

purposes?—The lessees cannot tell what is in the minds of the arbitrators who fix these rentals—whether they are fixed on a basis of 5 per cent. or not. They might be dealing with a lower unimproved value.

33. Assuming that the arbitrators have fixed less than 5 per cent. as the rental upon the fair unimproved value, then it follows, does it not, that there must be something assessed under section 39 against the lessee for land-tax purposes?—Yes, under section 39; but I point out that the effect of section 39 is adverse to the real interest of the leaseholder.

34. Your objection is against section 39?—Yes.

35. You do not contend that either in respect to leases of lands, such as Corporation lands, or in respect to ordinary leases, the valuers have done anything else than follow the terms of the Act?—They have followed the terms of the Act as far as they must, but they have not gone as far as they might. There seems to be a discretion allowed to the Department, according to the Valuer-General's explanatory article in his "Memorandum for Valuers."

36. You say that the Government valuations are not fair for mortgage purposes?—Yes.

37. You are speaking there not as a leaseholder, but as a freeholder?—As a freeholder, and as one who lends money.

38. Do you not know that in, say, forty-nine cases out of fifty the valuations for mortgage purposes exceed the Government valuation?—I could not say that. I only know that in advancing money on mortgage I would not accept the Government valuation.

39. Is it not a fact that private valuations for mortgage purposes exceed those of the Government Valuation Department?—I cannot say; but I know if I put a private valuer on to value a property, productivity is taken into consideration, and I am not sure that that has been done in the case of the Government valuation.

40. You say that valuations are too high in Wellington. I will take a specific case. Do you know a piece of land next the Public Trust Office?—Yes.

41. Do you know the Government valuation of that land?—£130 a foot.

42. Do you not know that the owner places upon that land a value of £200 a foot, and offered it to the Public Trustee at that price?—Yes.

43. Do you know that the Public Trustee was prepared to pay £150 or thereabouts per foot?—I do.

44. Do you know that the owner refused £150 a foot?—Yes.

45. Do you know that when the owner refused £150 a foot and wanted £200 a foot, and would not sell for less, he at the same time obtained options over the adjoining pieces of land on the basis of £160 a foot?—Yes.

46. Do you say that in that case the Government valuer was wrong in assessing the value at £130 a foot, or that he valued it too high?—I do not say so in regard to that particular property.

47. Is it not a fact that that is really typical of the valuations along that particular street?—I would not say that. As the owner of that particular piece of land I thought I had a purchaser in the Public Trustee who would pay my price, and could afford to pay my price.

48. The Public Trustee offered you £150 a foot, or thereabouts, and you thought it better to build upon the land and let the property?—Yes. The position is this: We had leased a portion of the building we were erecting on that site. We had had previous interviews with the Public Trustee with regard to the sale of the property to him, and after we had commenced the building we had an offer from the Public Trustee to take over the contract for the building, to take over the tenant we had arranged for for the building, and to pay us £150 a foot for the land. But the price we had put on the land was £200 a foot, the Public Trustee to take over the contract and deal with the tenant. Had he paid the price he would have got an area exactly equal to what he has got at the present time. He could have paid our price of £200 a foot, and completed the building, and doubled his accommodation at a little more than half the cost of the present Public Trust Building here.

49. Do you not see that at the same time you were placing £160 a foot as your value upon land of the same value adjoining that same property?—No, I was not.

50. You took an option?—That does not mean taking the land. You have quoted the price I asked for this section; I did not get it.

51. If you had sold that property for £200 a foot would you have exercised your option and bought the adjoining piece for £160 a foot?—I do not know that I would.

52. What was your idea of taking an option at £160?—To submit to the Public Trustee as evidence of contiguous value.

53. At all events, you do not think that £130 a foot is too high a price to put on that land?—I do not know that I am going to make interest on it at £130 a foot.

54. Will it sell for it?—No doubt it would at £130 a foot.

55. Do you not admit that the valuers have valued it on a fairly uniform basis?—Yes; but I do not see how Section 31 comes in.

56. If you do not take any exception to £130 a foot for that particular piece of land, and the land has been valued on a uniform basis, where does the objection come in to the valuations?—Take the adjoining section that you quoted as being offered to me at £165 a foot. If you will give the return for that property I think the Commission will very soon be satisfied whether £130 a foot is a fair price for it.

STATEMENT BY THE VALUER-GENERAL.

The Valuer-General (Mr. F. W. Flanagan): I would like to make one or two observations on the subject of paragraphs (d) and (e) in the order of reference. Paragraph (d) refers to the Assessment Court. I had the privilege of accompanying the Commission to several districts in the Dominion, and I think almost every witness who tendered evidence made some observations with reference to the constitution of the Assessment Court. Any person not acquainted with the