

should be taken into account in fixing the rent for the future period as a matter of fairness. The municipalities make a great mistake in not doing all they can to satisfy tenants. It is inequitable to insist on an increased rental at every rest period, because one cannot tell what the future will be.

3. *To Mr. Thomas.*] The difference between the value of land which is only capable of being leased and the freehold is from 1 to 2 per cent.—that is, on the rental or interest value.

4. *To Mr. O'Shea.*] I think public competition by auction is a good test of value of similar leases in the same locality. Our experience in Auckland is that the tender system is not such a good test. I cannot say that I know of any cases in Wellington where the tenant is paying too high a rent. I have read the evidence in some of the Wellington cases, but personally I am not conversant with those cases. In reply to Mr. Milne I merely indicated that municipal bodies made a great mistake in demanding rentals which were too high.

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WILLIAM JOSEPH NAPIER examined. (No. 27.)

1. *To the Chairman.*] I am a barrister and solicitor practising in Auckland. I have been practising here for thirty-three years. I am a lessee of the Auckland Harbour Board, the Auckland City Council, the Auckland Grammar School Board, and the Wellington Hospital Trustees. I am also interested in leases from the Wellington City Council. I was for nineteen years a member of the Auckland Harbour Board, and have been Chairman of that body. For a considerable period I was Chairman of the Finance Committee, and had a great deal to do with the administration of the leases. I was instrumental in introducing to the Board what was called the Glasgow lease. I notice that according to the newspaper report Mr. Gunson, the present Mayor, who was Chairman of the Harbour Board, has stated that the Harbour Board abandoned the renewable or Glasgow lease a few years ago in favour of the fixed long-period lease. That may be so. I believe the Board did decide to lease certain properties under the long-period system. That I consider was for the Board a retrogressive step and one disadvantageous to the public. I can give you concrete illustrations of that presently. It is now twenty-six or twenty-seven years since I became a member of the Harbour Board. At that time there were a number of old leases which I think had been handed over by the Provincial Government at the time of the abolition of the provinces, and those leases were for long fixed periods. Speaking from memory I think the term of those leases was sixty-six years. Those leases were disastrous to the Auckland Harbour Board. When the Provincial Government of that day leased them they were taken up at merely nominal rentals. In spite of the rapid growth of population and expansion of the city the Auckland Harbour Board will have to wait, even now, almost another generation before they will get any benefit from the increased value caused by that expansion. When I became a member I investigated these matters, and I came to the conclusion that, if the Board altered its system of leasing and went in for the Glasgow lease with fixed periods, the Board would become a wealthy body within the lifetime of living men. I brought this matter before the Board, and gave them certain data, with the result that the Board agreed to lease for the future under the Glasgow principle. There was one very choice piece of land which I for many years prevented the Board from leasing, because I believed it would be really the centre of Auckland. It adjoins the railway-station. We kept that piece vacant for many years. Ultimately there was a change in the personnel of the Board, and members generally got tired of seeing that piece vacant and they rushed it into the market. They would not lease it under the Glasgow conditions, but leased it for a fixed period. The place is now occupied by Edean's buildings. We leased that for £6 a foot. To-day you could easily get £18 a foot for that piece of land if it were vacant. I strongly urged the Board to lease that under the Glasgow principle. I pointed out that that portion of the city was going on by leaps and bounds. But it was leased for a long term—certainly fifty years. Then I object strongly, and I believe it is not in the public interest to lease for long periods with unaltered rents—a period of, say, ninety-nine years. In a young country like this—and, of course, my whole life practically has been spent in Auckland—where the growth is so rapid, it is unfair to the public that the land should be locked up and the owners prevented from getting a proper reasonable market value for generations. We know, of course, that the goodwills of these leases fetch enormous sums. Even in the case of vacant land I can give an illustration where before there was a stick put upon the land allotments leased by the Auckland Harbour Board not more than 50 ft. to 60 ft. wide fetched within three years £1,000 for the goodwill. Those were long leases on a flat rent. Then I think also local bodies are subjected to undue influence sometimes in adjusting leases—a power I think they ought not to possess. For instance, I strongly opposed, but unsuccessfully opposed, on the Auckland Harbour Board the revision of quite a number of the old provincial leases and some very early Harbour Board leases, where the members, no doubt for reasons which appeared to them good, wished to give fresh leases under that provision in the Local Bodies' Powers Act for the remainder of the term, and insert a clause giving half-compensation at the end of the term. The rents were almost nominal, having been fixed in the seventies. When that clause was put in those leases were freely negotiable in the city for £2,000 and £3,000 apiece, whereas without that clause you could not readily borrow money upon them. Now, in this way a burden of approximately £40,000 to £50,000 was placed upon posterity without a penny-piece of consideration, the plea of the members of the Board being that the general interests of the city justified it, because the tenants would be induced to put up a better class of buildings. But the fact remains that without any consideration the Board then handed over so many thousands of pounds. My experience leads me to this judgment: that all local bodies should be confined