

*Mr. Thomas:* Under existing conditions the incoming tenant has to pay for any improvements on valuation. If there were the deterioration that has been referred to the incoming tenant would say, "I won't give that price."

*The Chairman:* If a man says he does not want a renewal the proposal is that he gets 60 per cent. He is not bound to take the lease on the renewal. We have had a certain amount of discursive discussion during the last two days. I want, if possible, to go on the lines of the inquiry that we have to make. Certain leases are objected to: we want to know who those lessees are.

*Mr. Blair:* We are not asking for any relief, your Honour.

*The Chairman:* If that is cleared away so much the better.

*Mr. Blair:* From a remark of your Honour as reported in the newspapers it would seem as if the lessees wanted to get something from the Council that they ought not to get—that they were a little bit greedy.

*The Chairman:* I was not speaking in regard to this particular case. I did not intend that as any considered judgment.

*Mr. Blair:* What we want to make clear is this: As far as the lessees are concerned, and the subsisting leases are concerned, we do not ask for any alteration which the Council will not give us fully and freely. We do not ask that the Council should be compelled to give us anything, but what we do say is that the Council should be empowered to make a better lease, and then leave it free to the Council to offer it to us or give it to us, and leave it to us to negotiate. We say the Council will be enabled to get better rents with better leases. The question as to whether new leases will be substituted for the existing leases may be safely left to private negotiation between the Council and the lessees.

*The Chairman:* The Council has power, subject to a special resolution, to reduce rents, and it may, under the Public Bodies' Leases Act, accept surrenders and grant new leases. You will get under that opportunity of relief, if you negotiate with the Council, quite as much as by any Act of Parliament.

*Mr. Blair:* It cannot extend to the present term, and they cannot give us compensation. If the Council were empowered to give us a lease providing for some reasonable compensation we feel assured that that would make the greatest possible difference to the Council. We are interested in this matter as citizens as well as lessees, and we do not think it is right that the existing conditions should be interfered with in any respect, whether with respect to the tribunal, or the term or the tenancies, or anything else. We say, "Frame a better lease, and leave it to private negotiation between the Council and the tenant; and we have no doubt as a business proposition it will appeal to the Council; and we have no doubt that better leases will be substituted to the mutual satisfaction of both parties."

*The Chairman:* What you really want is this: an Act of Parliament which will give, amongst the other options of lease which exist at present, power to the Council to lease in the form *x*, and there will be power then for the Council to exchange any existing Wellington lease for a lease in the form *x*, and that form *x* will be supplemented by statutory provisions providing for an appeal. It is quite clear that you cannot by private negotiation create a right of appeal to the Judge: it must be by Act of Parliament. So that there would be supplementary provisions in that respect. The only point now that seems to be at issue between the lessees and the Corporation—assuming that this suggestion of appeal is accepted—is the question of what proportion of valuation should be payable by the Corporation.

*Mr. O'Shea:* We are quite prepared to leave that to the Commission.

*Mr. Blair:* On that point we suggest 10 per cent. off—that is, 90 per cent. The position is this: Supposing the compensation to be paid were fixed at 50 per cent. or 60 per cent., we say that the greater the compensation that you can fix the greater the rent that you are going to get. Therefore the suggestion is that it is desirable, for the purpose of making the lease appeal to business men, that the compensation should be made as great as possible, having in view the fact that adequate protection should be given to the Council to see that the compensation clause is not taken advantage of in order to foist on the Council a lot of useless buildings. So that we are virtually at one on that point.

*The Chairman:* I think you had better give us some evidence with regard to that. We need not go into the question of the fourteen years as against twenty-one years any more. I think the Commission are agreed that fourteen years is out of the question. As I say, the main point is to safeguard the Corporation and at the same time do justice to the tenant in the matter of this valuation.

*Mr. O'Shea:* I might point out that it is only on rare occasions that compensation will be claimed. The tenant's interest in the property is generally a valuable one, but there has to be a very large margin left in cases of men who want to get out of business.

*Mr. Milne:* With regard to the valuation to be inserted in the whole of these leases it would be only right to consider this point: if the whole of the lessees were to accept the compensation, where is the Council to find the money to pay them?

*The Chairman:* I think if the Corporation is to pay compensation they should get twelve months in which to pay it, paying 5 per cent. interest on it in the meantime. That would enable them to sell any property that came into their hands. The incoming tenant would have to pay the Corporation the valuation. I think they must have twelve months from the time the tenant decides that he does not want the revaluation.

*Mr. Milne:* It appears to me that if that provision were inserted many Wellington tenants would be inclined to take advantage of it.

*Mr. O'Shea:* There would be none.