it was a particular lease, badly drawn, which did not specifically lay down what it was that had to be valued. In the Dunedin Harbour Board leases, and also in the City Corporation leases, the main lines of valuation are clearly laid down; it is to be the value of the land without any buildings or improvements thereon. Personally I would have no objection, with regard to the rent, to adopting the suggestion of the Court of Appeal that the test should be what a prudent tenant would give. I think, as a fact, that is the only true basis of valuation. With regard to improvements, I think there is confusion in the evidence between "cost" and "value." The cost of a building is simply what it costs less depreciation, but that is not necessarily the value of the building. The neighbourhood may have changed. One can conceive of a number of circumstances where, although the building itself may be of some value to the particular tenant, it is not necessarily of value to the incoming tenant. I think the tenant should get the market value of his building. To give a concrete case: I had a property with a building upon it the total cost of which to me was £1,400. I sold the whole thing for £750. I could have proved in any Compensation Court that the property had cost me £1,400, and that it was kept in good repair, and so on, but simply owing to the nature of the architecture and other things it was not marketable at that price. I think the principle that should be applied in the valuing of buildings should be the same principle that would be applied in the property as a whole. If an expert valuer is valuing property as a whole, in order to find its saleable value he would value it in its then condition and according to its surroundings. If the building were out-of-date very little would be added to the value of the property; but, as I have said previously, the valuation of these improvements in these renewable leases is largely a benevolent value, and I think rightly so. If there is competition, and if a man is ousted from his lease, they should pay the full price for his improvements.

8. *To Mr. Thomas.*] I think if buildings have become obsolete the person to carry the burden of obsolescence should be the lessee and not the lessor.

9. *To the Chairman.*] At any rate, owing to the liberal view taken in Dunedin with regard to improvements, there has been no difficulty that I have been made aware of in assessing the value of the buildings. Then, on the proposal that there should be an appeal to a Supreme Court Judge on the question of valuation, I feel inclined to support it if some machinery could be adopted. It would give a remedy in a glaring case. The difficulty lies in the fact that valuation is largely a matter of opinion, and that it is very often difficult, if not impossible, to prove it as a mathematical proposition. It would only be useful in a glaring case, because the burden of proof would be on the appellant, and the Judge would require very clear proof before he overruled the opinions and the award made by two valuers out of three. It might be more useful in the case where the umpire made an independent valuation. There has only been one case in my experience where I should have been disposed to advise the Board to appeal. That was a glaring case, but the circumstances were unusual, and I do not think it is likely to happen again. I should like to see an amendment made by which costs should be awarded against the appellant if unsuccessful. That would deter frivolous appeals. Again, it would involve making the valuations a long time ahead, so as to enable the necessary auction proceedings to be put through.

10. *To Mr. Milne.*] No doubt the lessee would have a greater dread of the expense of referring a matter to the Supreme Court than would the lessor, and that is why I should think the costs should be borne by the appellant. The main difficulty I feel about referring the matter to a Supreme Court Judge is that it is very difficult for valuers to support their values as a mathematical proposition. It is largely a matter of opinion. In compensation cases you have six valuers on one side and six on the other. None of them can really prove they are right—they can only give their opinion as expert valuers.

11. *To the Chairman.*] Even if each side is limited to two experts their evidence is only a matter of opinion. Every one knows the differences there are between the tenders put in for the erection of a building by contractors who may be regarded as experts in their own particular line of business. The suggestion has been made in Wellington that it is difficult, if not impossible, to borrow money on Corporation leasehold. That certainly is not the case in Dunedin. No difficulty whatever is found in borrowing either upon Harbour Board or Corporation leases. Certainly the additional rate of interest is not more than ½ per cent.

12. *To Mr. Milne.*] Of course, if a lease is rented too high its value as security is reduced. With regard to a suggestion that there were implied covenants in the leases with regard to repairs, and so on, we do not act upon them. We have no provision for insurance. We place no restriction upon the tenant in any shape or form. If the building is burnt down the tenant takes the insurance-money himself, and he pleases himself whether he rebuilds or not.

13. *To the Chairman.*] If a building is burnt down between the date of the valuation and the time the lease is put up for auction nobody would pay a valuation for the building which does not exist, and the result would be that either the existing tenant would throw up his lease or he would go on.

14. *To Mr. Thomas.*] If a lease is put up for auction only a short time before the expiry of the existing lease the tenant is not sure he is going to get a new lease, and his business is upset in consequence. I quite think a tenant ought to be given plenty of time to enable him to know what he is to do. The reason why many hypothetical difficulties have not been dealt with is that they have not turned out to be practicable difficulties. In 99½ per cent. of cases in Dunedin the lessee does get a renewal. I would not raise any objection to a provision that revaluation of a lease should be made a reasonable time before the expiry of the old lease, so as to give the tenant an opportunity of finding new premises before his old lease expires.

15. *To the Chairman.*] On the subject of covenant against assignment the only controversy that has been raised here is whether there should be an addendum with regard to assignment that