

—There is nothing to warrant the assumption that the rent will be increased. The tenant in very many cases may profit to a greater extent by goodwill than the Crown will by the reversion and increased rental for the new term of lease. I know of cases in Canterbury where transfers have taken place during the term of lease at about three times the increased value of the land, and the amounts have been pocketed by the transferor.

118. But supposing that the value in the meantime did not increase and that £120 was the valuation at the end of the thirty-three years, it would mean that the value of his goodwill would decrease to that extent, and that consideration would enter into the present computation of the goodwill?—That consideration is taken into account in computing the interests of Crown and lessee. As the lease approaches termination so the interest of the lessee diminishes if the increase in the value of the land does not go up in value. But, as I said before, no one can say that land will go up or down in value. My own opinion is that the maximum must be reached before many years are over.

119. Would not that probably modify your previous statement that the man would secure the whole of that difference if he transferred his lease in the meantime?—Not in the least.

EDWARD MORGAN, District Valuer, Auckland, examined. (No. 2.)

1. *Hon. Mr. Massey.*] You have had considerable experience of the Auckland District?—Yes; I was born there, and have spent most of my days there.

2. How long have you been valuer for the Department?—I have been valuing permanently for six years, and temporarily for about nine.

3. For the Department?—Yes.

4. You have a personal knowledge of this land at Hetana—you went over it when you made the valuation?—Yes. I know it very well.

5. Will you tell us what distance New Lynn is from Auckland by rail?—Ten miles.

6. Is Hetana on the northern or the southern side of the New Lynn Station?—On the southern side.

7. What is your opinion of the quality of the land at Hetana?—Originally it was poor gum land, but there are certain patches of it that are better than the rest. It is land with a clay bottom. Parts are fairly loamy. It responds to good treatment, but naturally it will not grow anything in the way of useful vegetation. It requires manuring and farming well.

8. As a farmer would you care to make a living from it?—As an ordinary farmer, No; as a fruit-farmer, Yes.

9. You think it is fairly suitable for fruitgrowing?—Yes, more suitable for fruitgrowing.

10. Reference was made in the Valuer-General's evidence to the fact that adjoining land had been offered at £65 an acre. Do you know the block that was offered at £65 an acre?—Yes.

11. Were you called upon to express an opinion upon it?—Not officially.

12. Was the offer accepted by the Government?—I believe not.

13. Do you know the reason why it was not accepted?—I might perhaps make a statement with reference to that land which will explain the position as far as I know it. As far as my getting to know of any offer having been made of a particular block of land is concerned, it was on the occasion of my conferring with Mr. Skeet, the Commissioner of Crown Lands at Auckland, following a letter which was read by Mr. Flanagan in reference to the desirability of the Department getting information from the Lands Department. The information Mr. Skeet gave me was that a block of land had been offered to the Crown for the purpose of workers' homes at £65 an acre. While he was on the place he was shown various allotments in the neighbourhood of New Lynn which had been sold for varying prices. I quite understood that the people offering this land for sale followed the usual tactics adopted by anybody who has land for sale and pointed out various pieces of land here and there which had brought certain prices, indicating that their particular proposition was something exceedingly cheap. I have here a map of the piece of land which was offered to the Department at £65 an acre. This piece of land consisted of either 237 acres or 300 acres—I am not quite sure which, because the same people bought an adjoining piece of land, and I do not remember whether they offered the whole of the block to the Crown or whether it was the 237 acres. I am inclined to think it was the whole block of about 307 acres. The 70 acres lying nearest to the New Lynn Station was for sale at the time this district was last revised, and that was as at 31st March, 1912. The property was then for sale at £40 an acre. These people, with the idea that it was a good "spec," negotiated for it. They would not give the £40, but I understand they purchased it at £38 an acre. I am not taking this as a record from the Department's memoranda on the question, because it has not been put through; but it was stated by one of the members of the syndicate who bought it that they had purchased it at £38 an acre. That was 70 acres, and the part nearest to the New Lynn Station. The other part—the 237 acres—which joins on to the 70, but which is that much further away and goes down on to the Manukau Harbour, where there are some very good building-sites with water frontages—that was sold for £6,000, which works out at somewhere in the neighbourhood of £25 an acre. This was purchased during the early part of 1912—just about a year from the time I made my valuation. It was a part of the data which I had to go upon from our records at the time. That is the block which was offered to the Crown at £65 an acre, and, I believe, not accepted.

14. Have you any idea of the Valuer-General's value of that land which was offered to the Government?—For the 70 acres which were sold at £38 an acre—I am speaking from memory now—the valuation was somewhere about that figure.

15. Are the 70 acres north of New Lynn Railway-station or south of it?—South of New Lynn Station. The land in question almost touches the Hetana Hamlet, only it is on the Auckland side.