like that. If you go beyond that you make the tenant pay interest practically on the future value. The landlord should not expect more, because he has his investment secure in a way no other security could be obtained. He probably gets a building worth more than the land on which it is placed. The tenant is so anchored that he must pay his rent, and the landlord's interests are better secured than he could get them by any other means. It is not subject to being paid off like a mortgage. It is a continuous and secure investment, and it is worth a lower rate of interest than any other you can think of except perhaps Government bonds. From the tenant's point of view he could not be called upon to pay more, first, because he is in the position of a man with a perpetual mortgage on his property which he cannot redeem. He would expect to pay a lower rate of interest than on a mortgage which he could pay off when he had the money. In that respect the Government Valuation of Land Act is based on absolutely false premises altogether. It is perfectly idiotic to suppose that the ground-rent of land is 5 per cent. on the freehold value, because since the colony was founded it has proved not to be so. In the case of land in Ponsonby Road recently we were unable to do anything with it until the rental was reduced to 2½ per cent. That was not a business site, of course, but where land is submitted to public competition it never brings 4 per cent. There is no other system of arriving at the rental value that I know of except by starting with the sound basis of the selling-value of the freehold at a low rate of interest. In arriving at the value of the freehold I would not be governed in any way by what appeared in the land and income assessment list. Frequently the values appearing there are arrived at by mutual agreement. In many instances owners have had their valuations raised to a most ridiculous extent for their own purposes, and they pay taxes upon those values. The idea is to give the land a fictitious value. The Government would not dream of lending money on their own valuation. It has always seemed to me that a sound conclusion as to the value of land can only be arrived at by experienced men who have some faculty for weighing one property against the other. It is of no use to quote a ridiculously high sale and make that the basis for other sales. There has not been much experience in Auckland of revaluation of rents so far as the municipal leases are concerned, but there has been plenty of experience in connection with private leases. In such cases the new rentals are arrived at either by valuation or by arbitration, but the most common method is by arbitration under the Arbitration Act, with the calling of witnesses, and so on. The cost of some of those arbitrations is terrific. There was one here recently at which we gave evidence, and the cost, it is reckoned, came to £150 a side. It went on for days and days, and whole strings of witnesses were called. I am opposed to the auction system when leases are being renewed. It is unfair to the tenant because of possible competition on the part of business rivals. A tenant who had established his business in a certain place might be ruined by some one bidding against him, out of spite perhaps. My own view is that by far the best method of arriving at these revaluations is to have a tribunal consisting of two permanent assessors for the whole Dominion, who would sit with a Judge, the idea being that those gentlemen should be absolutely dispassionate and unbiased. Under the present system of arbitration you find the people giving evidence divided into two factions, and I consider a tremendous disadvantage in the past has been having partisans on the Bench. Of course, the great difficulty would be to select suitable men. There would be the cost of travelling, of course, but if the thing were run properly the total cost would be ultimately less. I would give that Bench of three men power to limit the number of expert witnesses, say, to three on each side. It has always seemed to me turning the thing into a farce to bring in a horde of witnesses all saying the same thing one after the other, and without illuminating the subject in the slightest degree. And we have the experience of those absurd Assessment Courts, where the Government thinks nothing of bringing in a number of witnesses and smothering the objector, who has perhaps only one. If such a Court as I suggest were constituted I would not allow lawyers to appear as counsel for either side. I am quite sure the cross-examination of expert witnesses is farcical. If we had a Judge sitting with two practical business men—not men on the retired list, but people concerned in business transactions—they would come to a conclusion without all this cross-examination and badgering of witnesses. I would not have the two assessors Government officials, but men absolutely in business. They should be selected from different parts of the country, and absolutely free from bias, conscious or otherwise. They would have to be selected with great care. Surely such men are to be found. If they were men, say, of Mr. Ewington's character tenants and landlords equally would feel quite safe in their hands. I would make it a *sine qua non* that the two assessors were not only business men, but were thoroughly used to the valuing of land. They would be able to hear the evidence brought forward by landlord and tenant, and owing to their experience in that line of business they would be able to sift it pretty well; in fact, better than the umpire. The cost of such a Court would be so-much per day, and it seems to me the expenses could be borne in proportion by the local authorities and the tenants. But I would not confine the operations of a Court of the kind to municipal leases. I think all persons interested in leases might appeal to such a Court; in fact, such a Court might deal with other matters also with success.

2. *To Mr. Milne.*] I believe a good deal of the trouble that has arisen in Wellington and elsewhere in connection with leases is due to the very high rentals the leasing bodies have been demanding from their tenants, and it is a very shortsighted policy. I would say, however, so far as Auckland is concerned, I do not think there are any very excessive rentals being paid. A 4-per-cent. rental is about what the municipal and other bodies have aimed at, but they have not always got it. I certainly think the periods of rest in the Glasgow leases—every twenty-one years—should be utilized for reviewing the past and regulating the future rental. If the tenant has been a good tenant for twenty-one years, and during that time he has lost money, I think that