CHARLES FREDERICK SMITH examined. (No. 33.)

1. *To the Chairman.*] I am Steward of the Church of England Property Trustees. The Trustees have land within the City of Christchurch. They have also suburban and rural areas. Practically all the town property has now been sold. There are just a few monthly and yearly tenancies pure and simple. We have some suburban lands leased on short tenure. As to the rural land, the present policy is to lease up to fourteen years or longer in special cases. The Trustees prefer to build and charge the tenant 5 per cent. on cost of building. The sinking funds we create ourselves from the revenue. The tenant gets no valuation for improvements. We had experience of the Glasgow lease before our city lands were sold. The tenants used to put up wooden buildings on those holdings, and we soon discovered they were quite unsuitable for Glasgow leases. They would erect a building to last only the term of the lease practically. We do not think much of the Glasgow lease. Our leaseholds then threatened to end in slums, but the Trustees sold a large block of 70 acres of land at St. Albans, on which most of these Glasgow leases existed, and we do not know the ultimate fate of them. They were sold subject to the lease. The first period was twenty years, and the renewal periods ten years. The rental for the second period was to be fixed by arbitration. The lessee was assured of a thirty-years tenure from the beginning of the lease or valuation for improvements. I have had no experience of valuation, as in the only instance where the second period would have been taken on we arranged with the lessee to abandon the Glasgow lease and take an ordinary lease. We were quite satisfied, and so was the lessee, that there would have been nothing in it. I can quite understand that in an important city business block it might be in the interests of both the landlord and tenant to arrange a Glasgow lease. In suburban property, if they build in wood, the improvements are of no value. We work under the Church Property Trust Act, 1879. We had to get special legislation to deal with local endowments. The capital raised is, under the jurisdiction of the Synod, used in the purchase of more suitable sites or invested for the benefit of the particular district in which the endowment was. We parted with some of our lands because we found that the city rates were so high that the Corporation got more out of the land than we did.

DUNEDIN, MONDAY, 29TH JANUARY, 1917.

GEORGE ARTHUR LEWIN examined. (No. 34.)

1. *To the Chairman.*] I am Town Clerk of Dunedin, and have been so for the last six years. Before that I was Town Clerk of Lyttelton. I had experience in Lyttelton of the leasing of borough reserves. We have not a tabulated statement of the actual area of our reserves in Dunedin, but I am able to place before the Commission a map which will probably give a better idea of the reserves than a statement, as it shows the location. In some cases the reserves are in blocks, and in others they are scattered over the city. Our system of leasing is taken from the Municipal Corporations Act, section 136, subsection (1) (*b*), paragraph 2. That is really a lease for twenty-one years with a revaluation submitted to public auction. The valuers are appointed as the Act prescribes, one by each party concerned, and an umpire selected by the two of them. The question of whether the term of lease should be more than twenty-one years has never been considered. Our renewals are also for periods of twenty-one years. I think twenty-one years is the limit, from the lessor's point of view, that the term should run without revaluation of ground-rent, and I think it is a sufficiently long term from the lessee's point of view. We are quite satisfied with the length of term so far as I have been able to gather, and there has been no complaint from the lessee. When the valuation is to be made we simply instruct the valuers to proceed in terms of the lease under the Act. Apparently it is supposed to be done by arbitration, but in practice it is done by valuation. We appoint expert valuers. For the past two or three years Messrs. Park, Reynolds, and Co. have acted as our valuers, and invariably the lessees select a man of that calibre to meet our valuer. The two valuers then simply appoint the third valuer without any reference to us whatever. There has been no difficulty so far as I know. We have not had to go to a Judge yet in our experience. The valuers value the improvements as well as the land. Sometimes the third valuer is a man versed in building; but we do not worry ourselves very much about the building aspect because we do not have to pay. The only way in which the value of the building could operate against us would be by its being so excessively high that it would rob us of any chance at auction of competition for the ground-rent. Of course, if there was any dispute about the value of the buildings witnesses could be called, but in practice that is not done so far as my experience goes. Within three months of the expiry of the term of lease we proceed to appoint a valuer, and if the other party fails to appoint a valuer within the time prescribed by the lease our valuer proceeds to make a valuation, which is binding on both parties. We then auction the right. We are rather keen on the auction: we regard it as a safeguard. It may be argued that there is not very much in it from our point of view, and I find that, in going over some forty-nine cases during the past two years dealt with by the City Council, in every instance the leases submitted to auction were purchased by the outgoing tenant at the upset. It appears to me that the very knowledge that the valuers have, when they are assessing the ground-rent and the valuations generally, that they are to be subjected to the test of public auction is likely to influence them in making an honest, fair, and just valuation. In the forty-nine cases I have mentioned there has been no single instance where there has been competition. I do not know that there is any conventional rule that one man shall not bid another man out of his property. The fact that there is no competition may be a compliment to the valuer—that the value he has placed upon it is quite