

Why Dissatisfaction in Wellington only?

It was frequently asked in the course of your Commissioners' sittings how it was that in Dunedin, where the system of valuation as against arbitration had prevailed so extensively and for so many years, such acrimony and dissatisfaction have not arisen as now prevail in the case of Wellington City leases. The answer that it was because Dunedin was not progressing cannot be sustained, for the evidence is that the current rents are 50 per cent. in advance of the previous valuations, and in one quarter of the city, Stuart Street, leading to the new railway-station, rents had been raised 200 per cent. The only satisfactory answer that suggests itself is that in Dunedin a reasonable view has been taken on both sides of what rents ought to be; that capital values on which the rents have been assessed have not been determined by the arbitrary sale prices of adjacent sites; and that the revaluation of the rents has not taken the form of hostile litigation between the parties, actively participated in by the Corporation officials, but has been left wholly to the peaceful determination of competent valuers. This observation applies not only to the Dunedin City leases, but to those of the Otago Harbour Board and other Dunedin leases subject to the like system. The tribunal proposed by the City Council would not remove the litigious aspect from the valuations, and would continue to render renewals a costly process. Hence we do not recommend it.

Valuation Department Officers as Valuers.

One of the lay members of the Commission holds a strong opinion that it would be advantageous that the Valuer-General, or a District Valuer under him, should act as the third valuer in all cases. It is thought that the accumulated experience derived from his Department would render him an ideal member of the tribunal. If this opinion is adopted it should only be made applicable to entirely new leases hereafter granted, or where the parties consent.

IN GENERAL, VALUATION SYSTEM TO BE ADHERED TO.—RECOMMENDATIONS.

Apart from the Wellington City leases, and proceeding upon the materials laid before us and our own experience and appreciation of the subject, we certainly cannot recommend any interference with the system of having the values appraised by three independent persons appointed as prescribed; and we strongly recommend that the obscurity created by the amendment of the Arbitration Act should be cleared away by declaring specifically that, while the provisions of the Arbitration Act are to apply to valuations in other respects, the valuations are nevertheless to be based upon the personal knowledge, skill, and experience of the valuers, so that the calling of witnesses and so forth shall be unnecessary. That will be to bring the legislation into accord with the practice which the contracts originally intended, and which has in substance continued to prevail outside of Wellington. Hence we except the Wellington City leases. We also recommend that section 137 be amended by enacting that, except where the parties provide to the contrary, the decision of any two of the valuers shall bind. This will accord with what now requires to be and is in practice expressly stipulated for.

It may be pointed out that the leases granted by many of the public bodies other than municipalities, and possibly by some municipalities, expressly stipulate for arbitration as distinguished from valuation, and leases granted under the Public Bodies' Leases Act, 1908 (No. 240), provide expressly that the valuations are to be made by indifferent persons as arbitrators. We do not suggest that any of the existing contracts made by municipal bodies, under which the reference is to arbitration, should be altered, but we do recommend that it should be made competent for municipalities to substitute valuation for arbitration in all future leases, and also, if and in so far as the lessees so agree, in all existing leases and the leases flowing out of them by renewal. We recommend also that the Public Bodies' Leases Act, 1908 (No. 240), should be amended so as to operate to that effect where adopted by municipal bodies.

Likewise in Wellington.

With regard to existing Wellington City leases and the future leases arising out of them by renewal, we do not recommend any alteration of the system authorized