

FINDING OF THE COMMISSIONER

RESPECTING LAUREL POINT TRANSACTION

Suspicious Features Warranted Making of Charges—Believes No Information Was Given Out.

The commission appointed under the Public Inquiries Act by the Lieutenant-Governor has handed in the report. The commissioner to investigate the Laurel Point matter was Frederick Peters, K. C.

The decision handed in by Mr. Peters is as follows:

To His Honor James Dunsinuir, Lieutenant-Governor of the Province of British Columbia in council:

Having by commission under the seal of the province and signed by the Lieutenant-Governor, I have been directed to hold an inquiry to ascertain the facts in connection with the proposed sale of government property at Laurel Point, Victoria harbor, known as lot 570 B, Victoria city, tenders for which were invited on September 22nd, 1905, and the truth or falsity of any allegations of misconduct in connection with the proposed sale upon the part of the chief commissioner of lands and works, or any official of the said department, I now respectfully report as follows:

1. That upon receipt of the said commission, and before entering upon its execution, I duly took the oath required by statute before the Honorable Mr. Justice Irving, a judge of the Supreme court of British Columbia, and having since held a complete inquiry into the matters referred to me by said commission.

2. I find the facts relating to said proposed sale to be these. Mr. Pendray is the owner of certain property on Sehl's Point, which he uses for his business and which adjoins lot 570 B and for obvious reasons was desirous of obtaining lot 570 B. In order to accomplish this purpose he opened negotiations to buy the lot with the Hon. Mr. Pendray personally and partly by Mr. Brown, his agent.

The result was that Mr. Green signified his willingness to sell the lot by public competition, viz., either by tender, or by public auction, at the same time making a stipulation that the lot would not be put up for tender unless he, Pendray, was prepared to put in a substantial bid. Mr. Pendray agreed that at least \$2,000 should be tendered (I find that this stipulation was wise and in the public interest). Mr. Green at the same time suggested that it might be better to sell the property by auction, and that the tender system a slightly higher tender might be put in, and Pendray thus lost the property, whereas at auction he would know just what he had to meet, and could act accordingly. Mr. Pendray, on the matter was that the tender system was adopted, and on the 21st September, 1905, Mr. Percy Brown, agent for Pendray, put in a written tender for \$2,000, and gave identification with the said amount. This tender was not sealed, but was open, the reason for this being that Mr. Brown wished to assure Mr. Green that Pendray was bona fide keeping his bargain as to the amount he would tender.

Under the circumstances, I cannot see that there was anything wrong in Mr. Green accepting the tender open. Tenders were then called for by notice dated the 12th of September, 1905. Under the terms of that notice, tenders were to be made by 12 o'clock noon of the 7th October, 1905.

On receipt of Mr. Pendray's tender, Mr. Green looked up in a private drawer in his office, apparently still open, not settled up, and the evidence satisfied me that it remained in that drawer until after 12 o'clock noon of the 7th October, 1905. It is also clear that no officer in the lands and works department, other than Mr. Green himself saw the Pendray tender, or knew the amount stated in it, until after 12 o'clock noon of the 7th October, 1905.

Shortly before 12 o'clock noon of the 7th of October, Mr. Harrison, proprietor of the Drilard hotel, and a Mrs. Loggie, a stenographer, employed at the Drilard came to the lands and works department, and put in a tender for Mrs. Loggie for \$2,100. This tender was sealed and enclosed with it was Mrs. Loggie's cheque on the Canadian Bank of Commerce for the \$2,100 duly certified. There were no other tenders. At about 2 o'clock on the same day the tenders were opened in the presence of Mr. Green and then Deputy W. S. Gore, when, of course, it was found that the tender of Mrs. Loggie was the higher.

I am of the opinion that if nothing had intervened, the tenders would have been laid before the council probably with Mr. Green's recommendation that the Loggie tender be accepted, but something did intervene. The board of trade, a day or so after the 7th October, sent a delegation to the government to point out that the lot in question should not be allowed to fall into private hands for the reason that if a tall building were erected at the end of the point it would intercept the view between vessels approaching each other from opposite sides of Sehl Point, and cause a menace to navigation. To this argument the government acceded, and both tenders were informed in writing that the lot would not be sold and the reason for the refusal to sell was given.

The sale by tender having fallen through, negotiations to lease the property were entered into by Pendray with the department, and this was not complete, they having been delayed by reason of negotiations with the government of Canada for the acquisition of the lot for lighthouse purposes. The proposed lease to Pendray was not produced. I understand, however, that it contains, or will contain, certain clauses allowing its cancellation on notice, this being necessary in order to allow the government of British Columbia a free hand in its negotiation with the government of Canada.

So far as the action of the department is concerned what I have already stated is a history of the whole transaction, and upon its face it can see nothing in the least wrong about it. On the 16th May, 1905, an editorial appeared in the Daily World, a newspaper published in the City of Vancouver, of which Mr. D. W. Higgins is editor. This article was headed "Anderson and Anderson again in evidence," and will be found in the enclosed exhibits, marked exhibit 4. It contained certain charges.

The first named article was followed by a second in the same newspaper, in the issue of the 23rd May, 1905, also to be found in the exhibits, repeating and adding to the charges already made. And a third article in the same newspaper, dated 28th May, renews the same charges, with added details, and they are reiterated in a fourth article on the 5th June, 1905.

The charges made in these articles may be formulated as follows: 1. That Mr. Green, or some person in the department, gave away the amount of the Pendray tender to Mrs. James Anderson, or some other person, before the 12th of October, with the object of securing Pendray.

2. That Mr. Green agreed to lease the lot in question to Mr. Pendray at a nominal rent, under a threat from Pendray that unless the land was given to him he would expose the whole transaction.

3. That the tender put in by Mrs. Loggie was not really hers, but that her name was only used as a blind, and that the real tenderer was Anderson.

After carefully considering all the evidence adduced, and I have been careful to obtain every witness who could give any information, I am clear of opinion that none of the charges are true, and that the evidence given very clearly establishes their falsity, and with regard to the whole transaction nothing has been done by Mr. Green, or any official in the lands and works department, in the slightest degree worthy of censure.

I shall proceed to give my reasons for this finding. The first charge is a very serious one.

It will be apparent that if information was given out to other tenderers, the whole system of sale by tender would be useless. Such a proceeding is not only unfair to the person whose tender is disclosed, but is calculated to cause loss to the province by tending to keep down the amount of subsequent tenders.

The ground upon which the charge is based is founded upon the fact that Percy Brown (Pendray's agent), a real estate agent of repute, had stated that before 12 o'clock on the 7th October, Mr. Anderson had come to his office, and that he knew the exact amount of Pendray's tender, and had stated the amount to him, Brown, and told him he should bid more if Pendray wanted to get the property, and from this it was assumed that Mrs. Loggie was in his confidence, and that information from the department.

The evidence satisfies me that Mrs. Anderson did not know the amount of the Pendray tender, but from calculations made by other parties to whom evidence I will refer she was possessed of a very close estimate of what Pendray would probably tender; that when she went into Mr. Brown's office she was by no means certain of the amount of the Pendray tender; that she went there for the purpose of getting information upon that point, and by the rather sharp use of pretending to have been identified with the tender, she threw Mr. Brown off his guard to such an extent that he himself actually gave her the required information, and satisfied her that the calculations she had made were correct, so that if knowledge of the Pendray tender was obtained at all it was so obtained—not from Mr. Green, but from Mr. Brown. I may say that Mr. Brown now practically admits this to be the case in his evidence.

The history of how the Loggie tender came to be put in is as follows: The notice calling for tenders came to the eye of Mr. Murray, a real estate agent, and he immediately came to the conclusion that he would try to get one of his clients to tender. He was moved to do this by two reasons. Firstly, he had been concerned in the sale to Pendray of his property at Sehl's Point, and he contended that in some way (not necessary to enquire into) he had not been well treated in the matter of the commission, and that Mr. Brown had treated the department of his (Murray's) work. He felt sure Pendray would tender for the lot, and he thought he might get even with Pendray's probable tender. Secondly, he saw a chance of making money on the deal.

Having concluded he would induce some person to tender he made a careful calculation to ascertain what Pendray would probably tender. He took that Mr. Murray was in a peculiarly good position to make this calculation. He was intimately acquainted with the property, and with Pendray's ideas of value, and I see nothing surprising in the fact that he and Pendray came to about the same valuation. The result of his calculation was that he concluded that Pendray would probably value the property at \$2,050, or thereabouts, and that a second tender of \$2,100 would be successful. Having come to this conclusion he approached Mr. Gibbs on the subject, showed him the calculation and tried to get him to tender. Mr. Gibbs was not then able to go into the matter. He next tried to get Mr. Loggie to tender, and gave him the same information. If we stop at this point it will be seen that before Mrs. Anderson, or her husband, had anything to do with the transaction, Murray had settled the amount of a second tender he could get, and had given the figures to Mr. Gibbs and Mr. Laird, who were both called as witnesses. It is clear that Murray got no information from the department, but that the amount of \$2,050 was arrived at by well considered calculation. I think a fair consideration of this evidence removes every shadow of suspicion that might arise from the fact of the tenders being so nearly of the same amount.

Up to Thursday before the tenders were to be put in, Murray had accomplished nothing, but on that day he met Mr. James Anderson at his club, and laid the matter before him, giving him the same figures he had given the

others, and also a sketch of the property. Anderson seemed pleased with the proposition, and spoke of some person in Seattle who might take it. Anderson told his wife about the matter, and particularly upon Friday evening Anderson and his wife talked the matter over, and it is clear Anderson gave his wife the particulars of Murray's calculation. On Saturday, at about 11:30 a.m., Mrs. Anderson had the interview with Brown referred to.

Brown's office is on Broad street, near Trounce Alley. At the very same time Anderson meets Harrison of the firm, also on Broad street, near Trounce Alley. Anderson says this meeting was accidental, and also that it was an accident that he should be on Broad street just when his wife was at Brown's office. I have my doubts on this point. I am disposed to think the whole thing was arranged between Anderson and his wife before-hand. I will state my reasons for this view later, and will now continue the narration of the facts.

Anderson and Anderson met, and explained the position of affairs to Harrison, and gave him the figures and advised him that it was a good chance. Harrison immediately went to Mrs. Loggie, who is a stenographer at the Drilard hotel, and laid the matter before her, with a strong recommendation that she should tender. As a result of this she went to the Drilard hotel, drove down to the department, and put in the tender. Neither Anderson nor his wife had any communication with Mrs. Loggie. In fact, she did not know either of them, and I am prepared to say that so far as Mrs. Loggie is concerned she put the tender in relying solely upon the judgment of her friend and adviser, Harrison, and that she did so for her own benefit, and was not acting for anyone else. Mrs. Loggie gave her evidence in a very satisfactory manner, and by the production of her book, which she allowed me to see, showed clearly that she was well able to manage a transaction of this kind. The charge that Mrs. Loggie was acting as a blind for the Andersons is in reality not strongly urged. In fact, in an article in the issue of the World of the 15th of May last, it was practically withdrawn. Whilst entirely believing that Mrs. Loggie's tender was for herself only, and that the Andersons had no interest whatever in it, I am disposed to think that they did not hope to get some later date to try and obtain an interest in the deal if Mrs. Loggie succeeded—probably by re-purchase from Mrs. Loggie. I am satisfied the Andersons thought the deal promising, and I cannot think they would have taken the trouble they did about it if in some way they did not hope to profit by it. I consider, however, it is utterly immaterial to the inquiry whether or not the Andersons had any hope to get into the transaction later on or not, and in any case I have only the evidence of the Andersons upon the point, and the last few words of Mr. Anderson's evidence referring to her having by sign told her husband that the amount of the tender was all right, and her subsequent complete change of this statement, such change being made at the instance of her husband, convince me that no finding depending solely upon her evidence can safely be made.

As to the second charge, namely, that Mr. Green had agreed to give Pendray a lease under a threat of exposure, it will be sufficient to say that the evidence clearly shows that no such threat was ever made, and there is no foundation whatever for the charge.

As to the third charge, namely, that Mrs. Loggie was merely a blind for the Andersons, I have already disposed of this.

I might stop at this point, as what I have already reported disposes of all the matters referred to in my commission, but in view of a system lasting 28 years, when the population would be greatly increased, a scheme such as he suggested was the only one that would be thought met the approval of the council, as they would turn down a make shift proposition.

Ald. Douglas endorsed Ald. Davey's scheme. Ald. Fullerton was opposed to spending a large sum of money. He favored the report of the committee. Ald. Davey said that he had paid a visit to the Highland district, and believed that the district had all the qualifications for a large supply of water.

Ald. Stewart moved the adoption of the report. In submitting this the committee believed that it would overcome much difficulty. The committee did not agree with the proposal to dredge out the lake. The present main delivered 800,000 gallons a day. By putting in a pump the delivery could be raised by 700,000 gallons a day. The cost of this would be \$8,000, which would provide for an emergency pumping plant. Besides, the district would be saved half a million gallons a day. Metres were the only way to check up the waste. A tank for Rockland avenue all agreed was necessary. The item of \$1,000 for the Highland district was for the purpose of testing that supply. By tiding over for a year, the council would then be in a position to decide as to what source was best to be drawn from.

Ald. Fullerton said that the proposal made in the report was simply to tide over the present difficulties. With a very good scheme yet in prospective, the committee thought it unwise to ask for any very large expenditure until something definite could be placed before the citizens.

Ald. Fullerton said there had been a wonderful conversion with respect to the metres. At one time there were many who opposed the use of these, but they are now not so many. He had made a little calculation on his own account, and taking the consumption

THREE PROPOSALS BEING CONSIDERED

BY CITY COUNCIL FOR A WATER SUPPLY

Gravity System, Pumping Station at Elk Lake and New Reservoir Form Different Schemes.

(From Friday's Daily.)

After three more hours of discussion last evening on schemes to obtain an increased water supply, the city council is still in doubt as to what is best to do. The meeting had been called specially to consider the various reports prepared on available sources, and after two lengthy meetings the council is now divided on three propositions. Briefly these are: The laying of a 30-inch main to Elk lake for a gravity system; the improvement of the present distribution pipes, the purchase of a pump at Elk lake at a total cost of \$100,000; and the building of a large reservoir on Bald mountain beyond the city limits, the plan to draw from. Discussion during the evening was not confined alone to these different projects, but wandered off at times to the disgust of individual members of the council. As one alderman put it there was too much talk about what different members said.

Ald. Douglas set the ball rolling. He asked the Mayor if his Worship had had any communication from the Goldstream Waterworks Company. His Worship replied in the negative.

Ald. Stewart pointed out that the company had not yet had time in which to communicate with the council, as it would first have to call a meeting.

His Worship then disclaimed all secrecy with respect to the preparation of the reports, and that he had nothing to do with Mr. Topp signing the report against the latter's will.

At this juncture another six took place between Ald. Hall and His Worship over the purity of the Elk lake water.

Ald. Hall was willing to wager that no medical man in the city would recommend the water from the lake for drinking.

His Worship was quick to take up Ald. Hall, he was willing to put up \$100 at once. Argument of the question continued for some time, when the discussion changed again.

Ald. Yates rose at length to say that there was too much discussion on what various members of the board had said. He was under the impression that there was a little bad feeling between the water committee and Mayor.

Ald. Stewart then called attention to the statement in the press that His Worship promised water for next year. He did not think this statement coincided with the discussion of the water supply brought in reports and the committee under-current.

Ald. Stewart took exception to the statement that there was bad feeling between the Mayor and the water committee. There was nothing of the kind. A little discussion next took place between His Worship and Ald. Stewart, which ended in the latter declaring that the water committee would bring in no more reports on water while he was chairman. There would either be a water committee or there would be none, he warmly asserted.

From this little side discussion another issue between Ald. Hall and the Mayor arose. The former, who had occasionally been reminded by His Worship during the evening of his changeable attitude on the water question, saw an opportunity, as he thought, to scotch the Mayor's speech. He reminded the Mayor of his pre-election promises about Goldstream, and wanted to know if the Mayor would favor extending a main to Elk lake if Goldstream water could be obtained.

His Worship's reply was in effect that he anticipated some such question. He did not believe in throwing away Elk lake water, and his idea about Goldstream was that it could be used for power purposes.

Ald. Vincent thought that some consideration should be given Mr. Adams' report on Elk lake, and read from the report showing that pumping to a reservoir was recommended by the water committee.

His Worship—There is a weak part in his report.

Ald. Vincent—He is one of the best in America, and should know what he is talking about.

His Worship—He is not the only one that knows anything.

Ald. Fullerton said that before definite action was taken by the council His Worship should carefully ascertain the powers of the council with respect to the Highland district.

Ald. Douglas then moved, that in any scheme to be submitted to the ratepayers that the estimate known as estimate F be considered, and that the items for 3,400 metres at a cost of \$51,000 and a 12-inch main to connect with Victoria West at a cost of \$15,000 be eliminated from the report, bringing it down to \$44,000; also that previous to any scheme being submitted to the ratepayers that the estimate be presented to a competent authority in order that it be properly checked.

A decision being mutually arrived at to postpone the discussion until Monday evening the motion was not pushed, and the meeting adjourned at a few minutes to 11 o'clock.

MARKET IN THE BAHAMAS.

Montreal, Aug. 2.—Rev. W. B. Hornby, Bishop of Nassau, Bahamas Islands, was a passenger on the Virginian on Sunday from England, where he has been in the interest of church matters. Bishop Hornby says the people of the Bahamas look to Canada as their natural market, for the reason that they are kept out of the United States by the high tariff. But as there is but one slow boat a month from the Bahamas to Halifax it is useless to expect any development in the fruit trade until a better steamship service is provided. Grapes, oranges and bananas are the chief kinds of fruit that the people of the Bahamas would gladly sell to Canadians.

After a tilt between His Worship and Ald. Hall as to the latter's previous report on the water question, the report of the water committee, and it

of six houses as a basis for investigation, he endeavored to show by figures that there was a great waste of water. Ald. Douglas drew attention to a pump was supplied. He noticed that no provision had been made for filtering it, and this was an important omission.

Ald. Fell said that all knew that in the former months Elk lake was not a very savory. Something would certainly have to be done toward cleaning out the lake. As to the great fish supposed to come through the pipes he believed that these did not enter the mains as such. There was a great deal of vegetable matter in the water.

Ald. Hall agreed with the committee's report. No matter what scheme was eventually adopted, all that is now proposed he considered is needed. It would be impossible to raise the lake by next winter. If a 30-inch main is laid it would have to be extended; that a great deal of water not properly filtered would find its way into the city, as the lake is now very low. The filter bed at Beaver lake is now resting on a bog, and it would take more than two or three months to clean out this lake.

He believed that there was sufficient water in the Highland district, but this was not satisfactory. The council would have to wait till winter, so that the supply available may be measured. He felt that there might be some difference of opinion with regard to wooden pipes, but he was in favor of them. He instanced the wooden pipe from Lake Beautiful, Vancouver, which he felt was twice as great as it would like to be here, and the pipe there was exposed. In Seattle, where investigations were also made last year, it was learned on the authority of the city engineer there that wooden pipes were very reliable. The report of the water committee represented just a portion of the permanent plan for the improvement of Victoria's water supply.

Ald. Douglas mentioned that he had seen wooden pipes on exhibition in London after being excavated that were quite sound.

Ald. Yates wanted to know what objections the committee took to Mr. Adams' report on the Highland district. Ald. Fullerton—The \$300,000.

Ald. Hall pointed out that the only objection to Elk lake as suggested was that the committee had not sufficient information about the Highland district, and he did not get the same opinion from him as did His Worship. He thought that the Mayor might have misinterpreted the solicitor.

At this juncture another six took place between Ald. Hall and His Worship over the purity of the Elk lake water.

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Ald. Yates rose at length to say that there was too much discussion on what various members of the board had said. He was under the impression that there was a little bad feeling between the water committee and Mayor.

Ald. Stewart then called attention to the statement in the press that His Worship promised water for next year. He did not think this statement coincided with the discussion of the water supply brought in reports and the committee under-current.

Ald. Stewart took exception to the statement that there was bad feeling between the Mayor and the water committee. There was nothing of the kind. A little discussion next took place between His Worship and Ald. Stewart, which ended in the latter declaring that the water committee would bring in no more reports on water while he was chairman. There would either be a water committee or there would be none, he warmly asserted.

From this little side discussion another issue between Ald. Hall and the Mayor arose. The former, who had occasionally been reminded by His Worship during the evening of his changeable attitude on the water question, saw an opportunity, as he thought, to scotch the Mayor's speech. He reminded the Mayor of his pre-election promises about Goldstream, and wanted to know if the Mayor would favor extending a main to Elk lake if Goldstream water could be obtained.

His Worship's reply was in effect that he anticipated some such question. He did not believe in throwing away Elk lake water, and his idea about Goldstream was that it could be used for power purposes.

Ald. Vincent thought that some consideration should be given Mr. Adams' report on Elk lake, and read from the report showing that pumping to a reservoir was recommended by the water committee.

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Ald. Fullerton said that before definite action was taken by the council His Worship should carefully ascertain the powers of the council with respect to the Highland district.

Ald. Douglas then moved, that in any scheme to be submitted to the ratepayers that the estimate known as estimate F be considered, and that the items for 3,400 metres at a cost of \$51,000 and a 12-inch main to connect with Victoria West at a cost of \$15,000 be eliminated from the report, bringing it down to \$44,000; also that previous to any scheme being submitted to the ratepayers that the estimate be presented to a competent authority in order that it be properly checked.

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was that the pump proposed would be working under the most disadvantageous conditions. The force of water might be increased, but not as much as supposed.

Ald. Hall asked if His Worship if he knew what amount of water is above the intake at Elk lake now? There is only 30 inches, and by September he thought that there would not be more than 15 inches.

The Mayor argued in favor of a gravity system. By introducing this it would be drawing a supply of two million or two million and a half gallons—the capacity supply of Elk lake. This supply would be permanent, the other was a patch work proposition.

Ald. Stewart said he would like to have a vote taken on the report. He would say, however, that he would not vote for any expenditure of \$50,000 for a 30-inch main unless no other system than Elk lake was to be drawn on for many years.

Ald. Yates thought that all argument appeared to be based on the assumption that Elk lake did not contain sufficient water. Mr. Adams' report was that there was a supply of water in Elk lake sufficient for 25 years.

After some further discussion His Worship said his plan was to enlarge the present system by the installation of a 30-inch pipe to safeguard the Highland supply so that it can in future be resorted to and then secure rights at Sooke, where the largest supply of water could be obtained. He had the opinion that the water supply would be increasing in the future, and then Sooke would be the proper source. Goldstream would not be in it; Goldstream was very valuable, and more so than many others.

Ald. Hall wanted to know if the city could retain the Highland system and not develop it immediately.

His Worship said that he had the opinion of the city solicitor that the corporation could retain the Highland system, and he was in favor of it.

Ald. Hall doubted this, and wondered if His Worship knew if parties were now at work endeavoring to organize a company to get rights in the Highland district.

Ald. Fell wanted to know if His Worship had the city solicitor's opinion in writing.

His Worship said no, but he would have it.

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DECISION WAS IN FAVOR OF SAILOR

JUDGE LAMPMAN HAS MADE WAGES PAYABLE

He Finds No Desertion Proved in Case of Cairns vs. B. C. Salvage Company.

In the County court on Friday Judge Lampman gave a decision in the case of Cairns vs. B. C. Salvage Company. This case was argued before His Honor some days ago. J. Cairns, the plaintiff, was employed by the defendant company for the wrecking voyage of the Salvor when she went to Alaska, and raised the steamer Marichien. The engagement was for a three months' voyage.

At Juneau on the way back to Victoria with the Marichien in tow the plaintiff demanded his pay; the three months having expired. The captain of the Salvor said he would not pay