

valuer. The valuer is a man who has had experience in valuing. The Board has followed the principle of appointing the same man year after year, a similar principle now adopted by the City Corporation. He is not in the employ of the Board. The term that was adopted after the arrangement to come under the Public Bodies' Leaseholds Act was twenty-one years. Not long after that the Board adopted the principle that new leases should be granted for a term of fourteen years. It is so long ago now that I cannot tell you exactly the arguments which swayed the Board, but it definitely adopted fourteen years as the term of lease, and that term has been in operation ever since—certainly since the nineties. We have now twenty-nine leases for a term of twenty-one years, and 221 for a term of fourteen years. Of course, these leases granted originally for a term of twenty-one years provided for a renewal for twenty-one years, and therefore they got it automatically. In addition to that form of lease we have what we call a form of annual lease. [Form handed in.] The only object of that lease is to enable the Board to grant a sort of preliminary lease, which I may explain in this way: Some of the lands of the Board have not yet been subdivided for leasing purposes. They may be subdivided on paper, but not on the ground. People may come along who desire a piece of ground in that direction, and they have been given an annual lease, and when the subdivision is completed they may be given an opportunity of coming in under the fourteen-years lease. Now, in my experience, extending over nearly thirty years, no difficulty whatever has been raised on the question of the term of the lease. The only instance of a person objecting to a term of fourteen years in my experience has, strange to say, happened since this Commission started to sit, and the only objection there was that the company, operating over a considerable part of New Zealand, suggested that on their piece of land applied for they might not put up as valuable buildings on a fourteen-years lease as they would on a twenty-one-years lease. As a fact, however, the buildings in Dunedin under the fourteen-years-leasing system are quite as valuable and substantial as are buildings put up on the twenty-one-years system. My own personal opinion is that the fourteen-years term is a reasonable term for both sides. It is true that the expenses of renewal, being spread over a shorter term, add an infinitesimal amount to the rental so far as Dunedin is concerned. I look on the matter in this way from the point of view of the Board—that it is the duty of the Board to obtain the best rent possible. That has been laid down by the Court of Appeal, and goes without saying. In the case of the Board subdividing—and this probably would not apply to other centres—in the case of a Board having a large amount of waste land and subdividing that land, it may have to offer it at low rents in order to get the land settled. I remember one case where we had a block of land, and it was put up for residential purposes at £5 a year. It lay there for years without attracting any one, and then we reduced the rent by £1 and it went off like hot cakes. The mere difference between £4 and £5 for a year is not very material; but, suppose the Board leases its land at a comparatively low rental, when building operations begin it will, of course, increase its value. Now, to whom does that value belong? It does not belong to the tenant, as he may have done nothing to create it. If the Board is to obtain the best rent, then it ought not in a case like that to grant too long a lease.

3. Does it not operate in another way: if you grant short leases the land will not be taken up at the same high rent. A man will not pay as much for a short lease as a long lease. Have you not to try and arrive at where the two things adjust themselves?—If the value of the land rises considerably the Board does not obtain the best rent then. If the value falls the tenant pays more rent than he should, and so the problem we have is to fix a term that should be reasonable as between the two when the rent shall be revalued. Of course, there cannot be constant changes, and there must be a certain amount of security of tenure to the tenant. The question is what would give a reasonable length of time to enable the Board to make its leases attractive enough to the tenant and at the same time give it the rental it ought to get. Now, in some cases in Dunedin rents are revalued every seven years. Possibly there might not be an objection offered to twenty-one-years leases provided there was revaluation every seven years. Personally I think that is too short. I think fourteen years is a reasonable splitting of the difference between seven and twenty-one years. I can illustrate what I say with regard to the necessity of a reasonably short term even from the tenant's point of view. A gentleman here who was practising as a solicitor in Dunedin, and who subsequently became a Magistrate, took up a lease speculatively for twenty-one years at a rental of £90 a year. He did not put any building on the place, and when he wanted to get rid of the lease he could not do so, but had to keep on paying the rent, I believe, until the end of his term. Now in that case, if the gentleman concerned had had a lease for fourteen years, he would have had two chances—the right of revaluation and the right to give up his lease. If a lease is granted for a long term the tenant has to stick to his bargain, whereas if it is for fourteen years he has a chance of renewing his bargain. The tenants in Dunedin—and I think I may speak for the City Corporation tenants as well as for the Harbour Board's tenants—expect to get a renewal of their leases, and in 99½ per cent. of cases their expectation is realized, as they are not outbid at auction. It is impossible to lay down any definite reason for that, but my suggestion is that the valuers value the buildings and improvements benevolently, and any person, therefore, who wishes to outbid the outgoing tenant will have to pay more for the improvements than he would have to pay in the case of a private purchase. Mr. Lewin stated that within limits the City Corporation are not concerned to beat down the value of the improvements. The Harbour Board is in the same position. Of course, there is a limit. Buildings cannot be valued too low, otherwise there would be no virtue in the auction at all. The benefit of the auction to the Harbour Board is the possibility of getting higher rent. It is true that in practice there is no bid above the upset as a rule. The only cases I know of where the outgoing tenant has been outbid were, first, the