

required by the Harbour Board that, should the Board not be able to recover from the General Government the value of the land taken for railway purposes, the Provincial Government will refund to such extent.

"2. That the work of reclamation go on as at present, the Harbour Board undertaking to pay the additional cost from time to time as the work proceeds.

"3. That the Harbour Board offers no objections to the exchange with the Corporation of land adjoining the railway near Castle Street equivalent in value to the playgrounds to be given for the Albany Street schools.

"On the above being agreed to, the Government will make no further claims on account of the large sums expended in reclamation at Castle Street and elsewhere, which the Board will now reap the advantage of, and the Superintendent and Executive will render every facility and assistance in their power in completing the Board's title to its endowments.—I have, &c.,

"ALEX. WILLIS,
"Under Secretary."

The terms of this letter were agreed to, and £12,375 paid to the provincial authorities; and it will be noted that up to this date not one word had been said in reference to the South Dunedin Municipality—in fact, all previous efforts had been directed towards the obtaining of the land referred to for the Dunedin, Peninsula, and Ocean Beach Railway, the final hopes in regard to which had been dissipated by the Provincial Council in June refusing to indorse the Executive, or rather Superintendent, promises to that company of this and other lands held by him in *trust* for harbour improvements. The terms of this letter alone, carried out in the honorable, fair, and, I may say, sympathetic spirit in which the Board met the Provincial Executive, should have prevented the attempt made, some four months later, to deprive it, by a sidewind, of part of its legitimate endowment; and influenced the late Superintendent, the Hon. Mr. Macandrew, in seeing to it that the agreement of his late Executive was implemented, and not broken.

On the 3rd August, 1876, His Honor the Deputy-Superintendent (Mr. Turnbull) in the chair, and Messrs. Ritchie, McKinnon, Tewsley, McNeill, and Davie being present, the following recommendation was brought up in a report from the Finance Committee, and adopted by the Board: "That immediate application be made to the General Government for the issue of a Crown Grant for that portion of land included in the plans of harbour improvement approved by the Governor in Council, and to which the Board is entitled under clause 5 of 'The Otago Harbour Board Empowering Act, 1875.'"

On the 4th August, a letter in accordance therewith was forwarded to the Colonial Secretary, and at the Board's usual fortnightly meeting, on the 17th, the letter was approved:—

"4th August, 1876.

"SIR,—I have the honor, by direction of the Otago Harbour Board, to request that instructions may be issued as soon as practicable for the preparation and issue of a Crown grant for that portion of land included in the plans of the harbour improvement approved by his Excellency the Governor in Council, and to which the Board is entitled under clause 5 of 'The Otago Harbour Board Empowering Act, 1875.' The Board's solicitors advise that leases cannot be legally issued until the Crown grant is issued. I enclose tracing of ground above referred to.—I have, &c.,

"J. L. GILLIES,
"Secretary.

"The Hon. the Colonial Secretary."

Objection was taken to the issuing of the grant for the whole amount, viz., 150 acres, on the ground that the provisions of the Act implied that it should be first reclaimed; but ultimately it was agreed that the embankment constructed by the Dunedin, Peninsula, and Ocean Beach Railway out of material taken from the Board's adjoining lands should be held as a reclamation of some 21 acres; and accordingly a Crown grant was ordered to be prepared and issued for that quantity after going through the usual departmental routine.

On the 24th October, 1876, an application was made, for the first time, by the Provincial Government for the reserve of ten acres of this land for the South Dunedin Municipality, which was considered at a meeting of the Waste Lands Board upon the 1st November, when the Board passed a resolution complying with the request.

On the 2nd November, at the usual fortnightly meeting of the Harbour Board, I drew its attention to the published report of proceedings that had taken place at the Waste Lands Board the previous day, and to a letter from the Waste Lands Office, with a request for certain information with regard to the Board's endowment, this letter, however, not having been delivered till after the Waste Lands Board meeting. It was resolved that the secretary take immediate steps to protect the Board's interest. I accordingly wrote the following letters to the Chief Commissioner of Crown Lands and to the Hon. the Commissioner of Customs:—

"Dunedin, 3rd November, 1876.

"SIR,—I have the honor to furnish you with a tracing and description of the land lying between the Ocean Beach Railway and Anderson's Bay Road promised to be Crown-granted to the Otago Harbour Board, and included within the plans submitted to and sanctioned by the Governor in Council under the provisions of 'The Harbour Works Act, 1874.' As I understand a portion of this same block has been recommended by the Provincial Government to be reserved for the Municipality of South Dunedin, and that, in ignorance of the true position of the matter, the Waste Lands Board at its last meeting agreed to make the reserve, I have the honor to request that further consideration be given this matter before anything is done further in it.

"By a reference to the record map of the province and to the Crown grants issued for the sections along Anderson's Bay Road it will be seen that the boundary or high-water mark of the harbour of Otago or Dunedin lies close up to said road and sections.

"Owing to the dispute between the General and Provincial Governments in connection with the construction of the Dunedin, Peninsula, and Ocean Beach Railway, it would appear that in March last