

will hesitate to rebuild or reconstruct without seeing the Corporation with the thought of getting the unexpired portion cancelled and a new lease issued (perhaps at a higher rental) in consideration of his doing such rebuilding or reconstruction.

"Of course you will remember that your conditions and ours are absolutely different. You are a young country, with expanding towns and land still virgin, and perhaps unreclaimed. Every yard of our land is plotted and owned and expressed in title-deeds, many of them going back for generations. Remember the Corporation of Nottingham is rich in Corporation estate compared with most, and even the Nottingham Corporation is not the only lessor in the city by a very long way. You write as though the Wellington Corporation was owner of all Wellington. It is not at all parallel with Nottingham if that is so.

"Therefore I do not see how our practice will help Mr. Kirkcaldie and those agreeing with him. Evidently your Government thinks to avoid some of the blunders the Old Country has made through not getting a share of the increment coming to landowners through growth of cities. But it would seem from what you write that they may be making blunders of another sort, and fettering or hampering business by seeking to take too much of the increment. At any rate, short leases such as you instance seem to me to give no security to an investor. He just begins to get a return for his enterprise in fourteen or even twenty-one years, and the possibility is that he will be the loser.

"It ought to be possible for some method to be adopted that will give a fair share both to the private investor and the Corporation or Government. For, although the growth of a city brings increased value to land apart from the landowner, yet unless the owner and business men generally are enterprising and industrious such increase will not be permanent. You ought therefore to tax the landowner on proved increment, but in fairness and strict justice, so as not to cripple his enterprise and industry."

I may state that the rent we are paying for our London offices is lower than the rate at which we are leasing similar property in Wellington.

7. *The Chairman.*] To my mind the values are simply an outrage in some parts of New Zealand. Every time a property changes hands the land agent thinks he is justified in giving a turn to the screw and putting so much more value on it. (To witness) Could you tell us this: Suppose it is provided that 80 per cent. of the valuation is to go to the tenant who is throwing up his lease, what percentage upon the value of the rental obtainable under the existing lease should be added? The lease would be worth more, I assume?—It would be worth considerably more, but I would not like to hazard an expression of opinion as to the amount.

8. One has to consider the matter not only from the point of view of this particular district, but we are asked to lay down some principle that will be applicable generally, and I wanted to see if this new form of lease was likely to produce any increased rental to the borough?—It is suggested that it would give the Wellington City Corporation the power of discussing with their tenants anything with respect to the new form of lease.

9. Your view is that a lease of that sort should command a higher rent than the existing form of lease?—Yes.

10. *Mr. O'Shea.*] How many leases have you taken up—this renewable lease?—Three of them, covering seven sections.

WILLIAM JAMES HARLAND examined. (No. 14.)

1. *The Chairman.*] You are in charge of the securities in connection with the Australian Mutual Provident Society, Wellington?—Yes.

2. Has any policy been laid down with regard to lending upon Corporation leases?—Speaking generally we look upon them unfavourably, as we do on all leaseholds, particularly short-term leaseholds, for the obvious reason that if the borough got into difficulties we could not realize.

3. The Wellington City Council lease provides, as you know, for renewal at the option of the lessee: has that come under your consideration?—We have had that before us.

4. Is there any special defect in the lease that you could put your finger upon?—The short term principally. There is only one term that is certain; the other term is not of much use to us.

5. As you say, you do not lend on them, but there may be leaseholds which you would regard as collateral security or something of that kind?—We have taken leaseholds as collateral security, but we do not take them into consideration in the security.

6. *Mr. Thomas.*] You do not take any leaseholds?—No.

7. *The Chairman.*] However good they may be?—No; but we have done so.

8. Probably under stress?—Oh, no.

9. *Mr. Milne.*] How did you happen to take them?—We took them a great many years ago.

10. *Mr. Blair.*] Formerly the Australian Mutual Provident Society did advance money to leaseholders in Wellington?—Yes.

11. You have lent money on the Glasgow lease, have you not?—Yes.

12. Has there been any definite change of policy with regard to lending money on the Glasgow lease?—They are looked upon with disfavour now. We would not consider them now. It was not until the question of renewal came up that this question came up.

13. It was after you found out about the renewals?—It was not exactly that, but that subject arose. It happened to come under discussion, and we took a different view.

14. *The Chairman.*] You found out that they were not so good as you thought they were?—Yes.

15. *Mr. O'Shea.*] As a matter of fact you changed your policy about the time the Leasehold Association was formed?—No, it was before that.

16. *Mr. Thomas.*] The objection of the society is to leases in general?—Yes, particularly short-term ones.