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NEW ZEALAND.

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# LANDS COMMITTEE

(REPORT OF THE) RELATIVE TO AN EXCHANGE OF LAND AT WOODWARD STREET AND WELLINGTON TERRACE; TOGETHER WITH THE MINUTES OF PROCEEDINGS, EVIDENCE, AND APPENDIX.

(HON. MR. DUNCAN, CHAIRMAN.)

*Report brought up on the 18th September, 1908, and ordered to be printed.*

## ORDER OF REFERENCE.

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*Extracts from the Journals of the House of Representatives.*

FRIDAY, THE 3RD DAY OF JULY, 1908.

*Ordered*, "That Standing Orders Nos. 219 and 339 be suspended, and a Committee be appointed, consisting of fifteen members, to whom shall stand referred, after their first reading, all Bills affecting or in any way relating to the lands of the Crown or educational or other public reserves; the Committee shall have power to make such amendments therein as they think proper, and to report generally when necessary upon the principles and provisions of the Bill; the Committee to have power to call for persons, papers, and records; three to be a quorum: the Committee to consist of Hon. Mr. Duncan, Mr. Ell, Mr. W. Fraser, Mr. Greenslade, Mr. Hall, Mr. Hogan, Mr. Lang, Mr. Lawry, Mr. Rhodes, Mr. Macpherson, Hon. Mr. Mills, Mr. Remington, Mr. Symes, Mr. Witty, and the mover."—(Hon. Mr. McNAB.)

THURSDAY, THE 30TH DAY OF JULY, 1908.

*Ordered*, "That Paper No. 135, 'Correspondence, Plans, &c., relative to an Exchange of Land at Woodward Street and Wellington Terrace between the Government, the Wellington City Council, and the Company of T. K. Macdonald (Limited),' be referred to the Lands Committee."—(Mr. FISHER.)

## REPORT.

THE Lands Committee, to whom was referred Paper No. 135, "Correspondence, Plans, &c., relative to an Exchange of Land at Woodward Street and Wellington Terrace between the Government, the Wellington City Council, and the Company of T. K. Macdonald (Limited)," have the honour to report that your Committee has taken evidence on and exhaustively inquired into the following statements which have been referred to it for investigation:—

1st. That the Crown had sold either to Mr. T. K. Macdonald or the Wellington City Council a certain area, to wit, 6.55 perches of derelict land situate on Wellington Terrace, near Woodward Street.

2nd. That said sale had been effected without competition and outside the provisions of the statute, whereas it was claimed that said land should have been disposed of by public competition.

3rd. That the price obtained for said 6.55 perches was considerably less than its real value.

4th. That the strip of land conveyed to the City Council by Mr. Macdonald was only 0.47 of a perch, and not 4 perches as stated by Macdonald, Wilson, and Co. in their letter addressed to the Under-Secretary for Crown Lands, dated 2nd May, 1907.

5th. That there was something irregular in the bargain made between the City Council and Mr. Macdonald in regard to the erection of certain concrete walls, to be used by Mr. Macdonald as foundations for the building to be erected by him later on.

Your Committee examined the following witnesses: W. C. Kensington, Under-Secretary for Lands; R. A. Patterson, Chief Accountant, Lands Department; Paul Verschaffelt, Record Clerk, Lands Department; R. Letham, messenger, Lands and Survey Department; F. H. Martin, Government Valuer; E. B. Brown, barrister, Wellington; Hon. T. W. Hislop, Mayor of Wellington; Hon. T. K. Macdonald, M.L.C.; W. H. Morton, City Engineer, Wellington; J. O'Shea, City Solicitor, Wellington; J. R. Palmer, Town Clerk, Wellington; F. T. O'Neill, Chief Clerk, Lands and Survey Department; Hon. R. McNab; F. M. B. Fisher, M.P., Wellington.

Your Committee is satisfied that no one reading Messrs. Macdonald, Wilson, and Co.'s letter of 2nd May, 1907, can come to any other conclusion than that it was written on behalf of the Wellington City Council.

The Minister of Lands agreed to sell to the Wellington City Council the 6.55 perches under section 117 of "The Land Act, 1892," solely in order to facilitate the carrying-out of an agreement entered into by the City Council with the owner of part Section 487, whereby the grade of Woodward Street could be greatly improved.

The Lands Department adopted the proper and constitutional course of arriving at the value of the said 6.55 perches—viz., by employing the services of the official valuer of the Valuation Department, who valued the land in question at £652. The evidence of the said valuer, Mr. Martin, satisfied your Committee that a fair value was placed on the land.

It is a matter for regret that Macdonald, Wilson, and Co. should not have been more careful when stating the area of the strip of land intended to be conveyed to the City Council. Their letter of 2nd May, 1907, describes this area as being 4 perches, and further on refers to it as being of "about equal size and value as the 6.55 perches," whereas, as a matter of fact, it only consisted of 0.47 of a perch. Mr. Macdonald, when giving evidence on this point, declares that on 2nd May, 1907, he was firmly of the opinion that he was to concede 4 perches of his own section to the City Council, and that later on, when he discovered that it was only 0.47 that was required, he gave the latter piece for nothing. Still this does not exonerate Mr. Macdonald from blame in not making himself acquainted with the real facts of the case before writing to the Under-Secretary for Lands. There is little doubt that this mistake has given rise to much of the public comment on the whole subject.

Your Committee is, however, satisfied by the evidence on this point: that the area of this strip, as stated in said letter of 2nd May, 1907, was not a determining factor with the Hon. the Minister of Lands in deciding to agree to sell to the City Council the 6.55 perches under section 117 of "The Land Act, 1892."

Your Committee has no opinion to express in regard to the cost of erecting the concrete wall and foundations, that being a matter with which the City Council is solely concerned.

In conclusion, your Committee has to report as follows:—

1. That the Hon. the Minister of Lands was justified by the circumstances of the case in selling to the City Council, under section 117 of "The Land Act, 1892," the 6.55 perches of derelict land.
2. That the Hon. the Minister of Lands only consented to transfer the land direct to Mr. Macdonald on condition that the City Council should pay the sum of £652 to the Receiver of Land Revenue to the credit of the Hon. T. K. Macdonald, and only after being assured that if the said land were conveyed to the City Council that body would be unable to transfer it to Mr. Macdonald, in which case the whole scheme of improvement to Woodward Street might have to be abandoned.
3. That the price obtained by the Crown for said 6.55 perches was a fair and reasonable one.

T. Y. DUNCAN,  
Chairman.

18th September, 1908.

## MINUTES OF PROCEEDINGS.

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WEDNESDAY, 5TH AUGUST, 1908.

The Committee met at 10.30 a.m., pursuant to notice.

*Present:* Hon. Mr. Duncan (Chairman), Mr. Ell, Mr. W. Fraser, Mr. Greenslade, Mr. Hall, Mr. Lang, Mr. Lawry, Hon. Mr. McNab, Mr. Macpherson, Hon. Mr. Mills, Mr. Remington, Mr. Rhodes, Mr. Symes, and Mr. Witty.

The minutes of the previous meeting were read and confirmed.

The order of reference referring Paper No. 135, relating to correspondence, plans, &c., relative an to exchange of land at Woodward Street and Wellington Terrace between the Government, the Wellington City Council, and the company of T. K. Macdonald, was read by the Clerk.

The following gentlemen attended the meeting: F. M. B. Fisher, Esq., M.P., Hon. T. W. Hislop, Hon. T. K. Macdonald, M.L.C.

The following gentlemen attended the meeting and gave evidence on oath, and were questioned by members of the Committee, Hon. T. W. Hislop, and F. M. B. Fisher, Esq., M.P.: W. C. Kensington, Esq., Under-Secretary for Lands; Paul Verschaffelt, Esq., Record Clerk of the Lands Department; Robert Aimers Patterson, Esq., Chief Accountant, Lands Department; Robert Letham, Esq., messenger, Lands and Survey Department; Finlay Nevin Martin, Esq., Government Valuer at Wellington.

The Committee then adjourned until 10 a.m., Thursday, the 6th day of August, 1908.

## THURSDAY, 6TH AUGUST, 1908.

The Committee met at 10 a.m., pursuant to notice.

*Present:* Hon. Mr. Duncan (Chairman), Mr. W. Fraser, Mr. Greenslade, Mr. Hall, Mr. Lang, Hon. Mr. McNab, Mr. Macpherson, Hon. Mr. Mills, Mr. Remington, Mr. Rhodes, Mr. Symes, and Mr. Witty.

The minutes of the previous meeting were read and confirmed.

Hon. T. W. Hislop, Hon. T. K. Macdonald, M.L.C., and F. M. B. Fisher, Esq., M.P., attended the meeting.

Consideration of Paper No. 135 was resumed; and the Hon. Mr. McNab, being sworn, gave evidence, and was questioned by members of the Committee, the Hon. T. W. Hislop, and Mr. Fisher, M.P.

Mr. Fisher, M.P., having taken the oath, also gave evidence, and was questioned by members of the Committee.

The witnesses and persons interested having withdrawn, it was, after discussion, resolved on the motion of Mr. Symes, That the Committee confine itself to taking evidence, and reporting solely on matter comprised in Paper C.-13 (see Appendix R).

The Committee then adjourned until 10 a.m., Friday, the 7th day of August, 1908.

## FRIDAY, 7TH AUGUST, 1908.

The Committee met at 10 a.m., pursuant to notice.

*Present:* Hon. Mr. Duncan (Chairman), Mr. W. Fraser, Mr. Greenslade, Mr. Hall, Mr. Lawry, Mr. Lang, Hon. Mr. McNab, Mr. Macpherson, Hon. Mr. Mills, Mr. Rhodes, Mr. Symes, and Mr. Witty.

The minutes of the previous meeting were read and confirmed.

Consideration of Paper No. 135 was resumed; and Mr. Hislop, being sworn, gave evidence, and was questioned by members of the Committee and by Mr. Fisher, M.P.

The Committee then adjourned.

## THURSDAY, 20TH AUGUST, 1908.

The Committee met at 10 a.m., pursuant to notice.

*Present:* Hon. Mr. Duncan (Chairman), Mr. W. Fraser, Mr. Greenslade, Mr. Hall, Mr. Hogan, Mr. Lang, Mr. Lawry, Hon. Mr. McNab, Mr. Macpherson, Hon. Mr. Mills, Mr. Remington, Mr. Rhodes, Mr. Symes, and Mr. Witty.

The minutes of the previous meeting were read and confirmed.

Letters were received from Mr. McNab, Mr. Kensington, and Hon. Mr. Macdonald.

Consideration of Paper No. 135 was resumed, and the Hon. Mr. Hislop concluded his evidence.

The Committee then adjourned.

## FRIDAY, 21ST AUGUST, 1908.

The Committee met at 10.30 a.m., pursuant to notice.

*Present:* Hon. Mr. Duncan (Chairman), Mr. W. Fraser, Mr. Greenslade, Mr. Hall, Mr. Hogan, Mr. Lang, Mr. Lawry, Hon. Mr. McNab, Mr. Macpherson, Hon. Mr. Mills, Mr. Remington, Mr. Rhodes, Mr. Symes, and Mr. Witty.

The minutes of the previous meeting were read and confirmed.

Consideration of Paper No. 135 was resumed.

The Hon. T. K. Macdonald, being sworn, gave evidence, and was examined by members of the Committee and Messrs. Hislop and Fisher.

*Resolved*, on the motion of Mr. W. Fraser, That the Chairman be instructed to request the Minister in Charge of the Printing Department to expedite the printing of the evidence taken.

*Resolved*, on the motion of Mr. Witty, That Mr. Kensington's request to recall some witnesses, and also to call fresh evidence, be granted.

The Committee then adjourned.

## TUESDAY, 1ST SEPTEMBER, 1908.

The Committee met at 10 a.m., pursuant to notice.

*Present:* Hon. Mr. Duncan (Chairman), Mr. Ell, Mr. W. Fraser, Mr. Hall, Mr. Hogan, Mr. Lang, Mr. Lawry, Hon. Mr. McNab, Mr. Macpherson, Hon. Mr. Mills, Mr. Remington, Mr. Rhodes, and Mr. Witty.

The minutes of the previous meeting were read and confirmed.

Consideration of Paper No. 135 (C.-13) was resumed.

The following gentlemen attended the meeting: F. M. B. Fisher, M.P., Hon. T. W. Hislop, W. C. Kensington, Esq., Hon. T. K. Macdonald, M.L.C.

The following gentlemen, being sworn, gave evidence: Balcombe Brown, solicitor, Wellington; W. H. Morton, Esq., City Engineer, Wellington; John O'Shea, City Solicitor, Wellington; J. R. Palmer, Esq., Town Clerk, Wellington.

The Committee then adjourned until 10.30 a.m. Wednesday morning.

WEDNESDAY, 2ND SEPTEMBER, 1908.

The Committee met at 10.30 a.m., pursuant to notice.

*Present:* Hon. Mr. Duncan (Chairman), Mr. W. Fraser, Mr. Hall, Mr. Hogan, Mr. Lawry, Hon. Mr. McNab, Mr. Macpherson, Hon. Mr. Mills, Mr. Remington, Mr. Rhodes, Mr. Symes, and Mr. Witty.

The minutes of the previous meeting were read and confirmed.

Consideration of Paper No. 135 (C.-13) was resumed.

Mr. F. M. B. Fisher, M.P., Hon. T. W. Hislop, W. C. Kensington, and the Hon. T. K. Macdonald, M.L.C., attended the meeting.

The following gentlemen attended, and, being sworn, gave evidence, and were questioned by Mr. Kensington, Hon. Mr. Hislop, Mr. Fisher, M.P., and members of the Committee: Robert Letham, messenger, Lands and Survey Department; Paul Verschaffelt, Record Clerk, Lands Department; Robert Aimers Patterson, Chief Accountant, Lands Department; Felix T. O'Neill, Chief Clerk, Lands Department.

Mr. Kensington then answered a number of questions asked by Hon. T. W. Hislop.

Hon. Mr. McNab moved that a sub-committee be appointed consisting of the following members—Hon. Mr. Duncan, Mr. W. Fraser, and Mr. Remington—to bring up a draft report for consideration of the Committee.

After discussion, the Hon. Mr. McNab withdrew his motion.

*Resolved*, That Mr. Hislop be asked to submit the names of the witnesses and the nature of the evidence he intends calling, for the consideration of the Committee (see Appendices N and O).

The Committee then adjourned.

THURSDAY, 10TH SEPTEMBER, 1908.

The Committee met at 10.30 a.m., pursuant to notice.

*Present:* Hon. Mr. Duncan (Chairman), Mr. W. Fraser, Mr. Lang, Mr. Lawry, Hon. Mr. McNab, Mr. Rhodes, Mr. Symes, and Mr. Witty.

The minutes of the previous meeting were read and confirmed.

A letter, enclosing a memo., was received from the Hon. T. W. Hislop.

*Resolved*, on the motion of the Hon. Mr. McNab, That the letter be received, but not the accompanying memo., as it had already been decided by the Committee that no addresses or statements reviewing the evidence were to be given after the taking of the evidence.

*Resolved*, on the motion of the Hon. Mr. McNab, That a sub-committee consisting of the Hon. Mr. Duncan, Mr. W. Fraser, and Mr. Remington be set up, to draw up a report for submission to the Committee.

The Committee then adjourned.

WEDNESDAY, 16TH SEPTEMBER, 1908.

The Committee met at 10.30 a.m., pursuant to notice.

*Present:* Hon. Mr. Duncan (Chairman), Mr. Ell, Mr. W. Fraser, Mr. Greenslade, Mr. Hall, Mr. Lang, Mr. Lawry, Hon. Mr. McNab, Mr. Macpherson, Hon. Mr. Mills, Mr. Remington, Mr. Rhodes, Mr. Symes, and Mr. Witty.

The minutes of the previous meeting were read and confirmed.

A letter, with enclosures, was received from the Hon. T. W. Hislop; and it was decided that the enclosures be returned to him.

The Committee then considered the draft report brought up by the sub-committee on Paper No. 135.

The Committee then adjourned.

FRIDAY, 18TH SEPTEMBER, 1908.

The Committee met at 10 a.m. pursuant to notice.

*Present:* Hon. Mr. Duncan (Chairman), Mr. W. Fraser, Mr. Lang, Mr. F. Lawry, Hon. Mr. McNab, Mr. Macpherson, Mr. Remington, and Mr. Rhodes.

The minutes of the previous meeting were read and confirmed.

Consideration of the draft report of the sub-committee was resumed.

*Resolved*, on the motion of Mr. Lawry, That the report as drafted and submitted to the Committee be adopted.

*Resolved*, That Paper No. 135, together with the report, the minutes of evidence, and the minutes of proceedings thereon be presented to the House.

The Committee then adjourned.

[For Parliamentary Paper containing correspondence, diagrams, &c., relative to an exchange of land at Woodward Street and Wellington Terrace, see C.-13, 1908.]

## MINUTES OF EVIDENCE.

WEDNESDAY, 5TH AUGUST, 1908.

WILLIAM C. KENSINGTON examined on oath. (No. 1.)

*Witness:* I am Under-Secretary for Lands. I suppose what you want from me is a statement of what occurred in the first interview I had, and that which brought this matter up?

*The Chairman:* That would be the beginning.

*Witness:* On the morning of, I think, the 29th April, I was particularly busy, and so I told a messenger who sits outside my door at a table not to allow any one in unless they were wishful to see me on very urgent business. He came in and said that the Mayor of Wellington (Mr. Hislop) and Mr. Kennedy Macdonald wished to see me. I said, "Very well. Show them in." They came in, and Mr. Hislop said to me, "We wish to see you about a small piece of Crown land that the Crown has in Wellington Terrace, just at Woodward Street." He said, "The Council are anxious to widen Woodward Street." I said, "Yes, it is a very narrow street, and wants widening very badly." He said, "It would materially assist the Council in their negotiations with the owner of the area at the junction of Woodward Street and the Wellington Terrace if the Government would sell to the Council"—or, the words he used were "dispose of to the Council"—"that area, so that they could exchange it with the owner of the area at the corner." I said, "Yes, that is a reasonable thing. It is a public work, and it is a public body that is asking the Government to do it." I then said, "I will just send for the papers, and we will see the area." The Record Clerk, Mr. Verschaffelt, brought in the papers to me, and stayed at my side a few minutes while I was turning over the tracings showing the area in question. When he had stood a minute or two, I said, "That will do, thank you," and he left. The Mayor said, "Well, we ought not to be made to pay heavily for this, it being a public work." I said, "It will have to be by valuation. If you will write a letter, I will lay the whole matter before the Minister of Lands." The Mayor said to me, "Oh! Mr. Kennedy Macdonald will write the letter for us." He was sitting there at the time. I said, "Very well. Let me have the letter as soon as you can." The Mayor said, "I hope there will not be any delay about this matter." I said, "No. I will take steps at once, and if you will let me have the letter I will lay it before the Minister." I think the Minister was in Auckland at the time, or on his way down. I said, "The Land Board will have to approve of it." I am not quite certain whether I said to the Mayor and Mr. Macdonald, "Have you seen Mr. Strauchon?" I fancy I did, but we can get that evidence from Mr. Strauchon, if necessary. The Mayor said, "We do not want to go to auction, because people might run us up more than the worth of the land. Is there any section under which it can be dealt with?" I said, "Section 117 meets a case of that kind. You own the street, and I do not suppose the adjoining owners will offer any objection." I do not know whether the Mayor or Mr. Macdonald said "No, there will not be any objection." I had not the remotest idea that Mr. Macdonald was the owner of the adjoining section. In our tracing Mr. Love is shown as the owner, and I was unaware until afterwards that Mr. Macdonald was in it. I wrote that afternoon to the Commissioner of Crown Lands, and told him to have a valuation made. On the 2nd May, a letter signed on behalf of Macdonald, Wilson, and Co. was sent to me, and I sent it up to the Minister with my recommendation, which you will see on the paper. I may say that section 117 is chiefly used in cases of this kind. The Department, the Government, and Ministers always recognise that public bodies, when they want to widen streets or roads, should not be dealt with as private persons. It is also recognised in cases of the kind that it is not the policy of the Government to get all the money possible. The valuation here is a fair valuation. The detailed correspondence of the whole thing initiated with the Under-Secretary, and the Minister indorsed what I did. Any blame in the matter must rest on the Under-Secretary, because the negotiations were conducted by him. But, as I said, we are in the habit of assisting public bodies whenever possible in widening streets. You have only to look at section 86 of the Public Works Act to see the same principle laid down there. Just before the Mayor and Mr. Macdonald left our Chief Accountant, Mr. Paterson, wanted to see me very urgently on some Treasury matter. He came inside the door, and stayed there a few minutes, and heard what I was talking about, and saw the Mayor and Mr. Macdonald.

*The Hon. Mr. McNab:* Confine yourself to the sequence of events.

*Witness:* I am doing that. Shortly after that Mr. Paterson left. I think that is the sequence of events. I do not know if you wish for any further explanation on any other points.

*The Chairman:* You might explain what was the result.

*Witness:* The result was that the letter came up on the 2nd May, signed "Macdonald, Wilson, and Co." That letter is in the correspondence here. That letter I forwarded to the Minister. My minute is printed here. My memo. to the Minister, referring that, is dated the 29th May. There was some delay from the date that it reached me, because the Minister was not in Wellington, and the memorandum is dated the 29th May. In it I stated that Messrs. Macdonald, Wilson, and Co. have applied to be allowed to purchase. You will see the letter on page 4. It was some little time afterwards—I think a day or two—when there happened to be a Cabinet meeting, and this matter went before Cabinet. On the 29th it went, and Cabinet approved of the sale on my recommendation. I stated the price, £652. That was the value given by the Valuer-General.

On the 31st May I wrote to the Commissioner of Crown Lands, telling him that the Government had agreed to sell to the Wellington City Council the section of 6.55 perches. There is one matter I will just refer to. When the Mayor came in and spoke about the sale of this area he said, "You have got an area of about six perches or so in Wellington Terrace, and we want to exchange it for something similar in area with the owner of the adjoining land. It is not quite so much as that. It is four or five perches odd, as far as I am aware." I said, "There is one point I notice." I had not been quite clear as to the impression of the area to be conveyed by the owner to the City Council in exchange for the area that the Crown was to sell. The Mayor said, "The area you have got is somewhere about six perches?" I said, "Yes." "And," he said, "the area we are thinking to obtain is somewhere about that." I said, "There is very little difference. In any case, it is a matter for the City Council afterwards." I just hark back, because I think I forgot to make that point just now. It is an important point, because afterwards when the letter or memo. came from Macdonald, Wilson, and Co., I pointed out in my memo. to the Minister that the object of the Council was to widen the street, as shown on the attached tracing. The question has since arisen as to the area shown on that tracing. If you look at Macdonald, Wilson, and Co.'s letter you will see that it mentions clearly, "It is necessary that the Council should absorb some four or five perches of the present section at the corner of Woodward Street." That is, four or five perches belonging to the owner who was to be exchanged with. That is what I understood was about the area to be exchanged with the area to be purchased from the Crown. When the letter came in from Macdonald, Wilson, and Co., and I sent it on with my memo., I just glanced at the tracing and looked at the letter. The letter embodied exactly what occurred at the interview between the Mayor, Mr. Macdonald, and myself. I saw the figure 4 there. That is, 4 perches. I did not notice that there was a point—a slight point—in front of it. In fact, you cannot call it a point. The reason I mentioned the tracing to the Minister was to show him the position of the portion to be taken off section 487 to widen Woodward Street. The letter from Macdonald, Wilson, and Co. embodies, to my mind, exactly what we talked about—the area we discussed. It was not until some little time afterwards that I looked at the tracing, and saw that the measurements given there showed a very much less area than the area that was mentioned. The subsequent transactions are all shown in this correspondence. The only other question I think the Committee would like some information upon might be the question as to why the transfer was made out direct to Mr. Kennedy Macdonald. The Mayor came to see me somewhere about the date that he wrote to the Minister. The letter is dated the 5th September. Well, a day or two before or about that date, the Mayor came and saw me, and said that it seemed a useless thing for the Crown to issue the title as to the City Council, and then that the City Council should have to convey to the owner of the area to be exchanged. Then I learned for the first time that Mr. Kennedy Macdonald was the owner. Of course, that did not make any difference as far as the transaction was concerned. He said, "Is there no way by which we could get rid of this red-tape by which you will have to issue a title first to the Council, and then the Council will have to reconvey back to the owner?" I said, "I always object to red-tape if I can get rid of it. I can see no reason, if the Council's cheque is paid over to the Receiver of Land Revenue, that the cheque should not be made payable to the person with whom the land is exchanged, but you must write to the Minister, and I will tell him that I see no objection to the proposal." He did, and his letter is printed here, dated the 5th September. I advised the Minister that I could see no reason why this should not be carried out. From that I heard no more about the matter for a short time, until Mr. Strauchon came to see me two or three times about the transfer, and eventually the Receiver of Land Revenue received a cheque. Whose cheque I did not know at the time. I have heard since. He received a cheque for the money, and the certificate of title was issued under section 117 of "The Land Act, 1892," after the Land Board had approved. The Land Board did approve, and the title was issued to Mr. Kennedy Macdonald, who was the owner.

*The Chairman:* In whose name was the cheque that you received?

*Witness:* That I do not know. You can get it from the Receiver of Land Revenue. On the 13th September I wrote that the City Council should pay this amount to the Receiver of Land Revenue. On the 5th September the Town Clerk writes to the Commissioner of Crown Lands. He says, "Referring to your letter of the 28th June last, with regard to part Section 488, City of Wellington, I am instructed to make an application for the purchase of this land by the Council at the sum stated in your communication, including the Crown-grant fee (£653). The Corporation have in view certain exchanges of land in the vicinity, under an arrangement requiring an area of land at the corner of Woodward Street for the purpose of improving the thoroughfare and the grade thereof. A cheque will be forwarded with the conveyance by the solicitors preparing the transfer." That is the Town Clerk's letter of the 5th September, 1907. I can only say that if you want the evidence, there is Letham, the messenger, Mr. Verschaffelt, Record Clerk, and Mr. Paterson, the Chief Accountant, who can certify to what I have stated with regard to the interview with the Mayor and Mr. Kennedy Macdonald. They can give evidence if the Committee wishes to hear them.

1. *Mr. W. Fraser.*] When did you first know that the land to be exchanged belonged to Mr. Kennedy Macdonald? Was it on the 5th September, when you received the letter referred to here?—That letter of the 5th September is one from the Town Clerk to the Commissioner of Crown Lands. I knew it on that date, the 5th September, after the Mayor came to see me. I think he came on the 4th September, and the letter was written to the Minister on the 5th September.

2. You told us that something occurred on the 29th of a certain month: what month?—April.

3. You told us that you did not know who owned the land to be exchanged?—I did.

4. When did you first know who owned the land?—I knew it on the day that the Mayor came to see me—on the 4th or 5th September.

5. The second interview?—Yes, I stated that in my evidence just now; and the Mayor's letter dated the 5th September was the result of the Mayor's interview with me with reference to the issue of the certificate of title. I told the Mayor that he must write to the Minister. That is the time I told the Minister that the land belonged to Mr. Macdonald.

6. I think I understood you to state that the land to be exchanged was 4 perches, not '4. When did you first discover it was '4, and not 4?—Not until after the Hon. Mr. McNab drew my attention to the tracing, and said that the question had been raised, and asked me to have a look at the tracing. He spoke to me through the telephone.

7. Do you remember what date that was?—Yes, I think I can tell you from this. It was somewhere about the 7th of 8th June of this year that the Minister called my attention to the fact. Then I took out the linkages, and found that they only gave '4 of a perch instead of 4 perches. That was the first time that I recognised it. As I said in my evidence before, the tracing accompanied Mr. Macdonald's letter, and, knowing the conversation, I did not go into it at all particularly at first.

8. Had you noticed the point before the 4, and known that it was only '4 that was to be exchanged for those 6 perches, would it have made any difference in the transaction?—It would have made no difference in the transaction then, as the matter had already been settled.

9. To you or the Department?—It would have made this difference only: that I would have called the Minister's attention to what I understood was to be the area, and the area shown on the tracing. As far as the transaction itself was concerned, it was purely a matter for the City Council, and it did not matter to me what the area was; only if I had noticed the difference between the area mentioned in the conversation and that shown I should have called the Minister's attention to it. That is probably what I should have done.

10. Would it have made any difference to your carrying the transaction on?—It would have made no difference possibly in the transaction, because we got full value for our land.

11. It was quite immaterial to you what the value of the land to be exchanged was?—Oh, certainly. As I said in my evidence, this area was mentioned, and that was the reason why I never called the Minister's attention to the difference.

12. You had no idea in your mind about the relative values of the approach in Woodward Street or the approach about to be disposed of by the Department?—I never thought of that. I never took it into consideration at all. The whole question in my mind was that a public body wished to widen a street. It is our rule to help them, and if they wish an area by valuation, and not by auction, it was right and proper to recommend the granting of it.

13. And did you recommend the disposal at £652 because the Valuer-General has so assessed it?—Yes, because he had so assessed it.

14. I understand that the title has been given direct to Mr. Macdonald, has it not?—Yes, I explained the reason for that—by particular request from the Council.

15. There is no tracing here showing the road as it is completed just now. Here is the tracing submitted by the Mayor, quite different to the one we have here?—The original tracing accompanied the letter.

16. You had nothing to do with what was transferred?—Nothing. It is a City Council matter.

17. *Mr. Lang.*] Who prepared the plans submitted to you?—You mean the tracing referred to? The tracing that accompanied Messrs. Macdonald, Wilson, and Co.'s letter was furnished with their letter.

18. *Mr. Remington.*] When you say that the interview took place between you, the Mayor, and the Hon. Mr. Kennedy Macdonald, was the matter introduced as one on behalf of the Wellington City Council?—Yes.

19. Entirely?—Entirely.

20. No suggestion was made to you that any private individual was to derive any benefit about it?—No such suggestion was made to me, but the Mayor said that it would materially assist the Council if they could obtain this land to exchange with the owner of an adjoining section. I did not know who the owner was, but that was what they wanted it for.

21. Was any tracing or plan submitted to you to show what the City Council had it in their mind to do?—No.

22. When this letter of Macdonald, Wilson, and Co. came to you, setting forth "that it is necessary that the Council should absorb some four or five perches of the present section at the corner of Woodward Street," you were quite prepared to understand that that was the definite arrangement entered into between the City Council and the Government?—Exactly.

23. And you recommended it to the Minister?—On that I recommended it.

24. Had it been stated that only '4 perches was to be conveyed, and that the other was to be conveyed without competition, would you have recommended it?—I do not think that I should if I had known at the time what has since transpired.

25. Had you the file of papers before you in which there was the Mayor's letter of the 5th September, in which he says, "The Wellington City Council, being anxious to obtain a little land from Mr. T. K. Macdonald for the purpose of improving Woodward Street, asked him to make an arrangement with the Council?"—Yes.

26. He does not say "four or five perches": he says "a little land"?—You see, at that time the arrangement was already being carried out, and it had been before Cabinet and had been decided upon. You must remember that.

27. Reviewing all the circumstances as they are in the full file of papers, if you had had the information at the first interview with the Mayor and Mr. Kennedy Macdonald that he was the

owner of the first section at the corner of Woodward Street, and that you were to recommend that the section was to be obtained without competition—the section adjoining that—and that all the City Council had in view was to obtain that piece of land for Mr. Macdonald, would you have sent along the memo. you sent to the Minister?—No, I should not, for one reason—that, Mr. Macdonald being a member of the Legislature, I should prefer the matter should not be dealt with through me. He should have applied himself for it, and we should probably have put it up to auction. But, this being a city matter, I did not take these matters into consideration, because I did not know that Mr. Macdonald was then the owner.

28. Did you consider that Messrs. Macdonald, Wilson, and Co. were writing on behalf of the Corporation?—As I stated, I said before they left the room—the Mayor and Mr. Macdonald—“Will you write?” and the Mayor said, “Mr. Macdonald will write it for us.” I looked upon Mr. Macdonald as acting as their agent.

29. I ask whether, at that interview, in which he recommended that a letter should be written, that you might bring the matter officially before the Lands Department, by Mr. Kennedy Macdonald, was that letter to be on behalf of the Wellington City Council?—I told the Mayor that it would have to be laid before the Minister, and the Mayor turned and said, “Mr. Kennedy Macdonald will write it for us.”

30. All through the negotiations you considered that the Lands Department was dealing with the Wellington City Council as a public body, and not Mr. Macdonald's firm as a private company?—That is so.

31. *Mr. Fisher.*] I was going to ask Mr. Kensington if he still adhered to his statement that the Mayor and Mr. Macdonald called on him on or about the 29th April—if he still adheres to that in view of the fact that the Mayor has publicly stated that he has never seen Mr. Kensington in connection with the matter, and never discussed it with him?—I still adhere to my statement that His Worship the Mayor, accompanied by Mr. Kennedy Macdonald, waited on me on that date. I am not sure of the time of the day that it was, further than that it was about the 29th April.

32. As Mr. Kensington had written to Mr. Strauchon, Commissioner of Crown Lands, on the 29th April, it was not possible to have the information in his possession which he gave to Mr. Strauchon unless he had been interviewed on the subject. What I mean is that on the 29th April he specifically asks the Commissioner of Crown Lands to report on this land to the City Council, but Messrs. Macdonald, Wilson, and Co.'s letter was not written until three days afterwards?—I stated that I wrote that letter to the Commissioner of Crown Lands immediately after the interview with the Mayor and Mr. Macdonald, because they asked me that there should be no delay.

33. Mr. Kensington, I understand that you were not aware until June of this year that there was any discrepancy between the plan forwarded by Messrs. Macdonald, Wilson, and Co. and their letter?—Yes, that is the case—until the Minister drew my attention to it.

34. Mr. Kensington, in his memo. to the Minister, stated that the Minister would be in order in disposing of the land under section 117 of “The Land Act, 1892”: I want to ask under what portion of section 117 this transaction was completed?—The transaction was completed under section 117 of the Land Act. It is for Mr. Fisher to say what part it refers to.

35. I want to put this before the Committee, because the section says, “In cases where there may be no convenient way of access to any portion of the Crown land, or in which any portion of Crown lands may be insufficient in area for public sale, or in which a portion of Crown land may lie between land already granted and a street or road which forms or should form the way of approach to such granted land . . . the Board may, with the consent of the Minister, sell such lands”?—You left something out.

36. “Or in any other cases of a like kind”?—You left the important part out before. This is a general case. You left that out—the very point I wanted you to make.

37. Then you should have read the section?—No; it is not my business at all.

38. Has Mr. Kensington noted that Mr. Strauchon, in his memo. to the Under-Secretary of the 9th November, asks under what clause of the Land Act the title to Mr. Macdonald is to be issued?—I answered that it would issue under section 117.

39. What I was going to say was, if it was a usual practice to alienate land under that section, why did Mr. Strauchon ask that question?—He asked that question because there had been an instruction that all these derelict lands, which had only come into our possession recently—that is, since the decision of the Privy Council—should come before Cabinet before being dealt with. I want to make this point: that four years ago, before that decision, had the City Council taken possession of that land for nothing, we should not have interfered with them. I mean that until that decision of the Privy Council we had not possession of these pieces of land, and, after the decision, there was a Cabinet decision that all these pieces of land should be dealt with by Cabinet—and that is the reason.

40. In the same memo. Mr. Strauchon pointed out to the Under-Secretary that the Corporation had not yet deposited any application for the land. Mr. Kensington put a footnote to say that this was a mistake?—Yes, if you look on the 5th September you will find that the Town Clerk did write to the Commissioner of Crown Lands.

41. Is it usual for the Lands Department to alienate land without there being an application made on the form prescribed by the Land Act?—There was an application made. It is not necessary in all cases, as long as the whole matter is put in a written application, that you should fill in a particular form, that the land is disposed of under section 117.

42. Then, why did the Department send the form prescribed by the Act to the City Council for signature?—Because Mr. Strauchon evidently considered it was his duty to get that particular form filled in.

43. As a matter of fact, did the letter of the Town Clerk ever come before the Land Board?—I cannot tell you. My answer to that naturally would be that if you look on page 8 you will see that the Commissioner did take the matter before the Land Board, and a resolution was passed.

44. What date is that?—It is on page 8—an extract from the minutes of the meeting of the Land Board.

45. That is T. K. Macdonald's, not the letter from the City Council?—I say that I presume it by this entry.

46. Would you state, Mr. Kensington, that the land was legally granted to the Corporation—that the Corporation ever had a title to it?—I consider that it was legally disposed of—that is the better term to use.

47. In your letter to Messrs. Macdonald, Wilson, and Co. of the 23rd May, 1907, you inform them that you have again written to the Commissioner of Crown Lands, instructing him that the matter is urgent, and that a reply must be forthcoming at once: can you tell the Committee why you hurried the matter?

*The Chairman:* I think he answered that in his evidence—that the Mayor had applied to him to get on with the work; that he wanted it very quickly.

*Witness:* I gave it in my evidence that the Mayor said he hoped there would be no delay, because there was so much delay in Government Departments generally.

48. *Mr. Fisher.*] There is a telegram here to Mr. Strauchon at Auckland—that is June, 1908—can you tell us what you wired to Mr. Strauchon?—Yes, I had already discussed the matter when Mr. Strauchon was in Wellington, as to his bringing it before the Land Board. I said, "The Land Board must pass the resolution," and I wired and asked him if he could tell me where the entry could be found in their minute-book, giving the resolution of his bringing it before the Land Board. His answer was that Mr. Wright would be able to find it for me.

49. Why did you wire asking where the entry could be found, when on the previous day it had been found?—I had not been advised, and I thought that that was the quickest way to get the information.

50. I suppose it is no use asking you what took place at the Board meeting?—No, I do not know. I could not possibly tell you. I do not know anything about it.

51. You remember the Mayor distinctly stating to you, in reference to the land, that we ought not to be made to pay heavily for it?—Yes, words to that effect.

52. And that they did not want to go to auction?—Yes. "Is there any clause," he asked me, "under which it may be dealt with without going to auction?"

53. Are you quite positive that on the 29th April, 1907, in discussing the question with you, the Mayor referred to land of equal area?—He said it was not quite so large, but the impression conveyed to my mind was that it was four or five perches that was going to be given by them in exchange—that ours was a slightly larger area.

54. That would be for Mr. Strauchon?—Yes.

55. So that the statement by the Mayor that he only discovered Mr. Macdonald was under an erroneous impression after the receipt of the letter from the Government is peculiar, is it not?—It is very easy for a person in a conversation of that kind to forget what occurred. It was a very general conversation at first, but any one might forget.

56. I do not mind the exact word, but he seemed to think they were about the same?—He seemed to know that the one they were to get was less. In conversation he said, "between four and five perches," and ours is 6 perches. That is why I sent for the tracing, and the Record Clerk brought me the area of our own section.

57. Will you look at the plan forwarded by Macdonald, Wilson, and Co.; there is some handwriting on it. Whose, can you tell me?—I cannot possibly tell you.

58. Did that handwriting convey to the officials of the Department, or Mr. Kensington, that the new wall for the street to be built for the Corporation was to be built along the front of the Crown land?—It was no concern of ours whatever. We did not take any notice of it.

59. And you did not know whether it was or not?—No, I could not possibly say.

60. *Mr. W. Fraser.*] I understood Mr. Kensington to say, in reply to a question put to him, that, if he had known that Mr. Kennedy Macdonald owned the adjoining section, it would have affected his recommendation to the Minister?—I said probably it would. Probably I should not have recommended it, because he was a member of the Legislature. I gave that in my evidence just now.

61. When did you know of it? On the 4th September did it in any way affect your view of the transaction?—No, because the transaction, as far as we were concerned, was completed.

62. I wanted to know why, after you became aware of it, no steps were taken?—Because I did not see that it was a matter that affected the Government in any way.

63. What did not affect the Government?—The area did not affect the Government.

64. It was not the area that I was referring to, but the ownership?—It did not affect the Crown in any way. The transaction had been agreed to; the sale had been completed to the City Council; and, instead of our conveying to them, and they to somebody else, I could not see, if they wanted it conveyed direct, that it would make the slightest difference. The Government were paid the money.

65. I do not quite see the relation between the two points?—In the first case the transaction had not been begun. In this case the transaction was completed; the Cabinet had agreed to the sale; and the cheque had to be paid over. The whole transaction was completed, as far as the Department was concerned. It did not matter a bit to the Department whether the title was made out to Mr. Kennedy Macdonald. That matter was closed.

66. If the matter had not been closed, what then?—See, you are asking probabilities.

67. I want to know, would your attitude with regard to the transaction have been different if at any time prior to the 4th September the knowledge had come to you—

*The Chairman:* That is only a matter of opinion. All that is of no value to us.

68. *The Hon. Mr. McNab:* Do you not mean, instead of the 4th September, the date of the Cabinet meeting?

*Mr. W. Fraser:* He only knew it on the 4th September—well, prior to the Cabinet meeting.

*Witness:* I do not think these questions fair. You are asking what might my opinion have been under certain circumstances. How can you expect me to answer what my action would have been when these circumstances have not arisen?

69. *Mr. W. Fraser:]* But you have already told us?—What I told you was, that at the first, when the Mayor and Mr. Macdonald came to me, had I known that Mr. Macdonald was the man to whom the land was to be transferred I should probably not have made the recommendation. That is all I said, and I do not think it is fair to ask me to explain what might have occurred under certain circumstances that have not arisen.

70. That is not what I asked you?—I am only too glad to answer questions, but it is not fair to ask me what would have occurred in certain circumstances that have not arisen. Will you put your question clearer, and I will endeavour to answer it?

71. If this had come to your knowledge at any time prior to the completion of the transaction, would it have weighed with you still?—No; I said it would not. I had had an interview with the Mayor, and I had agreed to recommend certain things; and, once that recommendation went, I should not have altered it. It is not the habit of the Lands Department to go back from what they say. If I ascertained afterwards certain other things, once I had promised him, I would recommend it.

72. Then your answer is, that had the fact that Mr. Macdonald owned the adjoining section come to your knowledge, and prior to the Cabinet deciding, it would not have altered your recommendation?—I simply said that I did not think so. How could I possibly say?

73. *Mr. Hislop:]* Will you kindly tell me how often I have been in your office altogether?—I think the very first time that I had the honour and pleasure of seeing you there was when you came with Mr. Macdonald into my room.

74. You are quite sure of that?—That I am almost ready to swear.

75. Do you remember my introducing myself to you in regard to a matter of Mr. Crawford's?—I fancy that was a long time before this.

76. Crawford's matter was long before this?—I remember your coming about Crawford's matter by yourself.

77. That was long before this?—I think so, but without looking it up I could not be certain of the date. I only remember the fact that you did come.

78. Do you not remember that when I came about Crawford's matter I introduced myself, and spoke to you for the first time in my life?—That I cannot remember. It is an unfair advantage to ask me a question of that time.

79. I am not asking the time: I am asking the circumstances, which is a different thing. I am asking, was it not the first time that I introduced myself to you, and the first time that I spoke to you?—I cannot say.

80. Your recollection is that I had met you with regard to Crawford before I met you with regard to this matter?—I said I thought so.

81. This is a very important matter. However, you say that you cannot say whether it was before or after?—I cannot say.

82. Can you tell me how often I have been in your office altogether?—I cannot. I should think, three or four times; three times, I think.

83. Have I been more than three times?—I cannot remember. I do not recollect that you were.

84. Have I not been in your office about Crawford's business three times?—I cannot remember. I only remember the one occasion you spoke about, but you may have been more. I do not see what this has to do with the case. I am asked here to give evidence before a Committee of the House as to a certain transaction. The evidence I brought, and that I stated, is how this matter originated in regard to Woodward Street. All matters outside that have nothing at all to do with it, and should not have been brought in. When I say that Mr. Macdonald and the Mayor waited on me on a certain date, either they did, or I have sworn falsely; and that I am not going to do as to what occurred. The Under-Secretary for Lands, during his duties, sees hundreds of people, some of them over and over again. Unless there happened to be special circumstances, as in this case, I should not have been able to have brought this to my recollection.

85. In your memo. to the Minister you did not mention anything about any application by the Mayor himself?—No; I sent the letter up that I had received. This was a memo. accompanying the letter. The letter was signed by Kennedy Macdonald and Co., on behalf of the City Council.

86. You did not refer to the letter in the memo.?—No; it is not the custom to do so. The letter goes to the Minister, and the memo. accompanies it.

87. But you do refer to the plan?—Yes, and draw attention to it.

88. May I have a look at the original plan?—[Plan produced, and file accompanying it.]

89. I want to see the form in which the memo. went to the Minister?—This memo. went to the Minister, with the letter of Kennedy Macdonald and Co., and the plan appended to it.

90. You said, in reply to Mr. Fraser, "If I had noticed in the first instance that it was 4 perch instead of 4 perches it would only have made this difference: that I would have pointed it out to the Minister: but it would not have made any difference in the carrying-out of the transaction"?—Yes, I think I said that as to the disposal of the land.

91. So that you did not look upon the difference in area as material?—I should not have looked upon it as material if you had not mentioned it yourself in the conversation: that is the point.

92. Now, who took the greater part in the conversation which is alleged to have taken place.—You did yourself. Sometimes you referred to Mr. Kennedy Macdonald, and sometimes he joined in. But it was a conversation held in my office, in which I was one person and you two gentlemen were talking over the matter with me. It was just an accident that the Record Clerk came in and that the messenger saw you there. You appear to have said that you never saw me, which is the most extraordinary statement I ever heard in all my life.

93. In your memo. to the Commissioner of Crown Lands you did not mention the area which is to be exchanged as part of the transaction?—No.

94. And you say that was written immediately after?—If you look at my memo. you will see that it is referring to the valuation of Section 488, City of Wellington.

95. And you go on to say, "As the Wellington City Council are asking the Government to dispose of this area to them, in order that they may exchange with the owner of portion of Section 487, a portion of which it is proposed to cut off for street-widening purposes?—That is right.

96. You did not say anything there as to equivalent value or as to specific area?—No.

97. You say that I had a personal interview with you on the 4th September?—I said, about that time; I was not quite certain—before the letter was written to the Minister.

98. And you say that was the occasion of this letter being written?—Yes; I asked you to write it.

99. Did you ever suggest at that time to me that if we acquired the land it should not be sold again?—No.

100. Was that matter talked of?—I do not remember its being talked of at all.

101. Was the area which Mr. Kennedy Macdonald was to pass over to the Corporation mentioned?—No; not in that interview.

102. Was there anything said as to a specific arrangement then made with Mr. Kennedy Macdonald?—You only mentioned to me that Mr. Macdonald was the person conveying the land to you, and the one to whom this land was to be conveyed by the Crown. You asked was there not any way of getting rid of the title issuing to the Council and the Council conveying to Mr. Macdonald.

103. Did you suggest that the fact of Mr. Macdonald being the owner made any difference?—No, I did not.

104. Did you express any surprise at that time that I had not mentioned it?—No, I never expressed any surprise or made any comment on it at all.

105. Now, in what way do you say that the matter was completed when I spoke to you? How could you say it was completed?—I say it was completed as far as the Department was concerned, and the Cabinet.

106. Had you seen the letter which was written by Mr. Strauchon?—I do not remember having seen that at all. On the 28th June, do you mean?

107. Yes. Did you know that Mr. Strauchon had written offering the thing to the Council?—No, I doubt if I did. These were letters written from his own office, and I do not see them.

108. I suppose you knew it would take the form of an offer?—I did not know in what form he would do it.

109. You see, he wrote to the Council enclosing a form which they were to return if they made an application. Well, had that form been signed, or had any application been made?—That is a matter for the Commissioner of Crown Lands to deal with. It is entirely his business.

110. I suppose you read the letter which I wrote to the Minister?—Yes.

111. You see there that the terms agreed upon between Mr. Macdonald and the Council involve the application for a grant of a piece of land adjoining, and, if successful, the passing of it over to Mr. Macdonald at the valuation put on it?—Yes.

112. Is not that perfectly plain—that Mr. Macdonald was to pay the full purchase-money?—No. Of course, I do not know anything about your idea. My idea was that the Council was to pay the cheque over to the Receiver of Land Revenue, and that the Crown was to issue the title direct to Mr. Macdonald.

113. Do you not see I pointed out in my letter of the 5th September, "The Department has valued it at what the Councillors think a fairly high price, but, as it is Mr. Macdonald's affair, no question is raised on that point." If the Council was to pay, it would have been the Council's affair?—I cannot tell what influenced you in writing that letter.

114. Is not that the understanding on the 5th September?—You came and saw me, as I stated in my evidence, and said, "Why should there be so much red-tape?" Why should we issue the certificate of the title to the Council, when you were conveying to Macdonald? I said I did not see any reason. I said, "If you will write to the Minister I will see that it is issued direct."

115. I suppose you read this letter? You see, I go on and say, "I, however, find that the Council, once acquiring the land, cannot sell it again"—you made no suggestion of that sort to me, you see; you admit that in the conversation—"but I am also advised that we can ask the Crown, in pursuance of the arrangement, to make the grant to Mr. Macdonald direct, we paying you the purchase-money, and he paying us." Does not that show that Mr. Macdonald was to get his land, and pay the whole purchase-money?—Of course, I cannot tell what you meant in writing your letter. You do not want me to interpret it for you.

116. Can you suggest any language in which it could be conveyed more clearly than in that that Mr. Macdonald was to pay the full amount of the purchase-money?—I think your language was perfectly clear on the 5th September: but, as I said before, all the transaction had been completed before that.

117. How could you say it was completed when we had not paid the money?—I said as far as the Department was concerned.

118. But is not this application for portion of what was originally contemplated?—As I said, I cannot say what is in your letter.

119. Have you any difficulty in interpreting, "We want you to convey this piece of land to Mr. Macdonald, he paying the full amount of the purchase-money?" Yes, I think it is perfectly clear that what you meant in this letter was that the City Council purchase the land, and that the City Council then wished the title to issue in the name of Mr. Kennedy Macdonald, the owner of the adjoining land.

120. He paying the full amount of the purchase-money?—Undoubtedly, you say that.

121. Then I go on to say in my letter of the 5th September, "May I ask you to co-operate with us in carrying out the arrangement. The Department has already agreed to sell to the Council at a sum fixed. All that we ask is that the grant should be made to Mr. Macdonald on the same terms, he having arranged to give us what we want." Is not that perfectly plain—that this letter written to you shows that the arrangement made with Mr. Macdonald and the Council was that we passed over for the full amount of the purchase-money the full amount of the land conveyed, and that he paid the full amount of the purchase-money, and gave us what we wanted?—Yes, that is quite clear.

122. You say that the thing was completed?—As far as the Department was concerned.

123. As far as the Department was concerned, what you say was completed—so that a piece of land should be sold to us with a view to exchanging it for another piece of ground. Well, that is quite a different transaction from this, is it not?—No, I do not see the difference.

124. After this is a transaction for the sale to Mr. Macdonald?—Of course, you may look at it in that way.

125. He giving a consideration to the Council and paying the consideration-money for it?—All we had to consider was that we had agreed to sell a certain area to you, to enable you to widen the street. Of course, you know that.

126. Very well. You say it did not matter a bit to you whether it was '4 or 4 perches?—I never said that. I said that after the transaction was agreed to by Cabinet, and the sale, it was then a matter for the City Council entirely as to what land they obtained for the widening of Woodward Street. It was not a matter for the Government or the Department.

127. At all events, by this letter of the 5th September you perfectly understood that what Mr. Macdonald did was to pay for this land and give us a small area free?—Yes, I understood that you wished the title to be issued in accordance with the arrangement you made—that was, that, instead of issuing the title to the City Council for this piece of land, for which you pay us, we were to issue to Mr. Kennedy Macdonald.

128. You see, the Minister took quite a time—eight days—to determine whether this could be done or not. He first acknowledged the receipt of my letter on the 6th September, and then on the 14th September he agreed to it?—Yes. You notice that on the 10th September I wrote the memo. on which the Minister wrote to you.

129. You see, if the Wellington City Council paid this amount to the Receiver of Land Revenue—to the credit of T. Kennedy Macdonald, of course—it did not matter to you whether the money came direct from the City Council or a mortgagee?—That is not a matter that I had taken into consideration.

130. You are aware, I suppose, that Mr. Macdonald and I went up to your room about—I think it would be June or May last?—I do not remember.

131. We did not see you. We saw Mr. O'Neill, the Chief Clerk?—You did not see me. I was away in Napier or Nelson. When I came back they told me you had been there. You came and asked Mr. O'Neill to show you the tracing, I think.

132. I suppose you will admit that any person of experience looking at that plan, and seeing 17 ft. on one side and 13 ft. on the other, would know that it would not amount to 4 perches, or anything like it?—Oh, yes! directly I took the linkages out I saw that it would not.

133. Would you require to take out the linkages?—Directly the Minister called my attention to it I took the linkages out, and I saw at once what the area was. I had not paid much attention to the tracing attached to it, because I did not know whether it was a plan drawn by Mr. Kennedy Macdonald or by the City Engineer.

134. I would like to draw your attention to the fact that in your memo. to the Minister your only reference is to the tracing. You did not draw attention to the area?—I will tell you why I did that: because in the memos. from Mr. Kennedy Macdonald's firm they said their area, which I knew to be what we had discussed at our interview. I simply referred to the tracing to show where the widening of the street was to take place.

135. Is it usual for the Minister to read the correspondence?—Yes, every Minister I have ever been under reads the whole correspondence.

136. *The Chairman.*] I want to ask you shortly this question, which is not of much importance perhaps: When the Mayor came to you to purchase this portion of land for the purpose of making a useful street in Wellington, where the street was of very little value as it was, you took your stand from that point, as you usually do when it is a public matter—that they would get it on the easiest terms compatible with the valuation the Department put on it?—Exactly so. As I stated in my evidence, this portion to be acquired was provided for by the Public Works Act of 1886 and the Land Act of 1892, where the same principle is laid down.

137. Therefore it would not affect you? What would take place between the City Council and Mr. Macdonald was of little concern to you?—It was of comparatively little concern; but in my evidence I stated that at the time I made it as clear as possible I understood it was between 4 and 5 perches that was to be exchanged, and not '4 of a perch.

PAUL VERSCHAFFELT examined on oath. (No. 2.)

1. *The Chairman.*] Would you state now what you know about the case, in your own way, without any question being put to you. Just tell us your own story?—I am a Record Clerk in the Head Office of the Lands Department, Wellington.

2. Do you remember when the Mayor of Wellington came to the office with reference to this purchase?—Yes. The first thing I remember was that some time last year—I am not certain as to the date, but it would be the same date as in that memo. signed by Mr. Kensington—it was in the morning—my bell rang, and I went to Mr. Kensington's room. He asked me for the papers in regard to the derelict lands. It happened that we had been dealing about the same time with the Te Aro foreshore cases. There had not been any correspondence in regard to that piece of land in Woodward Street since 1901, I think; but we had correspondence regarding land in Cuba Street and Wallace Street. I was in his (the Under-Secretary's) room for a while, and he turned over the file, and turned to a letter written in 1901 *re* a sale. Mr. Hislop and Mr. Macdonald were both present. Since then I have seen both of them—a little while ago, when the trouble was about the area in question. Mr. Kensington was away at the time.

3. What transpired the second time?—I do not know. I only had the papers taken out for the Chief Clerk, Mr. O'Neill.

4. And that is all you know about this transaction?—Well, of course, the papers have been through my hands several times, and all the correspondence that has passed.

5. What you were probably wanted for here was to show that these gentlemen were both there on a certain date?—Oh, yes, I distinctly remember that. One of them was sitting on the big chair.

6. *Mr. Hislop.*] Who was sitting on the chair?—I am not certain whether you or Mr. Macdonald was sitting in the big arm-chair. I had known you, but I had not known Mr. Macdonald. Going out I asked the messenger, Letham, who was the gentleman with the Mayor, and he said it was Mr. Macdonald.

7. You say you brought in the papers?—Yes, sir.

8. Was there a file there connected with Woodward Street?—The first was not: it was dealing with the Te Aro foreshore cases.

9. The second lot?—I brought in the second file, in which there was a letter written in 1901 dealing with Woodward Street.

10. What was the letter about?—*Re* a reservation of land, or recommendation for a sale.

11. What was there on the file beside the letter?—That file dealt with the derelict lands. At the time there was a correspondence in connection with a piece of land in Cuba Street and a piece in Wallace Street.

12. What did the file show with regard to Woodward Street?—It showed a letter from the Commissioner of Crown Lands, dated 1901.

13. Anything else?—I do not know about previous to that. That letter was turned up before I left the room.

14. Is that letter shown here [indicating a file]?—Yes, on the first page. There was a recommendation on the back of it.

15. Did you hear any part of the conversation?—Well, I heard you speaking; but I cannot recall exactly what you said. It was in connection with Woodward Street, and I remember a letter coming out the same day—the one to the Commissioner of Crown Lands.

16. You cannot remember the conversation?—I cannot recollect any of it, only that you were there with regard to Woodward Street.

17. Were you there any time?—At least two or three minutes.

18. Do you recollect what was said?—I have not a distinct recollection. My chief duty was to see that the right papers were there. I did not trouble any more.

ROBERT AIMERS PATERSON examined on oath. (No. 3.)

*Witness:* I am Chief Accountant in the Lands Department, Wellington.

1. *The Chairman.*] What do you know about this transaction?—I know very little about the actual transaction beyond what has appeared in the correspondence in the Department; but I recollect Mr. Hislop and Mr. Macdonald coming to the Land Office in April last.

2. Are you sure about the date?—Well, as near as I could say, it would be about the end of the month.

3. Are you quite sure that it was at the end of April?—To the best of my recollection.

4. What transpired at that date?—I could not say what transpired, except that the Under-Secretary as a rule when any business out of the ordinary comes before him advises the Chief Clerk or myself as to what has taken place.

5. State to the Committee what you know about the case, in your own way?—On the occasion in question I had noticed the two gentlemen coming to the office.

6. Which two gentlemen?—The two I mentioned, Mr. Hislop and Mr. Macdonald. After a short lapse of time I had some business to do with the Under-Secretary, and, going to his room, I found that the business they had come for apparently had not been concluded. I then returned to my own office, and after a short time came back to do my business. The Under-Secretary was then by himself, and, as far as I recollect, he stated shortly what business they had been upon. That, as far as I recollect, was all that took place upon that occasion.

7. State what he said?—He stated that they had come upon a matter in connection with the Corporation wishing to acquire some land in Woodward Street.

8. Is that all you know about the transaction?—Those are the main facts on that occasion.

*Mr. Fisher:* At the beginning of his evidence he stated "in April last."

*Witness:* I meant 1907, not 1908.

*Mr. Kensington:* I would like to ask, did Mr. Paterson see His Worship the Mayor and Mr. Macdonald together in my room on that occasion.

*Witness:* Yes.

*Mr. Hislop:* Had you any personal acquaintance with me?

*Witness:* No personal acquaintance.

9. *Mr. Hislop:* How long have you been in the office?—For ten years past in Wellington.

10. Do you know me?—Well, by sight.

11. Since when?—Ever since I have been in Wellington.

12. I have never met you?—Never, personally.

13. Never in the office at all?—Not to speak to. I have seen you come into the office.

14. *Mr. Greenslade.*] You say, about the end of April, 1907?—As far as I can recollect.

15. How do you locate the date?—I can only locate it by having during the year seen the correspondence, because the correspondence followed immediately on that. The correspondence was all dictated in this case by the Under-Secretary.

16. *Mr. Hislop.*] Do you see the correspondence?—I did in this case, and I do in many cases.

17. But you are Chief Accountant?—But it is a question of payment for the land. Under these circumstances the Under-Secretary makes it a practice to tell me.

18. When did you first hear of payment for the land?—It is mentioned almost from the very start.

19. What is mentioned?—About the land being sold, and the receipt of the money. The money would come in when the transaction was being completed.

20. When did the money come in?—I could not tell you from memory, because it first goes through the hands of the Receiver of Land Revenue.

21. And does it come to you?—The cash-book comes eventually.

22. How long afterwards?—He renders his account every week to the Treasury.

23. How do you arrive at this date in April? Because you do not see the correspondence unless it comes to a money matter?—The correspondence is always available to me.

24. Had you any interest in this correspondence?—None particularly.

25. When you had known of this interview that took place, was it a matter of any importance to you?—No.

26. Have you ever thought of it again until lately?—The matter is not particularly new now.

27. Had you thought of it at all until quite lately?—Yes.

28. When?—I should say about September or October. In September, I think, a reporter from the *Times* came to the office.

29. Last year?—Yes. There was no correspondence with him, and he did not interview the Under-Secretary, but he had come with that intention.

30. When did he come?—I could not tell you the exact date.

31. Shortly after this interview?—About the time the matter was actually settled that the land was to be conveyed to Mr. Macdonald, and a sum of £652 to be paid. It was immediately after that was done.

32. Was it shortly after this interview that this *New Zealand Times* reporter came?—Some considerable time afterwards.

33. How long?—It was about September or October when he came.

34. What did he come about?—Information as to how to acquire derelict lands.

35. A *New Zealand Times* reporter?—Yes.

36. That was the first time you thought of this interview afterwards?—I should think so.

37. What connected the interview?—Because he came to inquire about this particular piece of land.

38. In September last?—Yes.

39. Was that after the matter had been made public?—No; nothing had been in the papers. He came for the purpose of getting information to publish.

40. There was something in the paper in September?—There may have been. I did not hear of it.

41. The report of the Finance Committee of the City Council was in the paper then?—That may have been. I do not always see these things.

ROBERT LETHAM examined on oath. (No. 4.)

*Witness:* I am messenger in the Lands and Survey Department.

1. *The Chairman.*] Tell what you know about this matter, if anything, betwixt the Under-Secretary for Lands and Mr. Hislop?—Of course, I could not say anything as to what occurred between the Under-Secretary and Mr. Hislop and Mr. Macdonald; but I do know of them calling upon him to see him.

2. About what date?—I did not take a note of the date, but it was some time about April. I remember them coming up and asking me if he was in. I went in and told Mr. Kensington, who said, "By all means admit them."

3. You do not know anything more about it?—No. I do not know what the object of the visit was—merely that they called inquiring for Mr. Kensington.

4. *Mr. Lawry.*] Have you been long acquainted with those gentlemen?—I know them as influential men of Wellington. I do not say that I am acquainted with them.

5. *Mr. Greenslade.*] You would not be likely to mistake them for anybody else?—No, sir.

6. *Mr. Hislop.*] When did you say this was?—About the month of April, so far as I can tax my memory.

7. Last?—No; twelve months ago.

8. That was all that occurred then?—With me.

9. Had you thought of the circumstance since?—Nothing whatever.

10. Until when?—Until I was asked if I could remember you calling.

11. You were asked if I called with Mr. Macdonald?—If you and Mr. Macdonald called. I could not mistake it, because of knowing you.

12. How often have I called at Mr. Kensington's office?—I remember your calling on one occasion by yourself.

13. Do you remember Mr. Macdonald and myself calling about six months ago?—No.

14. You do not remember our calling up there at all?—I remember your calling during Mr. Kensington's absence in the middle of June last, and I remember referring you to the Chief Clerk.

15. Do you not remember my asking you for the Chief Clerk?—You asked who was in charge, and I said Mr. O'Neill, the Chief Clerk.

16. Still you never thought so much of such a circumstance as to impress it on your mind?—It made such an impression—the fact of seeing you two gentlemen together.

17. Do you remember Mr. Macdonald calling at any time with anybody else?—No. I am not always there regularly—I am sometimes sent out, and sometimes away.

18. Do you remember my calling with anybody else to see any other officer at any time?—No.

19. How is it that you remember this particular call of Mr. Macdonald and myself?—It made an impression on my memory—the two of you coming up together.

20. You remembered it for eighteen months?—No; fifteen or sixteen months. It was the first time I had ever seen you there together, and it made an impression.

21. But I have known you for the last twenty years, Mr. Letham! Do you mean to say you had never seen me with Mr. Macdonald?—Not in the Lands and Survey Department—only on the two visits referred to.

FINLAY NEVIN MARTIN examined on oath. (No. 5.)

*Witness:* I am Government Valuer at Wellington.

*The Chairman:* State what you know about the work of valuation in regard to this matter.

*Witness:* I have written out a statement, which with your permission I will read. On the 3rd May, 1907, a letter was received from the Commissioner of Crown Lands, asking that the District Valuer be allowed to make valuations of various parcels of land in or near the City of Wellington, as enumerated in a schedule attached; and asking also that there be supplied "valuations at which the various parcels of land could be either offered for sale at auction for cash, or, if thought advisable to do so, be disposed of privately, without competition, to adjoining owners at a fair price." This letter was handed to me with the following notes made by the Valuer-General: "Instruct Mr. Martin.—G.F.C. 3/5/07." And again, "Ask Mr. Martin to obtain particulars from Hon. Mr. Macdonald on Monday.—G.F.C. 9/5/07." On Tuesday, the 14th May, I called at Mr. Macdonald's office for the purpose of obtaining plans of the various properties to be valued, as I understood he was in possession of the plans I required. Mr. Macdonald produced a very rough plan of a piece of ground owned by him in Woodward Street, which he said adjoined one of the pieces of Crown land to be valued, but which, apparently, had no bearing on the particular piece. This plan was useless for my purpose, and I therefore expressed my intention of seeing the Commissioner of Crown Lands; but, as Mr. Macdonald said he wanted to make some explanations with regard to the Wellington Terrace property, and also to point out its position, I accompanied him, at his request, to the Terrace. There I was shown the ground, and the intentions of the Corporation in regard to the regrading of Woodward Street were carefully explained to me. Mr. Macdonald asked me for an expression of opinion as to the value of the piece in which he has since acquired an interest, but this I declined to give, on the ground that I wished to carefully consider the matter before committing myself. I then left Mr. Macdonald, and visited the Commissioner of Crown Lands, from whom I obtained the plans I required. The same day I made valuations of the city lands classed as "Crown remainders." On Wednesday, the 15th May, the Wadestown, Karori, and Fitchett-town portions were inspected; and on Friday, the 17th, the last property, at Trentham, was visited. On the 18th, after a final interview with Mr. Strauchon, the Crown Lands Commissioner, I sent in my report and recommendations. With regard to that portion of Town Acre 488, containing 6.55 perches, which forms the subject of this inquiry, my report mentions that its disposal had already been arranged for. This was in consequence of the explanation made to me by Mr. Macdonald, and confirmed by Mr. Strauchon afterwards, that it had already been arranged that the land was to be sold to the Corporation at the price put upon it by the Department. Had it not been so I should have recommended the sale of it privately to Mrs. Williams, as, in my opinion, she was entitled to first refusal, having paid rates on it for over nineteen years in 1903. This information was given me by Mr. R. Renner at that time. In May, 1907, the grade of Woodward Street, starting from the Lambton Quay end, was 1 in 14.8 for 66 ft., 1 in 10 for the next 70 ft., 1 in 6.3 for a further 62 ft., and 1 in 5.8 for the remaining 41 ft. to Wellington Terrace. The grade of the street was thus, practically, prohibitive for vehicle traffic, except for very light loads, and was really only suitable for foot traffic. The section of land owned by the Crown had a frontage of 56.5 links (37 ft. 3 in.) by a depth varying from 70.2 links (46 ft. 3 in.) to 74.92 links (49 ft. 5 in.), making an area of 6.55 perches. Of the frontage of 37 ft. 3 in., only 12 ft. was approximately level with the Terrace footpath, the balance of 22 ft. 3 in. being in a deep hollow fully 20 ft. below the road-level of Wellington Terrace at the point of junction with Mr. Macdonald's property. This hollow extended well on to the road-line

of the Terrace, which was protected by a breastwork. For the purpose of valuation, I took 15 ft. of the frontage at £25 per foot, and the balance of 22 ft. 3 in. at £12 10s. per foot. The land adjoining this, owned by Mrs. Williams, and of similar depth, was valued by Mr. Ames in 1906 at £18 per foot; but the frontage was all good, and on the footpath-level. Only 12 ft. of the Crown section would bear comparison with Mrs. Williams's land, and that not very favourably. In arriving at the value the nature and position of the land had to be taken into consideration. Against the value as a residential site, I set off its extremely bad approach by way of the Terrace; the cost of filling in and erecting retaining walls on the street-line and along Mr. Macdonald's boundary; the small area, practically prohibitive to a class of building being erected which would pay interest on the outlay; the fact that the outlook was blocked by a wall about 18 ft. high at the rear of the section; and, finally, it was on the wrong side of the Terrace from a residential point of view. At the time of valuation, the only sales of land in the vicinity of which I had knowledge were all on the right side of the Terrace, and ranged from £40 per foot to £54 per foot frontage. After mature consideration I arrived at the value of £652, on the basis previously given, which represents an average value of £17 10s. on the frontage of 37 ft. 3 in. The correctness of this estimate is borne out in a remarkable manner by a sale which took place in December, 1907, of a portion of Town Acre 489, on the same side of the Terrace, but 4 chains further north towards Bowen Street. This section has a frontage of 180 links (119 ft.) by a depth varying from 69·5 links to 138·6 links, and was sold for £2,000, or at the rate of sixteen guineas per foot. At the present time it is for sale in various agents' hands for £2,300, or £19 6s. 6d. per foot. This price includes concrete foundations already laid down for two houses. The Corporation has now carried out the regrading of Woodward Street, from the beginning of Mr. Macdonald's land in that street, and the grade has been altered from 1 in 6·3 and 1 in 5·8 to an even grade of 1 in 8·6 right through to the junction with the Terrace at a point opposite the Crown section, and has also filled in the big hollow on the street-line of Wellington Terrace, besides erecting a retaining-wall along the boundary of Mr. Macdonald's land. The road was thus made available for the cartage of heavy loads. The important bearing that this has on the increase in value of the Crown land, in conjunction with other Terrace lands, will be readily understood when it is pointed out that at the time of valuation the only approach by cart traffic was by way of Boulcott Street or Bowen Street. It is now within  $4\frac{1}{2}$  chains of Lindsay's corner for ordinary vehicle traffic, whereas then it was 43 chains distant by way of Bowen Street. The present value of Mr. Macdonald's land has been created not so much by the acquisition of the Crown block as by the improvements in the street-level made by the Corporation, and by the fact that he was not deprived of the larger area which I understood from him would be required for road-improvements. The main factor in the increase is undoubtedly the improved road-grade. A parallel case suggests itself in Jackson Street, Island Bay. Here land was selling at from £40 to £65 per section of an average area of half an acre. The Corporation expended about £400 in forming part of Adelaide Road, from Dee Street to the beginning of Jackson Street; and, although no road-formation was undertaken in the street itself, values immediately advanced from 100 per cent. to 200 per cent. as a result of the improvement. These factors must be taken into consideration in reviewing the statement that Mr. Macdonald refused to accept an offer of £8,000 for his property, or at the rate of £432 per perch of the area. Personally I do not believe that such an offer was ever made. I understand it was so reported in the newspapers in June last, but I have never been able to obtain any confirmation of the report. It has been stated, on the assumption that £432 per perch was refused, that the Government land which I valued at £100 per perch was sold at quarter of its true value. To prove the incorrectness of this statement I would point out that the value of the 6·55 perches, if worked out on a £432-per-perch basis, gives a total of £2,829 12s., which is equal to a frontage value of £81 8s. 6d. The highest sale in Wellington Terrace is that of a corner site nearly opposite, with a depth of 100 ft., at £50 per foot; and this sale was effected since the improvement of Woodward Street. More convincing proof still is the fact that the only land on the Terrace which bears comparison with the Crown block is in the market at present at £19 6s. 6d. per foot. It must not be forgotten that at the time I made the valuation in May, 1907, the market value of this land was very much less than it is now. It was then an isolated piece, too small to be of any appreciable use except to one of the adjoining owners, and this fact limited the possible number of buyers, and consequently its market value. After carefully reviewing the whole circumstances I cannot come to any other conclusion than that the value I placed on the land at the time was its full market value.

*The Chairman:* There is just one statement you made there—the fact of a street being laid out at Island Bay increasing the value to nearly double what it was without any work being done.

*Witness:* Without any work being done in the street at all, which was about five or six chains away from Dee Street. The value has increased from 100 to 200 per cent. as a result.

1. *Mr. Hislop.*] Did you understand whether that statement by Mr. Renner was about Mrs. Williams paying the rates?—Oh, no! He came into the Department in 1903, and said they were in possession of and paying rates for a piece of land for which they could not find an owner.

2. With regard to the relative values of Woodward Street, I suppose you agree that down Woodward Street itself is much more valuable?—Much more.

3. Of course, you know that Lindsay's side shop, and Meadows's, in that street, are doing a large business?—It would be a first-class place for dentists, doctors, or a private hotel. It has passed from being a right-of-way to practically a business street.

4. And relatively to the value of that section taken from the Government I suppose Woodward Street is of greater value over that than Lambton Quay is over Woodward Street?—I would not like to commit myself as to that.

5. You say that Mr. Macdonald, at the time you went on the place with him, told you he was the owner?—Oh, yes!

6. He made no secret about it?—Not at all.

7. *Mr. Witty.*] I would like to ask, would the Woodward Street section be much more valuable than the derelict section belonging to the Crown?—Certainly.

8. Even at that time?—Even at that time; because you could get at it—because the bad grade started at 136 ft. in from Lambton Quay. The nearest point of Mr. Macdonald's is 137 ft. in from Lambton Quay, or a foot more.

9. Which has improved most relatively?—Mr. Macdonald's land, by the lowering of the grade.

10. *Mr. Fisher.*] Can you give us an estimate of the value of the '45 perch proposed to be given to the city?—No, I could not. I have not gone into it; I would not say offhand.

11. Could you say offhand what difference in value to the 6½ perches the street-widening has made?—No, I could not.

12. Did I understand you to say that when you spoke to Mr. Macdonald on the subject he gave you the impression that he was to give four or five perches or something off his section?—No. What I understood was that he was giving the Corporation a piece about the same size. There was no mention of any particular area.

13. About the same size as what?—As the Crown piece.

14. As the 6½ perches?—Yes.

15. You cannot fix the value?—I would not do it offhand.

16. Do you know that the section on the north side, belonging to Mrs. Williams, is 37 ft. by 45 ft., as compared with 39 ft. 3 in. by 49 ft. 5½ in. of Crown land?—About that. The Crown land has 37 ft. 3 in. frontage, and the same depth as Mrs. Williams; but the boundaries run from 46 ft. 3 in. on the one side to 49 ft. 5 in. on the other side. It has not an even depth, as the front and back lines are not at right angles.

17. You see the plan. Was not part of Mr. Macdonald's land already in the street?—It does not show so on Ward's plan. There may have been a very small portion on the corner.

18. Have you seen the agreement between the City Council and Mr. Macdonald?—No, I do not know anything about it.

19. Have you seen the plan of the land produced before?—No, I never knew anything about the proposal, further than what Mr. Macdonald told me; and I never saw any plans or never had any interest in them until I was advised that I should be required to attend here. As far as I was personally concerned, I was finished with it a year ago.

THURSDAY, 6TH AUGUST, 1908.

ROBERT McNAB examined on oath. (No. 6.)

*Witness:* I am Minister of Lands. I propose, as I have nothing to add in the way of evidence to what has been said by the witnesses for the Department, to tender myself for the cross-examination of any member of the Committee or any person who is present, with the view of giving full information to the members of the Committee on the matters connected with the sale of the Woodward Street property. I am just submitting myself to be cross-examined.

1. *Mr. Fisher.*] From this parliamentary paper (C.—13), Mr. McNab, you seem to have first heard of this matter by a memo. from the Under-Secretary dated the 29th May?—I have no recollection of the first coming-up of the matter, and, so far as I recollect, the receipt of the Under-Secretary's memo. was the first time it came before me.

2. You were not interviewed on the matter by any person at all?—I have no recollection.

3. Would you tell the Committee what you as Minister understood was to be done if you approved of the sale of the land to the Council?—So far as we were concerned, of course, the property would be transferred to the City Corporation—the 6.55 perches. You are referring to what was to take place between the City Council and some person else.

4. I am referring to what you understood from the letter you received from Mr. Macdonald?—I can only state my present understanding, seeing that I do not even recollect the receipt of the communication from the Under-Secretary beyond my memo. thereon. I do not profess to be able to recollect what was in my mind when I received it. I can only recollect events which took place subsequently when the question cropped up. I do not profess to be able to say what passed in my mind unless I happen to recall that particular thing.

5. Did you understand that the city was to apply for the Crown land—the 6.55 perches?—I did not understand.

6. What I mean is, when you made the recommendation to Cabinet to approve of the sale of the Crown land to the city you naturally said the city must apply for the land?—Oh, yes!

7. And you understood the city was to pay the money?—Oh, yes!

8. Can you tell whether the city paid the money?—I could not say. It does not come to me. It goes to the Receiver of Land Revenue, and you would require to call him to know who paid.

9. When you recommended Cabinet to approve of the sale, or when you brought the matter before Cabinet, did you not clearly understand that the Wellington City Council was to apply for 6.55 perches, and that when they had acquired the title to that land they were to hand it over to Mr. Macdonald and receive in exchange an area of about four or five perches?—That is what I understood.

10. An area about equal in size?—As Mr. Macdonald says in his letter. I may mention that one of my colleagues asked me to explain the transaction, and I read Mr. Macdonald's letter. I can recollect reading it and seeing that the two areas were about the same size; otherwise I should not recall that incident.

11. Then the Cabinet really acted on Mr. Macdonald's letter?—Well, they presumably acted on my statement of the facts.

12. Which was based on that?—Reading his letter.

13. Did any member of the Cabinet, to your knowledge, know that the area was 4 perches? I could not say that they knew it.

14. You did not know that it was 4 perches?—I did not know that it was 4 until you contradicted me once when I said it was 4 perches.

15. That was two months ago?—Quite recently.

16. As this transaction was passed by Cabinet on the 30th May, 1907, you laboured under the delusion, as it now appears, that the city was to have got 4 perches in exchange for the land it had bought from the Crown. You laboured under that delusion until two months ago?—I thought that, until you contradicted me. I am not suggesting that it was an essential point of the transaction; I am just answering your questions.

17. Do you remember sending for the plan and looking at it when I called to see you about it?—I sent for all the papers; they are all on a file.

18. Do you remember looking at a plan then?—I cannot recollect the incident; but, of course, I would send for the document to challenge it.

19. We went through all the papers, as a matter of fact?—Oh, yes!

20. And after looking through the papers, then do you remember that you and I were still under the impression that the plan was a 4-perches plan?—No, I have no recollection of that.

21. I want to make this plain, because subsequent to my interview you went on a trip south. While you were on that you sent me a telegram to say that the area was 4 perches?—I said that you could say in answer to your inquiry—I was referring to the conversation that took place on the street.

22. But you and I had been through the papers?—But I thought I told you what was on the papers.

23. It was subsequently you discovered 4 perches on the plan?—I would not swear to when the 4 perches on the plan was seen by me, but the telegram was in answer to a question of yours. I had to answer your question, and that related to a conversation on the street where I had said to you it was 4 perches and you had contradicted me. It did not relate to the examination of the papers.

24. But your telegram referred to the examination of the papers?—No; I think the examination of the papers took place on my return.

25. Do you know the date of my calling on you for the papers?—Unless it is on the file. I will look when Mr. Kensington comes up. I generally make a note if anything crops up. [Referring to file] Well, I saw the file on the 5th June.

26. Can you from that file give the date of the telegram to me?—No. It was a confidential telegram, but I could get it for you.

27. Up to two months ago you were still under the impression that Mr. Macdonald was going to give four or five perches to the city, or a section about equal in size and value?—That is what I thought.

28. Has the arrangement, as you understood it as Minister of Lands, with the City Council been carried out in its entirety?—I cannot answer that question, because I do not know whether the City Council have paid the Crown for it in accordance with the correspondence. You see my letter of the 14th September says, in the second sentence, "If, therefore, your Council will pay this amount to the Receiver of Land Revenue to the credit of the Hon. T. K. Macdonald, the Commissioner of Crown Lands will be instructed to issue a certificate of title direct to him, instead of the more elaborate process of first issuing a certificate of title to your Council and then your Council conveying to the Hon. T. K. Macdonald."

29. Did you not ascertain whether Mr. Macdonald had paid the amount?—No, I made no inquiries.

30. On page 6, just under the letter you have been referring to, you see a memo. by Mr. Batham, District Land Registrar?—Yes.

31. Can you tell us why, in the notice dealing with the several parcels of land, he specially picks out application 4013 for reference to the Minister?—I could not say.

32. Now, you did not know at any time right throughout the transaction that Mr. Macdonald was the adjoining owner?—Oh, no!

33. You did not know—rather, you thought—that Mr. Macdonald was agent for the Council, only?—I thought that in sending in that letter he was acting as their agent. I understood he was. Of course, it was the firm of Macdonald, Wilson, and Co.

34. Could you tell us exactly how you put the position before Cabinet?—Oh, no!

35. You are not at liberty to state as Minister of Lands, did Mr. Macdonald's letter come before Cabinet?—Oh, yes! the whole file. I will show you the whole file. [File produced.] At the time it is dealt with that comes up, and the decision arrived at is put on the corner.

36. *Mr. W. Fraser.*] What is the date of the letter on the top? The letter is dated the 29th May. Referred to Cabinet same day. Cabinet sat on the 30th May. It is the top paper on the file, of which the whole is in Cabinet.

37. And all the letters antecedent to that are in it?—Yes.

38. *Mr. Fisher.*] And that top letter is a memo. for the Minister of Lands from Mr. Kensington?—Yes.

39. And that memo. from Mr. Kensington says, "You would be in order in disposing of the land under section 117 of 'The Land Act, 1892,' as it is Crown land and the Council are the owners of the adjoining street, and wish to obtain the area solely for the purposes of exchange." Can you say whether that exchange was carried out?—I could not say.

40. You do not know?—I could not say.

41. Do you know or can you say that the Council ever owned this land?—No; the land was transferred direct from us at their request to Mr. Kennedy Macdonald.

42. The Council, as a matter of fact, only had the title or provisional title to the land?—Unless any equitable sort of title.

43. And you do not know anything about the payments?—No; that goes to the Receiver of Land Revenue.

44. I suppose, Mr. McNab, the conception you had of the arrangement has been altered very considerably by what has come to your knowledge during the past two or three months?—Well, there is the original plan of Mr. Macdonald in his letter. That, of course, was modified by the subsequent correspondence and the final arrangement with the Government. You have got to look to that letter of mine to His Worship the Mayor dated the 14th September, wherein it is stated that if the Council pays the money the title will be issued direct to Mr. Macdonald. That, of course, was a modification of the original scheme. Under the original plan we should be getting the money from the Corporation and giving the title to them; and when, in the letter of the Mayor, they asked to have Mr. Macdonald's name put in we stated we would put it in if they paid us the money to his credit.

45. I suppose you did not realise at that time that in essence that was complete alienation of the land from the Crown to Mr. Macdonald?—Oh, yes! I realised that; but that did not affect its being exchanged, provided the Corporation paid us for it. The essence of the exchange was still retained.

46. Providing it was an exchange?—If it was a shorter way to get to it we would help them in that respect.

47. Would you with your personal knowledge, knowing what you know now of the transaction—that the city was getting forty-five or forty-sevenths of a perch instead of four or five perches, and knowing that the city was not going to pay the money, but that the money was to be paid by a private individual through its agents to the Crown—would you have recommended the transaction?—If there had been no exchange we certainly would not. If Mr. Kennedy Macdonald had communicated with us and asked to be allowed to purchase it would have been refused.

48. He would not possibly have got it?—Not without competition. It would have been put up for competition.

49. Did it ever occur to you to ask if the adjoining owners had asked for this land?—No, because we were disposing of it to the City Council to enable them to carry out the street-widening.

50. Did you understand that the section was to be used for street-widening?—Yes, for the purpose of enabling them to get a piece of ground for street-widening.

51. You did not understand that it was to take place on the Crown land itself?—No, the position would be negative that.

52. And I suppose the area of four or five perches would have weighed with you in helping the city?—In some cases we would give the land for nothing.

53. To a local body?—We give it for recreation purposes in such cases.

54. You wanted in this instance to help the local body?—Yes.

55. Therefore the terms of the letter, "some four or five perches," and "a section of somewhat similar size and value," seemed to you to mean that the city was carrying out a fair and reasonable transaction?—I do not say that the area was a material factor. If they liked to pay us our valuation of £652 for  $6\frac{1}{2}$  perches it would not affect us if they gave that—that, having bought it, they exchanged it for the hundredth part of a perch. It would mean simply that they had paid £650 for that, and that was their lookout. So long as they paid us, it did not matter.

56. That illustrates my point—under these circumstances the city would be paying £652 for the hundredth part of a perch?—That is so—if it had been exchanged.

57. But if the city was to get four or five perches in exchange they would be making what would appear to be a reasonable bargain?—Oh, yes!

58. And it must have appealed so to you?—No doubt I would see that point at the time.

59. You must have been quite astonished when you saw that plan about two months ago and discovered that it was not 4 perches that was to be exchanged?—Well, I was astonished at your contradicting me in the street when I said it was 4 perches.

60. And you were somewhat surprised, too, when I brought along a copy of the plan on the City Council agreement showing the area actually given by Mr. Macdonald to the Council?—Still, of course, I found out about the 4 perches about that time.

61. In sending the letter to you Mr. Kensington referred to the plan—"for the area tinted pink" I think is his expression?—That was accompanying Mr. Macdonald's letter.

62. Yes; he says, "they can exchange it for the area tinted pink": that is in the memo. of the 29th May, page 4, second paragraph. Was that plan placed before Cabinet?—Yes, that was on the file.

63. So far as you know, no Minister knew that that represented  $\frac{1}{100}$  of a perch? You did not know yourself, at any rate?—I did not know myself.

64. *Mr. Remington.*] Was that the original plan that came with the letter?—Yes.

65. That was the same plan that was referred to on the 2nd May?—Yes, that is the one.

66. That is the one that was enclosed in the letter?—Yes, this is the plan.

67. Coloured pink?—Coloured pink.

68. *Mr. Fisher.*] If you turn up Macdonald, Wilson, and Co.'s letter, on the top of page 3, you will see this sentence: "This would, however, mean so serious a loss of space as to make the compensation to be paid by them very heavy, and possibly prevent the improvement taking place." That is to Mr. Macdonald or the adjoining owner?—To his clients.

69. "As to make the compensation to be paid by them very heavy, and possibly prevent the improvement taking place." Did not that help to confirm the impression in your mind that the city was going to get this larger area?—Well, looking at it now I would probably consider that was why they wanted the exchange in place of money payment for this land. If they could get from the Government a piece somewhere else and give it to him that would do away with the necessity for compensation. I do not say that that was in my mind, because I cannot recollect. No doubt if the negotiations had ever taken place with me up to the time referred to I would be able to answer your question.

70. As a matter of fact, you acted on the memo. of your Under-Secretary?—I never saw the parties.

71. You were out of town when the matter was initiated?—It was about the time of the death of Mr. E. M. Smith, and I think I was returning from Auckland. That was in the early portion of the negotiations. About the time that the memo. came up I was away down in the south, so that I have only the correspondence to fall back upon to refresh my memory.

72. *Mr. Hislop.*] What I understand you to say is that so long as you got the purchase-money and the Corporation were enabled to get the land they wanted—whether a perch or otherwise—it would satisfy you?—So long as the purchase-money was paid by the Corporation.

73. It did not matter though, contemporaneously, Mr. Macdonald was paying it?—I would say that, under these circumstances, the City Council was not paying it.

74. You see, we paid you, and Mr. Macdonald paid us?—My letter stated the terms.

75. "If therefore your Council will pay this amount to the Receiver of Land Revenue to the credit of the Hon. T. K. Macdonald, the Commissioner for Crown Lands will be instructed to issue a certificate of title direct to him"?—My answer was that if your Council carried out what I suggested it could be done.

76. Unfortunately there is another letter from Mr. Kensington, which says, "If the Wellington City Council pay this amount to the Receiver of Land Revenue to the credit of Mr. T. K. Macdonald, then the Government can grant the area direct to Mr. T. K. Macdonald?—He is repeating the paragraph in my letter.

77. Of course, that did not strike me—that it made any difference whether it was paid out of the coffers of the Council or of the person who ultimately had to get the land?—You see the point now. I did not see your point until you pointed it out yesterday—that you were recasting the scheme.

78. I thought my letter very distinct?—Just as distinct as mine, which did not accept it.

79. I think yours was practically accepted?—I am not making a charge against the City Corporation—I am defending the Department, and I want to show that we retained the exchange to the last. I do not say now that there has been no exchange—I do not know.

80. You passed the thing over to the Corporation completely?—That is so.

81. If the Corporation found out by search or by any circumstance that they could do with only 4 of a perch or half a perch, you did not mind that?—No so long as they paid us for the land. They told us the object they wanted it for, and it was for them to carry out their own object, not for us.

82. I suppose, from your knowledge of things, that a very cursory look at that plan, with the 13 ft. and 12 ft. marked on it, would show anybody acquainted with these things that it is not 4 perches: one would never suppose that—never mistake it?—If it was by itself, and not accompanied by Macdonald, Wilson, and Co.'s letter.

83. But, supposing you turned that over to a surveyor?—If I asked him for a report and analysis he would probably call my attention to the fact that the plan and application did not correspond.

84. There is another plan which is produced on the file. They would probably be looked at together—I mean, any person dealing with the arrangement would have the two plans together—one with 6 perches and 4. Would not any one looking at that decimal at once see that one section is 37 ft. by 46 ft., and at once come to the conclusion that there must be some mistake here?—That is what I say a surveyor would do. I would require to look up the book to see.

85. But you are looking at the other one at the same time—the 6.55 perches?—Are they on the same scale? If the two were on the same plan, the same document, and the same scale, the contrast would be brought up, but not if they were on different plans.

86. Here is the map supplied to us [map produced]—49 ft., 36 ft., and 57 ft. My point is, there are 6 perches—37 ft. by 46 ft. Would not any person noticing the 37 ft. by 46 ft. is only 6 perches conclude that the triangle with 13 ft. on one side and 12 ft. on the other was not as much?—If it was on the same plan.

87. But on any plan, if he noticed the measurements?—In answer to that there is the plan of the 6.55 perches. Now, here is this sketch in regard to Woodward Street. You cannot institute a comparison between them. If they were on the same plan I admit your contention, but when they are on different plans and on a different scale it would not strike you. Then, one is in links and the other in feet.

88. There is about 37 ft. by 46 ft. in the 6.55 perches, and yet you want to make 12 ft. by 13 ft. 4 perches?—I should have to look up a book to see how many square feet were in a perch.

89. You see, this is another way of looking at it: Here is a plan showing 12 ft. by 13 ft., which is only the size of a room. Now, would you ever suppose that any person was going to give £652 for 13 ft. by 12 ft.? You say there was to be an equivalent?—That was the general idea.

90. Do you not see that the measurements on the plan showed 12 ft. on one side by 13 ft. on the other, and 20 ft. down, which is equivalent to a square 13 ft. 6 in. by 6 ft.? Surely no person would suppose that any one was going to give £652 for that?—Although they have got it in type from one of the keenest business men in New Zealand—Mr. Kennedy Macdonald.

91. Mr. Macdonald does not go into decimals?—Of course, I do not suggest that there was any intention to mislead.

92. There was no intention, of course, of deceiving anybody. I suppose you read my letter?—Yes, I think it was in your own handwriting.

93. I think you understood that Mr. Kennedy Macdonald was to pay the whole £652?—I did not understand until I heard you yesterday, but it is capable of that interpretation.

94. Is it capable of any other?—Yes, it is capable of another when one knows what preceded it—that the Government had arranged with the Corporation to let them have the property in order to let them effect an exchange. It is capable of a different interpretation, but my letter of the 14th September removes any doubt when I say, “If therefore your Council will pay this amount to the Receiver of Land Revenue to the credit of the Hon. T. K. Macdonald, the Commissioner of Crown Lands will be instructed to issue a certificate of title direct to him.” The wording of that letter explains what it is.

95. You think that that meant that it must be actually the cheque of the City Council?—That is our only guarantee that it must come from the treasury of the Council. Otherwise we have disposed of it to one of the adjoining owners when there are two others, and we have not put it up for auction.

96. I notice here, under page 3, “Valuation Department,” the last item, “Pt. T.A. 488, Wellington Terrace: 0a. 0r. 04.21p. to be offered to M. A. Williams, whose buildings encroach on it, for £375 cash; in event of offer not being entertained, to be submitted to public auction.” here is a sale without competition?—I do not know the circumstances. That is a document signed by Mr. Campbell.

97. That was carried out, I suppose?—I could not say without looking up the papers.

98. It is exactly the same as this case: there was a building encroaching on this particular area of 6.55 perches?—I could not say—I will look it up if you like.

99. And we understood from Mr. Martin that this area was granted to Mrs. Williams for this money?—He may have said so. I was not here. However, his evidence is all in.

100. Is it not quite a usual thing to make these grants to neighbouring proprietors?—I will show you a case we have just got in hand now [illustrating case on practice of Department]. We always keep the access to the street. To avoid favouritism we put such lands up by auction unless there is something special involved. Under some kind of special legislation we have power to consider the claims of parties, and give them preference, but as a rule we try to avoid any appearance of favouritism.

101. You ascertained on the 5th September that Mr. Macdonald was the owner of the adjoining land?—Yes. It may have come to my knowledge before; I could not say.

102. I wonder if there was anything else about it in the valuation?—The only documents we got are here.

103. You see, Mr. Martin knew it?—Oh, he was bound to know from his records. In the Valuation Department Office they would have the up-to-date records of all the owners. I think our plan showed another name in the corner, as well as I can remember.

104. Yes, Love’s?—Yes.

105. *Mr. Greenslade.*] On the 2nd May, 1907, you will see, at the bottom of page 2, a letter from Messrs. Macdonald, Wilson, and Co., in the course of which it is said, “This, however, could be avoided if the Council were in the position of being able to transfer to the owner of the corner section a section of somewhat similar size and value—the one recently vested in the Government.” Did you then know that Mr. Macdonald was the owner of the other section?—No.

106. Had you known, would it have made any difference?—I do not know that it would have made any difference. I did not see any objection to the transaction on that account, but I think it would have been better had it been stated. It would have been opener, but I do not see that it would have prevented the exchange going through, only that it gives ground for people who object to it to suggest things.

107. *Mr. W. Fraser.*] I should like to be clear on one point: you gave a reply to Mr. Fisher that your first connection with this matter was a letter of the 14th September. Is that so?—Oh, no! The first connection I had with it was the receipt of the Under-Secretary’s memo of the 29th May, on page 4. I did not get Mr. Macdonald’s letter. It did not come to me.

108. Did you see this plan which accompanies this?—Yes.

109. It is a copy of the plan which accompanies this—in fact, it is the plan referred to in the letter of the 29th April shown on the tracing accompanying your memo. from Mr. Kensington?—No, that is not the same. You see that plan with the corner came into existence in our office on the 2nd May. That letter from Mr. Kensington to the Commissioner of Crown Lands was written three days before the receipt of it. It must relate to some other plan.

110. What I want to get at here is, is this the tracing [produced] which accompanied the letter making the application?—The corner piece only.

111. Because this is on a different scale to the other one?—That is what I was explaining to Mr. Hislop.

112. The plan which is bound up with this paper C.-13—the first plan on C.-13—I want to ask you a question about that: is this a copy of one tracing or of two?—It is a copy of two tracings.

113. Sent at the same time, or at different times?—At entirely different times. I can see your suggestion, that any person looking at that should have been able to tell.

114. Which of these two plans was the one that accompanied the letter, and is the one referred to in Mr. Kensington’s letter of the 29th April?—If you will let me answer through Mr. Kensington, it is a larger one, under the one with the seal of the City Engineer.

115. And you see the one with the seal of the City Engineer upon it showing the portion taken off the corner of Mr. Macdonald's section. Was that sent in?—That accompanied it without being marked as an integral part of the letter of Macdonald, Wilson, and Co. of the 2nd May.

116. *Mr. Rhodes.*] When the matter was under negotiation, did you consider that this piece shown on this plan—the '4—was the piece to be cut off and thrown into Woodward Street?—That was the impression I gained.

117. And which eventually turned out different—it was to be smaller?—I thought all along it was 4 perches.

118. And the actual amount cut off is how much?—47 of a perch, although I again remind you that I am not suggesting that that was an essence of the contract. The essence was the exchange.

119. *Mr. Remington.*] When the matter came under your notice, were you under the full impression that the Under-Secretary of Lands by his letter had been fully seised of all the facts from the Mayor before he laid the letter before you—that is, that original letter of the Under-Secretary's when he says His Worship the Mayor interviewed him?—He does not say that in his memo.

120. Yes, he does: "His Worship the Mayor of Wellington (Mr. Hislop) personally waited upon me, stating the City Council wished to obtain an area of Crown land at a valuation"?—That is in reply to a minute I put above it only a short time ago. That is in reply to a query as to why the circumstance arose in his office. You see, a great bulk of negotiations come from outside. There is no reference in the paper he submitted to me as the result of the negotiations that he had spoken to the Mayor. That is simply for the record. All departmental heads and Ministers are liable to be changed, and unless there was a record on the file some person might wonder how the matter arose.

121. When Cabinet authorised the sale of a derelict section to the Wellington City Corporation they were under the impression that the Corporation were going to pay for it?—Oh, yes!

122. Aware that the Corporation were going to make a loss by street-improvements or otherwise?—It was their lookout if they made a loss. To enable them to make an exchange it did not matter to us so long as we were paid.

123. I think you said that after the payment for the land it was immaterial whether the exchange was to be for the four or five perches named in Macdonald, Wilson, and Co.'s letter, or what they specifically got for it?—What land they specifically got. The area of the land would not affect the transaction if it was an exchange, but if the City did not pay us for the land there was no exchange being carried out at all.

124. Do I infer that if the Hon. Mr. Macdonald was the purchaser, and not the Council, that the arrangement with the Government was not in good faith?—I would not say that, but, if he found the money that was paid for it, that an exchange was not carried out by the city.

125. But, if it was a City Corporation transaction, and they thought it was worth while giving £652 for that transaction to enable them to make some other arrangement with the owner of the other section, the Government would sanction on that basis?—Oh, yes!

126. If, when the matter came before the Cabinet, the Minister had known that the Hon. Mr. Macdonald was the owner of the corner section, and that in the arrangement being made the Corporation was not paying for the land, but that it was being bought right out my Mr. Macdonald and being paid for by him subject to his then making some arrangement with the Corporation, would the Minister have recommended it?—Our position then would have been that one of the adjoining owners was buying the section, in which case, unless there was some other cause, we should have put it up for auction.

127. I was just leading to that question—that, considering that Mrs. Williams had been occupying part of that derelict section—in fairness to two owners—one on this side and one on that—whether a private arrangement would have been made with Mr. Macdonald, and not an offer made to Mrs. Williams?—We would not have done either. We would have kept clear of the individual owners, and let them fight it out in the auction-room.

128. At the time of the consideration of the proposal, was anything in the nature of this plan ever submitted to the Lands Department?—No; that is the valuation plan.

129. I am only referring it to you for the reason that it shows a considerable portion of the street-widening that takes place already on land that was part of Wellington Terrace, and not on either of these sections?—Well, I knew from passing and repassing the ground—from my own private knowledge of the ground—I always remember that point.

130. Then, in regard to the payment for the land: you have no knowledge to-day as a Cabinet Minister whether it has been paid for by Mr. Macdonald as a private individual, or by the Corporation?—No.

131. And if the money was not paid by the City Corporation, would it be a misrepresentation of facts, as regards the letter, set out to you, and which induced you to think the Corporation was buying it?—I will say that it was not complying with the terms of my letter of the 14th September.

132. Did you read that letter of Macdonald, Wilson, and Co. carefully when it came before you?—Yes. The reason I mention that I carefully read it is that all disposal of land under that section is generally very carefully gone into by me, because it is always in the nature of a privilege to a buyer, and I have made it a rule always to refer such matters to Cabinet—never to give a decision without it.

133. Why I ask you is that the letter of the 2nd May from Messrs. Macdonald, Wilson, and Co. says, "The Council are desirous of creating a low-level street in Woodward Street." You understood that this letter from Messrs. Macdonald, Wilson, and Co. was a letter on behalf of the Wellington City Council?—Yes.

134. Representing the interests of the City Council?—Yes.

135. "To accomplish this it is necessary that the Council should absorb some four or five perches of the present section at the corner of Woodward Street." That matter was carefully considered by you with the statement in the same letter that four or five perches shown in the plan was what was referred to?—Yes. I did not notice that the plan did not correspond with the letter.

136. You took the wording of the letter as being carefully thought out and representing the facts?—I took it as representing the facts.

137. If in the body of a document the position is set out as plainly as here, would you take that as covering the situation rather than a sketch-plan attached?—I did there, at any rate.

138. And you had no reason to suppose that a firm like Macdonald, Wilson, and Co., writing on behalf of the Wellington City Council, would write anything else in the body of a letter than would represent the ascertained facts?—No, I had no reason to suppose so.

139. You were under the impression that the matter had been discussed by the City Council and Mr. Macdonald so as to enable Mr. Macdonald's firm to put in that letter representing that that area was necessary for street-widening purposes, to bring influence on the Government to give it to the City Council at a valuation less than it otherwise would?—I cannot recall that I thought over that aspect,—that it was present in my mind. You ask me to say what was in my mind when I got that letter: I cannot.

140. Did you also peruse the letter that came from the Mayor's office on the 5th September?—Oh, yes! that came direct to myself.

141. Did you then notice that His Worship the Mayor says, "The Wellington Council, being anxious to obtain a little land from Mr. T. K. Macdonald"?—Yes.

142. Did that convey any impression to your mind that the arrangement was not the original arrangement?—I still thought he was referring to the four or five perches we had fixed up in Cabinet. You see, the matter was all fixed up then.

143. And, in the latter part of the letter, where the Mayor says, "we paying you the purchase-money and he paying us." You were under the impression that the "we" was the City Corporation, and that "he paying us" was the owner (T. K. Macdonald) paying the City Corporation again for such area as he took. Did you consider that aspect of it?—I could not say that I thought that, because you will see by my letter that I gave my decision on that point. You will see I did not accept the Mayor's terms as he put them. You see, our transaction had been completed. We had arranged to transfer. It was treated by me as a request to have Mr. Macdonald's name put in as purchaser, and I stated the terms on which I would do that. I did not go and discuss with him the different reference in his letter.

144. Then this reply of yours of the 14th September goes right back to the original transaction in Cabinet?—Oh, yes!

145. And the Mayor's letter of the 5th September is the one on which you are giving your consent?—Notice the 15th is not a consent, but a letter which is giving the terms on which we will do a certain thing. It is not saying Yes to the Mayor's scheme. I do not know if I am making myself clear.

146. However, his letter of that date completely disclosed the fact, did it not, that Mr. Macdonald was the owner of the adjoining section?—Oh, yes! I did not take any exception to that being so. There must be some person in the position of owner, and it did not matter to us whether it was Mr. Macdonald or, for that matter, His Worship the Mayor himself.

147. *Mrs Greenslade.*] You say that you are not aware by whom the £652 was paid?—Oh! that goes to the Receiver of Land Revenue.

148. I suppose the Receiver of Land Revenue——?—He can tell from whom he got the cheque.

149. *Mr. Hislop:* The £652 was paid from Brandon, Hislop, and Johnston's Trust Account by arrangement between the City Solicitor and Brandon, Hislop, and Johnston as solicitors of the mortgagee, who was advancing the money.

*The Hon. Mr. McNab:* Before I sit down I intend to ask the Committee to put in as evidence in their report to the House the debate that took place in the House, because there a charge was made, amongst other things, against the Department; and I intend to ask the Committee to authorise the report of the debate to be published with their proceedings (see Appendix A).

FRANCIS MARION BATES FISHER examined on oath. (No. 7.)

*The Chairman:* The Committee would want to know how you got this information, and how you started it.

*Witness:* I think I should state to the Committee first of all that I am a member of the Wellington City Council and a member of the Finance Committee of the City Council, which is the committee empowered to deal on behalf of the Council with transactions of this nature. I propose to ask His Worship the Mayor to produce for this Committee the minutes of the Finance Committee of the City Council, to show, if possible, what the intention of the Council was at the time they started upon this transaction. I was not present, I think, when the subject first came up before the Finance Committee of the City Council, but ultimately a draft agreement was dictated by the Mayor between Mr. T. Kennedy Macdonald and the Wellington City Corporation, and, briefly summed up, the agreement stipulated that Mr. Macdonald was to cede to the city 45 perches of land on the corner of Woodward Street and Wellington Terrace; that in exchange therefor, or in completion of the transaction, a retaining-wall was to be built by the city at a cost of £200, of which amount Mr. Macdonald was to pay £100; that Mr. Macdonald was to have the option of using the retaining-wall for building purposes; that the retaining-wall was to be built subject to the conditions specified by the City Engineer; and that, in consideration of Mr.

Macdonald's ceding this '45 perches of land, the Council was to apply to the Crown for a title to the 6'55 perches of derelict land on Wellington Terrace; and that upon receiving the title it would sell it to Mr. Macdonald, he paying all costs. The Mayor will correct me if that statement of the agreement is incorrect.

*Mr. Hislop:* I do not wish to correct Mr. Fisher at all.

*Witness:* The adjoining owner of the section on the northern side of the 6'55 perches is Mrs. M. A. Williams or Mr. J. H. Williams, her son, and Mrs. Williams's tenant, who occupied the house adjoining, had upon this piece of Crown land a motor-car shed. Mrs. Williams was desirous of getting hold of the Crown land, and naturally considered that when it was alienated from the Crown it would be offered to the adjoining owners at auction. But it became known to her and her tenant one day that a title had been issued to the Hon. Mr. Macdonald. The matter was brought under my notice by the tenant first of all—a Mr. Hayward—and also at the same time there was some correspondence or some letters addressed to the newspapers asking for particulars. Then a Mr. Forsyth, a resident of Wellington, wrote to me on the subject, and said he had communicated with the Mayor, and had failed to elicit any information. He had asked at the City Council offices if he might see the file, and had been refused. I went to the City Council to see the file, and asked for the Woodward Street file, and I got it. I looked through it and could see nothing of a doubtful nature, but it was still urged upon me that there was something wrong with the transaction, and I asked two or three times and each time got the same file, carefully went through it, and could discover nothing to take any exception to. Then the information that I had was strong enough to warrant me or to put me on the track of asking if these were the only papers connected with any transaction the City had in Woodward Street. And then I got the second file. It was then I discovered that the City Council had two files concerning Woodward Street, one of which dealt entirely with the plan of the erection of the retaining-wall, and the other with the alienation of the Crown land and the transfer to Mr. Macdonald. Then, when I got that file I went through it. I would point out first of all that the two files are now here. One of the files is marked "City Council Record, 1906-1928" (?), the other "1907-1145." One has on it, "Department of Lands and Survey." That is the one dealing with the land. The other has on it, "City Engineer," presumably dealing with the stone wall. Well, then, I went through the papers, and found one or two memos. on the papers that struck me as being somewhat extraordinary. On the file marked "1145" there is a copy of a letter of the 5th September of His Worship the Mayor to the Minister of Lands (see Appendix B). That letter was not on the file the first time I went through it. The second time I went through it the letter was there, and it was not what I should call an official letter. Apparently it has been handwritten, copied in a letter book, torn out, and attached to the file. Then I went through the file, and came across this memo. of the City Solicitor dated the 24th August, in answer to a memo. from the Town Clerk, forwarding the draft agreement in reference to this land in Woodward Street which the Council would in all probability purchase from the Government in connection with the arrangement now being concluded with Mr. Macdonald for widening Woodward Street. This is the City Solicitor's memo.: "Alterations, Woodward Street.—T. K. Macdonald and Wellington City Corporation.—The Corporation can purchase under section 117 of 'The Land Act, 1892,' owing to the smallness of the piece of land. The Council cannot legally sell to Mr. Macdonald, but as we have a Land Transfer title the land can be vested in him. As the suggested alteration of Woodward Street will be of benefit to the city, and no risk will be taken by the Council in purchasing the land, I see no objection to the proposal being carried out. Mr. Macdonald will have to take any risk.—JOHN O'SHEA, City Solicitor." Now, I thought, in connection with an ordinary transaction, that it seemed curious that the City Solicitor should advise the Council that whatever risk there was in connection with the transaction should be taken by Mr. Macdonald, and I propose later on to call the City Solicitor and ask him what he meant by that. But it seemed to me, at any rate, that the circumstances were peculiar. Then I turned to the draft agreement which was dictated by the Mayor and sent to the City Solicitor, and I found on that a plan (see Appendix C), which at first I was unable to understand, being the land shown which was to be given by Mr. Macdonald to the city. That plan I propose to show to the members of the Committee, because they will see, in the first place, that the plan published with the Paper C.-13 and forwarded in Mr. Macdonald's letter of the 2nd May, 1907, is quite a different plan altogether to the plan that is shown on the back of the agreement signed by the City Engineer.

*Mr. Remington:* What date was that?

*Witness:* 11th October, 1907.

*Mr. Remington:* That is the date of the agreement?

*Witness:* Yes. I would like the members of the Committee to understand this: that the important feature of this case to me was this: I knew nothing about Mr. Macdonald's letter for the Council. So far as I can ascertain, there is no record in the Wellington City Council offices to show he was ever appointed agent. I concluded that there was something between Mr. Macdonald and the Mayor, because when the letter of the 28th June—I think it is—from Mr. Strauchon to the Town Clerk informing him that the Government had agreed to sell the land to the City Council—arrived, the first thing that was done was to forward that letter—which presumably was an official communication between a Government official and His Worship the Mayor—the first thing that was done was to forward that, or a copy of it, to Mr. Macdonald. And, although, as you will see in a memo. here, Mr. Kensington had written to Mr. Strauchon and stated that it was necessary for the matter to be treated with urgency, it seemed to me curious, after this had been received by the Council and sent to Mr. Macdonald—that is, about the 28th June—that it was not brought again before the Finance Committee until two months afterwards. I did not know as a member of the Finance Committee anything about Mr. Macdonald's letter to

the Government—anything about the Government's side of the business at all. There is no member of the Finance Committee who knew what prompted the Commissioner of Crown Lands to write and offer this piece of Crown land to the City. No one knew anything about it, so far as I could gather. Then I went through the file, and I came to the plan I have shown to the Committee, which was attached to the agreement of the 11th October, 1907. And in that plan it was proposed to cede to the City 45 perches. In that plan attached to your printed paper C.-13 it is 4. The amount actually handed over is 47. These are three different areas, and you will notice the different shape of this as compared with the shape on the plan submitted to the Government. I discovered on looking at these plans that Mr. Macdonald was ceding to the City of Wellington two pieces of land, the portion marked red, being 13 perches, and the portion marked green, 34 perches (see Appendix D). And I propose to call evidence, or to ask the Committee to ascertain for themselves, whether the portion marked red and given by Mr. Macdonald to the city was not already a portion of Woodward Street. There is a strip of land down the side there which was not in his section at all. However, I do not state that. I keep as closely as I can to what the Chairman has stated. I do not want to make any wild statements, but I hope to be able to show the Committee that that is so. Later on, when I had gone as far as I possibly could with this, I decided that I should ask the Minister. I think the first interview was when I met him in the street, and I asked him what the arrangement was, and he said he would not like to say, because it had only passed before him from an administrative point of view, but that, so far as he could remember, the owner of the corner section was to transfer to the city 4 perches of land. Subsequently to that—there had been some public agitation with reference to the matter—the Mayor desired to move that the Woodward Street file be laid on the table of the Council, and when it was laid on the table of the Council I asked if it was not correct that in the arrangement made with the Government by which the Council was to get the title—if it was not in the arrangement that the city, in exchange for making the title over to Mr. Macdonald, was to receive in return as a consideration 4 perches of land, and the Mayor at that time said that such a thing was never contemplated. He said at that meeting of the Council that it was impossible to suppose that Mr. Macdonald was such a philanthropist, not to say idiot, as to offer to give to the Council 4 perches of land on the corner for receiving 6.55 perches a little further up for which he paid the sum of £653. Then, going on with the matter a little further, His Worship went on to state that the money had been paid by the City to the Government—which at that time I knew was incorrect. And so, not having access to the Government papers—because the Minister, having stated about four or five perches, showed me the papers, but subsequently I could not go through them: he said it was better, if there was going to be any inquiry, that no one should have any advantage over any one else. But the Mayor stated then that the 4 perches to be given off the corner section was not contemplated at any time. And that statement, of course, I knew to be, whether intentionally or unintentionally, incorrect. I tried to find out why it was that the letter received from the Government on the 28th June from the Commissioner of Crown Lands was sent straight to Mr. Macdonald—because, of course, it would not appear to be a usual thing in a local body to send a letter from a public official to the Mayor straight to a private individual. And I considered that altogether the circumstances of the case were, as far as I could unearth them—and I was at a huge disadvantage, because I had not access to the official papers—such that I was justified in bringing the matter up in the House and asking the Minister to lay the papers on the table and before this Committee. I specifically alleged there was a plan on the papers showing the 4 perches, because at that time I had seen the letter written by Mr. Macdonald with the Minister, and we read the letter and turned it up and looked at the plan attached, and still believed it was 4 perches. But when I raised the question at the Council meeting, and His Worship the Mayor verbally denied that it was 4 perches, I sent a telegram to the Minister, thinking my memory must be wrong. I sent a telegram to this effect: "Can you tell me what area it was suggested should be given to the city in exchange for the 6.55 perches?" and the Minister in his reply said, "You can say, in answer to the question from you, I stated that 4 perches was to be given to the city by the owner of the corner section." That was the position. Quite apart from the question of the land altogether, there is the question of the retaining-wall, which in itself, although a separate transaction, necessitated me as a member of the Council making further investigations into the affair. There was the agreement by which the city agreed to pay £100 and Mr. Macdonald £100 for the erection of the retaining-wall, he to give the land for nothing; and, after that, the agreement which you will see was signed by Mr. Macdonald, Mr. Hislop, Mr. Luke, and Mr. Palmer, Town Clerk, and has received the seal of the Council dated the 31st October, 1907, which says, "This deed, made 31st October, 1907, witnesseth that the said Thomas Kennedy Macdonald doth hereby convey and assure to the Corporation, first, that piece of land, edged red on the plan drawn hereon, containing by admeasurement 13/100ths of a perch, and being part of Section 487 (see Appendix E) on the map of the City of Wellington; and, secondly, that piece of land, edged green on the plan drawn hereon, containing by admeasurement 34/100ths perches, being also part of Section 487." That is the piece that the city ultimately received. Might I ask if His Worship the Mayor has the agreement of the 11th October here?

*Mr. Hislop:* All the papers are there.

*Mr. W. Fraser:* A prior agreement?

*Witness:* This was made on the 31st October. The other was on the 11th October, 1907 (see Appendix F). In this agreement of the 11th October the first clause says, "Memorandum of agreement made this 11th day of October, 1907, between the Mayor, Councillors, and Citizens of the City of Wellington, of the one part, and Thomas Kennedy Macdonald, of Wellington, estate agent, of the other part. Whereas the said Thomas Kennedy Macdonald is the owner of a part of a parcel of land abutting on Woodward Street and Wellington Terrace, and the Council is desirous of obtaining from him

the portion of land coloured red on plan No. 1 shown hereon, and his consent to alterations of levels of streets abutting on such land, and as part of the arrangements made between him and the Council the Council is to apply to the Commissioner of Crown Lands at Wellington to purchase the parcel of land shown on plan No. 2 hereon, and therein edged red, for the sum of £652, which sum is to be paid by the said Thomas Kennedy Macdonald upon the Council procuring for him a transfer of the said land." This is the agreement by which the Council agreed to apply to the Commissioner of Crown Lands to purchase the parcel of land for the sum of £652. So that, when I realised that this agreement, signed and sealed by the Mayor, Councillor Murdoch, and Mr. Palmer, Town Clerk, enabled the city to get all the street-widening it wanted and the levels it wanted, and to put up a retaining-wall at a cost of £200, half of which was to be paid by Mr. Macdonald, and that Mr. Macdonald was giving the 47 perches without compensation, I could not understand why, after it was signed and sealed, there was a variation brought about by which, instead of the ordinary retaining-wall foundations, we erected foundations for a six-story building. I did not know that. I need go no further; but these were the circumstances that led me to investigate the matter, and, not being able to get the complete file in the Council, to bring the matter before the House and before the Committee.

1. *The Chairman.*] Did you say that instead of a retaining-wall there were foundations for a building put down?—The agreement was varied.

2. *Mr. W. Fraser.*] Which agreement is that—the 11th or 31st October?—This is the 11th October. The agreement of 31st October is ceding 47 perches. The agreement of the 11th October is the agreement by which the Council agrees to obtain a title from the Crown and transfer to Mr. Macdonald, and also deals with the erection of the wall—"the said Thomas Kennedy Macdonald shall contribute the sum of £100 sterling towards the cost of a wall which is to be built along Woodward Street and Wellington Terrace upon his land as altered by excluding therefrom the parcel of land shown on plan No. 1, and by including therein the said parcel of land shown on plan No. 2, under the supervision and according to the designs of the City Engineer."

3. This foundation would take the place of a retaining-wall?—The foundations take the place of a retaining-wall. The wall subsequently built takes the place of the retaining-wall, but it is at the same time run from the lowest corner of Woodward Street right up the side and around the corner to the northern boundary on Wellington Terrace, and is a foundation for a six-story building, instead of being a retaining-wall which was to cost £200. Of course, there is an alteration in the agreement that towards the cost of the foundations Mr. Macdonald was to contribute £275, instead of £100 as originally agreed.

4. *Mr. Greenslade.*] Of the total cost?—That is what I propose to call the City Engineer to find out. The estimate has been stated by the Mayor to be £428.

*Mr. Hislop:* It is stated in the papers. Mr. Fisher has not read the pertinent part of the agreement in regard to the retaining-wall.

5. *Mr. W. Fraser.*] I ask whether the agreement is to come into evidence. Therefore, if the whole of it goes in we shall see the whole of it?—I understood the whole of it was to go in. I think that is all I have to say.

6. *Hon. Mr. Mills.*] When you read the letter from Mr. Macdonald's firm and compared it with the plan, did it ever strike you that in the type the dot may have been left out?—The dot out of where?

7. In the 4 or 5 perches?—That it should have been a dot instead of 4 or 5?

8. Yes?—No; it was the phrase "four or five perches," which was sustained by the repetition lower down of "a section of about equal in size and value." No, that never occurred to me.

9. Then, did any question of valuation occur to you? Four or five perches, in this letter, of a corner, would be worth, I suppose, double as much as the other, if not more?—I do not think it would. You see the point that you lose sight of is this: I do not say that these figures are correct. The City Engineer can give them. But, as far as I know, the City Council, by rounding the corner of Woodward Street and the Terrace, has brought about an immense improvement at an expenditure of between £2,000 and £3,000—well, say £1,000. I do not know the cost; I am not an expert; I cannot tell. But we have certainly benefited Mr. Macdonald's land to an enormous extent, and it appears reasonable to me to suppose that that had been taken into consideration by the Government when they were asked to let him have the  $6\frac{1}{2}$  perches of Crown land. He would give, as I understood it, 4 perches off the corner and still have that piece of land, nearly all frontage, with a low-level street in front of it; and that Woodward Street, being on the south side, never gets any sun at all, but that by getting this it would be better for doctors and dentists.

10. Would not that be a matter entirely between the Council and Mr. Kennedy Macdonald?—What?

11. This alteration?—My point is that in the letter to the Government, and as Mr. Kensington stated yesterday, that the Mayor in his interview with Mr. Kensington gave him to understand that if Mr. Macdonald got that piece of Crown land the city was going to get 4 perches on the corner; whereas the Council only got less than half a perch.

12. I ask whether the fact that an improvement was made in that portion of the section would not be a matter entirely between the Council and Mr. Macdonald—that it had nothing to do with the Government?—But it had to do with the Government, because you would be led to believe that the Council could not get the portion at the corner without the Government giving the  $6\frac{1}{2}$  perches to the Council. It could not be a matter entirely between Mr. Macdonald and the Council, or why do the Council ask the Government for the title? You cannot ignore that.

13. The Under-Secretary said it was more a question of valuation in the exchange, the Government giving one piece for the other?—Well, of course, I cannot explain to the Committee what Mr. Kensington's view of it is.

14. With regard to this piece of land, do you think yourself that the question of valuation ought not to be considered?—I think it ought to be considered.

15. Of the two blocks?—Of the whole transaction.

16. And do you think four or five perches would be a reasonable exchange for the 6·55 perches?—That is not for me to answer. My point is whether it was a reasonable thing or not. If Mr. Macdonald agreed with the Government to give four or five perches to the city, that was his affair, not mine. If he agreed to give the city 4 perches he should have given them 4 perches. That is my view of it.

17. The correspondence does not bear that out exactly, because he was acting as agent for the City Council. Macdonald, Wilson, and Co. are writing as a private firm representing the City Council?—Yes, so they state in the letter.

18. Therefore, if they are not writing for themselves in regard to this 6·55 perches, I want to ask you whether you think it would be like the firm of Macdonald, Wilson, and Co. to give four or five perches of this corner piece and pay for the other as well?—At the valuation, and considering the work being done by the city as well.

19. But it has not been done?—The agreement was made to do it. That was part of the consideration.

20. Not when Mr. Macdonald wrote to Mr. Hislop?—But that letter was antecedent to the agreement being made. It must have been understood between the Mayor and Mr. Macdonald.

21. Do you think that an ordinary business firm, carefully thinking it over, would have offered four or five perches of the corner of that land for another piece of land containing 6-odd perches which they did not know the value of at that time?—Is it reasonable to suppose that Messrs. Macdonald, Wilson, and Co., when they wrote, did not know the value of the section?

22. My question is this: Do you think any ordinary business firm would have given four or five perches out of the corner section for 6-odd perches adjoining of which they had no idea, but the Government owned?—As I said before, considering that the street-widening was to be done, and that the retaining-wall was to be built, and the level of the street was to be changed to a lower level, I think it would be a fair business transaction.

23. *Mr. W. Fraser.*] Is that letter of the 2nd May from Mr. Macdonald's firm on that file that you had in your hand just now?—No, it was never known, so far I know, to a member of the Council. It was never on the Council file.

24. That is the only letter in which it is set forth in writing about "four or five perches"?—The only letter to my knowledge.

25. Have you any evidence that the Mayor ever saw that letter?—Not the slightest. I did not know anything of the existence of the letter until two months ago. But, of course, the only point about that was, as Mr. Kensington said yesterday, that the Mayor himself mentioned four or five perches when he saw him. I would like to state to the Committee one point I omitted to mention, and rather an important point from my point of view. I have referred to the variation of the agreement for the retaining-wall from a contribution of £100 by Mr. Macdonald to an agreement by which foundations were to be built, and towards the cost of which Mr. Macdonald was to pay £275; because since the foundations were completed there was a very large calico notice put on the corner to say that the foundations had cost £1,000, and the fact was also advertised in the Wellington papers. And so I concluded that, if Mr. Macdonald had only contributed £275 towards the cost, and the foundations had cost £1,000, the city had paid £725.

26. *Mr. Remington.*] Do you not think that that might be the usual "blow" of a land agent?—But I allowed for that.

27. I ask Mr. Fisher would he take an advertisement magnifying or glorifying the property as facts?—Most decidedly not. But, at the same time, I did not imagine that the exaggeration of the cost of the foundations could have been so enormous as it appears to have been, because Mr. Macdonald advertised that they cost £1,000, and the Mayor says they cost £428.

*Mr. Hislop:* I did not say so.

28. *Mr. Remington.*] Was the first intimation you had as a member of the City Council of the negotiations between the Council and Mr. Macdonald as a private individual after all the matter had been completed by Cabinet?—The Cabinet meeting was on the 29th May. I think it must have been for this reason: I have a letter here from the Town Clerk—I will put it in evidence—in which, in answer to a query from me, he says, "In reply to yours of the 1st inst. inquiring which committee dealt with the letter from the Commissioner of Crown Lands, dated the 28th June, 1907, re sale of pt. Sec. 488, Wellington Terrace, to the Wellington Corporation, I have to state that the matter of the purchase of this piece of land by Mr. Macdonald was dealt with generally together with the question of the erection of the wall at Woodward Street by the Finance Committee at their meetings of the 27th August and 3rd December, 1907, and the Council meeting of the 29th August, 1907." So that as a matter of fact, the whole transaction must have been unknown to any member of the Council until three months after Cabinet had approved of it.

29. On the 31st May the Under-Secretary says the Government has agreed to sell to the Wellington City Council?—Yes. Following that, on the 28th June, Mr. Strauchon wrote to the City Council, and offered the land. According to this letter of the Town Clerk, the whole question did not come before the Finance Committee of the Council until the 27th August, and in the meantime it had been approved of by the Cabinet, before the Council knew anything about it.

30. That is what I wanted to get at—that on the date in which this memorandum of agreement which you have read was produced to the Finance Committee of the City Council, within the knowledge of His Worship the Mayor and Mr. Macdonald, everything had been completed to effect the transfer of the section to Mr. Macdonald?—Yes; because one agreement is dated the 11th October, and the other is dated the 31st October; and Cabinet had approved of it in May. That was very nearly six months previously.

31. Have you got any experience of Wellington City values?—Well, I have; but I should not give an opinion in this case.

32. You know the position of the corner section in Woodward Street before the improvements were effected?—I knew it from passing the place.

33. You did not go blind?—No.

34. Was the section a very valuable one, as it stood with the old approach?—I hardly like to say anything about the value; but there is no doubt it was a difficult section to deal with: it was so far below the level of the street. It was a valuable section, no doubt.

35. You speak of an advertisement or placard, stating that the foundations had cost £1,000?—I mentioned that fact at the Council one night, and the next morning the notice was taken down off the section.

36. Whose notice was that?—Macdonald, Wilson, and Co.'s.

37. Is Mr. Macdonald a member of the firm?—He was at that time. The name has since changed.

38. And you took that as a *bona fide* statement of the actual cost?—No; but I thought it was a statement sufficiently important to warrant me in going to the Council for information on the point.

39. Have you never known auctioneers and land agents to make statements, for the purpose of inducing a sale, that could not be borne out by the facts?

*The Chairman:* I do not think that is a fair question to put in this inquiry.

40. *Mr. Remington.*] Have you any definite information, as a member of the City Council—the Corporation having, I presume, the receipts for the erection of the retaining-wall, and the improvements effected there—whether they cost £1,000, and Mr. Macdonald did pay the portion?—We never see these documents: we leave that to the City Engineer. That is a technical matter.

41. And the Finance Committee do not know whether the payments have been made?—Not the detailed payments. We do not know how much stone and mortar have been used.

42. *The Chairman.*] You are not very particular in that respect?—If we were we should be sitting there seven days a week.

43. *Mr. Remington.*] Would you not think Mr. Macdonald a philanthropist of the first water if he was going to give 4 or 5 perches of land there in addition to paying £652 for the other?—I would not call him a philanthropist at all.

44. If he had been giving 4 or 5 perches, has it never crossed your mind that it must have been a mistake? Has it never struck you that Mr. Macdonald might have omitted to dot the figures, and make a '4 or '5?—Decimal 4 and decimal 5 would have been ridiculous, because the figures were sustained by the letter and by the expression, "a section about equal in size and value."

45. Then, when you come to the Mayor's letter that you produced on that file, in which there is mention of "the Wellington Council being anxious to obtain a little land"—if you read the Mayor's letter you will see that he uses the expression "a little land"—and that Mr. Macdonald had "made what we considered terms to the Council," were you not in possession of what the actual facts were on that date, the 5th September, and what the arrangement was, and "the little land" that was to be conveyed?—No; no one, so far as I know, was cognisant of the real arrangement made until I first met the Minister in the street, about two months ago. You mean, in reference to the letter of Mr. Macdonald's firm to the Government?

46. Yes?—No; no one, so far as I know, in the Wellington City Council knew anything about that letter until I asked the Minister, about two months ago; and I do not think anything can be found on this correspondence to show that Mr. Macdonald was ever appointed agent for the Council, and there is not a copy of that letter on the Council file. There is no copy of it here.

47. Taking this letter of the 2nd May of Macdonald, Wilson, and Co., do you consider, as a member of the Corporation, that that was a business letter which explained to the Under-Secretary of Crown Lands what was intended to be done?—No, I cannot say that. Because at the time that the letter was written, so far as I know, it was not intended to do anything of that description.

48. Do you mean to say that the Corporation had never entertained the idea of altering the levels of Woodward Street?—Yes, the idea of altering the levels had been entertained for a very long time. The dates of it are here. I think it had been considered before Mr. Hislop was Mayor.

49. "To accomplish this," Messrs. Macdonald, Wilson, and Co.'s letter says, "it is necessary that the Council should absorb some four or five perches of the present section at the corner of Woodward Street"?—Yes.

50. Do you think that Mr. Macdonald put that in with the intention to deceive?—Well, you are asking me to form a judgment on the case, which I do not altogether care about doing. I think the Committee ought to draw its deduction from that.

51. Do you think it was calculated to deceive?—I want to have it that we could only say that it was calculated to mislead, and did mislead.

52. That is your view?—That is my impression of it.

53. See, the letter goes on to say, "This would, however, mean so serious a loss of space as to make the compensation to be paid by them very heavy, and possibly prevent the improvement taking place. This, however, could be avoided if the Council were in the position of being able to transfer to the owner of the corner section a section of somewhat similar size and value—the one recently vested in the Government." You seriously consider that the proposal meant that the 6·55 perches of the section recently vested in the Government—that Macdonald, Wilson, and Co. were offering to take that for four or five perches of their own in Woodward Street?—That the Council was going to secure a title for Mr. Macdonald, which otherwise he could not have secured without public competition.

54. And that was the compensation to him for giving the four or five perches?—That, and the street-widening, and the building of the wall.

55. That is your conclusion?—Yes, it is.

*Hon. Mr. McNab*: I was asked if I could get for Mr. Hislop information as to whether the section was sold to Mrs. Williams. Mr. Kensington tells me the section has not been sold to Mrs. Williams. It has been dealt with under section 29 of the Reserves and other Lands Disposal and Public Bodies Empowering Act of last year. The reference to the portion of the statement quoted by Mr. Hislop has reference to a recommendation of the Commissioner of Crown Lands (Mr. Strauchon) to the Head Office that, because Mrs. Williams's dwellinghouse went over the section, she should be allowed to buy it at the upset price. But it has not been sold: it has been dealt with under the section I referred to just now, which says, "Whereas upon the surrender of its charter by the New Zealand Company its lands reverted to and became vested in the Crown as part of the domain lands of the Crown, subject to any contracts then subsisting in regard to any of the said lands: And whereas the lands described in the Tenth Schedule hereto were formerly vested in the said Company: Be it therefore enacted as follows: The lands described in the Tenth Schedule hereto are hereby declared to be Crown lands available for sale or disposal under 'The Land Act, 1892': Provided that if within a period of six months after the passing of this Act a claim is made to any section of land described in the said schedule, and the Commissioner of Crown Lands for the Wellington Land District after due inquiry certifies that the claimant has produced satisfactory evidence to establish an equitable title thereto, and recommends that a grant to the said land should issue in his favour, and upon the further recommendation of the Minister of Lands, the Governor may execute a warrant for the issue of a Land Transfer certificate of title for the said land in favour of such claimant upon such terms and conditions as he thinks fit." It is being dealt with under that section.

*Mr. W. Fraser*: And she has got the land under that section?

*Hon. Mr. McNab*: No, it is not disposed of. She has not got the land.

*Mr. Hislop*: Does she claim that she has an equitable title by previous possession?

*Hon. Mr. McNab*: No; this does not give her an equitable title.

*Mr. Hislop*: Does she claim that a particular section has become hers by virtue of occupation?

*Hon. Mr. McNab*: She could not, because it is declared to be Crown land.

*Mr. Hislop*: Pardon me. There is the term "public land," but there is provision that if a person makes out an equitable claim you may give the person such land. Does she claim to come under that proviso?

*Hon. Mr. McNab*: I did not ask that question. What Mr. Kensington said to me was that it was being dealt with under this section. Where does that give her a title to the land?

*Mr. Hislop*: She might have said when she was offered that section, "It is mine already."

*Hon. Mr. McNab*: Well, I do not know.

*Mr. Hislop*: Then the Act comes in and says it is Crown land unless she makes out an equitable claim, which would be a claim under occupation?

*Hon. Mr. McNab*: You mean a claim under this proviso? I could not say so.

FRIDAY, 7TH AUGUST, 1908.

THOMAS WILLIAM HISLOP examined on oath. (No. 8.)

*Witness*: I am Mayor of Wellington. I should like to say, first, that when I saw the statement in the newspaper that I had seen the Under-Secretary for Lands on this subject, I tried to rake up my memory, and I had no hesitation in coming to the conclusion that I had not seen him. That is to say, not only that, but the attitude which I had taken up with regard to the transaction from the commencement was contrary to such a condition. Since, I must say, I was very much disturbed by what Mr. Kensington has said, and I have since puzzled my mind with a view of ascertaining whether there was a possibility of my being mistaken. But not only does my memory bear out what I originally thought, but the circumstances, which are very definitely planted in my mind, are definitely opposed to it. I should like to have found my memory at fault, because it is a very disagreeable thing not to agree in one's recollection with a gentleman whom I scarcely know, but who, I have no doubt, is held in high respect. And I can only suppose that the difference in recollection arises from some confusion of certain matters. I saw Mr. Kensington for the first time in my life to speak to either at the end of October or early in November of last year. That was the first time I spoke to him. He has stated that I was three times in his office, and that is absolutely correct. I was only three times there, and my visits on those occasions were about a different matter, and I have a definite recollection that when I went to the office I had not been to the Under-Secretary for Lands' office for, I suppose, fifteen years. I have not been there since Mr. Barron was Under-Secretary, and I do not think I was while he was there. I was there when he was head of the Land Purchase Board, I think; but I do not think I have been in the Under-Secretary's Office since Mr. Elliot was Under-Secretary, and when I went into the building I had to ask where his office was. I went up to it by the direction given me, and I had a recollection that the Under-Secretary's room was furthest in the one of the bays of the part occupied by the Lands people. I was going past Mr. Kensington's room when I asked the messenger which was the Under-Secretary's office, and if he was in. He told me that the Under-Secretary was busily engaged, but that he would see. The messenger opened the door, went in, and came out almost immediately, and said Mr. Kensington would be disengaged in a moment. I went in and had a conversation with regard to a matter of H. D. Crawford's. I did not go there as Mayor; I am one of the trustees of the estate. My object was to see if the Lands Department would agree to release a certain piece of ground, comprising about 8 acres, which was reserved

as a track for the cable to Lyell Bay, and which was not wanted any longer in consideration of our giving them, I think, a  $\frac{1}{4}$  acre for it upon a suitable site, and doing certain work. I had that conversation with him. I may say that Mr. Strauchon, the Commissioner, was rather opposed to the thing. I had to go back again because Mr. Strauchon did not seem to be letting the matter go through, and Mr. Kensington advised me to write a letter not to the Minister, but to the Under-Secretary, and he said they would practically take it out of Mr. Strauchon's hands, and he would see about it. He said it would have to go to the Minister. On another occasion I went to see if things were all right. These were the only occasions on which I ever entered Mr. Kensington's room, and they were in October and November of last year. So far as speaking to him goes—of course, I knew him by sight before that—he was previously a stranger to me. I should like to say that if I could bring my recollection in line with Mr. Kensington's I should be delighted to do it, because there is no reason why I should not have gone to see him on the subject he mentions—to get this arrangement carried out—if it was my business to do it. But as a practice in regard to municipal matters I do not go to see officers unless as a sort of last resort. I go to see the Minister with regard to anything where he comes in, and in regard to these cases I try the Corporation officers first. Now, I will just give my recollection of the whole concern. Twelve years ago, when Mr. Bell was Mayor, I suggested, when they were putting up the concrete steps in Woodward Street—I suggested then to the Engineer (I was not a member of the Council; only a citizen)—but I met the Engineer and suggested to him that, instead of spending money as was contemplated at that time, it would be much better to construct that street—to try to get it widened and construct it as it is now. So that I had that idea for very many years. After I became Mayor I suggested to Mr. Morton, the City Engineer—it was too late for the year that I became Mayor, and we had not funds, the funds being pretty well loaded with other things—but I suggested to Mr. Morton to get a survey of this road and see if it could be improved. He made the survey, and reported that it would cost about £870 to carry out the work. When the time came around, I got £870 put on the estimates, the £870 including nothing for compensation for land to be taken. Some months afterwards—of course, these works are taken in their rotation—Mr. Morton stated that he would like to get on with the work after certain other works in hand were finished. Then I instructed the City Solicitor in September, 1906, to ascertain how the title stood. I am not quite sure what the report was, but I know it was ascertained that this was Maori land. The City Solicitor had the matter in hand, and the Engineer wrote to the Town Clerk on the 26th November, 1906, as follows: I propose to soon make a start with the proposed alterations to Woodward Street. Please inform me if all arrangements have been made with the owners of property respecting the erection of a retaining-wall along their boundary, and give a small portion of land to the Council as shown on plan which was prepared some time ago. I understand from His Worship the Mayor that the City Solicitor has had this matter in hand.” I may say that I was rather staggered originally at the amount which the thing was going to cost, and I was puzzled in my mind whether, considering the requirements all round the city, especially in the newer parts, we were justified in spending so large a sum upon this work. The City Engineer reported that it would be advisable to take a piece of ground, and to cut through a building on the ground. I saw that we might—if we proceeded to take it under the Public Works Act—be landed in a considerable amount extra, because, no doubt, then, as all who know municipal matters are aware, under the operations of the Compensation Court, buildings which may be of a very inferior order become palaces when the evidence for the claimants comes into Court. And I said to the Engineer and City Solicitor that we must try to arrange to get the corner piece, if not for nothing, at all events for a very small sum. Then we found that there were difficulties with regard to the title, and I was determined not to go into the Compensation Court. I would not risk taking it under the Public Works Act. The Engineer's letter was forwarded to the City Solicitor by the Town Clerk, and he replied on the 29th November, “This matter has had to stand over on account of the illness of Mr. Kennedy Macdonald. Now that he has recovered, I shall take it up.” Well, it was reported to us some time afterwards—I cannot say how long—that the relation of the parties was being altered. Mr. Macdonald had arranged, I understand—in fact, I know that part of the business, because it was arranged in our office on account of our acting for one of the parties—he had arranged for the purchase of the lease which was in existence to a woman named Mrs. Thornley. The assignment of the lease, I believe, was not absolutely concluded until after the purchase of the freehold, but I am not sure, as I had personally nothing to do with it: Mr. Macdonald will know. But, at all events, the purchase of the lease was commenced some time either after or during the time that Mr. O'Shea was writing this letter. We thought it would be better to await further negotiations until that purchase would be completed, and I thought it would be completed because of something that was told to me. Prior to that we had tried to get the Loves to agree. We had not cared much whether we got an absolutely legal title or not, but we tried to get them to agree that this corner should be taken, and that we should be allowed to take the retaining-wall around the point. I felt inclined to take the risk of that, because I felt that if we put a retaining-wall in there it was not likely that any person would disturb it afterwards, and I thought the licence we should get would be a good licence, and that when it was acted upon by carrying out the erection of the wall it could not be recalled. However, after consideration of the matter, we thought it would not do to run that risk. The Loves lived over in the South Island, and they were interviewed once or twice in regard to it. I once spoke to Love himself: I happened to meet him, and his wife was with him. He seemed suspicious—he is a half-caste, I think, or a Maori—he said he did not like to have his land interfered with, and, after the style that, no doubt, some members of the Committee are acquainted with—in Maori fashion—he would wait for what he could get. However, I was determined that we would not undertake the work unless we were absolutely certain, and that it would be fixed up at a small ascertained amount. We then waited, and the vote lapsed on the 31st March. The rule is that if a work is commenced during the year

it is proceeded with, but if not commenced then it is treated absolutely as a new work. Therefore, nobody connected with the Council had any right to go on with the thing until the new vote was passed. Before the old vote lapsed the City Engineer was anxious to commence the work, but we did not see that we were in a position to do it. We were trying all the time to get this piece of ground either for nothing or a small definite sum, but we could not get it.

*The Chairman:* Is that the piece you got from the Government?

*Witness:* No; the other bit. The Government piece did not come on the scene up to this time, and, personally, I knew nothing of it. I did not know that it was derelict land, or anything about it. We did not bother about that piece of land, because we contemplated—at least, the City Engineer did—the erection of a retaining-wall right up there and outside of it, and it did not come into our consideration at all. All that concerned me was the terms on which we could get the corner, including a small section of the building standing on it. I knew it was quite unsafe to deal with it under the Public Works Act, because from my experience of these compensation cases I was quite certain we should be in for a fairly large claim on account of it. At that time there were two buildings on the ground—this one I mentioned and another. They were old buildings, but there was no reason why, by the expenditure of a few pounds, they could not have been put on a basis of earning a very fair rate of interest—sufficient, I should think, to make the interest upon what I considered the valuation of the property at the time. So that, of course, we should be disturbing that element in taking the corner and cutting off a part of the building. I do not remember when I first heard of this derelict piece of ground, but it was in a very casual way, and it was a suggestion by Mr. Macdonald that if that piece could be procured it would help towards the settlement of this corner; but I am not clear about this. I found that Mr. Macdonald himself put a higher estimate upon the value of this corner than I did under all the circumstances. I did not know what its value was. Then, the next thing that occurred was the putting-on of the sum of £870 again on the estimates of the City Council; and that was carried on the 6th June, 1907. The next thing was that this letter from Mr. Strauchon was placed before me by the Town Clerk (see Appendix G). For a minute or two I was puzzled, and then we had a look at the map and saw where it was, and I said, “Oh! that must be something to do with that suggestion of Mr. Kennedy Macdonald’s.” I said, “You had better see him, and see how it is going to help us.” The Town Clerk saw him, had a conversation with him, and he afterwards told me that Mr. Macdonald wanted to know how much it was valued at, and was there any objection to let him know. Then Mr. Macdonald was sent a copy of the letter. He came round to me at my private office, and said, “I think we can come to a settlement with regard to that corner if you arrange to let me have that piece of Crown land by way of exchange, coming to an adjustment as to the relative values.”

*Mr. W. Fraser:* What date was this?

*Witness:* I should think about the beginning of July. I said, “Well, you seem to put a tremendous store upon this corner. The work is going to improve your ground, and—look here, I am not going to agree to this street going up there if it is going to cost us more than about £870. I want to know what it is going to cost us before we start.” He then said, “But you are going to take a great lump of my ground.” I said, “But we are not; we are going to take a small area; I do not know how many feet, but I will have a look at the plan. I will see the City Engineer, and you and he had better go upon the ground and see what he does want.” I said this because the Engineer told me the survey had only been roughly done, and he could not tell exactly how much he wanted to take. He said, “You have a look at the map. I will have a look at it too, and go upon the ground and see what you want.” At that conversation, or subsequently to it—I rather think it was at that conversation—I said, “What are you going to do with your section?” He said, “I am going to build on it.” I said, “That wretched little building is no use to you.” He said, “It will have to come down. I suppose I’ll get something for it.” I said, “If it will have to come down, don’t you think we might make an arrangement by which, instead of making a retaining-wall on our ground, we will have a common wall, which will be suitable for you to erect your building upon?” I may say that the plan originally prepared was on the street-line, but was merely a retaining-wall. It has been suggested that the extra cost to the Corporation through deviating from this plan has been very great. I think it convenient to point out that this was not so. The base of the foundations was to be 2 ft. 6 in. in width, coming in at the top. The final arrangement made with Mr. Macdonald fixed the width at 3 ft. The walls, and certain other work caused by coming on an old culvert, cost about £120 more than was estimated, but if the Council had done the work without a contribution we should have had to deepen the foundation, and as the extra size of the wall at the base was only 6 in., the requirements of Mr. Macdonald only caused one-sixth of this £120, or £20. I told Mr. Macdonald that by joining with us it would save him, as well as the Council, some money.

*Mr. W. Fraser:* Did you say that the increased cost of the 6 in. was only £20?

*Witness:* No, no. The increased cost of the extra foundation and the strengthening of the culvert was only £120, and making the foundation 6 in. wider only cost £20 of the £120.

*Mr. W. Fraser:* Was the culvert on your land or the street?

*Witness:* It was on both, but if we had carried out our original design it would still have cost us an extra £100. The alteration to suit Mr. Macdonald only accounted for £20 on account of the extra width of the wall, and, when you consider the extra cost caused by the culvert, still less than that. He seemed to take the idea of the retaining-wall very well, and said that all he wanted was something fair, and so on. Then he asked me again about those 6 perches. I said, “I will have a look at the land and I will see what the committee think with regard to the value of it. It may suit the Corporation to keep it. I do not know, but it may suit them.” I subsequently brought the matter before the committee and informed them of the offer. The plan was shown and the letter was

shown. There was no resolution come to, but the opinion of the Finance Committee was that the land was too small and that the price was too much.

*The Chairman:* Was that Mr. Kennedy Macdonald's piece?

*Witness:* No, no; the Government piece. I can give you my reasons for having come to that conclusion, if the members of the Committee think it is necessary, but they are pretty much the same as were given by Mr. Martin—that the area was too small on which to build a dwellinghouse and give the necessary air-space required by the law and our by-laws. All that could have been done was to build a store or an office, and it was certainly not suitable for either of these purposes, because if you had to build two or three stories the space required for staircases and that sort of thing left the amount over so small, and the whole thing would be so inconvenient as not to be worth while building. Well, the thing went on. The Engineer and Mr. Macdonald had it in hand, and ultimately we got a bit tired of the delays, and Mr. Morton and Mr. Macdonald did not seem to be able to arrive at a conclusion as to what the relative contributions should be to this work. Then ultimately, on the 22nd August, 1907, I said—

*Mr. W. Fraser:* When was it that the Council declined to take over this derelict land?

*Witness:* I could not tell you. It was mentioned at the committee meeting.

*Mr. W. Fraser:* About what date?

*Witness:* July, I should think. They did not refuse to take it over—they thought it was not worth while getting it as a piece of ground for municipal purposes. They thought it would be useful for the purpose of carrying out this negotiation. It was only mentioned: it was not dealt with formally. The members of the Council were very often making inquiries, "How is Woodward Street getting on." On the 22nd August, to bring the matter to a head, I dictated a draft of this agreement which is here and told the Town Clerk to send it on to the City Solicitor for consideration and report to the committee as to the position. It would probably be the 21st August that I dictated it. My practice at that time was to go along to the Town Hall about 4 p.m. and do whatever was necessary, remaining very probably until 6 or 6.30 p.m. with the Town Clerk alone after 5 o'clock. But this must have been done while the clerks were there. The amount which was to be contributed by Mr. Macdonald to the cost of the wall was left blank because up to then we had not arrived at that. I had arranged with Mr. Macdonald that, so far as I was concerned, if he gave us the piece of ground that was wanted for the road for nothing, we would turn over to him the benefit, if we could, of the offer which the Government had made; but I had not agreed with him as to the amount which he was to pay towards the cost of the wall. I could not arrange with him. The wall, as I have said, as designed originally was simply a retaining-wall and I knew that that would not be suitable for the building which was to be erected there, and I therefore worded the agreement this way: "A sufficient wall according to the design of the City Engineer for the purpose of retaining the street, such wall to be used at the option of the said Thomas Kennedy Macdonald as a wall for any building"—so implying—stating the fact that the wall which was to be erected was to be suitable for a building. The City Engineer had been trying to arrange in the meantime with Mr. Macdonald's architect as to what additions would require to be put to the wall in order to make it suitable for the double purpose. But somehow or other they did not come to an arrangement. I had a rough estimate from the City Engineer that to make the wall suitable for the purpose would cost probably an extra £70. The original retaining-wall was estimated to cost £180, so that that would make it about £250. I suggested to Mr. Macdonald that he should give us £130. However, the agreement was then drawn and it was handed over to Mr. Macdonald for consideration, and he inserted the words "one hundred pounds," and he said that he did not feel inclined to give any more. Then the draft agreement was brought before the Finance Committee. I think that was on the 27th August. In the meantime the City Solicitor had advised that if we acquired the land we could not sell it again. On the 22nd August, 1907, the Town Clerk referred the draft agreement to the City Solicitor, and he looked it over and made certain alterations and advised us as follows on the 24th August: "The Corporation can purchase under section 117 of 'The Land Act, 1892,' owing to the smallness of the piece of land. The Council cannot legally sell to Mr. Macdonald, but as we have a Land Transfer title the title can be vested in him. As the suggested alteration of Woodward Street will be of benefit to the city and no risk will be taken by the Council in purchasing the land, I see no objection to the proposal being carried out." That meant that, if Mr. Macdonald saw fit to take the land under this arrangement, we ran no risk and that it was a matter really for Mr. Macdonald to consider. Then on the 27th August the draft agreement came before the committee and was approved (see Appendix H). It was reported to the Council on the 29th August and approved by the Council. That was on a Thursday. On the 5th September the Town Clerk showed me a letter which he had sent to the Commissioner of Crown Lands (see Appendix I). I said to him that that would not convey what we desired to convey. By this time all the shorthand-writers—in fact, all the staff except the Town Clerk—had left the building; and after the Town Clerk left I wrote the letter of the 5th September to the Minister (see Appendix B). I may say that when I write as Mayor I always write to the Minister of the Department. That, the Town Clerk tells me, has been the practice. It is always what I consider the proper thing to do, and I understand from the Town Clerk that that was their practice before. I wrote that letter with the object of explaining exactly what the Council proposed to do. The only regret I have now is that I did not enclose a copy of the agreement, because the Minister says my letter, contrary to what I supposed, was capable of two meanings. I thought myself, and certainly meant to convey to the Minister, that the land was to be passed over to Mr. Kennedy Macdonald at the exact price put upon it, and that he was conveying, as I said at the end of my letter, the small parcel that we wanted to us free of cost. I certainly had no notion in my mind at that time that the Minister was under the impression or that anybody else was under the impression that 4 perches were required. I may say that I have had a knowledge of plans ever since I spent my time in Mr. Haggitt's office in Dunedin, when I had a great deal of lands-consolidation work to do. I knew it took 272½ ft. to make a perch, and I should never have made a mistake of that sort.

The thing was then passed over to the officers, and I understand—I do not know—that Mr. Macdonald's title at all events to some extent was completed just about this time. If not, then it was completed shortly afterwards. Then the agreement was executed. The question afterwards arose with regard to the wall and certain negotiations took place. Mr. Macdonald contended, and I think rightly contended, that the wall contemplated was a wall that he could use for the erection of his building—not a wall which would be simply a retaining-wall. It would be contrary to my intention and certainly to his that it should be simply a retaining-wall. In fact the Corporation would object and have objected on previous occasions to having a wall tied on to another wall, and the Council would certainly object to the extra width required being tied on to the foundation, because our Engineer had always reported that these walls are not very often mutually strengthening, and we have refused permits where that sort of thing was sought to be done, and we have always insisted that the new wall shall be pretty nearly as thick as the wall originally put down. Well, that question came up and I have already said that a wall which would be a wall fit for a building of, say, two stories, was in my mind—a wall which would cost about £250. Mr. Macdonald had agreed to pay £100. The question came up afterwards whether there should be practically a new design for the wall—a design permitting of a very high building being put up. These negotiations took place entirely between the City Engineer and Mr. Macdonald until the City Engineer reported on the matter to the committee and sent along and told us it would cost about £240 extra—that is, than a mere retaining-wall. The matter was then considered by the committee, Mr. Fisher being one of the members present. After consideration it was moved by one of the members and carried unanimously that the new offer should be accepted. The total cost was estimated to be £428. That left us, to carry out the work, the difference between £428 and the £275—just £153: so that it was pretty much in the same direction as the previous thing that was in my mind. That was the end of the matter so far as we were concerned. Now, it was originally contemplated that this improvement would cost us £870 plus any small amount that we might have to pay for that corner. I always contemplated that we might have to pay some inconsiderable sum. I was not prepared to pay what I considered the value of the piece of ground because I considered that the owner would be benefited, though not the only person benefited, and that it would be only proper for him to assist us to get the thing through. But I quite realised that, on account of the smallness of the depth of the ground, every foot taken off it was a detriment to it, and that, although the owner would be improved to some extent by the construction of the road, he would be damaged to some extent by the piece of land being taken off. What I mean is that the road with the square there and without taking any of his ground would be quite as useful to him as the road with the curve taken off, and that the curve was entirely for the benefit of those higher up. So long as he got the new level to his place he got all that was required for the road to his ground, but the curve—that is, the taking of the piece at the corner—was for those higher up and people on the Terrace generally. That was the end of it so far as I am concerned. I contemplated that it was going to cost us for works and land anything from £870 to £900. We did not then contemplate a contribution from anybody. That was the actual amount it was to cost us. It has now been finished, and it has cost us within a pound or two—I do not know the exact amount—they have not actually taken out all the figures—of £1,150. Off that has to be taken the contribution by Mr. Macdonald of £275, so that you will see that the total cost to the Corporation is exactly the same which we started on and which we would have had to pay in 1906 if we had been allowed to proceed.\* I would like to say in addition to what I have mentioned that that is notwithstanding the extra cost I have mentioned of foundations and all that sort of thing, but also there was the fact that a perfect network of drains was found half-way down the cutting—drains, water-pipes, and gaspipes—and, notwithstanding all that, the work has been done at a total cost to the Corporation, after taking off the amount of Mr. Macdonald's contribution, of the actual amount we started to spend. I do not think I have got anything more to say. Just one more thing: It was mentioned here that Mrs. Williams had paid the rates: she has never paid any rates upon this piece of ground (see Appendix J).

1. *Mr. Witty.*] Did the City Council know all along that this was Mr. Macdonald's land?—It was not Mr. Macdonald's land when we first thought of it: we knew after he got it.

2. Do you know when he acquired it?—About April, I think. The negotiations, I believe, had commenced earlier than that.

3. Was that prior to the estimates being passed by the Council—they were passed in June or the April prior to that?—Oh, yes! I do not think he had actually acquired the land in April, but negotiations were going on at that time. But, as I have said, after the vote lapsed I should have no power—certainly, whether I had the power or not, I should not have exercised it—of going on with the work with the vote of the previous year. The £870 was put on the estimates again on the 6th June, 1907.

4. Did the draft letter *re* the agreement go before the Council prior to the agreement?—It was the draft agreement.

5. The draft agreement, I should say?—Yes, that went before the Council. It was only a proposal.

6. Did the proposal go before the Council?—Oh, yes! and was agreed to.

7. *Hon. Mr. Mills.*] Did I understand from you that you were never in the office of Mr. Kensington with Mr. Kennedy Macdonald?—Never with Mr. Macdonald, or anybody else, on this subject.

8. Were you in the Government Offices with Mr. Macdonald on any other matter?—Not that I remember. Of course, I am not like those witnesses who came here the other day who could say whom they pretend to be with or saw fifteen months before.

\* NOTE.—Since giving this evidence I find that the total cost of the work is only £1,060, £90 of the money spent having been spent on kerbing and channelling not included in original estimate of £870.—T. W. HISLOP.

9. *Mr. W. Fraser.*] You have read this letter of Mr. Kensington's of the 29th April, have you not?—Yes.

10. The one where he says, "The Wellington City Council are asking the Government to dispose of this area to them in order that they may exchange with the owner of portion of Section 487"?—Yes.

11. That appears in letter dated the 29th April, 1907, from Mr. Kensington to the Commissioner of Crown Lands. Can you give any explanation as to what caused Mr. Kensington to write such a letter to the Commissioner of Crown Lands unless he had been approached by the City Council?—I cannot say; but he had been approached by Mr. Kennedy Macdonald.

12. We had no evidence of that?—Yes, Mr. Kensington said that he and I were there on the same day.

13. Oh, yes! Would you mind looking at the letter?—I am quite clear that, unless I have been subjected to a complete lapse of memory, I never spoke to Mr. Kensington on this subject in my life.

14. I want to ask you, as Mayor, how it comes that Mr. Kensington, on the 29th April, has knowledge of the desire of the Council to acquire that land in order to forward an exchange? I want you to explain, if you can, how he acquired this knowledge—was it officially?—I could not say.

15. You have no knowledge at all?—No knowledge. Of course, it was very well known in the city that—

16. Is it likely that he would write an official letter to the Commissioner of Crown Lands on mere street hearsay?—You did not allow me to finish. It was well known in the city, and published in the estimates, that that work was to be done. I was constantly being asked by residents when the thing was to be started. Mr. Kensington got the notion, no doubt, not that it was intended—because there was no intention at that time—but he may have got it from Mr. Macdonald, who made the proposal or suggested it.

17. You suggest that Mr. Macdonald must have approached him prior to the 29th April?—Yes.

18. That is your only explanation?—That is the only explanation.

19. There is another question I would like to ask you: Messrs. Macdonald, Wilson, and Co., on the 29th May, 1907, on behalf of the Wellington City Council, have applied to the Government to be allowed to purchase—so Mr. Kensington says. When were Messrs. Macdonald, Wilson, and Co. authorised to write on behalf of the Wellington City Council?—They were certainly not.

20. They never were authorised?—Never.

21. You are quite sure of that?—Quite sure. The only thing I heard about that piece of ground at all was in conversation with Mr. Macdonald, in which he said he was going to enter into negotiations for that piece of land, and that it might help the matter on. It was simply a casual piece of conversation, and when the letter came from Mr. Strauchon to the Council it was a minute or two before I realised that it might have something to do with this matter.

22. I think that in your evidence you told us that somewhere about July Mr. Macdonald came to your office, or for the first time you heard about the derelict land?—It was not the first time I heard about the derelict land, because we had had the letter from Mr. Strauchon before then: that was in June some time. He came to my office in consequence of this conversation with the Town Clerk—or, rather, not in consequence of it, but because the Town Clerk had seen him, and furnished him with a copy of the offer.

23. I would like to ask you, and I to understand that on the 29th April, the date of Mr. Kensington's letter, you knew nothing, and had taken no steps to acquire the derelict land to exchange, nor had you contemplated an exchange?—No, we had not contemplated an exchange. At that time I did not know of the land.

24. That is, that on the 28th April you did not know about the derelict land?—No.

25. And, therefore, could not have contemplated exchanging it for other land?—No.

26. That is your answer?—That is my answer. I would like to say, with regard to that, that on the 29th April I would not have had time to devote to a matter of this kind, because I had just closed the municipal contest, and I did not think any matter like this—which had really lapsed and which we could not go on with—which was not of any urgency at all—besides I should not have time—should come up. The return of the Mayor was on the 24th April, and it generally takes one a fortnight to recover the arrears of work. I would certainly put off anything that could be put off during that time.

27. Am I to understand from you that Messrs. Macdonald, Wilson, and Co.'s letter of the 2nd May, where they purport to act for the City Council—?—I do not think they do.

28. Evidently upon that letter the one of the 2nd May is founded—that was, acting on behalf of the City Council?—It is like all the other things which the Minister says are subject to two interpretations. There is nothing to say whom they are acting for.

29. I do not say they were acting—purporting to act?—Do they purport? The letter does not say so.

30. That was quite unauthorised on behalf of the City Council?—Quite unauthorised. I did not know of that letter until I saw it in the Chief Clerk's office in May or June of this year. My attitude with regard to that letter—and I told Mr. Macdonald since I saw it—is that it is one of those impulsive things he does which are very silly. He ought not to have written that letter. He ought to have seen us before he did, and have had a proper understanding. Probably his intention was to help the thing along by getting this piece of ground, because taking off a piece of ground from such a small piece of land as he had was no doubt a serious detriment to the land. I would like to say here that it was owing to a statement made in the Council that the area purporting to be conveyed to Mr. Macdonald was 4 perches, and the further statement made after—

wards by Mr. Fisher that he had seen the plan there showing 4 perches, that I went along to see what was really there; I could not understand it. I asked then to see the plan, and for the first time I saw Mr. Macdonald's letter.

31. *Mr. Rhodes.*] The plan laid on the table yesterday showed the section at the corner in two parts. What is the reason for dividing it?—I could not tell you. It was suggested yesterday, because it was doubtful whether Mr. Macdonald had a title; but I do not think that could be so. It may be that there was a contention that the 13 perches had been acquired by the city as part of the street by occupation; but, of course, that is a very moot point. We sometimes put up these claims, but they are very ticklish things, and we cannot rely upon them at any time. When the thing is decided in Council, I have quite enough to do without doing the Solicitor's work. That reminds me that I stated yesterday that the cheque paid for the land was the cheque of Brandon, Hislop, and Johnston. I have since made inquiry, and I find that the City Solicitor was instructed to pay this money in by the Council to the credit of T. K. Macdonald. He got the cheque from Brandon, Hislop, and Johnston, who were acting for the mortgagee—the two solicitors co-operating—and Mr. O'Shea went across to the Receiver of Land Revenue and together they paid over the cheque. Mr. O'Shea states that he told them that it was paid in pursuance of a letter that was written.

32. And no cheque was actually paid by the Council?—This was practically paid to the Council, and by the Council's Solicitor paid over to them. I should think that is near enough.

33. And you say the section in Woodward Street has not improved in valuation by the alteration to the street?—Oh, no! I never said that.

34. I understood you to say that?—What I said was that it was not improved by taking the road round the curve instead of on the square. It was the traffic past the corner that was improved by taking part of the land, and that I did not think it right to cast the one man in a betterment charge when the other people were not so cast.

35. I suppose the section would fetch much more in the open market now than before?—Distinctly. Something has been said with regard to value. We did not do the conveyance to Mr. Macdonald; we are not his regular solicitors. The conveyance from the Maoris to Mr. Macdonald was done by Bunny and Petherick. Mr. Macdonald himself arranged with our client for an advance of three-fifths of the value of the land, including the Government land. He got £2,400 on a three-fifths basis: so that makes the whole thing worth £4,000. And certainly the land fronting Woodward Street was worth four times as much as the Government land per perch, and is worth still from three to four times as much.

36. You think the price paid, £652, is the full value?—Absolutely. I would not have given it, and I doubt if anybody other than Mr. Macdonald would have paid it.

37. What about the adjoining owners?—Well, the mortgagee of this land is one of the adjoining owners, and I am perfectly sure from his own valuation of the place that he would not have given £653.

38. I forget the name? Mrs. Williams?—I do not know what Mrs. Williams would have given. If Mr. Macdonald gets an offer of £1,000 for that piece of ground with all the improvements he would be very foolish to refuse it. I would not give it. I should say that it is worth £100 more to Mr. Macdonald—irrespective of its adjoining his piece of ground—than to anybody else, because, among other things, anybody else doing excavation would have to hoist the material up, whereas he can take it out through his own section; and, as Mr. Martin pointed out, you have to go down from 18 ft. to 20 ft. for a foundation for your building at the back, on both sides from 3 ft. to 18 ft., and on Mr. Macdonald's side about 18 ft.

39. You think it is impossible to exploit it for Mrs. Williams?—The only purpose she could put it to would be to use it as a private residence, by adding to her present house, which I would say is of very convenient size for that situation. She could not do this nor have built a new house except at a disproportionate cost, because she would have had to make it a very narrow building, and she would require to excavate for foundations. In making up the estimate of the cost you have got to put £653 as the cost of the section. If you take my estimate of what the other piece of ground taken from Mr. Macdonald is worth, you would have to add from £150 to £200 as the value. Considering the contraction that it makes on his section, you would have to put on quite from £150 to £200. Then, you would have to put on at least a quarter of the cost of the foundation—say, £75, because there it is very high. I should think you would have to put on more than a quarter. If you put that on it would bring you up to well over £900. Then there is the loss of interest and architect's fees, and I suppose a man does not care to do it without making a profit. I do not think he would make anything like £100 on his transaction if he put it in the market to-morrow. I would like to emphasize the point that I had to look at what was the best thing for the Council; and I may say that by these confounded contests with people who are always trying to get at the Council I have lost several very good clients. I am quite satisfied you would not have got £650 from anybody else, and I do not think that Mr. Macdonald would have given it except in an impulsive moment.

40. *Mr. Fisher.*] I would like to ask—to continue the line taken up by Mr. Fraser—how it was, if Mr. Macdonald was not authorised by the Council to write to the Government, and did actually write without the knowledge of the Mayor or a City Councillor—how he came to enclose an official plan bearing the stamp of the City Engineer?—That plan was furnished to Mr. Macdonald probably before he became owner of the property—I do not know if there is a date on it—when negotiations were intended to be taken with the Loves, in order to show to the Loves.

41. It is dated 29th April?—“A. B.” I suppose it was got to go with the letter of the 2nd May. The plan would be furnished to Mr. Macdonald, because he was known to be interested in the land. It would be furnished by the City Engineer. I knew nothing of it.

42. But you said that no one on behalf of the City Council had approached him in regard to this matter?—I never made a statement of the kind.

43. Mr. Hislop states that he did not approach Mr. Macdonald before this date?—I never said anything of the kind. Mr. Macdonald, as you can see, was approached on behalf of the Council. From a letter of Mr. O'Shea's of November, 1906, he had been approached long before that.

44. And you suggest that the plan which Mr. Macdonald forwarded to the Government was forwarded without authority?—I do not indeed. How do you mean?

45. I mean that he was not authorised to write the letter?—I have said so several times.

46. Can the Mayor confirm or deny the statement made by Mr. Kensington in evidence that in the interview of the 29th April with the Under-Secretary the Mayor mentioned the area as being four or five perches?—I never mentioned an area of four or five perches to anybody in my life, because I knew the thing was perfectly impossible. I knew the total area of that section, and to say that 4 perches was to be obtained was perfectly absurd; it is insane.

47. If it was insane and absurd to suggest such a thing, is it not singular that the owner of the land should suggest it to the Government?—You ask Mr. Macdonald. His knowledge of plans and areas is not, perhaps, as great as my own. I have had experience dealing with them since I was sixteen years of age. In Mr. Haggitt's office I had the whole of the plans of the Southern Trunk Railway to deal with, and I have been accustomed to them ever since, and I would certainly never make such a mistake. I never saw that plan before I saw it in the Chief Clerk's office in June last. If those initials on that plan are "A. B.," then I think they are the initials of the draughtsman in the City Engineer's office, but I am not quite sure. The plan would be obtained by Mr. Macdonald. The Engineer and everybody knew on the 29th, and would be quite justified in giving a copy of the plan to him. Negotiations had been going on by the officers with Mr. Macdonald for months.

48. Assuming that the date on the plan has been put there by the Engineer's Department, it is rather a coincidence that the date should appear there the same as the date of the interview Mr. Kensington has related?—The coincidence is a coincidence with the date on which Mr. Kensington says he saw Mr. Macdonald and myself. If he only saw Mr. Macdonald, then it is a coincidence with his visit.

49. But then, as a matter of fact——?—As a matter of fact, I do not think it is any good pursuing this. I never saw that plan until I saw it in the Chief Clerk's office. I am speaking according to my memory. There is no reason why I should say I had not seen Mr. Kensington if I believed I had seen him; and I ask the Committee to give me credit for stating what I believe to be true. If I had seen Mr. Kensington, I should say so at once, and I should not be ashamed of it. If I had known that the piece of land once acquired by the Council would have helped in our negotiations—I do not know that I would have gone myself, but I would have asked one of the officers to go. I should not have hesitated in going if I had thought that I should be more useful than one of the officers.

50. At a meeting of the City Council on the 18th June did you not state that Mr. Macdonald had paid the city the sum of £675?—No.

51. Then the newspaper reports are stating what is incorrect?—I have nothing to do with newspaper reports. What I did say was that £652 had been paid by Mr. Macdonald, and that in addition to that he had given us the piece of ground free of cost.

52. And at the same meeting you said that the exchange of land would have been a fair one without the payment of £675: is that correct?—Not quite correct. It is an abbreviated report. What I did say was that it would be perfectly absurd that Mr. Macdonald was to give £652 besides 4 perches—that in my opinion 4 perches of his land were worth a great deal more than the 6 perches obtained from the Government, and that no person would have thought of giving £652 together with 4 perches of very valuable land.

53. This is rather an important point: Can you tell us if it is not correct that, when Mr. Macdonald had received the title to the 6·55 perches, he mortgaged that, together with the 12 perches, for £2,400?—Yes.

54. And the mortgage was prepared before the title was actually issued?—Yes, necessarily; but the money was not paid. The whole arrangement had been made. When I say that these things took place, I do not know it of my own knowledge; but I am pretty sure that none of the mortgage-money was paid over until the whole thing was completed. But I had nothing to do with it personally.

55. You have made reference to the widening operations. Under the agreement of the 11th October, which was signed by Mr. Macdonald and yourself as Mayor, and witnessed by the Town Clerk and a Councillor, and sealed with the Corporation seal, what would the widening operations have cost the city?

*The Chairman:* I do not know that that is a question we would care to go into at the present time.

*Witness:* It would take only one moment to answer it: It would have cost £20 less than what it has cost. That is what the City Engineer estimates.

56. *Mr. Fisher.* You have stated that you knew Mr. Macdonald was concerned on account of the area he thought was to be taken?—Yes; not of the size of the area. He was concerned on account of the land being taken being part of his land, and I gathered from my conversation with him in the beginning of July that he was under the impression that a very much larger area was going to be taken than I knew was wanted.

57. Then you said that on discussing the amount to be paid by Mr. Macdonald for the 6·55 perches you discovered that he was under the impression that he had to give four or five perches to the city? You got the letter of the 29th June from the Commissioner of Crown Lands?—I did

not say that he was under the impression that he was to give four or five perches. If I said so I was simply reporting what Mr. Macdonald had stated afterwards or some time.

58. I am coming by this information—it is not a newspaper report in the usual sense: it is a report of an interview with the Mayor, and published in the *New Zealand Times* of the 31st July, in which you state, "I know that Mr. Macdonald was concerned on account of the area which he thought was to be taken, but I did not understand why until after the letter from the Government had been received by the Council, when on discussing the amount to be paid by Mr. Macdonald for the Government's land I discovered that he was under the impression that the area we wanted was much greater than what the Council really did require"—Exactly. I never said anything about 4 perches there, and I do not think I ever did.

59. When you realised that fact did you inform the Government?—No. I did not think it made any difference to the Government so long as they got £652, which was absolutely "found" money, and I thought the least they should do was to share the benefit with the local bodies, instead of taking it all for themselves.

60. Do you remember that I raised this question at the Council meeting of the 18th June? You knew then that Mr. Macdonald had written this letter to the Government?—I did not; I did not see it. I knew that he had written a letter, but I had never seen it. When the thing was agitated by you a little time before that I had asked Mr. Macdonald. I had said, "How did this offer come about?" and he told me then that he had written the Government a letter. I asked whether he could get me a copy of it, and he said that he would try to get it. The Town Clerk also tried, but he had mislaid it, and could not get it. I never saw the letter until I went up to see those plans which you stated you had seen the day before, and that the area was 4 perches, and not 4.

61. I only thought it was curious, because you said after you received the letter of Mr. Strauchon of the 29th June you then discovered Mr. Macdonald had to give a very much wider area?—You are putting it in your own way. What I did say was that I had had a conversation with Mr. Macdonald, and the conversation showed he was under the impression that a great deal more was required than what was really wanted, but I never said anything about the letter.

62. Has Mr. Macdonald written the letter, then, without the knowledge of any official of the Council? You could not be aware of it?—I was not aware of it.

63. And no copy of that letter was ever laid before a member of the Council?—Directly I became aware that a letter had been written I asked Mr. Macdonald; but everything had been finished by then. The money had been paid and the title had been changed before I knew the letter had been written.

*The Chairman:* In that case the letter counts for nothing—whether you saw it or not.

*Witness:* I pitched into Mr. Macdonald, when I did see it, in a way I am rather ashamed of.

64. *Mr. Fisher.*] Do you remember stating at the Council meeting that the 6½ perches would be useless for anything except street-widening?—No, I do not. It was absolutely useless for street-widening.

65. Then, the three newspapers are wrong?—I do not know anything at all about the newspapers. What I do remember saying was that it was comparatively useless to anybody except Mr. Macdonald. It might be made use of by Mr. Joseph, but he would have to extend his store, and he is quite satisfied with things as they are. He is not a man likely to do it.

66. You have said that the first you knew of the transaction was on receipt of a letter from the Lands Department on the 29th June?—I am not quite sure whether it was mentioned by Mr. Macdonald before then or not. If it was mentioned before that it was in such a casual way as not to make an impression on my mind. I do not pretend to know every detail, and the date of every detail. I asked the Town Clerk what took place, and he said he was puzzled, and that when he showed it to me I stood quite a minute puzzled as to what it could be. Then I looked at the map, and I connected it with the conversation I had had with Mr. Macdonald.

67. In a memo. written by Mr. Kensington on the 23rd May to the Commissioner of Crown Lands Mr. Kensington is hurrying the matter as urgent, and says that a reply must be forthcoming at once?—I never knew anything that Mr. Macdonald was connected with that was not urgent. So far as I am concerned, it was not urgent—there was no urgency about it. The vote had not been taken, and I should not be justified in fixing up the matter or going on with the work until the estimates were prepared and put before the Council.

68. Then, it was Mr. Macdonald who was hurrying on Mr. Kensington?—Yes.

69. And he was doing that on his own authority?—Yes.

70. Can you explain what the City Solicitor would mean by saying in his memo., "Mr. Macdonald will have to take any risk"?—There were two risks—first, whether the Government had a right to sell; and, secondly, whether, having bought, the Corporation had the right to pass it over to another person. He pointed out what any cautious lawyer would if there is a risk.

71. And he advised that the Council could not legally sell?—I took it so, and I said so in my memo. to the Minister. I do not know that that was absolutely correct advice; but once a title was got under the Land Transfer Act subsequent dealings are protected.

72. The City Solicitor having advised that the Council could not sell?—That is your continuous misrepresentation. What was said was that, once having got the land vested in us, there was a question as to whether we could sell, but that we could apply to the Government to pass it over.

73. That is to all intents and purposes the same thing?—It is not the same thing: it is as different as daylight and dark.

74. The City Solicitor advised that the Council, having acquired the land, could not legally sell it?—Therefore we never did acquire it.

75. And, as the Council never did acquire it, how could the Council use it for an exchange?—If I were you I would go and study law for five years. I am not here to answer questions as to legal matters.

76. Might I ask, did the Mayor dictate the letter written by the Town Clerk on the 5th September?—I did not. On the contrary, I found fault with it when I saw it, because it was not a full statement of the facts, and I wanted a full statement to go before the Department before they acted, and I therefore wrote my letter after hearing the Town Clerk.

77. So that when he states there that the Council wishes to acquire the land for the purpose of making certain exchanges it is an error?—It is not fully explicit: it is not a full statement of the facts; and I would certainly desire to put everything before the Minister before he acted.

78. You informed the Minister, in your letter of the same date, that you wished a variation of the original arrangement?—I did not say anything of the kind.

79. That you wanted the title to issue to Mr. Kennedy Macdonald?—I never said there had been any previous arrangement, except that the Lands Department had offered to sell us the land.

THURSDAY, 20TH AUGUST, 1908.

THOMAS WILLIAM HISLOP further examined on oath. (No. 8.)

1. *Mr. Fisher.*] I would like to ask on what date Mr. Hislop first heard of the letter from Mr. Macdonald to the Government?—I cannot tell you. It was after the matter had been completed.

2. So that Mr. Hislop is quite clear on the point that the application for the land was made by Mr. Macdonald without the knowledge or consent of the Mayor or any member or official of the Council?—Officially, I cannot speak for any other member of the Council. So far as I am concerned, I have already stated several times that I knew nothing of the derelict land until shortly before that letter from Mr. Strauchon, and I did not know that it was Government land until after that letter.

3. That is the letter of the 28th June?—The letter stating that the Government had decided to offer a piece of ground. I am not very clear on the point, but I think Mr. Macdonald in a casual way had said something to me about it shortly before that. However, that is one point I am not very clear at all upon. Would you kindly repeat the question?

4. The question was, Was the letter from Mr. Strauchon of the 28th June the first you heard of the transaction?—It was the first I heard of the land being derelict—of there being any land there belonging to the Government. I have a sort of notion in my mind that Mr. Macdonald on one occasion said that the operation might be facilitated by an offer which might be made of that piece of ground, but I am not at all clear about that. I have no distinct recollection, but there is an impression on my mind that something of that sort was said. I have no recollection of the date, time, or anything; but an impression that something of that sort was said, but quite in a casual way that did not impress me at the time.

5. When you discovered that an application had been made by Mr. Macdonald, who alleged that he was agent for the Council?—? But he does not allege it in the letter.

6. If he does not allege it he certainly conveys the impression?—I do not wish to argue that.

7. I will put the question in another way: When the Mayor gathered for the first time that Cabinet had been induced to grant a piece of Crown land to a local body without any one connected with the local body knowing that it had been applied for, did the Mayor inform the Government of what he had discovered?—I do not admit that your way of putting the question is at all a correct one; but I never informed the Government. I never informed the Government of anything, except what I informed them in my letter of the 5th September, which, to my mind, is perfectly explicit as to the action of the City Council.

8. Did the Mayor ever inform the City Council or the members of the Finance Committee of the Council that Mr. Macdonald had applied for the land, and been granted it on his own initiative?—That, of course, is another question which implies something which is not correct. If the matter came up before the Committee at any time I would inform them of everything that had occurred within my knowledge. It is very difficult to answer questions that have suggestions in them.

*Mr. Fisher:* Now, I propose to put this statement in evidence [producing newspaper extract], not because it is a newspaper report or comment, but because it contains a written statement in connection with the case.

*The Chairman:* By whom?

*Mr. Fisher:* By His Worship the Mayor; and therefore I submit it may be tendered as evidence.

*The Chairman:* I do not think we could take any paper's statement as evidence.

*Mr. Fisher:* It is not a newspaper's statement: it is the Mayor's statement.

*The Chairman:* The paper may not have published what were the Mayor's ideas.

*Mr. Fisher:* But if the Mayor accepts it as correct?

*The Chairman:* That is another story.

*Witness:* Do you want me to read it?

9. *Mr. Fisher.*] I want to know if you adhere to the statements contained in that? [handing witness the following extract from the *Dominion* of Monday, the 3rd August, 1908].

“ Woodward Street.

“SIR,—I was addressed to-day by an intelligent citizen somewhat as follows: ‘You gave Macdonald a soft thing.’ I said, ‘What do you mean?’ ‘Why, you gave him 6 perches of land for half a perch.’ I said, ‘But who paid for the 6 perches?’ He said, ‘The Council paid for it.’ I replied, ‘But who paid the Council?’ He: ‘No one, of course. He got the land for which you paid £652 for half a perch.’ I asked him where he got this notion from. He replied, ‘The *Dominion*.’ I find on looking up your article that it is open to the interpretation put on it. I told the citizen that Mr. Macdonald had paid the £652, and he seemed astonished, and he assured me that he had spoken to six or seven people, who were under the same impression as he was. I explained to him where the land was, and he agreed that the price paid for it was a large one. I showed him what was known to the committee during its negotiations—namely, how difficult it was to utilise the land because of its very limited area, and the expensive foundations which would require to go down about 20 ft. on two sides if a building were erected upon it. You suggest an enormous probable profit on the transaction, based on the assumption that £8,000 could be procured for the whole of the two areas, and the further assumption that the area bought was equal in proportionate value to the Woodward Street area. The area bought is in Wellington Terrace, whereas the bulk of the land is in Woodward Street, and the value of the frontage to Woodward Street exceeds that the Terrace by at least three times.

“Perhaps while I am writing you will allow me to state the matter shortly.

“(1.) The Council was trying for over a year to get the owners of the section in Woodward Street to agree to something reasonable, so as to carry out the great improvement which has now been effected, but nothing could be done.

“(2.) After Mr. Macdonald agreed to buy the freehold, he having had previously a long lease to run, we continued our negotiations. He was very anxious that his area, which was small, should not be materially diminished.

“(3.) Like Mr. Fisher, who assured the Council that he had seen the plan sent to the Land Office, and that it was shown thereon that 4 perches were required, Mr. Macdonald misread ‘4 perches’ for ‘4 perches.’

“(4.) I do not consider that the question is really affected by the mistake made in reading the plan, but, so far as the Council and I are concerned, we tried to make it clear by furnishing the plan showing the area and measurements, which I believe were given in feet, and this was the plan sent on to the Lands Department.

“(5.) A valuation was made in the usual way by the Government Valuation Department, and I feel certain that the price assessed would not have been paid by any one except the owner of the Woodward Street section.”

[No clause 6 in cutting.]

“(7.) The piece of land is awkwardly shaped and on a higher elevation than the land on two sides, and is one upon which the law and the by-laws would have prevented a dwellinghouse being erected which would be commensurate with the price given, and which could scarcely have been utilised for anything else. Yet the price was at the rate of £16,000 per acre. The Corporation received a parcel of land which, according to the value of land in Woodward Street, and irrespective of its being at the corner, was worth, in my judgment, £180, and according to Mr. Fisher’s estimate a great deal more. This £180 added to the purchase makes it £830. Before the owner can utilise it he must take out 20 ft. in depth of excavation at least.

“(8.) In my three years’ connection with the Council I have only known of two instances—and this is one—where the owner has co-operated with the Council in erecting a retaining-wall which was required for street purposes. On the estimates submitted by the Engineer we saved about £70 by the arrangement, besides having the whole of our land in Woodward Street left free for use, instead of having the wall on it.

“(9.) The whole of the circumstances were known to the members of the Finance Committee when the arrangement was entered into, and I feel certain that if it had to be done again the same agreement would be made. No member except Mr. Fisher has, either in Committee or Council, expressed himself otherwise than favourably with regard to it.

“(10.) The Government got a fair price for their land, and they helped along an arrangement for the benefit of the city. The Government knew from my letter of September 5th that the parcel of land was going at the price to Mr. Macdonald, and that the price was no concern of the Council’s.

“(11.) Mr. Macdonald paid well for what he got, and it yet remains to be seen whether he will make a profit or if he wouldn’t have been better off to-day if he had done what 99½ per cent. of people do—sat still and got what he could out of the Corporation, leaving it to chance to see whether he could get the Government’s parcel afterwards at a fair price.

“I am, &c.,

“August 2nd.”

“T. W. HISLOP.

*Witness:* The whole is absolutely correct except, perhaps, that clause 9 might require a slight explanation—where I say “the whole of the circumstances were known to the members of the Finance Committee when the arrangement was entered into.” What I mean is, the circumstances so far as they affected the Council or were known to me.

10. *Mr. Fisher.*] You are satisfied that that statement is correct?—I think it is, subject to what I have said.

11. At the beginning of the letter you will notice, on meeting with a citizen, that the citizen, in speaking of the land, said, “The Council paid for it,” and the Mayor said, “But who paid the Council?”—was the Council ever paid?—Yes.

12. Then, who paid the Council?—The mortgagee of the property paid the Council's Solicitor. I have already said in my evidence how this was done. If you knew anything about legal transactions you would know that it would be quite improper for the solicitor representing the mortgagee or Mr. Macdonald handing over the money except contemporaneously with the title being obtained. On this occasion the usual practice was followed—that the things were done simultaneously.

13. But, in point of fact, the Council's funds were not touched at all in connection with the transaction?—They were never meant to be, in my view of it.

14. A little further down in that letter is this statement: "I showed him what was known to the committee during its negotiations—namely, how difficult it was to utilise the land because of its very limited area and the expensive foundations, which would require to go down about 20 ft. on two sides if a building were erected upon it." That could not very well have been known to the committee when the land was granted by the Crown on the 29th May and it never came before the committee until the 29th August?—How do you mean, the 29th May?

15. That is when Cabinet approved of the sale?—We did nothing on the 29th May.

16. But Cabinet approved the sale of the land to the Council on that date?—The Council did nothing on the 29th May.

17. The Council knew nothing on the 29th May. If you take paragraph 1 of that letter you will find this statement: "The Council was trying for over a year to get the owners of the section in Woodward Street to agree to something reasonable." Which Council was that?—The City Council, I suppose.

18. The present City Council?—The City Council of Wellington never dies.

19. It changes its body very considerably though?—Sometimes. It was over a year after the first vote of £870 was put on before the matter was finished.

20. Do you remember when the Council were elected and when you were elected Mayor?—On the 24th April I was elected, and took office at the beginning of May, being sworn in on the first Wednesday of May.

21. On the 24th April the new Council and Mayor were elected. Three days after that is the date on which Mr. Kensington swears yourself and Mr. Macdonald called on him. On the 2nd May, three days later still, Mr. Macdonald wrote his letter to the Government. That was before the new Council had met. Mr. Kensington says that the Mayor and Mr. Macdonald had called on him. On the 2nd May Mr. Macdonald wrote to the Government, and on the 6th May the Council met for the first time?—It was before I was sworn in. I do not know what my position was. I do not know whether I was Mayor or not.

22. I suppose, if the Council never dies the Mayor never dies?—It does not follow, of course. But I should think that that was a very good reason for my not taking upon myself any new work at that time, or doing anything with regard to a work which was not approved by the new Council. I am perfectly certain, apart from other things, that I would not have done it.

23. Did this question of the 6½ perches come before the old Council?—No.

24. Can you tell us the date when it first came before the present Council?—I could not. I know it was mentioned to the committee some time after the letter was received from Mr. Strauchon—in an informal way. There was no business to be done in connection with it—simply Councillors were made aware of it.

25. In paragraph 3 of that letter you say, "Like Mr. Fisher, who assured the Council that he had seen the plan sent to the Land Office and that it was shown thereon that 4 perches were required, Mr. Macdonald misread '4 perches' for '4 perches.'" You suggested to Mr. Kensington on his evidence that an experienced man ought not to make such a mistake with the plan. Do you really think that Mr. Macdonald wrote and offered one-third of his valuable site on the corner under a wrong impression?—You ask me whether Mr. Macdonald did certain things which I do not think he did. If you look at his letter you will see that what he did was in order to facilitate the arrangement between the Council and the owner—that the Government might pass over this land, and that there might be an exchange. And then he goes on to say afterwards that the parties could adjust the matter between themselves—that is, adjust the value and areas.

26. You would not take his letter to convey that the city was to get four or five perches of land?—You mean in exchange for 6 perches?

27. Yes?—No; certainly not. I do not know what Mr. Macdonald thought—he did not tell me—but putting myself in his place I should not think he was nearly so foolish as to do anything of the kind.

28. Did you never entertain the idea yourself that 4 perches was to be acquired by the city on the corner?—Certainly not. It is utterly and totally opposed to my whole conception of the matter of the work to be done. I knew that in order to get the proper grade you would have to cut into the Terrace as far as possible. One fellow has been writing in the *Dominion* yesterday a letter in which he has the suggestion that the turn-off should be 40 ft. or 50 ft. down Woodward Street. Any one who knows what was desired knows that that would have spoiled the very thing we wanted—which was to get up as far as possible into the Terrace, and so improve the grade. I knew that from the jump.

29. I did not read the letter, and do not know what the writer said or anything about it. Take paragraph 4 of this letter: Have you been able to ascertain since the Committee last met how Mr. Macdonald received the plan with the seal of the City Engineer?—No, I made no inquiry. You ought to know that the Mayor has enough to do without entering into these little details. On the Finance Committee we sometimes have thirty things to deal with in one little afternoon. Once a thing is settled I do not interfere with the officers unless they appeal to me and ask me something, or unless I find on looking over the papers that they have not done something contemplated by the committee.

30. I did not expect that. You say in your letter "but so far as the Council and I are concerned we tried to make it clear by furnishing the plan"—In the first instance a plan was prepared squaring it, and not rounding it as was subsequently done. The plan was prepared showing the cut across the corner of the section.

31. Is that the plan shown on the printed paper?—I believe it is, but I really could not tell at this distance of time. I know there was a plan in the City Engineer's office and I suppose there would be a plan furnished to Mr. Kennedy Macdonald as agent of the Loves. I suppose there would be a plan furnished to him. I do not know whether there was or not, but I have no doubt there would be. This plan which is shown now I suppose was furnished to Mr. Macdonald about the time mentioned, the 29th April. I suppose so. I have no knowledge nor do I know that it was supplied, and I did not know anything about it until I saw it in the Chief Clerk's office this year, two or three months ago, after you brought the matter up in the Council. I have no knowledge of that particular plan: it is only a copy, of course, of the plan which was in the Engineer's office.

32. You remember when I brought the matter up in the Council and suggested the state of existence of the 4-perch plan, did you deny that 4 perches were ever contemplated?—I denied that 4 perches was ever contemplated or marked on any plan issued by the City Engineer's office. You said it was. I said the thing was perfectly impossible. You assured us that that plan showing 4 perches was in the Lands Office. I said it must be a 4 perches. You said not—that it was 4 perches. I went next day to look at it, and that was the first day I saw it, and I found it was 4 perches. I do not, however, think it matters twopence whether it is 4 or 4 perches. The question was, so far as we were concerned, whether the granting of this piece of ground to us fair purchase-money would facilitate the operation; and that was the only thing that would present itself to my mind. Whether it was 4 or 4 perches would be a matter for adjusting with the owner of the land taken if we were passing over the land we were getting from the Government. I look upon 4 and 4 as being of no matter as far as the principle was concerned.

33. It would have made a difference, would it not, if the city had received 4 perches instead of 4?—No, because the city would have had to pay £650 to the Government and besides something for equality of value of exchange. Instead of improving the road, if we had used the 4 perches for the road it would not have made the road better. At all events it would not have improved it very much.

34. So that the proposal contained in Mr. Macdonald's letter would really have been a disadvantage if it had been carried out?—You see, you insist upon putting a different interpretation on Mr. Macdonald's letter from what I put. His letter is perfectly clear—that there was to be an adjustment between the Council and the owner of the property in respect to the exchange; and it did not matter whether it was 4 or 4. In the case of 4 we would have had to pay £650 and something besides and the work would have cost us that amount more. In the case of 4 we paid nothing, which is a distinct advantage.

35. You suggest in this letter that Mr. Macdonald wrote his letter under the impression that he was to give 4 perches. Is not that so?—I do not think I said anything about it.

36. In paragraph 3 you state "Mr. Macdonald misread 4 perches for 4 perches"—That is all I say.

*The Chairman:* I do not think it has much to do with the transaction at all—the quantity.

*Mr. Fisher:* It is a considerable item as far as the city is concerned, because the 4 perches are worth £1,600.

*The Chairman:* You ought to take that matter to the Council to fight out.

*Witness:* The Council never expected 4 perches and would not have known what to do with it if it had got it, because it would have been absolutely useless for the work we contemplated. If you would only take the trouble to view matters as they affect the Council and not politics you would see that if we took the street through the 4 perches we should have had a footpath and road the ascent of which would have been so great as to make it a detriment instead of otherwise; whereas as we go around now we have a decent grade, and it can be utilised for public purposes to better advantage than if we had taken more land and made it steeper.

37. Take paragraph 10 of your letter: "The Government got a fair price for their land and they helped along an arrangement for the benefit of the city. The Government knew from my letter of September 5th that the parcel of land was going at their price to Mr. Macdonald, and that the price was no concern of the Council's"—Yes, that is quite true.

38. Why did you not tell Mr. Kensington that at the time the transaction was approved?—What do you mean?

39. That the land was going to Mr. Macdonald—why was not Mr. Kensington informed?—I have already told you that I never saw Mr. Kensington on the subject.

40. After the receipt of Mr. Strauchon's letter of the 28th June it must have been known that the land was going to Mr. Macdonald?—Our first reply to the June letter was the Town Clerk's reply. That did not set out, as I thought, the transaction, and I wrote my letter of the 5th September to the Minister which I think thoroughly sets out what was contemplated by the Council. If it did not I am very sorry, but I think the thing is perfectly clear. If I had had the slightest suspicion that any statement had been made contrary to the real facts—whether they were material or not—I would have inserted in my letter that which would have corrected it. Instead of saying "a small piece of ground" I would have said "47 perches" or "45" as was thought at that time. But I had no suspicion that there was any matter to cause a false impression with the Government.

41. This part with the 47—can you tell me whether that is shown in two parts?—I have already answered that question.

42. Where did you answer it?—In reply to one of the members of the Committee the other day—I forget which one.

43. Would you mind repeating the answer?—I told the Committee the other day that I had nothing to do with the carrying-out of the details of the orders of the Council; that is a purely legal matter. I do not know why it is shown in two parts except that I surmise that this was the occupation-line up here [indicating on plan] and for some reason or other the Council's Solicitor may have thought that Mr. Macdonald's title only went down to there [indicating position on plan]. But there is a great difference of opinion—of legal opinion—as to how far the occupation of a piece of ground like that, under the circumstances which would obtain there, would give the Corporation a title. We have had to compromise in every case of that kind—sometimes against my own individual opinion, where I would have had a very fair go for a fight. But, in matters of that sort, I always look upon myself simply as Mayor, and defer to the legal advice given to the Council. In this case that may have been outside the occupation-line. Judging from other cases, we should never have thought of fighting over that piece of ground if the man had built there. I have no doubt that Mr. Macdonald had good title to the '47 perches.

44. Do you remember stating during your evidence that Mr. Macdonald came around to your office with a letter?—I did not say "with a letter." He came to my private office.

45. Did he have a letter with him from Mr. Kensington?—No, he had not. He had received a copy of the letter we got from Mr. Strauchon.

46. Oh! that was the letter?—He had no letter or copy of a letter with him so far as I know. He came after he got it.

47. You cannot fix the date of that, I suppose?—I cannot.

*The Chairman:* I think it would be more plain to the Committee if you gave straight questions instead of suggestions that do not lead anywhere. That is not information for us.

48. *Mr. Fisher.*] The note I took may have been wrong. On the 8th May, 1907, you remember being asked in the Council by Councillor Cohen, as to what was being done *re* Woodward Street? According to the minutes, the Mayor said there was a difficulty about the title, and that nothing could be done until it was settled. Which title?—To the land.

49. To the 6½ perches?—You know perfectly well it is not to the 6½ perches. Why do you make such a suggestion? It is perfectly dishonest.

50. I wanted to find out whether it referred to that or not?—I had heard at that time that Mr. Macdonald was negotiating for the purchase of the Woodward Street land. I was not aware then how far the negotiations had got on.

51. *Hon. Mr. Mills.*] Would not your day-book throw some light on your movements—as to whether you did go and see Mr. Kensington on a certain date?—No. If I went to see Mr. Kensington, that would be on a matter of the Council's. In addition to which I may say that I generally have so much to do that my diary is the most neglected thing about me. In addition to my memory of the thing, I would base my statement as to not having seen him with reference to this matter on this acknowledgment of Mr. Kensington's, that the first matter I saw him on was Crawford's matter; and that was not until the October following that April. And the whole circumstances of the case are opposed to my having had such an interview.

52. *Mr. W. Fraser.*] I think I understood you to say that prior to the 28th June you had no knowledge of the land being derelict. That is the date of Mr. Strauchon's letter. Is that correct?—That is the point on which I said I was not very clear. I am not quite sure whether it was prior to that or not that Mr. Macdonald said something to me about his trying to fix up something about that piece of ground, which would help us in our negotiations. But, if it was said, it was said in such a casual way that it had gone out of my memory when I saw Mr. Strauchon's letter, because I had to think over it and look at the map. And then it suggested itself to me that probably it was about Woodward Street. But, prior to that, I had no idea of my own with regard to this derelict land until I saw this letter.

53. And you are quite clear on the point that that letter of Mr. Strauchon's was not the result of any application from yourself or the Council to acquire that land?—Perfectly certain.

54. Were you not surprised at the receipt of that letter, in consequence of their recollection (now somewhat deadened) as to a conversation with Mr. Macdonald, that he had been treating with the Government?—I was puzzled when I first saw the letter, and then it seemed to come back upon me—some suggestion that Mr. Macdonald had made quite lately with regard to something of the kind, which I had not paid any attention to at the time, and which the letter seemed to throw some light upon. That is what I believe passed through my mind at the time.

55. We have heard something about foundations for a six-story building: are they on Mr. Macdonald's land, or upon any part of the street-line?—The whole thing is on Mr. Macdonald's land, except the usual provision for lighting the cellar, for the protection of which Mr. Macdonald will have to insert some glass. The whole of the foundations are on Mr. Macdonald's land.

56. How far beyond the kerbing as we see it at present?—It is within the kerbing.

57. How far from these foundations will the glass extend?—I do not know how far it extends. I may say that I am rather opposed to these glass things myself, and I was rather disappointed when I saw that there. But when the thing is properly fixed up, so far as the street is concerned, these glass things will be an aid to us, because they will save us a certain amount of paving, as the glass protection has to be put in by the owner.

58. The cost of putting in these foundation blocks was partly borne by the Council and partly by Mr. Macdonald?—Yes. I explained before, my understanding of the thing at the commencement was that the least foundation that could be put down there would cost £250.

59. *Mr. W. Fraser.*] For what?—For the smallest building that could be put up—two stories, say—and of that amount, the Corporation was to pay £150 and Mr. Macdonald £100. It was afterwards altered to £428, being the total cost, of which Mr. Macdonald's contribution was altered to £275.

*Mr. Fisher:* I should like to put in in evidence a copy of an order of the Supreme Court dated the 7th November, 1902—an order from the Crown giving Mrs. Williams notice to quit.

*Copy of Order referred to.*

“In the Supreme Court of New Zealand, Wellington District.—No. 29.—Under ‘The Crown Suits Act, 1881.’—His Majesty the King against Mary Anne Williams, of Wellington, widow.

“STATEMENT OF CLAIM.

“On Friday, the 7th day of November, 1902.

“Frederick Fitchett, Esquire, Solicitor-General of our Lord the King, for and on behalf of our said Lord the King, by Francis Henry Dillon Bell, Crown Solicitor for the Wellington District, sues the above-named Mary Anne Williams, and says,—

“(1.) That certain lands, to wit,—

“(a.) Part of Section 488 on the plan of the City of Wellington, containing 4·2 perches, bounded as follows, that is to say: On the north-east by part of the said Section 488, 136·7 links; towards the south-east by a right-of-way, 19·1 links; towards the south-west by other part of the said Section 488, 139·1 links; towards the north-west by Wellington Terrace, 19 links:

“(b.) Another part of the said Section 488, on the plan of the City of Wellington, containing 6·55 perches, bounded as follows: On the north-west by part of the said Section No. 488, 70·2 links; towards the south-east by part of the said Section 488, 56·7 links; towards the south-west by Section 487, 74·9 links; and towards the north-west by Wellington Terrace, 56·5 links:

are Crown lands or demesne lands of the Crown.

“(2.) The said Mary Anne Williams is in possession or occupation of the said lands unlawfully and without any right, title, or license.

“(3.) If the said Mary Anne Williams ever had any right, title, or license to or in respect of the said lands, such right, title, or license has become forfeited and cancelled, and His Majesty is now entitled to possession of the said lands.

“(4.) The said Mary Anne Williams still retains possession of the said lands, and withholds the same from His Majesty.

“Wherefore our said Lord the King claims (1) possession of the said lands; (2) such sum for mesne profits as the Court may deem His Majesty entitled to.”

*Witness:* The position, so far as the Council was concerned, was simply this: that, knowing they assisted us to get the work done, we had always found in our dealings with the Government that the Government were quite able to look after themselves. I was no party ever to putting anything before the Government which was not absolutely correct, and there the matter rests. We have had litigation with the Government over other pieces of ground, and we found them quite able to look after themselves; and we look after ourselves.

FRIDAY, 21ST AUGUST, 1908.

THOMAS KENNEDY MACDONALD examined on oath. (No. 9.)

*Witness:* Some few months after Mr. Hislop's election as Mayor I learned—I forget whether by conversation, or by reading of the matter in the newspapers—that it was intended to improve Woodward Street. At that time I was interested in the leasehold. I was seen about the matter, and was informed that the Council's Engineer wanted to take a corner in order to carry out the work. I forget who first saw me on the subject, but I remember one day Mr. Hislop coming in about some other matter, and the then owners of the freehold, Mr. and Mrs. Love, were there, and he asked me if I thought they would agree to give a piece of land for the purpose. He knew them, and knew that they were the owners. We (the Loves, the Mayor, and I) had a short conversation. Nothing much was said, but Mr. Hislop explained that it was desired to carry out the work, and he wanted them to arrange the matter with the Engineer. I did not take much part in it, but left the conversation with them. They said, after Mr. Hislop went, that they would see about it when they came back to Wellington again. I spoke to them on several occasions afterwards, but they kept putting it off. My firm collected these and other rents for the Loves, and accounted to them for them. We had sold land for the Loves before. This particular property was only bringing them in a rent of £50 per annum, and they had been borrowing money at a high rate of interest, and they told me that they would like to sell the freehold. This was shortly after my illness. I told them that I would get a valuation. I got one from Messrs. W. H. Turnbull and Co., the land agents and valuers, who valued the land, subject to the perpetual lease, at £1,000. I afterwards showed the valuation to the Loves, and I said I would be willing to give that price. I instructed Messrs. Bunny and Petherick, the solicitors, to prepare conveyance. Messrs. Menteth and Beere, solicitors, acted for the Loves, and the matter was put through the Native Land Court, and was afterwards completed by the solicitors. I considered, during the time the purchase was going through, the carrying-out of the roadmaking, and I also became curious to know whose the adjoining ground was. I saw the City Engineer, and I also saw a sketch of the land proposed to be taken, and I thought that if I could get the vacant ground on reasonable terms it might be worth while. I got the notion from the sketch that the amount required was 4 perches, and Mr. Morton told me that he could not tell exactly how much was wanted until he got an accurate survey. I took steps to ascertain whose the vacant land was, and found it belonged to the Government.

I saw Mr. Kensington. I went there alone. I said to him that there was a bit of land on the Terrace near Woodward Street belonging to the Government, and it adjoined land at the corner of Woodward Street and the Terrace, a part of which the Corporation wanted for street-improvement. I asked if there was any way for the Corporation getting it and making an arrangement with the owner of the land wanted for street purposes. He sent for information, and I think I then ascertained the area. What I at the time wished to bring about was an arrangement under which there would be no personal loss and at the same time which would enable the work to be carried out. I was under the impression that the area wanted by the Corporation would greatly restrict my building-area. I have no doubt that I put strongly what was the fact—namely, that it was the City Council that wanted to carry out the work, and that an equitable arrangement made with the Council would facilitate the matter. Mr. Kensington adopted my view, and suggested that I should write, and I did so. I did not mean by my letter that I was acting as agent for the City Council. Mr. Martin, the Government Valuer, afterwards called on me, and I showed him the piece of ground, and told him that the Council wanted to take a part of mine, which I pointed to. The next thing was Mr. Palmer, the Town Clerk, called upon me and said that the Mayor thought that a letter received from the Commissioner of Crown Lands, offering a piece of ground at a price, had something to do with Woodward Street. I replied Yes, I expected that this would be done, and asked him if he would let me have the details, and he promised he would send me a copy of the letter. I got a letter enclosing a copy of the Commissioner's memorandum, and almost immediately afterwards went and saw the Mayor in his professional office. I suggested that the Woodward Street matter could be fixed up by the Council acquiring the vacant land and handing it over to me as part compensation for the land to be taken from me. He replied, "Nonsense; we only want a few feet of your ground." I replied, "You want a good lump of it." He said, "You're utterly wrong; you had better go with the Engineer, and he can show you what we want. I'll ask him to arrange with you." He then said, "What are you going to do with the old building at the corner?" I said, "I propose to take it down and to build." He then said, "Why not make an arrangement with us to make a party wall, which will do for a retaining-wall and a wall for your building?" I said, "I'll see Morton and then see my architect about it." I did see Mr. Morton, and discovered that I had been under a wrong impression about the area, and I came to the agreement which was afterwards signed. A question afterwards arose about the wall, and a new arrangement was made as to my contribution.

1. *The Chairman.*] That is your evidence, Mr. Macdonald?—Yes.

2. Have you anything further to state?—No, I am entirely at the services of the Committee if they want to ask me any questions.

3. *Mr. Fisher.*] I suppose, Mr. Macdonald, that you wrote the letter of the 2nd May—I mean; dictated it?—Yes.

4. It was in that letter you stated it was necessary that the city should absorb some four or five perches of the present section at the corner of Woodward Street?—Yes.

5. And later on you refer to the disability of the city not being able to transfer to the owner of the corner section a section of somewhat similar size and value?—Yes.

6. Were you really under the impression that you had to give away one-third of your corner section?—I was under the impression that I had to give away four or five perches.

7. Were you not aware that your corner section was only 12·57 perches in area?—No, I did not know the exact area.

8. And, of course, you did not know you were offering to give away one-third of your land?—Oh, no! not for a moment.

9. Then you enclosed a plan with the letter of the 2nd May with the City Engineer's seal?—Yes.

10. Can you state how that plan came into your possession?—Speaking from memory, I sent to the City Engineer's office for a plan of the property, and one of the junior clerks, I understood, brought it back just at the time that the letter was going. I gave instructions to put it in the letter.

11. You got that about the time the letter was going?—Yes.

12. You did not take it when you called upon Mr. Kensington?—No, not at all.

13. And you are absolutely clear in your own mind that you went to Mr. Kensington alone?—Absolutely. I cannot understand how that difference of opinion arises.

14. Did you have any reason for omitting to state to Mr. Kensington, or anybody else concerned, that you were the owner of the adjoining section?—No, no reason in the world. It is a mere matter of practice that we never discuss the owners of the land.

15. Can you tell who authorised you to write the letter of the 2nd May?—Yes, I authorised myself. It was a promise made by me to Mr. Kensington that I would write after I had interviewed him.

16. That letter was really suggested, then, by Mr. Kensington?—Practically; in that sense.

17. And you had no instructions from the Wellington City Council?—None whatever to write that letter.

18. You stated—of course, it is a newspaper statement and you can repudiate it if it is not accurate?—I do not desire to repudiate any statement—newspaper or otherwise—if it is correct.

19. You said, "It was suggested by me that the Council might purchase the vacant piece, and make an adjustment with me respecting the difference between the two pieces." That was on the 31st of last month. Can you say what you mean by that?—I do not quite follow that.

20. You say, "It was suggested by me that the Council might purchase the vacant piece, and make an adjustment with me respecting the difference between the two pieces"?—You see,

at that time I was under the impression that what the Corporation were wanting from me was nearly the size of the other.

21. Can you tell us when did you first realise that you were only to give a few feet of your land?—After the Mayor's interview with me.

22. That was after the receipt of the letter from the Commissioner of Crown Lands?—After the receipt of the letter stating what the price was to be, when I told him.

23. And at that time, as a matter of fact, the Wellington City Council had not applied for the land?—I do not know anything about what the Council did in the matter. All the documents in the matter prepared by the Council were not submitted to me. I knew nothing about it.

24. You see, the letter came from the Commissioner of Crown Lands on the 28th June, and on receipt of it the Town Clerk called on you, and you went and saw the Mayor?—I presume so, from the correspondence here.

25. And it was at that interview that the Mayor said only a few feet would be required?—I presume so.

26. Then there elapsed the months of July and August, and not until the 5th September does the Town Clerk apply for the land. But there is no mention of the important realisation of the wrong impression you were under either in that letter or in the other letter? You never told the Government?—It never struck me to tell the Government. The Government had fixed the price, which I thought was absolutely too big a price.

27. You signed an agreement on the 11th October?—Yes.

28. By which you granted the Council 45 perches of land and agreed not to claim any compensation?—Yes, that is right.

29. Can you tell us why that agreement was varied?—In what respect?

30. As to the payment to be made under it? What was your liability under the agreement?—I had no liability under the agreement except that I was to find the purchase-money and £100 towards the wall.

31. That agreement was varied?—Afterwards.

32. On whose initiative?—On the initiative of my architect. You see, I put the position to my architect, and said, "Is this all right? Will not this interfere unduly with your building? Because the responsibility is on you." I put the responsibility on him, and then he went into it very closely.

33. I think in your statement you say that you paid £1,000 for the corner section?—Yes.

34. Is that right?—Yes.

35. And you paid £652 for the Crown land?—Yes.

36. And before you had received title for the Crown land you had a mortgage drawn over the section for £2,400?—That is correct.

37. The mortgage greatly exceeded the money you paid for the section?—I did not think it too much, because I had agreed to pay for the perpetual lease years ago over £1,000. This agreement was completed last year.

38. Was it not freehold?—I want you to understand the position, Mr. Fisher: There were two branches of value—the value of the perpetual lease and the value of the freehold. The value of both was estimated to be worth £4,000, less the £652 for the Government section.

39. So that really you did not get the section for £1,000?—Oh, no! that was only the value of the goodwill of the thing.

40. Did you not put the land up for auction?—You mean to say the whole thing?

41. Yes, including the Government land?—That is right.

42. The *Evening Post* of the 23rd June states that the bidding started at £5,000 and rose to £8,000. Is that correct?—It is not correct. I never supplied that to the paper. There was no bid of £8,000 for it. It was started at £5,000 by myself.

43. There was no bid of £8,000?—No. We had no other.

44. Have you endeavoured to sell the 6½ perches separately?—No. We had several people asking questions about it.

45. Who paid the money for the land—the £652?—The solicitors arranged that. I passed the whole thing over to them.

46. They found the purchase-money?—They found the purchase-money out of £2,400 in their hands belonging to me.

47. You referred in your statement to the fact, "Some few months after Mr. Hislop's election as Mayor." Is that last year?—Oh, no! his first election.

48. When you called on Mr. Kensington that was five days after the mayoral election?—I could not say that: somewhere about the end of April.

49. You did not consult with Mr. Hislop on the matter at all?—Not in the least.

50. Now, you have stated that on a later date—that is, after the matter was fixed up—examination of the City Council plan revealed the fact "that they only required really less than half a perch (45 perches). The position had therefore to be recast. There was no necessity for an exchange of sites." Is that correct?—No doubt that was correct. When the Mayor told me that they did not want any but a few feet of land the whole position altered. There was no use in my discussing the question. I was quite willing that the city should have a present of the small piece of land.

51. Although the measurement of the land is so palpably plain, and it was your own land, you read it for 4 perches?—Yes, with the rough glance I had of it.

52. And you verified it by putting "4 perches" into that letter?—The impression on my mind was 4 perches also, and they were wanting too much money. I had that impression all through, and it was only after the Mayor's interview that I realised that all they wanted was an infinitesimal bit.

53. A somewhat different area to one-third of the section?—Of course. I should never have dreamt of it for one moment.

54. You took it for granted when you saw this plan—it was a plan of 4 perches you had in your mind?—I do not think I ever saw the plan until it had gone to Mr. Kensington in that letter. I had seen some sketch which would justify the impression on my mind—to impress so clearly on my mind that what the Council was wanting was four or five perches.

55. And you only had 12 perches altogether?—Only 12 perches altogether, and I thought it was a very serious business.

56. So you said there was no necessity for an exchange of site? No exchange took place?—No, of course not.

57. And, as you understood, the position was that the Crown land was granted conditional on an exchange being made?—See, that question did not occur to me at that stage in any sense or shape.

58. When you discovered that the position had to be recast, it never occurred to you that you should have advised the Minister or the Under-Secretary in connection with the matter?—No, because the question became one for the Corporation as to what they were going to do, and there was correspondence going on between them. I had no idea what was going on except that the Commissioner of Crown Lands' letter was sent to me afterwards.

59. From the Corporation?—From the Corporation. Then the price was fixed, and I presume the Government had sent in a price that was neither too low nor too high.

60. When Mr. Hislop discovered that you had applied for this land without his knowledge he stated in evidence that he went around and saw you. Do you remember that interview?

*Mr. Hislop:* I did not say so.

*Mr. Fisher:* My impression is clear that he stated it.

*Mr. Hislop:* I never stated anything of the kind.

*Mr. W. Fraser:* Ask the witness a direct question.

61. *Mr. Fisher* (to witness).] Did Mr. Hislop call and see you?—I have no recollection of his doing so. Mr. Hislop was very eager about the matter because he was very desirous of making a very cheap bargain for the city. Because I know on one occasion when we were discussing the wall question I had to tell him I thought it was a curious contrast—his methods as Mayor and as an ordinary individual—that he was rapidly developing into a Jew at driving a hard bargain.

62. You are quite certain that you were never in Mr. Kensington's office at any time with the Mayor?—Quite certain that I was not. I cannot conceive how that impression can have arisen in Mr. Kensington's mind.

63. Can you remember discussing the question with Mr. Kensington when you were there—of the owner of the adjoining land giving 4 perches to the city in consideration of receiving a title to the  $6\frac{1}{2}$  perches?—I do not think so. I told Mr. Kensington exactly what he stated in the letter, and all I know is that Mr. Kensington seemed to be extremely anxious to expedite matters. I had nothing to complain of in regard to Mr. Kensington's courtesy, because he always tries to expedite business. I have had many interviews with him about different businesses and I have always found him one of the least "red-tape" officials in the Government Buildings and remarkably anxious to assist the public—in marked contrast to many Government officers. That is why I am surprised that any question of this recollection has arisen.

64. Did I understand you to say that the plan you enclosed in that letter of the 2nd May was brought to your office by one of your own clerks?—Yes, I understand that is so.

65. Will you look at the printed plan attached to the correspondence. On the plan is written these words: "New wall for street to be built here by Corporation." Is that in your handwriting?—Yes, that is my writing.

66. So that you amended the City Engineer's plan?—I wrote that to make the thing quite clear and explicit that the new wall had to be built there.

67. I only wanted to draw your attention to that because you said you had not seen the plan at all—that you simply enclosed it in an envelope?—This was written when the agreement was sent to me long after that—when I filled in the £100 as my contribution towards the wall.

68. That agreement was made on the 11th October?—I do not know when.

69. That plan went to the Crown on the 2nd May and I presume never came out of their possession?—I do not know anything about that; it could not be so.

70. That is the plan enclosed on the 2nd May?—I do not think so.

*Mr. W. Fraser:* It is only fair to point out that that is really two separate and distinct plans.

[At this stage the original plan was referred to by the witness, who said, "I do not know how this plan got on the file."]

71. *Mr. Fisher* (to witness).] It was enclosed in your letter to the Department of the 2nd May?—I do not think so. I do not think it could have been this plan.

72. Well then, can you suggest how the Department got hold of it?—I do not know. That is my writing, but I was under the impression that that was put on at the time the agreement was signed; but it could not be so if what you say is correct. This "£100" in the agreement was written by me. I filled in the amount when I signed it before Mr. Palmer. I do not know anything about that plan.

73. But that is your handwriting on the plan?—Yes, that is my handwriting.

74. Can you tell us what the plan was enclosed with in the envelope?—I cannot tell. I never saw the plan before that particular moment, as far as I can recollect.

75. Have you ever seen the original of this plan?—I must have seen it, of course.

76. And you cannot imagine how the Lands Department got possession of it with your handwriting on it?—The only explanation is that this was a plan sent to me by the Corporation at

some period or other, and that I had put that memo. upon it about the new wall to be built, and that this was the plan they sent back to me and it was enclosed to Mr. Kensington

77. Who sent back?—The Corporation must have sent this back. It was handed to me, I believe, by one of the juniors, and enclosed in the letter. That is all I can tell you about it, but I have just the recollection of writing that on a matter in connection with a Corporation document, so that after I had written it it must have gone on, and was in the document they sent back to me and which went to Mr. Kensington.

78. You notice on that plan you added with a pen and have written "Government section"? —Yes, what is said here is "New wall for street to be built here by Corporation. Section taken over by Government."

79. Was that intended to convey the impression that the wall was to be built along the front of the Government section, and thus carry out the projected street-widening?—I understood that that was the new wall to be built by the Corporation.

80. On the front of the Government land?—I do not know.

81. You would not have written that statement, "New wall to be built here," if it was intended to be built anywhere else?—I should not think so.

82. And you are not quite clear whether you intended the Department to believe that was where the wall was to be built?—No. I want to make it quite clear that if I had the least idea that the Government had any misconception of the position I should have made the position very plain. There was no intention to deceive the Government. So far as they are concerned, they have been paid an amount in excess of the value of the land.

83. *The Chairman.*] It did not concern the Government where that was?—Not in the least. It was purely a matter between the Corporation and the owner.

84. *Mr. Fisher.*] The only question is, the section was asked for street-widening purposes, and the words would give the impression that some of it was to come off the Government section, which was never contemplated. I suppose you have not had any chance or means of proving that your visit to Mr. Kensington was a solitary visit, and that you were not accompanied by anybody?—No; but I am quite sure that I never interviewed Mr. Kensington except by myself. I am quite sure I never interviewed him otherwise—at least, I have no recollection of it. And I am quite sure His Worship the Mayor and myself were never there together.

85. Have you any recollection of my raising the question about the 4 perches the city was to have obtained? You remember I raised it on the 8th June?—I remember something being said which I think was reported in the paper. I am not a member of the City Council, and I was not there, and I do not pay much attention to the criticism and observations passed there. It is like observations in the Legislature.

86. *Mr. Witty.*] I should like to ask: in the first instance, when you sought this land, it was purely a business transaction on his part. There was something to gain by acquiring this as a business man?—Which piece?

87. The 6 perches?—No; I should never have had my attention directed to the matter had it not been for the Corporation being anxious to go on with the matter, and my architect telling me that I must have land if the Corporation were going to take 4 perches away, or have the whole matter recast.

88. You say you were never in Mr. Kensington's office with the Mayor?—Oh, no! absolutely never.

89. If the Mayor says you were with him he was mistaken?—Seeing Mr. Kensington personally? On one occasion I was with the Mayor. The only occasion was when we went up to the office to see about this 4 perches, but Mr. Kensington was not there then. Mr. O'Neill, the Chief Clerk, was.

90. Was there any agreement between you and the Mayor as to sharing any profits?

*The Chairman.*: I do not think that is a fair question.

*Witness.*: I think that is a very proper question. If there is any idea in the minds of the Committee that the Mayor had any interest in my land matters in Woodward Street I want to at once disabuse the Committee. The Mayor has never had the faintest interest, nor has any conversation ever taken place about it; and it was a matter of amazement to me that there should be a shadow of such a suspicion in connection with Mr. Hislop.

91. *Hon. Mr. Mills.*] I understand you to say, in answer to Mr. Fisher, that you had not been with the Mayor at Mr. Kensington's office at all?—No, except when we went up one day after this discussion in the City Council about the 4. We went to have a discussion about the plan, and I saw Mr. O'Neill, the Chief Clerk, and asked to see the plan.

92. You and Mr. Hislop did visit the office on one occasion?—On that occasion. We had no business except that.

93. On that occasion when you were there, did you see Mr. Kensington?—Oh, no! he was not there; I think he was away. I asked the question if he was in, but he was not in. I think he was away up country somewhere at the time.

94. I thought it might be a misunderstanding between you on the date?—Oh, no! It was the only occasion I was ever in the Lands Office with Mr. Hislop, and Mr. Kensington was not there.

95. *Mr. W. Fraser.*] Following the question put to you, what was the date of that later visit when you and the Mayor went to Mr. Kensington's office?—It was after the matter had been brought up in the City Council.

96. This year or last year?—This year.

97. During 1908?—In 1908. It was quite a recent occurrence.

98. You stated that you did interview Mr. Kensington on the 29th April—at least, somewhere about the end of April?—Somewhere about that date—prior to the 2nd May.

99. Did you make any representation to Mr. Kensington which would lead him to infer that you were acting for the Council?—Looking back at the position now, I put the matter plainly that the Corporation wanted this done. There I began and left, but it is only fair to Mr. Kensington to say that the impression must have remained in his mind that I was interested with the Corporation in the question. And so I was, because they had come to me about the matter of the improvement, and I pointed out the whole position.

100. You mean “understood” in the sense that you were acting for them?—No, I had no commission from them in the matter. They had been to me as part-owners.

101. You misunderstand me. Did your questions convey that you were acting for and on behalf of the Council?—They were not intended by me to do so. They were a recital of the position that the Corporation was anxious to have this done, and I dare say I emphasized very fully their anxiety, because they had wanted to do it for two or three years.

102. If Mr. Kensington assumed that you were agent or acting for the Council he would be justified?—Looking back at the position, he would be justified. It is only fair to say that.

103. Now, in regard to the letter of the 2nd May. Did the Mayor, Mr. Hislop, know of that letter or see it before you sent it?—No, it was written in my office.

104. Did any one from the City Council see it or know of it?—No.

105. You have read that letter lately, I suppose?—Yes, I have got it here in front of me.

106. Does not that letter bear on the face of it the inference that you were acting on behalf of the Council?—I do not think so at all for a moment; it does not say so. It was not intended by me to convey such an impression.

107. But would it bear the inference?—It may; but, you see, when you are writing a letter you do not think of reciting more than the bare facts in most cases, and this was a recital of the position—that the city wanted to carry out certain improvements. They had been to me and were urging me to get it done, and I held the key to the position, and I was not anxious to put them to any expense. I was anxious to do the fair thing by the city, and I was under the impression at that particular time that they were going to take from me something I was not prepared to give—unless there was a *quid pro quo* in the shape of land. Of course, that was a knock on the head and quite a revelation to me when I learned that all they wanted was a small piece—a few feet.

108. You say in your letter of the 2nd May, “The Council are desirous of creating a low-level street in Woodward Street”: would not that convey the impression that you were speaking for the Council?—No, it was a recital of facts. You see, they had been at me about the matter.

109. In your opinion, you do not think so?—I do not think so for a moment.

110. And did not intend so?—And did not intend so.

111. There is a subsequent letter: the next correspondence between Mr. Kensington and yourself was on the 23rd May—Yes.

112. And then, again, he wrote on the 29th May?—Yes.

113. You did not get that—it is to the Minister of Lands. Of course that does not affect you. There undoubtedly Mr. Kensington says what his impression was because he writes “Messrs. Macdonald, Wilson, and Co., on behalf of the Wellington City Council”?—I can quite see that he was under the impression that we were acting as agents for the Council judging by his letter; but that was not so. I want you to clearly understand that the City Council could not move without me in the matter.

114. I am talking about what led up to it—It is a pity that in some sense the thing was not put a little more clearly.

115. And you are quite confident that there was no one present with you during April when you saw Mr. Kensington—and especially that the Mayor was not there with you?—Absolutely certain. Otherwise it is about time I was translated to a lunatic asylum.

116. State to the Committee what was the first date on which you spoke to Mr. Hislop as Mayor of Wellington in regard to this whole transaction?—I should think about three or four years ago.

117. Before he was Mayor at all?—After he was Mayor. As I stated in the opening of my evidence, “Some few months after Mr. Hislop’s election as Mayor I learned—I forget whether by conversation or by reading of the matter in the newspapers—that it was intended to improve Woodward Street.”

118. How long ago is that?—Three years ago.

119. That statement of yours “Some few months after Mr. Hislop’s election as Mayor” is most indefinite because it might be this year or last year?—He brought the matter forward two or three years ago and put a sum on the estimates for the improvement.

120. Would it be correct to say that some three years ago you had a conversation with Mr. Hislop with regard to this particular matter—to improve this road?—No, I would not say that.

121. What would you say?—No. I was asked some question about it—whether it could be done.

122. What could be done?—Whether the Loves would give the land required for the improvement of the street. And I said I would make some inquiry. I did inquire and they were absolutely averse to doing anything. Next, the Loves were in my office and Mr. Hislop came in about something else.

123. How long after?—I cannot tell.

124. Some considerable time?—More than a year; and he spoke to them himself about the matter. He wanted to get the land, of course.

125. When did Mr. Hislop first learn from you that you had been in communication with Mr. Kensington on this matter?—I do not know. I never communicated directly with him—never specially conveyed that I had had an interview with Mr. Kensington about the matter.

126. You never intimated to Mr. Hislop that you had been in communication with Mr. Kensington and had applied for this section?—There was no necessity. It was all part and parcel of conversations held and efforts made to acquire the land for the improvement.

127. Then, as far as you are aware, the only way by which the Mayor could have known that the consent of the Government had been obtained was when the Council had received an official letter?—That is so.

128. There had been no communication between you and him on the subject?—None whatever.

129. You told us just now in answer to a question that you had paid this £653 for the land?—Yes.

130. We have it in evidence that it was paid by the mortgagee? How does that coincide with your statement?—It has been charged to me by the mortgagee.

131. What do you mean by "paid by you"? Explain that?—Well, they had to pay me £2,400 according to the arrangement.

132. I was not asking that?—I have no objection to telling it. I desire you to understand the position: I had made an arrangement with a certain estate here that they would advance a considerable sum to build a six-story building there, but in the meantime—pending the arrangement of details—they were to make a temporary advance of three-fifths of the value of the land and that would be supplemented by the amount of £20,000 if required. On that basis they made an advance of £2,400, and out of their funds payment was made of the £653. The payment was made also of the £1,000 for the freehold, and I paid myself the other money.

133. That is entirely beside the question I put to you. You said you had paid the money. When a man says that, he means by cheque or by cash. We have it that the mortgagee paid it?—Well, the mortgagee paid it. It was left to the solicitors. You see the solicitors had the thing handed over to them and they dealt with it. I did not see the deeds—I did not see anything. I gave instructions in the ordinary way that the thing should be done.

134. You have read this correspondence I presume?—Yes, I have.

135. Do you not find in that correspondence that the Government insisted that the money should be paid by the Corporation? Was that done?—I do not know. I never saw this correspondence before.

136. Was that done?—I do not know.

137. Surely you know who paid it?—I know I paid it in the long-run because it has been disbursed out of the funds belonging to me.

138. Then the Corporation did not pay the money?—They may have paid it technically. I do not know. But this I do know—and let us be quite accurate on the matter—that I paid the money which was afterwards taken by the Government in some way or other. The £275, my contribution to the cost of the wall, has also been paid by me.

139. Your proportion of the cost of the wall?—Yes, my proportion. The money for the land has been paid by me in reality and I have given a free title without payment to the Corporation of all the land they required to complete their road-widening.

140. *The Chairman.*] In reality the road-widening has cost the Corporation nothing?—Nothing. Mr. Hislop as Mayor has assumed the attitude he did to make a good bargain for the Corporation. I think he made a bargain for the Corporation to my detriment. I am bound to say that. As I have already said, on one occasion I told him I thought he was a bit of a Jew in the way he was carrying out the negotiations. But all through this business it has been my experience that Mr. Hislop has done nothing but protect the city interests and has got me—and I am very sorry indeed, I am bound to say, that I ever agreed—to assist the Corporation in connection with the matter. Because if they had gone into the Compensation Court, which was the proper course, I should never have been bothered with the Government's derelict section or the corner arrangements at all; and the Corporation should have paid me a substantial sum for what they have taken, and they would have had to pay for that. Whereas instead of getting any money from them I am a thousand pounds in round figures worse off by having had any negotiations with them.

141. In regard to the 47 perches which you conveyed to the Corporation for street-widening, was that part of the section you bought from Loves?—Yes.

142. Part of your freehold land?—Yes, it was my freehold land that was conveyed free of cost to the corporation.

143. *Mr. Laing.*] I should like to ask one question: If Mr. Macdonald had known that the Council wanted such a small area he would have been willing to make them a present of it?—Yes.

144. In that case it would not have been necessary to make this exchange?—No.

145. *Mr. Lawry.*] Or to buy the derelict section?—Or to buy the derelict section.

146. *Mr. Rhodes.*] You would have given that land for the sake of improving your section?—It would come in that way of course.

147. And the section must have been improved in value by the alteration of the road?—No doubt.

148. *Mr. Symes.*] How long is it since you acquired Love's interest?—About a year, I think. I forget the exact date, but it has been going on for a considerable time.

149. Was it prior to the negotiations for the derelict land?—Yes, long before.

150. And you say that there is nothing in this point of your having given £1,000 for Love's interest and £652 for the Government section and immediately mortgaging for £2,400?—No, because the value of the whole was £4,000, and you had to include in that the value of the perpetual lease.

151. Did you ever write or speak to any member of the Ministry about the exchange?—No, I never opened my mouth.

152. No member of the Ministry had any cognisance whatever?—Absolutely none. All my communications were strictly official—with Mr. Kensington.

153. *Mr. Remington.*] In reference to the letter that is seen from the Town Clerk on page 4 of the printed paper, at the bottom, written to the Commissioner of Crown Lands, he says "I am instructed to make an application for the purchase of this land by the Council"?—Yes.

154. That was dated the 5th September?—Yes.

155. Was it known to the City Council or the Mayor that you were the owner?—I do not know. I should think it was very probable that the City Council knew all about it.

156. Would the Town Clerk in writing an official letter state that he was instructed to make an application for the purchase of this land by the Council? That was an official letter and the Town Clerk is using these words "for the purchase of this land by the Council"?—Yes, they had to purchase it in order to arrange the exchange. I suppose they had formally to purchase it.

157. The official letter states that it was to be purchased by the Council at the sum of £653?—Yes.

158. At that date did His Worship know that you were the purchaser and not the Council?—I do not know, I am sure, what he knew. You see, I had not the advantage nor had the Mayor the advantage of having all this correspondence as it is now right in front of us. What the Mayor wanted and all he asked me about was the city improvement. He was worrying me about the city improvement.

159. It may appear a very personal question, but I would wish to know: at that date, the 5th September, 1907, was His Worship the Mayor, as a member of the firm of Brandon, Hislop, and Johnston, aware of the fact that this mortgage was being arranged?—It was arranged between myself and Mr. Joseph Joseph personally.

160. Before that date?—Yes.

161. So that at that date it would be perfectly well known to yourself and Mr. Hislop—in connection with that mortgage—that the statement that it was to be purchased by the Council was not correct—that it was not to be so purchased?—I do not know. All I know is that the negotiations with regard to a large advance—to putting up a 20,000-pound building—were made by myself and Mr. Joseph.

162. And that included in the area the site to be acquired by the Council?—Yes.

163. You had already made that arrangement anticipating that you were going to get that section?—That is so.

164. If you turn again to page 4 you will see in the Under-Secretary's letter where he says "Messrs. Macdonald, Wilson, and Co., on behalf of the Wellington City Council": did you ever give him to understand that it was not on behalf of the City Council, but of yourself you were acting?—No, no.

165. You concealed that?—I did not conceal anything.

166. You either told him or you did not?—I never told him.

167. And indirectly you led him to believe it?—Unconsciously he must have believed it because they wanted the thing done and they came to me as owner of the freehold to assist them in getting it.

168. In connection with the 47 perches you say you gave to the city, was that 47 in your own freehold title? It was not part of Woodward Street then?—Never, it was part of the freehold title.

169. You are absolutely certain?—Absolutely certain.

170. Even if the Mayor said it was doubtful?—I do not care what he said. My lawyers have told me. I gave them the title and that is the beginning and end of it.

*Mr. Hislop:* I did not say that that was not in the title.

*Mr. Remington:* I understood you to say you were in doubt about that part.

*Mr. Hislop:* I had no doubt but that the thing was in the title. But the question was whether it was possible for the Corporation by acquiring the title to do it—that is, 13. We did not go into that, and we have never set up a claim to it.

171. *Mr. Remington* (to witness).] Do you consider, when you review the whole circumstances, that you disclosed the whole position to the Under-Secretary when you were speaking to him and writing to him?—Yes, it never struck me that there was any doubt in his mind.

172. That he fully understood you were doing it for yourself as a benefit to the City Council?—No, he understood the Council were anxious to make this improvement, and that I was anxious to help them, and I wrote the position clearly and distinctly in the letter which followed the interview.

173. Was it ever discussed in the City Council office that the City Engineer, the Mayor, or any other body thought four or five perches were to be taken from your corner section?—Not that I am aware of; I know nothing about what took place there only that their main object was to get as large an amount of money as they could towards the erection of the wall. They were not regarding my interests in any sense or shape. They wanted to carry out a city improvement, and if they could get an extra £100 or £200 out of me they did not consider me in any sense or shape.

174. When you wrote on the 2nd May that four or five perches should be absorbed, you wrote as owner of the section—seised of all the circumstances and believing that the City Council intended to take four or five perches?—I did absolutely.

175. Is the value of the section greater by reason of the improvements?—As a matter of common-sense, I should say that that is so. You cannot make an improvement which converts a steep roadway into a good macadamised low-level road without improving the adjoining property—making it easy of moving up or down.

176. It may be said that the Dominion may be said to have lost for the benefit of the Council in this transaction?—I do not think they have lost at all. I think the Dominion have got a first-class price out of it—that by this the Government have gained rather than lost. And I may say that I was informed yesterday, and looked at the place with Mr. Luke, that a piece 39 ft. by 50 ft., practically about the same area as this, with a house upon it, which is within a few feet of the adjacent section on Mrs. Williams's property—a two-story house with this land of about the same area—was sold for about £1,000. So that I think my honourable friend the Minister of Lands—through his valuer—has made a really good bargain when he got £652 and £1 for his Crown-grant fee out of this.

177. When you eventually advertised it for sale did you mention the price you had paid?—I did not advertise at any price. I advertised it for public auction—the highest bidder, subject to my placing a price on it.

178. Holding for a rise still?—Holding for a reasonable sum; and I should be delighted to place the property in the hands of any member of the Committee at a reasonable sum too.

179. *Hon. Mr. McNab.*] In answer to one member of the Committee Mr. Macdonald stated that he had not communicated with any member of the Government, and as the suggestion has been made I want Mr. Macdonald to answer this: His not communicating with any member of the Ministry was not due to the fact that a Minister was not available when he wished to communicate with him on this subject?—Oh, dear! no.

180. The suggestion was, that the Minister was absent?—Oh, dear! no. I had no desire to import what might be regarded as a semi-personal matter by discussing it with the Ministers. The official head was the man I went to, and he is the man I always go to in regard to Government matters. I think Mr. McNab will give me credit, and every Minister also, that I never discuss with them questions that have a semi-personal tendency.

181. *Mr. Hislop.*] In regard to the improvement to adjoining property by virtue of a street being made here, is it not a necessary incident of the making of every street to improve the property in which it is?—Of course.

182. And is there any more reason why your property, or any other person's property, should be improved without your contributing towards the improvement?—Of course, the improvement made to the opposite side is just as great as the improvement made to me.

183. Is the improvement to the other land in the Terrace proportionately greater than to Woodward Street?—Very much greater; and I have had the pleasure of contributing £1,000 where they have contributed nothing.

184. Was it any part of the improvement that you should have given any land at all?—None whatever.

185. The street could have been made without your contributing?—Yes.

186. And was it not made plain that the piece taken off the corner was in order to enable a sweep to be made up to the Terrace?—That is right. It greatly improved the street—the rounding of the corner.

187. Had I personally anything to do with your negotiations with Mr. Joseph, or with your acquiring of this title, or with the work afterwards done for the mortgagee in my office?—None whatever. I never discussed it with you in any sense or shape, and you never spoke to me about it. I went direct to Mr. Joseph myself.

188. And I understand—I do not know—that the work was done by Mr. Brandon. As a matter of experience in ordinary business, is it not usual for an agent, when he writes by direction of anybody, to begin his letter, "Under instructions of So-and-so"?—Of course, it is always done.

189. And if you desired to intimate to the Under-Secretary that you were acting as agent for any of the parties mentioned, would you not have stated so?—I would have said so.

190. There is just one matter I would like you to test your memory about—my memory is not very good on it—but do you remember making some statement of this kind to me shortly before that letter to the Under-Secretary, or by way of explanation when we met afterwards: that you had seen the Under-Secretary with regard to that piece of ground?—I cannot recollect that. I might have done so after the Commissioner of Crown Lands' letter came, but not before.

191. Before you sent that plan on to Mr. Kensington that is attached there and has your writing on it, I suppose you had a general notion of what the Council contemplated doing?—Oh, yes.

192. And that they would build a retaining-wall as far up as the excavation went?—Yes.

193. The excavation opposite this particular piece of ground is not very great?—Oh, no!

194. But the wall subsequently arranged for had to go right down?—Yes.

195. The cost of the retaining-wall, so far as you are concerned, would have been, I suppose, much less—one-fourth less—if that piece of land had not been included? The total surrounding the two pieces of ground is something like 180 ft. Of this, about 46 ft. or so—one-quarter of it—would have been saved?—A quarter would have been saved, no doubt.

196. And, although you gave up this piece of ground and were exceptionally treated, I suppose it had some value?—Of course, it had a considerable value.

197. Do you remember a suggestion being made that, in order to minimise the sacrifice on your part, you might be allowed to build your second story to bring it out above the part taken?—I think there was some talk about it and that it was abandoned. I had to rely entirely upon my architect. I want the Committee to understand that all through this business I have simply gone in accordance with the instructions of the solicitors and architects and the professional men engaged in the matter.

198. When the original negotiations were going on—except when we came to a point with regard to the details of the agreement—with whom was it, so far as you were concerned, that they were principally carried out?—What do you mean?

199. With regard to the title and carrying the work out?—As a matter of fact, Mr. Courtenay and Mr. Brandon.

200. Whom did you see mostly with regard to the carrying-out of the work? Was it not the Engineer?—Mr. Morton, City Engineer.

201. And there was some difficulty in coming to a head, and it went on from week to week and fortnight to fortnight until the draft I dictated was sent on to you by the solicitor?—Yes.

202. And then the negotiations were between you and the Town Clerk, when you fixed up the amount—when you fixed up £100?—Yes.

203. I wanted more?—You wanted more.

204. You remember my making the arrangement and sticking at £130?—Yes. At this time I was getting very angry about the business, and I said “either £100 or nothing.”

205. And you left it with the Town Clerk?—I filled in the £100 and left it with him.

206. I would like to ask you as a business man: Supposing an arrangement is made by which money is to be paid by A to B—we will say in this case, by you to the Council and by the Council to the Government—if a cheque is handed over to the solicitor of the Council and he is accompanied by the solicitor to the mortgagee to see that he does not do away with it, and the solicitor to the Council pays that money over to the Receiver of Land Revenue and says that it is paid over in accordance with that letter, do you not think that that is a substantial compliance with the conditions?—Of course. It is done every day in business. A man over and over again in our business transfers a piece of land and makes an arrangement to purchase a property. Some little time afterwards he makes an arrangement to sell it, and there is an arrangement between the purchaser and the seller that the cheque of the one shall go towards the purchase-money, and there is no handing over of a special amount of money.

207. You were asked by Mr. Remington whether, when the letter of the 5th September was written, the Council knew you were the owner of the ground. I would like to point out to you that the agreement which was drafted had been submitted and agreed to by you before that?—What date is that?

208. That was some time in August; it was approved by the City Council on the 27th August. You had agreed to the terms of that agreement except that the amount to be contributed by you was left blank. Is that so?—That is so.

209. It was before the committee on the 27th August, and approved by the Council on the 29th August. Part of the agreement was that we undertook to apply to the Government for this piece of ground?—Yes, I understand.

210. And the letter of the 5th September from the Town Clerk was written, as he thought, in compliance with that agreement. It was corrected by me writing my letter to the Minister later on the same day. Mr. Remington was not here when I gave evidence that when I saw his letter I did not consider it bore out the position, and then I wrote my letter which explained the position. That is in my evidence. You remember my telling you when I saw you and tried to get you to arrange with regard to the party wall that I was determined, so far as I was concerned, that the work would not go on if it cost more than something in the vicinity of £900?—Yes, I remember your saying something about that.

211. And that you would have to come to some arrangement with us if you wanted your land improved which would enable us to do that?—Yes.

212. *Mr. W. Fraser.*] Following upon the question: when was that understanding about the Council not spending more than £900?—They had no understanding with me.

*Mr. Hislop:* The question I asked was whether, during the conversation when he came to me, he remembered that I made the suggestion.

*Mr. W. Fraser:* I am asking what is the date of that conversation, because the dates are important matters in this. Was it after the 5th September?

*Mr. Hislop:* No.

*Mr. W. Fraser:* Was it after the 28th June?

*Mr. Hislop:* It was some time in July.

*Mr. W. Fraser:* July, 1907?

*Mr. Hislop:* Yes.

*Mr. W. Fraser:* That is what I want to get at.

*Mr. Macdonald:* I think it must have been about July.

*Mr. Hislop:* You see, he made the suggestion that we should pay the £650, and that that would put the thing right so far as taking the piece of land was concerned, and that we might adjust the matter so far as the two pieces were concerned. I said “Nonsense,” and then I said, when I spoke about him contributing, that as far as I was concerned the work would not go on if it was to cost more than about £900.

*Mr. Macdonald:* That was really the first time I learned that they only wanted a very small piece of ground.

*Mr. Symes:* It would be between the 28th June and the 5th September?

*Mr. Macdonald:* Absolutely.

TUESDAY, 1ST SEPTEMBER, 1908.

E. BALCOMBE BROWN, Barrister and Solicitor, sworn and examined. (No. 10.)

1. *The Chairman.*] You know something about this Woodward Street and Wellington Terrace exchange of land inquiry?—Yes.

2. You have been called here by Mr. Fisher to give evidence?—Yes.

3. I think it would be better if you were to make a statement with reference to it?—The position with regard to Mrs. Williams is that she is the adjoining owner. As you perhaps know, a portion of the land in question was fenced in and was used as a garden. It was so used by the tenant of the adjoining house, called Chesham House. This property, as far as I can find out, was always rated to Mrs. Williams, and she paid the rates for it regularly. When a writ was issued against Mrs. Williams in 1902, claiming possession, she was advised that, there having been no Crown grant issued, she could not prove any title to it, and could not claim the land unless she could prove sixty years' uninterrupted possession. That period was as long as the colony has been settled, and it was quite impossible to do so, and we advised then that she could only confess judgment. About that time I noticed that Mrs. Williams's rate notices were altered, and that, instead of being assessed, as in 1895, for 77 ft. frontage, she was assessed for only 44 ft. She was only occupying about 33 ft., if as much, of the land now owned by Macdonald, but after that she was assessed for 44 ft.; and at the same time that she was assessed at 44 ft. she must evidently have been assessed for adjoining Crown land on the north side, and the authorities are getting the local taxes although she has no title to 14 ft. of the land. Most of the old papers have been destroyed; but here is an assessment valuation notice showing that she was assessed for this land under the Land and Income Tax Assessment Act. [Assessment notice produced.]

4. Would that cover the whole position?—Certainly. For Council rates she was always assessed for the whole property. She was certainly assessed, as far as she knew, for this piece—at all events, up till the Crown took it up. Mrs. Williams, when the claim was issued, consulted me to see if she could buy from the Crown. I advised her that she could only acquire under the Land Act, and that she would have the same right to it as the public would in the market. I thought she was satisfied, but she was a little grieved when she found that, without competition, the land had been sold to some one else. Of course, we know that when the Crown grants to local bodies it does not put the local bodies in competition with private persons, and if it had been a sale of ground to the local body of course she would have had no objection.

5. What is her objection now?—She would have liked to acquire it. She had occupied it for thirty years with the other land, and would have liked to have had an opportunity of buying it. She said she would have been very glad to give £25 a foot for it prior to the sale, but the position, of course, is altered now through the erection of the retaining-wall, and so on.

6. How many feet frontage are there?—37 ft. 3 in. She was not aware that it was that, because she did not occupy the whole lot. This building of Love's occupied part of the ground. She only occupies about 30 ft. I have always had to check her valuation lists, and she herself does not know what she has paid rates on. It was always her assumption that her area included this piece of land the subject of the inquiry, but after the issue of the writ her area of 77 ft. was reduced to 44 ft. That is according to the 1903-4 valuation.

7. Then it was put down to 33 ft.?—No. 33 ft. seems to have been taken off. She never occupied fully that. The reason why we never knew the exact frontage was that people in those days stepped the measurements. The property was never surveyed, and it was usual to step the properties. The old valuation up to 1895, or prior to 1900, would show how the Government measured up, but we have lost the papers.

8. What old papers do you allude to?—The valuations showing what the actual measurements were. That is the valuation of 1895, showing 77 ft. and the piece alongside. [Document produced.] Here the title is 30 ft. She has a title to Chesham House, of 30 ft., the strip between the pieces of land marked on the plan as belonging to the Crown. Yet she has been assessed in the old days for 77 ft., and now for 44 ft.

9. Did she make any complaint?—No, because she always looked upon the land as hers. She has a good title against all the world except the Government, and but for recent legislation her title would now be good.

10. Which legislation do you refer to?—The legislation which some time ago provided that if land which had not been Crown-granted was not claimed within a certain time the title should revert absolutely to the Crown. It was the Act limiting the time within which persons could send in their applications, and provided that, if they did not do so within the limit fixed, the land should belong to the Crown. It was after that Act came into force that this writ was issued against her, because this land was undoubtedly selected by some one in the old days. But the owner did not come forward. The land was all selected in the New Zealand Company's time.

11. Yes, but it might only have been applied for and the title not completed?—That is the difficulty. If the title had been completed it would have been all right, because we should have had twenty years' occupation; but as no Crown grant was issued it enabled the Government to come in.

12. You are assuming that you had a title when you had no title?—Only by occupation. Mrs. Williams is not claiming the land. She admits she has no legal claim, but if the land were put up under the Land Act, she claims that she would have the same right to purchase or to bid for it as the public has to bid for the land.

13. Did she make any claim to the Government to have that done?—No, because she was advised by me that the Government could only deal with the land under the Land Act. That is the position with other lands that have been taken up in the city, such as the reclaimed land opposite to Messrs. Levin and Co's.

14. That land would be in a different position?—It is Crown land. We have known that the Government, as a rule, does not sell land privately or without competition except under special circumstances.

15. *Hon. Mr. McNab.*] Do you suggest that they cannot do it under the Land Act?—I do not suggest they cannot; I only say they do not.

16. *Mr. Fisher.*] In 1902 notice was served on Mrs. Williams to quit this land?—About that time, prior to the issue of the writ. The writ was dated November, 1902.

17. And after the issue of the writ, upon representation made to the Department, you paid taxes on 33 ft. of land?—After that date I noticed that our assessment was reduced from 77 ft. to 44 ft.—after 1902. In 1895 we were assessed at 77 ft.; in 1903 we came down to 44 ft.

18. Mr. Martin stated, I think, in his evidence, that Mr. Renner, in the Department, had said that Mrs. Williams had been paying too much land-tax on the land which she did not own?—That is so.

19. *Mr. Witty.*] Did Mrs. Williams object to pay the tax at any time?—No, she has recognised that the land is occupied by her, and she hoped that in time, if no claim came in, she would be able to get a complete title.

20. Was it within her knowledge that the land was not hers?—She always knew that perfectly well.

21. She did not object to the reduction of area in 1902?—No, but after being given notice that the land was taken by the Government she did not want to pay more taxation than she could help.

22. She paid this taxation knowing that she really had no title to the land except by occupation?—Yes, and she kept the land during the time from being a waste-heap; it was of no benefit to her.

23. *Hon. Mr. Mills.*] Is there any difference per foot in the valuation of that block—because Mrs. Williams occupied only a portion of that derelict block?—Yes. We never made out what she did occupy.

24. From the formation of the land would it be worth more per foot than the land occupied by Mrs. Williams—was the land irregular?—Yes. The level part she occupied would be rather more valuable than the part below.

25. Would she have been willing to give £25 per foot for the part she occupied? If so, it would not prove that the valuation was £25 per foot for all of it?—We never had before us the question of dealing with it.

26. I am asking because the valuator here says the whole block is worth so-much, and the Committee might think the value £25 per foot for the whole of the frontage?—I asked Mrs. Williams if she would have given £25 per foot after this trouble came on, and she said, “No, I should be very chary about doing that, because of possible litigation.”

27. She never asked the Government to consider her case?—No. I told her that there was very little chance of the Government doing anything except under the Land Act, which would give every one a chance of bidding. She seemed satisfied so long as she expected to be treated as everybody else was.

28. *Mr. W. Fraser.*] With regard to the £25 per foot, you wish the Committee to understand that Mrs. Williams would have given a higher price than the Government eventually got for it?—I am advised that she would certainly have given more if she had had an opportunity of buying it.

29. Do you know the value of it?—No.

30. A valuator said a portion of it was valued at £25 per foot, and the balance was valued at £17 10s. per foot?—That may be. I have no doubt that in Mrs. Williams's mind she was assuming that the whole land in her garden was the piece she was buying. She might have considered the other of less value. Land at the present time on Wellington Terrace is worth more than £25 per foot. Land in Hobson Street is worth more than £25 per foot. This land is valuable not for residential sites, but for factories.

31. You know that piece of land to the north of Mrs. Williams's house?—Yes.

32. Do you know what value it is?—That has a greater depth.

33. I am speaking of the land north of the house—a vacant space opposite Mr. McLean's house on the Terrace: Do you know what that land can be bought for?—But that is not so good a piece of land as the land in Woodward Street up to the Terrace.

34. How far apart are these two sections?—I should think the land you refer to is worth from £18 to £20 a foot, but that is only my own opinion—although I have had considerable experience.

35. *The Chairman.*] In your opinion, is the value put upon the piece of land, the subject of this inquiry, by the Government a fair one?—I do not think the Government values are the selling-values.

36. Do you say that the value is greater than the amount set down?—I have not worked it out. I passed these values as not being excessive at the time—because they all passed through my hands.

37. *Mr. Rhodes.*] You say that Mrs. Williams is making no use of this section?—I said it was only fenced in and used as a garden. Immediately before this change of ownership took place she had licensed a man living opposite to build a motor-shed on it.

38. And it was for that reason that she was willing to give £25 a foot for it?—No; but, having no title, she could give no lease.

39. What was her object in wishing to give £25 a foot for it?—Because she could use it for building or any other purpose.

40. What of this other place—the long strip shown on the plan: is she assessed for that?—Yes, she is still assessed for that. It is Crown land, and she is occupying part of it, and there is a little shed on it.

41. Would she be prepared to buy that?—That was put into the Act last year, and we wrote to the Secretary for Crown Lands stating that she had just learned through these proceedings of the Act of last year, and that she had a right to apply for the land. In reply to our letter on her behalf Mr. Kensington wrote as follows: “Department of Lands, Wellington, 28th August, 1908.—GENTLEMEN,—In reply to your letter of the 15th instant, regarding Mrs. Williams’s claims to the Crown land fronting Wellington Terrace, I have to inform you that, although the provisions of section 29 of ‘The Reserves Disposal, &c., Act, 1907,’ do not direct the Government to notify Mrs. Williams or any other persons, yet I very much regret that the Commissioner of Crown Lands, Wellington; did not advise her of the purpose of that section, and if through this omission she has lost any rights which she might otherwise have been able to establish, no doubt the Government will endeavour to preserve such rights by including a clause in the next Reserves Disposal and Enabling Bill, if not this session, then in the session of 1909, preserving and continuing her power to lodge such an application as was prescribed in section 29 above mentioned.—I have, &c., WM. C. KENSINGTON, Under-Secretary.—Messrs. Brown and Dean, 5 Lambton Quay, Wellington.”

42. Was she still anxious to buy this land?—Yes.

43. I want to know the value of it. You say the Crown is the seller, and you can give me the answer if you like?—It is assessed altogether disproportionately to the other piece, and yet the other (the 6·5 perches) is more valuable land, because the back part of the land which Mrs. Williams had the right to apply for is absolutely useless and there is no reason why it should be assessed at a higher rate than the 6·5 perches.

44. What is it assessed at?—It is assessed, as shown on page 3 of the correspondence, &c., at £375, and the other land (6·5 perches) at £652. The only available piece of land is in front, and is valued at more than twice the amount per foot frontage of the other piece.

45. *Mr. Remington.*] You see that the 12 ft. 6 in. frontage, according to the valuation made in 1907, is £30 a foot?—Yes, and there is no sense in it. If you go to the back of the Wairarapa Farmers’ land you could see that no one could make any use of the back part at all.

46. Then, in your opinion, the £30 asked for that in May, 1907, with the valuation of £652 arranged for this larger section, shows no comparison in value?—Absolutely none.

47. If that is worth £30 a foot, this is worth more?—Yes, certainly.

48. *Hon. Mr. Hislop.*] Can you say, as a matter of fact, that in assessing for rating purposes, prior to the time when the new system came into force, the ground was considered not to be assessed, but only the value for the house?—All I can say is that we believed it was.

49. And since the coming into force of that system you have not paid rates?—We have not, apparently, since 1902.

50. How many windows in this house overlook this piece of land?—Two, I think.

51. Is there only one?—There may be only one.

52. There would be no difficulty in putting a window into the back?—It would not seriously injure the value of the house.

53. Can you suggest to the Committee any use this piece of ground could be put to under the present law and by-laws?—It could be used for anything like a factory building.

54. A building 37 ft. by 46 ft., with the walls off?—It would not be a bad-sized workshop.

55. Are you prepared to give £25 a foot for it now?—I think so.

56. When you were instructed to see the Government was there a price mentioned?—No.

57. This price was only mentioned to you?—Mrs. Williams said that before this action was taken she would have given £25 a foot for it, but that now in consequence of litigation she would not.

58. That was a mere statement made to you?—Yes, that is all.

W. H. MORTON, City Engineer, sworn and examined. (No. 11.)

1. *The Chairman.*] Do you know what this inquiry is about?—Yes.

2. Will you tell the Committee shortly, in your own words, what you know about this transaction?—I know nothing about the land transaction at all. I have some plans showing the wall as constructed.

3. That is the late construction?—The work as actually constructed. My own knowledge about the land transaction is only what every member of the public knows. [Plan of retaining-wall produced and explained.]

4. To whom did the land belong when this wall was constructed?—I understood it belonged to Mr. Macdonald.

5. You had no interference in the negotiations except as Engineer?—I had nothing to do with the transaction regarding the piece of land which I understand you are inquiring about.

6. *Mr. Fisher.*] Do you remember the negotiations between the Council and the owners of that section on the corner of Woodward Street from the beginning?—I remember something with regard to the negotiations with Mr. Macdonald to obtain a piece of land which was necessary for the carrying-out of the work shown on this plan.

7. Did you come to an arrangement with Mr. Macdonald to obtain the corner piece of land?—I did not—not myself. A plan was prepared showing the piece of land required for the construction of the wall. Negotiations were not in my hands.

8. Can you remember when you got instructions to go on with the work?—The matter was on for a very long time. Members of the Council were continually asking when that work was to be

proceeded with, and I was asked to prepare the plans. After taking the levels something similar to what is shown here was suggested by me. The piece of land I was desirous of getting was bounded by a straight line.

9. As on this plan [produced]?—Yes.

10. Did you ever hear of the  $6\frac{1}{2}$  perches of Crown land?—No, I did not know anything about that land.

11. Have you read a letter from Messrs. Macdonald, Wilson, and Co., addressed to Mr. Kensington, and dated 2nd May of last year?—No.

12. It is stated in that letter that it was necessary that the Council should absorb some four or five perches of the section at the corner of Woodward Street. Was that ever contemplated by you?—No. The piece of land was shown on the plans.

13. The small piece?—Yes.

14. Are you able to tell the Committee whether you ever negotiated or discussed the matter with Mr. Macdonald yourself?—I have an idea that I discussed the matter with Mr. Macdonald, but cannot recollect the times and places. The only distinct recollection I have is that on one occasion Mr. Macdonald called to see me with regard to this section along with Mr. Turnbull, the architect, and he informed me that Mr. Turnbull would deal with the matter on his account. That was just prior, I think, to the work being put in hand.

15. What date would that be?—Somewhere about the date of that plan.

16. The 29th April?—Somewhere about that date. It might have been before or after.

17. Did you discuss the matter with Mr. Macdonald and Mr. Turnbull?—Only with regard to the construction of the wall.

18. The area of the land was not discussed?—Mr. Turnbull suggested that we should make the boundary-line curved instead of straight. I agreed to that because it was immaterial to the Council.

19. Is it possible that Mr. Turnbull could have been under the impression that four or five perches had to be taken off that section?—I do not know. I do not think we considered the area to be taken off. Mr. Turnbull only saw me in connection with the construction of the wall.

20. But you had the plan?—Yes. It was this plan, which had been altered to correspond with the desire of Mr. Turnbull on behalf of Mr. Macdonald.

21. It was a plan showing this curve on the corner?—No; it was drawn originally like that [straight].

22. Do you remember the agreement of the 11th October with the Council?—I remember there was an agreement.

23. Can you explain to the Committee the terms of that agreement?—As far as I can recollect, the agreement was that we were to build a wall on which Mr. Macdonald was to have the right to build, and that wall was estimated to cost £200. I believe Mr. Macdonald agreed to pay one-half of that cost.

24. Can you tell us what the wall did cost ultimately?—From £560 to £580. I cannot make out the exact cost, because other work was being carried on at the same time. But I am inclined to think that the wall cost less than £580. That is the wall which bounds Mr. Macdonald's property.

25. You arranged the contribution to that with Mr. Turnbull?—The arrangement was made by the Council. I came to a decision with Mr. Turnbull, but Mr. Macdonald made an offer of a contribution towards the cost of the wall, which the Council accepted.

26. He agreed to pay £348?—That was the suggestion made, or the decision I came to with Mr. Turnbull.

27. That was agreed upon—but eventually it was £275?—The Council eventually accepted Mr. Macdonald's offer of £275.

28. On the 14th March last you wrote a letter to the Town Clerk stating that a plan would be required by the City Solicitor?—I remember there was a letter—two or three letters—that I wrote in connection with the matter. One, I think, was in connection with the forwarding of plans for use by the City Solicitor.

29. Do you know what the area of the corner plan to be taken over was at that time?—I do not know of any other area but what was originally proposed—4 perch. The alteration of the line did not alter it.

30. Do you know whether Mr. Macdonald ever negotiated with the Loves on behalf of the Council?—I know nothing about that.

31. Can you tell us when you first heard of the Crown land in connection with the matter?—The first I heard was when a communication came from the Government regarding the transfer of the land. It was something about the purchase of the land by the Corporation for the sum of £652.

32. That would be Mr. Strauchon's letter of 28th June?—I do not know whose letter it was; I remember seeing it.

33. That was the first you heard of it?—Yes.

34. Can you tell us how this plan got out of your office?—We have been trying to find that out, and yesterday I came to the conclusion that these plans were forwarded by me to the Town Clerk for the information of the City Solicitor.

35. That plan is dated 29th April?—Yes.

36. And was sent to the Government on 2nd May. At that time you did not know that the Government had land there?—No, and it was not contemplated to build the wall to the extent indicated on the plan by Mr. Macdonald. The wall intended to be built at the time is shown on the plan here.

37. Mr. Macdonald has stated in evidence that he went to see you, and then discovered that he had been under a wrong impression about the area?—I only remember one interview with Mr. Macdonald—the one in which he came with Mr. Turnbull to see me in my office.

38. Do you know whether Mr. Macdonald was under the impression that he had to give 4 or 5 perches?—I cannot say anything about that. I do remember some conversation which took place between Mr. Hislop and myself which led me to believe that Mr. Macdonald had an idea that the land was of greater area than what we were wanting.

39. And when you discussed the matter with Mr. Turnbull you had a plan before you?—Yes, a plan showing the wall originally intended to be built.

40. But that plan showed the area to be taken?—That plan was prepared showing the wall as originally intended to be built; but Mr. Turnbull suggested that it should be altered to suit Mr. Macdonald; and upon that a report was sent by me to the Council stating that the wall would cost more, and I also communicated with Mr. Macdonald to the same effect; and it was then that he made an offer of £275 as his total contribution towards the cost of the wall.

41. Do you know anything of an agreement having been drafted prior to the end of March of last year in which the whole matter was to be fixed up without any reference to the Crown land at all?—No, I only know of one agreement.

42. You did not have anything to do with the negotiations?—No.

43. And you are absolutely certain that the first you heard of the Crown land in connection with the transaction was when the letter came from the Government asking for the £652?—I am quite certain of that.

44. *Mr. Witty.*] Do you think the city got full value for its money in connection with the Woodward Street improvement?—Yes. The wall, as it has turned out, has cost just about as much as it would have cost had we built a retaining-wall independently of Mr. Macdonald. Supposing we had built a wall merely for the retention of the street, the cost would have been not very different to the cost actually incurred in connection with the wall constructed. The total cost is £560. As previously stated, my books show the expenditure to be £580, but there were certain other works incidental to it which could not have been very well separated. The wall, as intended by us for the retention of the street, was originally estimated to cost £200, but that amount would not have been sufficient. I reckon it would have cost £300 to build a wall sufficient for the purpose of holding up the street, assuming that we had nothing at all to do with Mr. Macdonald.

45. If the city had taken the land compulsorily and then had to build the wall, how much would it have cost?—The question of the cost of the land would enter into consideration.

46. Could you not give us any idea?—I am afraid my idea of the value of the land would not be of very much use to you.

47. Will you show us the original plan of the wall?—[Plan produced.]

48. In your original plan it was semicircular?—No; originally it was triangular.

49. *Hon. Mr. Hislop.*] Did you ever prepare a plan showing the wall straight across?—This was the actual working-drawing, and the old scheme was worked out to this drawing, but it was subsequently improved and was altered on this plan to correspond. It was not considered necessary at that time to keep any records.

50. *Mr. Witty.*] It was practically only your own rough draft plan?—Yes.

51. Did the original take in four or five perches or only 4 perch?—Only 4 perch. It was never contemplated to take any more than was actually required for the work to be done.

52. *Mr. Remington.*] In a letter of the 26th November you say you proposed to make a start on the plan prepared some time ago: is that the plan [plan referred to]?—I think it must have been this plan [original plan produced].

53. In any discussion that took place in the Council, in committee, or with the owner of the property, you never gave the Council or owner of the property to infer that 4 perches were required off that property?—No.

54. You are quite sure?—Perfectly sure. I never had the idea myself nor conveyed it to anybody else.

55. Nothing you have said could convey that idea?—No.

56. Mr. Macdonald has stated that after the matter was fixed up by the City Council the plan revealed the fact that they only required really half a perch?—It was never intended to take any more than what was shown on this plan.

57. Mr. Macdonald in his evidence states, "When the Mayor told me that they did not want any but a few feet of land, the whole position altered. There was no use in my discussing the question. I was quite willing that the City Council should have a present of the small piece of land." It is most extraordinary, if you reveal that on the plan, that Mr. Macdonald should say he did not know of it until the thing was fixed?—I am perfectly sure that we never intended to take more.

58. And it was never understood from you by Mr. Macdonald or his architect that you would take more?—Certainly not.

59. Can you tell me on what date the contract was arranged for?—No. The contract really was the date of the original agreement, but negotiations had taken place previous to that. Nothing was done until the agreement was signed. Then there was a variation of that agreement at the hands of the Council.

60. At the time of the agreement you are perfectly sure he knew there was only 4 perch required?—He may have had a different idea, but I certainly never gave any one an idea that more was required.

61. *Hon. Mr. Hislop.*] You say you remember my telling you that Mr. Macdonald was under a misapprehension as to the amount of land required?—Yes.

62. Do you remember me telling you at the same time that I told him he had better see you on the matter?—I remember one occasion on which something was said by you about having an interview.

63. Mr. Turnbull did not come into the matter until after that conversation?—Not until the actual construction of the wall was concerned.

64. So that it would be after the time I told you that Mr. Macdonald was under a wrong impression as to the area of the land?—Yes.

65. Do you remember the exact words I used to you when I told you of the misapprehension as to the area of the land?—Yes, I remember it well. We were going up by the Kelburne tram when you told me there was a little misapprehension about the land, and asked me what the area was. I took out my notebook and calculated what would be required, and told you what the amount really was.

66. Do you remember what I said?—You said something about Mr. Macdonald being under some misapprehension in regard to the matter.

67. Was it more or less?—You said he thought it was more.

68. That is what I understood, and you gave me the calculation?—Yes.

69. I think you were under a little misapprehension about this wall yourself: what is the length of it—90 ft.?—It is a few feet more than 80 ft.

70. Did you ever contemplate making it shorter than that?—I did originally. I did not think it was necessary to go so far for the holding-up of the street. The original length proposed was about 64 ft.

71. What was the original amount contemplated to be spent by the Corporation on the erection of a mere retaining-wall?—As far as the Corporation was concerned?

72. You contemplated building a mere retaining-wall?—Yes.

73. That was to be on our ground?—Yes. The estimated cost was £200.

74. From your experience of the foundations, what would the wall have cost had we built it ourselves?—Somewhere about £300 if we had actually built that wall.

75. Under the arrangement made it has not cost so much?—The cost to the Corporation has been the total cost, £560, less Mr. Macdonald's contribution of £275—£285.

76. And the wall has cost about £120 more than the estimate you gave?—Yes, entirely due to the fact that we had to go down to get a stable foundation.

77. Included in the extra cost is practically the rebuilding of the culvert?—Not rebuilding the culvert—we had to build round the culvert.

78. And that was a public culvert?—Yes.

79. You carried on, I understand, all the negotiations between Mr. Turnbull and Mr. Macdonald and the Corporation with regard to the nature of the wall, and what should be erected there?—Yes, with regard to the wall.

80. You were not interfered with at all?—No, I made my recommendations to the Council.

81. Do you remember informing me that to make the wall fit for carrying a building would cost something more—say, for a three- or four-story building?—It was originally for a three-story building, and Mr. Macdonald asked that it should be strong enough for a five-story building.

82. Do you remember giving the estimate of that building—as to how much a three-story building would cost?—I sent a report in.

83. To whom, do you remember?—To the Town Clerk, for the Council.

84. My recollection is that it would cost somewhere about £250 for the building?—I do not remember that.

85. Do you remember giving an estimate of the wall?—No, I can only remember two estimates—one for the wall originally intended, and another giving the cost of the additional work desired by Mr. Macdonald. [See Appendix L.]

86. I would like you to look up your books to see if you did not give an intermediate estimate, and to send in a memo. in reference to it?—Yes (see Appendix O).

JOHN O'SHEA, City Solicitor, sworn and examined. (No. 12.)

1. *Mr. Fisher.*] I want you to put in a certain draft agreement?—These are the papers I have in connection with the Woodward Street matter. [Papers shown.]

2. And the drafts?—These are the drafts and papers [produced].

3. They are all there?—Yes.

4. Is this draft made by you?—That is a document I found among the papers. It appears to be a draft drawn under instructions, but as that draft is drawn it does not convey the whole of the instructions as given to me in writing (which are here). There is one fact missed out. [See Appendix K.]

5. What is that?—When I was instructed to draw the draft, part of the suggestion was that Mr. Macdonald was to pay half the cost of a party wall. I found this paper among these other papers. That is all I can say.

6. *The Chairman.*] Do you know how it came to be with the papers?—It is the practice in a solicitor's office to put all the papers together. In doing so you do not take any notice of what they are.

7. Do you know who put it amongst the papers?—It was prepared in my office, but that draft does not carry out the instructions properly. The Mayor instructed me to draft the agreement on certain lines. I drafted that agreement and sent it to Mr. Macdonald.

8. Is this draft according to instructions?—No, but it is the only document I have got that bears in any way on those instructions.

9. Were you aware that there was any other document than this?—I know I was instructed to draw a certain document, and intended to; but if that is the document it does not carry out the instructions, because it misses out one thing from the instructions I got. The point is this: We have so many transactions that I cannot swear how this was prepared, except that it has my name on the back of it. I know that I got instructions to draw an agreement, and that carries out the instructions with the exception of one omission. [Document put in.] That was prepared between the 12th and 18th March, 1907.

10. *Hon. Mr. Hislop.*] Was that ever accepted by Mr. Macdonald?—No.

11. You had the principal negotiation, I believe, of the whole matter with Mr. Macdonald?—In 1906 the matter was put in my hands, and I saw Mr. Macdonald with regard to getting a bit of land from him for the purpose of widening the street.

12. Do you remember your telling me that you thought the thing would shortly be settled because Mr. Macdonald was himself procuring the title to the land?—I wrote to that effect to the Town Clerk on the 17th January, 1907.

13. Do you not remember speaking to me as well?—I do not remember it.

14. Do you remember my becoming impatient at the negotiations not terminating?—In March you wrote to me about the matter.

15. And did you ever understand that agreement or so-called agreement as a matter completed between the Corporation and Mr. Macdonald?—No, I was to submit it to Mr. Macdonald.

16. As our proposal?—Well, I understood that. I never got any definite statement from Mr. Macdonald about the matter.

17. You knew what we were wanting?—I knew that we wanted to widen the street, and to do it by agreement.

18. We wanted to avoid the Public Works Act?—That is so.

19. Do you remember my suggestion to you some time before as to whether we could not do it by getting the mere consent of the tenant?—That was suggested to me by you, but I did not agree with it.

20. And then you wrote to the Town Clerk, and do not remember whether you told me afterwards that you thought the difficulties would be overcome as Mr. Macdonald was getting a title?—Yes; it was a Native title.

21. And it takes a long time to get that through?—Yes.

22. You remember that I was rather anxious to get the Council committed to it before the expiry of my term, lest I should not stand again as Mayor?—Well, I had that impression, but I do not know where I got it from.

23. I suggest that you got it from me?—Well, I cannot remember. It would be from you, the Town Clerk, or the City Engineer.

24. But you had that impression?—I know that it was attempted to get that work through that year. It was on the estimates.

25. And the estimates lapse at the end of March unless the Corporation is committed in some way to a work?—Yes.

26. If we had entered into an agreement before the end of March, and it was signed, then we were committed to the work?—Yes, that is so.

27. *Mr. Witty.*] When did you first find out that the half-cost of the wall was not mentioned in the draft agreement?—Not until yesterday.

28. And you said the agreement was presented?—I said, a copy of the agreement drawn according to original instructions.

29. And Mr. Macdonald would not accept it because of the payment wanted for the wall?—I never discussed this proposal with Mr. Macdonald. He did not answer my letter.

30. What area is mentioned in the draft agreement?—The draft went to Mr. Macdonald with a plan. What the plan would show is decimal four ( $\frac{4}{10}$ ) of a perch. The plan dated the 29th April would show that. There were two plans prepared. They were sent to Mr. Macdonald—one to keep, and one to send back. None came back.

31. *Mr. Macpherson.*] Is the draft agreement—the one just read—the one acted upon between the Council and Mr. Macdonald?—No; those were the terms submitted to Mr. Macdonald which he did not accept. I have a complete copy of the final agreement. We never look upon agreements as final until they are signed. This is a copy of the agreement finally come to. There is no plan attached to this copy. (Committee already had a copy of the final agreement.)

32. *Hon. Mr. Hislop.*] Have you any estimate from the City Engineer as to a three-story building?—Yes, £234 13s. That was the estimate prepared on the assumption that we were to build a wall that would hold a street and carry a three-story building. [See Appendix L.]

33. *Mr. Hogan.*] What terms did you say were missed out?—The half-cost to be paid by Mr. Macdonald for the wall. When we draw a document we keep it if we can. A lawyer keeps a copy of every paper he prepares. When an agreement is completed he makes an office copy. I found this copy amongst my papers, and what I have to explain now is how it got there.

34. But it was in its proper place?—Yes.

35. If that draft was not the draft of the subsequent agreement acted upon, would it not be usual to destroy it?—No; the rule in a lawyer's office is to keep all papers.

36. Even if you attempted to prepare five or six agreements, and eventually you completed one, you would keep all those drafts?—If the draft was according to instructions, you would.

37. *Mr. Remington.*] But evidently this was not according to instructions?—In a lawyer's office you destroy none. If you knew you had made a mistake in it you would destroy it, but not otherwise. I prepared that document according to instructions, but in this draft overlooked one of the terms of the instructions.

38. Is this agreement as executed substantially the same as that draft?—No. I have a fresh draft in my possession embodying modifications and new terms. There are new terms. Mr. Macdonald opened up new matter after the original proposal was made to him. You can make any number of offers to a man, but he has to accept them.

39. But that was fully discussed—the matter of the agreement—between the Mayor and yourself in March, 1907?—There was nothing fully discussed at that time.

40. What instructions did you have?—I had instructions to arrange and prepare a certain agreement with Mr. Macdonald, but Mr. Macdonald did not accept the terms suggested.

Wellington City Council, City Solicitor's Office.

Memorandum for W. Collings, Esq., the Clerk to Lands Committee, House of Representatives, Wellington, 4th September, 1908.

I HAVE to thank you for your letter of the 3rd September, 1908. I return herewith evidence given by me before the Committee, which I have corrected in various places.

I must ask you to state in the printed evidence that any privilege which the Corporation had with regard to my evidence was waived by the Mayor on behalf of the Corporation.

JOHN O'SHEA, City-Solicitor.

JOHN R. PALMER, Town Clerk, sworn and examined. (No. 13.)

1. *The Chairman.*] You know what this inquiry is about?—Yes.

2. *Mr. Fisher.*] The first you heard of the Crown land in connection with this transaction, I understand, was the receipt of a letter from Mr. Strauchon dated the 28th June of last year?—Yes.

3. Had you any knowledge prior to that that Mr. Macdonald had been negotiating for this land on behalf of the Council?—None whatever.

4. On receipt of Mr. Strauchon's letter you showed it to the Mayor?—Yes.

5. Can you tell us whether you said anything to the Mayor about it or he said anything to you?—Yes. I asked the Mayor if he knew what it was about. He seemed to be rather surprised, and not to understand it, but after a few minutes, upon reference to the city map, he said he thought it might refer to the matter of Woodward Street.

6. Did he ask you to see Mr. Macdonald?—Yes.

7. Did you see Mr. Macdonald?—Yes.

8. With what result?—Mr. Macdonald stated that it did concern the matter of Woodward Street, and I promised I would send him a copy of the letter, which I subsequently sent.

9. Did Mr. Macdonald tell you then that he had written to the Government?—No.

10. When did you first know what first prompted the letter from Mr. Strauchon?—I do not know that I ever heard or knew anything that prompted the letter from Mr. Strauchon until I saw the printed parliamentary papers—not, at least, until long after I wrote the letter making the application.

11. You are the chief executive officer of the Council?—Yes.

12. Mr. Macdonald was never officially appointed to write on behalf of the Council?—No.

13. You remember your letter to Mr. Strauchon of the 5th September?—Yes.

14. Who directed you to write it?—The Mayor.

15. Did the Mayor see the letter after it was written?—Yes, I think he saw it the same day—I am sure he did.

16. Did he dissent from its terms?—No, he did not dissent, but, as nearly as I can remember, he thought I had not amplified the matter sufficiently.

17. Did he ask you to withdraw the letter?—No.

18. Or to send another letter amplifying it?—No, but I think he said he would write himself.

19. That was on the 5th September?—Yes; that is borne out by the fact that another letter was sent to the Minister.

20. You say in that letter the Corporation have in view certain exchanges of land in the vicinity: can you tell us what you meant by that?—I knew then that the Corporation had in view these exchanges.

21. Which exchanges?—The piece of land subsequently purchased by Mr. Macdonald and the piece wanted at the corner. I did not know to what extent the exchange was to be, but I knew it was contemplated.

22. You really should have said "exchange" instead of "exchanges." You say in your letter "certain exchanges"?—It might better have been so expressed.

23. You did not understand that 6½ perches of land was to be exchanged by the Council for 4 perches of land on the corner?—No.

24. Your letter is dated the same as the letter from the Mayor to the Minister of Lands?—Yes.

25. Did you see the Mayor's letter?—Not at the time, but some time subsequently.

26. Can you remember how long subsequently?—No, I cannot say.

27. You cannot say when the Mayor attached his letter to the file?—No, but it was probably soon after—within a day or two.

28. You received a letter from the Commissioner of Crown Lands dated the 28th June: when was that letter placed before the Finance Committee?—My impression is that it was referred to at a Finance Committee meeting by the Mayor before the matter was really down for discussion, but no minute was made.

29. In a letter from you to me you state that it came before the Finance Committee on the 27th August. Your letter is dated 12th May, and you say, "I have to state that the matter of the purchase of this piece of land by Mr. Macdonald was dealt with generally, together with the

question of the erection of the wall at Woodward Street, by the Finance Committee at their meetings of the 27th August and 3rd December, 1907." That is the first record that the Finance Committee have of the matter?—The 27th August—that is correct.

30. Did the City Council ever make any payment in connection with this transaction?—No.

31. And you knew nothing of the proposal of the Council to purchase the Government land until the 28th June, or the receipt of the letter of the 28th June from Mr. Strauchon?—No, nothing.

32. *Hon. Mr. Hislop.*] Do you remember my coming up after a debate in the Council and telling you that I had been to the Lands Office for the purpose of seeing that decimal four, or four, perches on the plan?—Yes.

33. I told you then that I had seen a letter from Macdonald, Wilson, and Co.?—Yes.

34. And I asked you to try and procure a copy of it?—That is so.

35. In order to understand what the subject of Mr. Strauchon's letter was, you said I had to look at the map before I could trace it?—Yes.

36. And then it was a mere suggestion that it might have something to do with it?—Yes, it was from the number of the section that you thought it might refer to Woodward Street.

37. *Mr. Witty.*] Was the whole matter laid clearly before the Council, dealing with the Woodward Street land, after the Finance Committee meeting?—Yes, certainly.

38. *Mr. Hall.*] Were there any dissentients?—No.

39. *Mr. Remington.*] Would official communication with owners of property with regard to the taking of areas come from you on behalf of the City Council?—Yes, generally speaking. Of course it is not unusual for the Mayor to write a letter to a Minister, but my official correspondence takes place with the Under-Secretary.

40. Had you any reason to write official letters to the owner of the section?—No.

41. Do you know whether there are any such letters on record in the Town Clerk's office?—There is none having reference to the widening of the street.

42. *Hon. Mr. Hislop.*] You leave the actual carrying-out of exchanges and purchases to the City Solicitor?—Yes.

43. Was the letter from Mr. Strauchon given to him?—Yes.

44. Was there any interference by anybody in respect to what he did?—Absolutely none.

45. He was left to carry out the instructions?—Yes.

46. *Mr. Fisher.*] In answer to Mr. Witty, you said the whole matter was laid before the Council after the receipt of Mr. Strauchon's letter?—No, after it came before the Finance Committee.

47. Did you ever know, as executive officer, that a letter was written to the Government by Mr. Macdonald in May of last year?—Not at that time, but I knew it at a subsequent time.

48. This year?—It was this year.

WEDNESDAY, 2ND SEPTEMBER, 1908.

ROBERT LETHAM re-examined. (No. 14.)

1. *Mr. Kensington.*] What is your name?—Robert Letham.

2. What position do you hold in the Lands and Survey Department?—Messenger.

3. We consider you as a confidential messenger?—Yes.

4. How many years have you been in the service?—I think, fifteen years next February.

5. Do you remember, at the end of April, 1907, coming into my room and telling me that Mr. Hislop and the Hon. Kennedy Macdonald wanted to see me?—Yes.

6. Do you recollect coming into my room and telling me anything on the morning of the 29th April, 1907?—I do not recollect the date. I remember distinctly going in and saying to you that Mr. Hislop and Mr. Macdonald wanted to see you, and you said, "By all means admit them." I remember quite clearly—it was shortly after the mayoral election of 1907.

7. You showed them into my room?—Yes, according to your instructions.

8. You are quite positive you showed in Mr. Hislop, the Mayor of Wellington, and the Hon. Kennedy Macdonald?—Yes, I am quite clear on that point.

9. You have no doubt about that?—No.

10. Had I not only recently returned from Gisborne?—Yes.

11. Do you remember when I returned?—Somewhere about the 26th April, as far as my recollection serves.

12. Do you remember Mr. Verschaffelt coming out of my room?—Yes, going backwards and forwards out of your room to the record-room.

13. Did he make any remark to you when he came out?—He asked me who the other gentleman was with Mr. Hislop, and I told him it was the Hon. Mr. Macdonald.

14. Are you not an office-bearer in the Presbyterian Church?—Yes, I am.

15. *Hon. Mr. Hislop.*] When did you first think of this visit after it took place?—Which visit?

16. The visit you have been speaking about?—After Mr. Kensington asked me if I could recall it.

17. That was after this little hubbub started?—I was not aware there was any hubbub.

18. Mr. Kensington came to you?—He called me in and asked me.

19. Can you tell me the words he used?—He asked me if I could recall you and Mr. Macdonald paying him a visit. I thought for a moment, and said, "I do remember them calling just after the mayoral election of 1907."

20. Can you remember any other person coming in with me?—No.

21. How is that?—I do not take particular notice.
22. Have I ever been to the office except on that particular occasion?—I cannot recollect it.
23. You cannot recall more than twice?—I said, twice—I said that before.
24. When?—Last June.
25. Was I there with anybody else in 1907?—I dare say I have seen you backwards and forwards—I do not know when.
26. Did you ever show me into Mr. Kensington's room?—Not except on that one occasion.
27. Would you be astonished to know that you showed me and another gentleman into Mr. Kensington's room?—I would, yes.
28. Are you prepared to say you did not, or simply that you cannot remember it?—No, I would not do that, because it is a public room, and people come backwards and forwards.
29. How many people a day?—I never counted them.
30. And you mean to say you have such a good memory that you can remember people going in and the exact words said two months after?—I recollect this particular visit quite clearly.
31. And you cannot recollect any other person on any other occasion?—No.
32. Or whether I went with any other person?—No.
33. Is that not very curious?—I do not think it. I remember you calling in by yourself after Mr. Kensington returned.
34. When was that?—It was some time in July probably. I could not say the date. I do not take any note of when people call.
35. Except when you are reminded?—No, I was not reminded.
36. Were you not?—No, I was merely asked if I could recall.
37. When was it first suggested to you that it was shortly after Mr. Kensington came back from Gisborne?—Mr. Kensington asked me the question now.
38. Was it never suggested to you before to-day?—No.
39. When did he come back from Gisborne?—He came back about the 26th April, 1907. I remember it was two days after the mayoral election of 1907.
40. When did you look up the mayoral election to see what the date of it was?—I did look up the date, certainly.
41. When—since you were examined here the last time?—Yes.
42. Who suggested that you should look up the date of the mayoral election?—No one suggested it.
43. What was the object of it?—Just to refresh my memory.
44. On what?—On your visit. I remembered it was a few days afterwards.
45. Have you seen the evidence that has been printed here?—No.
46. Why should you remember Mr. Macdonald, any more than any other person, coming with me?—I do not know that I would, but simply I can recall it. I made the remark, "It is the first time I have seen you two gentlemen together."
47. You have been twenty years in Wellington?—Not in the Lands and Survey Department.
48. Were you not in the colony in 1890?—Yes.
49. You had to be in the colony to be there?—Yes.
50. How long did we stay there?—I cannot say.
51. Who showed us out?—I cannot tell you.
52. Were you there when we came out?—No.
53. You did not see us going out?—No.

PAUL VERSCHAFFELT re-examined. (No. 15.)

1. *Mr. Kensington.*] What is your name?—Paul Verschaffelt.
2. What position do you hold in the Lands and Survey Department?—I am Record Clerk.
3. Are you not also a member of the Accountants' Society?—Yes.
4. Have you passed your examination?—Yes, but have to complete one subject for the final. I am an associate.
5. Do you remember, on the 29th April, 1907, my ringing a bell for you and asking you for some papers in connection with the derelict lands?—Yes, I remember the date.
6. When you came into my room whom did you see?—Mr. Macdonald and Mr. Hislop.
7. Which did you know?—Mr. Hislop.
8. How did you know Mr. Hislop?—The first time I knew him was at the accountants' students' dinner, on the 21st November, 1906. Mr. Hislop was there.
9. Of the two gentlemen you saw, the only one you knew was Mr. Hislop?—Yes. I asked the messenger who the other gentleman was, and he told me it was Mr. Macdonald.
10. And you are quite positive the two were present in my room on that occasion?—Quite positive.
11. Your duty as Record Clerk is also to read all letters that come through to you from the Chief Clerk and that I write?—Yes.
12. Do you remember my writing that letter of the 29th April?—Yes.
13. It came out to you to be recorded the same day?—Yes, the same afternoon, I think it was.
14. You have been in the habit of testing my memory very often: what sort of a memory do you think I have?—For remembering correspondence going through, I should say a first-class memory.
15. *Hon. Mr. Hislop.*] Do you remember bringing any other records into the room when you say I was there?—The papers I brought in first were dealing with the Te Aro foreshore cases.
16. Do you remember any other subsequent visit?—Yes, at the time the Mayor of Miramar's land was concerned. It was with regard to Mr. Crawford's land.

17. Then, if Mr. Kensington says that the Crawford matter was prior to this other matter, is he wrong?—It was subsequent to this matter. The Crawford matter was a later date.

18. You said you asked the messenger who Mr. Macdonald was?—Yes.

19. That was while I was going out?—No, while you were there.

20. How long were we there?—I could not say how long. When I had finished with the papers—that was all I was concerned with while I was in the room—I went out. I was only there two or three minutes.

21. You said you never knew Mr. Macdonald before this?—I had probably seen him, but had not known him by name.

22. How long have you been in Wellington?—Two years last August.

23. Did you ever go to the Legislative Council?—No.

24. When did you first recall the fact that Mr. Macdonald and myself were there?—I do not think I did recall it. I remember your being there quite distinctly.

25. When did you first think of it afterwards?—You mean, when was it brought up again?

26. Yes?—I do not know that I ever forgot it. With the correspondence going through I recollected it.

27. How long was I there over Mr. Crawford's matter?—I think I saw you twice about Mr. Crawford's matter.

28. *Hon. Mr. McNab.*] You remember Mr. Hislop coming in in reference to Mr. Crawford's land?—Yes.

29. And that was subsequent to this matter you are referring to now?—Yes.

30. *Mr. Remington.*] Are you certain the two gentlemen, Mr. Hislop and Mr. Macdonald, looking at them now, were the two gentlemen you saw in Mr. Kensington's room?—Yes.

31. *Mr. Syme.*] What induced you to ask the messenger who the gentleman was that was with Mr. Hislop?—Curiosity, I think. I generally like to know who people are when they call, in case anything afterwards turns up. It is very handy to know. I had only been there (at the Head Office) about eight or nine months then.

32. You usually try to find out?—Yes.

ROBERT AIMERS PATERSON re-examined. (No. 16.)

1. *Mr. Kensington.*] What is your name?—Robert Aimers Paterson.

2. What position do you hold in the Lands and Survey Department?—Chief Accountant.

3. Which comprises not only the accounts of the Lands and Survey Department, but the Lands for Settlers, State Forests, Scenery-preservation, and all the purchases in connection with Maori lands, with an expenditure of about £480,000 a year, or something like that?—Yes.

4. Then, you require to have a good memory?—That is essential.

5. Do you remember coming into my room on or about the 29th April, 1907?—Yes, I recollect being in at that time.

6. Did you see anybody in my room?—Not when I was in the first time, but on my returning two gentlemen were there.

7. Who were the two gentlemen you saw in my room?—Mr. Hislop and Mr. Macdonald.

8. You are quite positive the two were there together?—Quite certain.

9. There is no doubt about it at all?—There is no doubt in my mind.

10. You know the gentlemen very well indeed?—Very well, yes, by sight.

11. Did you go out again?—Yes, not more than a few minutes elapsed.

12. Did I explain to you what was the nature of the interview?—You said what they came for.

13. Will you tell the Committee, in your own words, what I said to you?—After explaining the particular business they had come about, you told me that they had explained the business to you, and you suggested that they had better put the matter in writing, and that Mr. Hislop turned to Mr. Macdonald and said that Mr. Macdonald would put it in writing.

14. Can you say from your own knowledge how you find my memory always, with the multitude of things I have to deal with?—Speaking candidly, I must say I have never met any one with a better memory in the service, and I have had an experience of about fifteen years.

15. And you have not noticed of late that it has failed at all?—No, not in the slightest. It is as good as ever it was.

16. *Hon. Mr. Hislop.*] When did you first think of this interview again—when did it first occur to you? I suppose you see hundreds of people there during the week?—Yes.

17. Twenty or thirty a day?—Sometimes.

18. Was there anything unusual about this visit?—I had never seen you in the office before. I have never seen you with Mr. Macdonald—never at all together.

19. Does not that sort of thing occur nearly every day in your room?—Not two prominent public men.

20. Can you not remember any other instance of two prominent men coming together?—Not in the office.

21. Have you seen me there before or since?—Yes, since. I have seen you there together.

22. When was that?—In June last.

23. At any other time?—No.

24. Have you ever seen me there?—That I could not swear to at all.

25. You would not?—Because I do not see every one that comes.

26. Did you ever see me with Mr. Crawford?—No.

27. Mr. Crawford is rather a prominent man?—Yes, I know Mr. Crawford by sight, but I never saw you there with him.

28. Had you anything to do with this particular business—was it within your function at all at that time?—I should not say it was.

29. It had absolutely nothing at all to do with your business?—Yes, it had.
30. How?—There was a proposed sale of land.
31. You have nothing to do with a proposed sale of land until the money comes in?—Yes, I have. All business is shown to me when it passes. It does not matter whether the business is completed before—it is made known to us.
32. Do you know if there was any other business that concerned me at that time with land on Wellington Terrace?—No, there was no other.
33. I mean at that time or since?—There has been no other so far as I know.
34. Anything to do with the Terrace land?—Not as far as I know.
35. No proposed sale or any suggestion of a sale?—I believe there was, but it has not got beyond that.
36. Are any of these proposed sales explained to you?—The only other proposed sale is in the correspondence.
37. Was that explained to you?—There was nothing to explain, because it has never got beyond.
38. Was it explained by Mr. Kensington?—No, because he had never decided to do anything.
39. I want to know how it comes within your business to consider the question of sales?—I do not consider the question of sales at all.
40. Have you anything to do with sales until the sale takes place and the money actually comes to hand?—I might have.
41. How?—I might be asked to write the correspondence.
42. Did you in connection with that sale?—No.
43. It was no part of your business to do so?—No, not particularly.
44. *Mr. Lawry.*] Did you know Mr. Hislop and Mr. Macdonald personally before the alleged visit?—I did not know them personally, but I have known both of them for a number of years.
45. *Mr. Witty.*] You said that Mr. Kensington told you the business, and that Mr. Hislop had said that Mr. Macdonald would write?—Yes.
46. In what position?—In connection with the exchange of land at Woodward Street.
47. Not the Crawford affair?—No.
48. *Hon. Mr. McNab.*] If Mr. Macdonald cannot recall being there with Mr. Hislop, and Mr. Hislop cannot recall being there with Mr. Macdonald, are you quite positive in your own mind that the two gentlemen—Mr. Hislop and Mr. Macdonald—were both with Mr. Kensington in his room when you saw them?—Perfectly certain, sir.
49. *Hon. Mr. Hislop.*] What time of the day do you say it was?—I could not tell you that exactly—not whether it was morning or afternoon.
50. Can you tell us of anybody else you saw that day, or any other business you had about that time?—I do not think it is a fair question to ask.
51. Do you know of any other business that was done on that day?—I say I do not consider it is a fair question to ask.
52. Not whether you know whether there was any other business done that day?—Yes.
53. *Mr. Fisher.*] Ordinarily you would not remember any one coming to the office unless they were distinguished as public men?—That is so.
54. And at the time of this visit I suppose you must have known that Mr. Hislop had just been elected Mayor of the city?—Yes.
55. And that fact would impress it on your memory?—I do not think so, but he was a prominent public man.
56. *Mr. Symes.*] Do you think you could have mistaken those two gentlemen for any other two?—Quite positive I could not.
57. *Mr. Remington.*] And you are equally certain that the subject was the Woodward Street property on which these gentlemen were there?—Yes, quite certain.

F. T. O'NEILL sworn and examined. (No. 17.)

1. *Mr. Kensington.*] What is your name?—Felix Theophilus O'Neill.
2. What position do you hold in the Lands and Survey Department?—Chief Clerk.
3. Have you had long service?—Yes.
4. About how long?—Over thirty-four years.
5. Will you tell the Committee if it has not been my practice ever since I became Under-Secretary to tell you the result of any meeting I had with any public persons in connection with the business of the office, the reason being that you might be able to tell the Minister of any inquiries made when I was absent? Has that not been my universal practice since I have been Under-Secretary?—Yes.
6. You are quite positive of that?—Yes.
7. Do you remember, in April, 1907, my telling you that Mr. Hislop, the Mayor, and the Hon. Mr. Macdonald had paid me a visit?—Yes.
8. You remember that distinctly?—Yes.
9. Will you tell the Committee, in your own way, what I told you, perhaps within a few minutes or a very short time after they had left the room?—I remember you telling me that Messrs. Hislop and Macdonald had interviewed you regarding an exchange of land, and that Mr. Macdonald was to write in reference to it—to put it in writing—that the exchange was to be made in connection with widening Woodward Street.
10. You quite understood then, from what I told you, that the two gentlemen came together at the same time?—Certainly.

11. And you know that it was within a very short time of their leaving that I told you of the conversation?—I am not sure whether it was in the morning or afternoon, but I am certain it was that day, because when the letter was sent out in the evening I knew all about the subject.

12. Is it not my practice that all letters that I dictate and type I send to you?—Practically I see everything sent out by the Department.

13. After they leave you they go to the Record Clerk?—The Record Clerk or Despatch Clerk.

14. You remember my writing that letter of the 29th April?—I remember seeing it after it was signed.

15. You have had great experience since you have been Chief Clerk: will you tell the Committee what you think of my memory with regard to the different matters dealt with?—I have found your memory equal to most memories with regard to the affairs that take place in the office, and I think it is very much above the average.

16. Have you noticed any signs of it failing at all lately?—No.

17. *Hon. Mr. Hislop.*] Do you remember Mr. Macdonald and me coming up to your room in June last and looking at that plan?—Yes.

18. Do you remember what you said about the decimal, '4?—That the point was there?

19. Yes?—Yes.

20. Do you remember what you said?—I do not know what you are referring to.

21. You said something about it. You remember my asking if I could see the plan?—Yes.

22. And the plan was produced. Do you remember what you said?—I think so.

23. What was it?—I do not know that I can repeat the exact words: as far as I can recollect I said the point there was very distinct if it had been looked at—if it had been seen.

24. Did you not say he failed to see that point?—Meaning Mr. Fisher?

25. Yes. You remember saying that?—Yes.

26. Do you remember me asking you to show me a letter which it was said Mr. Macdonald had written?—Yes.

27. Do you remember I was very much surprised when I saw it?—I did not notice that, but I do not think I was looking at you at the time. But I remember your reading it carefully and commenting on its contents.

28. Do you not remember that I turned round to Mr. Macdonald and said, "How the devil did you come to write a letter like that?"—You made some remark of that nature, but I do not know whether those were the exact words.

29. Who brought in the papers?—I found the papers on my table.

30. Did not a young man come in?—The Record Clerk came in and found them on my table.

31. You remember my saying that to Mr. Macdonald—I remember you making some remark of that character.

32. Did I not further say, "I do not think you ought to have written at all"?—I do not remember hearing that.

33. Nothing of the kind?—I do not remember. It was not said in my hearing.

34. Do you remember what was said—we were there quite a little time?—Yes; I remember showing you the letter Mr. Macdonald had written and the letter you yourself had written to the Minister, and the plan. Those were the only papers I showed you.

35. And do you remember Mr. Macdonald saying, "Well, that letter of yours, at all events, puts it perfectly plain"?—Yes, I think he said that.

36. And did you not agree with him?—I do not know that I agreed with him. No, I did not agree with the statement.

37. Now, think, Mr. O'Neill, was there not a comment upon Mr. Macdonald's letter as being wrong in respect of the four or five perches and generally, and did not Mr. Macdonald make a remark like this: "Well, at all events, your letter puts it very clearly"?—Yes, it is very likely, but I am not quite sure of the exact words used.

38. And did you not acquiesce in what he said?—Possibly I might have done so—I am not quite sure on that point. What I remember making remark on was that the "4" on the plan was distinct.

39. Perfectly distinct?—Yes.

40. And you are not so sure as to the rest of the conversation?—I did not hear the asides between you and Mr. Macdonald.

41. Were not the three of us standing together looking at the papers?—Yes.

42. And were you not at as easy range with me as Mr. Macdonald?—Yes.

43. And the conversation was triangular?—Yes.

44. Well, I want to know if you can stretch your memory back fifteen months—if you cannot stretch it back to June?—I can remember one remark you made, which was after you had been looking at the plan: you made the comment and said, "The brute! He had seen the plan, and said he had seen 4 perches." Then followed my note or reference that the point seemed quite plain.

45. Then we went on talking?—Yes, but I am unable to recollect the whole of the conversation.

46. Do you keep a diary?—Only of important points. Not a diary, but I note certain facts occasionally. I would not call it a diary.

47. What would you call it? Have you a book in which you put down leading things?—Yes.

48. Did you put this down?—No.

49. When did you first recall to your mind the fact that Mr. Kensington told you what you said to-day?—Whenever the discussion cropped up as to what had been done in regard to this business.

50. That is in June last?—Either June or before.
51. That would be thirteen months afterwards. Do you think you can recollect any other conversation Mr. Kensington had with you that day?—No.
52. About any other person being in his office that day?—No.
53. Can you tell me any conversation or statement made by Mr. Kensington, say, two months ago as to anybody being in his office?—I think I could do that.
54. Can you give me one? Can you tell me of any statement which Mr. Kensington made to you during the same month of April, 1907, with regard to any other matter?—Not just at present.
55. Did he ever make any statement to you with regard to Crawford's matter?—I do not know whether he made a statement, but we discussed the matter.
56. Did he ever make a statement of this nature to you: that "Mr. Hislop and Mr. Macdonald had called on an important matter dealing with the cable," and he had agreed to do so-and-so?—I do not know whether he made the statement: we discussed it. I mean, I do not know whether he broached the subject or I did, but he conferred with me.
57. When?—The particular day I cannot say.
58. Was I there at the time?—In the office?
59. Yes?—No.
60. Had I been there?—Yes.
61. How long before?—That I cannot say.
62. A week?—Less than that, I think.
63. Did you discuss it with him on account of the memo. from Mr. Strauchon?—No, from an interview I think he had with you.
64. Was it not on account of a memo. from Mr. Strauchon?—No, not what I am thinking of.
65. What was it he told you?—He informed me that the question had been asked as to whether the grant should be amended—or, rather, that the land should have the restriction removed from it in reference to the reservation of the cable or telegraph-line.
66. Did I not see you on the subject?—Yes, twice.
67. The very first time I came—before I saw Mr. Kensington?—I think that was afterwards. I think I had discussed it with Mr. Kensington before that. When you came to see me the papers had been dealt with by us and sent to the Postmaster-General.
68. Had they not been sent back to the Postmaster-General?—Not at that time.
69. You have no memo. of this particular thing in your diary?—No.
70. Can you tell me anything else that Mr. Kensington has told you lately?—No.
71. *Mr. Fraser.*] The letter of the 29th April signed by Mr. Kensington—did you see that letter?—Yes.
72. You understood from Mr. Kensington, then, that Mr. Hislop was present, and intimated that the Council desired to purchase that land for the purpose of an exchange?—That is so. That both Mr. Hislop and Mr. Macdonald were present.
73. If Mr. Macdonald alone had been there, would that letter have been sent in those terms?—That I could not say.
74. Assuming that he represented himself as acting for the Council?—It may have been sent, but perhaps further inquiries would have been made. But I did not write the letter.
75. You say you have seen the letter: I suppose you are pretty confident the letter would not have been sent unless either the Mayor or some one acting for the Mayor asked for this?—That is so.
76. I understand you to say you keep a record of what occurs in your office—not of those who appear there: is it customary to do so?—No.
77. Would that be the answer to the question put by Mr. Hislop: that there was no entry in your diary because it is not the practice?—I do not keep a diary in the ordinary sense—I only keep notes of important things; and I have not this entry in it.
78. Can you tell me whether it is the practice of any of the officers of the Department to keep a record of those who interview Mr. Kensington?—I am not aware of any note or diary. It has never been the practice, as far as I know, in our Department.
79. Would it be possible to keep such a diary or such a record?—It might be. I think it could be done. Do you mean the people who arrive and call on us, or do you mean the substance of what they say?
80. I mean those who arrive and call, and the substance of their conversation?—I do not think we could keep that. We might keep a note of the callers or interviewers.
81. This business of any record is no evidence one way or the other of any one having called?—No.
82. *Mr. Symes.*] In your opinion, is it possible for such a letter as this of the 29th April to have been sent by Mr. Kensington unless some one had interviewed him on the subject?—I do not think so. It could have been done by instructions from some one—the Minister, for instance; otherwise he would not do it without some spur.
83. *Mr. Remington.*] Do you fix the date of the Under-Secretary's conversation with you of the 29th April by reason of the date of that letter you perused?—Yes.
84. That is how you fix the date?—Yes.
85. You are quite sure that the detailed conversation Mr. Kensington said occurred with Mr. Hislop and Mr. Macdonald you fix by that letter?—Yes, by reason of that letter.
86. *Mr. Macpherson.*] Did you yourself see Mr. Hislop or Mr. Macdonald on that particular date?—No.
87. *Mr. Fisher.*] Mr. Hislop and Mr. Macdonald were alongside you in June last when they saw the plan?—Yes.

88. Was that the first time you discovered the point?—I think that morning was the first time I discovered it.

89. I suppose, when the plan was received with Mr. Macdonald's letter it passed through your hands?—Yes.

90. And you did not notice then that there was a difference in the figures in the letter?—I was not going to deal with it then, and therefore did not look at it carefully.

91. You just passed it through your hands?—Yes.

92. I understand that when the Mayor saw the plan he said something to the effect, "The brute! He must have seen the plan"?—No; not that. He said, "He had seen the plan, and yet he said it was 4 perches."

93. Did he refer to Mr. Macdonald?—I do not think so.

94. Was he not referring to Mr. Macdonald?—No.

95. Whom do you think he was referring to?—I think he was referring to yourself.

96. *Mr. Symes.*] Is it the practice of the Under-Secretary to detail to yourself incidents that have taken place during the day?—Yes, very often.

97. That is not an exceptional case?—Not by any means. In almost every instance where there has been action taken on matters he has informed me.

98. *Hon. Mr. McNab.*] That is done, is it not, because at any moment you may be called upon to act for Mr. Kensington and communicate with the Minister?—Yes, that is so.

99. *Hon. Mr. Hislop.*] And could that not be ascertained from the written statements in the office? Whenever there is anything done on the papers is not that recorded?—Yes.

100. Then, what is the necessity for the other course?—The necessity is in case—well, I am not so sure I know the necessity, except that I may be informed of all the proceedings.

101. Is it not the proper thing in a Government office to record everything material on the papers in writing?—Yes.

102. *Hon. Mr. McNab.*] If the next day Mr. Kensington had to go to another part of the country and I had sent for the papers, would you have been able to explain to me the origin of the transaction if Mr. Kensington had not told you about the interview?—No, not in that case.

103. *Hon. Mr. Hislop.*] There is a memo.—is there not—to Mr. Strauchon?—Yes, but that does not explain why it was written.

WILLIAM C. KENSINGTON re-examined. (No. 18.)

1. *Hon. Mr. Hislop.*] You stated in your evidence a matter with regard to something in September: you heard the City Solicitor and Town Clerk give their evidence yesterday?—Yes.

2. You heard the Town Clerk state the reason why I addressed the Minister with regard to this so-called exchange?—I heard him say something, but did not pay much attention to that evidence.

3. The Town Clerk stated that the reason why I wrote to the Minister was that in getting the City Solicitor's advice the matter had got before the Council, and the proposed agreement was ratified by the Council. The Solicitor had it in hand, and he advised certain things. The Town Clerk wrote the letter of the 5th September in pursuance of carrying out the general instructions of the Council. I saw the letter on the 5th September and I told him it was not sufficiently explicit and I would write a letter to the Minister myself. You heard the Town Clerk give that evidence?—That I do not doubt, but I do not remember paying particular attention to it. You wrote the letter.

4. You heard the evidence?—I did not notice it.

5. Are you prepared to contradict the Town Clerk as to the reason why that letter was written?—I do not contradict him.

6. If the Town Clerk's idea of the writing of that letter was evolved after 5 o'clock in the evening?—Yes, but I do not know what that has to do with it. You came and saw me, and I advised you to write to the Minister, and you did write. My evidence is perfectly clear on the point. I do not go back on one single jot of what I stated to the Committee.

7. You do not appreciate the sequence of events stated, not by me, but in the various documents the City Solicitor had and the Town Clerk's letter?—No, I do not appreciate it.

8. You say I first saw you in August in Crawford's matter?—I said you first saw me on the 29th April.

9. But *re* Mr. Crawford's matter?—I believe it was the 2nd August.

10. I again was with you in October?—You saw me on or about the 4th September *re* a certificate of title for the Crown section on Wellington Terrace.

11. Did you tell Mr. O'Neill or anybody else that I had seen you on the 4th September and that I was to write to the Minister?—I believe I did, but I am not certain on the point.

12. Why did you not ask Mr. O'Neill that this morning?—The matter had not turned up.

13. I gave you evidence that that letter was written on the 5th September, contrary to your statement?—It is not contrary to my statement.

14. I said I had not seen you, and the reason I gave, and that was corroborated by the Town Clerk without my having had any communication with him at all?—You wrote the letter to the Minister on my advice. You came to me to ask whether a certificate of title could not be issued direct to Mr. Macdonald in the place of the City Council, as you said it would be a red-tape matter, and I said, "I do not see why not," and advised you to write to the Minister. You admitted in your evidence that you came to me about that letter.

15. On the contrary, I denied ever having spoken to you on the subject. If you see a copy of the evidence, you will see that I denied having spoken to you on the subject, Mr. Kensington, at any time. Is that your memory?—That is my idea.

16. Then, perhaps that is a test of your memory?—You turned to me, in the evidence in connection with the certificate of title, and asked me if that was the first time that I knew Mr. Macdonald was to get the certificate of title.

17. You still suggest, notwithstanding what has been given in evidence here, that that letter of the 5th September was written because I saw you?—Yes, the letter to the Minister.

18. Do you remember Mr. Crawford coming with me?—I think I do.

19. On which occasion?—I think he came with you on the 2nd August, but I will not be certain.

20. That was just as important a matter as this?—Pardon me, it was a different thing altogether. I noted that you came there as a solicitor.

21. I came as trustee, but it was a far more important matter as far as money was involved?—It had nothing to do with the City Council.

22. It was a concession from the Government to a private individual: is not that a more important matter than a concession to a public body?—I do not think so.

23. Is it not a matter to be looked into more carefully?—Every single matter has to be looked into most carefully.

24. It was a concession—really more of a concession from the Government than the other?—That is a matter of opinion.

25. It was a concession of about 8 acres?—I do not know what the area is. We are still in correspondence about a further area.

26. You made a concession there?—Yes, the Government did.

27. Did I not see you first with regard to that matter of Mr. Crawford—twice in the early stages, and then once again later on, when the thing was stuck up?—That is a thing I cannot recollect. I recall the 2nd August, but I am not sure whether you did see me in October.

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## APPENDICES.

### APPENDIX A.

#### HOUSE OF REPRESENTATIVES.

*Wednesday, 1st July, 1908.*

##### EXCHANGE OF LAND IN WELLINGTON.

On the motion of Mr. FISHER (Wellington Central), it was ordered, That there be laid before this House all correspondence, plans, &c., relating to the alleged exchange of land at Woodward Street and Wellington Terrace between the Government, the Wellington City Council, and the company of T. K. Macdonald (Limited).

#### HOUSE OF REPRESENTATIVES.

*Thursday, 30th July, 1908.*

##### EXCHANGE OF LAND IN WELLINGTON.

The Hon. Mr. McNAB (Minister of Lands) brought up a return to an order of the House, on the motion of Mr. Fisher, "That there be laid before this House all correspondence, plans, &c., relating to the alleged exchange of land at Woodward Street and Wellington Terrace between the Government, the Wellington City Council, and the company of T. K. Macdonald (Limited)." He moved, That the report lie on the table.

Mr. FISHER (Wellington Central) said his object in asking that the Government should lay these papers on the table was caused by a transaction that took place in Wellington City concerning the City Council, the Government, and the firm of T. K. Macdonald (Limited). On the 28th June, 1907, a letter was written by the Commissioner of Crown Lands in Wellington offering the Wellington City Council a section of land on Wellington Terrace measuring roughly 40 ft. by 49 ft. The matter was submitted to the Finance Committee of the Council, and it was decided that the Council should purchase the land. Then a letter was written by the Mayor of Wellington to the Minister of Lands, pointing out that the Wellington City Council was prepared to buy the land, and suggesting that the City Council should pay the £652 which the Government was asking for the land, and that the Government should make out the title in the name of T. K. Macdonald. Now, he had since found reason to object to the transaction, and he had asked that the papers should be laid on the table, and for this, amongst other reasons: that under section 117 of the Land Act of 1892 it was not legal for the Government to sell a portion of Crown land except under three conditions, and not one of those conditions was fulfilled as regards the piece of land in question. There were three adjoining owners to this piece of land on Wellington Terrace—on the south side, the Hon. T. K. Macdonald; on the east, Jacob Joseph; and on the north, Mrs. M. A. Williams. The Government had sold the land not to an adjoining owner at all, so far as he could learn, but to a private company in Wellington, without competition, without asking the adjoining owners if they were prepared to buy. The land, as a matter of fact, had been in the hands of or in the use of Mrs. Williams, who lived next door. She had a motor-car shed on the land, and he believed had paid rates upon it; yet, notwithstanding this fact, she discovered one morning that the gates were being knocked off, and the motor-car shed was being destroyed. On inquiry she was told that the Government had sold the land to Mr. Macdonald. Up to this point the facts would seem to place the Government in a false position. The Government had been placed in a false position, but not on its own initiative. The Government had had the whole position misrepresented, and misrepresented for the purpose of private profit on the part of those concerned. He said that without any hesitation whatever. It was represented to the Minister of Lands that if he transferred this section of land of 6½ perches opposite the gentlemen's club, on Wellington Terrace, to the Wellington City Council, which in turn would hand it over to Mr. Macdonald, the Council in exchange therefor was to receive 4 perches of land at the corner of Woodward Street and Wellington Terrace. The transaction went through. He (Mr. Fisher) interviewed the Minister about it subsequently, and asked him what the understanding was, and the Minister said the understanding was that 6½ perches was being transferred to the Wellington City Council on the understanding that £652 was paid by the City Council for the 6½ perches, and that 4 perches at the corner was to be transferred to the City of Wellington for street-widening purposes. Now, how much was transferred to the City of Wellington? Not 4 perches at all, but forty-seven hundredths of a perch, and the Minister did not know of this until months after the thing went through. He (Mr. Fisher) went and stated what the position was, and the Minister could hardly realise it. The letter from Mr. Macdonald was there on the file, and it only went to show how conveniently mistakes might be made at the proper time. Somewhere on that file there was a plan, and on the plan there was shown a section of land containing by admeasurement 4 perches. That was the piece of land proposed to be exchanged to the City of Wellington by T. K. Macdonald (Limited), whereas the letter referring to the matter said that four or five perches would be transferred. The plan said 4 perches, and the Cabinet was so deceived on the matter that there was not a member

of the Ministry who would say that he had any knowledge that less than 4 perches was going to be transferred to the city. Then, when the transaction went through they found that, instead of the four or five perches mentioned in this letter being transferred, only forty-seven hundredths of a perch has actually been passed through the Deeds Office. What was the value of this land? For  $18\frac{1}{2}$  perches Macdonald, Wilson (Limited) refused to accept £8,000: they refused to accept £421 a perch for this land, which was sold by the Government, without any competition, for £100 a perch. It was a shame. He did not blame the Minister, who was misled by the letter which he received on the matter. Then they were told subsequently that the land was required by the Council for street-widening purposes. He held in his hand a report of an interview the Mayor had with a newspaper reporter on the matter, in which he said "the Council wanted the land from the Government for street-widening purposes"; and yet the same piece of land was put up for public auction the other day, together with the adjoining section, without a square inch being taken off the land acquired from the Crown, and the street-widening had been completed. There were a good many members who knew the situation of the land in Woodward Street, and the improvements that had been effected there; but not one square inch in connection with the improvements had been taken off the land that the Government sold without public competition. Now, under section 117 of the Land Act, apart from the question of the misrepresentation, and apart from the question of the  $6\frac{1}{2}$  perches which the Government had no right to sell, the following were the cases in which the Government might sell Crown land without competition: "In cases in which there may be no convenient way of access to any portion of the Crown land"—this land had 39 ft. frontage to Wellington Terrace, and that was a fair frontage; "or in which any portion of Crown lands may be insufficient in area for public sale"—there was clearly a saleable value in this case, for the section, without competition, realised £652; "or in which a portion of Crown land may lie between land already granted and a street or road which forms or should form the way of approach to such granted land, or in any other cases of a like kind"—the Land Board could, with the consent of the Minister, sell. Only in those three instances could the Board sell, and this land did not come within the scope of any one of them. The extraordinary feature about the case was this: The land, so far as the Government was concerned, was supposed to be sold to the Municipal Council, and he asked the Minister who paid for the land? Was it paid for by the municipality, or was it paid for by T. K. Macdonald and Co. (Limited)? He (Mr. Fisher) did not know. He did not know, nor did he understand how it was that this transaction was allowed to go through. It seemed a significant thing to him, in the first place, that an officer of the Crown—the Commissioner of Crown Lands in Wellington—should be the first to approach the Wellington City Council and ask them to buy. They were not adjoining owners, except in the sense that they owned the street, and that did not mean an "adjoining owner" in the sense intended by the Land Act. There were three adjoining owners. Why did the Commissioner of Crown Lands not write offering them the land? Who had asked him to write to the Council? Was the Government so anxious to get rid of the land that they asked him to write to the Council? He (Mr. Fisher) could not find this out up to the present. However, an order was made that the Corporation file should be laid on the Council table. The file had been laid there half-complete, and the really important half was the one that was not there. The only way he had of getting information was by getting the whole of the file, portion of which the Minister had laid on the table that afternoon. Unfortunately, the Minister had not let him know that the matter was coming up that afternoon, and he was unable to find the information during the course of his speech. He said that the proceedings were irregular all through, because on the 24th August the City Solicitor had advised the Council that it could not legally sell the land to Mr. Macdonald. Then, if the Minister would remember, he had received a letter from the Mayor, written in the Mayor's own handwriting—not an official letter in the ordinary way—saying that if the Government would issue the title to this land in the name of T. K. Macdonald, the Wellington City Council would pay for the land out of the public treasury and collect the money afterwards. The Minister would find that letter on the file. The Council had had the advice of the City Solicitor, who had advised that the Council could not legally sell to Macdonald; but he had failed to express an opinion as to whether the Government could sell or not. And rightly so, because that was a matter for the Crown lawyers to advise upon. He did not know whether their advice was taken or not. There was another aspect of this question. It seemed to him that not only had the Ministry been deceived over it, but that the public had been deceived also. On the 11th October, 1907, the Council had entered into an agreement with Mr. Macdonald, and by that agreement it had contracted to build a retaining-wall for the street at Woodward Street at a cost of £200. Of this sum Mr. Macdonald was to contribute £100, and to give the land required for rounding the corner for nothing. Now, it was suggested that Mr. Macdonald's generosity—and it was looked upon as public generosity—had been almost enough to earn immortality for him in connection with this question. But what had happened? There was brought about a variation of the agreement with the Council by which the whole of the retaining-wall was to be built, and honourable members who knew the streets would know that along the street there was a magnificent foundation for a six-story building, which had cost the city about £750, out of which Mr. Macdonald had paid £275 and the city had found the difference. In addition to that, the variation of the agreement did not only include that the city was to build the foundations for a six-story building, but it repeated the stipulation that the city should secure for Mr. Macdonald a title to a section which neither the Government nor the Council could legally issue. That was what it amounted to in plain English. The result was that the representatives of the Council set to work and absolutely hoodwinked the whole of the Ministry in connection with the transaction. In the file of correspondence which the Minister of Lands had handed to him he noticed a point about which he could find no elucidation in the correspondence in the hands of the Council. There was a note by the Minister to the Under-Secretary, saying, "Under what circumstances was this letter sent out by you to the Commissioner

of Crown Lands?"—i.e., the letter offering the Crown land to the Council. That referred to the letter to the Commissioner of Crown Lands offering the land to the City Council. The reply of the Under-Secretary was as follows:—

"His Worship the Mayor of Wellington, Mr. Hislop, personally waited upon me, stating the City Council wished to obtain an area of Crown land at a valuation to exchange *re* Woodward Street widening.

"WM. C. KENSINGTON. 10/6/08."

That accounted for the origin of that letter. Then, here was the letter from Macdonald, Wilson, and Co.:—

"Wellington, N.Z., 2nd May, 1907.

"SIR,—The Government recently took possession of a small section of land on Wellington Terrace, immediately opposite the Wellington Club, which is now required in the interests of improvements by the City Council. The Council are desirous of creating a low-level street in Woodward Street, running from Lambton Quay to Wellington Terrace, and making the present portion of Wellington Terrace in that quarter practically a high-level street. To accomplish this it is necessary that the Council should absorb four or five perches of the present section at the corner of Woodward Street. This would, however, mean so serious a loss of space as to make the compensation to be paid by them very heavy, and possibly prevent the improvement taking place. This, however, could be avoided if the Council were in the position of being able to transfer to the owner of the corner section a section of somewhat similar size and value—the one recently vested in the Government.

"We shall, therefore, be glad to know if the Government would assist the matter by placing a fair price upon the latter section, when the City Council and the owner could adjust the matter, and a very necessary public work be made possible.

"We have, &c.,

"MACDONALD, WILSON, AND CO.

"The Secretary, Crown Lands Department, Wellington."

The Government some years ago took the land under the Unclaimed Lands Act, and that was the land that had been occupied by Mrs. Williams so long. He might add that since its acquisition it had never been used by the City Council, and that it was now open to any one who wished to buy it. Macdonald, Wilson and Co. distinctly informed the Government that if the 6½ perches were sold to the City Council, that the Council would get in exchange therefor four or five perches on the corner—"a section of somewhat similar size and value." But what happened? There was transferred to Mr. Macdonald 6½ perches of land, and where was the section that was to be transferred to the Council of "a similar size and value"? Instead of four or five perches, forty-seven hundredths of a perch was all the city got. Why, there never had been a more ingenious fraud practised in the City of Wellington, and it was right in a matter of the kind, where not only the Council but the Cabinet had been hoodwinked, that the House should set up a Committee to find out where the mistake, or fraud, if any, had crept in, and to see that it did not occur again. This letter referred to "the owner of the adjoining section." It carefully refrained from stating that Mr. Macdonald was the owner. And why, then, should they conceal the fact at an interview between the Mayor and the Under-Secretary for the Department at which the negotiations had been started? If the Council wanted the land, why did it not apply for it? Why did the Mayor go to the Under-Secretary and ask him to open negotiations by writing to the City Council? And at this particular point he wished the Minister to tell the House who had paid for the land. The plan of the land proposed to be transferred to the City of Wellington was no more like the land that had been transferred than it was like a tea-cup. He did not blame the Cabinet for a moment, but thought the Cabinet had been grossly misled. They had acted on a letter from Macdonald, Wilson, and Co., and the Minister had said that they were to transfer 6½ perches of land to Macdonald, Wilson, and Co. from the Wellington City Council, and that the Wellington City Council was to receive in exchange 4 perches of land on the corner; because the letter said so. What had Cabinet to do with the plan? Cabinet did not scale plans and work out proportions. Cabinet had acted on the letter. But what had happened? Where are the 4 perches that were promised to be transferred to the City of Wellington? Instead of receiving that area of land, a stone wall had been constructed by the city, costing about £750, out of which Macdonald, Wilson, and Co. had contributed £275, and the City Council had received forty-seven hundredths of a perch—not 4 perches—for which Mr. Macdonald had refused upon the market £421 per perch. That was the position. He had drawn attention to it at the time. He had gone to the Council and tried to get out the facts, and for some time he had been bluffed by the fact that there were two Woodward Street files—one in connection with the wall, and one in connection with the land—and when he asked for the Woodward Street file he got the stone-wall file several times, and it was solely due to the fact that an adjacent owner was aware of the circumstances of the case that he had been able to get from the Council the second file of which he was in need. The other, when he got it, was incomplete, and then he went to the Minister. It was only a few weeks ago that he went to the Minister and had an interview with him. Then, subsequently, he brought the matter up in the Wellington City Council, and he said the City should have received 4 perches of land. The Mayor said it was not so. He indicated that he (Mr. Fisher) was mad, and that he did not understand decimal points, and so on, and so on. To confirm his interview with the Minister he sent the honourable gentleman a telegram; and what was the Minister's reply? He wired, "You may state, in answer to a question from you, I stated that 4 perches of ground were to be given by the owner of the corner section to the city in connection with the exchange." Very well. They had received forty-seven hundredths of a perch. He said that under these circumstances it was only right the House should do its best to put this matter straight. He calculated—

and it was guessing calculation—that Mr. Macdonald had made £1,300 out of the transaction.

An Hon. MEMBER.—He has done pretty well.

Mr. FISHER said, Yes; and he had made about half out of the Government and the other half out of the City of Wellington, and as a member of the House, and as a member of the Wellington City Council, he (Mr. Fisher) made his protest against it on both sides. He did not think these transactions ought to be tolerated. In the first place, he could not admit the right of the Government to sell Crown land to any but adjoining owners, and then only by competition. Therefore section 117 of "The Land Act, 1892," had been transgressed. Apart from that point altogether, he said the Cabinet had been deluded into believing that it was doing a good thing for the City of Wellington, whereas it was doing a good thing neither for itself nor for the city, but for the third party only. He did not wish to labour the question unnecessarily. He had not had time to look at the correspondence, or he might have put the whole of it on record. It seemed to him that this was a case that necessitated very close and searching investigation indeed. There was another note here by the Valuer-General in connection with various plots of Crown lands in the City of Wellington, in which he said, "These I recommend should be disposed of at public auction. Regarding the balance, I wish to make the following suggestions: Pt. T.A. 488, Wellington Terrace, U.V. £652, has already been arranged for." Why were some of them to be put up to auction, while this one "was already arranged for"? They should have all gone up to auction. He understood it was sometimes the practice of the Department in certain cases to sell privately. If that was so, then it ought to be stopped. It was a wrong principle, and was against the terms of "The Land Act, 1892." He regretted very much he had not had time to look through the Ministerial file, or he should have had very much more information to lay before the House. He thought, at any rate, he had made out a sufficiently clear case to warrant a searching investigation into the Woodward Street transaction.

Mr. MASSEY (Leader of the Opposition) would just like to say that, although of course he knew absolutely nothing of the circumstances of this case, except what they had heard from the honourable gentleman who had just sat down, from what that honourable gentleman had stated a very extraordinary transaction had taken place. It seemed that a block of freehold land—freehold, remember—in the City of Wellington had been parted with without competition, and at about a quarter of its actual value, apparently without the Government or the Lands Department understanding what was taking place.

The Right Hon. Sir J. G. WARD.—Mr. Fisher said "half its value."

Mr. MASSEY said he understood the honourable gentleman to say it was parted with at £100 a perch, when it was worth £400 a perch. If that was the case, then the very best they could say was that there had been a criminal negligence not only on the part of the Lands Department, but also on the part of the Government. He thoroughly indorsed the opinion expressed by the honourable member for Wellington Central that this was a matter which demanded the most exhaustive inquiry. It must be thoroughly inquired into either by a Commission or by a Committee of the House; and if the transaction was legal, and everything was straightforward, very well, there was nothing more to be said—let it go; but if there had been any shady practices—if there had been anything crooked in connection with this transaction—it was the duty of Parliament to put it right, even if it required an Act of Parliament to do so.

The Right Hon. Sir J. G. WARD (Prime Minister) said he would just like to state in reference to this matter, which had been very fully commented upon by the member for Wellington Central, and commented upon by the leader of the Opposition, that he felt that this question ought to be referred to a Committee to deal with. So far as the Government was concerned, it courted the fullest inquiry, and he was perfectly certain it would be found that the Government had done nothing in this matter excepting what it believed to be right and honourable; and he also expressed the opinion that if anything was found to be wrong they should consider whether it could not still be put right. No one connected with this matter—neither the Mayor of Wellington nor the Hon. Mr. Macdonald, nor any one else on their behalf—had ever spoken to him about it, either before or since the transaction. He knew in connection with the matter what the position was regarding the representations to his colleague the Minister of Lands, who would presently make a statement to the House; but, so far as the Government were concerned, neither directly nor indirectly had they been a party to anything other than what they believed to be right in connection with this matter.

Mr. FISHER.—I did not say you did otherwise.

The Right Hon. Sir J. G. WARD said he was not going to attempt to prejudge or prejudice any of the parties concerned. As imputations, however, had been made concerning them, it was only fair that they should have the fullest opportunity of giving evidence before a Committee upon the various aspects of the matter, and also of dealing with the subject from the standpoint of the Municipal Corporation of Wellington, which was introduced into the matter, and of which the honourable member who spoke in the first instance was a member. He wanted to have the matter inquired into without delay, and he would therefore suggest that it be referred to the Lands Committee, which had been asked to sit to-morrow, and, upon the completion of taking evidence, then to report to the House.

Mr. BARBER (Newtown) desired to express his pleasure at the remarks that had fallen from the Right Hon. the Prime Minister. He thought the honourable gentleman had taken the right course, and a course that would give a great deal of satisfaction to a large number of citizens of Wellington. He was not going to enter into details with regard to this matter. It was quite sufficient to say that this question had been the subject of considerable outside conversation. There had been a good deal of comment with respect to the transaction, and in regard to the erection of the concrete wall referred to by the member for Wellington Central. He thought that no other course was open to the Government after the statement that had been made that after-

noon. There should be a searching inquiry, and if there was any blame it should be put on the right shoulders. There had been comments amongst the ratepayers and citizens of Wellington upon this and upon some other transactions. Experts had spoken to him in reference to the erection of the wall that had been referred to. Builders, contractors, and men experienced in such work would tell you that it was absolutely impossible to erect a wall such as had been erected in this Woodward Street work for the price stated by the Council and made public in the Council's reports. This matter had caused a good deal of anxiety and comment on the part of citizens of Wellington, and it ought to be cleared up. The Prime Minister had taken the proper course in referring the matter at once to a Committee for inquiry.

Mr. FISHER (Wellington Central) desired to make a personal explanation. He gathered that the Premier rather misunderstood him. He did not impute a wrong motive or any blame whatever to the Government.

Mr. MASSEY.—I said, "criminal negligence."

Mr. FISHER was not referring to what the honourable member said, but to what he himself said—namely, that the Government had been hoodwinked in connection with the matter; and he might say that when he went to the Minister of Lands for information it would not have been possible for any man to have received him more courteously, or to have placed information more readily at his disposal.

Mr. IZARD (Wellington North) congratulated the Premier upon the course he had taken in dealing with this matter. It appeared to him (Mr. Izard) that it was, under the circumstances, the proper procedure, and he was glad the right honourable gentleman had taken it at once, and that the matter would be immediately referred to the Committee.

The Hon. Mr. McNAB (Minister of Lands) felt, with other members of the House, that in a matter of this kind, where so much had been said and where so much had been suggested by one holding the responsible position of leader of the Opposition, the reference of the whole matter to a Committee of the House was the only solution of the difficulty. It was the only solution of the difficulty in another respect, because the Committee would find as they inquired into it that it was one of the most complicated problems they could deal with in connection with land matters, for the reason that the administrative work in connection with it only went up to one point. Beyond the question of the papers as they appeared on the file there was a transaction between the City Council, with whom the Department were dealing, and a third party; and there were also transactions that followed on that, even beyond that transaction again; and these the Committee, with power to call for persons and papers, would be able to deal with, but no discussion in the House that afternoon could possibly deal with. For instance, as the honourable member was speaking, members of the House would have noticed that the matter resolved itself into, first of all, the relationship between the Administration and the City Corporation; then the coming into the transaction of a third party, Mr. Kennedy Macdonald; and the difficulties which the honourable gentleman laboured under in the City Council in getting to the bottom of the transaction. To go into all these points was a thing that could only be done by a Committee, and it would be utterly impossible to go on and discuss the matter fully that afternoon. He was at a loss as to the extent to which one should go into the matter at the present time; but he felt sure honourable members would bear with him for a few minutes while, without commenting on the matter or introducing anything in the nature of criticism, he dealt with one or two points in connection with the transaction and put them on record for honourable members' information, because so far it had not really been explained to the House what the transaction really was. The transaction had commenced during one of his visits to the south of Auckland by an interview, referred to by the honourable member for Wellington Central, Mr. Fisher, which the Mayor and Mr. Kennedy Macdonald had with the Under-Secretary. Then, correspondence took place with the Under-Secretary, and as the Mayor had indicated—so he (Hon. Mr. McNab) understood from the Under-Secretary—that Mr. Kennedy Macdonald was acting as the agent of the City Corporation in the transaction, honourable members would understand the nature of the letter that he was going to read—a letter from the firm of Macdonald, Wilson, and Co. They wrote as follows, under date the 2nd May, 1907:—

"The Secretary, Crown Lands Department.

"SIR,—The Government recently took possession of a small section of land on Wellington Terrace, immediately opposite the Wellington Club, which is now required in the interests of improvement by the City Council. The Council are desirous of creating a low-level street in Woodward Street, running from Lambton Quay to Wellington Terrace, and making the present portion of Wellington Terrace in that quarter practically a high-level street. To accomplish this it is necessary that the Council should absorb some four or five perches of the present section at the corner of Woodward Street. This would, however, mean so serious a loss of space as to make the compensation to be paid by them very heavy and possibly prevent the improvement taking place. This, however, could be avoided if the Council were in the position of being able to transfer to the owner of the corner section a section of somewhat similar size and value—the one recently vested in the Government. We shall, therefore, be glad to know if the Government would assist the matter by placing a fair price upon the latter section, when the City Council and the owner could adjust the matter, and a very necessary public work be made possible.

"We have, &c.,

"MACDONALD, WILSON, AND CO."

Honourable members would notice that the letter pointed out "some four or five perches" of land, and the exchange was to be made for a piece of land of "somewhat similar size and value," and the land in question for which the exchange was proposed was  $6\frac{1}{2}$  perches to turn it into a street. Here was a strange thing in connection with the letter. No plan was referred

to in the letter, but in the envelope in which the letter was enclosed was a plan which set out in feet on one side "13 ft.," and on the other "14 ft.," and then the third side of the triangle "21·4 ft." It was marked in red, and in the red there was a point just before the four. It read at first blush as "4 perches," but there was a point before the "4." However, the plan was not referred to in the letter, but it accompanied the envelope, and it had on it the seal of the City Corporation. The section of land was referred to the Valuer-General to ascertain the value, and the reply of the Valuer-General was as follows:—

"Valuation Department, 20th May, 1907.

"IN compliance with your request I append copy of report by Mr. Martin, District Valuer, on pieces of Crown lands in and near the City of Wellington. . . . 'Pt. T.A. 488, Wellington Terrace—0a. 0r. 06·55p., C.V., £652; U.V., £652.' . . .

"G. F. C. CAMPBELL, Valuer-General."

On the 29th May—nine days later—the following letter was sent to him (Hon. Mr. McNab) by Mr. Kensington:—

"The Hon. the Minister of Lands.

"Re *Part of Section 448, City of Wellington.*

"MESSRS. Macdonald, Wilson, and Co., on behalf of the Wellington City Council, have applied to the Government to be allowed to purchase at a reasonable price an area of 6·55 perches, being part of Section 488, fronting Wellington Terrace, and shown on the attached tracing edged green. The object of the request is to enable the Council to acquire a portion of the adjoining Section 487 for the purpose of widening Woodward Street, and if allowed to obtain the 6·55 perches referred to they can exchange it for the area tinted pink on the tracing accompanying Messrs. Macdonald, Wilson, and Co.'s letter of the 2nd instant (below). At the request of Messrs. Macdonald, Wilson, and Co., the Commissioner of Crown Lands was instructed to obtain a valuation of the portion of Section 488 applied for, and he now reports that the Valuer-General advises him that it is assessed at £652. Under the circumstances I have, therefore, to bring the matter before you for decision."

He might say that he had never seen Mr. Macdonald, nor had he seen the Mayor, nor had any one else applied to him in connection with the section. The letter went on,—

"Under the circumstances you will be in order in disposing of the land under section 117 of 'The Land Act, 1892,' as it is Crown land, and the Council are the owners of the adjoining streets, and wish to obtain the area solely for purposes of exchange with the owner of Section 487, so as to enable them to widen Woodward Street.

"WM. C. KENSINGTON, Under-Secretary."

The matter was referred to Cabinet for decision, and on the 30th May the sale was approved, so that, so far, the exchange went on. Then, in the communication dated the 30th May, the authority of the Government had been got to an exchange of the piece of land referred to here for a piece of land in the corner of Woodward Street, to enable the City Corporation to get possession of that land at the corner to effect the widening of Woodward Street and the rearrangement of the levels. Now, on the 5th September, 1907, the following letter came from the Mayor, and it is addressed to myself:—

"The Mayor's Office, Wellington, September 5th, 1907.

"SIR,—The Wellington Council, being anxious to obtain a little land from Mr. T. K. Macdonald for the purpose of improving Woodward Street, asked him to make an arrangement with the Council. He made what were considered advantageous terms to the Council, and they were completed. They involved the Council applying to the Land Department for the grant of a piece of land adjoining, and, if successful, passing it over to Mr. Macdonald at the valuation put on it.

"The Department has valued it at what Councillors think a fairly high price; but, as it is Mr. Macdonald's affair, no question is raised on that point. I, however, find that the Council once acquiring the land cannot sell it again; but I am also advised that we can ask the Crown, in pursuance of the arrangement, to make the grant to Mr. Macdonald direct, we paying you the purchase-money and he paying us.

"The work is one which we hoped to have done last year, as it is somewhat urgent, and will make a great improvement in the entry from Lambton Quay to the Terrace. May I ask you to co-operate with us in carrying out the arrangement? The Department has already agreed to sell to the Council at a sum fixed. All that we ask is that the grant should be made to Mr. Macdonald on the same terms, he having arranged to give us what we want.

"Yours obediently,

"T. W. HISLOP.

"The Hon. the Minister of Lands, Wellington."

Then, after formal acknowledgment of the letter comes the report from the Under-Secretary, as follows:—

"Hon. the Minister of Lands.

"10th September, 1907.

"*Purchase of Land, Woodward Street.*

"REFERRING to the letter which you received from His Worship the Mayor of Wellington, under date the 5th instant, *re* the exchange of land in connection with the improvement of Wood-

ward Street, as Cabinet has already agreed to the proposal and fixed the price to be paid for the small strip of land in question—namely, £652—if the Wellington City Council pay this amount to the Receiver of Land Revenue to the credit of Mr. T. K. Macdonald, then the Government can grant the area direct to Mr. T. K. Macdonald, instead of the more elaborate process of first issuing

a certificate of title to the Wellington City Council and then the Council conveying to Mr. T. K. Macdonald. If you approve of this course I will instruct the Commissioner of Crown Lands to deal with it in this manner.

“WM. C. KENSINGTON, Under-Secretary.

“Enclosures: Cabinet authority attached.”

My minute on this letter was,—

“Draft letter advising H.W. the Mayor accordingly.

“R. McNAB. 11/9/07.”

The following is the minute of the Under-Secretary:—

“Hon. the Minister of Lands.

“Reply herewith for your signature of approval.

“WM. C. KENSINGTON, Under-Secretary. 13/9/07.”

My reply sent to His Worship the Mayor was dated the 14th September, 1907, and is as follows:—

“*Re Improvement of Woodward Street.*

“SIR.—Referring again to your letter to me of the 5th September, and my reply to you of the 6th September, I find that Cabinet agreed as to the price to be paid for the strip of land in question—namely, £652. If, therefore, your Council will pay this amount to the Receiver of Land Revenue to the credit of the Hon. T. K. Macdonald, the Commissioner of Crown Lands will be instructed to issue a certificate of title direct to him, instead of the more elaborate process of first issuing a certificate of title to your Council and then your Council conveying it to the Hon. T. K. Macdonald.

“I have, &c.,

“ROBERT McNAB.”

Then, steps were taken by the Wellington Land Board to give effect to the arrangement. From the Receiver of Land Revenue he (the Minister) gathered that the cheque paid to him came from the office of Messrs. Brandon, Hislop, and Johnson, solicitors to the parties concerned. There was no evidence whether the cheque originated with the City Treasurer or with some private individual. That was the whole transaction as far as the Government were concerned.

Mr. AITKEN asked whether the Minister had understood that the area was 0·4 perches or 4·04 perches.

The Hon. Mr. McNAB said he could only judge from the documents before him. Mr. Kennedy Macdonald's letter said, “To accomplish this it is necessary that the Council should absorb some four or five perches of the present section at the corner of Woodward Street.” Subsequently the letter spoke of “a section of somewhat similar size and value.” Four or five perches seemed to him “somewhat similar in size and value” to the other area of 6½ perches further along.

Motion agreed to, and papers laid on the table.

On the motion of the Hon. Mr. McNAB, the papers were ordered to be printed, and referred to the Lands Committee for consideration and report.

## APPENDIX B.

SIR,—

Sept. 5th, 1907.

The Wellington Council, being anxious to obtain a little land from Mr. T. K. Macdonald for the purpose of improving Woodward Street, asked him to make an arrangement with the Council. He made what were considered advantageous terms to the Council, and they were completed. They involved the Council applying to the Land Department for the grant of a piece of land adjoining, and, if successful, passing it over to Mr. Macdonald at the valuation put on it. The Department has valued it at what the Councillors think a fairly high price; but, as it is Mr. Macdonald's affair, no question is raised on that point. I, however, find that the Council, once acquiring the land, cannot sell it again, but I am also advised that we can ask the Crown, in pursuance of the arrangements, to make the grant to Mr. Macdonald direct, we paying you the purchase-money and he paying us. The work is one which we hoped to have done last year, as it is somewhat urgent, and will make a great improvement in the city from Lambton Quay to the Terrace.

May I ask you to co-operate with us in carrying out the arrangement.

The Department has already agreed to sell to the Council at a sum fixed. All we ask is that the grant should be made to Mr. Macdonald on the same terms he has arranged to give us what we want.

Yours obediently,

The Hon. the Minister of Lands, Wellington.

T. W. HISLOP.

## APPENDIX E.

THIS deed made the thirty-first day of October 1907 between Thomas Kennedy Macdonald of the City of Wellington auctioneer of the one part and the Mayor Councillors and Citizens of the City of Wellington (hereinafter termed "the Corporation") of the other part witnesseth that the said Thomas Kennedy Macdonald doth hereby convey and assure to the Corporation first that piece of land edged red on the plan drawn hereon containing by admeasurement thirteen-hundredths of a perch and being part of Section 487 on the map of the City of Wellington and secondly that piece of land edged green on the plan drawn hereon containing by admeasurement thirty-four hundredths perches being also part of Section 487 on the map of the City of Wellington to hold the said pieces of land unto the Corporation for the purposes of a public street.

In witness whereof these presents have been executed by or on behalf of the parties thereto the day and year first above written.

Signed by the above-named Thomas Kennedy Macdonald in } T. KENNEDY MACDONALD.  
the presence of—  
SAM. PARKER, Clerk,  
Wellington.

The common seal of the Mayor Councillors and Citizens of }  
the City of Wellington was hereto affixed at the offices }  
of and pursuant to a resolution of the City Council }  
in the presence of—  
T. W. HISLOP, Mayor.  
JOHN P. LUKE, Councillor.  
JOHN R. PALMER, Town Clerk.

## APPENDIX F.

Memorandum of agreement made this 11th day of October 1907 between the Mayor Councillors and citizens of the City of Wellington of the one part and Thomas Kennedy Macdonald of Wellington Estate Agent of the other part. Whereas the said Thomas Kennedy Macdonald is the owner of a part of a parcel of land abutting on Woodward Street and Wellington Terrace and the Council is desirous of obtaining from him the portion of land coloured red on Plan No. 1 shown hereon and his consent to alterations of levels of streets abutting upon such land and as part of the arrangement made between him and the Council the Council is to apply to the Commissioner of Crown Lands at Wellington to purchase the parcel of land shown in plan No. 2 hereon and therein edged red for the sum of £652 which sum is to be paid by the said Thomas Kennedy Macdonald upon the Council procuring for him a transfer of the said land Now this agreement witnesseth as follows:—

1. The said Thomas Kennedy Macdonald will consent to such alterations to the grade of the streets abutting on the said lands as shall be required by the City Engineer and will not claim any compensation in respect of such altered levels.

2. The said Thomas Kennedy Macdonald shall execute all necessary documents for the purpose of vesting the said parcel of land on plan No. 1 drawn hereon in the Council for street purposes.

3. The said Thomas Kennedy Macdonald shall contribute the sum of *one hundred pounds* sterling towards the cost of a wall which is to be built along Woodward Street and Wellington Terrace upon his land as altered by excluding therefrom the parcel of land shown on plan No. 1 and by including therein the said parcel of land shown on plan No. 2 under the supervision and according to the designs of the City Engineer.

4. For the consideration aforesaid the Corporation shall erect a sufficient wall according to the design of the City Engineer for the purpose of retaining the street such wall to be used at the option of the said Thomas Kennedy Macdonald as a wall for any building And the Council shall further apply to the Commissioner of Crown Lands as aforesaid for the parcel of land shown on plan No. 2 hereon and shall on the payment by the said Thomas Kennedy Macdonald of the sum to be contributed by him towards the cost of the said wall and the sum which the Council is to pay for the said parcel of land and all expenses attending the same execute or cause to be executed to the said Thomas Kennedy Macdonald all necessary assurances vesting in him the said parcel of land shown on plan No. 2 hereon and shall proceed immediately to alter the grades of the said streets according to the plans of the Engineer and to erect the retaining wall aforesaid and to finish the wall and the street within a reasonable time.

In witness whereof these presents have been executed by or on behalf of the parties hereto the day and year first hereinbefore written.

The common seal of the Mayor Councillors and Citizens of }  
the City of Wellington was hereto affixed at the offices }  
of and pursuant to a resolution of the Council in the }  
presence of—

T. W. HISLOP, Mayor.  
M. MURDOCH, Councillor.  
JOHN R. PALMER, Town Clerk.

Signed by the above-named Thomas Kennedy Macdonald in } T. KENNEDY MACDONALD.  
the presence of—  
JNO. R. PALMER, Town Clerk.

## APPENDIX G.

Department of Lands and Survey, District Office, Wellington, 28th June, 1907.  
The Town Clerk, Wellington.

*Part Section 488, City of Wellington.*

I HAVE the honour to inform you that the Government has agreed to sell to the Wellington City Council, under section 117 of "The Land Act, 1892," portion of the above section fronting Wellington Terrace, and containing 6.55 perches, for the sum of £652.

I shall be obliged if you will please forward me a formal application for this land from the Mayor, Councillors, &c., and remit a cheque for the purchase-money and Crown-grant fee—viz., £653—to the Receiver of Land Revenue.

Steps will then be taken to issue the grant in due course. I enclose a tracing of the section. You will notice that a building encroaches to some extent on the southern boundary.

JOHN STRAUCHON,

Commissioner of Crown Lands.

Enclosures: Application form; tracing.

## APPENDIX H.

EXTRACT FROM MINUTE-BOOKS IN CONNECTION WITH RETAINING-WALL, WOODWARD STREET.

(Council, 7/2/06. Page 308, M.B. 18.)

Cr. Izard asked if the City Engineer would repair Woodward Street. The Mayor replied that the Engineer would see to the matter.

(Council, 22/2/06. Page 319, M.B. 18.)

Cr. Izard asked if the City Engineer had reported yet *re* Woodward Street. The Mayor replied that the levels had been taken, but the owners had not been consulted yet.

(Finance Committee, 27/8/07. Page 263, M.B. 1.)

The draft agreement between the Council and the Hon. T. K. Macdonald with respect to the proposed alterations to Woodward Street was submitted and approved.

(Council, 8/5/07. Page 221, M.B. 19.)

Cr. Cohen asked what was being done *re* Woodward Street, and the Mayor said there was a difficulty about the title, and that nothing could be done until this was settled.

(Council, 29/8/07. Page 361, M.B. 19.)

The Finance Committee have to recommend, That the draft agreement with respect to Woodward Street made with the owner of part Section 488, abutting thereon, be approved.—Carried.

(Finance Committee, 3/12/07. Page 13, M.B. 2.)

Mr. T. K. Macdonald's offer in connection with the retaining-wall at Woodward Street was accepted.

## APPENDIX I.

SIR,—

5th September, 1907.

Referring to your letter of the 28th June last, with regard to part Section 488, City of Wellington, I am instructed to make an application for the purchase of this land by the Council at the sum stated in your communication, including the Crown-grant fee (£653). The Corporation have in view certain exchanges of land in the vicinity under an arrangement requiring an area of land at the corner of Woodward Street for the purpose of improving the thoroughfare and the grade thereof. A cheque will be forwarded with the conveyance by the solicitors preparing the transfer.

I am, Sir,

Your obedient servant,

JNO. R. PALMER,

Town Clerk.

The Commissioner of Crown Lands, Department of Lands and Survey, Wellington.

## APPENDIX J.

Wellington City Council.

Memorandum for the Mayor, Wellington, 6th August, 1908.

THE section of land has been in the occupation of Mr. Williams for many years, but, being No Man's land, the section did not appear on the roll, and no rates have ever been paid upon the section.

J. AMES, Valuer.



## APPENDIX N.

SIR,—

Wellington, 2nd September, 1908.

I have the honour to inform you that the Lands Committee have decided to ask you, if you so desire, to submit the names of the witnesses and the nature of the evidence you intend calling, for their approval.

Will you kindly let me have this as early as possible, so that the Committee's approval can be obtained in order to allow the witnesses to be called for Friday morning.

I have, &amp;c.,

T. Y. DUNCAN,

Hon. T. W. Hislop, Mayor of Wellington, Wellington.

Chairman, Lands Committee.

## APPENDIX O.

DEAR SIR,—

Wellington, 9th September, 1908.

I had the honour to receive your letter in which you asked me to name any witnesses whom I wished to call. Unfortunately, death has removed the witness who could have given most material evidence in support of my view of the case. I saw Mr. H. D. Crawford on the evening of Tuesday, the 25th August, when I asked him if he remembered the circumstances of my first calling on Mr. Kensington. He stated that he did, and that the matter of our calling on him was discussed, and that I told him that I had no personal acquaintance with Mr. Kensington; that it was determined that I should call first; that I did so, and that I then asked him (Mr. Crawford) to call with me afterwards, and that I told him that I had found Mr. Kensington anxious to meet our views, and that I thought that if he (Mr. Crawford) would come and give the history of the matter in hand, that our application would be favourably received. Mr. Crawford further remembered that we went together, and that he, being rather short-winded, was almost "knocked out" through going up the stairs, that there was a little delay in getting into the office, and that he was impatient, and when admitted he settled down on a chair. When the papers were brought in he explained what his late father had done in the matter. I mentioned this conversation next day to Mr. Macdonald, two friends, and members of my own family. Mr. Crawford stated that he thought he would be out in two or three days, and that, if I wanted him to do so, he would give evidence. He seemed bright at our interview, and I was greatly astonished to learn on the morning but one following our conversation of his death.

I beg to send herewith a memo.

Yours truly,

T. W. HISLOP.

Thomas Duncan, Esq., M.P., Chairman Waste Lands Committee, Wellington.

*Approximate Cost of Paper.*—Preparation, not given; printing (1,500 copies including plans), £70 19s 6d.)

By Authority : JOHN MACKAY, Government Printer, Wellington.—1908

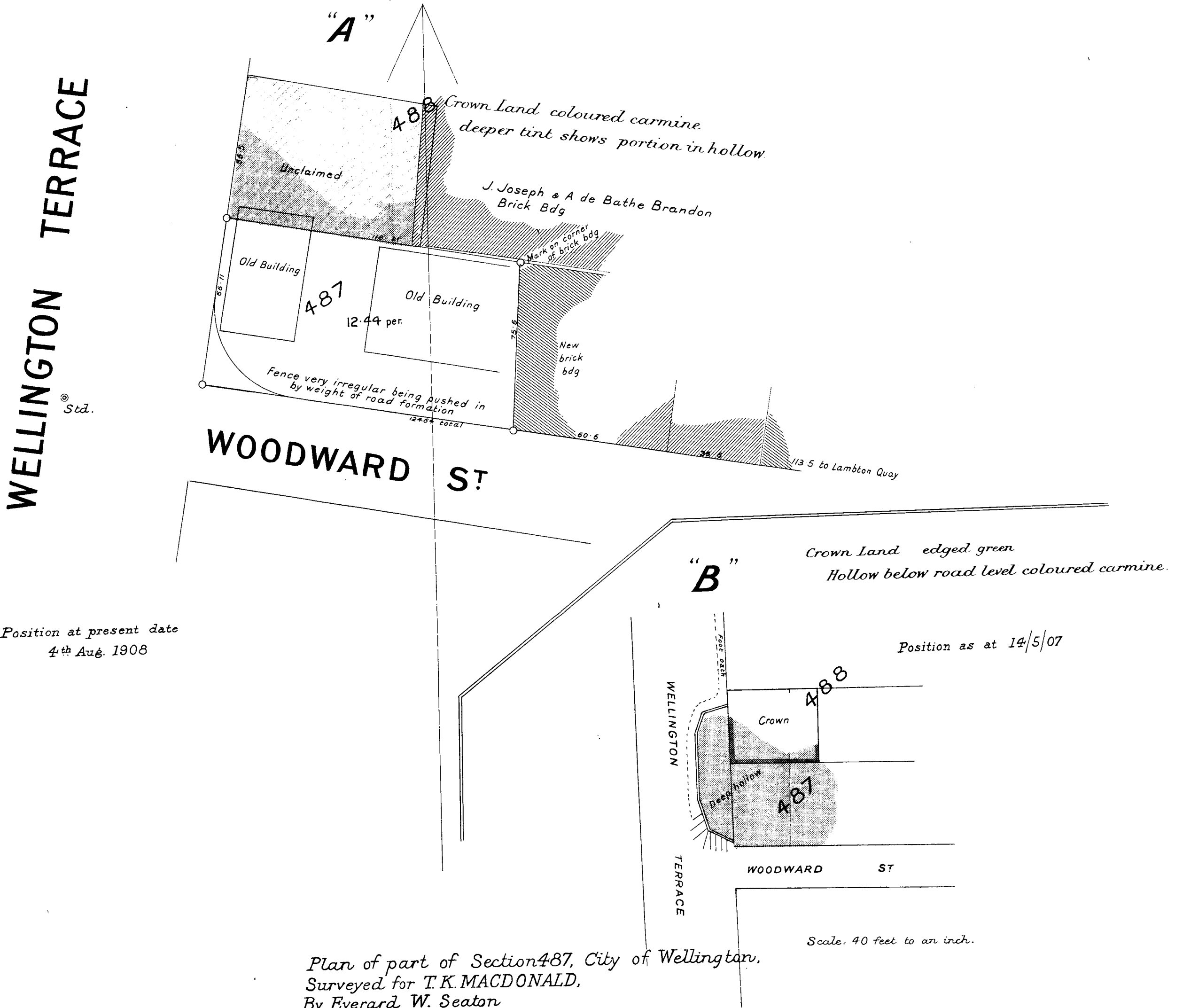
Price 2s.]



Plan put in by Mr. Martin Aug. 5<sup>th</sup> '08

A/2377

Approved 8/10/07



Position at present date  
4<sup>th</sup> Aug. 1908

Plan of part of Section 487, City of Wellington,  
Surveyed for T.K. MACDONALD,  
By Everard W. Seaton

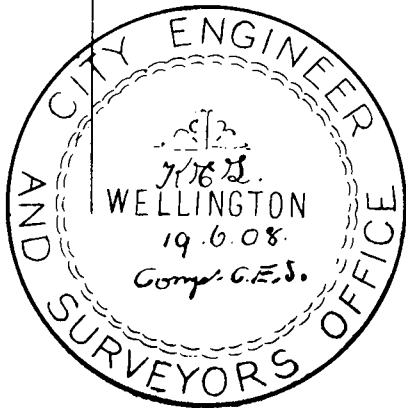
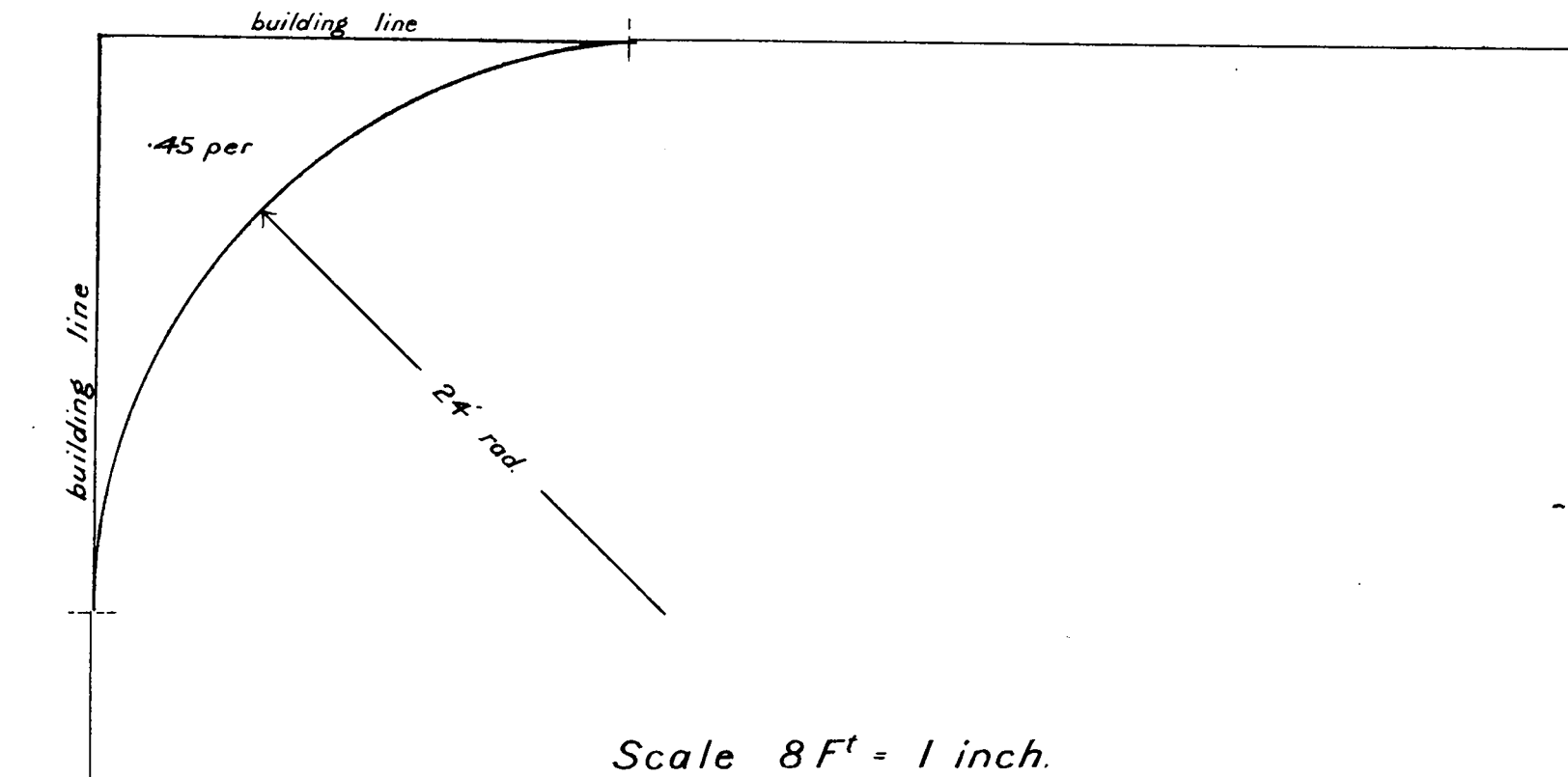
Authorised Surveyor.

Scale: 30 links to an inch.



W E L L I N G T O N T C E

W O O D W A R D S T



Correct copy

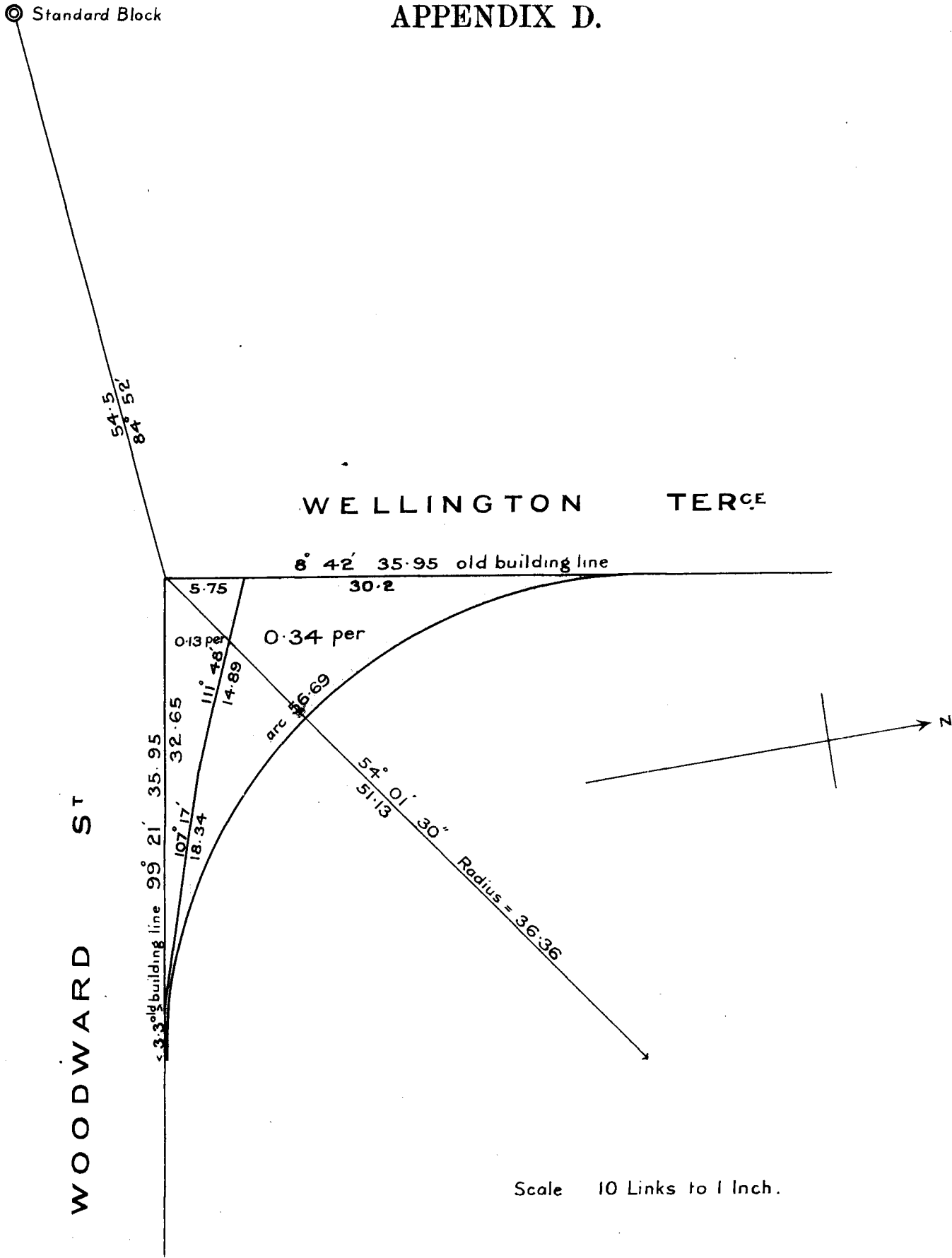
*L. C. Stone*

Chief Draftsman

4.9.08



APPENDIX D.



This is a correct copy of plan endorsed on agreement dated 31<sup>st</sup> Oct 1907, between the Wellington City Corporation & T. K. Macdonald.

E. C. Stone  
Chief Draftsman.

C.F.C.  
39.00



