

ERNEST LIDDLE examined. (No. 15.)

1. *The Chairman.*] You are secretary of the Equitable Building and Investment Company, Wellington?—Yes.

2. Does your company lend on leaseholds?—No. I have just heard Mr. Harland's evidence, and I practically reiterate what he has said.

3. The general policy of your company is against leaseholds?—Yes.

4. *Mr. Thomas.*] Does your policy extend to leasehold property of all descriptions?—No, we lend on broad acres.

5. *Mr. Milne.*] Have the high rentals fixed by the Corporation anything to do with your objection?—It all bears on it.

WELLINGTON, FRIDAY, 19TH JANUARY, 1917.

WILLIAM MOUAT HANNAY examined. (No. 16.)

1. *The Chairman.*] You were formerly connected with the Railway service in New Zealand?—Yes, for many years.

2. And since then you have devoted yourself very largely to valuations?—Yes.

3. You know the form of the Wellington Corporation lease?—Yes.

4. We may take it, I suppose, that you agree that fourteen years is too short a term for renewal?—That is so; there is no doubt it is much too short.

5. Next as to the form of the tribunal. Of course, you know the suggestion on one side which would practically do away with all work on your part as a valuer so far as city leases are concerned. I would like to have your views on that point, as unprejudiced, as I am sure you will give them?—I have no hesitation whatever in saying that if any lease could be suggested that would be acceptable without any revaluation it would be the very best thing that could be done. In my experience during the last five years the real troubles have been that the tenants were faced with indefinite rentals every few years. If the Commission could suggest some means whereby there should be no revaluation, so that from the beginning of the lease it should be automatic—an automatic increase, or no increase if it were a shorter lease—I believe the Corporation would get very much better value for the sections. Certainly my occupation would be gone.

6. Your opinion is all the more valuable because of that. What you would favour would be a reasonably long term?—I would favour one of two things: either a lease of fifty years—a flat lease without any revaluation whatever, and that I admit would not be a suitable lease in the centre of the city, because that would probably mean at the end of fifty years leaving dilapidated buildings; but certainly for many Harbour Board leases of outlying sections I think that would be the best—a fifty-years lease: that is about the life of wooden and iron buildings for storage purposes. For the city I am inclined to believe in a lease of seventy-five years, which is the average life of really good buildings, such buildings as are now erected in the centre of the city, with two breaks at twenty-five and fifty years; and that the renewal lease should be at a fixed amount or on a percentage—that is to say, when a tenant took his lease or tender the lessee would know exactly what he had to pay for the whole term of the lease.

7. If it were an automatic rise—say, of 25 per cent.—then a tenant would reckon what he had to pay as an addition to his present rental?—That is so; but from a Corporation point of view I think it would be a mistake to make it 25 per cent. I think it should be less than that, because if you make the increase too great you simply suffer in your initial twenty-five years. A prudent lessee will consider that in his tender.

8. *Mr. Thomas.*] What would be a fair rate of progression: have you arrived at that?—No, I have not.

9. That is a difficulty?—Yes, it is very difficult.

10. *The Chairman.*] One has to provide for the contingency of a fall in values in a particular neighbourhood: there may not be a fall generally—Wellington may go ahead, but a particular quarter may depreciate in value?—That is quite conceivable, but if a lessee understands that the rental shall not be less than the initial rental and not more than the percentage, as I have already stated—of course, the Corporation might gain in some cases where there has been a fall in value in a particular district; but, on the other hand, that is an ordinary risk that a lessee might be expected to take.

11. *Mr. Thomas.*] Would there not be the possibility that a statutory maximum increase might be regarded as a direction practically that it should be increased by that amount?—Not necessarily, I think, because if the increase were 15 or 25 per cent. that might be made the maximum, and if the Corporation and the tenant cannot agree as to the minimum—the minimum being not less than the original—then the Corporation would at a valuation have to take over the property, and if the range of increase was not too large the strong possibility is that they would agree.

12. That would involve a revaluation at each period?—Not a revaluation, only a reassessment as between the owner and the lessee.

13. Then you would not want a tribunal?—No, I would not have a tribunal.

14. *The Chairman.*] Making them come to an agreement by force: if the landlord thought the rent the tenant was willing to give was too low, then he must take the building; but supposing it were the other way about?—The tenant must continue to pay the original rent even if he thought the rent should be less. He is committed to the seventy-five years at a minimum rent. I said seventy-five years because that is about the life of a building now.