

a number of years. According to the Land-tax Department, they have to take 5 per cent. on the freehold value of that land, and say to the lessee that he has that interest in the land. It is not so, because he cannot make use of the land. If you were going to buy that lease you would consider it only from the point of view of accommodating one building. According to the Department, he is credited with an enormous value in the land which he does not possess, and which does not exist. There is just one more point, and it only applies to leaseholders. The Act now provides with regard to freeholders that if the value is too high an owner can, under section 31 of the Valuation of Land Act, 1908, give notice to the Government to take over the land. That is some safeguard. That is exempted in the case of the leaseholder. He has to grin and bear it. If the value is fixed at an unjust price it must be accepted. The leaseholders suggest that in their case it is only fair that they should have an appeal to some one, and they suggest that they should have an appeal to the Supreme Court. There is another point that has just struck me. It is with regard to section 32, I think, of the Valuation of Land Act. Take Skerrett and Wylie's building on Lambton Quay, opposite the Dresden [Bristol] Piano Company. I think the Government valuation was £325 a foot, and the valuation of the building £5,000. Messrs. Skerrett and Wylie said that the unimproved value was not more than £275 per foot. There was a difference of £50. The Assessment Court upheld the Government's valuation of £325 a foot. Mr. Skerrett then gave notice to the Government to either reduce the assessment or take the property over at his valuation. The Government claimed that under section 32, any reduction made was to be made proportionately on the valuation for improvements and the unimproved value. We say that if that is the law, it is grossly unfair. Why should we be again compelled to go to the Assessment Court to assess the value of improvements when they have already been agreed upon by both sides. We accept the £5,000 for improvements, and then because the Government say that they have valued the land too much by £1,000 they claim that under the Act they can take that £1,000 proportionately off the improvements and off the land, and if the owner does not agree he can go back again to the Assessment Court. We say that that is unfair. We are only fighting about the unimproved value, and if the Government do not agree they should take it over at their own value.

3. Does not section 32 apply to the reduction of the assessment by the Court?

*The Valuer-General* (Mr. F. W. Flanagan): The position we take up is that the Assessment Court fixes the unimproved value as well as that of the improvements, and that the amount of the decrease in the capital value should be proportionate as between the unimproved value and the value of the improvements.

*Witness:* We admitted the improvements; we were only fighting about the unimproved value.

*The Valuer-General:* If we did not take up that position it would be possible for some owners to make their unimproved interest almost nil. Especially would that be so in the cities.

*Witness:* We had agreed about the improvements, and we say it is not fair to send us to the Assessment Court again, and run the chance of improvements being cut down.

4. *The Chairman.*] Did you go back to the Assessment Court?—We have to go back next month.

5. We have before us what the Act of 1912 says, “‘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.” So that where the valuers say they have to go by the assumed selling-value they are going by the Act?—That is so.

6. How could the question of valuing according to productivity be worked on the basis of the unimproved value?—We say, that to arrive at the unimproved value the only possible way is to find what the land will produce per annum if it has suitable buildings on it. It really comes down to the same as farming land. There is land in a city which is not built upon, and will not be built upon for some time, and which it is difficult to assess the value of. But in regard to land on which there are buildings, we say that if those are proper buildings the Valuation Department should find out what the productivity is.

7. Supposing there are two pieces of land adjacent to each other, and we will assume they are of equal value, but one has a building on it and the other has not: according to the Act the two pieces of land should be valued exactly the same as regards unimproved value, yet according to your view the productivity should be taken into account in the one case and not in the other?—No. In that case we say the Department is entitled to say to the owner of the vacant land, “You should be able to build such-and-such a building on that land and let it, and if you do not make use of the land you must pay the tax.” And the taxation on the two sections should be the same.

8. Then, your point is that it should not be the actual productivity but the possible productivity?—Yes, that is so.

9. What procedure would you suggest for appointing the owners' representatives on the Assessment Court—election, or what?—I really have not thought that out. It might be by the Chamber of Commerce, or some other representative body.

10. *Mr. Campbell.*] A meeting of ratepayers might appoint the assessor?—Yes, something of that sort.

11. You mentioned about a building which your clients valued at £3 a foot, and which Mr. Macintosh, who was an expert and thoroughly competent, valued at a considerable increase: how did you arrive at the value of £3? Had you valuers to value it?—Yes. I have a copy of the letter written to the City Council by Harcourts' about this lease, and in that letter were set out some of Mr. Harcourt's figures.