12. Do you think it would reduce the expenditure if the matter were brought before the Supreme Court?—Yes.

13. Supposing three or four cases were to come before the Court, do you think there would be sufficient indication of the attitude of the Court to practically make settlements satisfactory?—That is so, and I think from the beginning, if it were once attached, as it were, to the Supreme Court, we should have the same principles upon which the Court has built up the body of the common law applied to this small matter. One decision would be a guide in respect to others. At present we are not given the reasons upon which a decision is based, and each party strives to get a better judge from his own point of view the whole time. I think it is demoralizing to both sides, and it is undignified for a public body to be engaged in such cases.

14. *The Chairman.*] Where the matter came before the Court there would be the fees of counsel and the expenses of witnesses, just as in present arbitrations: that would not remove the cost, would it?—It would depend, no doubt, on the discretion of the Court. I expect the Court would not allow the witnesses to be multiplied along the same lines unduly.

The Chairman: I do not know that it would be practicable to confine the witnesses on either side to two. In several compensation cases that I have been trying in Auckland each side agreed to call only two valuers, and I think the Court derived as much benefit from that as if there had been twenty.

Mr. O'Shea: We have no objection to such a limitation being imposed.

Witness: I think the probability is that general lines being laid down, and the general attitude of the Court becoming known, would reduce the contentious margin very much.

Mr. O'Shea: That is all the evidence we have available. I desire to call Mr. Morison later.

JAMES BALLANTYNE MACEWAN examined. (No. 6.)

1. *Mr. Blair.*] You are managing director of J. B. MacEwan and Co. (Limited), and I think your company owns an interest in a city leasehold?—Yes.

2. You have devoted a considerable amount of attention to these leases, and have considered them from a business man's point of view?—Yes.

3. And you are aware that there is a great divergence between the amounts suggested as fair rents by the Council and the amounts suggested as fair rents by the tenants?—Yes.

4. And that divergence has caused acute discussion at times?—Yes.

5. To what do you attribute the great difference in the views held by the city as compared with the views held by business men generally?—I would say, in the basis of calculations as to the leasehold value, to its proportion as compared with the freehold.

6. Perhaps it would assist us if you would indicate generally how you as a business man would set out to calculate the value of one of these leaseholds from a question of renewal?—I think it is very difficult to place the position more clearly or fairly before the Commission than as set out in this printed pamphlet which has been submitted.

7. *The Chairman.*] The brown book—the printed brown book?—Yes; I think it would be difficult to set out more clearly or more soundly the general position. It appears to me that the relationship between the Corporation and the leaseholders is a unique and peculiar one. It may be said that there is a partnership; it is at least a joint interest.

8. That perhaps might be said of all relationships between landlord and tenant?—Yes, sir. It appears to me that there is one form of leasehold which might always be satisfactory, or nearly so, and that is when the owner of the land is also owner of the building. The second form of lease would be for a long tenure, without compensation possibly, but with some safeguard as to right of renewal.

9. *Mr. Blair.*] You mean to protect the goodwill of the man?—Yes.

Mr. Thomas: For instance, the tenant has no prescriptive right, but a sort of first refusal after reassessment.

The Chairman: A long tenure, with the first offer.

10. *Mr. Thomas.*] It is considered to be a new bargain: "We are selling this new lease at so-much; you can have it if you like." That is what is in your mind?—Yes.

The Chairman: Would not that be met by a provision to this effect: that on the expiration of the term they are to have a fresh offer; if that is refused then the Corporation would not relet without securing from the incoming tenant to the outgoing tenant the value of his building?

11. *Mr. Thomas.*] It is a long lease without compensation?—As to short leases without compensation, there are many objections to it on both sides.

12. *Mr. Blair.*] You say it is not satisfactory so far as rent is concerned: how is it not satisfactory in that respect?—The constant disturbance, the insecurity, and the speculation as to what the future rents will be. I claim that the owner of the land in a city like this, and such as the Corporation is to-day, must by right of their position always be in the most favoured position. They own the land. Their risks are less than those of the leaseholder. I submit that thus in all cases of leasehold the owner of the land has a preferential position in the transaction. I think it is a well-established practice between business firms and their clients that there must be confidence and a feeling of fair play, and that the principals will always give their clients treatment such as will continue that feeling of confidence between the two interests. I submit that as between landlord and tenant the onus on the part of the Corporation is greater than it may be between a business man and his client. In business operations I think it is also well established that, if a firm were acting as trustees with certain interests, the officials administering the trust would have definite instructions that the interests of the leaseholders—the interests