to £5; £15 to £15 10s. There is one standing at £14 right through. For our valuer we appoint a thoroughly competent man, and we look to him to get a fair rent for the Corporation. In the case of new lands leased we still appoint a valuer. We have not found that in some cases Councillors themselves are in the habit of fixing the values and advertising them for sale. That kind of thing does not hold here.

9. *To Mr. O'Shea.*] We have no Leaseholders' Association here. Even if the conditions were the same here as in Wellington I personally would oppose any alteration of the three-valuers system. Of course, if the tribunal had to decide on evidence I would prefer to have a Judge of the Supreme Court as the final arbiter, but I am opposed to the arbitration system. I have had no experience of private arbitrations here.

JEFFERSON COUNSEN STEPHENS examined. (No. 35.)

1. *To the Chairman.*] I am solicitor for the Otago Harbour Board, and I have had supervision over their leases for nearly thirty years. I have to acknowledge my indebtedness to the memorandum you sent to me, sir, and I have prepared some notes which, if you will allow me, I will speak from, and will then leave to you to ask me questions. In the first place I put in a plan which has been brought up to date, and which shows the Harbour Board area. These are all self-contained blocks. I also put in the statement showing the total rents. I have also prepared a statement, giving instances over a period of years, which shows the area of the land, the term of the lease, rent, improvements, and fees. Now, the first leasing provision of the Otago Harbour Board was, as in the case of all other Boards, to be found in sections of the 1875 Harbours Act, which became sections 120 and 121 of the Harbours Act, 1908. [Sections read.] So that under that the Board originally granted leases for twenty-one years, with a right of renewal for another twenty-one years, at the expiration of which the lease came to an end without valuation to the tenant. The rent for the second twenty-one years was arbitrarily fixed at an advance of 50 per cent.—that is, under the 1875 Act. In 1883 (No. 22, local) and in 1885 (No. 15, local) wider powers were given to the Board, but to the best of my recollection they were never exercised. The next real stage is the Public Bodies' Leaseholds Act of 1886. That Act contains in section 10 power to a leasing authority to accept a surrender of any lease existing at the date of the passing of that Act. When that Act was passed the Board circularized all its tenants who held leases under the provisions of the Harbours Act, and offered to exchange their existing leases for new leases under the term of the Public Bodies' Leaseholds Act, and the Public Bodies' Leaseholds Act contains the form of lease which is the Glasgow lease. All the leases granted by the Board have since been granted in terms of that Act. When in 1910 an amendment of the Harbours Act was passed, by section 38 it was provided that, "In addition to any leasing-powers conferred on a Board by any special Act, the Board is hereby declared to be a leasing authority within the meaning of the Public Bodies' Leases Act, 1908, and shall have and may exercise the powers conferred on leasing authorities by that Act." Now, the Public Bodies' Leases Act of 1908 was a very different Act from the Public Bodies' Leaseholds Act of 1886. It contained, for instance, power to accept surrender of a lease at any time; it contained power to reduce rent. The Board was not in favour of being vested with power either to accept or surrender in that way or reduce rent. It gives occasion for pressure to be brought upon members of the Board, and the Board preferred to remain under the Public Bodies' Leaseholds Act of 1886. Representations were made to the Government, as the result of which a special subsection was included in this section 38 by which it is provided that this section shall not apply to the Otago Harbour Board. We therefore remain under the Public Bodies' Leaseholds Act of 1886. Now, we have other powers, which are contained in the Otago Harbour Board Empowering Act of 1893. These are largely machinery powers. One is to enable leases to be granted direct to assignee. Suppose we have two sections in one lease, and the tenant wishes to sell one of them, we have power to split them up and lease one direct. There is a somewhat similar power in the Act of 1886. Then we had another section dealing with the case of a section on which there was a building, a building belonging to the Board in this particular case. This was intended to apply to cases of the Board's own offices, which they desired to sell. We then, instead of selling it, obtained power to lease it subject to valuation, and then we placed the tenant in exactly the same position as all the other tenants. Then we have power to lease for short tenancies. We have special powers also contained in the Otago Harbour Board Amendment Act, 1911. That is another power dealing with the case of the Board's own buildings. Then the Otago Harbour Board Amendment Act of 1913 gives power to lease land without right of renewal for any term up to twenty-one years. We have found difficulties in being governed by a cast-iron form of lease. Circumstances arise which cannot be dealt with under the cast-iron form of lease provided by the Legislature, and these amendments are to give the Board a certain amount of freedom.

2. *The Chairman.*] You say you sent a circular to all tenants holding under the long term of lease—forty-two years—offering the exchange: what was the result?—The result, strange to say, was that some of them took no notice of it. As a matter of fact, I had to bring it under their notice in the end and point out to them how they stood under the other lease, and as a final result everybody exchanged his lease, although at first the advantages were not apparent to them, nor would they have become apparent until the end of the forty-two years. All our leases are now, therefore, under the so-called Glasgow lease system. Of course, the Board own a large amount of land now on which there are no buildings erected. As these lands are subdivided they are put up to auction for lease. The upset rental is in every case fixed by the Board's