

20. Assuming that the longer period that the Council is willing to go is twenty-five years, does your objection not diminish?—The objection diminishes in proportion to the length of the lease and the conditions of the compensation.

21. *The Chairman.*] What do you say the lease should be on your principles: what should be the length of the term; what provision for valuation, if any, ought to be inserted?—I suppose the No. 1 proposition we can leave out—that is, where the Corporation erects the buildings. The No. 2 is the long lease, with a first offer, without compensation. But I would add as a rider to that that in all fairness, where a firm has by their efforts and buildings and citizenship helped to advance the interests of the city, it would be a fair condition or understanding that at the expiration of that long lease their interests should be protected in a fair manner.

22. How would this work, in your opinion: at the end of the twenty-one years, if the tenant does not wish to take the lease because he thinks the rent is too high, that then—not that the Corporation should be called upon to pay the 60 per cent., but the lease should be put up to auction, so that anybody can buy it subject to the incoming tenant paying the outgoing tenant the value?—I do not like it; I do not like the disturbance. At the end of twenty-five years you might be quite willing to have it auctioned, or you might not wish to be disturbed. What would be the safeguard for the tenant if there were no purchaser? The uncertainty is its black mark.

23. I do not see how you are to get freedom from disturbance unless you have a lease for a hundred years or something of the kind. You want to have an option or something of the kind?—That is only what I would call a goodwill option—a goodwill clog.

24. What do you say is the best kind of lease?—I would say the No. 2.

25. Supposing the No. 3 were adopted, what do you say as to the method of securing the valuation—do you agree with this 60 per cent.?—I cannot say that I would agree to it. I would say, if you have twenty-five-year terms, that 10 per cent. would possibly protect the city from any one who might be trying to get out of their buildings without good cause—without what might be termed legitimate cause.

26. You want to have a fixed tribunal, knowing what the tribunal is to be?—Yes; we say, a business man.

27. *Mr. Blair.*] You say that having a business man there may result to the advantage of the city?—Yes, that is quite possible.

28. *To Mr. Blair.*] As to the length of a lease, I think a great deal depends on the type of building. If you put up a strongly constructed building of brick or stone its life will naturally be a long one, whereas if a wooden building is erected its life will be shorter. My idea is that the Council should be empowered to grant leases up to ninety-nine years, and the term of the lease should then be left for negotiation between the Council and the tenant. I should also like to see the Council empowered to grant the best terms possible—the better the terms the better the rent. I consider that in fixing the rent what is termed “obsolescence” should be taken into account. There is always the risk of being called upon to alter one’s building to meet changed conditions, and expenditure is thus incurred. In the case of a freehold obsolescence does not operate in the same way. In the case of one of these city leases, owing to the premises, by reason of changed local conditions, coming within the shop area, the Council might put up the rent considerably at the end of fourteen years, and as the tenant cannot convert his building into shops he will have to pay the extra rent without getting any additional return. As an example, Messrs. Murray-Roberts and Dalgety’s occupy similar buildings in Featherston Street, but one is on a freehold section and the other on a leasehold. Now, if Featherston Street becomes a main-traffic street, as is likely, it will not make any difference to Dalgety’s, which is a freehold, but Murray-Roberts may find their valuation and consequently their rent very much increased. That is what we mean when we speak of the risk of the leasehold. I am not able to say how the lease is regarded for borrowing money upon, as I have no personal knowledge of that.

29. *To Mr. O’Shea.*] I agree that if there were some kind of permanent tribunal to deal with these revaluation cases there might be greater stability. I would have objection to the rent being fixed by a Supreme Court Judge in default of agreement between the parties, or, at any rate, I would prefer that it should remain as it is, subject to the appointment of the third arbitrator by the Supreme Court. I consider twenty-five years is a fair term for a renewable lease to give stability of tenure. I purchased my lease, and I paid £4,000 for the building. It has been valued at £4,000 by our own valuer.

GERALD FITZGERALD examined. (No. 7.)

1. *To Mr. Blair.*] I am an Associate Member of the Institution of Civil Engineers, a Fellow of the Institute of Architects, and a Fellow of the Accountants Society. I have been concerned in the management of trust estates for about twenty-four years, among them the Levin Estate, the Pharazyn Estate, and some twelve others, also a good many more which have been wound up. I have been frequently engaged as a witness, an assessor, and as umpire in various arbitrations on land valuations, engineering matters, and so on. I have made a study of the Corporation leases. I was third arbitrator in connection with some leases in or about Victoria Street.

2. *The Chairman.*] What principles ought to be adopted at arriving at the annual value of a lease from the Corporation?

3. *Mr. Blair.*] As regards that I think Mr. Fitzgerald’s views altered at a certain period?—In the case of the Hunter Street valuations the arbitrators were invited to form their conclusions on the freehold values. If therefore the view adopted was not satisfactory it was the fault of the Council in the way in which they presented the case to arbitration. My opinion has always been that the result of that arbitration was a complete fiasco.