

39. Was not the attitude of the Corporation's counsel throughout the arbitration in which you sat a distinct attempt to adopt a basis of calculation different from that of the Court of Appeal—different from that laid down by the Court of Appeal?—No, I cannot say that struck me.

40. Will you be kind enough to tell me what material to enable the Arbitration Court to determine what a tenant could fairly afford to pay for the sites was given on the part of the Corporation?—Well, Mr. Skerrett, I think I may put it quite clearly by saying that another side was given us to help us to value it. The tenants certainly did not give us the assistance we might have had in dealing with the shop-sites; they treated them as sites for subletting as offices.

41. That is criticism upon the character of the evidence. What I am asking is, was there any evidence presented by the Corporation's counsel to the arbitration by which you could ascertain and determine the earning-power of either freehold or leasehold land in Wellington?—I cannot recall any instance at the moment; I do not know if I could do so on going through my notes.

42. Mr. Ferguson has told this Court that in the main the Corporation's counsel invited the rentals to be fixed upon a percentage upon the rental as freehold value?—I have said already that in the main that was so.

43. That contrawise the only evidence presented by the Corporation was evidence of some tenders on lease by Mr. Izard and one or two others?—I do not think so. We had previous arbitrations. You have put the matter very generally. I suppose the position was that the Corporation was showing what was the capital sum it had and the income from the capital—the same that the tenants show that if they pay interest on that sum they would not make a profit.

44. I think I am right in saying that you agreed with the rental fixed for Levin and Co. in Featherston Street?—I agreed because I did not dissent. There were two against me. I think it too low.

45. Do you know what was claimed by the Corporation: do you remember that it was £7 a foot?

*The Chairman:* It is admitted that it was about £7 that was claimed.

46. *Mr. Skerrett.*] I want to put this to you: The T. and G. buildings were mentioned frequently in the course of the arbitration?—I think they were. Oh, yes, we had eight separate sittings. I think the T. and G. was mentioned.

47. Do you know that the rental in respect to the T. and G. section was £5 10s. per foot?—If you say so; I do not recall the actual figures.

48. You know as a fact that the owners forfeited the value of their improvement?—I believe they did.

49. Do you know what rental was asked by the Corporation? Would you be surprised that it was £11 10s. per foot? I will put this in because ordinarily, over and over again, the inquiry is made, Why has all this trouble arisen in Wellington and in no other place? [Document (tabulated) put in.]

*Mr. O'Shea:* I am authorized by His Worship the Mayor and Mr. Ames to state that when I suggested the lease-period of sixty-three years, with a rising rent on a fixed scale, they were merely propounding the lease that would meet the objection of the leaseholders; that they could not ascertain what rental they were going to pay on the renewals, and that that was a suggestion that would not meet the circumstances in a place where the values were rising as they were in Wellington. It was not intended to be the main proposition; they adhered to the proposition as laid down in my bond.

*Mr. Skerrett, K.C.,* addressed the Commission on the following topics:—

- (1.) Observations on the amending Act and its effect on the Corporation leases.
- (2.) Inquiry as to whether the system of leasing embodied in that form of lease is an advantageous form of disposing of Corporation property by lease.
- (3.) The nature of the tribunal to determine the quantum of rent, the period of renewal, and in this connection the reasons why greater conflict and irritation has existed in Wellington in relation to fixing the rents than in other cities.
- (4.) Observation upon suggestions made by the Corporation's and other witnesses as to an improved system of leasing.
- (5.) Whether in the circumstances of the City of Wellington, and having regard to the manner in which the capital value of freehold is arrived at in Wellington, there is any real relation between the capital value and the rental value for practical purposes.
- (6.) Whether this Commission ought to recommend an *ex post facto* alteration to be made in the conditions existing in the Wellington Corporation leases, either (a) as to the nature of the tribunal to determine the renewed rental, or (b) as to other conditions of the leases.

WELLINGTON, FRIDAY, 2ND MARCH, 1917.

*Mr. O'Shea* addressed the Commissioners in reply, submitting that as the result of a careful study of the history of these leases he was satisfied that the whole action of the Wellington City Council had been as far as possible in conformity with the desires of the lessees.

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