

annual ground-rent. You have to disregard—though one cannot wholly disregard—the fact that there is an existing building, and no doubt the tenant would get consideration by reason of the nature of the existing building. It is impossible to value any site in any town without considering whether it is a retail site or a wholesale site, and you have to consider whether it is suitable for any particular class of business; and the fact that a business has been carried on upon the site for twenty years makes it a common-sense conclusion that it is suitable for that class of business.

23. I believe you regard shop-sites as most expensive. Are not sites for shops rather limited?—There are shop-site areas—certain shop streets. You would not call a site on the Terrace a shop-site. If you value a site on the Terrace you would consider what it was worth for residence. Supposing I were asked to value a site on the Terrace I should look upon it exclusively as residential.

24. *Mr. Thomas.*] Sargood's site is an instance of a very high rental. As now valued it should be used for shops, not for warehouses: is that so?—I do not know. I should never have valued it as a shop-site. There are some shops there. E. W. Mills's is in the neighbourhood.

The Conference adjourned at 1 p.m. until 2.15 p.m. On resuming,—

*Witness:* May I say with reference to my answer given this morning that I might be wrong in treating the average fair rental on a fourteen-years base. My view is that a proper point of view was to ascertain what was the fair rental for a period of fourteen years—not necessarily the fair rental to-day.

25. *Mr. Milne.*] You are discounting the future?—You may do it the other way if values are falling, so that the average would be less than it is to-day; you would not give as large a rental as if there was a rising tendency, and you do this by taking the future to some extent into account. That is made largely by fixing a sum for what is called the present capital value. When these valuations are made you always do bear in mind the future. My experience is that most valuations are made, unless it is a valuation for mortgage purposes, with some regard to the future.

26. My contention was that it was the present value, not evidence as to the future value, you had to consider. Unless you are a prophet you cannot arrive at the future value?—But valuers do think of it; they say the land will rise in value.

*Mr. Skerrett:* That is, the speculative value.

27. *Mr. Milne.*] It may be a decreasing value?—Then, if that is so, fourteen years is too long a period.

28. It has no regard to the length of term. What you have to ascertain is the present value of that particular section in exactly the same way as you would ascertain the present value of any other thing. You are expressly prohibited from looking to the future?—I should like to see the actual terms of the lease referred to.

*Mr. Skerrett:* “A new lease for the term of fourteen years, at the valuation ascertained as aforesaid.”

*The Chairman:* My notion is that if a property has a rising value probably attached to it that is an element in forming an opinion of its present value.

29. *Mr. Milne.*] If you are valuing any article you value it not for a future period but for the present day?—Land has a tendency to go up. If you have a piece of land which is now bringing in 4 per cent. on what you paid for it, and a railway-station is projected near by, you will immediately raise the value of that land, not because it is going to give you anything more at present, but because in three or four years you will be able to sell it for something which produces 7 or 8 per cent., so that you do take into account the probable rise.

30. Does not the Public Works Act prevent any looking forward and estimating values?—That is another matter. On the other hand, if what had been a shop area was no longer a shop area, that would be taken into consideration.

31. *Mr. O'Shea.*] You have been arbitrator on several occasions, and have acted as assessor in the assessment of compensation. Have you ever had any instruction or direction from us how to act?—Never. I have been instructed to appear, and Mr. O'Shea has kept aloof.

32. It has been suggested by Mr. Skerrett that in one arbitration I asked that the rentals in Featherston Street should be fixed solely upon the price given by Dalgety's and the Royal Insurance Company: is that so?—I never understood that. Evidence was given of the price given by the Royal Insurance Company and Dalgety's as indicating somewhat the capital value of the land in that locality.

33. Did I mention any instance of land tendered for?—Yes, opposite Bethune's. I think we had every deal before us, and the price, as far as ascertainable, of every site in that locality. We had all the data that we could use.

34. In the case where a business man was the third valuer were you in any case unable to agree with him: with Mr. Ferguson and Mr. McIntosh—did you agree with them in any case?—I think Mr. Maxwell and I were in agreement, and that I was largely in agreement with Mr. Fell and Mr. Nelson. I think the whole three agreed.

35. *Mr. Skerrett.*] Was there not power to take the matter higher?—We simply threshed the matter out for the best part of a day. I could not lay it down as a rule that I agreed with business men.

36. Is it not the fact that in all the arbitrations in which you sat the counsel for the Corporation put his case for you to adjudicate upon in the main upon the present valuation of the freehold of the land?—In the main that was so.

37. I was present, as you know. Did the Corporation adduce any evidence showing the earning-capacity of any freehold or leasehold land?—I do not recall any instance. I do not think they had access to data.

38. I want the fact?—I do not recollect any case in which the earning-power of any particular piece of land was mentioned.