

will probably be the best way for the Committee to see the full effect of the various phases which I have mentioned. And I think the Committee will come to the following conclusions—namely, that the company was, by agreement with the Crown, entitled to a 30-per-cent. allocation under the Act; that instructions were given to the Survey Department of the colony to set apart all lands available for allocation within fifteen miles of the railway; that a return was made of lands available for allocation; that that return included lands on the eastern side of the Tararua Range, which the Government found it difficult to deal with in the face of opposition on the part of the inhabitants of the districts in which it was situated, urged through their representatives in Parliament; that, on the request of the Government, the company surrendered its right to the allocation of this land upon the distinct assurance that the Government was negotiating for the acquisition of blocks of land on the western side of the range, which, when acquired, would be applied to supplement the deficiency of allocation, and the further assurance that diligence would be used in acquiring these blocks, in order to satisfy the company's claim; that there were sufficient reasons why no absolute covenant on that head had been inserted in the contract, and equally sufficient reasons why the company was justified in relying upon the assurances of the Government; that up to the year 1883, although a certain degree of opposition to the wishes of the company had been shown by the Hon. Mr. Bryce, as Native Minister, that opposition did not take the form which it took in the hands of his successor in office; and that the company had, up to the time when the late Government took office, reasonable grounds for believing that its claims would be recognised and the necessary lands acquired from the Natives within the period of five years. But, from the time that the matter came under the consideration of the late Government, no hope has been held out of any consideration being given to the assurances of their predecessors. This will be borne out on the face of the correspondence, and I think I shall be able to show, by verbal evidence, not only that no consideration was to be extended to the company in the matter, but that it was the absolute, avowed intention of the Native Minister, in whose department this matter was placed, not to exercise the powers of purchasing lands before the expiration of the five years, for the express purpose of allowing the statute not to operate—namely, to allow the period of five years mentioned in the contract to expire before land should be acquired to satisfy the allocation. We shall submit to the Committee, that such a course of proceeding is at variance with the equitable rights of the company; that the duty of the Government was to give effect to the honourable undertaking between themselves and the company—that is, to perform strictly and properly the duty they undertook. The company has carried out the duty it undertook, which was to devote its capital and its energies to the construction of a work of very great value, which has already added materially to the value of the railways in the possession of the Government beyond the points to which the company's undertaking extends; and so far from deserving the treatment it has received, the company, seeing the enormous obligations it has undertaken and the almost certainty that the whole amount of its endowments, if given to-morrow, would amount to no more than a reasonable indemnity for the heavy risks it has undertaken, is entitled to ask from this Committee a favourable consideration of its case, both as affecting the equity of the case and as a matter (if I may venture to say so) affecting the honour of the Government of New Zealand in its arrangements with gentlemen who have expended their capital in the prosecution of an important public work.

FRIDAY, 25TH NOVEMBER, 1887.

Mr. McKERROW examined. (Mr. W. T. L. TRAVERS appeared for the petitioners.)

1. *Mr. Travers.*] You are Surveyor-General, Mr. McKerrow, I believe?—Yes.
2. And you were Surveyor-General of the colony at the time of the contract being made with the Manawatu Railway Company?—Yes.
3. Did you receive any instructions from the Government with respect to a return of lands available for allocation under the terms of the proposed contract?—Yes.
4. Were they in writing?—No; verbal, as far as I recollect.
5. Will you state to the Committee the terms of these instructions?—I received instructions at various times, the purport of which was that certain Crown lands, within certain limits, were defined on a map to be valued for the purposes of future allocation to the Manawatu Railway Company. The company then appointed a valuer, Mr. Linton; and then Mr. Linton and I appointed an umpire, Mr. Kennedy Macdonald. We three proceeded to the ground, and Mr. Linton and I valued the land. As we agreed upon our valuation there was no further valuation required.
6. Was not that proceeding taken after you had made a return of lands available for allocation?—I cannot remember. It was all known beforehand—all the lands we were to value. I do not remember all the various phases and succeeding steps, because there was a good deal of conversation and discussion in the matter.
7. Do you know this writing, Mr. McKerrow?—No; I do not. I think the figures in pencil are like my own.
8. This is said by the company to be a copy of the return furnished by you to the Government for the purposes of the railway allocation?—Quite possibly.
9. Have you any reason to doubt that it is a copy of the return?—I have no distinct recollection about it at all. I see from the pencilling that it is like my writing, and I think it is, but I am not sure. The ink is not my writing: it is probably that of one of our clerks.
10. Mr. Barron, I believe?—No; it is not Mr. Barron's.
11. Was there not some return made before there was any proceeding to value?—A schedule was made of the lands to be included in the valuation, I think. I cannot recall it. It is a long time ago. There was so many interviews and arrangements, ups and downs, backwards and forwards, that I cannot remember, but I think a return was made.
12. Of lands available for allocation?—Yes.