

*The Chairman:* The Corporation should not be bound to pay compensation on all buildings. We will say that a merry-go-round were put up. It must be a building that is of service, and that it approves of. The tenant would know that before he put it up. Or take the case of a church. In some cases the result would be that the Corporation would have something that it could not sell except as a hail. I remember a case of that sort happening.

*Mr. Thomas:* There is a difficulty in the compensation clause in this way so far as new leases are concerned—I mean in regard to old buildings which have reached a condition of obsolescence by reason of the progress and transition of localities.

*The Chairman:* I take it the Corporation will not give a man a new lease on those terms if it is a building of that sort. Say a tenant comes forward with an old shanty, the Corporation will say, "We won't pay you for a building like this 60 per cent. of its value."

*Mr. Thomas:* The lessees could not look for compensation unless the buildings were approved of by the Council

*Mr. O'Shea:* The difficulty could be got over by leaving the matter open, leaving the terms of compensation optional.

*The Chairman:* Have you got any unoccupied land which is to be put up? In that case you will have to set forth what your terms are going to be. Have you got any considerable block unlet?

*Mr. O'Shea:* About six sections.

*The Chairman:* Would you be able to let us have a plan, so that we may know what you really own and what you do not?

*Mr. O'Shea:* Yes; I will send for a plan at once.

*Mr. Thomas:* Are there any outstanding leases in suspense pending this inquiry?

*Mr. Blair:* Yes.

*The Chairman:* It has all come down now to the simple question, what percentage would be fair?

*Mr. Blair:* We say that, if the Council ask that the subsisting leases should be altered or that the tribunal should be altered, we strongly object to that; but, with that exception, practically the Council and we are to all intents and purposes agreed. We both agree that the present lease is not a lease that appeals to a business man. We ask that the Council be empowered to make leases that will appeal to a business man—leaving it to the discretion of the Council to say whether they will grant those leases on those terms.

*The Chairman:* It will be for the city to say whether it will accept the suggestion made this morning with regard to the appeal to the Judge. That will give the business man and the Corporation the tribunal which they consider should be appointed. The city could get power to give the most liberal leases with the view of getting the best rent.

*Mr. Tripp:* We represented to the City Council in 1913 or 1914 practically the suggestion we are doing to-day.

*The Chairman:* I read those letters. The Harbour Board then agreed, but the City Council did not. Now you consider that they have come round to your view of it.

*Mr. Milne:* They have fallen in with your views in everything except the value of the rentals they are exacting.

*The Chairman:* There is one other point I was going to suggest—namely, that in this form of lease, if it is adopted, instead of saying "fair annual ground-rent," we should adopt the definition given by the Court of Appeal. That will be a guide to the valuers. The Court says "such as a prudent tenant would take"; and I think possibly it might be added "and as a willing landlord would be prepared to give," because that is generally the form adopted in providing for a matter of that kind. At any rate, it might be sufficient to follow the definition of the Court of Appeal. That will at once put the valuers upon the track. And as I understand that the object of having this tribunal suggested by the Corporation is so that there shall be something like principles adopted in the decisions, and something like uniformity, that will be one means to that end possibly. You might consider these suggestions, and then we can have them discussed later. Now we will hear what evidence there is.

WILLIAM FERGUSON examined. (No. 11.)

1. *The Chairman.*] You are a civil engineer, residing in Wellington?—Yes.

2. You acted, I think, in some capacity in determining the rents on behalf of the City Corporation between themselves and their tenants?—About two years ago I acted as arbitrator—chosen by the Court, I think; as neither side could choose an arbitrator the Court chose me, and I acted, I think, in three different cases in respect to seventeen or eighteen different sections.

3. We do not want to know anything about any individual case, but what we want to get at, if possible, was what general principles were adopted in endeavouring to arrive at the rent. There was at one time a contention that the rent should be on a certain percentage of the capital value. That was corrected by the Court of Appeal. We have it that the Corporation uniformly brings forward the capital value as a prominent factor in this scheme for the rent that it asks. What one wants to get at is, in the determination that was arrived at on that occasion, what the general principles were by which the rent was arrived at?—I can only answer for myself. There were the two assessors on behalf of the Corporation and two assessors on behalf of the tenants. How they arrived at their figures I have no means of knowing. I took up the position at first that I was an arbitrator, and tried to bring them to an agreement, but that was impossible. It was then pointed out that I was not only an arbitrator but a valuer. I then determined to value from the evidence before us upon the principle which you yourself quoted a few minutes ago—that is, what a prudent tenant would give and what a prudent landlord would accept.