

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.