

properties have been purchased or are used for business purposes. Here, too, we consider that the demand at the time of valuation for business places in such a street should be taken into consideration, and that an owner should not have his residential property assessed as a business-site value unless it has really acquired that value. But where the demand shows that a property has acquired a business-site value, but the owner prefers to use it for residential purposes, it should be assessed by reference to the values of properties in the locality that have been purchased or are used for business purposes.

24. The ascertaining of the unimproved value of properties situate in strictly town areas does not, as a rule, present much difficulty, seeing that in such areas land is found to have a more or less fixed value per foot frontage, and the buildings thereon can readily be valued. But in farming districts the ascertaining of the unimproved value of land presents a more difficult problem, especially in areas in which land has been reclaimed from swamps or the soil has been improved by liming or manuring.

25. Land in some parts of Southland has been largely brought to its present degree of productivity by the expenditure of money and labour. The evidence shows that in some parts of this country the land is practically useless for agricultural purposes unless it is limed and manured, and some of the lands were originally swamps that have been drained by the efforts of the settlers. Complaints were made by witnesses from these districts that they were not allowed the benefit of these improvements, but that the soil was valued as it exists to-day, irrespectively of the money and labour expended in bringing it to its present condition. We deal with these complaints in a later part of our report.

26. We think it convenient here, and in especial connection with farming properties to examine the provisions of the Valuation of Land Acts that affect the finding of the unimproved value. The Valuation of Land Act, 1908, section 2, defines "capital value" as follows:—

"Capital value of land means the sum which the owner's estate or interest therein, if unencumbered by any mortgage or other charge thereon, might be expected to realize at the time of valuation if offered for sale on such reasonable terms and conditions as a *bona fide* seller might be expected to require."

The Valuation of Land Amendment Act, 1912, section 3, defines "improvements," "unimproved value," and "value of improvements" as follows:—

"'Improvements' on land means all work done or material used at any time on or for the benefit of the land by the expenditure of capital or labour by any owner or occupier thereof in so far as the effect of the work done or material used is to increase the value of the land, and the benefit thereof is unexhausted at the time of valuation; but does not include work done or material used on or for the benefit of the land by the Crown or any statutory public body, except so far as the same has been paid for by the owner or occupier either by way of direct contribution or by way of special rates on loans raised for the purpose of constructing within a county any road, bridge, irrigation-works, water-races, drainage-works, or river-protection works:

"Provided that the value of improvements made out of loan-moneys raised for the purpose of constructing within a county any road, bridge, irrigation-works, water-races, drainage-works, or river-protection works as aforesaid shall not exceed the amount of principal estimated by the Valuer-General to have been repaid by the owner in respect of any such loan by way of special rates.

"'Unimproved value' of any land means the sum which the owner's estate or interest therein, if unencumbered by any mortgage or other charge thereon, might be expected to realize at the time of valuation if offered for sale on such reasonable terms and conditions as a *bona fide* seller might be expected to impose, and if no improvements (as hereinbefore defined) had been made on the said land.