

by the fruit-marts of Wellington. Those sections we leased under the Public Bodies' Leasing Powers Act, 1887. We leased them in 1903 for a term of twenty-one years, with perpetual right of renewal every fourteen years after the expiry of the first twenty-one years, subject to a revaluation by three persons. There was no compulsion on the tenants to take a renewal, but of course they lost their improvements if they did not. I may say the reason why we departed from the Loan and Mercantile form of lease was that the business people of Wellington wanted to have a fixed right of renewal with arbitration. They did not want to run the risk of having the rental fixed by the arbitrators increased by auction. The Grainger Street tenants had previously held Corporation leases. These leases do not fall in until 1924, so that there has been no opportunity for complaint yet on the part of the tenants. In fact, the Loan and Mercantile is the only lease which has been renewed. There were no legal proceedings in that case. The two arbitrators met and appointed a third man, and we heard nothing more about it until we got the award in. There was some dispute, I understand, with regard to the prairie rental, but not as to the value of the improvements. The rental fixed was at £800. All our other leases were under the Public Bodies' Leases Act of 1908. Under section 5 of that Act we have very wide powers. We hope, of course, that we shall not have the same difficulties that the City Council have had. The sites leased by us do not come so much within the speculative area as do some of the sites held by the City Council; and we think that, perhaps with the exception of Grainger Street, the character of the neighbourhood will not change very much during the periods for which the buildings last. In Grainger Street itself there are some fine buildings, and even there it is not so likely to become a shop area. Under the Act of 1908 the Board had power to give a straight-out lease for fifty years without compensation for improvements and without right of renewal, but after careful consideration they adopted the form giving twenty-one years to start, with renewal periods of fourteen years. So far as we know all the tenants prefer that form.

2. *To Mr. Thomas.*] The only experience I have had personally of the fifty or thirty years' terminable lease is in connection with the New Plymouth High School. There the Board granted originally leases for long periods at a very low rental indeed, in order to give the tenants an opportunity of bringing the land into cultivation. Those lands, which are on the Waimate Plains, have increased enormously in value, and all the time the tenants have been paying a mere nominal rental for them. Those were thirty-year leases, and until the term began to draw to a close the tenants had not a word to say—they simply paid their small rentals and were well contented; but when the leases were coming to an end an agitation started, and finally, when political parties were fairly even, they managed to work upon the Legislature to pass an Act under which we as Governors of the New Plymouth High School had to give to the holders of those leases the right of renewal. I know the Board considered it had been robbed by the Legislature of some thousands of pounds. Very much the same kind of thing occurred in connection with some Maori reserves under the West Coast Settlement Act. I acted for the lessees in that case. They were allowed by statute to convert the old leases into new leases with rights of renewal. In Taranaki there is a quantity of land held by the Education Boards, some of it town land. In connection with those lands the Hon. Mr. Samuel drew up a form of lease which became fairly popular. It was a rather ingenious form of lease, and if the Commission could get a copy of it I think it might be useful. It was drawn under the Act of 1887, and there was perpetual right of renewal. At the end of a term the lease was put up to auction at an upset rental, but then the property did not become forfeited if the original lessee did not take it up, I think, for a year afterwards. There was a provision, I think, that it should be put up again at the end of a year at some other rental. Some of those leases have been coming in lately in Taranaki, and we have found that the system of fixing the rental by arbitration has worked very satisfactorily. I think the Commission will be able to get a copy of Mr. Samuel's form of lease from Messrs. Govett and Quilliam, solicitors, of New Plymouth. With regard to the Wellington City Corporation's properties, which are in the heart of the city, the majority of the disputes arose during the period when we were undergoing a depression. The depression started at the end of 1908, and for some years the value of Lambton Quay property has been affected by the speculative element. It may be that the Wellington City Council at the start stressed too much the percentage on capital value, forgetting that that capital value contained a fair amount of speculative margin. On the other hand, when the leaseholders came together probably they were somewhat too keen, as others have been. Certainly I think no one can complain of the more recent valuations. In a place like Wellington, where so many properties are owned by the City Council and other local authorities, it is difficult to get men to arbitrate who are not in some way interested in leasehold properties. That is why, I take it, Mr. O'Shea is emphasizing this point about a Supreme Court Judge. As to the policy of the Harbour Board in drafting their leases, they have as far as possible consulted the wishes of their tenants. If later on they find the form of lease can be improved I am sure they will be quite willing to improve it.

3. *To Mr. O'Shea.*] We have practically the same form of lease as the City Council. I did not hear any exception taken to either the Harbour Board's leases or the Corporation's perpetual-renewal lease before the Leaseholders' Association was formed. The Hunter Street endowment, when it was owned by the Harbour Board, was let on the same method of leasing as obtained in Dunedin. I cannot say whether, before the land was transferred to the City Council, the Harbour Board, at the request of the tenants, granted the form of lease which is now so much objected to.