

*Provision for Deterioration after Valuation.*

In the case of an auctioned renewal the lessee ought, strictly speaking, to be expressly bound to maintain the premises in that state in which they were when the valuation was made. In view, however, that in practice there is no competition in the case of auctioned renewals, this point is at present rather an abstract than a practical one. It should be provided for by a special stipulation in the lease, but a general statutory provision would meet the case. There is precedent for it in section 189 of the Land Act, 1908.

*Provision for declaring Basis of Rent.—Recommendation.*

A further suggestion is that all leases should declare, in the language of the Court of Appeal, the basis on which the renewal rents should be valued—viz., what a prudent lessee would give, &c. We think this is a useful suggestion, and that it may be given effect to by legislation, as thereby no alteration is made in the terms of the contract, and the attention of the valuers is specifically drawn to the basis on which they should proceed.

*Provision for Short Form of Renewal.—Recommendation.*

With a view to lessening the cost of renewal we make two suggestions :—

(1.) That renewals should be effected by endorsement on the existing lease, or by means of a memorandum referring to it on a short form stating that the lease is renewed for a further term of ——— years from the ——— day of ——— at the yearly rental of ———. The legislation providing for this should then state what the effect of such a memorandum is to be—that is to say, that with the alterations as to the term and rent it shall operate as if a new lease had been entered into between the parties to the endorsement or memorandum containing the same covenants, conditions, and provisions as are contained or implied in the lease renewed. The short forms providing for the extension of mortgages are a precedent for this suggestion, which should, it is thought, be confined to leases under the Land Transfer Act. Even under that Act it might not be available in all cases because of the state of the title. Provision should further be made that the memorandum should be stamped and registered as an instrument of lease.

(2.) The second suggestion is that the dates at which the renewal periods expire should be assimilated as far as practicable, so that the rents in as many cases as possible shall be reassessed at the same time. This would tend not only to save expense, but to uniformity in valuations. This plan is adopted by the Public Trustee in the case of numerous leases granted under the West Coast Settlement Act.

An adjustment to this end could be effected by mutual arrangement under the existing powers to accept surrenders and grant new leases, and if, in order to remove the obstacle of expense involved in such a surrender and new leases, the landlord undertook to bear it the future resulting benefit would be worth the expenditure.

In regard to entirely new leases hereafter granted, the local body should take care to provide for a uniform date of determination by shortening or lengthening the original term as the particular case may require.

We recommend that the date of expiry in any year should be the 31st March. It is a good date for business purposes.

*Proposals of the Wellington City Council.*

We have already stated that at the outset of the inquiry a proposal was made on behalf of the Wellington City Council that if the lessees would agree to the tribunal it suggested it would be prepared to grant the lessees leases renewable every twenty-five years, with a provision that if a lessee did not wish to renew the Corporation should pay to him 60 per centum of the value of his buildings at the end of the term. Evidence was given with regard to this proposal, and opinions varied as to what percentage of the value ought to be paid, some thinking it should be 50 per centum, others that it ought to be 80 or 90 per centum. Other opinions—opinions with which we agree—were to the effect that a municipality should not be allowed to pay any