

to one kind of lease—a Glasgow lease—and that the period should be at least thirty-three years. I think that would be fair to both parties. Twenty-one years in certain instances might be fairer, but there are many instances where it would not be quite so fair. Taking one thing with another my experience leads me to that conclusion. In a young country like this, where money is required for improvements, it would be better to have a small sum thirty years hence than a larger sum seventy years hence, because the money can be better utilized for the people. Then the Glasgow lease I regard as the fairest to both landlord and tenant, because if carried out properly that which belongs to the landlord always remains his, and that which belongs to the tenant always remains his. There ought to be full compensation, in my opinion—not half or a third—for the then existing value to be paid by the incoming tenant. If the existing tenant or a new tenant does not take up the lease I do not think the compensation should be paid by the Corporation or the Board. I think that would be too great a burden. I think the lease should be loaded with the assessed value of the improvements. Referring to what Mr. Gunson has said, I understand the Harbour Board have agreed to give leases for the whole of Lower Queen Street from about Quay Street to near the Union Company's shipping offices. I think that will operate injuriously to the public. The people have contracted or will contract, I understand, to put up taller buildings; but the arrangement made by the Harbour Board and by the Auckland City Council with those lessees across the street from the Town Hall is injurious to the public. You can have quite as good if not better buildings put up if the leases are offered to public competition. As to those shanties opposite the Town Hall, the leases have only five or six years to run. I think an injudicious thing has been done in the interests of the public to grant without competition long fixed leases, with fixed rents, for those places. I am entirely opposed to any interference by the Legislature with any existing contracts, even if they may have been imprudent. It seems to me that the confidence and security of the commercial world must be maintained, and it will have a very far-reaching effect if the Legislature should intervene in a contract and alter it. I believe the prosperity of the country requires that people should be held to their bargains. I hold that when tenants have erected large buildings and established offices in a particular spot there should be no risk of the Legislature interfering arbitrarily even on the recommendation of a Royal Commission, supposing such a thing were possible. There should be no interference with a contract already entered into. Then, in a Glasgow lease, I regard a provision for arbitration as essential. If you do not have arbitration, in my opinion it is not a proper Glasgow lease. What I mean by "arbitration" is this: that each party should appoint an arbitrator, and then those two combined should appoint a third. In such arbitrations I think witnesses should be called. I do not think there should be simply three valuers. Then I think the principle of readjusting the rent on the basis of 5 per cent. of the freehold value is fallacious. While apparently the local body may get more money, it will operate injuriously to the general interests of the city. I do not think it is a fair thing to say, "This land is worth so-much, and therefore the rent is to be 5 per cent. on that." You have to consider what amount a careful, prudent, experienced business man would give as a payable proposition for a piece of land by way of rent. He would have, of course, to erect buildings, otherwise it would be non-productive. Then I think that every man going in for a lease of land must provide, if he is prudent, a sinking fund, and I think the amount that ought to be paid to the local body should be a rent from which an allowance has been made to the man himself for sinking fund. You have to consider what you can let your shops and offices for, what the rates, insurance, interest, &c., will be, then what the deterioration and depreciation would be, and then whether at the end of the term the building would be practically unlettable or otherwise. In those circumstances, if you say the land is worth £100, and therefore the rent is £5, I think the principle is absurd. Theoretically it may sound all right, but in actual practice it is most pernicious. Referring again to arbitration, I think the umpire could very well be chosen by the two arbitrators selected by the parties concerned. I do not see that the State or any one else should appoint the third person. In my opinion, if that were so, it would not be true arbitration. As to the provision in the Arbitration Act that if the two nominees cannot agree the Supreme Court may appoint the third, I do not object to that in principle, but at the same time I do not think the Courts are really the best tribunal for fixing rent. I think a business man, provided he is experienced, is a much better man, because he goes more carefully into the figures, and he knows as a business man all the thousand-and-one things that have to come into consideration in conducting a business; and after all it seems to me a local body should only get something for its land which the tenant can reasonably and honestly pay and make a living himself. If local bodies seek to encroach upon the tenant's legitimate profits I think it will operate disastrously both to the local bodies and to the tenants. I do not favour the suggestion that the tribunal should be a Judge alone, with assessors, acting upon evidence. A Judge has not that close association with business that a merchant or a practising barrister has.

2. *To Mr. Thomas.*] I do not believe in private agreements between public bodies and tenants, even though they may be afterwards approved by a Judge or other tribunal. I believe in the breath of public opinion. In regard to Public Trust properties I think there should be free and open competition.

3. *To the Chairman.*] With regard to the Grammar School Board leases, they are bad both for the public and the tenant. They let the land for fifty years. They fix the rent for the first twenty-five years, and they say for the next twenty-five years it shall be so-much more. That is to say, the rent is actually fixed to the end of the period. Well, that is unjust, because that portion of the town may go down.

4. *To Mr. Milne.*] I agree that if a tenant finds he has made a bad bargain for the previous twenty-one years that fact should be taken into consideration by the arbitrators in fixing the rent for the succeeding period.