

site and a bad business man, and its productivity is gone. Where the area of land is small it is difficult to be guided by sales, as one firm may be prepared to give a high price because it wants that land. Assuming that the sales of land in Featherston Street to Dalgety and Co. at £200 a foot and to an insurance company at £220 a foot were put forward as the basis for determining the value of the bulk of the land there I would not think that a fair method. I have arrived at the conclusion that Wellington Corporation leases are not satisfactory security..

Mr. C. B. MORISON, K.C., examined. (No. 52.)

1. *The Chairman.*] I understand you usually acted as one of the arbitrators or as umpire in making the valuations for the city?—I think I was mostly appointed the arbitrator for the city.

2. You may take it that your methods, whatever they were, to arrive at the rentals are challenged?—Oh, yes.

3. And what we want to get at is what is the best method to arrive at rentals. To begin with, of course, we have to get at the question of how the rentals should be valued, and then there is the means by which the valuation should be made. These two broadly cover the questions we have before us?—Well, of course, any value is purely a matter of opinion; it is not capable of mathematical ascertainment, and various elements are always put forward in evidence before the arbitrators. One method put forward was that we had to assume the place was to be used for buildings to be sublet. One would really have to consider the thing from half a dozen different points of view, particularly the use to which the property was likely to be put during the currency of the term. I cannot say that I adopted exclusively any particular method. One checks one's view as to value by the evidence and by the assumption that the landlord was entitled to a fair return upon the capital value, and then the difficulty arose that present capital values, though so called, might necessarily involve a certain amount of prospective value. That, however, it seemed to me, did not operate unjustly to the tenant, because the lease was for a rental fixed for a period of fourteen years, so that it might be that, taking the present capital value, if it did involve a certain element of prospective value, the amount fixed at a rate of interest on that value ought to be a fair rent for the period. The difficulty which I always understood existed in the minds of the tenants was the length of term—fourteen years.

4. What is your view about that?—Well, of course, the length of term would operate either with justice or otherwise according as the land remained stationary in value, or tended to rise, or went down. If it tended to rise the tenant would naturally want the longest possible term at a rent fixed having regard to present values. Naturally enough, if the tendency was for values to recede, the tenant would like to submit his case to arbitration within as short a term as possible to have the lease revalued. So that I had not to consider in the course of any function I had to discharge whether the term was too long or too short, but really what was the fair rent for the given term of fourteen years; but it was impossible for me to go into that question without to some extent considering that point and some others that depend upon whether the land is going to rise or fall.

5. Did you, as a matter of fact, in arriving at an estimate of the rent, or did you find that the others in doing so said, "We will make this rent so-much less because the term is only fourteen years as against twenty-one"?—Well, I looked at the matter in this way: so far as I could, taking all the different points of view put forward as a proper standard, and giving them all due weight as far as one could—none could carry them out as a rule, it had to be a sort of average—my own conclusion was that Wellington values were more inclined to advance than to recede during the next fourteen years. I concede at once that the cost of arbitration every fourteen years is a matter of some objection to the tenant and to the landlord, but in my opinion that would be more than compensated for by the advantage the tenant would get from the prospective rise in site-value as fixed to-day.

6. So that if the term had been for twenty-one years you would not have increased the rental—you would not have given the Corporation a higher rental?—That I am not prepared to say.

7. We are told the longer the lease the higher the rental. If all these provisions were taken out of the Wellington lease would you have given higher rentals than you awarded? And what percentage, how much higher, would have been the rentals if they had got ideal leases?—I do not depend on the percentage myself. I checked them in other ways—by Government values.

8. Do you think any one would give a penny more because he got a twenty-one-years lease instead of fourteen years?—I do not think in this particular lease it would have made very much difference from the tenants' point of view.

9. *Mr. Thomas.*] Is not the basis on which land is to be assessed under statute the present letting-value, so that you could not take the unearned increment into consideration at all if you assess the rental on the basis of the present letting-value?—I may have been quite wrong, but my view of my obligation was to ascertain what would be the fair average rental for the period of fourteen years.

10. *The Chairman.*] In Dunedin, where they have both Harbour Board leases and City Corporation leases, one for fourteen and the other for twenty-one years, the rental is valued on the same basis?—I should think so.

11. The tenant does not give more for a Corporation lease than for a Harbour Board lease, and the value is on exactly the same footing?—I did take it to some extent into account. These arbitrations are very strenuously fought. There is no doubt they do impose on both parties a very substantial expense, and one felt that if that arbitration could be avoided or postponed for seven years it would be an advantage to both parties, assuming you could do justice. The difficulty is that if you assume that values are going to rise or tend to increase you must have regard