

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