case of an area of land which was largely unutilized and certainly not built on, and the other was that of an adjoining lessee who desired more room for his business. In neither case was the question of goodwill involved. I cannot say that any benefit follows to the tenant, but it certainly does obviate any possibility of collusion in valuing or arbitrating. I do not suggest for a moment that there is any chance of that in Dunedin, but it certainly removes any possibility of any person suggesting that there has been any collusive value. The Harbour Board pays the cost of auction and all expenses in connection with it. My Board would have no possible objection to local bodies being given the power to lease for a term of twenty-one years, but we contend that the power of a local body should not be hampered by any provision that it should not grant any lease except for a term of twenty-one years. Personally I do not think a longer term than fourteen years should be granted by local bodies in connection with their leases. Then I would deal with the question of private renewal as against auction. I would point out that under the Public Bodies' Leaseholds Act the Board is prevented from selling privately at all. If it puts a section up for auction at the upset price it can only sell privately within twelve months after the auction, and then only at the same upset. The whole scheme is to prevent pressure being brought to bear upon members of public bodies by influential lessees, for example.

4. *To Mr. Thomas.*] I do not know that the same result would be achieved if auction were made permissive rather than compulsory, so that if either party were dissatisfied he could demand auction. It would, of course, reduce expense to some extent and prevent disturbance of tenants' minds at having at any case to run the gauntlet of auction, but it would not get over the possibility of pressure being brought to bear upon members to secure a collusive valuation. However, those are not probabilities but possibilities, and all these restricted provisions tend to keep our public life clean. Then, as to payment of valuation by the lessor, in my opinion such a proposal is very objectionable and quite unworkable, as the lessor has absolutely no control over the class of building to be erected or the amount expended. If it is provided in the lease that buildings must be of a certain character, then it means that the lessor is interfering with the tenant as regards the class of building which the tenant himself considers is most suitable for his business. We have at the present moment the case of a building held under lease which even the mortgagee has refused to take over. It would mean, therefore, we should have to pay valuation for this building, because the valuers would put some value upon it. It may be that the valuers in valuing buildings would take the original cost, allow some amount of depreciation, and so arrive at the valuation; whereas the buildings to the Board would be absolutely valueless and unsaleable.

5. *To the Chairman.*] As to the proposal of the Wellington Corporation that 60 per cent. be allowed for improvements at the termination of a term of lease, that would leave that body with 40 per cent. as a gift on the face of it. If, when a lessee has put up buildings for his own purposes, at the end of twenty-one years he thinks he has made a bad speculation, he says, "I have got a chance to get out of this, and I will throw it on to the lessor." And here, where you have a large number of leases such as you have in Dunedin, it might be disastrous to the Corporation or to the Harbour Board to allow anything of that kind. I think those who have been arguing on this question have lost sight of one point in connection with the form of lease. Originally the form of lease was a perpetual lease in principle—that is to say, both parties were bound to continue. The covenant ran that if at the end of a term nobody bid at the auction the lessee was to execute a fresh lease, so that as a matter of fact the alteration in the provisions of the lease whereby the lessee could refuse to bid and throw up his lease if he liked is a concession to the tenant. Of course, if they are valuable buildings the tenant will never throw up. But suppose, for instance, a building is burnt down towards the end of a lease, and you have a piece of vacant land—under our system the tenant can throw it up; and whereas he has the option, the lessor must continue, so that it is a one-sided bargain from that point of view. Then I quote this extract from the memorandum: "To enable the Corporation to pay, the suggestion is that one year should be allowed so as to enable it to dispose of the lease elsewhere subject to the payment of the valuation, the tenant pending payment to receive 5 per cent. interest on the amount he is entitled to." Now, although the tenant goes out of possession the lessor has to pay 5 per cent. interest, although he makes no use of the building. The next point is the question of valuation of rent. The highest rent payable—and it is one of those on the list—on any one lease is £500. That is quite exceptional. The valuation fees range from £6 6s. to £37 16s. I think it will be found that the fees charged in Harbour Board awards are less than the Chamber of Commerce rates. The cost of valuation is payable in equal shares by the lessor and the lessee. I put in the scale of rates. [Scale of rates put in.] The expenses of auction, advertising, and so on are paid wholly by the Board. The Board has for many years past appointed the same person as valuer. I think the effect of that is to secure uniformity in rents. The Board's valuer has to consider the question of rents not only in relation to the particular case before him, but also in relation to one another, for it is not in the interests of the Board or the tenant that you should have a number of leases in one block with varying rents. We think if we have the same man in office he necessarily gains a large fund of experience and information specially relating to the Board's leases which is exceedingly valuable, not only for himself, but he is able to bring all this information before his brother valuer and the third valuer, and this tends to secure continuity and uniformity. Of course, there is nothing to prevent tenants from combining and appointing a permanent valuer also; but I echo what Mr. Lewin said, that there is no influence brought to bear by the Board on its valuer as to amounts or as to principles. The valuer appointed is an experienced valuer. The Board have full confidence in him, and he is left entirely unguided and uninfluenced. As to the valuations I cannot give a list, nor can I give the effect of the valuations. All I can say is that, generally speaking, they have increased, although not in every case. A valuation has never