

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