

Short Form of Agreement.

It could be enacted that this agreement may be effected by the execution of a simple endorsement on the lease to this effect: "Memorandum that the parties [*Naming them*] have agreed that section of the Act [*citing its title*] shall apply to the within lease and all renewals thereof, and a provision to that effect shall be inserted or implied in all future renewals of this lease." The consent of mortgagees should be provided for.

FIXING RENEWAL RENTS BY AGREEMENT.—RECOMMENDATION.

For facilitating business and minimizing friction and expense we recommend that the chief cities and all boroughs with a population of over 10,000 should have power by agreement with their tenants to fix the renewal rentals, subject to the safeguarding provision that the agreement be authorized by a special order. In the cases in which such an agreement is come to it would dispense with a valuation, but provision should be added that the agreement must be concluded before the date fixed for the commencement of the valuation, so as to enable that to proceed in terms of the lease if no agreement is made. The effect of having such a power will, it is thought, lead in practice to a timely and preliminary announcement by the Council of the rents it is prepared to take upon renewal, and to negotiation between the tenants and a committee of the Council. Then, if a provisional agreement is arrived at, the special order can be proceeded with. As the special order must be advertised publicity is given to the intended agreement.

In the case of smaller boroughs—that is, with a population of under 10,000—we recommend that a similar power should be conferred, but that, in addition to the special order, the rental be certified by the Valuer-General to be in his opinion a fair rental.

The cost of advertising the special order, and the Valuer-General's reasonable fee, which he is to be authorized to charge, to be borne equally by the landlord and the tenant.

Where several leases fall in at or about the same time one special order could be made applicable to all, and cost would thus be minimized.

The fourth and fifth questions are these:—

- (4.) Are the provisions of the Municipal Corporations Act, 1908, relating to the leasing-powers of Borough Councils satisfactory and in the best interests of the lessees and the Corporation concerned?
- (5.) If not, what alterations should be made in the said provisions?

FINDING.

Speaking generally on the materials before us, the provisions of the Municipal Corporations Act, 1908, relating to the leasing-powers of Borough Councils are satisfactory, and afford scope for leases that are in the best interests of both parties compatible with the fact that the landlord is a public body. We make this qualification because if the landlord were a private individual it could be provided that an agreement between the parties should supersede what is prescribed. But this elasticity cannot well be allowed in the case of leases by public bodies without some safeguarding check for preventing favouritism, undue pressure, or undue influence. One cannot therefore expect public-body leasing to be as elastic as private leasing may be made. Hence all such variations as they are permitted to make in current leases must be made by way of special order. But even in this way there is considerable scope for substantial variation. The Corporation may reduce rents; it may accept surrenders of leases on such terms as it thinks fit and again lease the land; or it may grant the former tenant a new lease for the remainder of the term of the surrendered lease at a rent to be fixed by the Council by special order either before or after surrender, and on any terms and conditions authorized by the Act. These provisions enable a Council, by the process of special order, to alter the rent or other terms of any lease where from considerations of hardship or mutual advantage it is thought desirable so to do. Somewhat more extended powers in the same direction may be acquired by a municipality by coming under the Public Bodies' Leases Act, 1908 (No. 240).