should never venture to bring before the Committee myself any individual opinion of my own upon matters which led up to the insertion if it had not been that I see in evidence that question has been raised with regard to myself. The opinion of the Government as a whole, and the action they took, is what I was bound, as a member of the Government, to follow. I may say that, having dealt with my own department, as I think the evidence shows, in as strict a way as I felt it my duty to do, I did not interfere in any way with other points in connection with the contract, nor did I, so far as my recollection goes, take any action either in negotiations or in dealing with the company; that was left to another Minister. I observe that it is stated that I was present at all interviews. I would not say that I was not, if it is so asserted; but I would only say that, to my mind, it is not of any importance whether I was or not, but certainly, to the best of my recollection, I was never present at any interview with regard to clause 11. Clause 11 was agreed upon by the Government, and it was the provision that is embodied in that clause which came to me in the draft letter which is alluded to in some evidence. I believe it was sent to the company to be placed before their solicitor. I inserted in the draft these words. It is in page 2 of the appendix to the last paper: “within the prescribed limits.” If the letter had gone without that, it appeared to me it would be taken by the company to indicate that the Government would grant land outside the limits of special benefit by the railway, and therefore the Government inserted these words. It was according, as I have said, to the principle which I considered it my special province to guard, that land should not be given outside the benefited area. After that I have no recollection of having taken any part whatever in respect of the contract. I presume that in cross-examination other points may come up upon which I shall be able to give the Committee replies.

252. *Mr. Kerr.*] There is one question I should like to ask you to consider. Did the Government of which you were a member think that you, or any other Government, were bound to purchase this land, either morally or by agreement, to give to this company?—I consider this: That the insertion of that clause in the contract must have some meaning, and that the Government in terms of that clause certainly recognised some claim on the part of the company, or it would not have been inserted.

253. But it seems to me it was inserted, and it ought to have some use. It seems as if neither of the Governments cared much about it either one way or the other?—I might be allowed to say that, so far as I am aware from recollection at this distance of time, the Government of which I was a member did go on with the purchase of land, and that it was only owing to difficulties which occurred that their efforts did not mature.

254. If they had been matured that would have meant that the company would have got the land?—I think so.

255. Then after the date fixed by the contract—so many years—was over, do you consider that they were to fulfil it? If it was got within a certain time the land was to be handed over to the company, but if it was not got by that time was the company, in your opinion, bound to get the land from the Government?—In terms of the contract, no; but the question of the moral obligation is one which, of course, would be a matter for the Committee to form its own opinion upon. It would depend very much upon circumstances.

256. Yes; but you consider the Government did everything that was in their power to get the land in that time. It was not put off for the express purpose of preventing the company from getting it?—Certainly not by the Government of which I was a member. It did all that it was bound under the terms of the contract to do.

257. Then, as you did everything that could be done under the contract without getting the land, do you consider that the company were bound to have it according to the contract?—According to the contract, if everything was done that could be done for the whole period of five years, there would not have been any liability either morally or otherwise if land were not obtained.

258. *Mr. Whyte.*] You think if the purchase had been completed before the expiration of the five years there would have been a reasonable claim on the part of the company?—I think that the term five years was one that had very little significance other than for the need of prescribing a period in the Act, and that the term of five years was an arbitrary term. As I have said, I did not very much interest myself on this point, and I should say that the term “five years” was put there because the term “five years” was the term for the contract. I imagine it was named for that reason, and it would be a question of how far the Government would press the strict letter of the contract in a question of that kind.

259. *Hon. Mr. Ballance.*] But you had no knowledge of the conditions under which that part of the contract was made. You have said you knew nothing of the negotiations in respect of that clause?—I know the general result as it appears in this letter, which, as I say, came to me, and, as I happen to know, had these words inserted.

260. But you have no other knowledge of the clause except that which came to you?—I had the general knowledge, but the general negotiations were conducted by the Premier. I think you have full evidence as to the negotiations from him. I never interfered in the matter, except in that particular responsibility which I had as Minister of Lands.

261. Did you think the company had got sufficient land allocated?—I have no doubt I did at the time the contract was first completed. The draft contract was closed, as I believe. My recollection is that the draft contract was complete, and this clause was brought in afterwards. It was a subsequent clause. But I do not think that my opinion on the matter is really of any value. One of my objections to the Act was the impossibility of forming any certain opinion as to the value of the lands to be conceded.

262. But did you think the Government was bound to give to the company the maximum quantity of land allowed by the Act?—Well, the Act was passed by Parliament with a view to this contract; and, if it could be done reasonably, I think it was the intention of both Parliament and the Government to do it. It was found, as a matter of fact, however, when I insisted upon that particular aspect of the Act that it should not be taken outside the area benefited, that the land was not sufficient.

263. *Mr. Whyte.*] In fixing the five years, was it thought of by both sides, or either side, that in all probability that period would be sufficient?—I do not think my opinion is worth anything on that particular point, which never came specially under my notice.

264. But, putting it in another way, was this particular clause looked upon as of great value, as meaning something tangible, or was it considered to be of very little value?—I thought the provisions of the clause would be a subject that would afterwards come up in respect of the dealings with the company.

265. Do you think it was looked upon as an important concession by the company or by the Government—as really something tangible, that in all probability meant a good deal of money?—I thought, myself, it would not accrue to the full amount of £29,000; but I thought it was impossible to put that clause in without it meaning something.

266. *Hon. Mr. Ballance.*] Before that clause came before your notice, did you think the Government had dealt fairly with the company in respect of giving them land?—I have said previously I had an individual opinion that the concessions were of sufficient value. But that was merely the opinion of one member of the Cabinet. One of my principal objections to this form of dealing with the public estate is that it is a matter of speculation as to what the values of these concessions are, and it was a matter therefore that I did not press very strongly my own opinion about, because I think, as I have said, that both the Legislature and the contract contemplated concessions, if they could be fairly given, in excess of these that were available within the limit of the benefited area.

267. *Mr. O'Callaghan* (Acting-Chairman): You said that the draft contract had no provision for the concession?—Clause 11 was subsequent to the draft contract.

268. Was that draft contract drawn after the arrangement was made for the taking of the land on the west side instead of the east side?—There was never any arrangement for the taking of land on the east side. There seems, from the evidence I have read, to be some question as to the allocation of the land in the Mangatainoko Block, because that land was valued. My own recollection, and of course I must be deemed to be speaking from recollection in this matter, is this: That the

return was called for of land within the fifteen-mile radius, but that return of land was never the subject of an absolute contract. I, myself, as Minister of Lands, insisted, as I have said, upon the actual contract only dealing with lands in the benefited area.

269. Did the company expect to obtain land at the east side when the limited radius was given fifteen miles on each side of the line?—I cannot answer for the company, but probably they thought so; but there was no obligation on the Government except under the actual contract as signed finally, which was, I think, in terms of the Act, and in accordance with the principle which I have maintained.

270. Then, the draft contract was drawn up after all idea of that land at the east side was given up?—I would not say that. Of course the draft contract is a tentative affair; but, so far as I can remember, I never did recognise any obligation on the part of the Crown to give land on the east side of the range; and I do not admit, so far as I can see, that there is any claim on the part of the company for consideration on the ground they allege that it was at the request of the Government they gave way as to these lands on the eastern side; and there was nothing about this clause 11 till the draft contract was complete.

271. *Mr. Whyte.*] Perhaps you have seen in the evidence that Sir John Hall and Sir Harry Atkinson—two colleagues of yours—gave expression to the opinion that they believed, if they had been in power, and the land had been acquired immediately after the expiration of the five years of the lease, the company would have had a strong moral claim against the Government. Do you agree with that?

Hon. Mr. Ballance: I do not think that question is quite accurate, and that they did not say that.

Mr. Whyte: I distinctly understood that.

Mr. Ormond: What they did say was, I think, that the company would have an equitable claim.

272. *Mr. Whyte:* What I mean is this: that Sir John Hall and Sir Harry Atkinson indicated in one way or another that they were of opinion that, if the land were acquired shortly after the expiration of the five years, the company would have had an equitable, but not a legal, claim to it?—I think there would be a claim; but I am not prepared to say to what extent, under the circumstances.

273. Sir John Hall said, "Assuming there was no intentional delay on either side, and I presume the postponement of the purchase was not intentional, I should have thought the company had a strong moral claim, and I would have been prepared to bring the case before Parliament. I do not think the Government could have given the land upon its own authority; but the company, in my opinion, had a strong moral claim." Sir John Hall also stated that if six years had been named instead of five years, it would probably have been stated that it was not of very great importance, though a period was necessary to give the contract force. The actual length of the period was not essential, and it might have been for five or six years. Is that your idea?—I should like to point out what I said before that, obviously after the completion of the contract, the land purchased would be at a very considerable disadvantage, and that therefore the period of five years was named. Sir John Hall, who conducted the negotiations, states in his evidence, I think, that the term of five years was not looked upon as the essence of the contract.

274. *Mr. O'Callaghan* (Acting-Chairman): Then the term of five years was a mere arbitrary term?—Yes, to a certain extent; because there had to be a special term named to deprive the matter of uncertainty.

275. The fact of the company having a claim under clause 11 did not influence in any way the Government Native land purchases, as stated by Mr. Bryce in his evidence. Can you say the same?—I have no special knowledge myself. I read Mr. Bryce's evidence, and it was in accordance with what I should have said. Of course, his evidence on that point is of the greatest importance. My evidence is not of equal value to Mr. Bryce's on such a point, even if I held a different opinion, as the matter was in his department.

TUESDAY, 23RD JULY, 1888.

MR. BELL'S ADDRESS.

Mr. H. D. Bell addressed the Committee as follows: The Committee is aware, Sir, that this railway was constructed under "The Railways Construction and Land Act, 1881," and by that Act it was provided that Crown land should be granted to the Company in aid, and by the 106th section that the value of the land so granted should not exceed 30 per cent. of the cost of the line of railway, which cost was not to exceed £5,000 a mile. The Committee is also aware that pursuant to this Act a contract was entered into with the Company by which the Government agreed to give 30 per cent., up to the sum of £5,000 per mile, on eighty-four miles and a half of railway. The Committee has also been informed that under section 94 of this Act the land which might be given was to be Crown land within fifteen miles on either side of the railway. The Committee is also aware that a line fifteen miles distant from the east side of the railway includes land in the Forty-mile Bush, on the east side of the Tararua Range; and further, though Mr. McKerrow at first thought that the valuation which was made for the purpose of this contract by the Government officers did not include land on the east side of the range, yet he afterwards found he was mistaken. In a letter addressed to you, Sir, which is to be found in the minutes of this year's evidence, and on page 24, he informs you of his mistake. He says, "In my evidence before the Committee I stated that Mr. Linton and I had not valued the land on the east side of the Tararua Range. I find, however, on referring to my report of the 4th January, 1882, already alluded to, that we did value the land in question, and I furnish copy of the three divisions of land included, 27, 28, and 29. The fact of our having valued these three areas had entirely gone from my memory when I was before the Committee, due, I suppose, to Mr. Linton and myself agreeing to value the land in the office, we both

having known it before ; also to the fact, strong in my recollection, that Mr. Rolleston would never hear of giving that land to the Company." So that the Committee have it now that the Government did cause to be valued, not only the land on the west side of the Tararua Range, but also the land within the fifteen-mile radius on the east side. Of course, the Committee will see at once that if the land on the east side of the range was included, inasmuch as nearly the whole of the Forty-mile Bush belonged to the Government, there would be no difficulty in completing the required allocation to the Company ; but, for reasons which the Committee are aware of, the Government decided not to include land on the east side of the Tararua Range. The first reason was that Mr. Rolleston, probably knowing that that land would not be served by the railway, declined to grant it to the Company ; and the second was that Mr. Beetham and Mr. Buchanan, the members representing the district, pointed out to the Government that it would be a monstrous impropriety to allocate to a company, building its line on the west side of the range, land which was on the east side. These reasons prevailed, and then negotiations took place between the Government and the Company for the purpose of enabling the Government to make up to the Company the 30 per cent. in value in fresh land on the west side of the range to implement the allocation. Now, I propose shortly to state to the Committee what I conceive to be the points of the evidence as to the arrangements which were then made. I believe I may say this fearlessly : that if the Hon. Mr. Ballance had been aware of the nature of the arrangements previously made—that is to say, if he had known that there was anything beyond the contract, the literal interpretation of the 11th clause—I have no doubt whatever that he would have taken a different view of the matter from that which he expressed in his evidence before the Committee, confirming that which he stated to the deputation which waited upon him. Now, in the first place, the arrangement which was made is detailed in the 11th and 12th clauses of the contract, which is before the Committee, and the last paragraph of the 10th clause. That is to be found on the 17th page of the document which has been exhibited to the Committee (page 36 of this paper), and is as follows : "And whereas the land shown by the red border on the map hereunto annexed, and marked 'C,' taken at the aggregate of the values set forth in the Second Schedule hereto *is insufficient to provide the amount of endowment in land agreed to be granted to the Company under the powers contained in Part V. of the said Act*: Now, it is hereby further agreed between the Queen and the Company—(11) That if, within the period of five years, computed from the date of these presents, Her Majesty the Queen shall acquire lands within the area shown by a yellow border upon the map hereto annexed, and marked 'D,' and such lands, or a proportionate part of the same, as the case may be, shall forthwith, after such acquisition, be withdrawn from sale, and set apart to be granted to the Company, and under the powers to be dealt with in the manner respectively provided by Parts I. and V. of the said Act, and shall be deemed to be subject to selection by the Company in like manner as hereinbefore provided in respect of the lands shown by the red border and colour on the map hereunto annexed, and marked 'C,' but so, nevertheless, that the total area of lands so to be set apart and selected shall not, when valued and assessed, as by the said Act provided, exceed in value the sum of £29,805." Now, what was the agreement which was come to between the Government and the Company which was expressed, or intended to be expressed, in that paragraph? Was the period of five years a limit prescribed or intended to be prescribed? Was it considered that any further authority from Parliament would be required to enable the purchase of the lands? Now, Sir, in the first place, the statute does require that the contract should be laid before Parliament, and it was laid before Parliament and something more took place. Perhaps I am wrong in saying that the statute required that this particular contract should be laid before Parliament, because there was a special provision by which the Government might make contracts for the two railways named in the schedule, and it was therefore quite possible that these should not be laid before Parliament. On reference to *Hansard* of 1882, page 165, I find this: that Mr. Bathgate moved, "That the contract entered into between His Excellency the Governor and the Company formed for the construction of the Wellington and Manawatu Railway, which *has been laid before this House, be forthwith printed and circulated*, and any maps and plans in reference thereto be hung up in one of the Committee-rooms, as may be found convenient for inspection." The motion was agreed to, and it was carried out. Now, here was not only a contract laid on the table of Parliament, but that contract was specially printed in response to a resolution of the House, and plans were also printed, the matter in this way being specially brought to the attention of the House. Sir Robert Stout says that there was no statutory authority for the Government to enter into the contract expressed in the 11th and 12th clauses. Well, so far as my legal opinion goes, I should be prepared to contend the contrary, but that is scarcely the question. We are coming to Parliament—to a body of gentlemen—and we do not expect to be dealt with, nor do I think any Committee would deal with us, as if it was a matter of the want of a shilling stamp upon a contract. The question is, "What arrangement did the Executive of this colony enter into with us, with the sanction and approval of Parliament, and has that been fairly and justly carried out, so as to give us the rights which Parliament intended to give us." I think it may turn out very probably that the contract which is about to be signed on behalf of the Midland Railway Company with the Government is not within the powers provided by Parliament. Parliament last session, as I understand it, prescribed a particular form of contract, and certain variations are to be made from that form. Now, would this Committee say to the Midland Railway Company years hence, "There was an invalidity in your contract; we do not intend to carry it out." That is an example of a case which might very likely occur; and I ask the Committee not to make a precedent by dealing with us upon that basis. We go further than that. The Government made this contract with us upon the advice of the Solicitor-General, and I ask you to refer to his evidence upon page 3. You will find that the Solicitor-General says that his special attention was drawn to this clause; that he himself made an alteration in the clause. I asked him, in Question 36, "Can you say if you remember whether any question was raised at that time as to the validity of such clause?—I do not remember. So far as I am aware, no question was raised." I continued, "Either by you or by the

Government?" and he replied, "Certainly not by me. I do not know whether there was by the Government." Then, again, in Question 46, I asked him, "Has your opinion at any time been asked as to the effect of that clause?" and he replied that it had not at any time. I continued, "By no Minister?—By no Minister." "Do you remember the question being ever raised in any way by Sir R. Stout or yourself?—At no time." "Was the first suggestion of its invalidity in Sir R. Stout's evidence given to-day?—It was." So that if there was anything *ultra vires* of the statute it was as unknown to the Law Officers of the Crown as it was ourselves. It would be impossible to suppose that the Government would lead us into a trap of this kind, and I hope the time is far distant when the Parliament of New Zealand would rest its defence upon such a ground. What Sir Robert Stout suggested was that it would be necessary to obtain the authority of Parliament before making any variation from the express words of the statute. I do not agree with that opinion, as it seems to me that the statute gives the Government special power to deal with such a case. Section 14 provides that every such contract shall be binding and effectual *as therein expressed* unless either House passes a resolution disapproving it. Then, section 15 says, "Notwithstanding anything hereinbefore contained the Governor in Council may, at any time prior to the first day of the session of the General Assembly now next ensuing, contract, under the provisions of this Act, with companies formed for the construction of the lines of railway mentioned in the First Schedule hereto. Any contract so made shall be valid and effectual to all intents and purposes, and shall not be avoidable by any resolutions passed as aforesaid, unless such contract shall be repugnant to any other provisions of this Act." So I apprehend it was the intention of the Parliament which was passing this Act, not only for the benefit of the Company, but for the protection of the mortgagees—it was, I say, the intention of Parliament, and, in my opinion, that intention is carried out by the Act, that when a contract had been laid on the table and approved, that contract should be for all purposes valid and effectual.

I come now to ask what was the arrangement, assuming either that the contract was valid, or that if it was invalid—that is, if it was *ultra vires*—no Committee of Parliament and no Government would depart from a contract on such a ground. Now, as to the nature of the engagement made, the Committee will, I think, agree with me that no better evidence could be obtained than the evidence of the Premier of the day, who conducted the negotiations; and of the Treasurer of the day, who was responsible for the money; and of the Minister of Lands of the day; and of Mr. Levin, who was then representing the Company. I propose, first, to direct the attention of the Committee to the evidence of Sir John Hall, which appears on page 8. In Question 111, I asked him, "Did you at that time contemplate that the land would be acquired within the time limited?—Certainly; I expected that it would." Then, there are Questions 112, 113, 114, 115, 116, and 117—"What was the understanding between the Company and the Government?—The original understanding upon which the negotiations were based was that they were to get, in addition to certain plant that was on hand, the benefit of certain works that had been completed, and one-third the cost of the railway, up to a limited sum, in land.—113. What was the understanding when the land on the east side of Tararua was withdrawn?—I think that is shown in the official papers.—114. Was anything said as to fixing the period at five years?—I could not charge my memory with that. The railway was to be completed in five years, and it was thought that would be ample time within which the land might be acquired. I was not conversant with the details of the negotiations for the purchase of Native land. I was, however, aware that the acquisition of this land would encounter the hostility of Major Kemp, but we expected that would be got over in five years.—115. You heard the Hon. Mr. Bryce, in his evidence, state that it was not the policy of the Government to buy Native land largely?—Yes.—116. Did you pursue that policy so as to avoid this contract?—There is a letter from the Government to the Company, which is a complete answer to that question. It stated that the Government were trying to buy the land, so that the general rule you have mentioned could not apply to this particular block.—117. Then, did your Government intend to acquire the land if they could?—I do not say they would do so at any sacrifice, but it was the intention of the Government to endeavour to acquire the land." Sir John Hall then goes on to speak of the period of five years, and so on; but I do not propose to refer to that now. Then, Major Atkinson, on page 10, Question 152, says, in reply to my question, "Can you say what was the understanding between the Government and the Company with regard to the acquisition of Native land by the Government?" that, "The Government, as I understood it, were to use all reasonable endeavours to purchase land; and if it were purchased, then the Company would receive the additional amount." In Question 153, I asked, "That was the way you looked at it?" and he replied, "The way I understood it." In Question 157, I asked, "Except for the purpose of fulfilling some arrangement with the Company, you would not have to communicate with him as to the intention of the Government relating to this land?" The Premier replied, "I said at the beginning I understood that the Government were to use all reasonable means of obtaining this land if the land could be obtained at a proper price; and the deputation, if my memory serves me, represented that the land-purchase agent was not getting on as well as he might have done. I undertook to communicate with Mr. Bryce, representing what the deputation had said; and I was to report the answer I should get from him. I think that was the meaning of that letter." Then, as to the limit of five years, I inquired from him, in Question 159, "Have you any recollection as to the limit of five years being fixed?" He replied, "No; I suppose it was considered a reasonable time. I have no recollection why." Then, I would ask the Committee to refer to Mr. Levin's evidence, at pages 20 and 21 of the evidence given last year. In reply to the Chairman, as to whether he meant by "understanding" the contract, Mr. Levin said, "My distinct idea of the understanding was that the Government, with all diligence, should endeavour to find land to fulfil the balance of the contract. The Government with whom we entered into the contract knew that we were going to borrow money, and that we were going to form a company and construct a railway on the basis of a contract which the Government, as far as we knew until recently, would carry out. The Government undertook to give us land to the value of 30 per cent. on the basis of a cost of £5,000

per mile. I was in England for some months the year before this, and our creditors in England never have had a single doubt in the matter. They lent the money on the good faith of this land being allocated. Mr. Travers asked Mr. Levin, in Question 369, "Was it not a fact that representations were made that the Government would, within five years, be in a position to carry it out?" Mr. Levin replied, "I have said before that the understanding was at the time the contract was made that the Government would use all due diligence. There is, in my mind, no doubt about it." Now, Sir, when you find that the gentleman representing the Company and the Premier and the Colonial Treasurer all understood it in the same way surely there can be no longer any question about the matter. But, further, in the correspondence in the Appendix, page 25, the secretary to the Company, in writing to the Minister for Public Works on the 22nd September, 1882, says, "Moreover, the suggestion was based on the knowledge that there were certain blocks of Native land within the area of allocation under Proclamation on which the Government had made advances with a view to purchase. The blocks referred to were the Aorangi, Tuwhakatapua, and Horowhenua. It was known to the directors at that time that the Native owners of these blocks were favourable to the disposing of them. This information was laid before you by telegram, and also repeated by the chairman at several interviews with the Colonial Treasurer and myself. I am also requested to urge that the reason why the directors waived their claim to the lands allocated and valued in the Forty-mile Bush being included in the schedule of the contract was the clearly implied understanding that diligence would be used for the completing of the negotiations for the purchase of the blocks above referred to, so that the deficiency would be provided for under clause 11 of the contract." The reply to that is the last paragraph of the next letter, dated the 18th October, 1882, "The Minister directs me to add that he submitted to the Cabinet the inquiry of the Company as to whether the Government were continuing their efforts to acquire lands within the prescribed limits, and especially the blocks named in your letter, and that he is authorised to mention that the Hon. the Native Minister is endeavouring to acquire these blocks." Then, also, you have the letter, on page 27 of the Appendix, of the 8th December, 1882, in which Mr. Gill, by direction of the Colonial Treasurer, in reply to a statement by the Company that Mr. Fraser is going to interfere with the purchase of the lands, says, "That the Government notice with regret the threatened opposition to the purchase of these blocks of land. In a letter addressed to you by Mr. A. Macdonald, an officer of your Company, copy of which was forwarded to the Government, Mr. Macdonald considers that the Tuwhakatupua and Horowhenua Blocks can now be purchased without much difficulty. You are aware that hitherto all attempts to complete the purchase of these lands have failed, owing to the want of agreement among the grantees. Instructions will be at once given to Mr. Booth to again meet the Native owners of these two blocks of land, and endeavour to come to some arrangement by which they can be acquired." Thus we see that in 1882 the Government, in answer to letters from the Company, promise to take these steps for the purpose of carrying out their engagement; and on page 28 of the Appendix, in a letter from the Secretary to the Cabinet to the chairman of the Company, dated the 21st February, 1883, it is stated that, "In accordance with his promise to a recent deputation of directors of the Wellington and Manawatu Railway Company, Limited, he (Major Atkinson) has communicated with the Native Minister respecting the appointment of a fresh land-purchase agent for the Manawatu District, and that he finds it to be Mr. Bryce's intention to make such an appointment as soon as some necessary arrangements can be completed." Now, can there be any doubt, in the face of Sir John Hall's and Major Atkinson's evidence, supported by Mr. Levin's view, and borne out by the correspondence of 1882, that the engagement expressed in clause 11 was an engagement to acquire the land as speedily as possible. I wish to bring at once to the minds of the Committee the fact that the Hon. Mr. Ballance misunderstood the engagement intended to be expressed in this contract. I think the whole difficulty has arisen from Mr. Ballance's misunderstanding this, a misunderstanding which arose from the fact that there was nothing to show that the engagement was more than was expressed in the literal language of clause 11. This will be seen from Mr. Ballance's evidence, on page 11. In Question 173, I asked him as to his approval of Mr. Wallace's evidence, and, in my question, I said, "Now, in that minute this expression is used by Mr. Wallace." Mr. Ballance, in reply, said that as he read the 11th clause of the contract there was no obligation on the part of the Government to use diligence in acquiring the Native lands within the time named. To his mind it seemed that if in regular course any lands should be bought within the time the Company should have the power to claim the right of selection; but he did not think it was the present duty of the Government to acquire and allow what lands were under Proclamation in the district to fall into the hands of the Company, the more especially as his policy in dealing with the lands of the people was very different from that of the Company. "Can you remember making use of expressions of that kind." In reply to that, Mr. Ballance said, "I cannot say that I remember the conversation, but I have no doubt it is accurate. I have no doubt that it is correct." I say, Sir, there is clear proof of a misunderstanding on Mr. Ballance's part of the engagement, because you cannot doubt the accuracy of the view taken by Sir John Hall and Major Atkinson, who made the contract. You cannot doubt that the engagement was as they say it was, and Mr. Ballance has been misled by referring only to the language of clause 11, and by not knowing what had taken place. Therefore I think the Committee will have no hesitation in coming to the conclusion that the difficulty which has been occasioned has really arisen from Mr. Ballance not being aware that his predecessors had entered into an honourable engagement of the kind. I do not believe that any Government, and certainly not the Government of which Mr. Ballance was a member, would have felt themselves otherwise than bound by any honourable engagement entered into by their predecessors, and if Mr. Ballance had known beforehand the view which Sir John Hall and Major Atkinson took of the engagement they had entered into he would have agreed to be bound by it—that is to say, he would not have referred to the literal meaning, and said there was no absolute necessity to use diligence to purchase lands within the time. Mr. Bryce explained his policy, and you will remember that Mr. Bryce rejoined the Hall Government after the making of this contract. Mr. Bryce says that his policy was to

get rid of the Proclamations which affected the Native land. He wanted to curtail the land purchases of the Government.

Hon. Mr. Ballance: Mr. Bryce did not rejoin them afterwards, but before the contract was made.

Mr. Bell: Then he was under the impression that he had not from what he says. Mr. Bryce did himself oppose this Bill in the House, but Mr. Ballance is quite right, Sir, though I am right in principle. What I meant was that he was not a member of the Government when the engagement was entered into of which the 11th clause is the mere expression in writing. In Question 75, I asked him, "I understand you were not a member of the Hall Government when the understanding was arrived at which let in this 11th clause?" He replied, "I should say not. These negotiations were going on, and had been almost completed, when I returned to the Government. The agreement, I am pretty sure, was signed after I returned; but you are quite right in saying the understanding was arrived at when I was not in the Hall Government." Therefore he was no party, as I was saying, to the engagement which is expressed, or intended to be expressed, in the 11th clause. Mr. Bryce says his policy was to curtail the Government land purchases and abandon the Proclamations wherever he could. I think there is a good deal of misunderstanding about this question of Proclamations, and although it is familiar to Mr. Ballance, I shall not be wasting time if I explain it. By "The Government Land Purchase Act, 1877," it was provided that wherever any money had been paid by or on behalf of Her Majesty for the purpose of the acquisition of Native land, a Proclamation might be published in the *Gazette*, which created an absolute bar to any person negotiating with any Native in that block. Government very frequently had only purchased one interest from one Native, and then the Proclamation was put in the *Gazette* and no person was able to deal in respect of that block. Then, under the amending Act of 1878, the Government could define its interest and abandon the rest of the land, or the Government could at any time take back the money which it had paid to any single Native, and abandon its Proclamation. Now, Mr. Bryce's policy was to abandon the Proclamations, but he never did, and never intended to, abandon the Proclamation over the Horowhenua Block. That was a valuable block of land. Nobody supposes that he ever intended to abandon it, and he never did abandon it. Now, on reference to the plan, the Committee will see what a very large element the Horowhenua Block is in this contract. Here [referring to the plan] is the Horowhenua Block, containing 55,000 acres, far more than sufficient to fulfil the engagements with the Company. On looking at this plan the Committee will further see how little other land there is within the area with which it was possible for the Government to complete this engagement. I am not certain whether they had a Proclamation over the Ngarara Block, but the Manawatu Kukutauaki was under Proclamation, and a portion of it was applied in making up the allocation to a certain amount. The Aorangi Block afterwards passed into private hands (not the Company's) by the withdrawal of the Proclamation. In fact, reference to this map will show that the engagement is really in reference to the Horowhenua Block. There is this, further: that the Committee have been led to suppose that the release of the Proclamations was a benefit to the Company—a concession to the Company; and it is put that such concession is to take the place of something else which the Government had definitely agreed to give to the Company. I was surprised when Mr. Ballance put that forward, because I am sure he would not put it forward without he had some reason to believe that the argument had force. I have been from the commencement unable to understand it. The Company got no concessions. Sir, when the Company purchased, as it did, the land released by Mr. Bryce's policy they bought land in the open market. They did not buy from the Government, or without opposition, but in the open market; and they paid a fair price. I do think that Mr. Ballance will admit, in all candour, that two positions he has taken up are an answer each to the other. He says, first of all, that the Company was paying such a high price for blocks over which the Proclamation had been lifted as prevented the Government from completing its purchases in the proclaimed blocks. This means that the Company were paying a higher price for the land than the Government could afford to give, and what concession, I would ask, did they gain by being permitted to pay higher prices than the Government could pay. Surely that answers the statement that a concession was made to us. But, Sir, it seems that we are to be penalised because we paid a high and fair price to the Natives when we acquired land. Sometimes our purchases were not profitable, and in one case (the swamp) it was a loss, though in time it may prove to be advantageous. But I do not think it is fair to say in one breath "You have a concession," and in another "You prevented us from purchasing because you paid a higher price." For this latter reason Mr. Ballance has used the word "compete." This is altogether wrong. There is no such thing as competition in the question, for the Government can buy at their own price in a proclaimed block, and no other person can buy against them. To say that we raised the price of Horowhenua Block by our purchase of the Kukutauaki Block is an entire fallacy, because the Government were the sole possible purchasers of Horowhenua. That they were able to purchase Horowhenua is shown by the fact that they did so, though after the expiration of the five years, as much as they liked. It is shown, further, that they actually paid more money upon Horowhenua within the five years, for Kemp received £500 as a further payment. Therefore they were not prevented from purchasing Horowhenua, and their statement in that respect is answered by the fact that the moment they wanted to they did buy, and indeed, at any time, if he had desired it, Mr. Ballance could have acquired the block. He does not himself contradict that; what he does say is, I think, that he was not going to expend money for the purpose of providing land for the Company, at all events, without a vote of Parliament; and he says that he had no money to purchase land for the Company. Sir, I ask whether that is fair. Did the Government which entered into the contract, of which the 11th clause was an essential part, mean that that clause had no meaning at all? As Mr. Rolleston puts it, the clause must have some meaning, and to say that the Government had no money to purchase Native lands is not correct. There was a vote which could be used, and was used, to complete the purchase of Native lands;

and yet the Committee are asked to believe, and to hold, that this money was not applicable to the purchase of Native land which would afterwards be used to implement a solemn engagement of the Government. If the 11th clause was not meant to apply to lands which the Government should acquire with the vote which the House had given them, then I say it was a trick, and no Government should have offered such a stone in place of bread to a body of men who were dealing with them fairly and honourably. No parliamentary body could, I think, indorse such a view. I am sure that Mr. Ballance could not have considered that view when he put it forward. Sir Robert Stout tells us that the contract was invalid; and that, I think, is what was in Mr. Ballance's mind, and his recollection is at fault if he thinks there was any difficulty about finance. If he will consider what I say I believe he will see that clause 11 means what we contend, and that the vote for the purchase of Native lands was available to purchase Horowhenua. But all Crown land is acquired in the first instance from the Natives. Every acre of land which the Crown possesses has been acquired from the Natives. Some had been acquired before 1882 and some had still to be acquired. The vote of the House was there, and there was no difference in principle between the Forty-mile Bush land, which was land which had been acquired, and the Horowhenua, which was land which had still to be acquired.

Mr. Cowan : What about confiscated land ?

Mr. Bell : But that is only another example of the same principle. Every acre of land has been purchased from the Natives or been taken from them by Act of Parliament or confiscation. In either case you recognise the prior title of the Natives. Therefore there is nothing which, upon examination, will justify the argument that the 11th clause meant that the Government had to get a special vote for the purchase of this land. I do not think the argument will hold water. I should be prepared to be governed by the opinion of Mr. Ballance after he has given consideration to the argument I have submitted to the Committee, because I am sure it is unanswerable. Then, was there a limit of five years ? Sir John Hall, Sir Harry Atkinson, Mr. Levin, and everybody else has agreed that the five years was not intended to define a limit, but expressed a time within which the Government would almost certainly acquire the land. Nothing really turns upon the question of whether money was or was not paid for the purchase of the Horowhenua Block within the five years, but I submit that Mr. Ballance is mistaken in his recollection about what was done in regard to the Horowhenua Block. Mr. Ballance is not really positive that the limit of five years was not in his mind.

Hon. Mr. Ballance : I said I did not remember the conversation, but it might have been true, as stated in the minutes of the interview.

Mr. Bell : Then, I will supplement that by referring to Mr. Levin's evidence, which, I think, does point to a different conclusion, and perhaps may lead Mr. Ballance to form a different opinion about what was done. In Question 297, last year's evidence, Mr. Travers asked Mr. Lewis, " May I ask you whether or not the negotiations were postponed in consequence of the limitation in the contract ? " Mr. Lewis replied, " It would appear that that question would be more a policy question for the Ministry. " Questions 298 and 299 and the answers are as follows : " 298. Had you no instructions about the completion of the purchase before or after the five years with reference to the claim of the Company to the allocation ? Had you no conversation with the Minister on the subject ?—Not specifically, but reference has been made to the agreement.—299. Were not the negotiations for any part of the Horowhenua Block postponed in consequence of the existence of this clause ?—I cannot say. " " 305. You cannot say that the Government desired to postpone the acquisition until after the five years ?—I cannot say.—306. It was discussed ?—There was a conversation about it. Not from that point of view. Necessarily the period has been referred to, but I could not say, nor do I think it right to say, what would be the policy of the Government. " That is to say that, with reference to the Horowhenua Block, the Under-Secretary for Native Affairs admits that the limit of five years was referred to, and it probably was referred to as a reason for postponing the purchase ; but I do not wish to rest upon any technicality of that kind, nor do I assert that there was what seems to be unintentionally suggested by a question put by me to Sir John Hall, a deliberate postponement. But I think the Government, in a laudable desire to defend the public purse, as Governments always do, made this limit an element in the question whether they should complete or postpone the completion of the purchase which they were making from Major Kemp. Then, there is this to be said, further : Mr. Ballance and Mr. Bryce both told us that they would not purchase at any sacrifice—that is to say, that the purchases were delayed by the competition, as they call it, of the Company. But, Sir, I hope the Committee will remember this : It was a matter of perfect indifference to the Government, though a matter of great importance to the Company, what price the Government paid for the land. The Government were not to give the Company 29,000 acres ; they were to give us land worth £29,000. If they bought land worth £29,000 it was a matter of indifference to them, though of great importance to us, whether they got fifty thousand acres or five hundred acres. When the Government say they would not buy at any sacrifice it was not a sacrifice of their money. If they had bought at too high a price it would have been a sacrifice of our interests and not of theirs. Therefore it was not fair to say that the Government could not purchase because the price was too high. When the high price did not affect the Government all they had to do was to hand over the land at a valuation, and nobody could question that the valuation would have been whatever price the Government had paid. Therefore, as I say, it was of importance to the Company that the Government should pay a small price for the land, because the Company would get so many more acres for the £29,000, but it was a matter of complete indifference to the Government. That appears to be an answer to that argument. I have endeavoured, so far as I could, Sir, to summarise the evidence, and I have little to add. This Company has in every respect carried out its engagements. That is not denied. In fact, both of the Governments that have had to do with it admit that it has amply fulfilled every part of its contract. It is suggested that the Company has had land enough. What has that, I

ask, got to do with the matter. If the Government did enter into an engagement with us to give us this land, what has it to do with the Committee, or the country, or anybody else, whether we have got too much or too little? But it is not true. It is assumed that this Company is a wealthy body of men, who are claiming some extra compensation. Why, Sir, we have not had sixpence in dividends, and our money has been invested for five years. I know it myself to my own cost. Our money lies there, and will probably lie there for years. We shall never get any adequate return for it, for the moment that the Company shows a profit, that moment will the Government take over the concern. The money we have laid out will then have doubled itself by loss of interest. But that the Government will take over the line as soon as it shows a profit is a certainty. The Company and their creditors—people who have lent them money—have not more than sufficient security for the return of the money that has been invested. Sir, it is not a body of Wellington shareholders alone. More than one-half of the shareholders are residents in England, and, moreover, engagements have been entered into under which money has been borrowed on the understanding that there would be full value given as security. Are we to tell them that the whole thing is a delusion and a snare, that the statement that this land was to be handed over never meant anything, and that the Government never was under any obligation to give us the land, whether within the five years or after? I do not believe the Parliament of New Zealand would take that view, nor Mr. Ballance, nor the Government of which he was a member, now that the matter has been explained to them, as it has been explained in the evidence before this Committee. The view of the defenders of the public estate is taken generally on the advice of the Law Advisers of the Crown, who have to deal with nothing but the language of the contract, and have had nothing to do with engagements not therein expressed, with good faith, as distinct from the obligation. The business of the Government involves the conduct of a very large number of matters, and they have no time to go through files and ascertain whether there has been or not some engagement which is not properly expressed in language of which they have the meaning given to them by the Law Officers. The result sometimes is, as in this case, that the technical meaning rather than the spirit of the engagement has governed the construction of the contract. I do not believe there is a business-man in the colony who would not recognise the obligation lying upon him if this were a contract entered into between two business-men. And if the true nature of the engagement is recognised by the Premiers of two Administrations, not only of the day when the contract was made, but of this day; and if the then and the present guardian of the public purse concur in their view, and that view accords with ours; and if we find that there is no evidence to the contrary, then surely I may confidently submit that we have made out our case, and that this Committee cannot report otherwise than favourably to us. I refer to Sir John Hall's evidence in answer to Mr. Whyte's question, No. 121, "Do you consider that, if the land had been acquired within a month or so after the five years, the Company would have an equitable claim to the fulfilment of the contract?—I think they would have a very strong moral claim. Perhaps I may be allowed to give my reason. I think the Company expected, from the negotiations and conversations they had with the representatives of the Government, that the land would be acquired, and upon that expectation they conducted their proceedings. Nothing occurred between myself and them to lead them to any other conclusion." And then I refer to Sir Harry Atkinson's evidence, in answer to Question 160: "I think that the Company has an equitable claim on the Government myself." Mr. Rolleston's evidence is equally favourable, but I do not quote it, as it has been so recently given, and must be fresh in the minds of the Committee. There is one matter, in conclusion, which requires explanation. Mr. Ballance referred to a statement made on one occasion that the sum of £10,000 would be sufficient to complete this engagement. This was explained by Mr. Wallace. The sum of £10,000 expended in the purchase of the Horowhenua would, by the increase in the valuation through the completion of the line, have amounted to a valuation of £29,000, but we have never agreed that we are entitled to less than the implement of our contract—namely, land to be valued by the valuers to the extent of £29,000—nor do I think it is a case for compromise. Either the Government did enter into an engagement or did not; and I submit to the Committee that this is a view which the Committee should take, and I think every member of the Committee would, if he had a claim of this kind, wish it to be so dealt with: Either we are right and have a claim, or we have none; and if we have no claim let the Committee say so. I do not think we ought to be here as beggars. If we have no right—no equitable, just, fair claim—then there is nothing to compromise. What I submit is that the Committee ought to report that they think the engagement of the contract ought to be fulfilled, and recommend the Government to do so. I am very much indebted, Sir, to the Committee for the indulgence and consideration which have been accorded to me.

APPENDIX.

LETTER FROM Mr. MCKERROW RELATIVE TO HIS EVIDENCE GIVEN SESSION II., 1887.

SIR,—

General Survey Office, Wellington, 29th November, 1887.

I herewith forward the "Return of Crown lands within fifteen miles of the West Coast Railway," which Mr. Travers handed to me on Friday, the 25th instant, when I was before you.

I find that Mr. Stevens, Chief Clerk in the Land Office, made up the return, to the best of his recollection, from rough notes furnished by Mr. Marchant, the Chief Surveyor of Wellington District. The return was prepared some time between the 10th November and the 5th December, 1881, the press-copy shows this: that is, about a month before Mr. Linton and I valued the land. I have also seen Mr. Marchant on the subject, and shown him the return; his recollection is that he gave an approximate valuation and return at my request for the information of the Government; and that agrees with my own recollection, for, as I told the Committee, I carefully refrained from committing myself to any statement of values until I had visited the ground. In the above return the total area is given, 247,962 acres. There is an error in addition—it should be 244,962. The

return will then, after deducting 460 acres, No 2, Kairanga = 244,502 acres, which is the area valued by Mr. Linton and myself. (See accompanying report by me to the Minister of Lands, dated 4th January, 1882):—

The valuation by Mr. Linton and myself	...	...	£116,708
The valuation by return in possession of Mr. Travers			
for company	...	...	£139,007
Deduct No. 2, Kairanga	...	...	690
			£138,317
Therefore the valuation in possession of the com-			
pany is greater than the award by	...	...	£21,609

I have explained as fully as I can about the return in possession of the company, not that I think any importance attaches to it, but because of the importance given it in my examination before the Committee.

In my evidence before the Committee I stated that Mr. Linton and I had not valued the land on the east side of the Tararua Range. I find, however, on referring to my report of 4th January, 1882, already referred to, that we did value the land in question; and I furnish copy of the three divisions of land included in that valuation, and numbered 27, 28, and 29. The fact of our having valued these three areas, had entirely gone from my memory when I was before the Committee, due, I suppose, to Mr. Linton and myself agreeing to value the land in the office, we both having known it before; also to the fact, strong in my recollection, that Mr. Rolleston would never hear of giving that land to the company.

I have, &c.,

JAMES MCKERROW,
Surveyor-General.

The Chairman, Waste Lands Committee.

LETTER FROM MR. LEWIS RELATIVE TO HIS EVIDENCE GIVEN SESSION II., 1887.

SIR,—

Native Land Purchase Office, Wellington, 22nd June, 1888.

Referring to the report of the Waste Lands Committee dated the 21st December, 1887, on the petition of the Wellington and Manawatu Railway Company, and to questions Nos. 253 and 264 to 275 in the minutes of evidence thereto appended, I have the honour to state for the further information of the Committee—

1. That the agreement in respect of the sale of 4,000 acres of the Horowhenua No. 2 Block to the Crown is of even date, 19th July, 1887, with the deed of transfer to Her Majesty.

2. The total area of Tuwhakaturua No. 1 Block is 1,687 acres, of which 1,026 acres have been vested in freehold tenure in Her Majesty by an order of the Native Land Court, made at Palmerston on the 7th June, 1887.

3. The Government has not purchased any portion of the Tuwhakaturua No. 2 Block.

I have, &c.,

T. W. LEWIS,

The Chairman, Waste Lands Committee, House of Representatives. Under-Secretary.

The CHAIRMAN, Wellington and Manawatu Railway Company (Limited), to the Hon.

H. A. ATKINSON.

Wellington and Manawatu Railway Company (Limited),

SIR,—

Wellington, 13th February, 1882.

I have the honour to acknowledge receipt of your letter of the 10th instant in reply to application made by the directors of the company for a grant-in-aid of £26,430 in lieu of deficiency of endowments.

I am sorry the Government have been unable to see their way to the providing for the same in the contract, and would venture to point out that throughout the negotiations between the Acting Minister for Public Works and the directors of the company, for the purpose of completing the contract, it has always been conceded by him that this company was entitled to, and should receive, all the concessions that the Government could legally concede under "The Railways Construction and Land Act, 1881."

Believing that such is the intention of the Government, and that they are willing to assist and foster the interests of the company in any way which would be found to be practicable and within the law, I beg to suggest that the following clause be added to the contract, as a substitution for the grant-in-aid: "That whereas the land set apart to be dealt with in a manner respectively provided by Part V. of 'The Railways Construction and Land Act, 1881,' on valuation being made in accordance with the said Act, it is found to be of the value of £116,708 only, less land taken from schedule at request of Government, £20,138, leaving for the company selection £96,570 only: And whereas the company is entitled to an endowment under the Act equal to 30 per cent. on 84½ miles at £5,000 per mile, making a sum of £421,250, the percentage on which is equal to £126,375, leaving a deficiency in value of land-endowment of £29,805: It is agreed that the company shall have power to select, under the Act, lands to the value of such deficiency, viz., £29,805, out of any lands the Government may become possessed of on the western side of the forest reserve within five years from date of contract, the time allowed for the construction of the railway."

The directors being anxious to proceed with the work, an early consideration and reply will be esteemed a favour.

I have, &c.,

The Hon. H. A. Atkinson.

J. E. NATHAN, Chairman.

REPORT of an interview with the Hon. the Minister for Public Works and the Deputy-Chairman and Directors of the Company on the 21st September, 1882; Mr. Levin, Mr. Johnston, Mr. Plimmer, and the Secretary being present.

MR. LEVIN introduced the subject of the interview, which was relative to the deficiency of endowment of lands referred to in contract clause No. 11. He stated that the directors were

anxious to have provision made for the deficiency of endowment, as steps were now being taken by them to make certain financial arrangements, and which would be greatly facilitated if it could be announced that the endowments were made up to 30 per cent., and not to remain as they now are, only equal to 19 per cent. Mr. Levin pointed out that, originally, the allocation included land amounting to over £21,000 in the West County of the Wairarapa, but which the directors agreed to forego their claim to, at the request of the Government; and that at the time that was done it was understood there were certain Native blocks under negotiation for purchase by the Government, and which were of sufficient area to provide for the deficiency of allocation. Mr. Levin referred to the fact that the last clause of the 10th paragraph distinctly showed an agreement on the part of the Government to give the company the 30 per cent. land endowment, as provided in the Railways Construction and Land Act. He detailed the circumstances which led to the 11th clause being inserted into the contract, arguing that it was there because of the recognised moral right of the company to have the deficiency provided for.

The Minister admitted that, to a certain extent, there was a claim, and agreed that if the directors would put in writing what they wanted he would undertake to put it before Cabinet for their consideration.

The deputation then withdrew.

The SECRETARY, Wellington and Manawatu Railway Company (Limited), to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

22nd September, 1882.

Referring to the interview accorded by you to the directors, I have now the honour, by instruction of the Board, to state that they are desirous, for the purpose of completing certain financial arrangements which will enable them to provide for the early construction of their line of railway, of having provision made for making up the deficiency of endowment of lands referred to in clause 11 of the company's contract with the Government, amounting to the sum of £29,805. Permit me to point out that the last paragraph of clause 10 clearly indicates the company's claim, and which, for convenience of reference, I take the liberty to quote: "And whereas the land shown by the red border on the map hereunto annexed and marked C, taken at the aggregate of the values set forth in the second schedule hereto, is insufficient to provide the amount of endowment in land agreed to be granted to the company under the powers contained in Part V. of the said Act."

I am requested to enclose copy of a letter, dated the 13th. February, addressed by J. E. Nathan, Esq., chairman of the company, to the Hon. the Colonial Treasurer, at that time the only member of the Cabinet in Wellington. The statement in Mr. Nathan's letter relative to the amount of deficiency of the endowments of land and the suggestion of the manner in which it could be made up were the reasons for the clause No. 11 being added to the contract. Moreover, the suggestion was based on the knowledge that there were certain blocks of Native land within the area of allocation under Proclamation on which the Government had made advances with a view to purchase. The blocks referred to were the Aorangi, Tuwhakaturua, and Horowhenua. It was known to the directors at that time that the Native owners of these blocks were favourable to the disposing of them. This information was laid before you by telegram, and also repeated by the chairman at several interviews with the Colonial Treasurer and myself.

I am also requested to urge that the reason why the directors waived their claim to the lands, allocated and valued in the Forty-mile Bush, being included in the schedule of the contract was the clearly implied understanding that diligence would be used for the completing of the negotiations for the purchase of the blocks above referred to, so that the deficiency would be provided for under clause 11 of the contract.

The directors, I am instructed to say, would be greatly obliged by an early consideration, on the part of yourself and the Cabinet, of the points raised, as the success of the financial operations now in course of negotiation, and the consequent faithful discharge of the contract on the part of the company, depend in a large measure on the favourable reply I hope to receive to this communication.

I have, &c.,

The Hon. the Minister for Public Works.

JAS. WALLACE, Secretary.

The UNDER-SECRETARY, Public Works Department, to the CHAIRMAN, Wellington and Manawatu Railway Company (Limited).

SIR,—

Public Works Office, Wellington, 18th October, 1882.

Referring to your letter of the 22nd ultimo, I am now directed by the Minister for Public Works to recall to the recollection of the Board of Directors of the company that on the 10th February, after the land within fifteen miles of the line of the railway on the Wairarapa side of the Tararua Range had been excluded from the endowment, the Government replied as follows to an application made to it by the company for money grant of £26,430, being the then estimated difference between the value of the proposed endowment and 30 per cent. of the cost of the railway, upon the assumption that the railway would be 82 miles long: "Government Offices, Wellington, 10th February, 1882. Sir,—I have the honour to inform you that the representations recently made to the Minister acting for the Minister for Public Works by the directors of the Wellington-Manawatu Railway Company (Limited), have been submitted to the Government. The application by the directors that the Government will insert in the contract a covenant to recommend to Parliament a grant-in-aid of £26,430, the amount of the difference between the valuation of the land available as an endowment to the company and 30 per cent. of the estimated cost of the railway line, has been carefully considered, and the Government regret that they are unable to see their way to agree to insert in the contract such a covenant.—I have, &c., H. A. ATKINSON (in the absence of the Premier). The Chairman, Wellington and Manawatu Railway Company (Limited)."

It was on the receipt of the above that the chairman of the company addressed to the Government the letter of the 13th February, a copy of which is appended to your letter now under considera-

tion. You do not give the reply thereto, which contains the undertaking of the Government in this matter. It is as follows: "Public Works Office, Wellington, 20th February, 1882. Sir,—I have the honour to state that after carefully considering the application made on behalf of the Wellington and Manawatu Railway Company (Limited), by your letter of the 13th instant, the Government are prepared to agree to insert in the contract a clause to the effect that if within five years from signing of the contract there should be Crown lands within the prescribed limits which, in the opinion of the Government are available for the purpose, the Government will allocate to the company out of such lands an area sufficient to make the estimated value, as ascertained under the Act of the land granted to the company, equal to 30 per cent. of the estimated cost of the railway, upon the basis of the total length of the line being 84½ miles, and its average cost £5,000 per mile.—I have, &c., WALTER W. JOHNSTON. J. E. Nathan, Esq., Chairman, Wellington and Manawatu Railway Company (Limited)."

On the next day the following letter was sent to Mr. Travers, as solicitor for the company: "Public Works Office, Wellington, 21st February, 1882. Sir,—I am directed by the Acting Minister for Public Works to return to you the draft contract in connection with the Wellington and Manawatu Railway Company (Limited), for consideration of the addition made thereto by the Government, and for the insertion of a clause embodying the arrangements contained in the Minister's letter of yesterday's date. The number of years limiting the exercise of the Governor's power to purchase is still blank, not having yet been determined. I am to add that if before returning the draft for final consideration it should be necessary to consult the Solicitor-General that officer will be at liberty at any time you may suggest.—I have, &c., JOHN KNOWLES, Under-Secretary, Public Works. W. T. L. Travers, Esq., Wellington."

The Minister is not aware that any later and further agreement on the subject was made with the company.

The Minister directs me to add that he submitted to the Cabinet the inquiry of the company as to whether the Government were continuing their efforts to acquire lands within the prescribed limits, and especially the blocks named in your letter, and that he is authorised to mention that the Hon. the Native Minister is endeavouring to acquire these blocks.

The Chairman,
Wellington-Manawatu Railway Company (Limited).

I have, &c.,
JOHN KNOWLES,
Under-Secretary, Public Works.

REPORT by SECRETARY on Interview he had with the Hon. the Native Minister relative to Tawhakatupua and other Blocks of Native Land.

I WAS only able to obtain a very brief interview with Mr. Bryce on the above subject, owing to pressure of public business.

I put the matter of the Tawhakatupua before him, as referred to in Mr. McD's letter of the 5th instant, by reading it to him. In reply, he said he would furnish the names of the Native owners to whom advances had been made, and the names of the persons who had made them.

I suggested, in the event of there being a difficulty in getting a refund of the whole of the advance, or the Native owners refusing to admit the advances, that the Government should back up their own claim and seek to complete the purchase, so that the land should revert to the company by allocation. To this he objected, stating that the Government would at once seek to have their claims, to the extent of advances, made good, and revoke the Proclamation over the remainder of the blocks.

Mr. Bryce then said that the Government had determined to deal with all Native lands in either of three ways: first, to stop all treaty for lands which were considered to be of no value for settlements; second, to deal with those lands, of which the title was involved, and that were not likely to be bought at a fair price, or in reasonable time, having the Government's claims defined to amount of advance and releasing the balance; third, those blocks which were considered suitable for settlement, and could be bought at fair prices and within reasonable time, to be dealt with, and negotiations completed for purchase.

I asked, for information, in what category he had placed the Aorangi and Horowhenua Blocks. Owing to the absence of the officials of his department, he could not say, but I might have the information on application. On being reminded that the company had a claim to have the deficiency of their allocation made up, he said it was no part of his business to buy land for that purpose. He did not think Government should find money for that specifically. Speaking generally, he said the Government could not treat the company exceptionally in reference to Native lands; and, for himself, he would be very careful to do no more for the Wellington and Manawatu Railway Company than he would for a private individual. He expressed himself grateful for any information I had given him, and would be glad, at any time, to receive any further information about the intricacies of any Maori title affecting the blocks the company were likely to become interested in.

JAS. WALLACE, Secretary.

The SECRETARY, Wellington and Manawatu Railway Company (Limited), to the Hon. the NATIVE MINISTER, Wellington.

SIR,—

17th July, 1882.

Referring to the interview you honoured me with on Saturday, as Secretary of the Wellington and Manawatu Railway Company, relative to certain blocks of Native land in which the company is interested, when you stated you could furnish the names of the owners of Tuwhakatupua to whom advances had been made, and by whom made, I should be obliged if you would give instructions for that being done for use of the company. You were kind enough to intimate the mode in which the Government intended treating all Native land, and specified that it would be carried out in either of three ways. First, that for all blocks which were considered valueless for settlement the negotiations

would cease. Second, that in those blocks whose titles were involved, and which were not likely to be negotiated for on fair terms, or in reasonable time, the Government would have their claims defined to the extent of advances, and release the remaining portions. Third, that negotiations would be completed for such blocks as were useful, and could be obtained at fair prices and in reasonable time.

You likewise stated that a list had been made out of the blocks which the Government intended dealing with as above, and then I asked, you will remember, under which category the Aorangi and Horowhenua Blocks would be placed. Perhaps you will also instruct that I have the information as far as these blocks are referred, or any others within the area of allocation. If it will suit your convenience, an early reply will facilitate present operations to take advantage of sitting of Native Land Court at Marton, and greatly oblige.

The Hon. the Native Minister, Wellington.

I have, &c.,
JAS. WALLACE, Secretary.

The SECRETARY, Wellington and Manawatu Railway Company (Limited), to the Hon. the
MINISTER for NATIVE AFFAIRS.

SIR,—

28th July, 1882.

I had the honour to address you on the 17th instant, asking for a list of the owners' names of the Tuwhakaturua Block to whom advances had been made, and also for information as to the intentions of the Government in dealing with the Aorangi and Horowhenua Blocks. If it is not encroaching too much on your valuable time, you would greatly oblige if the forwarding of my request could be expedited. The directors are anxious, if possible, to take advantage of Judge O'Brien's sitting at Marton before he returns to Auckland. It might be matters could be arranged as to the advances on Tuwhakaturua if we had definite information to go upon.

The Hon. the Minister for Native Affairs.

I have, &c.,
JAS. WALLACE, Secretary.

The UNDER-SECRETARY, Native Land Purchase Office, to the SECRETARY, Wellington and
Manawatu Railway Company (Limited).

SIR,—

Native Land Purchase Office, Wellington, 29th July 1882.

I have the honour, by direction of the Hon. the Native Minister, to acknowledge the receipt of your letters of the 17th and 28th instant respectively, requesting particulars of payments on the Tuwhakaturua, Aorangi, and Horowhenua Blocks, with a view to an arrangement between the Government and the West Coast Railway Company, and to inform you, in reply, that if the Native owners will refund the amount of the Government lien in each case as per margin (Tuwhakaturua, £909 3s.; Aorangi, £1,039 16s. 2d.; Horowhenua, £1,722 17s. 8d.) the blocks will be released from proclamation. The detailed particulars, for which you have asked, cannot be supplied.

I have, &c.,
RICHARD JOHN GILL, Under-Secretary.

J. Wallace, Esq., Secretary, Wellington and Manawatu Railway Company.

The SECRETARY, Wellington and Manawatu Railway Company (Limited), to the Hon. the
MINISTER for NATIVE AFFAIRS.

SIR,—

10th November, 1882.

I have the honour, by direction, to enclose the following extract from the Under-Secretary for Public Works to the chairman of this company, written by authority of the Hon. the Minister for Public Works.

The extract refers to the acquisition by the Government of certain blocks of Native land, viz., the Aorangi, Horowhenua, and Tuwhakaturua, and is as follows: "The Minister directs me to add that he submitted to the Cabinet the inquiry of the company as to whether the Government were continuing their efforts to acquire lands within the prescribed limits, and especially the block named in your letter, and that he is authorised to mention that the Hon. the Native Minister is endeavouring to acquire these blocks."

I have to state that the reason for calling your attention to this extract is a statement which was made to myself by Mr. Donald Fraser, of Rangitikei, during the last few days—that he was determined, should the Government seek to acquire any of these blocks through the agency of Mr. Booth, and more especially Tuwhakaturua and Horowhenua, he would obstruct and thwart him, and acquire them himself. He gave as his reason that he knew for a fact that the Native owners of these blocks have resolved to have no dealing with Mr. Booth, believing that he had marred their interests in other transactions. Mr. Fraser said that he was aware that any action of Mr. Booth with reference to negotiations would disturb the present pacific relations of the Natives.

You intimated at a recent interview you would be glad to receive any information I might obtain in reference to the above lands, and I have deemed the above of sufficient moment to forward to you, believing that Mr. Fraser's influence with the owners of these blocks is of a potent character.

You are aware that the acquisition of what can be secured of Tuwhakaturua and Horowhenua is of the greatest importance to the company.

The Hon. the Minister for Native Affairs.

I have, &c.,
JAMES WALLACE, Secretary.

The UNDER-SECRETARY, Native Land Purchase Office, to the SECRETARY, Wellington and
Manawatu Railway Company (Limited).

SIR,—

Native Land Purchase Office, Wellington, 8th December, 1882.

I have the honour, by direction of the Hon. the Colonial Treasurer, in the absence of the Native Minister, to acknowledge the receipt of your letter of the 10th ultimo, enclosing a letter from the Under-Secretary, Public Works, to the chairman of your company, on the further acquisition

by the Government of the blocks of land known as Aorangi, Tuwhakatupua, and Horowhenua; also to a statement made to yourself by Mr. Donald Fraser, of Rangitikei, that, should the Government seek to acquire through the agency of their officer, Mr. Booth, these blocks of land, he would obstruct and thwart him, and acquire them himself.

In reply I am instructed to inform you that the Government notice with regret the threatened opposition to the purchase of these blocks of land.

In a letter addressed to you by Mr. A. McDonald, an officer of your company, copy of which was forwarded to the Government, Mr. McDonald considers that the Tuwhakatupua and Horowhenua Blocks can now be purchased without much difficulty. You are aware that hitherto all attempts to complete the purchase of these lands have failed owing to the want of agreement among the grantees.

Instructions will be at once given to Mr. Booth to again meet the Native owners of these two blocks of land and endeavour to come to some arrangement by which they can be acquired.

I have, &c.,

RICH. JOHN GILL, Under-Secretary.

The SECRETARY, Wellington and Manawatu Railway Company (Limited), to ALEXANDER McDONALD, Esq.

DEAR SIR,—

5th January, 1883.

We are informed by Mr. Gill that the only difficulty in the way of the Government securing Tuwhakatupua and Horowhenua is in the subdivision of the claims of the Native owners, and that he has authorised Mr. Booth to ask them to make application for a sitting of the Land Court that such might be done.

In the case of the former, he says Mr. Booth informed him that ten of the owners are willing to sell their claims to the Government, and suggests they should be asked to do so, either together or any one of them. In the latter he says, why not ask Kemp to make a similar application, or any of the other claimants to the Horowhenua? If these applications were made, and made soon, Mr. Gill says that the whole might be purchased and settled at an early date.

What do you think of it? If you think it can be done, apply to the Natives at the first opportunity. In whatever way you decide advise me at once.

I have, &c.,

Alexander McDonald, Esq., Awahuri.

JAS. WALLACE, Secretary.

Mr. Fox to the CHAIRMAN, Wellington and Manawatu Railway Company (Limited).

SIR,—

Government Offices, Wellington, 21st February, 1883.

I have been directed by Major Atkinson to inform you that, in accordance with his promise to a recent deputation of directors of the Wellington and Manawatu Railway Company (Limited), he has communicated with the Native Minister respecting the appointment of a fresh Land-purchase Agent for the Manawatu District, and that he finds it to be Mr. Bryce's intention to make such an appointment as soon as some necessary arrangements can be completed.

I have, &c.,

J. Nathan, Esq., Chairman, &c.

E. Fox.

REPORT of a Deputation, consisting of Messrs. Nathan, Levin, Shannon, and Johnston, who waited on the Minister of Native Affairs on Wednesday, the 2nd December, 1885, to represent the Claims of the Company to have the Deficiency of Allocated Land made up to it by the Government buying certain Native Blocks over which it held a Proclamation.

MR. NATHAN introduced the subject by explaining to the Minister that, under the 11th clause of the contract entered into with the Government to construct the Wellington-Manawatu Railway, the company had a claim for £29,805 of land to be selected out of any Native blocks which the Government might purchase within the area between the sea and the western side of the Forest Reserve during the period of five years from the date of the contract. That, although frequent application had been made to the previous Government to use diligence in acquiring Native lands for that purpose, no land had been purchased; but in some instances the Proclamation over the blocks had been revoked, and private individuals allowed to take them up.

Mr. Nathan then urged the Minister, as the time referred to in the clause was fast closing, to see whether steps should not be immediately taken to buy such lands within the allocative area as was still under proclamation, so that the company might be dealt with as it was fairly entitled to. He claimed also that this was due to the company for the faithful and honourable way in which they had so far fulfilled their part of the contract by the rapid construction of the railway, and contributing to the prosperity and happiness of the people by a large expenditure in the district.

Mr. Nathan also claimed that the Government should assist in making good the full endowment of lands, because the company, in seeking to raise the capital they had expended, had held out to buyers of the debentures in London the value, amongst other securities, of this claim under the 11th clause. He said that inferentially the Government were in honour bound to assist the company to maintain their representations, as these were made in good faith that their claim would be recognised in due time.

Mr. Ballance, in reply, said that, as he read the 11th clause of the contract, there was no obligation on the part of the Government to use diligence in acquiring Native lands within the time named. To his mind it seemed that, if in regular course any lands should be bought within the time, the company should have the power to claim the right of selection. Nor did he think it was the present duty of the Government to acquire and allow what lands were under proclamation in the district to fall into the hands of the company, the more especially as his policy in dealing with the lands for the people was very different from that of the company.

Mr. Nathan pointed out to the Minister that the company were bound, under the Third Schedule of the contract, to dispose of their own and allocated lands under the land regulations of the Crown as to area for agriculture and pastoral sections, and a time within which they must be surveyed and offered to the public for sale. That they had made liberal reserves for public offices and schools, not only in townships but at cross-roads at every four miles. Consequently that the policy of the company was practically a similar policy to that of the Government. If the policy of the Government meant the settling of the people on the land—the agricultural in small sections and the pastoral in moderate sizes—then the aim of the Government was now being fulfilled by the company. It was true that, because of their present impecunious position, the same easy Government terms of deferred payments might not be given by the company to their purchasers, but by-and-by it was to be hoped that they would be able, when they had made more favourable progress, to sell on equal, or perhaps better, terms than the Government.

Mr. Ballance wished to know why the former Government had not responded to the applications of the company for a fulfilment of the 11th clause.

Mr. Nathan, in reply, said that, owing to the control of the Native lands passing from Mr. Rolleston to that of Mr. Bryce, as Native Minister, the claim had been in a manner ignored. Mr. Bryce had not been a party to the contract, and would not recognise that it was his duty to promote the company's interest by the purchase of Native lands to make up the deficiency of the allocation. Moreover, the company was informed that the Government had no money for such purpose.

Mr. Levin also explained that originally Sir John Hall had taken the entire arranging of the company's contract, and assumed the direction of all the negotiations for that purpose, and upon certain changes of the *personnel* of the Cabinet, and his attention being diverted by other matters, the matters of the company fell under the control of the Minister for Public Works. Mr. Levin stated that, from his own knowledge, he knew that, when the company agreed to surrender its claims to the lands in the Forty-mile Bush, Sir John Hall recognised that it would be the duty of the Government to do their best to make up the deficiency from the blocks under proclamation; and it was only from want of funds that no attempt was made to do so whilst the company's affairs were under his care.

Mr. Nathan then read a copy of a letter, dated 22nd September, 1882, addressed to the Minister for Public Works, that had been written after several interviews with the Government relative to the company's claims, and which was sent in order that a record might be before the Government that the claim had been urged and recognised. No reply to the letter had been received, but the good intention of the Government to do something towards purchasing the lands was manifested immediately afterwards by the removal of their District Land Purchase Commissioner (Mr. Booth), and appointment of Captain Mair instead, it having been represented to them that the Natives were unfavourably disposed to Mr. Booth, and disinclined to enter into negotiations with him for the sale of lands.

Mr. Nathan also read a letter addressed to the Hon. the Colonial Treasurer, dated the 13th February, 1882, suggesting that, as the Government had refused to make up the deficiency by a money-payment, they should insert a clause into the contract to the same effect and meaning as the 11th clause. Mr. Nathan stated that the Government adopted the suggestion, and clause 11 was compiled and inserted in the contract. This, he pointed out, was a proof in itself that the obligation to make an effort to purchase lands was recognised, otherwise there would be no meaning in putting the clause in. Certainly there were no words defining any specified lands or special efforts for the purchase, but from the simple insertion of the clause there was an implication that the spirit as well as the letter of the clause was to be carried out.

Mr. Ballance said that he had always considered that the company had got too large an allocation, and that the former Government had afforded it facilities for the acquisition of other Native lands which had enabled it to acquire large and valuable blocks, and these should be looked upon as part equivalent to the deficiency of allocated lands.

It was then pointed out to Mr. Ballance that it was a mistake to say the former Government had afforded the company facilities for buying Native lands. All they had done was simply to define the boundaries of their own claims on certain blocks, and to revoke the Proclamation over the remainder. But that was opening up the lands to the world, and to allow any person to buy as well as the company, and was no concession to it. The success of the company's acquisition of these blocks was their good fortune in having Mr. A. McDonald as their land purchaser, and not because of any facility afforded to the company by the Government.

Mr. Ballance asked why the company had not selected their lands from the forest reserves; that these were only proposed reserves, and had never been legally reserved; and insinuated that the company had arranged to leave the hill-tops of the forest reserve and select the good lands.

It was pointed out that the company had no option or choice in the matter; that the selection-map was compiled by the Surveyor-General, and the forest reserves laid off by him unknown to the company; that he simply defined the area of the Crown lands within the boundaries relative to the centre line of railway, as defined by "The Railways Construction and Land Act, 1881," and afterwards, jointly with a valuer appointed by the company, as required by law, assessed their value, and scheduled them accordingly. After some conversation as to whether the company could yet select in the forest reserve, it was understood that there was an uncertainty about the matter.

Mr. Ballance promised he would consult the Surveyor-General, and after being fully informed himself on the whole subject of the interview, that he would lay the application of the deputation before the Cabinet for consideration as soon as possible, and communicate the answer.

The SECRETARY, Wellington and Manawatu Railway Company (Limited), to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

Wellington, 24th July, 1886.

I have the honour, by direction, to make the following statement on behalf of this

company, and to request that you will oblige by bringing it at early convenience before the members of the Cabinet for their consideration.

On the 2nd December, 1885, a deputation consisting of Messrs. Nathan, Levin, Shannon, and C. J. Johnston, directors of the company, waited on the Hon. Mr. Ballance, Minister for Native Lands, to represent the claim of the company to have the deficiency of allocated lands made up as referred to in clause 11 of the contract between the company and the Government.

Copies of the attached letters, dated respectively 13th February and 22nd September, 1882, to which your attention is requested, were handed to the Minister for the purpose of explaining the origin of the above clause in the contract, and giving the reasons for the claim of the company to have the deficiency of allocation made up from what it now is, 19 per cent., to 30 per cent., on the average cost of £5,000 per mile of railway constructed as per contract.

The Minister was informed that up to the date of waiting on him no purchase of any Native blocks, beyond a trifling extent, had been made within the area of allocation, and he was asked whether he would take steps for that purpose if opportunity offered.

Subsequently Mr. Nathan (the chairman) and myself waited upon Mr. Ballance, and represented to him that we had reason to believe that the company could influence Major Kemp, who was the sole trustee for the Horowhenua Block, to make application for the subdivision of ownership to the Native Land Court, and were prepared to do so if he wished it with a view of purchasing.

Understanding that we were carrying out the wish of the Minister, Mr. Alexander McDonald, the company's servant, was instructed to arrange with Major Kemp to make the necessary application for subdivision of the block.

Since then Mr. McDonald has reported that the application has been lodged, and, from what he knows of the ownership, that the Crown, if desirous, can acquire four-fifths of the block after making suitable reserves.

The present position of the Horowhenua, and the means which have led up to it, are known to Mr. Ballance, and at an interview on Wednesday last, with which our chairman was honoured, he was asked whether it was intended that the purchase, if made by the Crown, would be applied to the completion of the allocation above referred to.

Mr. Ballance's reply was that he had no funds at his disposal to buy Native lands for that purpose, but recommended that the company should bring their claim before the Cabinet, and state the circumstances in which it had been placed when brought before him.

It is to give effect to the recommendation with the least delay that the directors have instructed me to address and request you to favour them by giving the subject your attention.

It is of importance that no time should be lost in arriving at a determination, as Major Kemp has invited the various interested claimants to meet him on the block, and will at once proceed to investigate and apportion the ownership, so that a complete approved scheme of subdivision and settlement will be placed before the Court when it opens.

I am further to state that the directors wish that you would place before your colleagues the fact of the company having energetically and faithfully fulfilled their contract up to the present time, and that this is evidenced by the officers in your department having, without hesitation, certified to 54 miles being well and truly constructed, and although much of this was of a heavy character and involved large expenditure not a single alteration was required or fault found by them.

They think that such facts should weigh with the Cabinet when the company's claim is being considered.

The Hon. the Minister for Public Works.

I have, &c.,

JAS. WALLACE, Secretary.

The ASSISTANT UNDER-SECRETARY, Public Works Department, to the CHAIRMAN, Wellington and Manawatu Railway Company (Limited).

SIR,—

Public Works Department, Wellington, N.Z., 4th August, 1886.

Re land endowment.—Referring to my letter of the 28th ultimo, acknowledging the receipt of yours of 24th February (? July last), relative to the purchase by the Government of Native Lands to make good the alleged deficiency in the endowment to your company, I am now directed by the Minister for Public Works to state that the Government is of opinion that the company should submit the matter to Parliament for consideration by way of petition.

I have, &c.,

H. J. H. BLOW,

Assistant Under-Secretary for Public Works.

The Chairman.

Wellington and Manawatu Railway Company (Limited).

The SECRETARY, Wellington and Manawatu Railway Company (Limited), to the Hon. the MINISTER for PUBLIC WORKS.

SIR,—

Wellington, 19th August, 1886.

Re land endowment.—I am directed to acknowledge receipt of your letter, as per margin of the 4th inst., addressed to the Chairman in reply to my letter of the 24th July last, relative to the purchase by the Government of Native land to complete the allocation of land due to this company in terms of its contract; and I have the honour to state that my directors do not consider that it is a matter for submission to Parliament, but one that should be dealt with by the Cabinet; and, therefore, they beg that it should receive further consideration, and that you will favour by again placing my letter of the 24th July before the Cabinet for that purpose.

I have, &c.,

The Hon. the Minister for Public Works, Wellington.

JAS. WALLACE, Secretary.

The ASSISTANT UNDER-SECRETARY, Public Works Department, to the CHAIRMAN, Wellington and Manawatu Railway Company (Limited).

SIR,—

Public Works Office, Wellington, 10th September, 1886.

Re Wellington-Manawatu Railway land endowment.—I am directed by the Minister for Public Works to acknowledge the receipt of your letter of the 19th ultimo, in which you request that the decision of the Government upon your previous letter, relative to the above-mentioned subject, might be reconsidered, and in reply, I am to state that the matter has again been brought before Cabinet for consideration, but that the Government is unable to give any other reply than contained in my letter to you of the 31st July last.

I have, &c.,

H. J. H. BLOW,

The Chairman, Acting Under-Secretary for Public Works.
Wellington-Manawatu Railway Company, Wellington.

The SECRETARY, Wellington-Manawatu Railway Company (Limited), to the Hon. the MINISTER OF LANDS.

SIR,—

22nd August, 1887.

I have the honour, on behalf of my directors, to inquire whether all the lands which have been purchased by the Government within the boundaries of the area of allocation since the date of the contract between it and the company will be included in the grants which are now being made out. My directors understand that the purchase comprise Tuwhakatupua (Nos 1 and 2), a portion of Horowhenua, and several other small blocks. I am further to inquire, whether certain sections of Crown land in the Paikakariki, Horokiwi, Ohariu, and Makara Districts, which are not defined in the allocation maps attached to the contract, may now be included in the grants of the company.

When the contract was arranged, it was understood that all Crown lands within 15 miles of the railway line had been allocated, but afterwards it was found that the sections above referred to had been omitted, and on application to the chief-surveyor of the district to leave them included, he states he has no power to deal with any, except such as had been defined in map C.

My attention has been called to the fact that portions of the land originally allocated to the company, as defined in Map C of the contract, are marked on the maps in the Survey Office as otherwise disposed of by the Government. For your information, I enclose a map, showing in dark red the portions above referred to, viz., at north end of allocation Gorge District, 250 acres; Belmont District, Block 13, Section 6, 123 acres; Okatarawa District, Block 6, Sections 387, 388, and 389, 623 acres; Ditto, Block 16, railway reserve, 4,000 acres.

Would you kindly state whether the above has been resumed by the Government, and, if so, in what way the deficiency will be made up to the company.

I have, &c.,

JAS. WALLACE, Secretary.

The Hon. Minister of Lands.

The UNDER-SECRETARY, Crown Lands Department, to the SECRETARY, Wellington-Manawatu Railway Company, (Limited).

SIR,—

General Crown Lands Office, Wellington, 30th September, 1887.

I have the honour, by direction of the Hon. the Minister of Lands, to acknowledge the receipt of your letter of the 22nd August, and, in reply, to inform you that the Wellington-Manawatu Railway Company is not entitled to any of the blocks or parcels of land which you enumerate, in terms of the contract entered into on the 20th March, 1882. (Parliamentary Paper, D.-7, 1882.)

I have, &c.,

H. J. W. ELIOTT,

J. Wallace, Esq., Secretary,
Wellington-Manawatu Railway Company, Wellington.

Under-Secretary.

MEMORANDUM by Mr. J. W. A. MARCHANT.

Wellington, 22nd October, 1881.

In accordance with your instructions I have had a plan prepared for the Hon. Mr. Johnston, showing the proposed West Coast Wellington to Palmerston Railway, and all Native and Crown lands within fifteen miles of the line.

The Crown lands (including all blocks whether proclaimed or not) have been valued by me as well as circumstances permit, and may, according to my view, be set down as follows:—

	Value.
Area within fifteen miles limit, inclusive of proposed forest reserve ==	£
359,000 acres	115,000
Or, deducting this reserve of 123,500 acres	16,400
The value, inclusive of lands lying more properly contiguous to the Wairarapa line, is	98,600

The latter I set down as worth £34,000.

J. W. A. MARCHANT,

The Surveyor-General, Wellington.

Chief Surveyor.

CROWN LANDS within Fifteen Miles of proposed West Coast Railway-line.

No.	Block.	Nature of Growth.	Total Area.	Level.	Per Acre.	Value.	Hilly.	Per Acre.	Value.	Moun- tainous.	Per Acre.	Value.	Total Value.	Remarks.
			A. R. P.	Acres.		£	Acres.		£	Acres.		£	£ s. d.	
1	North of Manawatu, on coast	Sandhills	10,000 0 0	10,000	5/	2,500	..	..	..	..	..	..	2,500 0 0	
2	Kairanga	Forest	460 0 0	460	30/	630	..	..	..	..	..	..	630 0 0	
3	Fitzherbert (swamp)	White pine	1,750 0 0	1,750	30/	2,625	..	..	..	..	..	..	2,625 0 0	
4	" (hills)	Forest	14,000 0 0	..	..	..	14,000	13/	9,100	..	..	..	9,100 0 0	
5	Manawatu Kikutauaki 2F, 2G	Mainly swamp	1,600 0 0	1,600	40/	3,200	..	..	..	..	..	..	3,200 0 0	
6	" 2A	Forest	9,152 0 0	400	20/	400	8,752	7/6	3,282	..	..	..	3,282 0 0	
7	" 2B	..	7,860 0 0	1,000	20/	1,000	6,860	7/6	2,572	..	..	..	2,572 0 0	
8	" 2C	..	8,716 0 0	..	..	..	8,716	7/6	3,268	..	..	..	3,268 0 0	
9	" 2D	..	8,666 0 0	..	..	..	8,666	7/6	3,250	..	..	..	3,250 0 0	
10	" 2E	..	10,500 0 0	..	..	..	10,500	5/	2,625	..	..	..	2,625 0 0	
11	Takapu	..	7,400 0 0	800	30/	1,200	6,600	15/	4,950	..	..	..	6,150 0 0	
12	Totara	..	730 0 0	730	30/	1,095	..	..	..	..	..	..	1,095 0 0	
13	Muhunua	..	730 0 0	730	30/	1,095	..	..	..	..	..	..	1,095 0 0	
14	Muhunua No. 4	..	731 0 0	731	30/	1,096	..	..	..	..	..	..	1,096 0 0	
15	"	..	354 0 0	354	40/	708	..	..	..	..	..	..	708 0 0	
16	"	..	460 0 0	460	40/	920	..	..	..	..	..	..	920 0 0	
17	"	..	3,500 0 0	600	40/	1,200	..	..	..	..	..	..	1,805 0 0	Includes 1,500 acres proposed forest reserve at 2s. 6d. = £187.
18	Ohau No. 2	..	6,361 0 0	..	..	..	..	..	..	..	..	..	2,357 0 0	
19	Manawatu Kikutauaki 4A	..	15,121 0 0	1,300	40/	2,600	1,500	20/	1,500	12,321	2/6	1,540	5,640 0 0	Includes 6,300 acres proposed forest reserve at 2s. 6d. = £787.
20	" 4B	..	..	..	..	..	..	..	..	..	..	..	..
21	" 4C	..	..	..	..	..	..	..	..	..	..	..	..
22	" 4E	..	..	..	..	..	..	..	..	..	..	..	..
23	" 4G	..	..	..	..	..	..	..	..	..	..	..	..
24	Pukehou 1	..	6,260 0 0	..	..	..	900	25/	1,125	5,360	2/6	670	1,795 0 0	Includes 2,000 acres proposed forest reserve at 2s. 6d. = £240.
25	" 2	..	..	..	..	..	..	..	..	..	..	..	..
26	" 3	..	..	..	..	..	..	..	..	..	..	..	..
27	Pukehou 5A	..	10,110 0 0	..	..	..	..	..	..	10,110	2/6	1,264	1,264 0 0	Includes 5,700 acres proposed forest reserve at 2/6 = £712.
28	" 5B	..	..	..	..	..	..	..	..	..	..	..	..
29	" 5C	..	..	..	..	..	..	..	..	..	..	..	..
30	" 5D	..	..	..	..	..	..	..	..	..	..	..	..
31	" 5E	..	..	..	..	..	..	..	..	..	..	..	..
32	Waihoanga 3D	..	1,527 0 0	..	..	..	..	..	..	1,527	2/6	191	191 0 0	
33	" 8C	..	1,454 0 0	..	..	..	..	..	..	1,454	2/6	182	182 0 0	
34	" 2B	..	1,427 0 0	..	..	..	..	..	..	1,427	2/6	178	178 0 0	
35	" 2A	..	875 0 0	..	..	..	500	15/	375	375	2/6	47	422 0 0	
36	Waihoanga 4	..	9,950 0 0	..	..	..	600	30/	900	7,850	3/	1,177	2,827 0 0	
37	Wairapa	..	6,100 0 0	800	4/	1,600	1,500	10/	750	4,300	3/	645	3,495 0 0	
38	Ngakaroro 1b	..	6,139 0 0	..	..	..	1,000	25/	1,250	5,439	2/6	680	930 0 0	Country at the back of Wallace's and up Waikanae, North Branch.
39	" 1c	..	300 0 0	..	..	..	..	..	..	..	..	..	..

Proposed forest reserve of 14,000 acres at 4s. = £2,800.

Includes 1,500 acres proposed forest reserve at 2s. 6d. = £187.

Includes 6,300 acres proposed forest reserve at 2s. 6d. = £787.

Includes 2,000 acres proposed forest reserve at 2s. 6d. = £240.

Includes 5,700 acres proposed forest reserve at 2/6 = £712.

Includes 2,500 acres proposed forest reserve at 2/6 = £312.

Country at the back of Wallace's and up Waikanae, North Branch.

CROWN LANDS within Fifteen Miles of proposed West Coast Railway-line—continued.

No.	Block.	Nature of Growth.	Total Area.		Level.	Per Acre.	Value.	Hilly.	Per Acre.	Value.	Moun- tainous.	Per Acre.	Value.	Total Value.	Remarks.
			A.	R. P.	Acres.		£	Acres.		£	Acres.		£	£ s. d.	
21	Ngakaroro 2E ..	..	1,933	0 0	}	..	..	6,000	5/	1,500	8,108	2/6	1,013	2,513 0 0	Includes 7,900 acres proposed forest reserve at 2/6 = £987.
	" 2D ..	..	1,933	0 0		..	..	..	..	..	..	..	..	..
	" 2C ..	..	1,933	0 0		..	..	..	..	..	..	..	..	..
	" 2B ..	..	1,933	0 0		..	..	..	..	..	..	..	..	..
	" 2A ..	..	1,933	0 0		..	..	..	..	..	..	..	..	..
22	Ngawhangutu 2 ..	..	4,443	0 0	..	..	..	..	..	..	15,800	2/6	1,975	1,975 0 0	Includes 7,000 acres proposed forest reserve at 2/6 = £875.
	Maunganui (less triangle abandoned)	..	15,800	0 0	..	..	..	..	..	..	..	..	..	..
23	Muaupoke ..	..	984	0 0	250	40/	500	734	20/	734	26,600	4/	5,320	1,234 0 0	Two-thirds adjacent to Wai- rarapa line.
24	Between Akatarawa and coast and Ngarara and Hutt Settlements	..	36,600	0 0	..	..	..	10,000	15/	7,500	..	..	..	12,820 0 0	Adjacent to Wairarapa line.
25	East of Akatarawa and to limiting line	..	18,000	0 0	..	..	..	2,000	10/	1,000	16,000	3/6	2,800	3,800 0 0	"
26	Wainuiomata ..	..	17,000	0 0	..	..	..	3,000	5/	750	14,000	3/6	2,450	3,200 0 0	"
27	W. Mangaone and S.W. Pahiatua, east of Makakahi River	..	8,000	0 0	..	..	..	8,000	20/	8,000	..	..	..	8,000 0 0	Adjacent to Wairarapa line. In- cludes 36,000 acres proposed forest reserve at 3s. = £540.
28	Between Awarua Forest Reserve and Mangahao River	..	20,600	0 0	..	..	..	..	..	..	20,600	5/	5,150	5,150 0 0	Includes 73,000 acres proposed forest reserve at 2s. 6d. = £9,000.
29	Tops of ranges from Mangatainaoka Block and Upper Hutt Forest Reserve	..	76,000	0 0	..	..	..	..	..	..	76,000	2/6	9,500	9,500 0 0	
	Total Area ..	..	359,587	0 0	22,227	..	22,953	104,528	..	56,881	232,832	..	35,544	115,978 0 0	
	Total Valuation ..	..	..	..	..	..	..	..	..	..	..	..	..	..

CONTRACT MADE BETWEEN THE GOVERNMENT AND THE WELLINGTON-MANAWATU RAILWAY COMPANY.

THIS Deed made the twentieth day of March, one thousand eight hundred and eighty-two, between Her Majesty the Queen (who, with her heirs and successors, is and are hereinafter included in the expression "the Queen") of the one part, and the Wellington and Manawatu Railway Company, Limited (which, with its successors and assigns, except where the context otherwise requires, is and are hereinafter included in the expression "the Company"), of the other part. Whereas the Company has been established for the purposes (amongst other things) of constructing and maintaining a line of railway from the City of Wellington to such point or points, place or places, on the northern side of the Manawatu River as the colonial Directors should determine, with all necessary buildings, railway works, and other appliances requisite for the same, and of working the said railway, and especially of carrying thereon passengers, animals, and goods for hire, and generally in other respects of carrying on the business of a railway company in all its branches, with power to contract with any other railway company or authority with respect to running powers, interchange of traffic, or otherwise: And whereas the said railway is intended to be constructed as nearly as may be along the line shown in red upon the map marked A hereunto annexed, and is estimated to be of the length of eighty-four and a quarter miles or thereabouts, and the said line is intended to connect near the City of Wellington with the Wellington and Masterton Railway, and on the northern side of the Manawatu River with the Foxton and New Plymouth Railway, being severally lines of railway heretofore constructed by the Government of New Zealand: And whereas the Government of New Zealand some time since began the construction of a railway along that part of the said line shown in red upon the said map which lies between the said City of Wellington and Johnsonville, near the said city, from a point in or near the said city, marked (a) on the said map, to a point at or near Johnsonville, marked (b) on the said map; but no part of the works so commenced has yet been completed: And whereas the Government are in possession of the plant and materials mentioned in the First Schedule hereunder written, parts of which have been used in the construction of the unfinished works aforesaid, and parts of which were intended to have been used in the further construction of the said railway: And whereas in the construction of the said railway there will be a large quantity of material from cuttings and otherwise to be taken to spoil, and it is intended that the same shall be used in reclaiming from the sea land now covered with water within the Harbour of Wellington, the limits of which are shown on the map marked B hereunto annexed: And whereas the Governor of New Zealand, acting therein with the advice of the Executive Council of the colony and in pursuance of the provisions of "The Railways Construction and Land Act, 1881" (hereinafter in these presents termed "the said Act"), and especially of section fifteen of the said Act, has agreed with the Company for the construction and working of the said proposed line of railway upon the terms and conditions hereinafter set forth:

Now, this deed witnesseth that, in consideration of the covenants hereinafter contained on the part of the Queen, the Company doth hereby covenant with the Queen in manner following, that is to say,—

1. The Company shall and will, with all convenient speed, and within the term of five years computed from the date of these presents, at its own expense in all things, construct and thereafter maintain and work a line of railway between the city aforesaid and some point on the northern side of the Manawatu River, to be approved of by an engineer appointed for that purpose by the Governor (hereinafter throughout these presents referred to as "the Engineer"), where the said line of railway will connect with the Foxton and New Plymouth Railway; and will construct such line of railway along the line shown in red upon the map marked A, hereunto annexed, or as near thereto as practicable: such railway to be constructed, and, when completed, to be worked, in all respects under and subject to the provisions of the said Act.

2. The railway to be constructed, maintained, and worked under the provisions of this contract, and all other works in connection with the said railway which are provided for in this contract, shall be well and faithfully constructed of sound materials, and of sufficient strength and durability, having regard to the nature of such works, upon plans, both general and detail, to be from time to time approved of by the Engineer, and so that the details shall, as nearly as may be, conform to the approved standard drawings in use on the New Zealand Government railways, and that the specifications shall accord as nearly as may be to the standard specifications of the Government of New Zealand for the time being used in respect of the construction of railways having single lines of permanent-way, or as may be necessary for any particular work included in this contract; and such construction shall in all things be to the satisfaction of the Engineer, it being the intent and meaning of this provision that all such plans and specifications, when approved by the Engineer, or as the same may be altered or modified subject to his approval, shall form part of this contract as effectually as if the same had respectively been attached hereto at the date of the execution hereof.

3. All rolling-stock and plant to be from time to time used or employed upon the said line or in connection therewith shall be of like character and strength in all respects to the rolling-stock and plant in use upon railways constructed by the Government of New Zealand.

4. The Company will, within one year from the date of this contract, expend a sum of not less than fifty thousand pounds in the construction and execution of permanent works under its provisions, such works to be of a character in the opinion of the Engineer that will enable some complete section or sections of the railway to be fit for traffic as early as possible.

5. The power conferred by the forty-eighth section of the said Act shall be deemed to extend to and include all works of every kind executed by or on behalf of the Company under this contract, and all plant, rolling-stock, materials, and things which are or may be used, or are intended to be used, in or upon the said works. And if at any time the Governor shall be advised that some addition, alteration, or repair is necessary or requisite to or upon the said railway or all or any of the works aforesaid, or to the rolling-stock, plant, and materials used or intended to be used thereon, then, for the purpose of more effectually carrying out this contract, he may, on behalf of the Queen, direct the Engineer to take such steps as may be necessary to have such addition or alteration made or repair effected; and, upon delivery to the Company at its registered office in Wellington of a notice in writing from the Engineer specifying the nature and extent of the addition, alteration, or repair required, or the class and character of the rolling-stock, plant, or material to be supplied, the Company shall cause the same to be made, executed, or supplied within the period specified in such notice, as the case may require.

6. The Company shall not assign, charge, or dispose of this contract, or any benefit or advantage thereof or thereunder, either at law or in equity, without the written consent of the Governor on behalf of the Queen.

And this deed further witnesseth that, subject to the provisions of the said Act and in consideration of the premises, the Queen doth hereby covenant with the Company in manner following, that is to say,—

7. The Queen will, with all convenient speed after the date of these presents, and free of all expense to the Company, put the Company in possession of that part of the said proposed line of railway, and of the works connected with the same, which lies between the points marked (a) and (b) on the map marked A hereunto annexed, and of all land required for the permanent works of that part of the said line of railway, including land required for side-cuttings, ballasting, spoil-banks, road approaches, and road diversions, which is at the date hereof in the actual possession of the Governor of the colony: Provided that all lands of which possession shall be so given to the Company shall be subject to the terms and conditions of any contract, agreement, deed, or instrument that has heretofore been or may hereafter be made between the Queen or the Minister for Public Works, or any person on her or his behalf, and any other person or persons for the purpose of giving or securing to such last-mentioned person or persons any right or easement of any kind whatsoever in, upon, through, over, or in respect of any such land or lands.

8. The Queen will grant unto the Company, so far as she can lawfully do so, the right to deposit any part of the soil or material which may be taken from cuttings or otherwise in the execution of the said works upon the land now covered with water within the Harbour of Wellington, the outer lines of which are shown by a brown border in the map marked B hereunto annexed, so as to reclaim and raise the level of the said land to a level to be fixed by the Engineer; and the Company is to take all such steps as are by law required in that behalf in order to obtain legislative and other authority to reclaim and raise the level of the said land accordingly; and after obtaining such authority the Company is to carry out the said reclamation within the period of five years, computed from the date of these presents; and in carrying out the said reclamation the Company is to erect and maintain a sufficient reclaiming-wall or breastwork, to the satisfaction in all respects of the Engineer.

The Queen will, upon the completion of the said line of railway and of the works connected therewith, at the request of the Company, grant to the Company that part of the land shown upon the said map B, hereunto annexed, which is shown within a red border on the said map.

Pending such grant as last aforesaid, and so long as the Company shall in all respects perform the conditions and stipulations on their part contained in these presents, the Company shall be entitled to use and occupy for the purposes of the Company any part of the land comprised within the red border on the said map marked B hereunto annexed, which shall for the time being have been reclaimed:

Provided always that the power of reclaiming the said land shall only be exercised after the Company shall have obtained legislative sanction for the same from the General Assembly of New Zealand, and that nothing herein contained shall give the Company any claim for compensation or impose any liability whatsoever upon the Queen or the Government of the colony in the event of such legislative sanction being refused.

9. That Her Majesty the Queen will forthwith after the date of these presents grant and deliver over to the Company all such parts of the plant and materials mentioned in the First Schedule hereunto annexed as have already been used upon that part of the said line of railway which lies between the points marked (a) and (b) upon the map marked A hereunto annexed, and will thereafter from time to time, as and when the same may be required by the Company, and on demand by the Company, deliver over to the Company all such parts of the said plant and materials as shall not have previously been used upon the said works or granted and delivered over to the Company under these presents:

Provided that all such plant and materials shall be used only upon and for the purposes of the said railway and the several works connected therewith, and that no part of such plant or materials shall be sold, disposed of, or parted with by the Company otherwise than for the purposes aforesaid without the consent in writing of the Engineer.

And whereas, there being no land adjoining the proposed line of railway available under the provisions of the said Act, the land set apart for selection as hereinafter mentioned is so set apart under the provisions of section one hundred and one of the said Act:

Now it is hereby further agreed between the Queen and the Company,—

10. That as soon as conveniently may be after the execution of this contract, the lands shown by a red border and colour on the map hereunto annexed and marked C shall be withdrawn from sale and set apart to be granted to the Company under the powers and to be dealt with in manner respectively provided by Parts I. and V. of the said Act, and that the selection of such land for the purposes of the said Act and of this contract shall, after the construction of the said railway or of any completed section or sections of the same, be conducted and carried out as follows, that is to say,—

- (a.) For the purposes of such selection, the estimated cost of constructing the said line of railway shall be the sum of five thousand pounds per mile throughout its whole length, estimated at eighty-four and a quarter miles.
- (b.) For the purposes of such selection, the several parts of the land set apart as aforesaid shall respectively be deemed to be of the value per acre shown in the Second Schedule hereto, and which said value has been ascertained in the manner prescribed by section one hundred and two of the said Act.
- (c.) For the purposes of such selection as aforesaid, the said line of railway shall be deemed to be divided into the several sections numbered from one to twelve, shown in figures coloured red and in circles upon the map marked A, hereunto annexed; and when and so soon as the Minister for Public Works for the time being shall be satisfied that the said line of railway, or any section thereof, which can be usefully worked for public traffic has been completed and is fit for such traffic in accordance with the said Act, the Company shall be at liberty to select and shall receive a grant for so much of the said lands as, looking to the scheduled prices thereof, they may be entitled to in respect of the number of miles of the said railway comprised in such completed section; and, if there shall be any difference or dispute as to the area the Company is entitled to select, the decision of the Governor shall be binding and conclusive on the Company, and every such selection shall be subject to the approval of the Governor.

Every grant made under the last preceding clause shall be subject to the provisions of "The Railways Construction and Land Act, 1881," respecting the terms and conditions upon which grants of Crown lands may be made to a Company thereunder.

In dealing by way of sale or otherwise with any lands which shall become vested in the Company pursuant to any such selection as aforesaid, the Company shall conform to the rules and regulations set forth in the Third Schedule hereto:

Provided, however, that this and the two last preceding clauses shall not have any force or operation so as to give the Company any right, title, interest, or claim in or to the land proposed to be withdrawn from sale as aforesaid, unless and until the allocation of the land so set aside and intended to be granted to the Company shall be approved by the General Assembly of New Zealand in the manner prescribed by sections thirteen and fourteen of the said Act.

And whereas the land shown by the red border on the map hereunto annexed and marked C, taken at the aggregate of the values set forth in the Second Schedule hereto, is insufficient to provide the amount of endowment in land agreed to be granted to the Company under the powers contained in Part V. of the said Act:

Now, it is hereby further agreed between the Queen and the Company,—

11. That if, within the period of five years computed from the date of these presents, Her Majesty the Queen shall acquire lands within the area shown by a yellow border upon the map hereunto annexed and marked D, and such lands, or a proportionate part of the same, shall, in the opinion of the Governor, be available for the purpose, the same, or a proportionate part of the same, as the case may be, shall forthwith after such acquisition be withdrawn from sale and set apart to be granted to the Company under the powers and to be dealt with in manner respectively provided by Parts I. and V. of the said Act, and shall be and be deemed to be subject to selection by the Company in like manner as hereinbefore provided in respect of the lands shown by a red border and colour on the map hereunto annexed and marked C, but so nevertheless that the total area of lands so to be set apart and selected shall not, when valued and assessed as by the said Act provided, exceed in value the sum of twenty-nine thousand eight hundred and five pounds.

12. That when and so soon as any lands shall have been acquired as aforesaid the same shall be assessed and valued with all convenient speed, in manner provided by the said Act, in order to render the same available for selection by the Company; and the Company may accordingly select the same in like manner, and for the like purposes, and subject to the like provisions and conditions as are hereinbefore contained in respect of the lands shown by a red border on the map hereunto annexed and marked—

13. And it is hereby further agreed between the Queen and the Company,—

That the maximum tolls, fares, rates, and rents to be charged by the Company for the carriage upon the said railway of passengers, produce, animals, goods, merchandise, articles, matters, and things, and for the storage of goods in any of the Company's sheds or warehouses, shall not exceed the scale for the time being in force upon the Wellington and Masterton Railway, and shall, until such last-mentioned scale shall have been altered by the Minister pursuant to the powers vested in him in that behalf, not exceed the scale set forth in the Fourth Schedule hereto, so far as the same are in force upon the said Wellington and Masterton Railway:

Provided that the Company shall be at liberty at any time, in the manner prescribed by the said Act, to reduce the said tolls, fares, rates, and rents, or any of them:

Provided further that, if at any time the Minister for Public Works for the time being shall be satisfied that the said tolls, fares, rates, and rents, or any of them, are excessive, or ought to be increased, he may, by giving one calendar month's notice in writing to the Company, require the tolls,

fares, rates, and rents to be reduced or increased as stated in such notice, and at the expiration of such month's notice the Company shall make the reduction or increase accordingly.

14. And it is hereby further agreed that the power of purchase conferred upon the Governor by the said Act may be exercised at any time after the expiration of three years from the completion of the said railway.

15. And it is hereby lastly agreed that, in case this contract, or any provision thereof, shall be avoided or modified, either wholly or in part, by a resolution or resolutions to be passed by the General Assembly of New Zealand at the next ensuing session thereof in the manner prescribed by the said Act, the Company shall not have any claim or demand upon or against the Queen or the Governor of New Zealand for any loss or damage by reason of such avoidance or modification, or in consequence of the operation of any such resolution; and any property, estate, right, or interest acquired by the Company from the Queen or the said Governor under or by virtue of the said contract or provision shall, to the extent and in the manner specified in any such resolution, be and be deemed to have again become the property or estate of the Queen or the Governor, or to revest in the Queen, as the nature of the case may require:

And, further, that nothing contained in this contract shall be deemed in any way to abridge, control, modify, or supersede any power, remedy, or authority which under the said Act is vested in or may be exercised by the Governor in Council, or the Governor, or the Minister for Public Works.

The word "Governor" in this contract has the like meaning as is attached thereto by "The Interpretation Act, 1878."

In witness whereof these presents have been executed by the parties hereto on the day and year first above written.

The seal of the Company was hereunto affixed this twentieth day of March, one thousand eight hundred and eighty-one, at a meeting of Directors, and by order of the Directors.

JAS. WALLACE,
Secretary of the Company.

J. E. NATHAN,
JOHN PLIMMER,
Directors.

(L.S.) Seal of the Wellington and Manawatu
Railway Company (Limited).

Signed by the Honourable Arthur Hamilton Gordon, the Governor of the Colony of New Zealand, with the advice of the Executive Council thereof, on behalf of Her Majesty the Queen, and sealed with the public seal of the said colony, in the presence of—

ARTHUR H. GORDON,
Governor.

() Seal of the Colony.

F. P. MURRAY,
Private Secretary, Christchurch.

FOSTER GORING,
Clerk of the Executive Council.
22nd March, 1882.

FIRST SCHEDULE.

PLANT AND MATERIALS NOW ON THE LINE, AND MATERIALS NOT ON THE LINE.

1. Plant and materials now on the line as follows:—

Permanent-way—30-lb. rails laid complete	...	...	...	...	2,048 l. yd.
Loose rails, with fastenings for same	...	...	...	...	1,992 "
Jarrah timber	...	...	...	...	1,028 s. ft.
Kauri planks, 15 in number	...	...	...	...	15
Bluegum scantling (3 x 2)	...	...	...	...	120 s. ft.
Loose timber (all sizes)	...	...	...	...	200 ft.
Tip-wagons, complete	...	...	...	...	23
Tip-wagons, bodies and pedestals	...	...	...	...	7
Tip-wagons, axles	...	...	...	...	6
Dobbin carts	...	...	...	...	2
Timber sledge	...	...	...	...	1
Earthenware pipes, 9-in.	...	...	...	...	6 lengths.
Scrap-iron	...	...	...	...	5 cwt.
Iron doors for earth-shoots	...	...	...	...	5
Tool chests	...	...	...	...	3
Fencing posts	...	...	...	...	50
Blacksmith's shops, with office attached	...	...	...	...	3

About 343 chains wire fencing in place (post and 8 wires).

2. Materials not on the line as follows:—

Eight cast-iron cylinders, 68 feet long each, with nuts and bolts complete.
Ironwork for three 80ft-feet spans, *i.e.*, lower booms, suspension bolts, &c., according to standard drawings.

SECOND SCHEDULE.
LANDS ALLOCATED AND VALUED FOR SELECTION.

Number on Map C.	Name or Description of Block.	Total Area of each Classification	Total Value of Classified Sections.	Aggregate Area of each Block	Aggregate Value of each Block.
		Acres.	£	Acres.	£
1	North of Manawatu River, on coast ...	10,000	2,000	10,000	2,000
3	Fitzherbert ...	1,750	2,187	1,750	2,187
4	" ...	9,000	9,000	9,000	9,000
4A	" ...	9,000	9,000	9,000	9,000
5	Manawatu-Kukutauaki, 2F and part of 2G	1,600	2,400	1,600	2,400
6	" (2A, 2B, 2C, 2D	25,200	15,750		
6	" Parts of (2E ...	4,200	2,100		
6	" (3... ...	7,400	5,550		
7	" 7A, 7B, 7C ...	2,191	3,286		
8	Takapu No. 2 ...	262	459	262	459
9 and 10	Totara No. 3, and part of Muhunoa No. 3	814	1,424	814	1,424
11	Muhunoa No. 4, Part of ...	600	900		
11	" " ...	200	150		
11	" " ...	1,200	300		
12	Ohau No 2, Part of ...	1,500	1,500	2,000	1,350
12	" " ...	2,800	700		
13	Part of Manawatu-Kukutauaki Nos. 4A, 4B, 4C, 4D, 4E, and 4G, and part of Pukehou 1, 2, and 3	1,000	2,000	4,300	2,200
13	" " ...	1,500	750		
13	" " ...	4,500	1,125		
13	" " ...	300	600		
13	" " ...	1,500	750		
13	" " ...	6,200	1,550		
14	Pukehou 4, Part of ...	926	1,158	15,000	6,775
15	" 5A, 5B, 5C, 5D ...	4,200	840	926	1,158
16	Waiohanga 2A, and parts of 2B, 3D, 3C ...	1,900	380	4,200	840
17	" ...	500	250		
17	" ...	375	94		
18	" 4, Part of ...	600	900		
18	" ...	6,700	1,675		
19	Wairarapa, Part of ...	800	1,400	10,075	3,299
19	" ...	1,000	1,000		
19	" ...	2,200	550		
20	Ngakaroro 1c, and parts of 1A and 1b ...	6,700	1,340	4,000	2,900
21	Parts of Ngakaroro Nos. 2E, 2D, 2C, 2B, 2A, and Ngawhakangutu No. 2	13,000	3,250	6,700	1,340
22	Maunganui, Part of ...	9,100	1,137	13,000	3,250
23	Muaupoko, Part of ...	250	375		
23	" ...	734	550		
24	Between Akatarawa and coast ...	10,000	7,500	984	925
24	" ...	26,600	4,655		
25	East of Akatarawa and to 15-mile line ...	2,000	750	36,600	12,155
	" " ...	13,200	2,310		
26	Wainuiomata ...	17,000	2,975	15,200	3,060
				17,000	2,975
				210,502	£96,570

THIRD SCHEDULE.

1. All agricultural and pastoral lands, and not less than one-fourth the area set apart for town, village, and suburban lands, to be offered for sale not later than twelve months after the railway line has been opened for traffic to the locality of such lands.

2. The price of agricultural and pastoral lands shall not be less per acre than the valuation already made in terms of section 102 of "The Railways Construction and Land Act, 1881."

The price of town and village lands shall not be less than twenty pounds (£20) per acre, and of suburban lands not less than three pounds (£3) per acre.

3. All lands to be surveyed, mapped, and lithograph plans of sections published, before being advertised for sale.

4. No sale of land shall be held until after thirty days' public notice of the time and place thereof shall be given in at least one Wellington and one Palmerston North newspaper.

5. Sales of land may either be by auction or by applications receivable on a given day. In the event of more than one application for the same section of land on the same day between the hours of ten a.m. and four o'clock p.m., the land applied for shall be put up to public auction, and the bidding at such auction shall be limited to the applicants.

6. Agricultural land to be surveyed in sections not exceeding three hundred and twenty acres each, with a practicable line of road marked off on the ground to each section. Bush to be felled on road-lines one chain wide, and cleared sixteen feet in the centre, before the land is offered for sale.

7. Pastoral land—that is, the higher slopes on the hills—to be surveyed generally so far as the natural features will permit, in sections at least twice the depth to the breadth, the depth running back with the slope of the hills.

Sand-hills to be deemed pastoral land, and may be surveyed in such areas as the Company may deem best.

8. The Makurerua Swamp to be drained by one or more main outfall drains before being offered for sale. Plan of drainage works to be submitted for approval of Governor within one year of the swamp being granted to the Company. Governor to fix the time required to execute the works, on completion of which the land to be sold in such areas as may be approved by Governor.

9. Sites for towns and villages to be selected by the Company along that part of the railway-line between Longburn and Waikanae at intervals not exceeding ten miles, water and other circumstances being favourable.

10. Governor to have the right of selecting, free of cost, in each town and village, whether on land acquired by the Company as public grant or by purchase from the Natives, an area not exceeding three acres for post and telegraph offices, court-house, police-station, and other public buildings; also an area not exceeding five acres for a school site.

At cross roads or other suitable places in rural districts Governor to have the right of selecting, free of cost, five acres for a school site at distances of four or five miles apart.

11. The surveys of lands to be conducted on the New Zealand system of surveys, so that the plans, traverse reductions, and field books, may be conformable with the public survey records of the colony from which the descriptions of title are taken.

12. All record surveys and classification of agricultural and pastoral land to be subject to the approval of the Surveyor-General, or officer nominated by him.

To ALL to whom these presents shall come: Her Majesty the Queen and the Wellington and Manawatu Railway Company (Limited), respectively, send greeting:

WHEREAS the boundaries of those parts of the land, included in the Second Schedule to the within-written deed, which are therein described as Manawatu-Kukutauaki Numbers 2A, 2B, 2C, 2D, 2E, 2F, 3, 7A, and 4D, and Ngakaroro numbered 2A and 2E, although shown by and included within a definite red border on the map marked C annexed to the within-written contract, are in fact liable to modification in consequence of and in order to give effect to contracts, promises, or engagements entered into by or on behalf of Her Majesty the Queen, or by persons purporting to act on her behalf prior to the making of the within-written contract, or else because the said lands have not yet been and may not be acquired by Her said Majesty, or because, in order to acquire the same or adjoining lands or any part thereof, it may have been found desirable or expedient to make or enter into promises, contracts, or engagements to restore to the Native owners, or some of them, the whole or portions of the said lands, and by reason of the matters herein recited the area of land available for selection under the provisions of section 10 of the within-written contract may be reduced: And whereas before the execution of the within-written contract it was agreed between Her Majesty the Queen and the Company that this present memorandum should be indorsed thereon and executed by the parties thereto: Now know ye that it is hereby agreed between Her Majesty the Queen and the Company that, notwithstanding that those parts of the lands included in the said Second Schedule, which are therein described as aforesaid, have been shown by and included within a definite red border on the map marked C, annexed to the within-written contract, the actual boundaries of the same, which are to be withdrawn from sale and set apart to be granted to the Company as provided by clause 10 of the within contract, shall be altered in accordance with, and so as to give effect to, any contract, promise, or engagement entered into by or on behalf of Her Majesty, or by persons purporting to act on her behalf, relating to the said lands or any part of the same prior to the execution of the within-written contract, or else because the said lands have not yet been acquired by Her said Majesty, or because, in order to acquire the same or adjoining lands or any part thereof, it may have been found desirable or expedient to make and enter into promises, contracts, or engagements to restore to the Native owners, or some of them, the whole or portions of the said lands; and such altered boundaries shall to all intents and purposes after such alteration be deemed to be the actual boundaries of the said land for the purposes of Section No. 10 of the within-written contract, and the right of selection given by the within-written contract shall from henceforth apply and be deemed to extend only to the lands comprised within such altered boundaries, anything in the within-written contract to the contrary notwithstanding.

In witness whereof the parties hereto have respectively executed these presents this fifteenth day of April, one thousand eight hundred and eighty-two.

The seal of the Company was hereunto affixed this fifteenth day of April, one thousand eight hundred and eighty-two, at a meeting of Directors, and by order of the Directors.

JAS. WALLACE,
Secretary of the Company.

W. H. LEVIN,
G. V. SHANNON,
Directors.

(L.S.) Seal of the Wellington and Manawatu
Railway Company (Limited).

D.—EXTRACTS FROM CENSUS RETURNS, 1881.

Provinces.	Area Occupied Holdings.	Population (exclu- sive of Maoris).	Cattle.	Sheep.
	Acres.			
Wellington-West Coast	2,130,000	54,483	132,417	729,002
Taranaki	234,169	14,858	21,475	2,048,740
Napier	2,136,646	17,867	37,873	14,368
	4,500,815	86,708	191,765	2,792,110

MEMORANDUM in reply to Hon. MINISTER for PUBLIC WORKS.

Public Works Office, Wellington, 6th September, 1882.

In accordance with your instructions, I have examined the detailed estimate of the cost of constructing the Wellington-Manawatu Railway, prepared by the Engineer to the Company, Mr. H. P. Higginson, amounting to the sum of £551,532—that is, over and above the value of the work executed by the New Zealand Government and handed over to the Company.

This corresponds very closely with an estimate prepared for your information by the Public Works Department, after survey of the line by the Government, which amounted to £560,000.

The cost of any land required for the railway (excepting £1,000) is not included in this amount. Estimate returned herewith.

JOHN BLACKETT,
Engineer-in-Charge, North Island, New Zealand.

[Approximate Cost of Paper.—Preparation, nil; printing (1,375 copies), £29 14s.]