

that the valuation is fair. If this is done, we consider that the test so applied is not a true one. The Valuation of Land Acts speak of the sum which the property might be expected to realize if offered for sale, and not of the sum at which the owner is prepared to sell it. The property may be the objector's home, and he might well not be prepared to sell it at even what he considers an excessive valuation. The case is the stronger in country districts, where the owner has sunk his all into a farm, which provides employment for himself and members of his family.

18. Under the present law the burden of proof lies upon the objector, so that the Department's valuation has to be sustained unless the objector can satisfy the Court that it is excessive (Valuation of Land Act, 1908, section 16). Witnesses have suggested that either the onus of proof should be on the Department, or that there should be no onus on either side. We think, however, that the onus of proof properly lies with the objector, and cannot therefore recommend any alteration in the law in this respect.

PRINCIPLES OF VALUATION.

19. We have the honour further to report that we have taken into consideration the evidence adduced before us that an excessive proportion of the capital value of properties is attributed to the unimproved value thereof, with the consequence that property-owners are allowed an insufficient sum for their improvements. Land-tax is payable on the unimproved value, and in some districts the local rates are also levied on that value. Therefore as regards land-tax, and, in some cases, local rates as well, the value of the improvements upon the land is in the nature of an exemption from taxation.

20. Taking the evidence generally, we find that comparatively few complaints have been made that the capital value of properties has been excessive. Indeed, we have heard a considerable amount of evidence to the effect that sales have taken place above the capital values as arrived at by the Valuation Department or fixed by the Assessment Courts.

21. The task of dividing the capital value of properties as between the "unimproved value" and the "value of improvements," as respectively defined in the Valuation of Land Acts, is by no means easy, and is apparently one that falls to the lot only of the Department's valuers. The Acts do not prescribe any method by which the adjustment in question is to be made, and the evidence shows that different methods are employed by different valuers. Speaking generally, we consider that the evidence as a whole shows that in a number of cases the complaint that an undue proportion of the total value of properties has been attributed to the "unimproved value" has been well founded.

22. One ground of complaint under this head has to do with the valuation of lands situate in or near boroughs, and that have been subdivided into allotments for building purposes or are in proximity to lands that have been so subdivided, but where land has been subdivided in advance of the market for building allotments. It sometimes happens that a few only of the allotments are sold, and the rest of the land continues to be used for purely agricultural or pastoral purposes. In such cases owners have complained that the land has been valued somewhere near the prices that have been obtained for the few lots that have been sold. We think that in these cases the valuer should take into consideration the state of the market for building lots as existing at the time the valuation is made, and that land which then is used for purely farming purposes should not be valued on any other than a farm-value basis, unless there is sufficient existing demand for building lots in the vicinity thereof to warrant a higher valuation. Under other headings of this report we shall respectfully recommend to Your Excellency that revaluations be made of certain properties as regards which we are of opinion that considerable doubt exists upon the evidence as to whether the unimproved value has not been overstated.

23. Closely allied to the foregoing case is that of streets in towns the properties in which are mainly used for residential purposes, but in which a few