

endowments, which they challenge, has been going on ever since. The same argument might be used against the endowments which are made for various purposes in all parts of the country. There are over 300,000 acres throughout New Zealand, and no thirds are payable upon these. I will give another illustration: Take the Wellington and Manawatu Railway Company, a private line. They were given lands, and the local bodies might have claimed they ought to have thirds. The Kaitake Valley Railway Company was in the same position, but no one could possibly conceive that a claim could lay for thirds against the endowments for those railways. I cannot see where their claim comes in. It is based on the supposition that if the whole of the lands granted to the Midland Railway Company had been opened up they would have been taken up on the deferred-payment-lease or small-grazing-run systems, and that the local bodies would have obtained thirds and fourths, and that the petitioners would have had their proportion. In some of these cases it might have amounted to £1,000 a year if it had been so, but for cash sales and pastoral runs thirds and fourths are not payable. Now the local bodies find that their revenue is decreasing, and they have roads to maintain, and they are not getting this magnificent addition of 20 per cent. from the Land Fund which they were getting in the earlier days. Mr O'Halloran particularly refers to the Midland Railway. He evidently did not quite understand about the Land Fund.

*Mr Forbes* This land was reserved, but had it been let as small grazing-runs they would have been entitled to fourths?

*Witness* Yes; but the bulk of this particular land you refer to was in small grazing-runs, which were leased previous to the granting of the lands to the Midland Railway Company. They were getting fourths from these, and that is my point. This particular land was leased after 1885, and the small-grazing-run system came into force in 1885. You are quite right—a good many of these lands might have been set apart as small grazing-runs.

*Mr Forbes*: I understand that the thirds were conserved to the local bodies by Act on the lands reserved for the North Island Main Trunk Railway?

*Witness* The lands were not reserved. Lands within a certain distance of the North Island Main Trunk Railway were set apart to enable the interest and sinking fund on the loans to construct this main line under the Immigration and Public Works Act, and subsequently under the Native Land Act. These lands were set apart for security for the loans. The Act stated that they were to be dealt with under whatever Land Act was in force at the time. They remain Crown land, and the revenue is earmarked to go to the North Island Main Trunk Endowment Fund, out of which moneys were taken from time to time for construction of the line. The local bodies, of course, have the right to thirds from these lands if not taken up for cash, because they are dealt with as ordinary Crown lands. If they are taken up under the occupation with right of purchase, their thirds are conserved to them. It is a land fund, and the money goes to the credit of the loan, and out of it is drawn part of the cost of constructing the line, sinking fund and interest, cost of forming roads, surveys, &c.

1 *Mr Forbes* ] Do the local bodies get thirds on the national endowment land?—Yes, that is conserved under the Act. All the rights of local bodies, as preserved in previous Acts, are preserved in this Act.

2. The Chief Surveyor of Canterbury in a letter says that 'it is quite correct that had all the Crown lands in North Canterbury been dealt with under the ordinary provisions of the Land Act, thirds would have been paid on at least a portion of the lands granted to the Midland Railway Company'—That is his opinion. He had been Commissioner of Crown Lands in Canterbury, and in his opinion a part of these lands would have been taken up. Supposing you open up two or three hundred thousand acres, you might certainly find two or three thousand acres which might be opened up for agricultural purposes. He was speaking generally of Crown lands. If land is not granted for endowment, if people take it up on any of the tenures on which thirds and fourths are payable, they would get it. That is all he means.

3. *Mr Guthrie* ] The position is this. The petitioners give evidence that they spent a good deal of money in opening up the back country on the understanding that they were going to get thirds some time. They claim that the Government had no right to give this land away?—It is exactly the same argument with the Manawatu Railway. It is in the same category.

4. If the Government had been approached by any of the local bodies in that district, the Horowhenua or the Otaki County Councils?—They have made no claim so far as I am aware. They know it would be perfectly useless.

5. The petitioners legally have no claim. They thought the revenue would come to them?—They have no legal claim. That is the position.

6. *Mr Witty* ] Can you give us the name of the Act which repealed the giving of the subsidy?—Yes, it was the Financial Arrangement Repeal Act of 1886.

7. You have just stated that the Manawatu Railway was in the same position as the Midland Railway. Is it not a fact that the Manawatu lands are very rich, and they are closely settled, so that the local bodies are getting a big income in rates?—Yes, that is the case.

8. Whereas with regard to the Ashley district it is light land, hard to road, and rough country. The local bodies have spent a lot of money in anticipation of these thirds and fourths?

Yes, but that is a statement I cannot quite reconcile. No local body spends in anticipation of getting that which it may never have. They may be justified, if they know a block of 10,000 acres is opened up in September and that half of it is taken up under the O.R.P. or renewable lease, in saying "We know we are going to get thirds on that," but I cannot understand their thinking that they can spend money in anticipation of that which may never come off.

9. In my road district we happen to have a settlement, and we want to get thirds and fourths paid into the general fund, but we cannot get the fourths so long as we spend it on the road on the front of the land. They will give it to us for the main road?—So long as it is spent on roads