

a chance of getting their applications granted, they whipped them into the land offices. It is not an unusual thing on the diggings. Sixty-five of the applications have been granted since the letter of the 25th May was written. In making this arrangement with the company it was a case of give and take. As I am advised, after the company had applied to us to select a piece of land, and had agreed with the person to take it, they would have to agree to our valuation; but now, in simply regarding an application as a preliminary proceeding, and then giving the company the option to withdraw when they know the price of it, we have given way a great deal. Still, I thought it a very fair arrangement to make. With regard to the statement that settlement has been retarded, I may say that a number of these applications were for *bonâ fide* settlement, and a number of the applicants of this class have gone on the land at their own risk, relying on getting a title in due time. Where the land was applied for for simply speculative purposes—that is, where the lands were “keys” of mining positions, and so on—the applicants have not gone on. The applicants, of course, are the best judges themselves of the risk they run, and we have had no case where, after making the reserves, they have had to be cleared out. Therefore, so far from the Government being in any way responsible, the delays which have taken place were owing—first, to the misapprehension of the company that regulations could be made; and secondly, the applications submitted were not in accordance with the terms of the contract. And I say this, after going carefully through the correspondence, and wishing to deal fairly with the company: that I do not think there is anything that would be made to show that our action delayed settlement, or that we wished to put an interpretation upon the contract that would be in any way harsh as against the company. I only wish, in conclusion, to say that there has never been throughout the whole correspondence with the company, directly or indirectly, any intimation to the company that the Government waived its right of objection, so that, if the regulations had been agreed to, the prerogative which the Government had all along declared its unwillingness to surrender would have gone.

Now, with regard to the deviation at Lake Brunner, referred to in Part C of the petition. The deviation was asked for in December, 1889, and it was approved on the 7th July, 1891. By a reference to Parliamentary Papers D.—8, D.—8A, and D.—8B of 1890, all the correspondence relating to this question up to June of that year will be found printed, and I am quite willing to leave that correspondence to speak for itself. I wish to say this with regard to the contention of Mr. Wilson, that the terms of the contract permitted such a deviation as this. The route was fixed by the Act as well as by the contract, and the interpretation given by the Law Advisers was that this was not such a deviation as was contemplated by the contract. If this deviation could be made at Lake Brunner, then the company might have said they could go over the Hurunui Pass and entirely abandon the contract route. Where could you draw the line? My reply to Mr. Wilson is that it was against the terms of the contract that the deviation at Lake Brunner could be granted; that the company, if they thought their contention a valid one, could have said the point was one to be arbitrated upon. At all events, the company elected to get the consent of Parliament. The Government were told by their proper advisers that they could not possibly assent to this deviation, and the company were informed accordingly. There were then two courses open to the company: they could apply for an amendment of the contract by legislation, or they could submit the matter to arbitration if they considered that the arbitration clauses of the contract would cover such a dispute as this. They elected to appeal to Parliament, and submitted a Bill. With certain amendments an Act was passed giving power to make this deviation. After the prorogation of Parliament the question of fulfilling the conditions as enacted in reference to this deviation came up. The local authority concerned—namely, the Grey County Council—had to be a consenting party. That phase of the question brought up the point of a road from Lake Brunner to Pounamu. A contract-agreement was drawn up, and submitted by the company to the Grey County Council, to give effect to the conditions enacted as to this road connection. This contract after some little delay was signed on behalf of the company by Mr. Wilson. Very great pressure was put upon the Government to assent to this agreement, but the Government were advised that the whole thing was *ultra vires*, as Mr. Wilson had no power to sign such a contract—that his signing it would not bind the company. Considerable delay took place in respect of this arrangement. Ultimately, the agreement had to go Home, money had to be lodged in the bank as security, and was lodged, and the company then ratified the arrangement made by Mr. Wilson. The delay in connection with the signing of the agreement for the deviation was caused by the Government being informed by their Advisers that the requirements of the Act were not complied with, and that security must be given for the completion of the Belgrove Section under the original contract. The following correspondence then took place. [Letters of 8th, 9th, and 13th October, 22nd, 26th, and 28th November, and 10th, 15th, 20th, and 30th December, 1890; and 11th, 12th, and 25th February, 16th March, and 2nd and 15th May, 1891; and telegram of 23rd May, 1891, were read and put in. See Appendix, pages 43–57.] Not only was there to be this agreement with the Grey County Council, but the Government had to be shown that the deviation was a better line. Certain grades had to be got, and we wanted sufficient evidence as to the surveys. On the 23rd of May, 1891, the company were wired to for their concurrence in the terms on which consent was proposed to be given. Then there was the deposit to be arranged for as a kind of trust fund, and the company were to ratify this. The company, in their reply of the 24th May, consented to everything in the telegram except one point, and on the 30th of May a final settlement was arrived at. On the 10th of June the following letter was sent to the company [letter of 10th June put in; see Appendix, page 58], and subsequently the deposits arranged for were duly lodged in the bank, and formal consent signed by the Governor in Council on the 7th of July, 1891. There is the whole history of the deviation. The company had no complete plans and specifications of the work; and, as regards the length, the company said the line would be much shorter and cheaper, while we subsequently ascertained that it would be longer and more costly. You will see that it was stated in my telegram of the 23rd May that the cost was not to be more than £1,000 in excess of the original line, which shows that we were better informed on the subject than they were.