

3. You make the improvements, then, about £550?—Yes, but I have not tried to make them all up. What I want to emphasize is that no man living knows what the land was originally. No one knows what it cost to clear it and how much rock was taken out of it. No one knows how much manure was put into it. The whole thing seems to me to be guesswork, and the valuer is assessing a thing he cannot see. Mrs. Boyes's section (34) is assessed at a capital value of £1,000, and I do not consider it too high. The unimproved value is put down at £750. That is the value upon which rates are levied, and I say that £750 is absurdly high. It leaves £250 for improvements. I believe I am right in saying that £250 could easily be made up by improvements on the land itself, because it has been trenched to a depth of something like 3 ft. It has been manured with many hundreds of loads of manure, and it has been improved to such an extent that during the last winter it actually carried two cows to the acre, with very little help out of the garden at the house. On the property, apart from fences and hedges, which are worth something considerable, there is a house which is insured for £200, and certainly is worth more than that, and a large shed which is certainly worth £50, as well as various other things. So it seems to me that £250 for improvements is really absurd. Section 33, on the opposite side of the road, belongs to Mr. Arthurs, who also has another section of 5 acres. The capital value appears at £720 and the improvements at £20, leaving an unimproved value of £700. I have not the least hesitation in saying that the fencing alone covers more than the £20. The clearing of the ground in the first instance would run into more than £20; the improvement it has had with manure comes to over £20, and the improvement it has had with cultivation comes to over £20. Probably the taking of rock out of it ran into over £20, and there are buildings on it. The residence is a poor one, certainly, but there is a family living in it, and there are one or two sheds besides. Yet the whole value of improvements is put down at £20. The point I want to emphasize strongly is that the trouble seems to be with the unimproved value, not so much with the capital value, and that the unimproved values are things that the ordinary valuer can simply guess at, and nothing more.

4. *Mr. Campbell*: You said that the fairest way of taxation would be on the rental value. How would you work out the rental value?—Probably most properties in Otahuhu, as well as elsewhere, are rented, and the annual rental is easily ascertained.

5. We are considering the general question, not particularly with respect to Otahuhu. You know that not more than 10 per cent. of the country is rented?—The annual value is taken as the basis of taxation in some boroughs. It seems to me that the rental value is more easily ascertained than the other.

6. Without having the value of the land, how would you arrive at the rental value?—The valuer simply estimates what the property is worth for the year, instead of estimating what it is worth in the market for sale.

7. *Mr. McVeagh*.] In Miss Rivers's and Mrs. Boyes's cases, were objections made?—I do not know.

#### EDWARD MORGAN examined.

1. *The Valuer-General*.] What is your official position?—I am district valuer under the Valuation Department. I value the suburbs of the City of Auckland. I am familiar with the values of Otahuhu more than with the values of the nearer suburbs.

2. You are familiar with the unimproved values fixed?—Yes.

3. Do you consider them fair?—Yes.

4. What system do you follow in fixing the unimproved value of a district you are called upon to revise? Do you accept sale values?—Not as an absolute basis. The sale is only taken on its merits. We make inquiries about sales to find out if they are an exchange, as many high sales are. We do not take notice of exchanges. We quote them sometimes unconsciously, but any record we have—be it sale or exchange—if it seems to us to be excessively high, we make due inquiries to discover various things. A man not knowing a district, and not stopping to make inquiries, might give a price in excess of the standard value of land in the district. It would be manifestly unfair to take a sale of that kind as the standard of the value of the rest of the land.

5. One of the instructions to valuers is that there shall be uniformity of unimproved value?—That is so.

6. In other words, when land has equal position and equally advantageous characteristics there is to be equal value?—Yes. Of course, in this particular case I did not happen to be the valuer who valued this district for this last assessment; but the valuer conferred with me with reference to some of the larger properties. I valued the district in 1911, with Mr. Mackenzie's assistance. I took the responsibility of it. This year Mr. Mackenzie took the responsibility of the work, but we consulted with regard to some of the larger properties round about, particularly where they had more of a farming value.

7. What was his reason for consulting with you?—In the first place, it is my district, and he was doing it to relieve me because I had so much work elsewhere; and, knowing that I knew the district well, he naturally consulted me to get my opinion regarding the larger properties, particularly having regard to my knowledge of farming. There are places in this district which, although all have a suburban value, are not suitable to cut up into small building lots; and consequently we had to take the using value partly into consideration, and it was to make himself quite safe in putting his values on these properties that he consulted me. To ensure having a fair and equitable valuation was his reason for consulting me.

8. Have you a list of sales that have taken place in Otahuhu?—Yes; I have the list to date. We do not necessarily take a single sale as a basis, but, as the law provides that land shall be valued according to how it will sell, we naturally must get all the available data which there is in reference to sales, for the purpose of finding out the public estimate of land in a particular locality, and we keep