

suburban areas which become rapidly built upon the Corporation cannot alter the lay-out of the land or further subdivide it without some arrangement with the tenant. If the tenant at the end of the term of twenty-one years elects to go out the lease is put up to auction. The incoming tenant has to pay valuation for improvements. If the tenant desires to continue he can apply for arbitration as to valuation. The arbitration would in practice, I take it, be simply valuation. I cannot say what is the cost of renewing a lease, as we have not yet had any renewals. In the valuations I have had experience of the leases expired absolutely, or we bought out the tenant. We have had experience of the valuation of buildings. The cost used to be borne equally until in a particular case the umpire awarded two-thirds to the Corporation and one-third to the tenant. There was no provision in the lease that the cost should be equally divided. The cost of valuing buildings varied a good deal. Roughly the average cost may have been about £24. The amount seemed to vary according to the number of visits the valuers made to the property. The trouble was that the oftener they went to the property the more they disagreed. Sometimes the valuation claimed was only £10 more than we had offered to the tenant, so that if the cost to him of arbitration or valuation came to £12 he would lose by referring the matter to arbitration or valuation. While in Dunedin I had experience of the system of leasing there. They had generally what is known as the Glasgow lease. There was a valuation, and the lease was put up to auction. There was no power for the Corporation and the tenant to come to an agreement with regard to valuation. In Auckland we endeavour to settle privately in every case, but the tenants practically always decline the Corporation's offer. I quite see that in smaller boroughs the power to come to private agreements might lead to favouritism and abuse of power, but with a large body like the City Council there is not quite the same danger. I was for about twenty-one years in the service of the Dunedin City Corporation, and for about fifteen years I was in charge of the leases, so that all the renewals passed through my hands. I never heard any dissatisfaction expressed in Dunedin with the system of leasing from the Corporation's point of view, and I believe it was well favoured by the tenants themselves. As a matter of fact, the Presbyterian Church Board used to advertise Corporation terms because they were so well and favourably known. I have an idea also that there are private people in Dunedin who let their lands on Corporation terms. As to renewals, I can only remember some three or four leases that ever went out of the hands of those who desired to go on with them. Of course, if a tenant went out a little competition might ensue, but in my experience the auction system resulted in very little to the Corporation. If a proposal were made in Auckland that valuation of both rental and buildings should be made by a Judge acting with two assessors, who would decide upon evidence, I cannot say exactly how it would be received, but I think a great deal too much is expected from appeal to a Judge. Then, of course, if every borough throughout the Dominion could appeal to a Judge the appointment of more Judges would be required. My opinion is that business men, who are in the hurly-burly of the thing all the time, would be more suitable for the settlement of these valuations. Of course, one has to consider the personal aspect—that the business men are themselves interested to a certain extent. In leasing the lands in the first instance the Corporation fixed the rentals. I cannot say what system will be followed when there is a revaluation, as so far there have been no renewals. In fixing the present rentals the circumstances of the district have been taken into consideration. In the case of Ponsonby Road, for instance, the fact that it is fast becoming a business street would be taken into consideration. There to a certain extent the tenant is charged on the speculative value, but we shall get better rentals when the revaluation is made. In Hepburn Street, which is a residential area, the sections are leased purely as residential sites. We have practically had no experience yet of revaluing for renewals of rentals. In the event of a case of revaluation for renewal being referred to three arbitrators I do not think, in the event of the tenant being dissatisfied with the valuation, he should be allowed to set himself up as a Court of appeal, throw up the lease, and demand compensation for improvements. That would be an appeal against the very Court he had agreed should decide the matter. If the tenant's own valuer agreed that an excessive or unreasonable view had been taken by the tribunal there might be some right of appeal. In the case of Auckland I do not know that it would be a good thing to at this stage set up a fixed tribunal or a Judge to settle these valuations, as the additional cost might frighten the tenants and so depreciate the value of their leases. I think a decision by two out of three valuers should be accepted, and that there should be no appeal to a Judge unless, of course, something has been done wrongly. What we all aim at is to get buildings of permanence upon these leaseholds. In Auckland we have not the rating-on-unimproved-value system in operation, and we have to look to the rates as well. The better the building the more we benefit, apart altogether from the rentals. One of the conditions of our lease is that a building must be put up within two years from the time the lease is sold. We know, therefore, that in addition to the rent we can get a certain amount of rates.

2. *To Mr. Milne.*] I cannot say I think the length of a lease should be regulated to some extent by the estimated life of the building. I am not in favour of a long lease of, say, ninety-nine years without revaluations. Our colonial towns progress so rapidly that a man ought to have rebuilt twice over in ninety-nine years. In Auckland we are not now allowing buildings above 100 ft. high.

3. *To Mr. Thomas.*] In Auckland we make a stipulation as to the value of the building to be erected on the Glasgow lease. It is very reasonable—only £400 in the case of a brick building, for instance—but we get security for our rent at once. We only require that the land shall be used. We find our annual values are very much on a par with the Government values. We have reckoned that a piece of land should return at least 5 per cent. From the Ponsonby Road leaseholds we tried first of all to get 8 per cent. Three per cent. is not a fair rent for a lease that