

I would cheerfully pay a higher rent so long as I could get terms and conditions fixed, but in my present frame of mind I would no more think of taking up a Corporation lease than I would think of throwing money into the sea; and as a lender I would never consider the question of making an advance on a Corporation lease.

7. *Mr. Thomas.*] Are there any unimproved leaseholds at the present time?—A few, not many.

8. Is there any demand for them?—The Wellington Harbour Board are the only people who have land to any extent. It is in process of reclamation, and they have not been successful in getting the land off rapidly, though some people who want the land have had to take it recently.

9. Have they had extravagant rentals?—No, they have been more reasonable since 1911.

10. Do you think the experience in Wellington should be used for regulating the position as between landlord and tenant?—I think so. Fourteen years is too short a period—you are in a perfectly unsettled state the whole time.

11. Do you not think it has been done for the purpose of increasing the rental every time?—That is hardly the view the landlord has taken.

12. *The Chairman.*] If things had been going down the tenants would believe that twenty-one years is too long?—That is not the experience as a rule in a young country.

13. *Mr. Milne.*] I have no doubt you know the leaseholds are not paying the lessees particularly well at the present time: do you not think that at the end of the period, as between landlord and tenant, if the tenant had made a bad bargain, that he should expect a lower rental from the landlord instead of a higher?—Up to the present I think where there has been revaluation there has been an increase—the lessee has not had a reduction.

14. Have the rates in Wellington been increased? If the value of the property is increased that might double or treble the rates. Do you not think that being a burden on the land should be taken into consideration in fixing the rental?—Yes. Take my own case: the increase in the rates on the property I am connected with amounted to nearly £70 a year.

15. *Mr. Thomas.*] Seeing that the present tenure of a perpetually renewable lease gives an absolute security of tenure to the lessee, do you consider he should be in a different position in regard to compensation for improvements from that a freeholder would be in if he made a bad investment?—The man who acquires a freehold takes the circumstances into consideration and bases his price upon them.

16. That is what you object to in this, which bases the rents on the freeholder's estimate of value?—I say that practically none of the lessees of the Wellington Corporation understand the methods to be applied when the matter of revaluation comes up.

17. With security of tenure and a wise system of revaluation the lessee's position is very little inferior to that of the freeholder?—Of course, where there is to be compensation for improvements you set up what I consider an ideal Court. I think myself, if there is to be a provision for improvement, that the present method of assessment can be continued—that is, that each party appoints a valuer, and between them they appoint an umpire. I think in the past that system of valuation, not in regard to Corporation leases but in regard to other matters, has worked admirably.

18. *The Chairman.*] In large departments of business valuations it is the method by which we arrive at value, whether in insurance losses or mercantile losses; in fact, business is permeated by this idea of arriving at the value by three valuers. There must be some mistakes made at times, but what can you have to value except valuers unless we take an automatic rate of interest upon what may be called the Government land valuation from time to time?—Up to recently there seems to have been considerable difficulty in two valuers arriving at something like a fair rental, and, of course, in that the rental is fixed by the umpire, and I think that in most cases he has adopted the ready method of taking the difference between the two parties and dividing it by two.

19. *Mr. Thomas.*] The fault really has been in the tribunal. It is a system by which the nominated valuers have been advocates, not valuers. The practice which has worked so smoothly in Dunedin to get over that difficulty is that the public body orders a valuer of standing to ascertain the present value of the section—no instruction to get the maximum rent, merely to go in and assess the value. The other parties nominate their valuer, and they appoint an umpire. The work in Dunedin in an overwhelming majority of cases is a three-man judgment. If such a condition of things can be arrived at I should imagine you would get as near to absolute fairness as possible. Do you think that a board of expert valuers, as against arbitration as it has been understood here, would get over the difficulty?—The difficulty is to get those acting as valuers to take anything like what I consider an equitable view. Take my own case: I would sell my property at the assessment that has been made by the local valuers; in fact, I would take a slight reduction. That shows that the valuer is actuated by a desire to get the uttermost farthing out of the land.

20. Would you get over the difficulty by a clause whereby an appeal could be made against the valuation, and a Judge might authorize the submission of the whole thing to auction at the upset price fixed by the revaluation on condition that the improvements are also valued and the buyer of the lease has to pay the price of the improvements, but failing a bid at the upset it should be resubmitted at the old rental: would not that test it?—I think that should be only the last resource, and after provision that the person who does not wish to continue the lease should be paid compensation for improvements. I do not think it is fair to revalue the land and weight it with improvements on the understanding that the person who buys it pays the outgoing tenant. That was the difficulty with regard to the Harbour Board leases. At the end of the term there was revaluation, then the property was submitted to public competition weighted with the value of the improvements, and if the first tenant did not buy then the person who purchased the property had to pay the outgoing tenant the amount as determined by arbitration. It is