

interest. The statement put before you by Mr. Tripp, showing numerous city properties that are not returning a fair return, is enough evidence that the unimproved value is too high. It must be admitted that some paid too high a price, but they are buying not only the present but the future value as well.

18. Is not your objection to the statute as it now stands?—To the definition of “value” as it stands in the statute.

19. You think it works out unfairly in practice?—It makes for a fictitious forcing-up of values, and when these prices are paid the security is no longer a 5-per-cent. security. I would call attention to the number of mortgagee sales that have taken place in Wellington in the last few years. Unfortunately, I have been interested in some of them myself, and in practically every instance the mortgagees had as much as they could do to get out of their securities without loss.

20. You and other witnesses have spoken about sales for special purposes and at fancy prices. Supposing those sales were properly discounted by the values—and they tell us in different parts of the Dominion that if they know of a sale that has been made at too high a figure they discount it—and the valuers go by the sales in the ordinary way, not by forced sales on the one hand, nor by fancy prices on the other: do you think that those sales ought to represent the taxable value?—I say the Department should go further than that, and show by the productivity of contiguous lands that they are able to justify the valuations they have put upon these properties.

21. You put it on the ground of productivity?—Yes.

22. The Act says they must go by sales?—I quite admit the Department is going by the Act. I do not criticize the Department, because I think they are administering the Act as they find it. It is the Act I am offering my criticism against. Take Dalgety's corner, for which they paid £200 a foot a few years ago. Adjacent there is a vacant section which has been in the market for a considerable time at the same price. On the opposite side of the road you have Routh's Building, on a Corporation lease, and as to the productivity of which you have had evidence from Mr. Tripp, showing that it does not justify a valuation of anything like £200 a foot.

23. What is the property that is for sale?—Turnbull's property, in Featherston Street. I say that Dalgety's was a special sale for their own special purposes. I do not think that a fair sale is a sale of a property to a firm or company for its own use, but a fair sale would, in my opinion, be a sale made to an investor for letting purposes with the object of getting a sure 5-per-cent. return on his investment in the property. That should be the fair test of the market value of city lands.

24. Is there any other matter you would like to bring before us?—Mr. C. M. Luke made a suggestion that section 31 should be extended to allow a lessee to have the right to offer his property to the Government at the unimproved valuation, and that the value of the improvements should be the subject of arbitration afterwards. In the main I approve of that, but the offer to the Government should operate in this way: that where a property is offered to the Crown the Crown should have the right to take over the property at the price at which it is offered to them, or effect a proportionate reduction between the unimproved and improved valuations until an agreement is come to for the acquisition of the property, or agreement by the owner to accept the Government valuation. Supposing my unimproved value is £5,000, and the value of the improvements £10,000: if I object to the unimproved value of £5,000 and require that it be reduced to £4,000, the Government should have an equal right to reduce my value for improvements from £10,000 to £8,000, and either take it over at my price or I must accept their reduced valuation. One reason why I put that forward is this: The Valuation Department is required to ascertain the capital value, and then to assess the value of improvements and the unimproved value, and the unimproved value and the value of improvements must total the capital value of the property. Seeing that the Valuation Department must deal specifically with the valuation of improvements, if that valuation is accepted by the owner the Valuation Department can have no right or reason to claim that in any acquisition of the property by the Crown their own valuation of improvements, as agreed to by the owner, should become a matter for revision by arbitration.

25. Where the landowner has not objected to the value of the improvements, but only to the unimproved value and gets a reduction, it should come off the unimproved value?—Precisely.

26. Mr. Campbell.] As a general thing, do freeholds in the town sell above or below the capital value?—There have been so few sales in the last few years of any consequence that it is rather difficult to express an opinion. I do not know of any sales that have taken place below the Government valuation, but I know of a great many that have been made round about the Government valuations, and which the present owners find they cannot make a profit out of at the prices paid.

27. Still, the properties sold at the Government valuation?—Yes, and unwisely, it seems.

28. Mr. Myers.] I suppose we may take it that you are really giving evidence both as a freeholder and a leaseholder?—Yes.

29. Do I take it that in your opinion a fair rental for a lease is 5 per cent. on the fair unimproved value?—It would depend entirely on the terms and conditions of the lease.

30. Do you not see that that is the very trouble that has arisen under the Corporation leases here?—Is it not a trouble that has arisen in the Valuation Department.

31. It is the fact, is it not, that the Corporation lessees, perhaps rightly, for all I know, contend that it would be unfair to compel them to pay 5 per cent. on the unimproved value of the land because of the peculiar terms of the lease?—Yes, because of the fact that they have not got a realizable interest.

32. It follows, therefore, does it not, that if less than 5 per cent. is fixed as the rental, under the terms of section 39 there must be an amount assessed against the lessee for land-tax