

the Australian Mutual Provident Society, was willing to advance 50 per cent. of the value; but since that revaluation the A.M.P. Society, and also the Equitable Building Investment Company, of which I am a director, and the Bank of New Zealand would decline to take one of these leases as security for an advance unless it was supplemented by some other attractive cover. It might in the case of a bank be taken as a make-weight, but I would not countenance an advance made by the Bank of New Zealand on leasehold under present conditions; because, I would point out, it is conceivable that instead of an asset you might have a liability. Our own firm's land was jumped up 250 per cent.; the building might not be worth the value of the land, the value of the land being determined for other purposes than that for which the property was occupied. In Auckland the Harbour Board lease is most attractive—sixty years—and a business firm has no difficulty in selling its interest in a lease, or in raising money upon it if they want money for business purposes.

2. What has happened there is that the tenants have the lease for sixty years at the existing value of the ground, and the Harbour Board will get nothing out of the increment in the value of that land for sixty years; and it does not at all follow that the same rental would not have been obtained if the period had been twenty-one years. The tenant would have been quite ready to take the risk at twenty-one years at the present rental instead of getting a gift of it for sixty years?—I take it it is not the function of a large public body such as the Corporation to extract the uttermost farthing. I think they ought to take a more liberal view than that so far as business is concerned. In the life of an ordinary business sixty years does not seem such a long period. I have been in business in Wellington forty years already, and have been subjected to one revaluation, and found it a very unhappy experience.

*The Chairman:* Was not that due to the extraordinary rise in the price of freeholds in Wellington? I had an instance in my own experience of a piece of land, bought for a very small sum, nothing done for twenty years, and sold at a marvellous price. It was in the direction of the Royal Oak.

*Mr. Skerrett:* His Honour the late Chief Justice holds a freehold section in front of the Supreme Court. He has held it, I think, for some thirty years. It was purchased then at a very high price, and is not disposable of now at a price that would recoup him. That is one instance.

*The Chairman:* There are instances the other way.

*Witness:* I might explain that the whole of the Hunter Street block was in the first place bought by Mr. T. Kennedy Macdonald, and he was only released from his obligations in connection with the land by filing a declaration of insolvency; and then the Board released him, and it fell into the hands of another purchaser, who finally sold it by public auction for a bonus of £105.

3. *The Chairman:* Between 1890 and 1911, is not that the period during which values in Wellington rose enormously?—They did rise very considerably.

4. It was when things were rather stagnant until after the cleaning-up of the Bank of New Zealand in 1895, and then things went up?—Yes; a good many wholesale firms became domiciled in Wellington, and consequently there was a big demand for land, and they were induced to take up Corporation leases. For the first period of twenty-one years I admit the rents were reasonable, and in 1911 we were prepared to pay a substantial increase, but not the increases as finally fixed. I think that to describe the proceedings as arbitration is farcical. I would like to make the point that you cannot really compare Dunedin with Wellington.

*The Chairman:* I admit there is much to be said, but it does not follow there is no comparison. I hold a Corporation lease, and under the valuation five years ago they raised me nearly 50 per cent., and all my neighbours all around me in that particular block were raised in the same way. That was on a lease of twenty-one years. Rents have not gone down in that way. There was a tremendous fall of rents in the eighties, but since then they have been steady. In some cases they may have gone down, but there has been no general fall.

*Mr. Thomas:* The evidence given showed that over the whole block leased after revaluation the aggregate increase in the rentals of the Beach lease was 52 per cent.

*Witness:* Against 291 per cent. in my own case.

*The Chairman:* In many cases leases fell in. It shows that whatever the outside view may be the inside view in Dunedin is that the place is not going back, and they are prepared to pay higher rentals for their properties instead of lower.

*Witness:* My reason for saying that the tenant would not be induced under existing conditions to maintain the premises in a good state of repair is this: If he knows that at the end of the term he is not going to get compensation for his improvements there is no inducement for him to spend money on improvements; but if he is going to get up to 50 per cent. on the value of the improvements there is every inducement for him to keep the premises in a good state of repair.

5. *The Chairman:* What you ask is that the tenant, if not satisfied with the rent, should be allowed to throw up his lease and get a certain proportion of the valuation. Why should not the landlord, if he thinks the rent too low, be entitled to expropriate the tenant? If it works one way why not the other?—That is one of the risks the landlord has taken.

6. I think if you want it one way you must have it the other as well. There must be some protection for public bodies so that they are not exploited. Why should not they, if the rent is made too low in their opinion, be entitled to say to the tenant, "We will take over your building"?—Does it not come back to my statement as to the importance of clear conditions? People are not going to give a large price when facing these conditions, but if the terms are liberal they can afford to pay a higher rent to the Corporation, provided they get fair compensation for the value of the improvements and a decently long lease. So far as I am concerned