of their clients—must always be very carefully and favourably considered. We have heard a good deal in the last day or two and on previous occasions about the T. and G. case. I only bring this in to demonstrate my point. I submit that amongst most business firms, if the T. and G. had been a client, at the end of a lease, when they could not come to an agreement about renewal, the firm would have said to their clients, "We will give you—although we are not bound to—the valuation for your buildings; you have been our client for many years." I claim that a relationship does exist in business firms. Therefore why should it not exist between the Corporation and the leaseholders, whose relationships are greater? Take the City of Wellington. It may be said that in the administration of their functions as trustees their officials may be overzealous. It may be claimed by the leaseholders that they are mistaken in their basis of calculations. If either of these suppositions are correct, is it not possible that the interests of the city will suffer as well as the interests of the leaseholders?

13. *The Chairman.*] Perhaps that may suggest an answer to some extent of what we have been endeavouring to ascertain: how is it that things have gone on so well in Dunedin?—I was just coming to that point. In commercial life certain commercial relations and understandings may exist and run on for years without any disturbance, but owing to something unusual occurring those relationships may be disturbed, and it may end in a severance of their business relationships. In regard to the leasehold position which we have to-day, I frankly admit that when we secured our present premises we did not study the conditions of these leaseholds. I am also prepared to admit that if I had studied them I might not have found any great objections to them—no more than any other business man may have found at the time. That is only a generality, of course. But there has been a development in the last few years, and I think it is remarkable that such a great difference in views should exist among intelligent men, all well trained in their own sphere. I am not at the moment strongly objecting to our present position—that is, the terms of our present position—but our position as it is different from others. At the end of our present lease we will be faced certainly with the necessity of renewing our lease on whatever terms may be offered to us or of letting it lapse. In that case we will have a building not up to date, but which will be perfectly sound. It is a wooden building; no doubt the quality of the timber when it was first erected was probably better than anything you can get to-day. I am only submitting these details to show that in the administration of its trusteeship on the part of the Corporation the difficulties of the tenant are always considerable; there is the liability to disturbance always existent. Therefore the leaseholder or tenant should always have favourable terms. We do not ask for any favours, but we say that ought to be the policy of the administration. Then the question of finance is always very important. A business firm never knows—that is, on the average—whether it will be necessary in the near future or in the distant future to enter into financial obligations. Business people wish to operate on a basis of security which will reduce as far as possible the chances of disturbance or uncertainty.

14. What you want is to get something that if it is necessary can be pledged for a reasonable amount?—Yes.

15. *Mr. Milne.*] Tangible security, in fact?—Yes. I think the feeling of most of the tenants at the present time is strongly along the line that if they could relinquish to-day they would go in for a freehold.

16. *The Chairman.*] But there is not much freehold available, is there—that is, in business quarters?—It is limited possibly. I think the relationship between the landowner and the person who puts up a good building should be such as exists, I understand, in Dunedin to-day, and I do not see why it should not exist in all the centres. It is a question of fair treatment and consideration of the person who has to take great chances, and who is liable to the greatest disturbance. There is no advantage surely to the city if they obtain high rentals for a few of their sections and have the others lying idle. The policy of the Corporation should be along the lines of fair rentals; to keep the confidence of their tenants they should have a feeling of stability of tenure; and as a result of a policy of this nature good will would result. Whosever fault it may be, I repeat that in Wellington to-day the feeling is a strong one. I think it is possible that under a leasehold with unfavourable conditions the leasing-value of the site might be a debit.

17. *Mr. Blair.*] You mean that a lease might be so framed that the covenants might be so onerous that instead of paying the landlord for it he ought to pay something for it to be taken up?—I explain it in this way: It is practically impossible for a firm which occupies its own buildings to say what they can afford to pay for a lease; but, if any one with trust funds or with money for investment erects a building to let, I claim that you practically have to start the calculations as to the value of the ground rental from the top, not from the ground: you have to calculate what is the cost of the buildings. The Corporation is always placed at an advantage. When the lease is fixed they are secured for the term. There is no disturbance as far as they are concerned; there are no anxieties as far as they are concerned. But at the end of fourteen years the tenant has his building: he has the uncertainty of what he will be required to pay for the new term; he has no compensation. Under present conditions the tenants should receive the greatest possible consideration within the four corners of the Council's trusteeship. The interests of the Corporation and the interests of the leaseholders are so clearly allied that every effort should be made to guard against any feeling of antagonism between the two.

18. *The Chairman.*] Can you suggest a method of doing that without altering human nature?—I think that possibly the ideal lease would be one where the owner of the land is the owner of the building. Where that is impossible then we have the long lease.

19. *Mr. Thomas.*] You like that in preference to the perpetual right of renewal?—Yes.