33. He was prepared to make a sacrifice in order to get rid of his lease?—Yes. Mr. Ferguson said that many of the sections are far too small. I am sure that is one of the difficulties here. 30 ft. by 70 ft. is far too small, and some of the sections are awkward shapes, and much space is sometimes wasted in order to get light.

34. *Mr. Thomas.*] Can you tell us whether the freeholder under similar conditions is in a better position than the leaseholder in the matter of net returns?—No; I should say, speaking generally, that the freeholder who now buys in Wellington is not getting the return for his capital that he should have. I should think that is the case; in fact, I know that in some instances it is the case.

35. If the prices which we are assured are the present realizable values for the freehold are correct he must be getting considerably less return than the leaseholder?—Yes, I should say so. We had it in evidence in respect to one of the largest insurance companies that the total rentals did not give them any return for their ground at all.

36. Paid interest on the buildings only?—Yes.

37. *The Chairman.*] I suppose it is the fact that many of the freeholds are held by banking companies or other institutions not so much for what they can get out of them as to have a permanent resting-place, and sometimes for advertisement?—No doubt that is so.

38. *Mr. Milne.*] The man who spends his money on buildings is entitled to some profit?—I consider that he is entitled to more than he is getting, because, after all, the freeholder is sitting back and doing nothing, and it is the exertions of the lessee that are increasing the value not only of the individual property but also of the properties adjoining. Take Kirkcaldie and Stains and the D.I.C.: they add largely to the values of properties round about there; and the landlord has been sitting perfectly quiet and getting what is called the unearned increment.

39. *The Chairman.*] It is the lessee who parts with the capital and who runs the risk?—Yes.

Mr. Blair: Mr. Hannay's argument is illustrated very much better by the Fruit Exchange.

40. *Mr. O'Shea.*] I take it that in making the suggestion as to the 15-per-cent. increase you are looking at Wellington properties?—Clearly.

41. And you are speaking from your knowledge of Wellington and your certainty that such a lease would be suitable for Wellington?—I would not use the word "certainty."

42. But as far as you can be certain?—That is so, clearly.

43. You would not suggest that that would apply to Dunedin?—No, I do not know sufficient about Dunedin.

44. *Mr. Thomas.*] In this system of adjudicating upon renewal rents it is suggested that there should be arbitrators coming before the Judge and certain witnesses who may have been before the arbitrators. How many competent witnesses do you think should be necessary to get at the crucial points, with the view of limiting the cost of these inquiries? I suppose all these witnesses are entitled to professional fees?—In the last case I think we sat for a week, and I think if parts of the evidence had been dispensed with it would not have affected the result. Two or three witnesses on both sides were important, but other evidence was sometimes simply repetition.

45. In your experience how many witnesses would you consider in a practical way enough to settle a point?—I should say two or three witnesses on either side.

46. It would not create the possibility of injustice if the number of witnesses were limited to four?—No.

47. *Mr. Milne.*] You think that the Wellington City Council for all these years has been sitting in its own light in granting such short leases?—Yes, I do.

48. That is one of the factors that has caused dissatisfaction?—Yes.

49. The granting of short leases and the disturbance?—Yes, that has largely affected it.

50. What do you think their idea was in granting these short leases?—I have no idea.

The Chairman: The Presbyterian Church used to grant leases for fourteen years at one time—it is not an unusual thing—with perpetual renewals. And the Sinking Funds Commissioners' leases were for fourteen years, but those are farm lands.

Mr. O'Shea: The tenants were quite willing to accept these leases.

Witness: The tenants really did not know what they were accepting. It was only some five years ago that they began to realize the danger.

51. *Mr. Blair.*] You are aware that there has been a great difference in the amount claimed by the Corporation and the amount claimed as fair by the tenants?—Yes.

52. Has that difference been due to the parties valuing on different principles?—No doubt it has been largely. If the basis of the valuation is absolutely made clear I do not think there would be so much difficulty with the revaluation.

53. You do not anticipate any real difficulty with regard to the valuation if the principle that we suggest is correct, as long as it is fixed?—No doubt that is so.

54. *The Chairman.*] In your experience as a valuer, and particularly in regard to these leases, where you and another have worked on the same principles, can you say whether substantially the same results have been come to—that is to say, whether the differences in values have been largely owing to an application of different principles?—Yes, I think that is so; the differences have arisen because of the basis of what was considered rental. I can say that in one case one of the arbitrators and myself arrived at practically the same conclusions—at practically the same rental right through. He did not tell me how he arrived at his conclusions, and I did not tell him how I arrived at mine, but we practically arrived at the same rental.

55. *Mr. Thomas.*] Could you lay down any broad principle as a basis for valuation which is applicable in a general way—I suppose not?—No.

56. *The Chairman.*] Can you improve on the prudent man?—No, after all it must come back to that.

57. *Mr. Milne.*] Can you tell us whether some of the valuers appointed have any principles of valuation at all?—No, I could not say.