

5. When you suggest the practicability of a long-term lease do you suggest a fixed-ratio increase of rent, or a flat rent, or revaluation at any period?—I think revaluation, because suppose land-values fell it would be unfair that the tenant should be compelled to pay a higher rent during his second period than he paid during his first period. But I think the Commission might very well consider the experience of the past—what has happened both here and in other countries where leases have been granted for long terms, such as sixty-three or ninety-nine years. They seem to work out on the whole very satisfactorily.

6. *Mr. Milne.*] Have you had any experience of the London lease?—No.

7. *The Chairman.*] Of course, we have here a place in the making, in which it is impossible to determine what the future will be: that might differ from a well-settled place, where they can forecast the future for a longer period?—No doubt. I understand they have long leases—sixty-three years, perhaps even longer—in Sydney, which is not very much older than our own city.

*Mr. Thomas:* There are not many ninety-nine-years leases in New Zealand.

*Mr. O'Shea:* I have the report of a Select Committee of the House of Commons which inquired into the English leases in 1891.

*The Chairman:* That would be valuable.

*Mr. O'Shea:* There is a rather valuable statement by Mr. Fletcher-Moulton.

8. *The Chairman.*] He is quite an authority. (To witness) Your view is rather in favour of a long lease?—Yes, sir.

9. What period would you consider would be a proper period?—Sixty-three years, I think, in three periods of twenty-one years each.

10. *Mr. Thomas.*] With three valuations?—Yes.

11. *Mr. O'Shea.*] If the Council were to make the renewal period twenty-five years instead of fourteen years, would that do: they are willing to do that?—That is to say, a certain term of twenty-five years, with perpetual right of renewal for another twenty-five.

12. Yes?—There is no doubt that the present method is unsatisfactory. I think there might be some system devised by which the system of revaluing could be altered. Whether or not another kind of tribunal should be set up I do not know. Here in Wellington there has been no fixed principle; there has been no continuity of ideas. You very often have different assessors.

13. *The Chairman.*] You will get different Judges in the Supreme Court?—No doubt. I see it has been suggested already, and I think there is something in the suggestion, that Judges of the Supreme Court would at least be judicial, and you might sooner or later expect some principle to be set up. At any rate, a Judge would give his reasons, which the arbitrators do not do.

14. It is suggested that, with a view to meet both sides, this might be done: One side, the tenants, desire arbitrators, and the other side, the Corporation, desire a Judge, or in certain cases a Magistrate; and to meet both sides it is suggested that where the three arbitrators disagree—that is, where there is a dissident—either side may appeal to a Judge on the materials that were before the arbitrators, so that there is no occasion to recall all the evidence again; and that the arbitrators shall be compellable witnesses to disclose the reasons for the conclusion they have arrived at. Do you think that a scheme of that sort would meet the objections?—It seems rather cumbrous.

15. How does it appear cumbrous, coming before a Judge, and in perhaps three or four hours threshing out what the rent of a tenant should be?—They would have to do that on appeal.

16. Simply on the materials the arbitrators present?—The Judge would have to read all the evidence.

17. Simply what was presented on both sides. They would eliminate the immaterial. Would it not tend to compel the arbitrators to give some reasons for their conclusions?—If that was made a stipulation, of course, they would have to do it.

18. *Mr. Milne.*] In assessing the rental at the end of every twenty-one years, under a sixty-six-years lease, do you think the rentals of the succeeding period of twenty-one years should be based chiefly upon the results of the previous twenty-one years—that is to say, if the tenant for the previous twenty-one years had been obtaining a large return on his outlay, that for the succeeding twenty-one years he should pay a greater rent; if, on the other hand, it has proved to him a very bad lease, and he has been making very small returns on the outlay, do you not think that for the succeeding period of twenty-one years, under these circumstances, the rental should be lessened instead of increased—that is to say, that the results of the previous twenty-one years should be the guiding principle in fixing the rents for the succeeding period?—You are assuming that he is a good business man and has been running his business properly. I think there is a good deal in that suggestion, assuming he is a good business man; but if he is a careless man he might succeed in getting the renewal period fixed at a low rental and then sell out at a considerable profit.

19. *Mr. Milne.*] If it is a leased property and is bringing in a rental the lessor could very easily estimate the income derivable from the property; the expenditure, interest on outlay, &c., could very easily be ascertained?—Yes; but it is hard to say that you are going to base your new rental entirely upon the results of his business. Take the case of a highly prosperous business, bringing in a very large return: it might be very unfair to compel the lessee to pay a largely enhanced rent because he is making so much out of his business.

20. There is another point: have you any idea of the proportion rents should bear to income?—No, I cannot say I have. These matters were excluded from the consideration of the arbitrators in the cases in which I was concerned. We were faced with the decision of the Supreme Court—the Full Court—in the D.I.C. case, in which it was said that the valuers must assess the land on the prairie value—as prairie land—and exclude from their consideration the value of the buildings on the land; they were not to take into consideration the nature of the business or anything of that kind, but merely what a prudent tenant would give as rent for the land.