

34 perches, and the purchase price was £4,899—at the rate of £10 17s. an acre. The property has increased in value to £42 10s. an acre.

4. Is that the average value?—Yes. The average value per acre of the twenty-four allotments which the lessees have applied to purchase. That is the Department's valuation—£42 10s. an acre. In eleven years the average value of the property has gone up, according to our valuation, from £10 17s. an acre to £42 10s. an acre.

5. The comparison is between the value at which the Government purchased in 1902 and the Valuer-General's value in 1913?—Yes.

6. *Mr. Anderson.*] That is not the selling-value, of course—the actual market value?—£42 10s. an acre is what the Valuation Department estimates as the market fair selling-value. This is the average value, some allotments being valued higher and some at a lower price per acre. Each allotment is separately valued, and the value fixed is the sum on which the purchase price of the freehold is based. The *Auckland Star* states that the land should be valued at £300 an acre. That I regard as absurd. Assuming that the 306 acres not yet revalued are of the same average value per acre as the twenty-four sections recently valued, the total unimproved value of the settlement to-day is £19,187, an increase of £14,288 on the price the Government paid for the property—viz., £4,899.

7. *Mr. Guthrie.*] Is that your value?—That is our estimate of value based, as I have said, on the average values returned for twenty-four allotments of the estate, and it represents an increase in value of 299 per cent. from the date when it was purchased to about May, 1913—eleven years. The average increase in the unimproved value of the twenty-four allotments that have been revalued, containing a total area of 144 acres 3 roods 28 perches, from the values on which the rentals are based (£2,585, or £17 16s. 8d. an acre) to the special values fixed for the purposes of the Land Laws Amendment Act, 1912 (£6,165, or £42 10s. an acre), equals £3,580, or an increase of 138·5 per cent.

8. *Mr. Anderson.*] That is, from 1902?—Not necessarily, because in some instances the allotments which were taken up originally were forfeited and readvertised for lease, and selected again at various dates. The values on which some of the existing rentals are based were not therefore necessarily fixed at the original values. The average increase in the unimproved value of sixteen allotments in Hetana Hamlet from the date of the last revision of New Lynn Town District—31st March, 1912—to the date of the special valuation made for the purposes of section 59 of the Land Laws Amendment Act, 1912—31st May, 1913—a period extending to fourteen months, is 54·4 per cent.

9. *Hon. Mr. Massey.*] That is to say, the values increased by 50 per cent. in twelve months, practically?—That is so. I do not know of any place in New Zealand of the character of Hetana Hamlet—admitting the prosperity of the Auckland suburban localities—where fair values have increased more rapidly. Apparently New Lynn is the field of operations of a speculator if average values are in excess of 54·4 per cent. in twelve months.

10. One or more?—No doubt there is more than one concerned. At any rate, the impossible values quoted show that speculators are at work in and around New Lynn, and Hetana Hamlet is not very far from New Lynn. What is happening in the district is just what happened in Wellington suburbs when the land boom obtained a few years ago. Suburban areas within twelve miles of the city were affected. Now, with regard to the duty imposed on the Valuation Department by the Land Laws Amendment Act, 1912: The Valuer-General is required to return the capital value of the land. The responsibility of the Department begins and ends at that. But in making a valuation of capital value under the Valuation of Land Act I have by law to return the unimproved value and the value of improvements, these two items together making up the capital value. I furnished the Lands Department with the complete valuations, and pointed out to the Under-Secretary for Lands that as the Land Laws Amendment Act, 1912, does not make it obligatory that the Valuer-General's estimate of the value of improvements shall be accepted he could accept or reject the estimate. The Under-Secretary for Lands expressed no opinion on the subject during our interview, but he evidently decided that the Valuer-General's estimate of value of improvements should be accepted. I may point out here that in accepting the Valuer-General's estimate of the value of improvements the Lands Department has specially conserved the interest of the State. Under the Valuation of Land Act the lessee is treated less liberally than he would be if the Crown Lands Ranger's estimate of value of improvements were accepted, for this reason: that in the Valuation of Land Act the definition of "improvements" and value thereof differs from the definition in the Land Act. I know from my experience as Commissioner of Crown Lands that the Land Boards liberally estimate the value of a lessee's improvements. If, therefore, the Lands Department had chosen to reject the Valuer-General's estimate of value of improvements and had accepted instead the Crown Lands Ranger's estimate, the likelihood is that the interests of the State would have been prejudiced. For instance, suppose that the Valuer-General determined the valuation of a lessee's improvements at £300, and capital value of the property at £445, the unimproved value would be £145. Suppose, on the other hand, that the total value of the improvements on the same property as estimated by the Crown Lands Ranger is £350, that £350 would be subtracted from the capital value (£445), leaving an unimproved value of £95—i.e., £50 less than the unimproved value returned by the Valuer-General. Obviously, the lower the unimproved value the less the lessee would pay for the freehold.

11. The interests of the State would be depreciated?—Yes. The State has, however, been given the benefit of a doubt, as I have pointed out. Now, although I am not responsible for computing the purchase prices of the Hetana allotments, I have taken the trouble to check some of the purchase prices according to the method defined in section 59 of the Land Laws Amendment Act, 1912, and I find them correct. In this connection I would point out that the method of computing the purchase price laid down in paragraph (b) of subsection (3) of the Land Laws Amend-