8. Do you know the Wellington form of lease?—Yes.

9. Would you care to say what your view is upon that lease, whether it is a good lease or otherwise? I do not know whether you know the tenants' objection to it. First of all they object that the term is too short—fourteen years?—I think the term is too short myself.

10. Your experience is that fourteen years is too short a term?—Undoubtedly.

11. The question seems to be how to arrive at a valuation. Some take the capital value and calculate a rate of interest on that. Others pursue a more ambitious method and endeavour to find out what a reasonable man would believe to be a reasonable rent to put on the land—what he could put on the land and what he could make out of it—and then to arrive at what he could afford to pay, with the result that he could afford to pay nothing in many cases as far as I understand from some of the examples?—My own opinion is that the system of appointing a valuer on each side and then an umpire is a system attended with difficulties to the third person, who may be influenced by either. If you could get the matter determined by somebody absolutely impartial! Our Nelson and Westland system of taking the Government valuation is absolutely impartial. A special valuation is made, but in making it the valuer has the saving grace that he is the valuer for the district, and his valuation for the particular farm he is dealing with is bound to be influenced by his knowledge of values. The same principle would apply in the city. If the valuation were fixed by the Government on the capital value the rate of interest on the capital value might be fixed arbitrarily. It is fixed by Act in our own case at 5 per cent. I do not think that is an unreasonable sum to fix. That is a fair charge on the capital value. It is what land would bring if unencumbered and sold by auction under reasonable conditions of sale.

12. With country lands I can see that applies: in towns land, of course, varies so much, as being useful for advertisement or otherwise. A farm is always to be judged by what you can make out of its cultivation?—True; but I know a city valuer proceeds on that principle: when he is valuing a particular section in a street he is guided by the values that have already been given in the street, and the broader the basis on which the valuation proceeds the sounder the value.

13. *Mr. Milne.*] If the lessee had the same right that the freeholder has of calling on the Government to take over the property if the valuation is wrong your system would be excellent; but he has not, has he?—I do not know if there is statutory power for paying compensation, otherwise it could not be done, and it might be a disastrous thing for the lessor to be burdened with a lot of buildings.

14. Your experience, Dr. Fitchett, with regard to the Valuation Department is that the Department's valuations are becoming increasingly more important than they have been?—I think so.

15. They are relied upon by people investing moneys?—The Public Trust and the Government Insurance, the chief lending Departments, lend on nothing but Government values.

16. And they attach more importance to Government values than to private values?—In the case of the Public Trust over £10,000 we check the values, but we are guided by the Government valuation. And there is little use in making the private valuation save as a check.

Mr. Skerrett: Neither in regard to country lands nor town lands do I regard the Government as competent to make such valuations as ought to be relied upon for really important purposes. Most of the valuers have grown up in the Department, and many have not been concerned in the buying or selling or in the farming of land.

Witness: I hold no brief for the Valuation Department, but the broad fact remains at the present time that a large fund of money has been invested by the Public Trustee and no difficulties have arisen. Practically all the money is invested on those values, and we have not had in half a dozen years half a dozen in which the security has gone bad. And the Insurance Department can say the same.

17. *Mr. Milne.*] Do you not think the Government valuers are guided by what takes place round about them—sales of property and so forth—and I suppose your experience is that these men are trained in a theoretical way by the Department?—I am afraid Mr. Skerrett is right, and that in a way they have merely grown up in the Department, but they get to know values.

18. In reality the Government valuer for a particular district would, in your opinion, be more reliable for fixing values than any outside valuer?—Undoubtedly.

19. *The Chairman.*] He would have at his command the largest stock of information probably?—Yes, local knowledge from travelling up and down the district.

20. *To Mr. O'Shea.*] We have power to lend on Government leases, and the limit is three-fifths. These securities are satisfactory; they are renewable leases, leases in perpetuity, and leases with right of purchase. We have no right to lend on Corporation leases, and would not do it—it would be too great a liability. As a matter of fact, the higher the rental the more dangerous a lease becomes from a money-lending point of view, because if it fell into our hands we should have to pay the rent.

21. *To Mr. Skerrett.*] I have no personal knowledge of the personnel of the Valuer-General's staff, and no knowledge of the men who make the Government valuation for the City of Wellington. The Government valuations are only checked by outside independent valuations in the larger cases. I could not say upon what principles Government valuers determine the value of pastoral or agricultural land. I have never examined any of them on the subject. The main factor in determining the value of agricultural land must be its productivity. The sales of land in the vicinity ought not to be taken as a governing factor, for in many cases they were fictitious or paper sales. In the case of city lands the basis of valuation should be the same as for country lands—what it would produce if offered at auction under reasonable conditions. All valuations are matters of opinion. I cannot agree that the value of freehold land is to be found by ascertaining its productivity, capitalizing that, and adding perhaps something for unearned increment. I do not think the productivity of city lands can be gauged at all; you may have a good