

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.