

ness man the rent is a mere nothing. At a meeting of the Council yesterday I recommended a sixty-three-years lease in three periods of twenty-one years. I recommended there should be an increase of 25 per cent. for the second twenty-one years, and an increase of 50 per cent. for the third period.

5. *To the Chairman.*] I do not think there is any chance of the tenant being saddled with a very heavy rental towards the end of the period, because Wellington values have never gone back. I realize that the same does not apply to all towns.

6. *To Mr. Milne.*] I would not exact a higher rental from a publican than from other people. The rent is irrespective of the use to which the land is put.

7. *To Mr. Blair.*] As a business-site I should say Kirkcaldie's was more valuable than the Royal Oak. I could not say how much more.

8. *To the Chairman.*] I consider the fourteen-years lease with perpetual right of renewal is preferable to a straight-out sixty-six-years lease. The twenty-one-years renewable lease is more preferable still, and twenty-five years more so. I suggested to the City Council that if a tenant at the end of a term considered the rent for the renewal lease too high and wished to go out he should be allowed 60 per cent. for his improvements. It is not suggested that the 40 per cent. should be deducted when the property is put up again. I do not think there is any danger of either side taking advantage of the other if there is a proper Court to fix a fair rent.

9. *To Mr. Thomas.*] With regard to my suggestion for a sixty-three-years lease in three periods of twenty-one years, I rather think the rent should be fixed for the whole term beforehand. I agree that if a sixty-six-years terminating lease were generally adopted there would be an inducement to the tenant to cease improving, and that would tend to retard the development and progress of the city.

10. *To Mr. Milne.*] The city rates on lands are considerably higher than they were when these leases were first granted.

11. *To Mr. O'Shea.*] I know of no case where the rentals fixed by any Court of Arbitration have been equivalent to 5 per cent. on the capital value. Sometimes they have not been more than 2 per cent.

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JOHN PEARCE LUKE examined. (No. 3.)

1. *To Mr. O'Shea.*] I am Mayor of Wellington, and have been so for the past four years. Previous to that I was for sixteen years on the Wellington City Council. In connection with the city leases the Council is not at all satisfied with some of the awards that have been made in recent years, and is strongly of the opinion that the tribunal to which these matters are referred should be of a different character to that which has been adjudicating in the past. I think I am right in saying that the Council as a body hold the view that all matters of major importance should be decided by a Supreme Court Judge. That is to say, a Supreme Court Judge should adjudicate in all cases where the unimproved value is over £2,000. All other cases should be decided by a Magistrate. The Council is, of course, desirous that as many matters as possible should be settled by agreement with the tenant. There would be no suspicion of bias on the part of the Judge, and when a few cases had been adjudicated upon it would establish a basis of settlement. It would tend to uniformity, and fewer cases would be brought before the Court. The Council is also of the opinion that the renewal periods of the leases should be extended from fourteen to, say, twenty-five years. There is also the alternative of offering the leases for sixty-three years, with two revaluation periods. With regard to compensation, the following is the resolution adopted by the Council: "(a.) The tenant to be granted the option, if he does not desire to take up the renewal at the valuation fixed, of receiving 60 per cent. of the value of the building as fixed by the Court in default of an agreement. (b.) Where the lease contains a covenant for the erection of a building to the approval of the Corporation the Council may insert a compensation clause which they consider suitable." Personally I would not be in favour of making the term longer. I think sixty-three years is quite long enough, with two renewal periods. I think we shall get a much better rental if there is a longer period of security and some compensation for the building at the end of the term. The committee of the Council has recommended that the present tenants be given the option to convert to the alternative terms, but it has not been before the Council itself yet. No doubt the committee's recommendation will be accepted. I think a great deal of the present trouble will vanish if the personnel of the Court is altered as we suggest. I do not think the trouble has been really due to the tenants being called upon to pay more rent. They must expect to pay more rent when there is a tremendous rise in values throughout the city.

2. *To Mr. Milne.*] I think it would be a very good thing if the matter of revaluation were taken in hand some six or nine months before the expiry of each term. In fact, I advocated that some time ago. I think it should be done twelve months beforehand, so that the tenant may know what the conditions are to be. As it is now he gets only a few days' notice, practically.

3. *To Mr. Blair.*] I did not suggest that the tribunal should be so altered that a Judge should always be the third arbitrator. I prefer the Judge alone. I do not suggest that there should be a statutory alteration to that effect unless the tenants are in agreement with it. I do not think there would be any advantage in giving the Council the right to lease for a hundred years if it thought fit.