

tion?—I have no hesitation in saying this: that, as I conceived it to be a part of my duty, as a director of the company, to honourably fulfil my bargain according to the terms of the contract, so I took it to be without the slightest hesitation the duty of any Government to fulfil both the intention and the letter of their bargain.

356. Can you say whether or not the formation of the company and the subscription of the necessary capital were, or were not, affected by the understood agreement, or arrangement, with the Government to supplement the allocation?—I can only answer that by saying that one of my great regrets in the matter is that my name should be connected with a prospectus which was issued, leading the public to suppose that the land would be given for allocation if I thought it would not be given.

357. And you never had any reason to doubt, till lately, that they would not fulfil their part of the bargain?—I have thought so for some little time, but I had no idea at the time the contract was entered into.

358. Have you been a member of any deputations to the Government with respect to this, since the company was formed?—Yes; I have had several conversations with members of different Governments, and I have been on deputations to them.

359. In the course of your interviews with members of Governments, has this understanding that you have spoken of been discussed or mentioned?—Yes.

360. Did any of the members of the Government with whom you had the interview ever repudiate the existence of this understanding?—“Repudiated” is rather an awkward word.

361. Well, “dissent” from the understanding?—I heard Mr. Ballance say that we had enough land, which I did not think was an argument at all.

362. What I mean was, Did Mr. Ballance or any member of his Government say that no such application was ever arrived at as that which incurred the surrender of the Mangatainoko land. You say the company surrendered this on the understanding that the Government would supplement it by purchasing Native lands. What I want to know is, if there was any dispute at any time as to this understanding?—No; I have no recollection of any dispute ever being made as to the understanding.

363. The contract says, if they acquire land within five years the allocation is to be supplemented; and I understand from your evidence that you say that the Government pledged itself to acquire the lands for that purpose with all convenient speed?—That was my distinct understanding at the time the contract was made.

364. Do I understand that, so far as your communications with the Government are concerned, that understanding has never been repudiated?—There is no doubt that both Mr. Ballance and Mr. Bryce said that they did not consider that they were under any obligations.

365. As individuals or as a Government?—I have a recollection of one interview with Mr. Ballance as Minister of Lands and Native Affairs, and another with Mr. Bryce. I did not know what Mr. Ballance's personal feelings to the railway were, but I knew that Mr. Bryce was personally hostile.

366. What reason did Mr. Bryce or Mr. Ballance urge in reference to the matter?—Mr. Bryce gave merely the reason of obstinacy, as far as I can recollect. He said he was not going to move a hand's-turn to help the railway, and Mr. Ballance said he thought they had land enough. It struck me that both gentlemen put aside any understanding at all, with a view of not fulfilling what I conceived to be a clear, distinct, and honourable understanding. Otherwise I do not think the railway would have been gone on with.

367. *The Chairman.*] Do you mean by “understanding,” the contract?—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.

368. What I was asking was this: Does it not state distinctly in the contract that the amount of land allocated was insufficient to meet the agreement of the Government?—Yes; I want to lay stress on that, because that was the understanding on which the company raised the money. The Government say, in effect, We have no land to give you now, but we will during the five years use all due diligence to fulfil our part of the contract.

369. *Mr. Travers.*] Was it not a fact that representations were made that the Government would, within the five years, be in a position to carry it out?—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.

370. Can you say, from anything within your own knowledge with respect to the London market, what the effect would have been if this understanding which you refer to had not existed under the provisions of the contract?—Well, I can only give my impression, and it is that we should not have raised the money to construct the railway.

371. *Mr. Ross.*] I would just repeat the question I asked of the Secretary, Mr. Wallace: Can you state why there was no alternative equivalent provided in the event of their not being able to give the land?—By the alternative equivalent you mean that if they could not give land they should give money? It may be within your recollection that Government originally intended to construct this line, and actually a contract had been let by the Minister for Public Works who preceded Mr. Oliver—Mr. Macandrew, I believe it was—for the construction of the first section; but when the Government of which Sir John Hall was Premier, and Mr. Oliver Minister for Public Works, came into power the contract which had previously been accepted was cancelled, and a