

WELLINGTON, WEDNESDAY, 17TH JANUARY, 1917.

MARTIN MAXWELL FLEMING LUCKIE examined. (No. 4.)

1. *To Mr. O'Shea.*] I am a barrister and solicitor practising in Wellington; I am a member of the Wellington City Council, and am a member of the Leaseholds Committee of the Council. The subject-matter of these leases has been before that committee for some time. There exists a strong feeling on the committee that the Council is not getting the best rents under the existing conditions.

2. *The Chairman.*] Do you mean under the terms of the lease that are granted?—Yes; and under the existing powers for granting fresh leases, and the methods adopted for arriving at the rentals on renewals. I am not referring to the details of the leases, but I think the opinion of the Council is that the present terms of renewal are too short, and that the methods of arriving at a valuation of the rentals for renewal periods are expensive and unsatisfactory, and the result is that the Council is not getting the renewal rent that it is entitled to expect.

3. The terms of the lease which we have before us are that it is for fourteen years, and that in the event of the tenant finding the assessed rent on renewal too high he has either to elect to pay that higher rent or forfeit his improvements?—Yes.

4. There is no provision by which he can surrender and get the value, either fully or to a certain extent, for those improvements—that is, under the terms of the lease: is it with those conditions the Corporation are not satisfied?—The Corporation would not be satisfied, I think, to agree to the tenant having the right to throw up his lease and get the valuation for the buildings which he had erected on the site, because if the rent did not suit him on any renewal period the Corporation believes that if such a clause were inserted the Corporation would find itself with all the worst-built and obsolescent buildings—built by the tenant to suit himself. At the end of fourteen, twenty-one, or twenty-five years, owing to the method of construction and the class of buildings, and possibly an alteration in the use to which the buildings in the neighbourhood are put—it having been changed, perhaps, from a warehouse to a shop area, and the building having been erected by the lessee as a warehouse—the result would be that in all these cases the Council would be left with all these obsolescent buildings.

5. Does not the whole position come to this: that in the last year of the current term the Corporation says to one of its tenants, "We give you the first offer of your lease for another twenty-one years at so-much; will you accept it or not? If you are not willing to accept it, then we will take over your buildings." Is not that what it practically comes to? They propose 60 per cent.?—Yes; that is what in effect would be the result of that proposal.

6. When you say the Corporation is not satisfied with the existing conditions you must put aside the lease?—Yes.

7. And the conditions under which you do not get the rent must be something outside the terms of the lease—that is, the tribunal?—The shortness of the term and the class of tribunal.

8. The shortness of the term you must put aside. It is your own fault if you do not get the full rentals, because you have given such a short term?—We are not blaming the lessees for that at all. We want legislation to give us power to materially extend the term—to twenty-five years at least.

9. What do you consider a defect in the conditions? If the conditions are unsatisfactory—we do not want to consider the question of the terms of the lease—but what the conditions are, independently of that, which are unsatisfactory?—The effect of having the rental fixed by tribunals differently appointed, consisting frequently of almost an entirely different Court, has frequently resulted in very inconsistent awards—so I understand—I am not acquainted with the details of the figures, but I understand that very inconsistent and different classes of awards have been made for premises similar in value; and the feeling of the Council is strongly that in all cases there should be a standing tribunal presided over by a Judge of the Supreme Court in cases where the property concerned was over a certain value, and presided over by a Magistrate where it was under a certain value.

10. The Corporation itself is in the habit of appointing one particular individual, is it not, who is the same in all cases?—Not invariably, but as a rule.

11. In the case of a Court you cannot say which Judge you will have or which Magistrate; that will always be a variable factor—you do not get continuity even with the Supreme Court?—We know that; we cannot ask the Legislature to nominate the Judge or the Magistrate. We appreciate the fact that Judges and Magistrates, accustomed to weighing evidence, and by reason of their training and constant practice, will ultimately arrive at a general standard in dealing with the cases which come before them which will at least give us some assurance that the same principles will be applied in each case that comes before the Court.

12. You have in your mind a tribunal consisting of a Judge and two people pulling in opposite directions?—No; the Council was strongly of opinion that they were quite prepared to leave it to a Judge or Magistrate alone.

13. No experts?—No; because the experts, as your Honour knows, are just counsel on the Bench for the time being to all intents and purposes. The work they do can equally be done by counsel appearing before the Judge.

14. You will never be able to get mathematical accuracy in the matter of rents—it is a question of opinion in all cases; but if the principles upon which they are to act are supposed to be in the minds of the Judges or Magistrates, cannot we lay them down beforehand and put them in the lease? Would not that serve all purposes as a guide for the valuers?—I would not like to express an opinion upon a question of that kind. The difficulty would be that you would be legislating now for what people would have to guide them when considering a matter twenty-one years hence.