

sumably they were discontented with their valuation. We considered it would have been an advantage to us to make some sacrifice and build on a freehold rather than pay the £300 a year rent.

3. *To Mr. O'Shea.*] I do not know what price the land in our street brings. I do not know whether we could buy land there at £200 a foot. Of course, land in Wellington is limited, and has a certain fictitious value. For example, in the case of the recent purchase by the Bank of New Zealand from an adjoining owner the bank had practically to give whatever was asked. Well, sales like that give a false basis of value. We did not obtain a freehold in Wellington, as we did not see our way to get rid of our leasehold, and we had to drop the scheme. The place offered to us was not so very far from our present site. It would have involved a little more cartage, but that would not have amounted to much. I do not know that I would prefer a renewable period of twenty-five years. There is not much to choose between twenty-one and twenty-five years. I think fourteen years is too short, whether the lease terminates or whether it is a perpetual lease.

4. *To the Chairman.*] The renewal of our lease cost us about £20, I believe.

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CHARLES RUSSELL SMITH examined. (No. 41.)

1. *To the Chairman.*] I am a member of the firm of John Reid and Sons (Limited). They are land-valuers in conjunction with their other business. I have been acting in connection with the valuation of land for something like twenty years. First of all I would like to say in connection with the leases there has been no serious trouble in Dunedin such as apparently has arisen in Wellington. Values in some localities in Dunedin have risen considerably, but that has perhaps been due to special causes. The pronounced locality in that respect has been Stuart Street and its vicinity, due, no doubt, to the shifting of the railway-station to its present position. In some cases the values there have risen 100 per cent. since the sections were valued twenty-one years ago. On the other hand, certain parts of Dunedin have gone the other way. Properties in Princes Street South and MacLaggan Street have gone back rather than forward. Most of the evidence I have heard and read in this connection seems to assume an unearned increment. No one seems to have referred to the fact that there is the remotest possibility of land decreasing in value in any city in the Dominion, but we have illustrations of that in Dunedin. Population here has not been increasing, and as, for example, the railway-station seems to have attracted a certain amount of business, the parts of the city which are thereby to some extent depleted must go back. So far as local bodies' leases are concerned, my opinion is that they should be so framed as to eliminate as far as possible the element of speculation. We know that many people have made money out of leases, while on the other hand people have been broken by a lease. My view is that leases of this class should be for twenty-one years, giving either side the right to call for revaluation at the end of seven and fourteen years. The party calling for such valuation should have to pay all costs connected with the valuation. The object of that would be to prevent frivolous applications for revaluations. There should be the usual further valuation at the end of twenty-one years at joint expense. The tenant should have the right to renew at the end of twenty-one years, but he should not be compelled to take a renewal; he should simply have the option to renew on the same terms. I think a lease based on such conditions would tend to give more confidence both from the side of the landlord and of the tenant, because both sides would feel that they were not undertaking anything in the nature of undue speculation. If at the end of seven or fourteen years the tenant felt that the place had gone back he would have the right to call for a revaluation. If, on the other hand, the Corporation thought the property had gone ahead it could call for a revaluation, and so the scales would be held evenly between the two parties. In my opinion, on no account should the public body be required to take over any tenant's improvements. Such a thing would end in disaster. The effect of it would be that every broken-down locality would be coming to the Corporation to take over its buildings, and in the course of a certain number of years people going round the town would be able to pick out as the Corporation's property all the ancient and decayed buildings on the different sections. But if such a thing were considered for a moment then the Corporation should also have the right to resume any tenant's buildings at the end of twenty-one years that they might wish to resume. I would not allow the buildings to be taken over even at half-value. I would not have any truck at all in connection with the matter. It would lead to all sorts of abuses, and eventually would land the Corporation with all sorts of rotten properties they should not touch at all. Then, with regard to the auction clause, from my experience I am of the opinion that it should be struck out of the lease. In ninety-nine cases out of a hundred that clause is quite ineffective. We have seen sale after sale of these leases, and they have gone to show that the whole thing is a mere matter of form. But in one case out of a hundred this auction clause can act very, very unjustly to the tenant, because, after he has built up his business, at the end of twenty-one years it is open to any harebrained idiot to come along and outbid him for his lease. I could give you a case or two as examples. I was present at one sale where land valued at £4 a foot was run up to something like £9 a foot. In another case, where the original lessee had died, the widow, who had some sentimental idea of the property, was run up at auction until she had to pay something like double the amount fixed by valuation. I believe the widow went into hysterics at the auction. I consider that was an unfair thing to that woman. The only case I know of in which an auction would have operated justly was in connection with a property near the Town Hall. It had been valued at about half its actual value, but the auction did not give any addition. Then I would suggest, if it were feasible, that for the sake of saving expense in connection with leases of this nature there might