in a growing district, and it is rented at, say, 5 per cent., every year afterwards its value is enhanced, and in a few years the landlord would not be getting anything like a fair percentage on the value. The Town Clerk yesterday told you that the value of Corporation land had gone up about 50 per cent. in the past twenty-one years, so that if you let land on a 4½- or 5-per-cent. basis the landlord towards the end of twenty-one years would not be getting anything like what he ought to get for his land. Of course, if a city were not going ahead it would not make any difference whether it was fourteen or twenty-one years.

4. *To Mr. Thomas.*] I cannot say that a twenty-one-years term would induce the erection of better buildings on the sections. We could not have better buildings on our reservations than we have now. We have the Union Company's building and others I have mentioned on the fourteen-years leases. There are no better buildings in the city. Perhaps one might be justified in charging a little more rent if the leases were for twenty-one years, but I do not think you could ask more than 5 per cent. Of course, valuation expenses at the end of fourteen years would be saved. Probably as a business man I should prefer a twenty-one-years lease. I cannot say what induced the Board to reduce the term from twenty-one to fourteen years. No doubt if they had thought they would be losing money out of it they would not have done it.

5. *To the Chairman.*] In acting as valuer for the Harbour Board I am left free to exercise my own judgment. I simply get a list of the leases to be dealt with, the dates they are returnable, and a list of the valuers appointed by the lessees. With very few exceptions the lessees have appointed good men as their valuers. There have been exceptions. We have had bookmakers sometimes put up and even suggested as third man, but on the whole I have been fortunate in getting men who knew their business fairly well, at least as representing the lessees. Generally there has been little difficulty in getting the third man, but on one or two occasions I have had to threaten to let the Judge make the appointment. The valuations are nearly always made by the three men, but as a rule it is left to the third man to do it finally. The other two valuers, in making their calculation, proceed on the freehold basis. So far as the Harbour Board leases are concerned I do not see what other basis you can adopt. We always argue with each other on the freehold value, and that is pretty well the ground we work on. So far as Dunedin is concerned I consider the system of appointing two valuers and an umpire to deal with these valuations from their own knowledge is satisfactory. I do not consider you could get better results by the arbitration system, as arbitration is cumbersome and would increase the cost very materially. I have seen arbitration in connection with Harbour Board valuations and private valuations, with only about two witnesses on each side, and no better results obtained. I do not think provision for appeal to a Judge in case things go wrong would do any harm. A right to appeal is always a safety-valve at any rate. But a good deal depends on the machinery you have in connection with an appeal. If you make it a simple process you will have quite a number of appeals; if you have a process involving some trouble you will have very few appeals. If it can be done for 4s. 6d. you will have them all appealing. Since I have been valuer I have only heard one complaint either as regards the term of lease or mode of valuing, and that complaint was of little consequence.

6. *To Mr. Milne.*] I am retained by the Harbour Board as valuer. I have done the whole of the valuations since 1908. Apart from the Harbour Board I am frequently employed by tenants to value for them against the Corporation and other landlords. In valuing for tenants I proceed in exactly the same way. I make no difference as far as my judgment goes. I try to do the fair thing between the parties. I consider a tenant is entitled to get some return from the building he is about to erect. We cannot value on the kind of building a man is likely to erect; we can only value on what stands before us. A man might not even build. If a tenant employed me as valuer I would advise him to the best of my judgment as to the best class of building to put up. As to whether he would follow my advice or not is a pure matter of speculation. It would not weigh with me very much in assessing the rent. I do not say I would disregard the opinion of the Court of Appeal. We are all prudent men. I might make £1,000 a year off this piece of land, while another man might only make £400. Apparently those who have been paying 5 per cent. as rental on the assumed value of the freehold have been getting fair returns for their moneys expended. They all seem to come back.

7. *To Mr. Thomas.*] Probably if we let our newly reclaimed land on long-term leases we should be making a heavy sacrifice. We can let for twelve months if we wish. We have no power to lease for a long term.

8. *To Mr. Milne.*] I heard Mr. Reynolds in his evidence say yesterday that he fixed the valuation of rental on a basis of 1 per cent. under the current value of money, but he does not always carry that out. I am often with Mr. Reynolds, and I happen to know. It is true that if the rate for money was 8 per cent. the tenant would find it more difficult to pay 7 per cent. than to pay, say, 3½ per cent. if money were at 4 per cent.

9. *To Mr. Thomas.*] I do not say the three valuers always agree, but there is usually not much difference between us. If three men possessing ordinary common-sense wish to see fair play it is easy enough.

10. *To the Chairman.*] Five per cent. on the capital value is equivalent to twenty years' purchase. I think the tenants get a better rental here than at Home. We seem to have less trouble with regard to fees and expenses than they have in Wellington and other places. The tenants greatly prefer the Corporation lease to the long lease of sixty years with revaluation every ten years. No matter what you pay, at the end of the sixty years it is not yours. I think the revaluation every ten years is considered objectionable. The Cutten Trust lease, I think, is very much the same as the Glasgow lease. I heard Mr. Reynolds's suggestion that there should be an official list of valuers from which the third man should be drawn. I have never heard him refer to it before, though we have been connected for a good many years in valuing. It