

15. We have heard that in England and America from sixty-five to seventy-five years is treated as the life of a building?—That is so, although in American cities they do not last so long.

16. *Mr. O'Shea.*] Seventy to eighty years in the United States?—The average life of a building in New York is about fifty years.

17. *The Chairman.*] They pull them down immediately they find they can put up something better?—Yes.

18. We might, I think, get from you in a particular case a statement of the principles that you consider are to be followed in reassessing a town site—I am not speaking of residential areas or anything like that, but a business site. We have on the one side the plain contention—not now insisted on by the Corporation, but it may be treated as an element—that you take the capital value and then find what the annual value is. The suggestion is whether one has to find in that case the annual value before determining the capital value. It is useless paying money for a piece of land if you are not to make interest out of it, unless there is some side purpose to serve?—My first valuation was made more than five years ago, and at that time the basis of valuation was pretty obscure—that is to say, the evidence led in that case was almost entirely on the capital value; and I think I may say that the decision in that case was largely based on the capital value. After that there was the Court's direction; and perhaps I might shorten my evidence by saying that I pretty well agree in respect to my basis of valuation with the basis stated by Mr. Ferguson in his evidence yesterday.

19. That will serve our purpose: you take a particular piece of land and see what can be made of it?—The real difficulty that Mr. Ferguson had was in a case of revaluation in respect to the premises persons had for their own use.

20. *Mr. Milne.*] You think it is proper that there should be an increment in the rental at every period of rest during the currency of a long lease of less than 25 per cent.?—Yes, I think 25 per cent. is too high. In leases in the Old World where there is a rest-period it is very rarely that it is more than 5 per cent.

21. You will not fix any percentage, although you say that 25 per cent., in your opinion, is too high?—If I were asked to fix the percentage it would be 15 per cent.

22. Do you not think in these periods of rest that the relations between landlord and tenant should be reconsidered—that is to say, that the result of the previous twenty-one years should be taken into consideration when fixing the rental for the succeeding twenty-one years—that is to say, if a tenant has had a good bargain during the previous twenty-one years, then he ought to pay an increased amount of rental; if, on the other hand, he has had a bad bargain and made a loss by his improvements, the rental should be reduced in order to give him a fair margin for the succeeding twenty-one years?—No doubt there is something in that; but, as I say, the trouble that has affected the lessees here has been the absolute uncertainty as to what the result of the arbitration will be. Although I have acted in many cases I admit that it has been very unsatisfactory to the lessees, and to the Corporation, probably, because nobody could forecast what was likely to be the rental for the succeeding period.

*Mr. Milne:* That is not surprising, because you cannot look into futurity. I know the custom in the South has been to take into consideration these facts.

23. *The Chairman.*] The man who comes into the valuation on renewal is generally not the person who took up the lease originally?—No doubt that is so.

24. So that the element of personal compensation does not come in in most cases after twenty-one years?—That is so.

25. The original tenant has perhaps in some cases gone through the Bankruptcy Court?—Yes, perhaps.

26. *Mr. Milne.*] Is not that proof that the landlord is getting more than he is entitled to?—Not necessarily. I think, in answer to Mr. Milne, and with my knowledge of Oamaru many years ago—I fancy the rentals were fixed very much too high, and some kind of relief was absolutely necessary.

27. Do you not think the position in Wellington is somewhat analogous to the difficulties there?—I have been a Wellingtonian for many years, and I am not going to foul my own nest. But I do think that a few years ago there was a very much mistaken idea as to land-values in Wellington.

28. We will take Dunedin: are you aware that the conditions of valuation in Dunedin have been similar to those I have stated?—No.

29. You do know that the leases in many cases in Dunedin have been largely reduced on revaluation?—No.

*The Chairman:* In 1895, when a great number of the Corporation leases in Dunedin fell in, the total income from rents was reduced from £12,000 to £9,000.

*Mr. Milne:* Yes, I am aware of that. The Dunedin people have taken up a good saue position in regard to the matter, but the Wellington people have not done so, hence the trouble here.

*Witness:* I do not know what they would say if you proposed that the rentals that the Corporation have been getting for the last twenty-one years should be reduced.

30. *Mr. Milne.*] What the Corporation would say would be immaterial; but I would like your opinion as to whether that would be a fair and reasonable way of fixing the rentals: instead of fixing increments of rental, whether we should consider the desirability of looking into the relations between landlord and tenant for the previous years, and thus regulating the rental for the succeeding twenty-one years?—By arbitrators?

31. No, but that would be the basis of the matter?—No doubt there may be something in that; but my experience here is that this arbitration has been a terrible nightmare to the lessees.

32. Can you tell us whether people who have part of these leases have made very large profits by their subletting?—I should say not. A few days ago one of the lessees told me that he was prepared to sell his property for what it cost.