A Fair Rents Bill for New Zealand.

Some notes on the working of the Australian Act.

In the Australian cable messages early last month was a statement attributed to Mr. Griffiths to the effect that he could not trust the ordinary jury to give a fair decision on the question of fair rent.

This is a strange statement to make in a free country where the essence of our justice is that a man should be accorded a jury of uninterested men to hear the evidence and judge according to the facts of a case. One is forced to the conclusion that Mr. Griffiths is disappointed with the operation of this new act, and is venting his ire on the poor jurymen.

The Act has only been in operation a few months, and was of course purely experimental. It is one of the results of the clamour of the "poor" working man against the exhorbitant rents demanded by the "wicked" landlord.

It is of course too early to judge of the full effects of the Act yet, but it is obvious from the number of protests voiced in Australia that the ultimate result is problematical.

We in New Zealand are getting a similar outcry against the shortage of houses and the exhorbitant rents charged by landlords, and a deputation of the Tenant's Association of Wellington to the Prime Minister recently asked that a Fair Rents Bill should be introduced into New Zealand. Mr. Massey assured the Association that the matter would be "dealt with." What this means probably Mr. Massey himself only knows, but in case the Prime Minister really has serious intentions of trying a similar Act here, it is just as well to consider whether if such an Act were put upon the Statute Book, any good would result.

One of the first complaints to be made against the Act came from the Builders and Estate Agents of Sydney, who stated that the Act would seriously affect the Building trade, and that a considerable amount of money intended for dwellings was immediately withdrawn when the Act became law.

The main objection seems to have been that the Act fixed the net return to the owner at 6%, and they pointed out that money for this class of building cannot be obtained below this figure, that being so rent must advance in proportion to the ratio of increase in the cost of building.

Another protest came from the Architets at a recent meeting of the N.S.W. Institute. One Architect (Mr. Morrow) referred to the Act as the "Unfair Rents Act" and described it as "an inequitable law that was predestined to failure." We understand from a Sydney paper that he went on to explain that, in the first place the tenant, who occupied the position of plaintiff, had a valuator—the Government valuator. It might be claimed that that official appeared for the landlord, the defendant, also. Not so. They knew from practical experience and from the working of the Court that the values were understated.

After the flood of talk about rapacious landlords, it was expected that rents would be reduced 4/- a week at least. The greatest reduction was 2/-, and that in the case of an application by a politician.

Proceeding, Mr. Morrow said that he had had that particular dwelling described to him. From what he heard it had been under-valued compared to what it would cost to erect the same dwelling to-day; and that was what the landlord was entitled to, less depreciation.

Depreciation was another ticklish question. He took it that a house, from the letting standpoint, was just as valuable to a tenant as on the day of its completion. Depreciation was reckoned on an incorrect basis altogether.

"If it were not for these under-valuations, the Court would not justify itself at all," said Mr. Morrow. "It is costing the country an enormous amount of money to conduct, and the rent reductions vary between 6d. and 1/- weekly in the majority of cases."

In further remarks, Mr. Morrow said that rents must be regulated by the law of supply and demand. There was no questioning the detrimental effect the Court was exerting on the building trade as regards the class of building it covered. Was it likely that any man would risk borrowing at 6 per cent. to secure a problematical return of 6 per cent.? No, and as a consequence, the supply would not be up to the demand. It would be found that the tenant would finally break away from the law and approach the agent with offers of bonuses.

Mr. A. W. Anderson said the Act was not only confined to dwelling houses. A client for whom he had built a building twenty-five years ago, and which was used as a dwelling and a shop, informed him that the building came under the provisions of the Act. The rent had been reduced by the Court.

Mr. Anderson considered the incidence of the Act would revive the overcrowded conditions of other times, and its repeal was necessary in the interests of morality and humanity.

As regards depreciation, he quite agreed with Mr. Morrow, that a dwelling kept in good repair, was just as valuable from a tenant's point of view as a new house. It might lack certain "modern conveniences"; but as a dwelling it was just as valuable.

It is then fairly obvious that the Act is not working too smoothly in Australia and apparently very little good result has accrued to the penalised tenant. It behoves us therefore to profit by Australia's example and either wait a bit or seek some other method of overcoming the undoubted scarcity that exists in some of our cities, notably Wellington, for suitable dwelling houses at reasonable rents.