

for the Corporation in making their calculations could not have taken in the returns; they must have based their decisions as to rental upon a percentage on the unimproved value. They seemed to be working in a vicious circle—first getting an officer to fix the unimproved value for rating purposes, and then they came along and said, “Here is the unimproved value; that is not too much, because the freehold value is so-much for sections alongside, and we have not overcharged”; and from that the rental was arrived at. They did not inquire whether a prudent man building for his own purposes or on any reasonable basis could get a reasonable return from it.

39. *Mr. Blair.*] You assumed the maximum return that could be got from that land—the mere fact that a man was not getting the maximum did not matter to you?—That is so. Right through, except in three cases, I think, out of eighteen sections, my figures were higher than the figures of the assessors for the tenants.

40. *Mr. Milne.*] In the case of No. 2, where a tenant was building for his own purposes and for letting as well, you stated that you calculated how much he could afford to pay for his own rent—the proportion?—What I did was this: I took a business; I took the accommodation which he had for his business, and I calculated what a building would cost approximately for that purpose to comply with the city by-laws and the conditions of the lease; and I then determined from it whether he would have made more by simply building at a minimum expenditure of capital for himself, or whether he did better by putting up a three-story building, with a lift, and for letting purposes; and I found from the evidence that it did not matter much one way or the other—that as a prudent man it did not matter to him whether he put up a three-story building and let part of it, or whether he put up a one-story building for his own purposes. Therefore I think we are indebted to him for putting up the three-story building.

41. *Mr. O’Shea.*] Was there any evidence tendered on behalf of the City Council as to the rents paid by tenants who tendered in the open market?—Oh, yes.

42. Was not that the main evidence tendered?—It was a portion of the evidence.

43. Did not that show that your estimate of the incomings and outgoings was wholly illusory?—You produced no evidence for that statement. It was constantly said by counsel for the Corporation, “Oh, you are on the old racket; can’t you give us something new?” There was no criticism of the facts brought forward by the leaseholders.

44. *The Chairman.*] Mr. Ames took the value of the freehold and deducted so-much per cent. from that, and then found the percentage—that seemed to be his method?—Five or six values were produced. I tabulated the whole of them, and they were all based on the same method. I spent a lot of time and took a great deal of trouble over the matter, and got very little thanks for it.

*The Chairman:* After what we heard this morning the tenants ought to be very greatly indebted to Mr. Ferguson for the trouble he took.

*Witness:* And the Corporation; because I arrived at what I considered to be a fair thing, and I got it as closely as I could.

*The Chairman:* We have had an exceedingly clear statement of principles from you, for which we are very much indebted to you.

Mr. Tripp handed in a return showing rentals and areas of sections, and Mr. O’Shea handed in a map showing the leasehold lands held by the Wellington City Council.

ALEXANDER GRAY, K.C., examined. (No. 12.)

1. *The Chairman.*] You have acted on various occasions as arbitrator in determining rentals between the Wellington City Council and its tenants?—Yes; I acted as third arbitrator in a number of cases.

2. In the course of which—acting in that capacity, and also in the course of the practice of your profession—you were enabled perhaps to form some opinion as to the merits or demerits of the present form of lease granted by the Wellington City Council?—Yes. I do not profess to pose as an expert in this matter, although I have been engaged as an arbitrator on several occasions; and I also acted as counsel for the Corporation in some of the cases when the matters were contested very keenly. As I have said, I do not profess to pose as an expert. I thought the leases were unsatisfactory chiefly in this respect: that periodical revaluation of rents leads to considerable disturbance and disagreement. Whether or not that can be said to be counter-balanced by the fact that the tenant is not obliged to expend the whole of his capital in freehold—that is to say, that he can use it in the erection of buildings—I am not prepared to say. I still think that a lease for a fixed term—a long term—would be better from the point of view both of the tenant and the lessor than the present system of lease in perpetuity, or lease with perpetual right of renewal and periodical revaluation of rent. These leases, I think, are the outcome of an agitation on the part of the tenants, many of whom, or their predecessors, had the first leases from the Corporation in 1872. Those leases were for a period of forty-two years, the rent increasing by some fixed proportion at the end of the first twenty-one years. I am not aware that those leases were very unsatisfactory. As a matter of fact, you know very well that a very large amount of progress was made in buildings on the Reclaimed Land under those leases. The buildings put up in those days were considered to be substantial.

3. That was under the forty-two years lease without valuation?—Yes.

4. *Mr. Thomas.*] A wooden building?—In those days it was considered that a building of a more permanent character was unsafe.