

52. *Mr. Macdonald.*] The very first application made by G. here was £3 an acre, or £15,000. That was the very first application, made by himself?—Yes, that is so.

53. *The Chairman.*] Supposing you find on an application for a loan that the valuation given to you exceeds what the applicant had previously sent in his return as his property-tax value, would you have the same confidence in the applicant's value made to you, or call it an honest value, if it widely differed with the value he had previously returned to the Property-tax Department?—To some extent there might be some suspicion, but as a matter of fact the property-tax value and the private value never are alike.

54. As both the Property-tax and the Public Trust Office are run in the interests of the public, would your suspicions not be aroused by seeing a great difference in values of the same property, made about the same time, but for different purposes?—Yes, by seeing a great difference, but not a small one.

55. Are you aware there is a considerable difference between what Mr. G. puts on as value to the Public Trust Office and what he puts on for the purposes of the property-tax, showing clearly that he has either not made an honest valuation to your office, or else he has not made an honest valuation to the Property-tax Department?—I think there are two distinct applications here. The first was not acted upon at all.

56. This is the same man who has returned a valuation to the Property-tax Department for the purpose of paying taxes on, but as regards the same property, or a portion only of the same property, he sends you an application for a loan, when he, at the same time, puts a much higher value on his property than he has returned to the Property-tax Department. Does it not occur to you that he either made a wrong valuation to you, to use a mild term, or a wrong valuation to the Property-tax Department?—No doubt, one of the two must be clear; but we must bear in mind that the property-tax is for distinct taxation, and some people do not desire to pay more taxes than they are bound to, and, as a matter of fact, they do undervalue to the Property-tax Department.

57. Very likely. I do not suppose there are many, if any, who overvalue their properties for the property-tax. Still, there is a reasonable margin to be considered; but when the value furnished to the Public Trust Office amounts to nearly one-third more than the value just previously returned to the Property-tax Department, then is that not a case that ought to cause you grave suspicion, as this case now does?—I have had very large experience of valuations by the Property-tax, by private persons, and for the Government Insurance Board, before whom large numbers of valuations come. We find almost invariably that the property-tax is lower than the private valuation.

58. We will admit all that; but yet, if you find there is a difference amounting to more than a third, or, rather, that the private value put upon property for the purposes of a loan appears nearly 50 per cent. more than has been returned to the Property-tax, would that not create in your mind suspicion?—Yes, it would.

59. *Mr. Macdonald.*] The position appears to be this: that G. made an application through the agent of the New Zealand Loan and Mercantile Agency Company for £10,000, valuing the property at £3 an acre. A letter was written by the department to the loan company, pointing out that all such applications must come through the local agent. The local agent sent a new application in, in which he valued the land at £4 an acre, explaining that the old valuation of £3 per acre was made so as to conform as nearly as possible to the property-tax valuation. [*The Chairman*: Showing that it was a "do."] Then, upon that you ask for a valuation. You get a valuation of £18,000. First of all the department offer £9,000, and rather than let them go elsewhere you gave them £10,000?—That is so.

60. The question before the Commission is this: We understood from you the other day that it was absolute to limit the advances to 50 per cent.?—That is so.

61. We want to know, then, why this exception was made?—I can only reply, that we have exceeded the terms of the regulations, but the security appeared to us so good as to induce us to give the money. As regards the property-tax valuation, if the Board is not to have any discretion, but is to believe the lower valuer in preference to two (mind you, we were not satisfied with one; we had two valuers, Mr. Kennedy and Mr. Sidey) we should never do any business.

62. *The Chairman.*] It appears to me, having read the correspondence in connection with that loan, that your office is asked quietly to hold its tongue as against the interests of another Government office, and that, too, a tax-gathering office—the Property-tax Office. If you look through the correspondence you will see that the writer hopes that what is stated to you in the correspondence as his difference of values will be by you kept a secret?—[No answer.]

63. *Mr. Macdonald.*] Of course, if a man values his property at £23,000, and obtains a loan of £10,000, what Mr. Larnach maintains is, that it ought to be the business of this department to at once give notice that they are lending a large sum of money, and that there is a wide discrepancy between the man's valuation and your valuation and the property-tax valuation, which ought to be exposed?—[No answer.]

64. *The Chairman.*] That is why the property-tax is so unequally borne by the people of the colony—because some men seem to take advantage of their position, and hide the real value of their properties?—I am not quite clear that I should be justified in reporting that.

65. You are supposed to carry on your business with secrecy, but the question is, how far, in a case like this one, that secrecy should be observed. For here is a department that may be said to be a sister one, running in the interests of the colony in the same race?—[No answer.]

66. *Mr. Macdonald.*] Aye, it is more than that. One of the Board controlling this department is the head of the other department that ought to have the information. Therefore there can be no secrecy. The argument that secrecy should be observed in the transaction cannot possibly exist in that case, because the head of that other department is your controlling power?—If he made use of the information he got in my office.

67. He has a right to make all possible inquiries, and, as a matter of fact, does that.

68. *The Chairman.*] How can you carelessly shut your eyes to the fact that you frequently