

would certainly save trouble when selecting a third man. But at present there is power to refer to the Judge if there is trouble about the third man. The Judge may not know the names of all the men submitted, but he can appoint one he does know. To my mind that meets largely Mr. Reynolds's suggestion. We have never been in trouble here. Only on one occasion had I to threaten to refer the selection of third man to the Judge, and the moment I did so the other valuer took one of those I gave him the option of. If the Judge is not exactly acquainted with the men whose names are submitted to him he is in touch with people who can advise him on the matter.

11. *To Mr. Stephens.*] So far we have found little or no difficulty in appointing a third man, and things would have to alter very much before I would suggest any change in the present system. I remember some twenty-five or thirty years ago there was a considerable amount of speculation in Harbour Board leases. Some few years after that there was a request to the Board to reduce the term. I cannot say of my own knowledge what induced the Board to reduce the term. I have never heard of any demand to extend the term to twenty-one years. I value on present-day values. The capital value of land goes up or down according to the price of money. I am aware there has been some suggestion as to arriving at the rental value by ascertaining the return on the building erected. It is a very fair test, of course, if the building is suitable for the locality. Of course, one man might put up a valuable building in town and not do much with it. There are a good many things in building to be taken into consideration. I have been in a good many compensation cases. I know in those cases the compensation values largely depend on the assumed rents that can be obtained if a man builds speculatively. When the Corporation widened King Edward Street we had to listen to some fabulous prices for buildings. It is true that if the result arrived at in such a calculation is not sufficient all one has to do is to add a shilling or two to the speculative rents, or take them off, as the case may be. In these valuation cases for the Harbour Board I do not always get my own way. In my experience of thirty-five years I only know of one case—a Port Chalmers case—where I would have advised an appeal if the right to appeal existed. I am speaking now both from the tenant's and the landlord's point of view. There has been only one case in which the land has come back into the Board's hands—that was land leased to the Macdonalds, the lime and cement people. The value of the building on that would be about £500. I consider the test of rent by what a prudent man would give is no test at all. In my judgment it is a myth.

12. *To Mr. Milne.*] I suppose a tenant who builds and enters into business is entitled to make 7, 8, or 9 per cent. on his enterprise or investment. It depends a good deal on the amount of energy a man puts into it. I should be content with 10 per cent. myself, but sometimes I have to be content with 1 per cent. and sometimes with nothing.

13. *To Mr. Stephens.*] It is not the practice in Dunedin to erect buildings for letting or for speculative purposes. Buildings are generally erected for use in connection with businesses or for residences. The building is generally erected for the use to which it is to be put straight away. Some are built for letting purposes, but building houses to let has been disastrous in Dunedin.

14. *To the Chairman.*] The Presbyterian Church lease seems to be well thought of here. Under it there is compulsion on the tenant to take a new lease—the leases are for twenty-one years with revaluation of rental, very much on the same lines as the Glasgow lease. The Board usually ask if the rent fixed is agreeable to the tenant, and there is no sale, so that the tenants do not have to run the gauntlet, in a sense. With regard to valuation of improvements, the practice in connection with the Harbour Board's leases is to value the buildings at full value—that is to say, if the present lessee has to go he receives full value for his building—he gets the cost of the building less a percentage for depreciation. I have always found it better to give the lessee the benefit of any doubt there may be with regard to value of buildings. That is what is called a benevolent value.

15. *To Mr. Thomas.*] There is no power to a tenant to surrender his lease.

16. *To the Chairman.*] We do not take into consideration whether or not a building has become obsolete for the neighbourhood. That is no business of the valuer. What is put before us is the building.

17. *To Mr. Stephens.*] In some localities we might discount the values somewhat because of unsuitability to locality, but as a rule we do not take much notice of the question of unsuitability.

18. *To Mr. Milne.*] If the cost of building has risen to a great extent since the erection of a particular building that would be taken into account in assessing the value.

19. *To Mr. Thomas.*] If there were a clause in the lease providing that the lessee should have the right to demand from the landlord the value or a certain proportion of the value of his buildings I should be less inclined to put a benevolent value on the buildings. You have to be fair all round, and not allow one man an advantage to the disadvantage of the other man.

20. *To Mr. Lewin.*] No doubt one effect of a benevolent valuation is to reduce competition at the auction.

JAMES QUAIL examined. (No. 39.)

1. *To the Chairman.*] Mr. Fred Smith, who is factor of the Presbyterian Church Board, is away on holiday just now, and though I have no status as far as the Board is concerned, I have been associated with Mr. Smith for considerably over twenty years, and I am therefore able to speak with some experience as to the operations of the Board's leases. The majority of our leases are for fourteen years. They are a decidedly mixed lot. Some blocks are for fourteen years and some are for twenty-one years. Most of the city sites are for twenty-one years, and the suburban residential sites are for fourteen years. There is the right of renewal, and the revaluation is sometimes arranged by amicable settlement three months prior to the expiry of