CHARLES JAMES STANTON HARCOURT examined. (No. 18.)

1. *To Mr. Tripp.*] I am a member of the firm of Harcourt and Co., auctioneers, Wellington, and gave evidence in most of the arbitration cases which have been heard in Wellington in connection with the assessment of the rentals of the City Corporation leases. I prepared the tabulated statement showing the rentals and areas of sections handed in by Mr. Tripp to the Commission yesterday. [Witness indicated the bearing of the details as set forth in the tabulated statement.]

2. *The Chairman.*] You heard yesterday the general principles which Mr. Ferguson stated were adopted by him in arriving at the valuations and rentals: do you or do you not agree with those principles?—Those are the principles I have always given my evidence on.

3. You based your views as a witness upon the principles stated by Mr. Ferguson yesterday?—Yes, I have always given my evidence on that basis.

4. *Mr. Milne.*] And those are the principles adopted by Mr. Macintosh, Mr. Ferguson, and Mr. Hannay?—Yes. I do not know about Mr. Macintosh, but the results are the same.

5. Do you believe that the proper way to arrive at the real value is to take into consideration the result of the previous twenty-one years and form some opinion as to the results?—Not altogether that, because you may get two men alongside of one another, and one may have been a successful manager and the other an unsuccessful manager. The principle I have always gone on is that the rents must be assessed on the general average of successful management. If a man is unsuccessful he should not be let off; he should pay what an average successful man would pay.

6. *Mr. Tripp.*] Mr. Ferguson referred to the fact of the results, so far as many of the lessees are concerned, turning out so badly is because many of the sections are too small?—Yes.

7. *The Chairman.*] You agree that the sections are much too small?—Yes, for the development of valuations.

W. H. GEORGE examined. (No. 19.)

1. *To the Chairman.*] I am managing director of Messrs. George and Kersley (Limited), Wellington. I am the holder of three leases under the Wellington Corporation and three leases under the Wellington Hospital Trustees. I have turned the Corporation leases into renewable or perpetual leases; one of the hospital leases is a terminating lease. I have been intimately connected with the whole of this discussion from its very inception. I was present at the first leaseholders' meeting. I have maintained this position all through: that the private individual must subordinate his position to the public interest—I mean that the Corporation, being the freeholder, has a right to the unearned increment of the property it holds; but as a leaseholder in my relations with the Corporation I must say that I have a grievance. As things are at present there does not exist between the leaseholders and the Corporation that friendly relationship which Mr. MacEwan has stressed, and which I think is very desirable. There is no recognized medium of communication between the leaseholders and the Corporation. If I want to talk about a lease I do not know whom to go to. If I go to the Mayor I am referred to the chairman of the Leaseholds Committee, who is a busy lawyer, and I do not want to trench on his time. If I go to the City Solicitor, Mr. O'Shea, he receives me very graciously and tells me he will put my representations before the committee. But there is no way of getting a straight-out talk on the real difficulties of the position—to ask questions that I want to ask. My personal feeling is that this matter of dealing with property is essentially a technical and very intricate one, and I think it would be better if the business were in the hands of an independent board or authority, such, for instance, as the Public Trustee. There is a very large amount of leasehold property in the city held by the Corporation, by educational bodies, and by the Hospital Trustees. With all due deference to the present administration I must say that from my experience it has been unsatisfactory, inasmuch as one cannot get to close quarters with the administrative body. The members of the committee are City Councillors, and, with all due respect to them, most of them have had very little experience in dealing with big questions such as are involved in the handling of such large blocks of property. There should be some way by which the leaseholder can talk out the whole question in the same way as he could with a private landlord. Now he has to do everything in writing. My grievance in connection with the Hospital Trustees is that the clauses of the lease under which I am bound are permissive. I have asked for certain concessions which they could have given me, and which it would certainly have been to the advantage of the Hospital Trustees to give me; but they refused to give them, and they will not give any reason, and I cannot get any redress. That is not a satisfactory condition of things. Generally speaking, leasehold property has depreciated in the opinion of owners and investors generally.

2. *The Chairman.*] The business community?—Yes, I say that advisedly. There is the position, and I think it is largely because the property is not at the present time being handled by thoroughly experienced men. If there were a board composed, say, of Mr. Ames and two independent thoroughly reliable men of the type of Mr. Ferguson, or men of that calibre, there would be greater confidence. I have been following very carefully the proceedings of the Commission, and I think we are getting very much nearer to an amicable and satisfactory settlement than we have ever been before, and I am grateful as a leaseholder that this Commission has taken this matter up. My firm conviction is that the term of the lease should be the life of the building. In connection with the freehold there are two considerations: the first is the present earning-value of the land; the second is the probable prospective increase capitalized to the present-day value. Say I am a freeholder: I buy a block of land and pay £3,000 for it, and I put up a building worth £3,000, and that building lasts sixty years. What is the position? The building begins to depreciate in value; it is a wasting asset. At the end of sixty years my building is