

in which there is any bid against the sitting tenant. The nature of the valuation of the buildings may to a certain extent perhaps account for this, but the substantial cause is the general feeling that it is an opprobrious act to thus, as it were, evict a tenant from his holding. In Greymouth, where the Public Trustee is the leasing authority, he finds that a similar feeling prevails with a like result—so much so that in the only instance in which the sitting tenant was outbid the bidder was morally compelled to relinquish the lease.

A blot upon the auction renewal *in the case of business sites* is that a tenant is exposed to the loss of his goodwill at the hands of a rival trader. It was in consequence of this objection that the ultimate form of the Wellington leases excluded auction renewals. Practically in those localities where the auction-renewal system prevails nothing appears to be gained by the local body, but, as illustrated by the case of Dunedin, it is put to considerable expense without any commensurate benefit.

#### *Option to dispense with Auction.—Recommendation.*

It is to be noted that municipalities are empowered to grant leases which give the tenant an option of having an auction or not (see section 136 (1) (b) (iii), Municipal Corporations Act, 1908). We think that in the case of existing leases which do not provide for this option municipalities should be expressly authorized by special order to grant the renewed lease either in the form provided or by section 136 (1) (b) (i) or (1) (b) (iii). The limitation of the power to cases defined by special order will enable the municipality to restrict the right to business sites if it so thinks fit. When it comes to be known that if an auction takes place it is at the instance of the tenant the sentiment against ousting a man from his property which now restrains competition would cease to apply.

#### *Automatic Increase of Rent.*

In order to remove the necessity for valuations of rent, and so that a tenant might know once for all what his obligations were to be, it was suggested that leases should be granted for a long term at a rent which should automatically increase at a given rate per centum at stated periods. It is within the powers of a municipality under existing legislation to grant a lease of that kind if there is some one prepared to take it. It is obviously a lease which throws on the tenant the whole responsibility of the property increasing in value in correspondence with the increased rental, and it also would have the effect of depriving the Corporation of any increase in the rental value beyond that of the percentage. We make no recommendation in this connection.

#### *Date of Valuations.—Recommendations.*

A further suggestion, supported by a large body of evidence and made with regard to renewals without auction, is that the revaluation of the rent should take place at least *one year* before the expiration of the term so that if the tenant, on learning what the new rent is, elects not to renew he may have full opportunity for securing other premises. The municipality can, under its existing powers under the Municipal Corporations Act, make this provision except with regard to existing leases and leases growing out of them. For these express statutory power would be requisite. We recommend that this should be conferred. It should be framed so as to enable the Corporation to agree to the extended period in lieu of the period provided by the lease for that purpose, and to make any consequential alterations, such as that the tenant must be bound to notify the Corporation of his election within six months after the valuation is made.

In the case of an auction renewal where the buildings have to be revalued the propriety of the suggested alteration in the date of valuation is not so clear. The buildings ought to be valued as near to the date of the auction as possible, for the further away the valuation is from that date the greater the chance of dilapidation in the meantime. Indeed, it is conceivable that if the tenant wished to block competition it would be to his interest not to maintain the state of repair or make good any damage that might occur in the meantime.