

been disputed—and if the cost of building has gone up—and it has never been disputed—the actual value of the land has gone down. What has been the result? The Court held, in spite of our evidence, that the valuations should be sustained. We think that the Court should have reduced the values. I am not quite sure what the percentage was, but I think the increase in the valuations went up to 50 per cent. There is one property I can remember distinctly—that is, Routh's Buildings. That is a corner site opposite Murray, Roberts's. In 1910 the rental being received was £2,533; to-day it is returning £1,649. That is the net rent received. If all the building was let, Mr. Harcourt recommends that the most that could be got is £2,100. That is the total rent that is being asked. And he was getting £2,533 in 1910. I took the case with Mr. Wilson. I asked, "Do you admit that those rents have gone down?" He said, "Yes, I cannot contradict your figures." "You admit," I asked, "that the cost of building has gone up. Do you say that people will give more for land to-day than six years ago?" His reply was, "Yes." "Why," I asked, and he replied, "Because people will pay more." That was all the evidence he had. Of course, our figures were to a certain extent startling to a number of people, because we showed that the value of land in the business area had actually declined. Certain properties have a particular value for some reason or other, perhaps because a certain business has been established for a long time on the site, and it has a special site-value which the owner has made; but if you go to sell a property a few yards from it you find that you would not get anything like the price that the other site commands. If you produce evidence of certain sales, that does not constitute the value of the land. We say, that to get at the true value of the land you must get at the producing-value. The next point is with reference to the leaseholder, and this only applies to lessees. Under the Valuation of Land Act the Valuation Department is compelled to assess the value of leases in an arbitrary way—that is to say, they find out what is their value of the land, and take 5 per cent. on that, and then say to the tenant, "What rent are you paying?" If he is paying less than 5 per cent. they deduct the one from the other, and say he has a goodwill in the land of that amount. I will show that that is unjust. The land is not valued on the producing-value, but the lease is. If a man is leasing land he must base it on the producing-value. When land is leased for sixty-six years the selling-value must not be gone into. The question is, what kind of building can be put up and what will it produce. What has been going on is this: The Government take 5 per cent. of the alleged freehold value and the leaseholder is paying rent on the producing-value, and the Government are taxing the owner on something he does not get. One case mentioned by Mr. Skerrett was that of Mr. Harcourt. Mr. Harcourt is a lessee on Lambton Quay. That was a case which was before the Arbitration Court appointed under the lease. Mr. Macintosh (of Dalgety's), Mr. Hannay, and Mr. Biss were the arbitrators, and Mr. Skerrett was acting for Mr. Harcourt. The duty of the arbitrators was to find out what was the value of the ground-rent of the property for a period of twelve years. We went into figures to show what the value was. Mr. Harcourt occupied the ground-floor, and the firm paid to Mr. Harcourt £600 a year ground-rent. The reason for that was that he took his son into partnership and insisted on his getting £600 a year. We produced evidence to show that that rent was a high rent, but would take it at that. All the rest of the space was let. Then we started to find out what would be the outgoings—repairs, depreciation, and so on. Our figures showed that all Mr. Harcourt should be paying was £3 a foot ground-rent. It might be, of course, that we were charging too much for depreciation, repairs, and maintenance. Our figures showed that the rent should be £3 a foot, and the Corporation claimed £15 a foot. We said we were going on the producing-value. Mr. O'Shea, City Solicitor, called evidence on the selling-value. Mr. Macintosh awarded £5 a foot. The Corporation was not satisfied, and appealed to the Chief Justice to try to upset the award, but His Honour ruled that the Court had no power.

2. The Judge said that if it had been the verdict of a jury it was liable to be upset?—Yes, he said that if it had been a case for a jury the Corporation had made out a strong case. But I need not go into that now. Here you have a business man like Mr. Macintosh, who was Chairman of Directors of the Bank of New Zealand, and is now superintendent of Dalgety's, and he fixes the rental at £5, which we said should be £3, and the Corporation claim £15. That rent of £5 is supposed to be the producing-value for the next twelve years. The Government come along now, and they assess the value at £275 a foot. According to Mr. Macintosh, Harcourt and Co. have no goodwill in the lease because the rental is fixed for twelve years. The Government fix 5 per cent. of £275. They find out that Mr. Harcourt is paying £3 a foot, and they deduct the one from the other, and say, "You have so much goodwill in the land." In this arbitrary way Harcourt and Co. will be paying a large land-tax, yet, according to Mr. Macintosh and according to us, he has no goodwill in the land at all. He is paying the full ground-rent, and if he wanted to sell to-morrow he would find a difficulty in getting any goodwill. Therefore we say the Act should be altered to provide that the lessee shall pay land-tax on the goodwill of the lease. It will then be the duty of the Government to find out what the goodwill is. There is another point in connection with that which is most important, and that is that the Act should be altered so that the valuers have to consider the lease. A lease may be a very burdensome lease. As it is now, a man has to pay land-tax on a burdensome lease, and I can give an instance. Mr. George has a lease on Salamanca Road, from the Hospital Trustees, I think. It is a lease of a fairly large area of land, but he is only allowed to put one building on the land. The land has gone up considerably in value, and it is suitable for several buildings. He applied to his landlords for leave to erect one or two additional buildings on the land. They would not consent, and gave as their reason that they thought Mr. George had got the land too cheap, and said that if he wanted to put up more buildings he must pay more rent. Mr. George said that that was grossly unfair, as he had the lease for