

WILLIAM STEVENSON examined. (No. 37.)

1. *To the Chairman.*] I am a tenant of the Wellington City Corporation. What I wish to say is that it seems to me the Wellington City Corporation places its values too high. Eleven or twelve years ago there was a great boom there in property and buildings were scarce. In consequence rents were high. Times have since changed. First of all there was the American bank crisis, which seemed to affect Wellington very much. My firm had erected a building on the value in boom time. Now times have changed, and the result on the last valuation is that our rentals have shrunk so much that on the basis of calculation placed before the Commission they showed a loss on our investment. Had we invested our money in Dunedin it seems to me we should have done very well out of it. Since the last valuation the whole of our building has been let, and we are no better off to-day than we were the day the valuation was made. Although the ground-rent and rates have gone up we are not getting any higher rents. I am aware the valuations are made by valuers and not by the Corporation itself, but I believe the Corporation asked for even more rental, and had we been compelled to pay what the Corporation asked we should have been in a very serious position. The moneys invested were trust-moneys, and instead of being able to pay interest on them we should have been losers. This was originally a forty-two-years lease which we purchased from the lessee, and we converted it into a Glasgow lease. The Corporation would not agree to the rental we offered. They said it would be selling the people's birthright. We left it alone for a time, but afterwards came back and accepted it at 100 per cent. on the old ground-rent. Our interest for twelve months was 1·5 per cent.—that is the interest we received on the capital expended. We found difficulty in subletting at a fair rental. If a person comes along and offers half what you have been getting you cannot accept that. As far as I know the building is modern and suitable for the location. My idea is that the ideas of the Wellington Corporation as to present-day values are altogether too big. I think people are giving extravagant rents in Wellington. I hope things are now going to be put on a fair basis, as I do not see why the tenant should be robbed in the interests of the landlord. Mr. Stephens has said that the tenants of the Harbour Board were always satisfied. Mr. Donald Reid certainly was not satisfied. He was paying too much. I hope now, when you get something done in the way of legislation, these anomalies will be got rid of.

2. *To Mr. O'Shea.*] I have not adopted Mr. Harcourt's system of calculation in making out the interest I have received. If I had adopted Mr. Harcourt's system I should have shown a loss. As I have said, people in Wellington are giving extravagant rents nowadays. It seems to me that in the heyday of youth people will plunge into engagements which no prudent man will look at.

3. *To Mr. Stephens.*] Possibly it might be a good corrective if we had the term of the lease fourteen years instead of twenty-one, but I do not know.

DUNEDIN, TUESDAY, 30TH JANUARY, 1917.

GEORGE SIMPSON examined. (No. 38.)

1. *To the Chairman.*] I am a builder and contractor. I have for many years devoted myself to valuing rentals and properties generally. I have a fair amount of business in Dunedin in that way. Since 1908 I have been the sole valuer for the Otago Harbour Board of their leases, including buildings. Previous to that the Board used to employ various valuers, and I had my share amongst the others. My valuations for the Harbour Board have been on the basis of the Glasgow lease system. In valuing I try to ascertain as nearly as possible the freehold value of the piece of ground I am dealing with. I do this to a great extent by reference to the saleable value of adjacent lands or similar lands in the market. Then we generally adopt about 5 per cent. on the capital value as a fair percentage for rental. We heard Mr. Reynolds say he generally deducts 1 per cent. from the market value, but I do not think he always sticks to that. I think he generally makes it about 5 per cent. on the full acknowledged freehold value of the property. I value the leasing in the first instance, and also for renewals when the terms have fallen in. When there are new leases going on the market the secretary sends me a list of the sections with a plan, and asks me to place on them what I consider a fair upset price such as they might expect to get on the market. While reclamation is going on new land is coming in all the time. When I have fixed an upset price the sections are put up for lease at auction with others that may have fallen in. There is a certain amount of selection open to a tenant whose lease has fallen in, as he can go for a new section if he wishes. The sections are well advertised, and plans are open for inspection. I do not think there are any sections vacant at all now except between the sea and the railway. Of course, the values vary with the streets, and so on. I could not give you the values from memory, but I will prepare a statement for the Commission giving an idea of the position of the sections and the present-day values of the sections on the town side of the railway. Most of our sections are outside the strictly retail area, though Lower Crawford Street is a good business street. I think some of our sites in Crawford street might be compared to sites in Victoria Street and some of those cross-streets running down to the sea in Wellington.

2. *To Mr. Milne.*] We have in that locality Muiray, Roberts, and Co., Dalgety's, Donald Reid's, Otago Farmers, and others. They are all our tenants.

3. *To the Chairman.*] The term of our lease is generally fourteen years. No doubt from the lessee's point of view a twenty-one-years term would be more favourable, but from the lessor's point of view I think fourteen years is the best term. As a fair thing between the parties perhaps fourteen years is preferable. For example, if a piece of land is worth £100 to-day