assent should not be withheld to a solvent tenant. Such a qualification is useful in the case of private leases, but it is not necessary in the case of public bodies' leases, as they do not there take up an arbitrary position. The object of the covenant is to protect the rent. Of course, the original lessee is liable, but he may go away and leave the Dominion; then it is in the hands of the assignee. That assignee can escape liability for rent by assigning to another. There is no great necessity for a covenant where there are valuable buildings upon the land, but we have cases where there are no buildings at all, and it is in the case of vacant land that it is of value. With regard to assent to assignment, the expense is half a guinea, and there is absolutely no disclosure of the business whatever. They go through on the letter from the solicitor. If we happen to know that the proposed assignee is worthless financially we advise the Board not to agree. In conclusion I would say my own judgment is that, speaking generally, there is no reason why a public body should be placed in a different position from private owners. They are trustees, and it is their duty to obtain the best rents. It is true that the best way to obtain the best rent is to grant liberal leases, but I say our lease is a liberal one. I cannot say how the so-called form of Glasgow lease originated in Dunedin. My recollection of the oldest form of lease is that it was simply a covenant on the part of a landlord that he would not allow any new tenant in unless he paid the outgoing tenant the value of his building. I had a good deal of experience in that form of lease as solicitor for the Otago School Commissioners. The Commissioners were, at the time I had to do with them, under the Public Bodies' Powers Act, 1887. I found a great deal of difficulty in the working of this provision, and in consequence I drafted an amendment of the Act in 1891, which was adopted by the Government and put through. I think the covenant to which I have referred was in the old Presbyterian Church lease also. The originator of that form of School Commissioners' lease was Mr. W. H. Reynolds. Speaking for the Harbour Board, we are quite satisfied with the system we are operating now, and we see no reason why we should be compelled to alter that system because it does not suit another part of the Dominion. Of course, if the proposal is to pass a Bill dealing with another part of the Dominion alone we have not the slightest objection, but I think both Mr. Lewin and I are agreed that we would rather bear the ills we have than fly to others that we know not of.

16. *To Mr. O'Shea.*] I have had practically no experience in Dunedin of arbitration as conducted under the amending Act of 1906—not real arbitration. We have no leaseholders' association here. As I am not a prophet I cannot say whether, in the event of a leaseholders' association being formed here with the pertinacity of the Wellington association, we should ever have a chance of regaining the virtue of the old valuation system. My opinion is that it would be disastrous to both landlord and tenant if such an arbitration system were adopted here. I think the system of valuation is more calculated to reach substantial justice than is a system of arbitration. I think it is far better, in the case of arbitration, that the third man should be himself an expert so that he can analyse the opinions of the other two, and he can do that far more successfully than a Judge of the Supreme Court could ever hope to do, unless, of course, you had a Judge set apart to do this work alone, in which case in the course of experience he would himself become an expert. I cannot say whether, if we had the lessees here banded together as a leaseholders' association, we would be likely to get anybody who was not likely to be partisan. As it is we are quite satisfied with our own valuers, who are left entirely to themselves. If I am asked whether, in the event of our having to submit to arbitration properly so called, I would prefer to have a valuer, or a man who was accustomed to sift evidence, or a business man, my judgment is that I would sooner have an expert valuer as third man under any circumstances. If I had to choose between an ordinary business man not specially skilled in valuation and a Judge or barrister, I would certainly prove in favour of the Judge or barrister—that is to say, a man who is accustomed to weigh evidence. By an "expert valuer" I mean a man who earns his living by valuing.

EARDLEY C. REYNOLDS examined. (No. 36.)

1. *To the Chairman.*] I am a member of the firm of Park, Reynolds, and Co., auctioneers. I have acted for many years as a valuer both of capital values and of rentals of land. I have valued on behalf of the City Corporation for a number of years, but not on behalf of the Harbour Board, as I am auctioneer for the Harbour Board. I have valued for the Presbyterian Church Trust and also for private people. As to the period of the City Corporation leases, I think twenty-one years is a very suitable term. We are tenants of the City Corporation, and twenty-one years seems to come round pretty quickly. I have not found that the Glasgow lease system, with revaluation periods, interferes in any way with the class of building that is put up. The very best buildings have gone up on some of those leases. In valuing for the Corporation or any other body, where the lease is to be on the Glasgow footing with the right of renewal, I am aware we are not supposed to take a percentage on the capital value, but it is absolutely impossible to do it otherwise. I know what Sir Robert Stout, as Chief Justice, has said on the subject, though I have not seen his decision. In valuing we do not always, in the first place, proceed to arrive at the capital value. In many cases we have valued on a rental basis, but we invariably check our figures by the capital value. We do not adopt the Government valuation as the capital value. We never know the Government valuation. We sometimes ascertain the market value as tested by other rentals in the neighbourhood. If there are leases adjoining and they are of a similar nature they certainly do guide us in arriving at our values. When I arrive at the capital value I work out the rental at 1 per cent. lower than the market rate. If the market rate for borrowing money is 5 per cent. I work it out at 4 per cent. Ground-rent with a building on the land is much better than a mortgage, and then the landlord has all the unearned increment coming to him. Since the decision of the Court of Appeal that the rent should be