

of Land Act, 1908, of the capital value of the land comprised in the lease as at the date of the notice." I would like you to stress these words in the paragraph just quoted, "in accordance with the provisions of the Valuation of Land Act, 1908." As I have already stated, a valuation made under the Valuation of Land Act does not permit of any speculative or prospective value being included in the value fixed. In this connection I will read the correspondence that has taken place between myself and the Lands Department on the subject. The Commissioner of Crown Lands at Auckland wrote to the Under-Secretary for Lands on the 6th February, 1913, as follows:—

Referring to your circular No. 972 of the 14th ultimo, directing that application be made direct to the Valuer-General where valuations of renewable leases of land-for-settlements lands are required in connection with applications to acquire the freehold, I desire to submit for your consideration that the Valuer-General should be asked, before he finally determines the present value, to allow this Department the opportunity of tendering evidence in regard to the matter, if deemed advisable.

I may instance numerous applications which are being received from holders in the Hetana Hamlet, New Lynn, to acquire the freehold. In this connection we have evidence that adjoining land of similar character has been offered to the Government for workers' dwellings at £65 per acre, which is very far in excess of the values on which our tenants' rents are based. Cases such as these indicate a substantial increase in land-values, of which the Crown should reap the full benefit in conferring the right to the freehold, seeing that the increase of values, and the probability of some of the settlers being able (after acquiring the freehold) to subdivide their holdings to considerable advantage, point to the conclusion that they will reap a very large profit out of their freehold rights, and the Crown should participate in this to the fullest extent allowed by law.

I wish you to mark the statement in the letter just read that an offer of land to the Government at £65 an acre indicates a substantial increase in land-values. The Under-Secretary for Lands sent that letter on to me, and I replied as follows:—

With reference to your letter of the 17th instant enclosing a memorandum of the Commissioner of Crown Lands, Auckland, in which he suggests that "the Valuer-General should be asked, before he finally determines the present value, to allow this Department (Lands) the opportunity of tendering evidence in regard to the matter," I have to state that this Department will be glad to receive any authenticated information relating to land-values which the Commissioner of Crown Lands or his officers may be possessed of, and give it due consideration. As the concluding paragraph of the memorandum under notice implies that a valuation of a renewable lease is to be made on a basis other than that invariably observed by this Department, it is necessary to point out that section 59, subsection (3), clause (a), provides that the valuation is to be made in accordance with the provisions of the Valuation of Land Act, 1908. Under this Act the valuer has to ignore the fact that Parliament has conferred on Crown lessees the right to acquire the freehold of the holdings; and, furthermore, the question of the probable profit or loss to the purchaser arising out of the purchase cannot be admitted as a factor in the valuation. Under the Valuation of Land Act the duty of the valuer is to ascertain to the best of his ability the fair selling-value of the land as at the date of the notice of the lessee's intention to purchase the fee-simple of the land.

Valuations made by this Department are impersonal, or, in other words, the valuations returned are the fair selling-values of the lands—presuming such lands are put to the best use—apart altogether from any considerations relating to the purpose for which the valuations are required. Land can have only one value for all purposes.

Any information which the Commissioner of Crown Lands deems of value to this Department should be communicated to the officer in charge at Auckland.

I sent a copy of the correspondence to the District Valuer, Mr. Morgan. Since the valuations were made I have had a further communication, through the Under-Secretary for Lands, from the Commissioner of Crown Lands, Auckland. He writes as follows:—

I forward herewith a schedule of applications as above for transmission to the Valuer-General, with a request that he will cause the necessary valuations to be supplied to this office in terms of the Act. This includes eight sections in the Hetana Hamlet, New Lynn.

In previous cases I have forwarded these schedules direct to the Valuer-General. My object in forwarding the present one to you in the first instance is to suggest for your consideration that the attention of the Valuer-General be drawn to the statements recently made public (of which you have particulars) which appear to show that the Valuation Department has not given sufficient weight to the increase of suburban values that is taking place in the neighbourhood of Auckland. The fact that even if the tenants were paying the full unimproved value as fixed by the Valuer-General (instead of merely the present value thereof) they would still be acquiring the land at considerably less than prices ruling for surrounding freehold lands of similar character would appear to indicate that the interests of the State need fuller consideration and protection than seems evident in the case of some of the valuations already received. Under the Valuation of Land Act the unimproved value is defined as "the sum which the owner's estate might be expected to realize at the time of valuation if offered for sale on such reasonable terms and conditions as a *bona fide* settler might be expected to require," and I submit that this value should not be less than the prices which are being obtained for adjacent lands of similar character. You will have noted that it is stated that already some of the Crown tenants who are acquiring the fee-simple of their leaseholds are preparing to subdivide and offer the land in building-sites at an enormous profit, rendered possible by the advantages of the suburban railway service and the demand for suburban lands arising out of the rapid expansion of the city. I suggest for your consideration that it can never have been intended that the interest of the State should be sacrificed to put large sums into the pockets of Crown tenants through a process of speculation.

With regard to the second last paragraph of this letter, I regard the statements therein as uncorroborated and of no more value than I would attach to an auctioneer's advertisement. I replied in these terms:—

Referring to your letter of the 24th instant enclosing memorandum addressed to you by the Commissioner of Crown Lands, Auckland, in which he suggests that "the attention of the Valuer-General be drawn to the statement recently made public which appears to show that the Valuation Department has not given sufficient weight to the increase of suburban values that is taking place in the neighbourhood of Auckland," I have to state that I have seen the statements referred to and regard them of as little importance as I do the ordinary run of irresponsible statements which appear in newspapers under the shelter of anonymity.

I have already explained to you fully in my letter dated 24th February, 1913, the basis on which valuations are made under the Valuation of Land Act, and as clause (a), subsection (3), of section 59 of the Land Laws Amendment Act, 1912, provides that the valuations shall be made under the Valuation of Land Act, there can be no doubt that my duty is quite clearly defined.

Now, as to the increase in values that has taken place in Hetana Hamlet: To go back to the date of the acquisition of the settlement in April, 1902, the area purchased was 451 acres 1 rood