

been reduced so far as I can recollect, but there was one case where there was objection to the rent paid, and there was some special arrangement made whereby by agreement it was put up to auction. It was many years ago. I think it may be said that the general result of the valuation is to bring to the Board a return in the vicinity of 5 per cent., but I cannot give figures to prove that—that is on the market value of the land as it stands—on an estimated capital value. As to arbitration *versus* valuation, I may say the question was not brought particularly to our notice until we had the decision of His Honour Mr. Justice Sim in *Re Bryant*, as reported in 16 G. 676. Up to that time the valuation was strictly a valuation. Since then we have had a system of nominal arbitration but actual valuation—that is to say, the valuers give notice to both parties that they will sit at a particular time and give them an opportunity of producing evidence if they wish it. As a fact they never do. We are strongly of opinion that the valuation system is the best system, with two expert valuers, one appointed by each party, and a third expert valuer as an umpire between them. I lay stress upon the third expert valuer because in my judgment it is more likely to lead to substantial justice to have an expert in the position of third valuer than to have a business man. Dealing with the question of arbitration I put it this way: that if you have three expert valuers you have men who have probably a lifetime experience in valuing property. Now, if you put those men in the position of arbitrators you have to bring before them as witnesses other valuers who either know less than the three arbitrators, in which case their evidence is not worth anything, or they know as much or more, in which case they ought to be appointed arbitrators. And evidence as to fact can always be brought before the arbitration by those particular arbitrators representing the particular parties concerned. Mr. O'Shea asked Mr. Lewin if he had any experience of private arbitration. Well, the last experience I had as counsel in a private arbitration was this—and I may say this was not a valuation-of-land case: We had to meet at odd times and mostly in the evening, and the arbitration lasted for four years. I have no faith whatever in arbitration, certainly as against ordinary action in the Supreme Court. Answering another question put to Mr. Lewin, we have had no difficulty as to the appointment of a third valuer. We have had in one case to threaten to apply to the Judge, but the threat was sufficient. It has been suggested that there should be a permanent tribunal for the whole Dominion. My objection to that is that no tribunal could, at any rate for many years, understand local conditions. Then, as to another question, as to the calibre of the valuers who are appointed, speaking generally they are experts. It is true that in odd cases tenants will appoint an incompetent person. The only remedy for that is the one suggested by Mr. Bardsley that valuers should be licensed in the same way as land agents, but how it is to be done I do not know. The only qualifications I would suggest would be that they might be licensed by a Magistrate, who would examine into their past career to see what experience they have had. Of course, we know that every man who paints up his name as a land agent considers he is competent to value property. The next point is valuation by Court proceeding. The following is the extract from the memorandum submitted to me: "The city objects to the lay tribunal, and suggests a Judge of the Supreme Court in all cases where the capital value is over £2,000, and Magistrates in cases below that figure. The tenants strongly desire a tribunal of business men, and object to lawyers." Now, this suggestion was a very attractive one at first sight, and it seemed to open up a golden vista to me. Considering that we sometimes have twelve or more leases falling in at one time, if we had to have a Supreme Court procedure every time a lease fell in naturally the fees of the board of advisers would be considerably augmented; but the experience I have gained in the Board's service and in valuation methods leads me to object very strongly to the proposal. In the first instance I may be permitted to say I have had considerable experience in compensation cases both on the Board and as assessor, and I am not impressed with the tribunal as a tribunal for ascertaining values. I think that the person who can make a valuation, whether it be one person or an ultimate umpire, should himself be a skilled valuer, because I agree with Mr. Lewin that valuation is not an exact science, and it is impossible to lay it down as a mathematical proposition. I think it has been stated by one witness that a valuer comes to his conclusions purely by intuition. What he means, I think, is that in valuing a man largely goes upon what he knows about sales and rent, and so on, that he has gathered together; and I believe the arbitration system, whether it be arbitration in the way suggested or a reference to a Judge, is less likely to secure substantial justice than a decision of three skilled men. I think the two skilled valuers, if left to themselves, will appoint a skilled man as the third man. One great objection to the Court tribunal is the great expense it would involve. We know what the expense to the tenants and the lessor is under the present system, but if we were to go to a Judge the expense might be anything up to £100. Then the new lease has to be put up before the expiration of the old one here, and consequently the valuation of rent and building must be ascertained before the lease is put up.

6. *To Mr. Thomas.*] Under our system we have the revaluation made six months before the end of the term. In the case of the Corporation leases, I understand from Mr. Lewin, the time allowed is three months. Now, as I have said, one great objection to a Court tribunal is the great expense, and I suggest that if the object is to secure standard principles that object can be secured by originating summonses, which is always open if one valuer refuses to apply what another considers the correct principles.

7. *To the Chairman.*] Though the arbitrators are not bound to disclose the grounds on which they proceed the Corporation valuer knows, and I take it that in the course of arbitration proceedings it will become clear whether the principle of valuation that has been adduced by one party or the other is accepted or not. I would point out that according to Mr. Justice Edwards the arbitrators are not at liberty to adopt any rigid rules. While on the subject of tribunals I would point out that in the Gisborne Harbour Board case what the Court had before