

15. I thought the idea was that the principles could be laid down so that you would know twenty-one years hence what was going to be your position?—I do not want to suggest for a moment that a Judge would be in a better position than any arbitrator to predict what was going to be the condition of things twenty-one years hence; but when the twenty-one years arrived he would be in a better position, in our opinion, to say what would be the proper rent payable than arbitrators who are composed almost entirely of business men—who must necessarily have large business interests, and who are much more closely associated with the lessees, and who are more or less unconsciously biased in favour of the lessees.

16. Might not that be suggested of a permanent arbitrator, say, for the Corporation?—There is the arbitrator on the other side. If you appoint business men you are always going to have the same objection. It is a question of the exercise of judicial functions, and we think that a man with judicial training, with absolutely no possibility of any bias one way or the other by reason of business relationships or otherwise, would in the nature of things be much better fitted to give judicial and fair consideration to these matters than business men who have not had the same training in considering and weighing evidence. The suggestion of the Council is that the parties should have the right to agree, if they can agree, on the rent; but if they cannot agree a simple application can be made to a Judge or Magistrate, and a decision could be given with far less expense and loss of time than is the case at the present time.

*The Chairman:* It would all depend upon the number of witnesses that each side calls. If you call experts they charge perhaps five or ten guineas apiece for giving their evidence.

17. *Mr. O'Shea.*] The arbitrators charge ten guineas a day at least, and there is an inducement to keep the thing going. There is one question that I would like to ask the witness: supposing these matters came before the Supreme Court, would not an absolute principle as regards value be set up that would practically settle things after a few decisions?—I feel sure there would, because there would be two or three decisions given by Judges or Magistrates, and they would probably be referred to, and a standard or rule would be adopted which would be a guide for future arbitrations.

18. *The Chairman.*] That is where the difficulty, it seems to me, would come in; at least, the point is this: if it is possible to lay down a standard rule governing all cases, or under which the value would be arrived at, why cannot that rule be stated in the leases?—I think the difficulty occurs there that all sorts of conditions might arise between the time of the lease being granted and the time of the expiry of the twenty-one years—difficulties that could not possibly be provided for in such a document.

19. *Mr. O'Shea.*] Take Featherston Street, for instance: supposing a case was taken to arbitration in regard to a property there, and the whole thing was thoroughly threshed out and a value was fixed for the lease, could not all the other leases in Featherston Street be settled practically on that basis without going to a Court at all?—That, I presume, could be the case if the other leases fell in about the same time, subject, of course, to the question of the suitability or the obsolescence of the buildings, which is a thing over which the Council at present has no control. One of our difficulties is that on granting a lease the lessee covenants to erect a building of a certain value, but as to the nature of the building and its suitability for alteration we have no control whatever; and the obsolescence of the building which has resulted in numerous instances might very materially depreciate the rent of the first renewal period, and that has been largely due, perhaps, to the lack of foresight displayed by the original lessee in not having erected a building suitable for alteration. The Corporation has no control over that.

*Mr. Thomas:* Could we get a return showing how the values of freehold sections to the lessors and the rents compare, showing what rate per cent. they bear to the freeholds, and how they compare at the renewal periods?

*The Chairman:* It strikes me that the values of the freehold sections would be no guide at all. I think the freehold of the business quarters of Wellington must be of a fictitious value, because there is so much leasehold. I am referring to the business area.

*Mr. Tripp:* If you are going into that we will want to go into the whole question of the freehold valuations.

*The Chairman:* My view is that the freehold value in the business area of Wellington, where these leases are, has no bearing on the question, because I think a man will pay a fancy price to get a piece of freehold surrounded by leasehold land.

20. *The Chairman* (to witness).] It seems impossible, according to your view, to lay down any abstract principles on which the valuation is possible: you say the conditions are changing?—I do not say it is impossible, but I say it would be impossible to lay down rigid lines in the existing leases which would be a complete guide to valuers in the future. Some abstract principles might well be applied in some instances, but you could not rigidly confine them within the four corners of a document when it was to bind them in action twenty-one years hence.

21. I suppose what we ought to get are the valuations made after the decision of the Court of Appeal, because the valuations before that appear to have gone on a wrong principle, and they would be of no value to us; it is only the ones that may be assumed to have gone on the right principle that can be of value—that is, since the year 1912, I think. Do you think it would be an advantageous reform to exclude lawyers from the arbitration?—They have done without them in some places; I think it would be a good plan.

22. What is your objection to having three valuers instead of three arbitrators and all this expensive apparatus? Why not have two valuers, who must appoint a third man as valuer—some one who is a professional valuer—I do not mean a land agent, but a person whose business it is to go about the country and value?—It seems to me that the Corporation finds that it was closing its own mouth to leave this matter entirely in the hands of experts, who might or might not be giving a satisfactory decision; it would be contrary to all arbitrations.