

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.