GENERAL EVIDENCE

THE JAPANESE PROPERTY CLAIMS COMMISSION.

B E F O R E

(THE HONOURABLE MR. JUSTICE H. I. BIRD, - COMMISSIONER).

Vancouver, B.C.,

December 1st, 1948.

PROCEEDINGS AT HEARING

(Pages 316 - 396)

Barnett cross. contd 316-383
Re-exam 384-396

The Commissioner.

Vancouver,B.C.,

December 1st, 1948, 10:00 A.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

IVAN TEMPLIN BARNET, resumed the stand and testified further as follows:

MR. McMASTER: Mr. Secretary, do you have the appraisal there in Case No. 828?

CROSS-EXAMINATION CONTINUED BY MR. McMASTER:

Q Mr Barnet, in placing a value on the land in these appraisal reports, there were two major types of land or divisions that were valued, one was the cleared land, mostly land that was in crop, and the other was the area which could be cultivated after a reasonable amount of clearing of timber, stonage, drainage, etc., and I am using the appraisal in Case No. 828 just as an example, and in a good number of the cases there was a value placed on cleared land and a value placed on uncleared land, and in placing the value on uncleared land the appraisers referred to the cost of clearing.

Now, in this particular case I see that some of the land would cost $50.00 to clear, and some of it, according to the appraisers' estimates, would cost $150.00 to clear. In a good number of other cases the cost would run from somewhere around $200.00 to $250.00 an acre.

Can you explain to the Commissioner, Mr. Barnet, how it is that cleared land in crop is

worth $75.00 an acre, according to this appraisal, and uncleared land, which will cost $150.00 to clear, is worth $10.00 an acre? In other words, after you spend $150.00 to clear a lot that is already estimated as worth $10.00, it is only worth $75.00 an acre. Can you explain that, and that is assuming there were no crops on it?

A The cost of clearing land may exceed what the land will normally sell for, after it is cleared.

Q Do you suggest that it should exceed the value of the land after it is cleared by the amount that is shown in this appraisal?

A Yes. Some times land is very expensive to clear, and if someone goes ahead and clears it, the cost of doing so will be more than the land will be worth when it is cleared.

Q Is it usual that it will be worth half as much as what it cost to purchase the land and cleared, and to clear it?

A Well, it will depend on the type of soil afterwards. Some people will go ahead and clear gravelly land that has very little value after it is cleared.

Q Yes. In that case, the type of soil on the uncleared land is described as the same type of soil as in the cleared land, is that not correct?

A He says up here that the cleared land is like sandy clay, which would indicate that the owner, or whoever cleared this land, cleared the best land first. Now down here on the uncleared land,

it is shown as sandy and gravelly.

Q And the loam is the same?

A Yes.

THE COMMISSIONER: Q: What that comes down to, as I understand it, is the cost of clearing depends on the relation to the value of the land, once it is cleared. A: No, not necessarily so.

MR. McMASTER: Q: I haven't an appraisal in front of me, but supposing, Mr. Barnet, that the land in the cleared portion and in the uncleared portion is described as being exactly the same, would you expect that after claaring, the cleared land would only be worth half of what it costs to acquire uncleared land, and to clear it?

A Well, you see, he says here --

Q Well, in this case this is different, but supposing it were the same type of land.

A Would you mind repeating your question?

Q Supposing it was the same type of land with the cleared land as with the uncleared land, would you say that after you had acquired the land at thevalue given given by your appraisers and had cleared it at the expense that they state, that the land then cleared would only be worth half the cost of acquiring the uncleared land and of clearing it? A: Yes, it would only be worth half.

Q You think invariably it would be worth only half?

THE COMMISSIONER: Is that not obvious, from the question

as I put it to the witness, that the two bear no comparison at all? In other words, a great portion of our forested areas are not economically worth clearing.

MR. McMASTER: Q: Would you suggest, then, witness, that where you have a farm in the Fraser Valley with part of the area cleared, that if the soil were the same on the other part it wouldn't be worth clearing it?

A Not necessarily so. It all depends on the type of soil, the cost of clearing, the location and so on.

Q Now, you describe on your appraisal form two types of areas, one which can be cultivated after a reasonable amount of clearing, and then you have a description of an area unsuitable for cultivation. I assume when you deal with an area that can be cultivated, you are dealing with an area that is reasonable to proceed to clear for the purposes of cultivation?

A Yes. You can break it into two categories there. There might be uncleared land with gulches in it and rolling land or very wet, and it wouldn't be suitable for general agricultural purposes when cleared. There are other types of terrain that, if cleared, might be suitable for farm purposes, and so on.

Q In the third appraisal I drew to your attention, the opinion was expressed that all of the uncleared land was suitable for cultivation.

A Yes, it can be cultivated.

Q Yes. Actually, in those cases where there was land that was incapable of cultivation, the amount allowed by the appraisers was practically nil, is that not correct? This appraisal doesn't show any in this fourth type of land.

A No, it doesn't.

Q But in the appraisals where it did show land of a nature unsuitable for cultivation, practically no value was given to it in the other appraisals?

A As a rule I wouldn't expect much value to be put on land that comes down into this category.

Q Isn't it true that cleared land can only be bought cheaper than uncleared land, plus the cost of clearing, when cleared land is in plentiful supply? A: Oh, not necessarily so.

Q I beg your pardon? A: Not necessarily so. The cost of clearing, again, may vary at different times.

Q Yes, but, Mr. Barnet, when there is a short supply of cleared land, surely you would agree that the value of uncleared land would be much higher?

A It might be somewhat higher, but not necessarily so.

Q On what do you base that opinion?

A Some people are only interested in cleared land. Other people, who might want to get settled in that district and didn't have the money to buy cleared land, might buy uncleared land and under-

take to clear it.

Q Now, would you say on the whole that your appraisers minimized the cost of clearing land in the Fraser Valley? A: Well, I can't say in every case. That would be something that the appraiser himself would know.

Q I didn't say in every case, Mr.Barnet, I said on the whole.

THE COMMISSIONER: Is this not a matter that you might better take up with the individual appraisers? After all, if the witness gave them any instructions in a matter of this kind, it is a proper question to put to him, but I do not see that it is, otherwise.

MR. McMASTER: It seems to me the witness expressed some opinion with regard to this the other day in giving his evidence, in stating why his values were slightly lower than the values of the appraisers.

THE COMMISSIONER: I have no recollection of it. You may be quite right.

Q You have heard what counsel has said, Mr. Barnet, have you? Did you express such an opinion earlier in your evidence?

A Yes. In a general statement, I expressed the opinion that particularly where it was a fairly big acreage and the biggest part of that acreage might be still in bush, that in that type of case some times I would reduce it or express an opinion that it was worth less than what the

appraiser put on it.

Q That is to say the bushland was worth less?

A Bushland.

MR. McMASTER: Q: Mr.Barnet, would you agree that actually in most areas of the Fraser Valley the cost of cleaing runs from $200.00 to $400.00 an acre? A:Yes, I think it will in many areas, much depending on the way that a man may go about clearing.

Q Are you familiar, Mr.Barnet, with the publication of the Agricultural Department, Circular No. 44: "Some Facts about British Columbia, Canada", prepared under the direction of the Hon.Frank Putnam, Minister of Agriculture, and revised in 1945?

A No, I am not.

Q I draw your attention to the statement on page 39 of the report, where it refers to the lower Fraser Valley and coast districts, dealing with the cost and methods of clearing bushland in British Columbia. Would you agree with the statements contained in paragraph 2?

THE COMMISSIONER: What are the statements?

MR. McMASTER: I will read paragraph 2:

"2. The Lower Fraser Valley and coast districts. Land which is not swampy . . . . . a good or finished job."

THE COMMISSIONER: The author of that article is apparently referring to clearing operations conducted on a grand scale, rather than clearing operations conducted byan individual.

THE WITNESS: Some farmers, who are short of funds, in order to get pasture may clean up a little bush and seed it down and leave the big stumps for a period of years.

MR. McMASTER: My lord, actually I think, referring to the whole pamphlet, it constitutes advice by the Agricultural Department to settlers in the area, so it would hardly be widespread clearing such as the nature your lordship suggests.

THE COMMISSIONER: We are all familiar with the program that has been undertaken by the Department of Agriculture in recent years to put out clearing crews to undertake clearing on a per acre charge.

Q I am right in that, am I not, Mr. Barnet?

A I thin, your lordship, that actually they bill the farmer at so much a day, depending on the size of the machine and the number of men working.

In other words, as I understand it, they leave it largely to the farmer to say how much he wants cleared, or to what extent he wants it cleared, but I don't think they take an actual contract to clear a certain acreage at a certain figure.

Q But there have been clearing crews with fairly big equipment operating throughout the province, have there not, in recent years?

A Yes. The Provincial Government have several of those crews operating throughout the province.

Q You say they operate on a rate per hour basis, do they? A: That is my

understanding.

MR. HUNTER: My lord, I don't wish to doubt the veracity of this pamphlet, but some of these -- I have seen too many Government publications that are put out to rather than help people, to lure people.

I think before any facts in this book should be accepted as sound, or true, they should be proven. The mere fact that the Government has printed something doesn't necessarily mean it is infallible.

THE COURT: I think you are quite right.

MR. McMASTER: I will ask the witness, then, for his opinion on what the Government has printed. I will, in due course, call evidence to show it is in accordance with the facts.

THE COMMISSIONER: You are free to face the witness with these statements contained in the Government publication, and ask his opinion of them.

MR. McMASTER: Q: Now, Mr. Barnet, referring to page 38, under "Cost and Methods of Clearing Bush Lands in British Columbia", would you agree with the statement on that page, which reads as follows:

"At the present time in the southern . . . . . and a good team."

Now, do you agree with the opinions expressed in that paragraph?

MR. HUNTER: My lord, I think that if we are going to ask the witness his opinion on these things, if he is considered to be an expert witness on

these things, then he should be asked about them sentence by sentence, fact by fact. After reading a long paragraph, how can you ask him to agree with it, or disagree with it?

THE COMMISSIONER: It is stretching it, somewhat.

MR. McMASTER: The witness has a copy of it in front of him.

THE COMMISSIONER: I appreciate that, but there may be some parts of the paragraph with which he agrees, and there may be others with which he disagrees.

MR. McMASTER: Q: Well, dealing with the first sentence: "At the present time . . . . . or undeveloped land." Would you agree with that?

A Yes, that is generally agreed to.

THECOMMISSIONER: Q: What it comes down to is it is better to take the cost as you know it and face it, rather than gamble on it?

A Rather than take your chance on the estimated cost of clearing the uncleared land.

MR. McMASTER: Q: Do you agree with the reason that appears in the next sentence: "The gain in time in producing a marketable crop more than offsets the extra cost of the higher-priced land."

A Of course, if the writer here means that by buying cleared land, and I think that is what he must mean, that he can get a crop off it, likely, right away, whereas if he takes uncleared land he may have to wait some years.

Q I suggest to you by the first sentence what the writer is saying there is that it is advisable

for an intending settler to buy a piece of land that is partly cleared and partly uncleared, rather than to go and buy entirely uncleared land?

THE COMMISSIONER: Does that not make sense? He has a productive area.

A Yes. He has something to go on with.

MR. McMASTER: Q: Do you agree with the suggestion in those first two sentences, that uncleared land which is part of a farm partly cleared and uncleared, that it will cost more to buy that uncleared land in an entirely uncleared area -- in an acreage of 5 acres partly cleared -- that the uncleared portion will cost him more to buy if you buy 5 acres partly cleared than if you buy 5 acres entirely uncleared?

MR. HUNTER: My lord, is that Mr. McMaster's suggestion?

MR. McMASTER: I am suggesting it.

THE COMMISSIONER: I am wondering how any of this is going to be particularly helpful to me. After all, I have to reach a conclusion as to whether the fair market value was realized here, or not, and all this academic discussion about the cost of clearing and so on is not going to be very helpful.

MR. McMASTER: My submission will be that it enters into the question of values that would be placed on cleared land, and also the values placed on uncleared land, whether that farm is operated on partly cleared land as against a case where

it is entirely uncleared.

THE COMMISSIONER: Well, I am not stopping you, Mr. McMaster, but on the basis of it, it appears to me to be waste mostion.

MR. McMASTER: Q: May I put it this way, Mr. Barnet: Did you consider that uncleared land which forms part of a farm, has a greater value than uncleared land which has no cleared land associated with it?

A Not necessarily so.

Q Would you say in most cases that it would?

A No, I wouldn't say it would.

Q Would you say in most cases that it wouldn't?

A No. So much depends on the buyer and seller.

Q Now, Mr. Barnet, yesterday my understanding was, when we were reviewing certain of the appraisals where there were chicken houses on the premises, that you suggested that people were moving out of the poultry business in 1942 and 1943.

A Yes, I had remarked, if I remember rightly, that by Provincial Government statistics our poultry population was going down.

Q I refer you to page 22 in the circular which you have in front of you, to the production figures for poultry and eggs for 1941, 1942 and 1943. In the middle of the page there is a chart there, and I draw your attention to the fact it shows the total value produced in 1941 was --

MR. HUNTER: Where?

MR. McMASTER: In British Columbia.

MR. HUNTER: We are talking about the Fraser Valley,

aren't we, my lord?

THE COMMISSIONER: Yes.

MR. McMASTER: I think, my lord, that the pamphlet will indicate, and I think your lordship can take judicial notice of the fact, that the poultry business in British Columbia is primarily centered in the Fraser Valley.

THE COMMISSIONER: I think that is so.

MR. McMASTER: I refer to these production figures and for 1941, the total production was $6,576,000.00, and in 1942 it was $8,806,000.00, and in 1943 it was $11,493,000.00.

MR. HUNTER: My lord, I wonder if my learned friend could give the produce not in dollars? Prices were rising.

MR. McMASTER: Well, the figure here doesn't indicate that, my lord. I had understood my friend the other day to say farm produce wasn't rising in 1942.

THE WITNESS: No. What I said, if I remember correctly, was that the poultry population was going down. That is, the total number of birds being carried.

MR. McMASTER: Q: Does that seem to you consonant with the total value produced, jumping from 1943 by $3,000,000.00?

THE COMMISSIONER: I think, as your friend has pointed out, Mr. McMaster, the price of the product, if there was a rise in the price of it, would make a very great difference.

THE WITNESS: You might have a greater dollar value

for less commodities.

MR. McMASTER: Q: Are you saying it did rise? Are you saying the price ofpoultry and eggs was on the increase in 1942 and1943?

A Yes. I believe the price of poultry and eggs in 1943 would be higher than in 1942.

Q And would 1942 be higher than in 1941?

A I don't expect there would be very much difference in those two years.

Q So, what do you say about the increase of over $2,000,000.00 between 1941 and 1942? Did that indicate to you there was a reduction in production between 1941 and 1942?

A Well, no, not according to these figures here.

Q Have you any figures that throw any doubt on these figures, or any information?

A Well, the bulletin that I had is another bulletin issued by the Provincial Government.

Q Can you tell me what bulletin that was, or in what year it was published?

A Well, the Provincial Government publish every year a statistical return on crops.

Q So, your source of information is the Department of Agriculture of the Provincial Government?

A Yes.

Q And that is the source of this information. These appraisals that were made, were made in 1942.

A Yes.

Q Just before leaving that subject, Mr. Barnet, I draw your attention to the sentence immediately

above the schedule on page 22:

"There has been a big increase generally in the poultry industry in recent years, as the following table shows:"

I take it you disagree with that.

A Yes, if the figures that I have in my mind are correct.

MR. McMASTER: I would ask to file this pamphlet, my lord, as an exhibit.

THE COMMISSIONER: Well, you have quoted it. If you are under any delusion that I am going to read all these exhibits, you better disabuse your mind of it now, because I am not.

MR. McMASTER: I am not, but I may wish to draw your lordship's attention to certain parts of it.

(PAMPHLET MARKED GENERAL EXHIBIT NO. 66)

THE COMMISSIONER: What is the pamphlet called?

MR. McMASTER: "Some Facts about British Columbia, Canada," published by the Agricultural Department, Circular No. 44, revised edition, 1945.

Q Now, Mr. Barnet, when it came to the negotiations for the sale of these Japanese properties to the Custodian, you attended with your Regional Committee at a meeting with the Custodian's Committee, is that correct?

A No.

Q Do you say you were not at a meeting on May 24th, 1942, with the Custodian's Committee?

A No.

Q My recollection is, although I may be mistaken,

that Mr. Shears referred to the minutes of that meeting, and those minutes showed you were there. You deny you were there, do you?

A I wasn't at that meeting.

Q Were you at any meetings of the Rural Advisory Committee of the Custodian?

A No.

Q At page 112 of the Public Accounts Reports, Mr. Barnet, Mr. Shears refers to the meeting of May 24th, 1943. I am sorry, I said 1942 before. Were you at any meeting of this Rural Advisory Committee in 1943?

A No.

Q According to Mr. Shears' evidence before the Public Accounts Committee, he states,"The members of the Regional Committee . . . . . .in order to make them habitable."

Do you know whether that statement was made to the Advisory Committee of the Custodian?

A I don't know. I wasn't there.

Q Was that your opinion, at the time, in 1943?

THE COMMISSIONER: Was what his opinion -- that the soil values were petering out?

MR. McMASTER: First of all, that 10% of the lands only were low lying lands, and that the high lands, the soil values were petering out.

THE WITNESS: Well, I presume that they have reference that the 10% of low lands would likely be lands that were within dyking areas, and the high lands would be what we commonly call here benches,

or bench lands, outside of dyking areas.

Q Do you agree that the high lands that are referred to there of the Japanese properties that their soil values were petering out?

A Many of them had followed intensive farming, or agriculture, on small acreage, which meant that year after year the same crop was being grown, and if no barnyard manure or green manure was being put back in, the humus content of the soil would likely be getting low.

Q Did you assume that the majority of these Japanese farmers who had uplands were not using cover-crops and reotating their soil?

MR. HUNTER: Did he assume, when?

MR. McMASTER: Q: At the time these appraisals were made, and at the time that this sale was negotiated with the Custodian.

A Well, I don't think that by any means all of them would be using cover-crops.

Q Do you arrive at that opinion on the basis of your own observations, or on what basis?

A General observations.

Q What occasion did you have to examine these lands of the Japanese?

A Well, I have been up and down this Valley for the last 25 years.

Q Yes. Did you have occasion to examine the land and the practices of the Japanese in carrying on their farming, in the course of your normal duties? A: Yes, I have seen

them farming.

Q You have seen them farming from where -- the roadside? A: No, I was often on the properties.

Q In what connection would you be on their property?

A I saw a number of the properties when this appraisal was taking place.

Q At the time the appraisal was taking place?

A Yes.

Q But prior to the appraisal taking place, did you have any knowledge of their methods, from actual observation? A: Yes.

Q In the course of your duties, or otherwise?

A And otherwise.

Q And how many of the Japanese farms would you say you have had an opportunity to observe as to their methods of cultivation, prior to this appraisal taking place?

A Well, in our own work I was up and down theValley.

Q Now, this statement says that it was also stated that an average of several hundred dollars would have to be spent on the various houses in order to make them habitable. Were you of that opinion at the time the sale was negotiated with the Custodian? A: Yes. I realized that much money would have to be spent on them.

Q To make the houses habitable, is that dorrect?

A To make the houses habitable for the average run of white people, under normal conditions.

Q Now, according to the appraisal reports, the

appraisers were supposed to report on whether the dwelling was habitable or not, is that correct?

A Well, I think there is a question in the appraisal.

Q Yes, and that question is: "Is the dwelling habitable after repairs?" Does that mean habitable for a white man to live in, after repairs?

A Some people might live in them, but others wouldn't.

Q Well, what was intended by the question?

THE COMMISSIONER: Q: Were the things you were looking for in submitting that question to your appraisers -- did it relate to white occupancy, or Oriental occupancy? A: I would say, my lord, to my mind it would represent white occupancy.

MR. McMASTER: Q: And that was what it was intended to ascertain?

THE COMMISSIONER: That is what he said.

MR. McMASTER: He says "to my mind". The witness is a bit general in some of his statements.

MR. HUNTER: The questions are a bit general too, my lord.

MR. McMASTER: That one surely wasn't , my lord.

THE COMMISSIONER: Well, let us get on with it.

MR. McMASTER: Q: Now, witness, would you say that the buildings in the Mission and Haney area that these Japanese farms were in, were in any better or worse condition, or state of repair, than the buildings on Japanese farms in other municipalities, in 1942?

A Oh, I would think they would be average.

Q Now, after reading these appraisal reports, was it your opinion that an average of several hundred

dollars would have to be spent on the various houses, in order to make them habitable?

A Yes.

Q Now, I want to produce to you some extracts from Soldiers' Settlement Board appraisals of property situate in Maple Ridge, Mr.Barnet. I think they represent just about all of the appraisals that were made, at least with respect to which claims have been filed, and also back of that are extracts from the appraisal reports at Mission.

THE COMMISSIONER: Are these extracts, or are you taking all of them? After all, if you take extracts, there is nothing to indicate there has not been a slection made with a view to showing a particular type of building.

MR. McMASTER: By extracts, I mean extracts of the information relating to the buildings and there habitiability and so on. I have taken, as far as I am aware, all of them. There may be a few I haven't copies of, but I think I have tried to take them all.

MR. HUNTER: My lord, on this question of habitability, I suggest that the word habitable is capable of a subjective interpretation. My learned friend should have asked Mr.Barnet whether he asked these appraisers what that meant, or what they meant by habitable. If he hasn't asked them, and hasn't learned it from the appraisers, then surely anything he gives in evidence on the word habitable is purely inferential and opinion evidence, as far as he

is concerned. In other words, I think we are wasting time on habitable until we get the appraisers here. They know what they meant.

THE COMMISSIONER: I am afraid we will have to cover the ground again with the individual appraisers.

MR. McMASTER: My point, my lord, is that Mr. Barnet has expressed an opinion which apparently the Advisory Committee expressed to the Custodian's Committee, that several hundred dollars would have to be spent on the places, to make them habitable.

THE COMMISSIONER: Undoubtedly that information is based on information which Mr. Barnet and the Advisory Committee had from the appraisers, and those are the people to look for this information from.

MR. McMASTER: I understood Mr. Barnet to say he held that opinion, after having reviewed these appraisals. I can put the question to him, had he any other information other than what appeared on the appraisal report.

THE COMMISSIONER: All right, do so.

MR. McMASTER: Q: Mr. Barnet, did you have any information with regard to the habitability, or otherwise, of these Japanese houses other than what appeared in the appraisal reports?

A Yes, I have seen a lot of them myself.

Q At the time of the appraisal reports were sent in, did you have any other information?

A Yes, I had seen them.

Q From your personal knowledge?

A Yes.

Q How many of the houses would you have seen in Haney and Mission? A: Oh, I couldn't say, in numbers.

Q Would it be 10, or 200?

A Oh, it wouldn't be 200, but it would be quite a number of them.

Q Did you disagree with the reports that your appraisers made on them?

THE COMMISSIONER: Let me see if I can help clear this thing up.

Q In reaching the conclusion that the majority of these places would have to have several hundred dollars spent on them, did you rely on the appraiser's report to you, or on information gained elsewhere? A: I relied a good deal on my own knowledge, and that question of habitability is a pretty broad one. Someone might say that a house is in good enough condition to go into temporarily, or for seasonal occupation.

Q But what we are concerned with is whether it was habitable or not. In reaching the conclusion you say you did, did you rely on your appraiser's report, or on other information?

A No, I wasn't relying entirely on my appraiser's report.

THE COMMISSIONER: I am afraid my suggestion was not very helpful. You better go ahead.

MR. McMASTER: Q: When you received the appraiser's report, did you raise the question with your

appraisers in view of your other knowledge of the matter? A: No, I didn't.

Q Why not? A: Well, that angle of the question never struck me that way, to raise it with them.

(LIST MARKED GENERAL EXHIBIT NO. 67)

Q Now, witness, with regard to this exhibit 67, dealing first of all with the Maple Ridge properties as they appear, you will notice it shows the comments re the houses that appear on the appraisal reports, the J. L. number, the initials of the appraiser's last name, the present day value, the value added to the land in respect to the state of repair, and then it deals first with the present day values and they are shown by the appraisers as $100.00 to $500.00, dealing with the ones that are good, or described as in a good state of repair, then the ones described as in a fair state of repair, and then the next page deals in the same class with the ones described as in a poor state of repair, and then the third page deals with the properties with a present day value shown at $500.00 to $1,000.00, in the same way. The next page shows present day values, $1,000.00 to $1500.00, the next page, $1500.00 to $2,000.00, the next page, $2,000.00 to $2500.00, the next page, $2500.00 to $3,000.00, and the next page, $3,000.00 and over.

Now, the same thing is done with Mission; with this exception, that the Mission one was shown

first, and it wasn't broken down into stated conditions of repair, good repair or fair repair or poor repair. I am sorry, this "P.V." value should be the present day value, as shown on the appraisals. A: P.D.V., you mean.

Q Yes, as shown on the appraisals.

A Present day value.

MR. HUNTER: Those values are the categories, or values for categories which are replacement, cost, less depreciation.

THE COMMISSIONER: The values that are shown on the appraisals as present day value?

THE WITNESS: Yes. Are these houses, Mr. McMaster?

MR. McMASTER: That should be "value added to land" instead of "value added to house". They are all the buildings that appear.

THE WITNESS: All the buildings that appear on that appraisal?

MR. McMaster; That is right.

Q Now, I draw your attention to the fact, or what appears from this, Mr. Barnet, that in Maple Ridge when one comes to present day values of $3,000.00 and over, the state of repair of all the properties except one is stated to be good. That is on the 8th page, my lord.

THE COURT: Yes. What is your question, Mr. McMaster?

MR. McMASTER: Q: The value added to the land, when you get buildings that have a present day value of $3,000.00 or over, are reduced from 100, using

present day value as 100 to 52½.

A Yes.

Q And then I draw your attention to the last page of the exhibit, dealing with Mission, when the present day values are over $2,000.00, to $2500.00, it is 100 to 54½ -- the last page.

THE COMMISSIONER: What do you mean by 100 to 54½?

MR. McMASTER: Taking present day value at 100, the value added to the land is reduced to 5400. With regard to $2500.00 to $3,000.00, it is reduced to 57½, and over $3,000.00 the 100 is reduced to 52½.

Q Now, can you explain, Mr. Barnet, the apparent consistency in the drastic reduction of values on properties over $2,000.00 to $2500.00?

A You mean the apparent consistencies?

Q Yes. That is to say, once the present day value of a property gets up to $2500.00 to $3,000.00 apparently it is reduced by 40%.

THE COMMISSIONER: That is by the appraiser?

MR. McMASTER: That is by the appraiser, yes.

MR. HUNTER: My lord, I think there has been no evidence to show one has been reduced at all. The evidence has been one is replaceme nt cost, less depreciation, and the other is the appraiser's opinion of the fair market value of the buildings., and there is no question of reduction, and no relation between the two figures whatever.

THE COMMISSIONER: Well, the witness can say that.

THE WITNESS: In these cases here, your first column

is replacement values, or value for insurance purposes, and then your second column you have the opinion of the appraiser as to what he thinks the worth of those buildings are to that property.

MR. McMASTER: Q: And do you suggest that the first column, the present day value, has anything to do with the manner in which he arrives at the value added to the land?

A No. He is giving in his first column the replacement value, less depreciation, and when he comes to his second column he is giving what he believes is the worth of those buildings to the property.

Q And when he arrives at that, any normal appraiser, I take it, would consider as one of the factors in arriving at the second value, the value added to the land, would take into consideration the replacement value, less depreciation. My lord, I object to the audience's participation.

THE COMMISSIONER: You are quite right, Mr. McMaster. We can do without the audience, if they are not prepared to listen to these proceedings. Go ahead.

MR. McMASTER: Would you read the last question please, Mr. Reporter.

(Question read.)

A No.

Q Well then, what is the purpose in setting out in the appraisal anything about the present day value, Mr. Barnet?

A May I have a copy of that, please?

Q Yes, certainly. A: Your question is what is the purpose of setting out the present day value?

Q Yes, if it has nothing to do with the value of the buildings, added to the land.

A He records the replacement value of those buildings, less depreciation, and we then have a record which we can place our insurance on.

Q Are you suggesting that that question in that appraisal form is put there for the purpose of determining what insurance you should carry?

A Yes, and to know the replacement value of the building.

Q Why would you want to know the replacement value of the building, if it has nothing to do with the value added to the land?

A For replacement, we want to have a record of the replacement value of the building.

Q Why would you send the appraiser out to spend his time measuring up buildings and figuring up replacement values for those purposes, when all you ask him to do is appraise the land?

THE COMMISSIONER: And the building.

MR. McMASTER: Q: And the building. Yes, the land with the buildings on it.

A We want to get the true picture of the buildings.

Q Although it has nothing to do with the present day value as you call it, of the land?

A No.

MR. McMaster; Do you have case No. 404, the appraisal,

Mr. Secretary?

Q Now, I draw your attention to the appraisal in Case 404, Mr. Barnet, where it says in the appraisal, "I do not consider all the buildings . . . . . net replacement value." So he places the total present day value, and he has "salvage" marked above at $150.00, and he says the value added to the farm is $100.00. How do you explain that?

MR. HUNTER: Is the question meant to ask Mr. Barnet to explain what he considers was the reason for that, or what the appraiser meant?

MR. McMASTER: I would like to know what Mr. Barnet considers to be the reason for that.

THE COMMISSIONER: Q: What is your explanation, if you have one, Mr. Barnet?

A The only explanation that I could give here, my lord, is that he apparently hasn't put separate values on each building, but when he comes down to his final total present day value, he has $150.00, whereas under individual buildings he only shows $25.00, and then he says the value of the farm is $100.00.

MR. McMASTER: Q: As salvage. He uses that expression.

A Yes.

Q What is your explanation?

A Well, I think he should have had some other figures in here, to make his total of $150.00.

Q How would that have helped? You have present day values -- you think the present day values

have nothing to do with the value added to the farm? A: But he ends up by wiping the top out, and he comes back and says he thinks the buildings there have a salvage value on this farm of $100.00.

Q And he also says he thinks the present day value, on a salvage basis, is $150.00, which is $50.00 more. A: Yes, that is what he has got.

Q You reviewed that appraisal, Mr. Barnet. The total amount that the appraiser arrived at was $3100.00 for this farm. You reviewed the appraisal, and at page 4 of the report you reduced that value to $3,000.00.

A Yes.

Q Now, Mr. Barnet, do you have any knowledge or purport to have any knowledge of the prices at which private sales of property were taking place in the Fraser Valley in 1942?

A Yes, I have.

Q From where did you gather that knowledge?

A General information, and from the sales of property by our own Department.

Q What do you mean by general knowledge? What source is that?

A Acquired from time to time.

Q From dealing in properties other than Soldiers' Settlement Board properties?

A No, information that may come to a person.

Q Do you have any idea as to the amount of

increase in market price in the Fraser Valley between 1942 and 1943?

A No, I have no record of it.

Q Have you any opinion as to what that increase was based on, that general knowledge and these sales that you talk about?

A You are talking about 1942 to 1943?

Q 1942 and 1943, yes. A: There would be some up-trend in prices.

Q Yes, about what percent?

A Well, I don't know what the percent would be.

Q Would you think it would be 10% or 50%?

A I don't know what the per cent. would be.

THE COMMISSIONER: Q: But you say there was some upward trend. A: Yes, I think so.

MR. McMASTER: Q: Now, do you know what the increase or the decrease, whichever it was, between prices was, between 1941 and 1942 in private sales? A: No, I don't know.

Q Did you know at the time that you reviewed these appraisal reports?

A Not other than in a general way.

Q Well, what was your opinion as to what the general trend was between 1941 and 1942?

THE COMMISSIONER: His opinion is not going to be of very great value, in view of his description of it, is it?

MR. McMASTER: I don't think so, my lord.

THE COMMISSIONER: Then, why pursue it?

MR. McMASTER: Q: Would it be fair to say, Mr. Barnet,

you had no particular knowledge of the market price of real property in the Fraser Valley between 1940 and 1945? A: We had --

Q I am talking about you.

A Yes, I had a little knowledge of our own business.

Q I said particular knowledge.

A Yes, I had knowledge of what was taking place in our own business.

Q That is in the Soldiers' Settlement Board?

A Yes.

Q And in lands that the Veterans' Land Act were purchasing? A: Yes.

Q But not with regard to private sales.

A I had general information as well. General information.

MR. McMASTER: I would like to see Exhibit No. 30, please Mr.Secretary.

THE SECRETARY: I will have to go downstairs for it.

MR. McMASTER: Then, my lord,we might take our adjournment now, in order to permit the Secretary to get it.

THE COMMISSIONER: Very well, we will recess for a short time.

(PROCEEDINGS RESUMED AFTER SHORT RECESS.)

IVAN TEMPLIN BARNET, resumed stand and testified further as follows:

CROSS-EXAMINATION CONTINUED BY MR. McMASTER:

Q Now, Mr. Barnet, I produce to you Exhibit No. 30, which has been filed in the general evidence, a

atatement of comparative figures. That shows certain properties previously owned by Japanese persons, the assessed valuation and the valuation placed on those properties by the Rural Advisory Committee to the Custodian. The second, the land column, is the appraisal placed by the Committee advising the Custodian, and the last column the appraisals which have been placed on them by your appraisers.

You will notice the difference in the details there. The Custodian's committee is about 53%, if I am not mistaken, higher than your appraisal. Can you explain the difference between the appraisals of the Custodian's Committee and why there should be such a difference with that of your appraisers?

A The only explanation I can give is that that is the Custodian's Committee's ideas as compared withour appraisers. Now, I can further state that our appraisals or valuations are made after going carefully over the land and the buildings, and I don't know whether that was the situation with the other committee.

Q Now, you know Mr. Hal Menzies, a real estate man who has practised in Haney for some 40 years, I believe. He gave evidence.

A I have met him, yes.

Q In your travelling through the Valley, have you not met him fairly frequently?

A No, I haven't.

Q Do you know anything of his abilities with regard to estimating the value of land?

A No, I don't know his abilities.

Q Do you know anything as to how careful he is in making appraisals? A: No, I don't.

Q Would you expect the opinions of two competent appraisers to differ by 53%?

A Not if they both made a complete valuation of the same property, unless there were some features of the property which they differed on very greatly

MR. McMASTER: Can I see Exhibit 36, please, Mr. Secretary?

Q I produce to you Exhibit 36, filed in the general evidence, Mr. Barnet. This is an extract from a table appearing at page 115 of the minutes of the Public Accounts Committee, dealing with former Japanese properties which had been appraised by your department, in which for one reason or another were withdrawn from the sale to the Veterans' Land Act, and which subsequently the Custodian sold. It shows a group which he sold in 1944 and a group which he sold in 1945.

Now, the third column, shows the offer which the Veterans' Land Act made for those properties, and the fourth column shows the sale price which the Custodian actually got for those properties. I draw your attention to the fact in the 1944 sales, the Custodian's price is roughly 2¼ times the offer which the D.V.L.A. made in 1943.

Now, can you explain the reason why the

Custodian, in selling these properties, should get so much more than the offer which the D.V.L.A. made?

MR. HUNTER: Which properties? Are you referring to them all?

MR. McMASTER: The 1944 properties, I am referring to at the moment.

A Well, the sale was made two years after.

Q I am sorry, they were made one year after, Mr. Barnet, I draw to your attention. The D.V.L.A. purchased in 1943.

A The sales were made two years after the appraisals were made.

Q Yes. I draw your attention to the offer that the Veterans' Land Act made, which was 2% less than the appraisals.

THE COMMISSIONER: And undoubtedly the offer was based on the appraisals made two years before.

MR. McMASTER: Q: Will you proceed with your explanation, if you want to make it, on the difference between the appraisals and the sale price.

A There is two years of difference in there, between the timethat they were appraised and the time that they were sold. Individual people have reasons of their own for sometimes buying or paying more for certain property than it is appraised at.

Q Even if they are supposedly appraised at the fair market value?

A Yes.

Q Are you suggesting that all these purchasers that the Custodian sold to in 1944 had some special reason for purchasing the property?

A Well, I don't know.

Q You suggest that might be the reason for the difference? A: It might be one of the reasons for it.

Q Supposing it wasn't the reason, can you give any other explanation for the difference?

A No, that is my difficulty. The reason, as I would consider it, is individual choice.

Q Mr. Barnet, you wanted to go back to the 1942 price. Supposing your appraisals had been made in 1943, what do you think the difference would have been in the summer of 1943, as compared with your appraisals made in the summer of 1942?

THE COMMISSIONER: Is that not just idle conjecture? After all, this witness has not asserted he had a peculiar knowledge of values.

MR. McMASTER: He certainly asserted hehad some knowledge, my lord, on the appraisal forms.

THE COMMISSIONER: The evidence that you refer to, Mr. McMaster, is certainly a matter for comment. I do not think you will get any assistance from this witness, by putting hypothetical questions of that character to him.

MR. McMASTER: Q: Now, Mr. Barnet, do you know Mr. A. B. Catherwood of Mission City?

A No, I don't.

Q I believe he is the Reeve at Mission. You don't

know him? A: No.

Q Were you in the same position of superintendent in 1945 as in 1943? A: Yes.

Q Do you recall Mr. Jack Streight, the Official Administrator at New Wesminster, asking you about the value of a certain piece of property in Mission which your appraisers had previously appraised?

A No, I don't recall it.

Q And with respect to which your department had made an offer? A: No, I don't recall it offhand.

Q Do you recall a property in the village of Mission, which had been appraisee by your appraisers, two lots adjacent to each other, one of which belonged to the wife and the other belonged to the husband, and subsequently the husband's property which was vacant land, was withdrawn from the sale, because he died prior to evacuation.

A No.

Q Perhaps if I show you the appraisal in Case No. 1018, it will refresh your memory. (Producing.) Do you recall that property now?

A I don't recall any particular detail, other than what is here.

Q In that case, I would like to refer to a letter purportedly written by M. M. Streight at page 7 of the transcript in that case, and see if that will refresh your memory, Mr. Barnet.(Reading) Do you remember discussing this matter with Mr. Streight? A: No -- no.

Q Now, at page 211 of the Public Accounts Report, Volume 9, there appear extracts from the minutes of the Custodian's Advisory Committee, stating as follows:

"Mr. McPherson outlined . . . . . copies were not made."

Now, is that correct, that you supplied copies of the statement with regard to these properties to the Custodian's Committee, on the condition they wouldn't be copied?

A Yes, I believe that is correct.

Q And did those just state the amount of the valuation for each property?

A Yes.

Q Did you not give to the Custodian, or to his committee, copies of the appraisals?

A No, we didn't give copies of the appraisals.

Q Why didn't you? A: Because those were our records.

Q You regarded them as your own records?

A Yes.

Q Was the survey made under the Order-in-Council for the benefit of the Soldiers' Settlement Board only, to see if the properties were suitable for veterans? A: The appraisal was ordered by our Minister, and a report was to be made to him.

Q And you regarded those as the property of the Soldiers' Settlement Board?

A I regarded those as reports to go to our Minister.

Q And was the reason that they were not produced to the Custodian because ~~you~~ considered they were only for your own department's use and purpose?

A What use they were put to after they went to Ottawa was no affair of mine.

THE COMMISSIONER: Q: However, you did not impose the condition? A: No.

MR. McMASTER: I am sorry, my lord. I didn't get that.

THE COMMISSIONER: The witness did not impose the condition on which the information furnished was disclosed.

MR. McMASTER: Q: Who did impose the condition, Mr. Barnet? Who imposed this condition that copies were not to be made of the information supplied to them? A: I had always looked at our appraisals as confidential information. As the Order-in-Council called for a report to ~~the~~ be made to our Minister, I felt I couldn't reveal or expose our appraisals to any other Department.

THE COMMISSIONER: Q: So, you did impose this condition? It was you who imposed the condition, not your Minister? A: Well, yes, on that.

Q You probably misunderstood my question.

A Yes.

MR. McMASTER: Q: Then, do you disagree with the statement reportedly made by Mr. McPherson at a meeting on March 18th, 1943, of the Rural Committee, reported at page 208: "The obvious purpose . .

. . . .returned men."

A The appraisals, as I have already stated, were made for our department. This is made for the Government.

Q And you still insist you didn't know for what purpose those appraisals were being made.

A No.

Q Why, then, Mr. Barnet, were you interested in the insurable value of the buildings?

A We were not interested in the insurable value of the buildings ourselves. Our appraisal form that we had always used was set up in that way.

Q So that when you and Mr. Murchison went overthe form, why didn't you eliminate that portion dealing with present day values?

A By keeping that in the form, you always get a complete picture of what your buildings are, as closely as you can.

Q Whether or not it is of any use in the appraisal, or otherwise? A:That is it.

Q I would like to refer you to the Public Accounts Report at page 123, Mr. Barnet. At the foot of the page Mr. Shears was being examined and he said, "At the time of the offer . . . . . carry on negotiations." Now, did you understand at the time that those negotiations were taking place that the Custodian was relying upon those appraisals?

A No. I didn't know what the Custodian was relying on.

Q Isit not correct that your Committee had gone to some length in explaining to the Custodian's Committee what experience these appraisers of yours had, and what their ability was in making appraisals, in the negotiations?

A Yes, I believe they did.

Q And you didn't think that the Custodian was relying on that information?

THE COMMISSIONER: He did not say so, Mr. McMaster. All he said was, "I don't know what the Custodian was relying on."

MR. McMASTER: I just wanted to see whether the answer appeared reasonable, my lord.

Q Now, Mr.Barnet, were you present at a meeting of the Custodian's Rural Committee, March 18th, 1943?

A No.

Q Are you absolutely sure of that?

A Yes.

THE COMMISSIONER: Q: Did you attend any of the meetings at any time?

A I never attended any of their meetings.

MR. McMASTER: Q: Now, I refer to page 209 of the Public Accounts Committee, Mr.Barnet, This is a report, or rather a minute of the Rural Committee of the Custodian, apparently held on March 18th, 1943. I might draw your lordship's attention to page 207, which indicates the date of the meeting. The date of the meeting being at page 207. At 209, the minute is reported -- the minute is reported at page 16, from which I deduce,

properly or otherwise, it was at or about that time or at that date, and the following is a quotation from those minutes: "Mr. Barnet felt that the calling . . . . . in the program."

Now, do you recall that proposal being made, that these properties be offered to the public and that the Soldiers' Settlement Board should be given an opportunity to bid on the individual parcels? A: That the property be advertised for sale by tender, did you say?

Q Yes, that they call for public tender, and that the Soldiers' Settlement Board be given an opportunity to bid on individual properties.

A Yes, I think I had a discussion with Mr. McPherson on that.

Q I would like you to look at that extract from the minutes, Mr. Barnet, and tell the Commissioner whether it fairly represents your view with respect to that proposal.

THE COMMISSIONER: I take it you are not now on the subject of Mr. Barnet having attended meetings of theCommittee.

MR. McMASTER: No. He said he didn't.

THE COMMISSIONER: It is apparently cleared up at page 207, "Mr. McPherson advised the . . . . . Mr. Barnet had stated," and so on. Obviously, Mr. McPherson was quoting Mr. Barnet.

MR. McMASTER: Yes, my lord.

Q Did Mr. McPherson quote you fairly in the extract

from the minute that appears there?

A Yes, I think I was fairly quoted there.

Q Now, why would the Soldiers' Settlement Board be embarrassed, Mr.Barnet, by such a proposal?

A The tenders from other sources, in my opinion, might have or could be so high they couldn't pay a similar price as the tenders. It would all depend on what way they might be tendered. If they were tendered on individual properties, it might mean that certain property would bring a higher figure than our appraisal.

Q And you thought your department would be embarrassed by that? A: Yes.

Q Mr. Barnet, do you think that that statement, or the reference to that proposal to you is consistent with your statement yesterday that the Custodian approached you to make an en bloc offer on these properties?

A Would you mind repeating your question?

Q Let me put it this way, Mr. Barnet: Is it not true that as a result of this conversation that Mr. McPherson reports that the Soldiers' Settlement Board suggested to the Custodian that he should make an en bloc sale to the D.V.L.A.?

A As I recall it, Mr. McPherson advised me that after discussing it with his Committee, his Committee expressed the opinion that they would consider the sale of these lots to the Veterans' Land Act without advertising them for sale by tender, if we took them en bloc.

Q And that occurred after the discussion that is reported at page 209?

A Well now, I don't know when.

Q This was apparently approximately March 18th, 1943.

A I don't know what date it was.

Q Did this suggestion of purchasing en bloc arise before or after that discussion which is reported there? A: Well, I couldn't say, Mr. McMaster.

Q I would like to refer you, Mr. Barnet, to a letter which was written by Mr. Murchsion to Mr. McPherson on May 29th, 1943, with respect to the purchase of these Japanese properties, and particularly to the second paragraph of that letter.

THE COMMISSIONER: Page what of the Public Accounts Committee?

MR. McMASTER: Page 217 of the Public Accounts, my lord

Q Now, Mr.Barnet, did you advise Mr.Murchison that the Custodian's Committee considered the lands offered worth approximately one and one-quarter million dollars? A: I am not sure on that point, at the moment, whether they referred to-- it seems to me they talked about these lands being assessed at around one and one-quarter million.

Q Well, that is not what Mr. Murchison says in his letter. Did you or did you not advise him, as he says you did in the letter.

A I may have, Mr. McMaster, if Mr. Murchison says here I did.

Q And do you recall from whom you received that information? A: I might have received it either from Mr. McPherson, or our Advisory Committee.

Q Now, at page 191 of the Public Accounts Report, Mr. Murchison was giving evidence, Mr. Barnet, and he was asked two questions there that I wish to refer to, about one-third of the way down the page:

"Q: The purchase price . . . . . sold to veterans."

Now, would you agree that that was the approach of your Department to the purchase?

A Yes. Once the properties were available for sale and we were interested in the purchase, we desired to purchase as cheaply as possible.

THE COMMISSIONER: Is that why your appraisals were set up on the basis they were?

A No.

MR. McMASTER: Q: Now, you purchased at 2% less than your appraisals? A: Yes, approximately 2% less.

Q So, I would suggest to you, then, that was your attitude in 1943, that your appraisals were set up on the cheapest possible basis on which you could purchase. A: No.

Q Now, when you came to make your offer in the spring of 1943, Mr.Barnet, the Soldiers' Settlement Board appraisals were then almost a year old, were they not? A: Working on to-

wards a year. Not a year, most of them.

Q Would you agree with the statement that Mr. Murchison made at page 189 of the Public Accounts Report. He was asked at the top of the page:

"And what had been . . . . . temporary."

Now, would you agree with that statement of Mr. Murchison's? I refer you to page 189.

MR. HUNTER: That is a long statement, my lord, involving a number of points. I think it should be covered point by point.

THE COMMISSIONER: I think it is better if you break it down, Mr. McMaster.

MR. McMASTER: Very well, my lord.

Q Dealing with the first sentence of his reply, "Well, I should say . . . . . mid-summer of 1943." Would you agree with that, first of all?

A I don't know whether the peril had abated, but we were at least feeling more optimistic.

Q There was very little feeling of the likelihood of invasion in the summer of 1943?

A No, I think it wasn't nearly as apparent, as far as the man on the street was concerned.

Q Do you agree with Mr. Murchison when he says, "Consequently . . . . . particular area."?

A Yes, it likely would make people feel more optimistic.

Q Wouldn't it have quite an effect, Mr. Barnet?

A On some, it would.

Q Then he goes on and says, "Of course, there was . . . . . securing housing." Do you agree with

that statement? A: Yes.

Q Then he says, "There was a tremendous . . . . . inflationary affect." Do you agree with that statement? A: What is he referring to-- the inflationary affect on land values, or on rents.

Q Let's deal with land values. Would you say that statement is true in terms of land values?

A Yes, it would have atendency to strengthen prices.

Q And I suppose it would have a tendency to strengthen them quite a bit.

MR. HUNTER: You are speaking of 1943, Mr. McMaster?

MR. McMASTER: Yes. This is all with regard to the mid-summer of 1943.

THE COMMISSIONER: It is the interval between the date of the appraisals and the date of sale, 1942 to 1943.

MR. HUNTER: I don't think my learned friend has made that very clear. He seems to be talking of the mid-summer of 1943, and I just want to be sure.

MR. McMASTER: I am referring to Mr. Murchison's statement, my lord, and I would like his opinion on it.

THE WITNESS: By the middle of summer, 1943, land prices were strengthened.

M. McMASTEER: Q: Considerably?

A Yes.

Q Then he says that possibly the inflationary effect might be temporary.

A Yes, it might. No one knew.

Q Did you, in 1943,honestly believe that the inflat-

ionary tendencies of that time, or the demand for lands was of a temporary nature?

A The demand for property could have been of quite a temporary nature. If thewar had suddenly ceased and war industries, which employed the people here, had ceased to operate, it would have forced many people out of the area again.

Q In 1943, were you optimistic that the war was going to be over shortly?

A No one knew.

Q What was your own opinion with regard to it, Mr. Barnet, in 1943? A: I don't recall what my opinion was in 1943.

Q You recall what the war situation was?

A Right at that time?

MR. HUNTER: What part of 1943?

MR. McMASTER: Q: In the summer of 1943.

A I think, if my memory serves me rightly, things were looking brighter for the allies.

Q And could you see the end of the war in view?

A No, I couldn't.

Q Now, Mr. Murchison -- Mr.Barnet, would there be any substantial difference in land values between the beginning of June, 1943, and mid-summer of 1943?

THE COMMISSIONER: What is mid-summer?

MR. McMASTER: Q: Well, say the end of July and the beginning of August, or July and August.

A No, I don't think there was any great change that I can recall.

Q Now, Mr.Barnet, I gather that a few of these parcels that were acquired on the purchase from the Custodian were sold to civilians.

THECOMMISSIONER: By the Soldiers' Settlement Board?

MR.McMASTER: By the Veterans' Land Act.

A By the Veterans' Land Act, yes.

Q And are all of the parcels that were sold to civilians set forth in the schedule which Mr. Murchison filed as Appendix "A" in Volume 15 of the Public Accounts Report? It commences at page 366, my lord.

A As at that time?

Q As at that time. A: As far as I know, this would include them all.

Q Did your office in Vancouver prepare that Appendix for him? A: No.

Q Have you had an opportunity to read it through?

A I have glanced through it, but I have never checked it at all.

Q You don't know? A: I don't know.

Q Do you know the specific properties which have been sold to civilians?

A I could obtain the record out of the office, but I don't know the ones right offhand.

Q Would you be able to provide the Commission with a statement showing the properties which had been sold, and the prices at which they were sold, and whether they were sold by public tender or otherwise, and the date of sale?

A Up to what date?

Q Up to the present time. A: Yes.

MR. McMASTER: My lord, I think it would be helpful if Mr. Barnet were asked to do so.

MR. HUNTER: My lord, if there were sales in 1943, I think it might be of some help, but I fail to see why he should have to go through 1944, 1945, '46 and up to 1948, unless your lordship believes it is necessary.

THE COMMISSIONER: That would be my conclusion. Are you suggesting, Mr. McMaster, that this information should be furnished for any years subsequent to 1943?

MR. McMASTER: Yes, my lord. For instance, there is one sale I notice in Exhibit 15, of property purchased in, I think, -- purchased for $245.00, and sold for $2,000.00. I don't care whether it was sold in 1945 or 1946. I think some explanation is required.

THE COMMISSIONER: I would agree with you on that.

MR. McMASTER: There are other properties. There is information produced of three lots purchased for $434.00, which sold for $3,050.00.

THE COMMISSIONER: Suppose you pick out those you particularly want, which were sold subsequent to 1943. In general, I cannot appreciate how sales made in 1944, 1945 and subsequent years are going to be very helpful in terms of an appraisal made in 1942.

MR. McMASTER: My lord, I can pick out the ones from Exhibit 15, as far as they go, to those in 1947.

Now, I take it there has been subsequent sales to civilians, and perhaps it would take less time if we had all those sales in front of us, and I examined the witness in regard to each of them.

THE COMMISSIONER: You are now referring to Appendix "A", found at page 366?

MR. McMASTER: That is correct, my lord.

THE COMMISSIONER: That apparently relates tl all sales, does it not?

MR. McMASTER: It relates to all purchases or appraisals up to the time that Mr. Murchison gave his evidence in June, 1947. In the right hand column of that Appendix, my lord, you will find reference to the various dispositions of the property.

THE COMMISSIONER: One was sold to Westminster Priory Limited.

MR. McMASTER: Yes, and one sold to William Minty referred to later, and another at $369.00. This is the list sold by public tender, together with J.L. 147, to William Minty.

THE COMMISSIONER: There are comparatively few of them in any case.

MR. McMASTER: Comparatively few, in any case, I take it, my lord, unless there have been a substantial number since Mr. Murchison gave his evidence.

THE COMMISSIONER: Q: Are you able to say, Mr. Barnet, how many sales to other than veterans were made by the D.V.L.A.?

A I couldn't tell you, my lord, just right offhand.

Q It would be comparatively few , would it not?

A Yes.

THE COMMISSIONER: I think you better get the information in regard to all these sales and we can examine it.

MR. HUNTER: My lord, I don't wish to be obstructive, but already twelve sales around 1942 have been filed, and I have gone through a tremendous amount of work to find out why these prices were high. If this goes on in the general evidence again, I will have to investigate each case and find out why that price was obtained. If your Lordship wishes it, we will do it, but it certainly means this general evidence is going to be a great deal longer, and it is not going to be of great help. It is going to take a loh of time and work.

THE COMMISSIONER: We can determine that, Mr. Hunter, when we have the complete list. Once we have the complete list, I will deal with each property separately. Unless there is something peculiar about it or quite outstanding about a sale made subsequent to 1943, I can tell you now my disposition is not to call upon you for any further information.

MR. HUNTER: Very good, my lord.

THE COMMISSIONER: We will meet it, once we know what the facts are .

MR. McMASTER: I would point out, too, that the situation is different with regard to these

properties, because the D.V.L.A. sold themselves. It isn't a question of someone else selling them.

THE COMMISSIONER: We will adjourn now to resume at 2 o'clock, Mr. Secretary.

(PROCEEDINGS ADJOURNED UNTIL 2:00 P.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.
J. P. Hamilton
Deputy Official Stenographer

Vancouver, B. C.,

December 1st, 1948. 2:00 P.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

I. T. BARNET, resumed the stand, testified further as follows:

THE COMMISSIONER: Yes, Mr. McMaster.

CROSS-EXAMINATION CONTINUED BY MR. McMASTER:

Q I believe, Mr. Murchison, you prepared during the noon hour a statement with regard to properties that had been sold by the Veterans Land Act to civilians? A: Yes.

Q Mr. Barnet, -- I am sorry. Will my friend produce that?

MR. HUNTER: Yes.

MR. McMASTER: Q: Mr. Barnet, is this the statement?

A This is the statement.

Q And that represents all of the sales to civilians of properties acquired from the Custodian?

A I believe so, Mr. McMaster, but in the rush I hadn't time to get it checked myself.

Q Thank you, I will ask to have that marked.

THE COMMISSIONER: Are there any of these properties, Mr. Hunter, to which you are taking objection to pursuing investigation on?

MR. HUNTER: There are only the two, with discrepancies -- the two mentioned by my learned friend this morning -- that is large discrepancies, and the others could be accounted for by the increase in the market price.

THE SECRETARY: That will be Exhibit 68.

(STATEMENT MARKED GENERAL EXHIBIT NO. 68).

THE COMMISSIONER: Have you an extra copy, Mr. McMaster?

MR. McMASTER: I am sorry, my lord. This is the only one that my friend has produced to me.

MR. HUNTER: There is one here.

THE COMMISSIONER: Well, you will probably need it yourself, Mr. Hunter. It is all right. I can follow it. What is the exhibit number?

THE SECRETARY: 68, my lord.

MR. McMASTER: Q: Now dealing with the first of these properties, Mr. Barnet, there were three Japanese properties combined in a sale to William Minty, and that sale took place in 1947. I see you have got it described as a timber sale to William Minty. Now, did you just sell the timber or did you sell the land?

A No, I think all the property was sold there -- the whole property.

Q And you acquired that property for -- what was it -- four hundred odd, $433.00, is that correct?

A Yes.

Q And it was sold in 1947 for $3,050.00?

A Yes.

Q Now how do you account for the very great discrepancy in the sale price in relation to what the Land Veterans Act paid for it in '43?

A This was bush property with small timber on it. Apparently the appraiser at that time did not think

it had any sale value, and later -- five years later in 1947, when timber prices had sky-rocketed, there was a demand for this smaller type of timber, and I understand this was purchased by Mr. Minty to log off.

Q And do I understand from you that you suggest in 1942 the timber on that land had no value?

A No, it was not saleable then.

Q Do you know what type of timber it was, Mr. Barnet?

A I don't know offhand, sir.

Q Now that property, by the way, was sold by -- how -- by advertisement?

A That was sold by public tender.

Q Now the second property was sold to the Westminster Priory for a Monastery and seminary?

A Yes.

Q Those were a number of properties all owned by one man previously? A: No, they were not all owned by one man, were they?

No, I think that is incorrect.

Q Now do you know what the price of property consisted of in that parcel that were sold to the Priory?

THE COMMISSIONER: First of all, what was the Soldier Settlement price?

MR. McMASTER: I am just trying to add it up, my lord.

MR. HUNTER: $4725.00.

MR. McMASTER: Yes. $4725.00 was the price you purchased it at, and it was sold to the Priory at $5500.00, is that correct?

A Yes.

Q Do you know the nature of the lands that were sold? A: It was property that was partly clear and partly bush, with one or more sets of farm buildings on it.

Q And it is property that could have been sold as farm land, is that correct?

A Yes, it could have been sold as farm land.

THE COMMISSIONER: Let me have the price again -- the Soldier Settlement price.

MR. McMASTER: $4725.00 and the selling price $5500.00 in June, 1946.

THE COMMISSIONER: $5500.00?

MR. McMASTER: That is correct.

Q Now, were those properties offered by public tender? A: No.

Q That was a straight deal between the D.V.A. and the Priory? A: Yes, it was authorized -- the sale of the property, without advertising by tender to public parties -- school properties and churches, etc.

Q Now the third property, that was sold in 1948 to the B.C. Forestry Station?

A Yes.

Q Was that sold by public tender?

A No.

Q And you purchased it for $741.00 and you sold it for $841.00? A: Yes.

Q Now on the second page there were four properties which were sold in one unit to the Municipality of Surrey for sewage disposal, is that correct?

A Yes.

Q And you paid $2210.00 for this property?

A Yes.

Q And you sold it to the Municipality in March or April, 1947, for $2800.00?

A Yes.

Q And was that by public tender?

A No, that would not be by public tender.

Q Would you mind telling me how that price was arrived at?

A I expect that price was arrived at in this way: Taking the purchase price and by likely adding to it the taxes that had accrued subsequent to the purchase, and possibly an approximate figure of $100.00 for general administration purposes.

Q Now, were all of the properties comprised in that group that were sold to the Municipality of Surrey, farm properties?

A Yes, as far as I know they had been used generally as farm properties.

Q And they would be capable of being sold as farm properties? A: Yes, in all probability.

Q Now the next one is a sale in March of 1946, of a lot to the Corporation of Surrey -- no, I am sorry -- that would be Surrey, Kennedy Community Hall Association.

A Yes, I believe the title passed to the Corporation of Surrey.

Q For use as a community hall?

A Yes, for use as a community centre.

Q And you had acquired that property for $41.00?

A Yes.

Q And the selling price was $100.00?

A Yes.

Q Was that property offered by tender?

A I don't think so.

Q Was that vacant land, do you know, Mr. Barnet?

A I believe that was just logged off land, no improvement.

Q And it had not been cleared?

A No.

THE COMMISSIONER: Is there any purpose in pursuing these sales, Mr. McMaster? You see, there is an interval here of four to five years and the difference in price, with the exception of the first two, does not seem to be substantial.

MR. McMASTER: Well I want to ascertain whether these were sold by tender or by arrangement because, for instance, in that case the difference might be justified by the change in the market, if that was the price he got by public tender. The next one, Mr. Barnet, is on Salt Spring Island. The Soldier Settlement Board bought it for $245.00 and it was sold on -- I am sorry, the date does not appear here. Do you know when that one was sold?

A I am under the impression it would be likely about '46 or thereabouts. Does that show it? This is the one I mean.

Q This does not say either. You don't know when that one was sold? A: No, I

cannot tell you exactly, Mr. McMaster.

Q However, it was sold for $2000.00?

A Yes.

Q Now how do you account for the difference between the $245.00 that the Veterans Land Act paid for it and the $2000.00 they sold it for?

A Well I believe that was quite a big acreage.

MR. HUNTER: It is 100 acres.

THE WITNESS: 100 acres of land that had been logged at one time, and on account of the up-trend in the demand for logs at the time the appraiser appraised it -- he had no sale for that kind of timber but with the increase in the price of timber this buyer made us that offer on it.

MR. McMASTER: Q: And in your opinion that appraisal of $245.00 for one hundred acres in 1942 was a proper valuation?

A: Yes,, it was stuff for which there was no demand at that time.

THE COMMISSIONER: Well, Mr. McMaster, we have had a lot of evidence in these corporate claims to the effect that small timber had a market in '44 and onward, for which there was no market at all prior to that.

MR. McMASTER: I haven't had an opportunity to read that transcript yet, my lord.

THE COMMISSIONER: Well that is the general effect of the evidence we have had: Beginning in 1943 and subsequently , there was a demand for timber -- as low as six inch tops, in diameter, whereas there had never been any demand for it

prior to that.

MR. McMASTER: Now on the last page of this sheet -- I will just deal with this man's property here, S. Kumagai -- five acres -- you don't show that?

MR. HUNTER: No.

THE COMMISSIONER: Is this on Salt Spring Island as well?

MR. McMASTER: No, this is on Lulu Island.

THE WITNESS: That is a fraction out of the total of that property, and to the best of my recollection that land was valued at around about $225.00 an acre, or thereabouts, by the appraiser.

Q Now, according to Volume 15 of the Public Accounts Reports on page 383, you paid $261.00 for the whole of this man's property?

A Yes.

Q Do you know how many acres was in the whole of the property and how much was sold to the B.C. Electric? A: I think there was in the neighbourhood of 70 or 80 acres. I may be high on that, but the part that was kept had the buildings on it.

Q Yes, and do you know the date that sale was made to the B.C. Electric?

A I think that was made in '47.

Q That was for $1200.00? A: Yes.

Q Did you have anything to do with the negotiations for that sale, Mr. Barnet?

A Yes.

Q There was a real estate man in North Vancouver

acting on the other side, wasn't there?

A Oh, I think there were different ones acting for the B. C. Electric Company.

Q Yes. Mr. Loutet was acting on the other side, wasn't he, Mr. Barnet?

A Yes, I think he was one of the representatives of the B. C. Electric.

Q And do you recall what was the basis, or the value placed on this in the negotiations at the time of the sale when you were dealing with Mr. Loutet?

10 8 A No, I just don't remember the details now.

Q Actually the Soldier Settlement sold a large proportion of other property besides the portion of this man's property in this transaction?

A Yes, their power line went through different properties that we were interested in.

Q And the Soldier Settlement Board apportioned themselves this value or $1200.00 to this particular portion?

20 A Yes, we apportioned it ourselves.

Q I suggest to you the negotiations with the B. C. Electric were on the basis of $3600.00 for this portion of land?

A I don't remember now what the exact details was.

Q Is it possible that that was so?

A I don't think so -- not on that basis.

Q Was it $1200.00? A: It was not as high as you mentioned, and I cannot recall just the exact basis of their offer.

30 Q Was it higher than $1200.00?

A I don't remember now.

Q Now, Mr. Barnet, aside from these properties which were sold -- aside from these sales to civilians, Mr. Barnet, am I correct that when you were selling to veterans you sold at cost?

A We sold at the cost price to the director, plus any improvements that were put on the property.

Q Now what improvements would you have put on any of these properties?

A The improvements, or the money that we would set up for improvements on the property, would depend on what the veterans wanted and what the Advisory Committee believed should be expended.

Q I am sorry, I think perhaps I misunderstood you. You sold him the premises at cost and then you also gave him a loan to enable him to make improvements on the property, or a grant -- one or the other?

A Yes. Our loans are set up on this basis, Mr. Mr. McMaster: That the land cost might be $2000.00 and a man might want another $1000.00 for permanent improvements to be erected on the property, and probably $500.00 for stock, equipment, and a loan would be approved on that basis.

Q But the V.L.A. did not put any improvements on them themselves. The man would put them on?

A No, the money would be expended on his behalf by us before the agreement for sale would be issued.

Q Now, Mr. Barnet, in some cases the Veterans Land

Act subdivided the lands before offering them for sale? A: Yes.

Q And a table of those subdivisions is set forth at page 388 of the Public Accounts Report. It is set out as various appendices. Are you personally familiar with those subdivisions?

A I have a general knowledge of them.

Q Now in the case of Appendix No. 1 and Appendix No. 3, the total value of the existing improvements is shown.- You will notice in the footnote to each of those. Are you able to advise the Commissioner as to the value of the existing improvements -- the existing permanent improvements in the other cases where the same footnote appears?

A I could not advise you right offhand, and I am afraid even from our local records here we might not be able to fully reconcile these sales.

Q Well what is meant in these appendices by the phrase, "existing permanent improvements"?

A I can give you a general explanation, Mr. McMaster, in this way: Some times when we decided on a certain block of property to be subdivided, there would be the improvements that were situated thereon; and after we subdivided the property, we would try, as fairly as possible, to apportion our values of the original purchase price.

Now sometimes in some of these subdivisions there were erected thereon houses -- under a general contract which we had and the cost of that house, or whatever portion was going to be charged to the veteran was added to the price

set on the individual lot, with any improvements that were on it, so that the total sale price to the veteranwould be what the land cost us and any -- what the land in that subdivision cost us, plus the new buildings that went on it.

Q Now if you put new buildings on it -- let us take appendix No. 1, for instance: If you had put new buildings on the property referred to in appendix No. 1, then the total purchase price would be shown as an increase in that appendix. Would that not be correct? That is, you would add on those new buildings to the purchase price?

A Yes, on the individual lot.

Q Now in this report that Mr. Murchison made, would not that have been shown in the report?

A Well I don't know how these reports -- I don't know the basis of their compilation.

Q well would you have records in your office which would show whether there were any additional permanent improvements placed on those lots referred to in appendix No. 1, other than those you acquired with these purchases, at the price shown in the appendix?

A Yes, in our subdivision -- if we built buildings on it in advance, we would know what the sale price of the lot was, plus the new buildings. On the other hand, there might have been vacant lots on which we had not put up any buildings, and which a veteran might desire to purchase and we would put up a house on that, or other

buildings according to what he wanted and it would meet with the approval of our committee.

Q What I am interested in, Mr. Barnet, is whether this statement, "existing permanent improvements valued at $4800.00 were included in two of the lots sold"--whether those existing permanent improvements referred to there include any other improvements than were acquired from the Custodian when you bought thoselands?

A You mean this figure here?

Q Yes. A: Oh, I think now what his reference is to there -- in two of those twenty lots were some permanent improvements that were likely on the property.

Q At the time that the V.L.A. bought them from the Custodian? A: Well, that is most likely. Now whether there was anything added after that, I could not say.

Q Would it be possible for you to check that information so that you can say positively if that is so or not? A: No, I doubt if I can. I doubt very seriously if I can check it here.

Q Where would it have to be checked?

A In Ottawa, because I don't know what the basis was or their starting point for making up the statement there.

MR. McMASTER: My lord, I don't like to put Mr. Barnet to any special trouble or difficulty but I think on that point he should be clear -- and it should

be clear how that is made up.

THE COMMISSIONER: How is it going to be helpful at all?

MR. McMASTER: My lord, I think it will be helpful in dealing with the question of the buildings added to the land.

THE COMMISSIONER: We are dealing with one property only.

MR. McMASTER: No, my lord, we are dealing with four properties that were subdivided--

THE COMMISSIONER: Yes.

MR. McMASTER: -- in the thirty-nine lots, and on those properties, apparently, were certain permanent improvements at the time of sale. Subsequently some of the lots were sold to veterans at the time of that report, and included in the lots that were sold were certain permanent improvements. Now I think it is an important issue as to whether the permanent improvements which were sold and valued at $4800.00 were the ones that were on those lots at the time the V.L.A. bought them from the Custodian or whether the V.L.A. made additions to the permanent improvements.

THE COMMISSIONER: I do not think it is going to be helpful to me at all. If it were going to be shown that this was something that touched generally on a great many properties, I would be inclined to agree with you, but it relates to such a small proportion of the whole I cannot see it is going to be any help to me at all.

MR. McMASTER: Well, my submission is if the Veterans

Land Act people took the view that the buildings on these premises had their full value when they sold them to the veterans, then it seems to me strange that they don't have their full value when they were appraised.

THE COMMISSIONER: Is there anything in the suggestion you now make that suggests that was the case?

MR. McMASTER: Yes, I think all the appraisals on these properties suggest that, and very strongly suggests it to my mind.

THE COMMISSIONER: I agree that that might make a difference. That introduces a general factor which I had not considered. Perhaps your friend can satisfy you on that.

MR. HUNTER: I never heard of this before, my lord.

THE COMMISSIONER: Q: What is the possibility of getting this information, Mr. Barnet?

A I am afraid, my lord, it would be impossible to get it, for this reason, once we have put in a sub-division and roads have gone in -- and water costs have gone in and electric light, and new houses have been built.

Q Yes, but you have heard Mr. McMaster's suggestion that insofar as the existing improvements were concerned, you discounted the value of those improvements when you came to appraise, but he suggests that you put those improvements in at their full replacement value when you came to sell. Now, surely, it would be possible for you to ascertain whether or not that is so, and

to produce evidence to establish the fact one way or the other. Do you think not?

A That is pretty complicated, I am afraid, because these properties --

Q I am going to give you an opportunity to consider it, and you can let Government counsel know as soon as you get some further information on what the situation is.

MR. McMASTER: Yes, and I would particularly ask, my lord, if Mr. Barnet gets the information, that he should get it on appendix No. 1 and appendix No. 2.

MR. HUNTER: My lord, possibly if the question was directed to the witness, what was the policy of the Department -- and if that is what they did -- I do not know what happened in this particular case, and I doubt very much if what my friend suggests did happen, and if it did happen, it happened in a general case; but it is shortly a question whether it was a general policy that makes this or any value.

THE COMMISSIONER: It may be that Mr. McMaster has an unduly suspicious nature. He has made a suggestion of such and such as a possibility, and if you have anything to refute that suspicion, I would suggest that you give him the information on it.

MR. HUNTER: Well that is the reason why I suggest that he should ask the question, what was the policy of the Department rather than to suggest

these vague suspicions that we may be able to prove or disprove.

MR. McMASTER: It is very vague on the witness' part what he knows about it.

THE COMMISSIONER: Well I think it would have been more appropriate for you to inform the Government counsel what they should get. One does not keep details of this kind in their head, you know.

MR. McMASTER: Well I thought Mr. Barnet would be fully familiar with this subdivision business. Apparently I am mistaken.

THE COMMISSIONER: Would you care to follow out Government counsel's suggestion and ask what the policy of the Government was? You may not wish to be bound by it.

MR. McMASTER: Yes, I would like to have it on this appendix.

THE COMMISSIONER: You understand the suspicion that is being presently harboured by counsel for the plaintiff. He thinks there is a possibility you followed a different policy with regard to the value of improvements when you came to selling them what you did when you appraised.

MR. HUNTER: Do you understand the question?

THE COMMISSIONER: Q: As I understand it, it comes down to this, Mr. Barnet: You have told us in many instances when the replacement cost of buildings was shown by your appraiser to be $2000.00, then when they came to show the value of those buildings -- the increased value of

those buildings in relation to the value of the farm they only showed one thousand dollars, and now the suggestion is when you came to sell you sold the farm at its appraised value, or whatever value you put on it and you also added the full replacement value of the buildings?

A No, we couldn't -- it seems to me we couldn't do that, because we would have ~~00~~ the purchase price would be the amount of money -- that would have to be as fairly as our appraiser could allocate it to those various lots. For instance, the buildings might have been appraised for insurance purposes at $6000.00 and reduced to $3000.00 and the land $2000.00, making a total purchase price of $5000.00. Well, we could not apportion over that whole property more than $5000.00.

Q Now can you get information which will show what policy was adopted when you came to sell such lands and buildings?

A Yes, I will endeavour to.

MR. HUNTER: I don't think he has understood the question up to now, my lord.

THE COMMISSIONER: That may be. Do you think you do understand what counsel is driving at now, do you? A: I think so.

MR. McMASTER: Q: I draw your attention to one other thing: With regard to table 1, for instance, thereare twenty lots sold for $6106.29, and it leaves 15 lots at $527.41. Now that would be a small amount per lot, would it not?

A Yes, but some of these properties had cleared land and some were bush land, and some of the lots that may be left are all bush.

Q What size lots would you subdivide that into? 39 lots? A: Oh, I expect likely that was acre lots or approximately that.

Q Mr. Barnet, subsequant to the purchase in June, 1943, the Veterans Land Act was authorized to purchase an additional 41 or 45 parcels from the Custodian ? A: Yes.

Q And the appraisements on those parcels were made in 1943, is that correct?

A The appraisals on those parcels would be made in 1942, I believe.

Q Now, are you sure of that?

MR. HUNTER: Which parcels were those?

MR. McMASTER: The parcels which were purchased subsequently.

THE WITNESS: Some parcels might have been later, because there might have been some parcels which we did not know anything about until some later date when the Custodian brought it to our attention that the land was available for sale.

Q I put it to you that the 41 or 40 odd parcels that you bought on an arrangement in 1944 from the Custodian were appraised in 1943 and not in 1942.

THE COMMISSIONER: Your suggestion being that these were parcels of which the Soldier Settlement had no knowledge when they made their appraisals in

1942.

MR. McMASTER: That I don't know, my lord.

THE COMMISSIONER: If those were among the parcels offered in 1942, they would all have been appraised in 1942, would they not?

A Yes, I think so.

MR. McMASTER: Yes, I would think so.

Q As a matter of fact, you did appraise some parcels of land in 1943?

A Yes, I believe so.

Q Or your department did. And in the appraisals that were made in 1943, did your appraisers place any higher value on the land than they did in 1942 -- per acre on cleared land, for instance, in the same municipality?

A They might have placed some higher value on it.

Q You say they might have?

A Yes.

Q Do you recall whether they did or not?

A No, I cannot tell you, Mr. McMaster.

Q You don't recall? A: No, I don't recall.

MR. McMASTER: Have you Case 884, Mr. Secretary?

THE SECRETARY: No, that is in the hands of the Custodian.

MR. McMASTER: Q: I have from my own file, in Case 884, Mr. Barnet, the Veterans Land Act forms -- appraisal report with respect to property which was bought by the V.L.A. -- Japanese property. That is on a form apparently used by the Veterans Land Act and is different

from the Soldier Settlement form?

A Yes.

Q Now that appraisal was made in August, 1943, is that correct? A: Yes.

Q And was reviewed by yourself in January, 1944?

A It was reviewed by one of our own men.

Q That is, someone signing for you in that case?

A Yes.

Q In any event, the appraisal was made in 1943?

A Yes.

Q Now I draw your attention to the value placed on the cleared land. That property is situated in Mission, and the value placed on the cleared land there is $60.00 an acre. Now is that any higher value that would have been placed on similar property in the 1942 parcels?

MR. HUNTER: My lord, that question I think is so vague. It would have no value whatever. He would not know what value was placed on the properties around there.

THE COMMISSIONER: Well let us hear what the witness has to say about it.

A I would be unable to answer that question. The appraisers put different prices on different properties, and I think I have seen higher values than these at Mission and lower values.

Mr. McMASTER: Q: I suggest to you the range of value in Mission in 1942 was between $50.00 and $70.00, according to your appraisals?

A Yes, but there might be some higher than that.

THE COMMISSIONER: Who is the appraiser here?

A Mr. Ramsay.

THE COMMISSIONER: Why not come back to it when he is in the witness box?

MR. McMASTER: Yes, but I was wondering whether Mr. Barnet, in his experience, would know whether these were of the same values as the appraisals that were made in 1943.

Q Now, Mr. Barnet, when you offered to buy these additional forty or forty-one properties, you offered to buy them at 10% less than the appraised value, is that correct?

A I believe that was correct.

Q Now having bought the other properties at 2% less than the appraised value in 1943, why was your offer 10% less than the appraised value in 1943, when you were going to buy these additional properties?

A We were simply trying to purchase them as cheaply as possible.

THE COMMISSIONER: Q: What deal was made?

A The deal that was made was on the same basis as the primary deal.

Q Two percent off? A: Two percent off.

MR. McMASTER: I believe I frequently referred in Mr. Shears' evidence to the letter that was written by the Advisory Committee as to the terms they would agree to, and it was two percent less than the appraisal. Yes, that is referred to at page 224.

THE COMMISSIONER: Well it has already been dealt with in Mr. Shears' evidence, has it?

MR. McMASTER: Yes, I believe so.

THE COMMISSIONER: You do not need to give it twice then.

MR. McMASTER: Q: Now, Mr. Barnet, in this general experience that you referred to this morning, had market prices increased by 1944 over the spring of 1942? A: Are you referring to market price of farm produce or market price of real estate?

Q Of real estate? A: Your question is, did land go up from 1942 to '44?

Q From the spring of 1942 to January of '44, when you bought these additional forty properties?

A Yes, I would say that prices were stiffening.

MR. McMASTER: That is all, my lord, subject to the question of these sub-divisions.

THE COMMISSIONER: Have you any re-examination of this witness, Mr. Hunter?

MR. HUNTER: Just a few questions, my lord.

THE COMMISSIONER: Would you like to recess now?

MR. HUNTER: Well I think I could ask these pretty quickly, my lord, and then we could adjourn and have the next witness called. May I have Exhibit 63, please, Mr. Watson?
Well, possibly, my lord, if it is going to take some time, we might adjourn now.

THE COMMISSIONER: Here it is (producing exhibit).

RE-DIRECT EXAMINATION BY MR. HUNTER:

Q This farm appraisal report, Exhibit 63, Mr. Barnet, would you take a look at that and see if that was the usual type of form you used or whether that was a special form?

A I believe this was the form that had been developed at the time that we were appraising properties that the Crown owned and had reverted.

Q Properties that you were going to do what with?

A That the Soldier Settlement owned.

Q And what was the purpose of this appraisal of these lands that had been reverted?

A The purpose of the appraisal was to establish their value at the time the appraisal was made.

Q Yes, but why did you want to reappraise them?

A We would want to again dispose of them, either on the open market or to veterans or Soldier settlers who wanted to buy from us.

Q Yes, and what was the purpose of that categorization of the property on it?

MR. McMASTER: Has not my friend dealt with that before?

THE COMMISSIONER: The only note I have on 63 is as to the standard appraisal form in use.

MR. HUNTER: Well I have been informed by many people it is not the standard appraisal form and that is why I am re-examining on it.

THE WITNESS: I believe that this was used, as I said, to check appraised properties that we had on our hands and property which had been on our hands for one or several years, and that no one had shown any interest in it.

THE COMMISSIONER: Well, you might get at it this way. Is it the standard appraisal form used prior to the appraisal of the Japanese properties, or is it not?

A Well, I think this was used for the purpose of checking -- appraising these properties that had been on our hands for some time.

Q It is not a standard form, then?

A Well, it is a standard form for that purpose, your Lordship, and I think we had another form that we used if we were appraising other properties.

MR. HUNTER: Thank you. I am sorry. When this was introduced, I did not know the other form would be produced.

THE COMMISSIONER: Have you the other form now?

MR. HUNTER: No, another witness will produce it, but I can get it probably.

THE COMMISSIONER: No, it makes no difference. You can introduce it with your other witness.

MR. HUNTER: In several points of your evidence you stated these certificates as to the suitability of this land for veterans' use were attached for Departmental purposes. Well, why did your Department want the certificates attached?

A We wanted the certificates attached so that if these lands ever came on the market we would have more detailed knowledge of them -- for use in the event of veterans' settlement.

Q Well you would have a detailed knowledge of every property that was appraised, wouldn't you?

A Yes.

Q Well, why would you want the certificates attached then? A: We realized there would likely be a lot of properties of a type that would not be suitable for veterans' settlement, in accordance with the framing of the Act that was before Parliament at that time.

Q Well, do I understand you to say then --

MR. McMASTER: Well, my lord, I think the witness ought to say what he means. I don't think my friend should put words in his mouth.

THE COMMISSIONER: Well I have not observed him attempting to prompt the witness yet, but when he does he will be checked on it.

MR. HUNTER: Again I come back to those two values on the appraisal -- perhaps I can borrow one of my learned friend's forms for the moment, where it shows first the present day value and then down below it shows total value of buildings added to farm. Is there any relationship between those two figures?

THE COMMISSIONER: Now I think we have gone into that pretty exhaustively already, Mr. Hunter.

MR. HUNTER: That is the only question I was going to ask him to make sure what was the policy of sale to veterans in your department as regards price.

Q Perhaps I had better explain it. Supposing you buy a property for $2000.00 and you don't subdivide it, but you sell it intact to the veteran. Now at what price would you sell it to a

veteran? A: We would sell that property at what we paid for it.

Q Let us get this definitely. If you paid two thousand, would you sell it to him for two thousand? A: If we put no improvements on it of any nature, we would sell that land to him at two thousand dollars.

Q And would you charge him for that taxes between the time of purchase and the time of sale?

A No, we have been absorbing those taxes.

Q Would you charge him for the insurance?

A No.

Q Is there any other charge he would pay other than the original purchase price?

A No.

Q Now that policy that you have described, was that used in relation to your transactions of purchase from the Japanese?

A Yes, unless there was a deviation.

Q Do you know if there is any deviation?

A No, I don't know of any deviation.

Q Well, do you know if that was your general policy? A: That was the general policy.

Q I have here a farm appraisal report form, my lord,--

THE COMMISSIONER: Well perhaps your friend would like to examine it in the meantime, and we will recess for a short time now and he will have an opportunity of doing so in the meantime.

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

I. T. BARNET, resumed the stand, testified further as follows:

MR. HUNTER: I am sorry for the delay, my lord, but we are having a little trouble figuring out these forms. May I have Exhibit 63 again?

RE-DIRECT EXAMINATION CONTINUED BY MR. HUNTER:

Q Now, Mr. Barnet, you stated that Exhibit 63 was used in cases where you were re-appraising land which had come back on your hands. Can you recall when that form was used and, if so, for how long? A: To the best of my recollection this is the form that we were using on or about the time that we handled the three thousand family scheme, and it was a special form gotten out at that time for that purpose and then went out or use.

Q I see. Now I have here another form called "L.S.B.", C-form 43. Will you tell us what this form is and what it was for?

A That is the form very similar to the previous one. This was the standard form that we used in appraising our properties, and has been in use for a good number of years now.

Q Was that used prior to the purchase of land?

A Yes, I think we used it at times for that purpose as well.

Q Well did you have any other form other than Form 43 and this form here -- this form which I

have just shown you, aside from the form you used for the appraisal of Japanese land. Are these the only three forms that have been used or were there any other forms?

A During the history of Soldier Settlement?

Q Yes. A: In the early days I think we had.

THE COMMISSIONER: Keep it down to a few days before the purchase and sale of Japanese land.

A This would be the form.

MR. HUNTER: Q: This headed "L.S.B." which would be Land Settlement Board. Why did the Soldier Settlement Board used a form called the "L.S.B."?

A I cannot just recall for the moment.

Q Did your Department -- or did the Soldier Settlement Board ever go by any other name?

A Soldier Settlement Board and Soldier Settlement of Canada. We were a Soldier Settlement Board when we had three commissioners, and later it was changed to Soldier Settlement of Canada, with a director.

Q Did you ever hear of the Land Settlement Branch or the Department of Immigration?

A Yes.

Q What was that? A: Our organization for many years was a part of the Department of Mines and Natural Resources, and during that time we were sometimes called upon to make appraisals of properties for individuals, or for other purposes, and we would use

that form.

Q I see. Well was this form used for more purposes than your own Departmental form?

A Yes, I believe so --

Q Do you know whether or not --

A --I think that form, Mr. Hunter, we would use when we would be asked to appraise for other Departments.

Q I see. A: Probably during the war.

Q Well, what was the Land Settlement Branch of the Department of Immigration?

A well, they would have to do more with the settlement of the people on the land who would be coming into the country.

Q And what was your Department's connection with the Land Settlement Branch of the Department of Immigration?

A We were quite often asked to assist in placing people on land and advising them as to the value of land, and we would be asked to appraise land that they wanted to buy.

Q Well this form headed "L.S.B.", is that your own form or is that a form of the Land Settlement Branch of the Department of Immigration?

A Well, as far as I can recollect, Mr. Hunter, this form was compiled likely by our own branch at the time we would be doing that work as well.

Q I see. But that was the standard form?

A Yes.

THE COMMISSIONER: You are putting that in as Exhibit 69, are you?

MR. HUNTER: Yes, my lord.

(FORM MARKED GENERAL EXHIBIT NO. 69).

Q Now, in Exhibit 59, a copy of which I have here, Mr. Barnet, you will notice that in the second from the last paragraph on page 1, there is a reference there to a standard form, C. 43. Is that the form which has just been filed as Exhibit 69? Oh, I am sorry, my lord, that is the memorandum from Mr. Murchison to Mr. Barnet.

THE COMMISSIONER: Yes.

THE WITNESS: Yes.

MR. HUNTER: Q: That reference there is to the form which has just been filed as Exhibit 69, is it?

A Yes.

Q Thank you. Now, my lord, I produce a report of the Province of British Columbia, from the Department of Agriculture Statistics Branch, showing agricultural statistics report for the year 1942 -- printed by the King's Printer and it appears to be of a purely statistical nature. On page 34 thereof, under table 13-D it says, "Number of poultry on farms in British Columbia on June 1st, and farm values from the years 1940 to 1942." Under hens and chickens it shows: 1940, 4,100,300; and 1941, 2,773,591; in 1942, 2,968,000 hens and chicks, and the prices are shown-- the average value per head, it gives from 77 cents in '40; 80 cents in

'41, and 95 cents in '42 -- total value, $3,157.00 in '40; $2,222 in '41; $2,820 in '42.

THE COMMISSIONER: These, I take it, are the figures to which Mr. Barnet referred previously?

MR. HUNTER: Yes, when he stated that he believed there to be a decline in the number of hens and chickens. It does not go to '43. It only goes to '42.

THE COMMISSIONER: You will have to condemn the Department of Agriculture for that.

MR. McMASTER: It is not a consistent system.

MR. HUNTER: Does your Lordship want this in?

THE COMMISSIONER: If counsel want it in.

MR. McMASTER: I think if my learned friend has referred to it, it should be put in.

MR. HUNTER: That will be Exhibit 70, my lord.

THE COMMISSIONER: It is the report of 1942, is it?

THE SECRETARY: Yes, my lord.

MR. HUNTER: That is all.

(REPORT MARKED GENERAL EXHIBIT NO. 70).

THE COMMISSIONER: It shows a reduction in the B.C. poultry population of 1,000,000 between 1940 and '42.

MR. HUNTER: Around a million, my lord.

MR. McMASTER: But an increase in price, and it does not deal with the question of production of eggs.

THE COMMISSIONER: No, it is dealing only with the poultry population.

MR. McMASTER: They might have been vitaminized in

the meantime, my lord.

THE COMMISSIONER: Thank you, Mr. Barnet.

MR. McMASTER: I am sorry, my lord. There is one question I would like to pursue.

THE COMMISSIONER: Just a minute, Mr. McMaster is not through with you.

RE-CROSS EXAMINATION BY MR. McMASTER:

Q Mr. Barnet, I refer first to Exhibit 63, which is the form you filed the other day. The top says, "S.S. form 93". Can you say what the "S.S." stands for?

A That was likely Soldier Settlement, I presume.

Q Yes, and I produce to you Exhibit 69, and I think you said L.S.B. would stand for Land Settlement Branch? A: Yes.

Q That would be a branch that would not have to do with Soldier Settlement at all. They would be immigrants and not necessarily soldiers?

A They might be people of all classes as far as that is concerned, yes.

Q But the requirements was not to be a soldier. It was a land settlement scheme. I suggest to you this form that is marked L.S.B. -- Land Settlement Branch, is actually the form that was used in connection with the settlement of these three thousand people that you have mentioned? A: If it was -- of course the three thousand family settlement scheme was entirely confined to lands

that the Soldier Settlement Board owned.

Q Yes, but I suggest to you that the form, Exhibit 69, with the L.S.B. form on it, was the form you used in appraising lands for that purpose, is that correct? A: Yes, I think so.

THE COMMISSIONER: On 69 is there any mark showing the figure, "C.43"?

MR. McMASTER: Yes, my lord, unfortunately both forms show the same number.

THE WITNESS: The same number.

MR. McMASTER: 69 shows C.43, and Exhibit 63 just shows form No. 43.

Q Now, Mr. Barnet, am I correct that the authority of Soldier Settlement Board to purchase lands under the Act and was passed after the first Great War, had expired by 1930 or about that time?

A Yes, I think that is correct. I have forgotten the exact date, but the Soldier Settlement ceased to buy any more land when there were no more funds voted for that purpose.

Q And that was around 1930 sometime?

A Yes, or before it.

Q And up to the time that authority expired, and the passing of the Soldier Settlement Land Act, did the Soldier Settlement have any authority to buy lands?

MR. HUNTER: Well, isn't that a legal point?

MR. McMASTER: Well did the Soldier Settlement --

THE COMMISSIONER: They are not referring to the Soldier Settlement Board buying any lands.

MR. McMASTER: Well I am asking if any appraisals were made in that period for purchase, by these appraisers.

THE COMMISSIONER: Well why not put the question to him?

MR. McMASTER: Q: Is it not so between the time of the expiration of authority under the old Act, and the V.L.A. Act, your Department would not be appraising lands for the purpose of purchase or your Department?

A That is correct. We would not be buying for ourselves.

THE COMMISSIONER: Thank you, Mr. Barnet.

MR. HUNTER: My lord, may I ask one further question?

THE COMMISSIONER: Yes.

MR. HUNTER: I hate this to go on forever. During the term of 1930 onward, was your Department purchasing any lands for anyone?

THE COMMISSIONER: He has already said they were purchasing for other departments.

A Yes, and we were appraising for Canadian Farm Board.

MR. HUNTER: Q: And that was for purchase, was it, or for loan?

A Well, under their act a man can apply to borrow money to buy land, or for a mortgage to improve land.

Q Well you were purchasing during that period from '30 on for purchase by somebody?

A Yes.

Q Your appraisers were doing that?

A Yes.

THE COMMISSIONER: I think it is hardly worthwhile calling another witness now.

(Witness aside)

MR. HUNTER: No.

THE COMMISSIONER: We will resume at 10 in the morning, and as far as I know this room will be available and if there is any change, the Secretary will advise counsel.

(PROCEEDINGS ADJOURNED TO 10:00 A.M., DEC. 2/48).

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer

JAPANESE PROPERTY CLAIMS COMMISSION

Vancouver, B.C.,

December 2, 1948.

GENERAL EVIDENCE

Pages 397 - 495C (inclusive)

VLA

Ramsay 397-495c

Original

Vancouver, B.C.

December 2nd, 1948 10.00 a.m.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

ROBERT LAMBERT RAMSAY, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HUNTER:

Q Mr. Ramsay, what is your occupation?

Q Field Supervisor, V.L.A. of Canada.

Q And what was your occupation in 1942?

A Field Supervisor, Soldiers' Settelment of Canada.

Q And where were you working in 1942?

A I was working in the Fraser Valley.

Q Have you ever been in the real estate business, Mr. Ramsay? A. No.

Q Have you ever been engaged in the selling of land? Possibly before we go on with that I had better qualify Mr. Ramsay as an appraiser?

THE COMMISSIONER: Yes.

MR. HUNTER: Q: Let's just look over your record, Mr. Ramsay, You went to school where?

A Toronto, Ontario.

Q Did you finish High school there?

A No, I finished it up at Upper Canada College

Q And you were from there to where?

A I went from there to the Ontario Agricultural College.

Q At Guelph? A. At Guelph, Ontario.

Q And you were there how long?

A The first two years. I finally finished up with another two for an agricultural degree.

Q And you were there two years and then what did you do? A. I went west and homesteaded, farmed for eight years, and returned and finished my course for an agricultural degree.

Q When was that?

A I finished in 1914.

Q Then where did you go?

A I went as district representative in central B. C. at Telkwa.

Q For whom? A. For the Department of Agriculture.

Q How long were you there?

A One year.

Q Then what did you do? A. I then took a position as assistant to the District Superintendent Dominion Experimental Farm stationed at Agassiz in the Fraser Valley.

Q What were your duties there?

A To assist the superintendent in superintending farm operations, the compilation of records, costs and various other items.

Q And where did you go from there?

A I transferred to the Soldiers' Settlement Board.

Q That was when?

A From there I went overseas and on my return from overseas I transferred to the Soldiers' Settlement Board. I came back to the job.

Q At Agassiz? A. At Agassiz.

Q You transferred about 1919 to the Soldiers' Settlement Board?

A I believe it was 1919.

Q And have you been with them ever since?

A Yes.

Q When you transferred to the Soldiers Settlement Board, you transferred in what capacity?

A I became a field supervisor.

Q Were they buying land at that time, the Soldiers' Settlement Board? A. Yes.

Q Did you do any appraising at that time?

A No, I didn't.

Q When did you start appraising?

A I believe it was 1922.

Q And where was that?

A At Courtenay, Vancouver Island and that area.

Q For what purpose were you appraising?

A I was appraising land which came back on our hands and which we had to resell.

Q And you were appraising it for resale to whom?

A To the general public by tender.

Q How much appraising haveyou done in your experience with the Board. I realize that is a general question . Have you done a considerable amount, or a small amount?

A I have done a very great deal.

Q Would it be dozens or hundreds?

A Hundreds.

THE COMMISSIONER: Q: Over how many years, Mr. Ramsay?

A Since 1922, my lord.

Q Continuously? A. Continuously.

Q MR. HUNTER: And have you appraised for any other agencies or bodies than the Soldiers' Settlement Board? A. I have never been paid for appraisals by anybody else. I have been asked by private people to value their places.

Q Have you ever appraised for any other bodies than for the Soldiers' Settlement Board?

A No, I haven't.

Q That is you have never appraised for farm loan purposes or things like that?

A No.

Q You said earlier that you had never been in real estate business?

A That is correct.

Q Have you ever engaged in the seeling of land?

A Only land which I owned myself.

Q Have you ever acted as a selling agent in connection with the Soldiers' Settlement Board?

A Yes.

Q Where and when? A. During all my time of appraisal work at Courtenay, Vancouver Island from Campbell River to Duncan and later in the Fraser Valley.

Q And what was the method of sale?

A The place was advertised for sale by public tender with a notice posted on the property and also in the nearest post office or post offices.

This would be exposed at that time for fifteen clear days. There was an upset gate for tenders. They would be received and considered. If there was no satisfactory tender the sale had to be made later by private negotiation between the Soldiers ' Settlement Board or their agents and the potential buyer.

Q Did you advertise more than once?

A Not that I can remember.

Q How extensive would the advertising be?

A There was this notice together with a "for sale" card placed in a prominent position on the property as close to the road where the public would see it, as possible. There was this calling for tenders also posted in the nearest post office, and if it happened to be a small post office there would be another one placed in a larger post office.

Q And was there an advertisement in the newspaper?

A No.

Q Have you ever sold land in competition? with other real estate agents? A. Only in so far as our land competed with them.

Q Did it make any difference to you when selling that land whether you succeeded in selling it or not? A. Yes, it did.

Q What difference did it make?

A If it wasn't sold the chances are that within a reasonable time that my appraisal was too high which would in turn reflect on my reputation as

an appraiser, and probably preclude any advancement in that particular field with the Soldiers' Settlement Board.

Q Did it make any difference to you at that price it sold? A. Yes, it did.

Q What difference did it make to you?

A If tenders were received which were greatly in excess of my appraisal, my reputation and chances for further advancement were again damaged.

THE COMMISSIONER: Q: The inference there being that you had appraised too low?

A Yes, my lord.

MR. HUNTER: Q: And would that affect your career in the Soldiers' Settlement Board?

A Yes, it would.

Q By the way do you belong to any of these appraisers institutes or anything of that nature?

A I am a full member of the Appraisers Institute of Canada.

Q And what are the qualifications for joining that body? A. I believe the by-laws call for a man to have at least seven years appraisal experience, to be thirty or over, and to have done at least one hundred appraisals.

Q You stated earlier that in 1942 you were stationed in the Fraser Valley, did you?

A Yes.

Q Does that mean that you were stationed in some particular part of the valley?

A I was stationed at Chilliwack.

Q How familiar were you with the Fraser Valley at that time? A. I was very familiar with the upper end of the Valley.

Q How about the Lower end?

A I had a familiarity with the lower end but not so great as I had with the upper end.

Q Were you appraising land in the upper end of the valley? A. Yes, constantly.

Q For what purposes? A. For the purposes already mentioned: sale of our reverted land. I did appraisals of our own land under the Farmers Creditors Arrangement Act where necessary, and I appraised many civilian properties for that purpose.

Q Who would request you to appraise those properties? for the Farmers Creditors Arrangement Act other than your own property?

A I believe they all came through the district superintendent. My recollection isn't very vivid on that point.

Q You were merely requested by your superior to make those appraisals?

A Yes.

Q Have you done any appraising in the lower part of the Valley at that time?

A Some.

Q When was that? A. Some in Langley I believe.

Q Do you remember when that was?

A No, I couldn't recall any dates. I couldn't recall

any dates among the hundreds of appraisals I have done.

Q You recall the appraisal of the Japanese land in the Fraser Valley in 1942?

A Yes.

Q And when you came down to the lower part of the Valley to make these appraisals, how did you acquire a knowledge of values?

A We had a field supervisor stationed in New Westminster, who had been appraising for many years, just as I had in the upper part of the Valley and I consulted him as to land values. I also constuled real estate men.

Q Any other method you took to obtain real property values? A. I endeavored to find comparable sales by asking local farmers of such sales.

Q When you came down to the lower part of the Valley to make these appraisals, did you find it embarrassing to make appraisals on this unfamiliar territory?

A No. An appraisor so far as the mechanics are conserned should be at home almost anywhere. He must inquire re local conditions and local values to round out his knowledge.

Q And what about the appraisals that were working in the lower Valley. Was their knowledge available to you? A. Always.

Q Readily accessible? A. When we worked in the Lower Fraser Valley we practically

lived together and ate together, and we didn't talk much else except appraisals.

Q What were the instructions you received from Mr. Barnet to appraise this land?

A We were told to make an appraisal , that we were to make an appraisal of the Japanese lands in the protective area.

Q What did you understand by that word "appraisal"?

A Our appraisals had always aimed at fair market value, and that was my understanding.

Q How would you define fair market value, Mr. Ramsay?

A Fair market value is the sale of a place by a willing vendor not forced to sell to a willing purchaser not forced to buy; considering too, the various uses to which a farm might be put.

Q Where did you receive these instructions from Mr. Barnet?

A. In Vancouver.

Q When was that?

A. That would be early in May,1942.

Q And who was present at that time?

A Mr. Barnet, Mr. J. C. Child and all the appraisers, of whom I think there were eight others besides myself.

Q Nine including yourself?

A Nine including myself.

Q Were the instructions that were given to you in writing?

A. No.

Q Did you receive any other instructions than to appraise these Japanese lands?

A Yes.

Q What were those instructions?

A We were told to send in, in addition to the appraiser, a note -- there was no form prescribed-- to say whether we considered these individual properties would be suitable for veterans settlement.

Q Did Mr. Barnet give you any reason for attaching these certificates?

A Again I don't vividly remember, but I have a recollection that Mr. Barnet stated that at some time if these properties came on the market we might have a chance to bid on them and if we had this chit it might save us considerable time and expense.

Q How would it save you time and expense?

A If the properties were exposed for sale we could at once tell without another minute examination whether we were interested or not.

Q That is at the same appraisal what you would bid? A. I don't know, but I presume our appraisals would be the guide if the property hadn't changed and the market hadn't changed.

Q What were you to say in these slips?

A We were just to state whether the property was suitable or unsuitable for veterans settlement.

Q And what did that mean to you, " for veterans settlement"?

A It meant for settlement by returned soldiers.

Q Were you acquainted at that time with the small holdings provisions of the Veterans Land Act?

A No, I wasn't.

Q Did Mr. Barnet explain these provisions to you?

A I believe he dealt shortly with the fact that we must consider some of these smaller properties close to industrial work a little differently than we had been considering places for full time farming.

Q Did you get the idea of this new Act?

A I don't think I could have, because only a few appraisals had been returned and Mr. Barnet to some extent amplified it by letter.

Q Did the attaching of these slips give you the impression that you were appraising these lands as prospective purchasers for veterans?

A No.

Q Did it lead you to think there was a possibility of your department might buy these lands?

A Yes, some of them.

Q In view of the possibility of acquiring some of these lands would your tendency be to appraise lower as a result?

A No.

Q Why not? A. I had no other idea than we would be in the open market against the general public, just as we have sold our own government land.

Q What had been your previous method under the Soldiers' Settlement of buying lands?

A An appraisal had been made of the place and an offer made to the owner.

Q And were you competing with the general public?

A Oh, yes.

Q When you purchased land?

A Oh yes.

Q Had you ever purchased lands where you weren't competing with the general public?

A Not that I remember.

Q Do you recall this form S.S.43, Mr. Ramsay?

A Yes.

Q You will note that well down the page there is a phrase, " Total present day value"?

A Yes.

Q What do the figures opposite that phrase represent?

A That is the total replacement value less depreciation of the buildings which appear on the building inventory.

Q There is a figure down further there. It says, "Total value buildings add to farm". What does that figure represent?

A It means regarding the farm as a unit, or these buildings add to the sale value; the fair market value of the buildings in fact.

Q How do you ascertain the making of one of those reports the fair market value of the building?

A I have a very thorough consideration of the buildings themselves, their relation to the farm, their relation to the uses to which the farm would be normally put. Then I arrive at a value of what I think those buildings would add to the farm. I add that to the value of the land, and then I consider where possible comparable similar lands.

If something doesn't seem to jibe, I would go back over my notes and if necessary go over the farm and see if I had made a mistake. If I felt, compared with some of the properties, that my price was too high and the place wouldn't sell at that figure, I would normally reduce the buildings. If the other way I would raise the fair market value of the buildings.

Q You added to these two figures your opinion of the buildings and your opinion of the land?

A Yes.

Q And when you had the total you studied that to see that whether in your opinion it still represented the fair market value of the farm as a whole? A. That's right.

Q Those two values shown on page 1 of that appraisal, the replacement cost less depreciation and the total value of buildings added to farm, which you say is the fair market value of the buildings, is there any relation between those two figures?

A No, they wouldn't have any relationship.

Q When you were appraising these properties, did you give any value for crops?

A No.

Q Why not? A. Usually the crops belong to the tenant.

Q And would you add any value for plants as distinguished from crops?

A What sort of plants?

Q Well, any type of productive growth that produced crops such as strawberry plants, raspberry canes

or apple trees? A. Apple trees, yes; small fruit, no.

Q Why didn't you add a value for say, strawberry plants and raspberry canes and things of that type?

A These tenants had an indeterminate term and no incentive to care for the plants and the result was they were neglected as to pruning, cultivation and fall fertilization which sort of --well it practically wiped their value out.

Q When you say fall fertilization, what fall are you referring to? A. It is a normal procedure to fertilize particularly strawberries in August or before the fall rains to enable them to develop the crowns which will bear fruit the following spring.

Q Then were you referring to August 1942 or August 1941 when you said they neglected fall fertilization?

A No, I said -- may I repeat?

Q Yes? A. I say these tenants -- we have had considerable experience with tenants-- being of indeterminate term are only interested in what they can get at the time more or less, they would not be interested in the 1943 crops, and the result was in 1942 those plants wouldn't receive the proper attention or fertilization.

Q When you were appraising these properties in say, May of that year, would you be aware of that factor at that time? A. Yes. I think of the properties had been rented or were in the

process of being rented.

Q I show you a copy of a letter dated May 13,1943, addressed to yourself and signed by "District Superintendent". Did you receive that letter?

A Yes, I did.

Q Would you take that letter paragraph by paragraph and explain what that letter meant to you then? My learned friend says, " Then or now". I mean at the time you received them?

A The first paragraph just states, (reading). I don't think I need read it all.

Q You might read it and say what that meant to you?

A In the second paragraph it states (Reading).

Q What did that mean to you?

A It meant that these holdings might be used as what we had previously called subsistent holdings by a man who had to earn part of his living off the farm and part of it elsewhere. The next paragraph says (reading). That means to me that we had to be careful of our values, that they were so far as possible protected by comparable sales.

THE COMMISSIONER: Before going on, I did not hear your last answer? A. So far as possible to be protected by comparable sales.

THE COMMISSIONER: I follow you.

MR. HUNTER: Q: Go on.

A The last paragraph more or less I would take it meant "do your job". Mr. Barnet says he is jealous of the reputation of his appraisers, and I tried to maintain it.

Q Were these instructions giving you any instructions which you didn't have before?

THE COMMISSIONER: You had better clarify your question, Mr. Hunter. Are you relating to the appraisal about to be made or those which formerly were made under some other plan or, just what do you mean?

MR. HUNTER: I will reword the question if I may.

THE COMMISSIONER: Yes.

MR. HUNTER: Q; Did this letter amplify or change the instructions for the appraisal of these Japanese lands which you have previously received verbally?

A I can see no change. It amplified them a little bit.

Q Where would the amplification be in this letter?

A Particularly with regard to small holdings. That is the main point.

Q And what is the purpose of him clarifying the question of small holdings to you?

A I have previously been appraising in the Fraser Valley many large acreages and some of it had become subsistence farms, but my main viewpoint was certainly agricultural.

Q And were these instructions regarding small holdings for the purpose of your appraisal?

A No, they were the purposes of the certificate that was sent in.

Q And did you understand that at that time?

A Yes.

Q Were you clear in your own mind at that time what value you were to place on these lands?

A Y es, I was.

Q What value were you to place on them?

A The fair market value.

Q From what point of view did you appraise these properties? A. Largely agricultural.

Q When you put an agricultural value on a property, is that necessarily fair market value?

A It was in my case. I can recall no case where it wasn't.

Q What if the premises had also a housing or business value? A. I believe I appraised none of that type.

Q Were all the properties you appraised all farms?

A There were some full time farms and some, to use our own term, subsistence holding or part-time farms.

Q And were you familiar with subsistence or part-time farms? A. Yes.

Q Where did you run into that type of farm before in your experience?

A Among our own places, Soldiers' Settlement places.

Q What part of the country would that be in?

A Largely with me the smaller farming areas -- Mission , Matsqui and points west.

Q And you were familiar with that territory?

A Yes.

Q Did you run across any cases where a property say, has little or no farm value but a reasonably adequate house; that is in the appraisals you made? A. A reasonably

adequate house. I believe I had one or two.

Q How would you deal with those. Would you appraise those from an agricultural point of view?

A I would again have the subsistence angle in view and the fair market value of the particular building would normally be more than if it was for a residence from which a man earned nearly all his outside money from other sources.depending on the location of the building and its suitability, the purpose and the type of buyer you might get, I would not have the same fair market value for the building in this case as I might in a farm.

THE COMMISSIONER: Q; Does this note I have made correctly paraghrase your evidence on this subject: "All of my appraisal were based on agricultural values, none of these properties being adaptable to other than agicultural use."

A They were solely agricultural, my lord. They were from an agricultural standpoint.

Q Had you such places as might be adopted for, for instance, a side by side resort or stopping place which might have abetter value than it would as a farm?

A May I explain a particular case I have in mind.

Q Yes? .A. The only case I definitely remember was a small house started -- I don't think it was finished -- in Surrey on possibly three acres of land. This land wasn't all cleared to the best of my recollection. Some of it was a bit swampy, and it was the type

of building that a man without much money would buy. That is the only approach I can think of at the moment where I had to partly forget purely agricultural values.

MR. HUNTER: Q: What was your attitude or approach to it? A. I considered that property was a subsistence holding where a man would have a residence and be able to have a garden and a few chickens but would never be able to make a full time farm out of it.

Q Did you or didn't you appraise it as an agricultural proposition? A. There are so many shades in between. My viewpoint was agricultural but in this case I have to at least in part forget the agricultural approach and think of this place as a place for a worker who obtained outside means from somewhere.

Q Could I put it this way. Did you give it any value which might be higher than you would have given it if you had been appraising it from a strictly agricultural point of view.

A I believe I did.

Q In your appraisals throughout -- I am referring particularly to these appraisals of the Japanese lands -- were your appraisals conservative or generous? A. Conservative means cautious. My appraisals were cautious.

Q And why would you make your appraisals cautious rather than liberal?

A We had come through a period of depression in which

land values seem to be slipping and we were in a period of great uncertainty, and I was therefore cautious.

Q Are you able to say how cautious you were. Would you put it in terms of a percentage?

A No, I would have to consider the individual property. On some I probably might even have been generous.

Q You can't give any wide spread?

A Generally I was cautious.

Q But you are not prepared to say how much cautious until you look at the particular property?

A No.

Q When you were making these appraisals, were you giving a long term or a basic value rather than fair market value?

A No.

Q Do you feel that you achieved fair market value in your appraisals? A. With that reservation that I was cautious, yes.

Q Had you seen the Veterans Land Act at the time you were making these appraisals?

A No.

Q Had you been shown a draft copy or anything of that sort? A. No.

Q Then can you remember what you did know about it at that time. When I say "at that time", I mean at the time of your appraisal in 1942?

A I don't think I knew anything about it beyound I suspected it would come up.

MR. HUNTER: I would refer your lordship to Exhibit 37.

THE COMMISSIONER: In the general evidence?

MR. HUNTER: Yes, my lord. Your lordship will observe that on that list group 1, 12 sales that appear to have been made in 1942. I have drawn up a new sheet concerning those because some of the information given in this exhibit was not necessarily correct. I have eliminated the last one No. 1534, under J.L.number 795 because that is a case where the property was sold not by the owner but sold in 1944 by the Custodian, and it is a subject claim in any event so that it will be heard separate or categorized in one form or other, and accordingly I would like to file a new statement of those. I have furnished my friend with a copy.

(LIST OF SALES MARKED EXHIBIT GENERAL 71.)

THE COMMISSIONER: Exhibit 71 is substituting for the information contained in the lower part of Exhibit 37, is that it?

MR. HUNTER: That is it, my lord.

MR. McMASTER: I draw your lordship's attention to the fact that there appear to be two other properties in that list supplied by my learned friend, sold by the Custodian.

MR. HUNTER: Yes. I will be dealing with all the individual properties, my lord.

THE COMMISSIONER: Two other than what?

MR. McMASTER: The one he has advised your lordship he crossed off.

THE COMMISSIONER: I see. There are two others that are also excluded?

MR. HUNTER: No, my lord, I have excluded one, because it is a matter of a subjective claim. Everything else is here, and we will be going into each claim, and I have tried to give the true facts.

THE COMMISSIONER: We will be recessing in the course of a few minutes. Would you prefer to do so now and then go straight through with this?

MR. HUNTER: I think this would be a suitable time, my lord.

THE COMMISSIONER: Very well.

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

MR. HUNTER:Q: Mr. Ramsay, before we go on with those individual sales, have you any figures to show the prices of berries in the Fraser Valley?

A Yes.

Q May I see those please. This was prepared where--in your office?

A This was obtained by Mr. Barnet from the Chief of the Horticultural branch at Victoria Provincial Government.

Q There is a note which says "The above are f.o.b. prices as taken from our Agricultural Statistics Report for the years indicated and are on a poundage basis", and it is headed "Average price paid to the Growers for Strawberries, Raspberries, Loganberries and Blackberries in the Fraser Valley and Vancouver Island, years 1939-1947." I see thatin the Fraser Valley in

1941 it says the price for strawberries fresh was .0787 and processed .0575 and in 1942 in the Fraser Valley the fresh berries had risen to .1399 -- that would be practically fourteen-cents -- and the processed berries had risen to .0800. Again in 1943 the price in the Fraser Valley for strawberries had risen from 14 cents in the previous year to 27 cents, that is fresh berries, and processed to 15 cents.

THE COMMISSIONER: Are these prices the prices paid by canneries or packing houses or does it cover all berries?

A It is the general market.

MR. HUNTER: Q: The processed berries I presume would be ones sold to jam factories and canneries, fresh berries would be those sold on the open market.

THE COMMISSIONER: I would expect so.

MR. HUNTER: Or to wholesalers, because these are the prices it shows paid to growers.

Q Talking of strawberries in the Fraser Valley it is 15½ cents processed in 1943. Do you know whether that indicates they made that much more money per pound in the year 1943?

A I don't know, but normally higher prices in berries are counter balanced to some extent by higher wages, higher cost of fertilizers, and general production costs.

(TABLE SHOWING PRICES PAID FOR BERRIES, MARKED EXHIBIT GENERAL 72.)

MR. HUNTER: Q; Do you know of your own knowledge, Mr. Ramsay, what type of a crop year it was for

strawberries in the Fraser Valley in 1942?

A Yes.

Q What type of a crop year was it?

A I remember it very well. I think to July 13th we had some rain every day which caused a great deal of mildewing of strawberries and even extended into the raspberry season causing mildew of raspberries, and of course, reducing the saleable crop.

Q Do you know whether that was general throughout the Fraser Valley?

A Yes, that was general.

THE COMMISSIONER: Q; That was in 1942?

A Yes, my lord.

MR.HUNTER: Q; Do you know what type of a crop year was obtained in 1943? A. I don't recall it well enough.

Q I see on Exhibit 71 that one of these properties that was appraised by Soldiers' Settlement Board appraisers in 1942, belonging to a Japanese was appraised by you, that of Akiyasu Mashuhara. That property was appraised by you at $1030.00 and it was sold at very much the same time for $1250.00, an increase of 21.3%. Do you recall that property?

A Yes, I do.

MR. HUNTER: My lord, I would like to file a copy of the map of Langley Municipality and have Mr. Ramsay locate this property on it.

(MAP MARKED EXHIBIT GENERAL No.73).

Q Would you locate that property on the map so that

his lordship can see where it is?

A This is in the northern section of Langley, my lord, and it is close to the river lot "C". It is outlined here in yellow.

THE COMMISSIONER: I see it. Akiyasu Mashhara, is it?

A Yes, my lord.

MR. HUNTER: Q: I produce a photograph Mr. Ramsay. Could you identify that photograph?

A That was the house on this property.

Q And when was that photograph taken?

A I took this photograph October 31st, this year.

Q And can you state how closely that photograph depicts the property in relation to its appearance in 1942 -- the building?

A The photograph indicates the class of shingles on the house which was quite evident in 1942. The foundation doesn't show in the photograph. It indicates a stove-pipe chimney and I think that it indicates a sag on the left side of the roof facing the camera.

Q Do you recall whether that sag was there in 1942?

A I believe not.

Q What is your general statement as to the appearance of that house when you took that picture and its appearance in 1942?

A The general appearance?

Q Yes. Is it in the same condition or worse or better? A. Oh, it is worse now.

Q How much worse? A. The photograph

do esn't indicate it but the foundations are rotting?

Q Has the house been altered?

A No.

Q Does it give indications of having been repaired?

A No.

(PHOTOGRAPH MARKED EXHIBIT GENERAL 74)

Q I produce a typewritten copy of a farm appraisal report. Could you identify that?

A This appears to be a copy of my appraisal report.

Q THE COMMISSIONER: Made when?

A My appraisal report was made in 1942, my lord.

MR.HUNTER:Q: Perhaps you would be kind enough, Mr. Ramsay to go over that report and just pull out the general factors out of it for the record, because I haven't other copies of that.

A I have a copy here.

Q P erhaps we could put that in then?

A This property, my lord consisted of two pieces of land, one facing on a road with an uncertain name. It is however, a side road sometimes called the McKinnon Road; and the back of the property is on the A llard River Road. To the river from the road is a matter of some considerable distance which the sketch will show and there is one acre in the piece between, the second piece running from the Allard River road to the river. That piece is 703 feet long and 52 or 53 feet wide.

THE COMMISSIONER: Q; That is included in the property,

is it? A. That is part of this appraisal, my lord. The place has no electric light. It is in a pioneer settlement. It had no fences of its own. Its water supply consisted of a well quite shallow. I believe -- it is not recorded here -- it was a shallow well which possibly was served by a spring. The building measurements are given and the replacement value was computed at $200.00.

Q That is for a house?

A Yes, my lord.

MR. HUNTER: Q: Were there other buildings?

A No, no other buildings. The value which that house added to that particular property was in my opinion $100.00. The dwelling was habitable. It had a metal chimney; no basement. It was divided into four rooms by partitions and shiplap. It had never been painted. It was practically situated right in the bush at that time. Then we come to the land. I show 93 acres heavy, rolling, soil is good clay 12" to 24" on the bottoms, underlaid with clay but gravelly on ridges. There is a certain amount of cordwood not easy to get out; no commercial timber. I valued the land at $10.00 an acre.

THE COMMISSIONER: Q; 93 acres?

A Yes, my lord, $930.00, together with a market value of the house of $100.00, $1030.00. The place was uncultivated, untilled and the house apparently only occasionally occupied.

I noted here that this was unsuitable for veterans settlement until cleared -- no that is not right. "State most suitable type of agriculture for farm bearing in mind the district's limitations, if any: Unsuitable till cleared. Noxious weeds: Natural weeds only. " I haven't listed the full details on taxes. It is dated August 5th,1942.

MR. HUNTER: Taxes show on this copy here. They should be on your original.

A Oh, I'm sorry. The taxes are shown as $47.95. Shall I read the remarks?

Q I think so.

A Remarking on this property I say, " This is a rough piece of bushland . . . . . .there is no small fruit, orchard of any kind or other plantings."

Q I produce a document to you, Mr. Ramsay,. What is that? A. Langley tax sale bylaw 540.

Q Is that a true copy?

A That is a true copy.

Q This has a certificate on the end saying, " I hereby certify . . . . . .Municipality of Langley." Are you able to identify any lands in that bylaw which would be comparable to the lands in this appraisal you have just been going over? A. Yes.

Q It says, "Done and passed. . . . . .16th August, 1943". A. There is a piece

of comparable land D.L. 414.

Q Where is that in the bylaw?

A That is the first property on the top of page 2.

Q Can you identify that on the map so that his lordship can locate it?

A D.L. 414 cornering on the northwest corner, the Masuhara property.

Q And what does that property consist of?

A It consists of brush that is so identical with Lot C, that I couldn't see there was any difference at all. The same kind of soil; the same cover.

Q And what is the price per acre as shown in the bylaw? A. The total price of D.L.414, Group 2, is $300.00.

Q And there are how many acres?

A There are said to be 53 acres.

Q That would be roughly, $6.00 an acre, would it?

A Yes.

Q Are there any other properties there that would be comparable? A. There was considerable bushland, tax land, shown in small lots close by it at $10.00 an acre but they are not comparable. A. Too small.

Q Because of their size? A. Too small.

MR. HUNTER: I tender the bylaw, my lord.

THE COMMISSIONER: You are not putting in the appraisal report, Mr. Hunter?

MR. HUNTER: I can if your lordship wishes. Counsel has a copy of it.

MR. McMASTER: I think it should be filed, my lord.

THE COMMISSIONER: All right. Put it in as 75 and the bylaw as 76.

MR. HUNTER: This is a typewritten copy of the appraisal which has been identified by the witness as a copy of his original appraisal.

(APPRAISAL REPORT MARKED EXHIBIT GENERAL 75)

(BYLAW MARKED EXHIBIT GENERAL 76.)

MR. HUNTER: Q: Do you know, Mr. Ramsay, what procedure a municipality adopts to sell this land. What I am trying to get at is this. This bylaw is dated 1943. Would that be the first time these lands were available for sale or for purchase?

A I think not. I believe the ordinary procedure is for any person to come in and ask about a particular piece of property and make an offer on it which is considered by the municipal council and O.K'd or otherwise.

THE COMMISSIONER:Q: You are now referring to the procedure adopted by all municipalities through the Fraser Valley or this one?

A I don't know, my lord. I asked about that particularly in Langley.

Q And this property was in Langley Municipality?

A Yes.

Q MR. HUNTER: I produce a sheet here headed "Comparable Sales". Would you explain what that sheet is? A. This sheet tabulates salient factors on the Masahara place and report on the D.L. 414 comparable sale; side by side.

Q And what date does it show for the sale of the D.L. 414? A. June 1944.

Q That is when the Municipality finally sold it?

A Yes.

MR. HUNTER: My lord, I would file this.

("COMPARABLE SALE" SHEET MARKED EXHIBIT GENERAL 77)

MR. HUNTER: This is a form that has been devised for the comparison of properties sold or appraised and other properties which are considered to be comparable sales, and we shall be using this form a considerable amount in the next two weeks. Your lordship will observe the various factors shown (reading headings). That "general remarks", shouldn't be under "other buildings". Actually that pertains to the whole property. The purpose is to try to clarify a pomparison. Of course, the witness will have to give the evidence pertaining to it. It is merely to make it somewhat clearer.

Q Now, did you draw up this comparable sales form, Mr. Ramsay? I don't mean the form itself, but did you fill in this particular one?

A I filled in the information on a form and it was copies.

Q And it shows the date of sale from the municipality of Langley to Walter Dickson this June 1944. How do you know that?

A The purchaser produced his receipt.

Q And it was dated then, was it?

A Yes.

Q You interviewed the purchaser?

A Yes.

Q And how do you know the sale price. Was that shown on the receipt or not?

A No. I interviewed Mr. Lang of the Langley Municipality office who verified it to my satisfaction.

THE COMMISSIONER: That is a little irregular, but in the circumstances I propose to received evidence and it is open to counsel to question it. No doubt Mr. McMaster can verify or other the information the information the witness is giving as to value. It will avoid the calling of a lot of witnesses who are not strictly necessary.

MR. HUNTER: My learned friend and I discussed this some time ago and it was agreed that certified copies of documents from the Registry Office would be satisfactory. Actually I should have had one here to certify the price of that sale. I am sorry. It was an oversight.

MR. McMASTER: My lord, I wonder if we need go to that expense. The representations made here, if I find something different I will draw it to the court's attention.

THE COMMISSIONER: It will be very easy for you to check it if you have any doubt about it.

MR. HUNTER: I have a document here saying, " I hereby certify . . . . . ." And it shows that this property was sold, the Masuhara property was sold September 3rd, 1941 by Alfred Rieholdt to Akiyasu Masuhara, and in that it says, " And I solemnly declare I have investigated . . . . . .

is $800.00.".

THE COMMISSIONER: What date was that in 1941?

MR. HUNTER: September 3rd, 1941, my lord.

(DOCUMENT MARKED EXHIBIT GENERAL 78)

MR. HUNTER: Q: This Masuhara property was purchased by whom? A. From Masuhara?

Q Yes? A. Lyle Cody.

Q And this price of $1250.00 shown on Exhibit 71, is that the actual sale price or purchase price?

A So far as I know.

Q Did you check it? A. No.

THE COMMISSIONER: Perhaps you can recall to me, Mr. Hunter -- I assume when Exhibit 37 was put in the appraisals were verified?

MR. HUNTER: I have a copy of the deed here, my lord, and the deed shows $1250.00 from Akiyasu Masuhara to Lyle Frederick Cody, dated 14th May, 1942, and it appears to be signed by the vendor and witnessed, and an affidavit of execution and so on. I don't know whether there is any point in putting that in.

THE COMMISSIONER: I think not.

MR. HUNTER: Q: Do you know anything about the purchase of Cody? A. I know that at the time he purchased the land he was selling wood and was a trucker in Vancouver.

Q Do you know whether he took wood off this lot?

A I don't from my own knowledge.

Q Have you been able to interview him?

A No. His mother tells me he is in Victoria.

Q Was she ever out on the property?

A Yes, she says so.

MR. HUNTER: I don't know whether there is any account in going any further with her evidence my lord. It would be hearsay.

Q Now, Mr. Ramsay, having appraised that property yourself, and having seen that the owner sold for $1250.00, or $ 21.3% above your appraisal, how do you account for the difference between your

19 appraisal and the sale price?

A He was not an agriculturist. He bought the property with a view to taking wood off it. I understand he was having great difficulty getting supply and he would go out there over the weekend and make an attempt to cut wordwood.

Q Do you consider your appraisal to have represented fair market value?

A I do.

Q From every point of view as well as from an

20 agricultural point of view?

A Yes. This man purchased with a special purpose and wasn't representative of the market.

THE COMMISSIONER: Q; Was this a sale made by the Custodian, Mr. Hunter?

MR. HUNTER: No, my lord.

THE COMMISSIONER: A private sale by the Japanese himself, was it? A. Yes, my lord.

Q Do you think any of the difference might have been accounted for by --

30 THE COMMISSIONER: I do not think you ought to suggest

other factors. Ask him if there are any other factors,

MR. HUNTER: Very good, my lord.

Q Were there any factors present on this property that you believe account for the difference between your appraisal and the sale to Cody, the price at which it was sold to Cody?

A I think he was ignorant of prices.

Q Did you consider your appraisal of that property to be conservative?

A No., fair market value; without that word "conservative".

Q Now, Mr. Ramsay, this property was subsequently sold by Cody in the same year and it was sold for $1,650.00. That makes quite a wide difference between your appraisal and the final sale price?

A I have a copy of the agreement here datdd the 24th July 1942 between Mr. Cody and John and Ella M cKenzie. Do you know anything about the McKenzies? A. I know he lives in Vancouver and just goes out occasionally.

Q Have you met him? A. No, I haven't met him.

Q Does he work the property?

A No.

Q Is there any change in the property from when you appraised it? A. There is more clearing, but not very much.

Q Is there any agriculture of any form on it?

A The clearing has grass on it. A neighbour I believe gets that for just keeping an eye on the property.

Q But I think you said McKenzie goes out there at the weekends, did you?

A I believe so.

Q Or occasionally? A. Occasionally.

Q But he has never used the property?

A Agriculturally.

Q Yes, agriculturally. A. No.

Q And has he developed it in any way at all?

A I don't know who did the clearing, but there is more cleared than when I appraised it.

Q And how would you account, if you can, between your appraisal -- for the difference between your appraisal and McKenzie's purshase price?

A I can only guess.

Q What would your opinion be?

A That he is using this as a sort of a week-end retreat from Vancouver and just goes out and possibly spends the weekend there. A summer home kind of thing.

Q This agreement of sale describes McK enzie as retired. Do you know whether he is retired?

A No, I don't.

MR. HUNTER: That's all.

CROSS EXAMINATION BY MR. McMASTER:

Q It might be just as well if we dealt with this property we have just been discussing to begin with. The suggestion you made as to why M cKenzie might have purchased the property is only your own surmise?

A That is only my own surmise and verified or at least borne out by the neighbors, particularly Mr. Ostrund.

Q Do you suggest that Mr. McKenzie needs 92 acres of land for a week-end retreat?

A No.

Q Why do you suggest he would buy 92 acres if all he wanted was a weekend retreat?

A I don't know.

Q Do you think he might have been speculating?

THE COMMISSIONER. That is speculative, highly so, is it not?

MR. McMASTER: Yes. The witness doesn't know in any event.

Q There were two sales in 1942 very close to the time you made this appraisal, Mr. McK enzie. One was in June. Your appraisal was made in August. Actually both sales had been made before your appraisal and if I recall correctly in your appraisal report you refer to the fact at that time that the neighbors told you the place had been sold by the Japanese owner and had been resold.

THE COMMISSIONER: Q: Were you aware of that at the

time? A. I was aware the place had been sold.

Q At what price though?

A No.

MR. McM ASTER: Q: And it had been sold again, is that correct? A. Yes.

Q I will refresh your memory from your report: "The owner is said . . . . . again sold it". So that at that time you were aware of two sales or at least you had some intimation of two sales? What enquiries did you make at that time concerning the price at which this property had been sold? A . My contact, I believe at that time was with an old-timer.--- I think Mr.Austin or Ostrund -- and he as I remember, didn't know what price it had been sold at.

Q And is that the extent of the inquiries you made with regard to sales of property in 1942?

A I found there had been no other comparable close sales.

Q Let us deal with the sale of this property; because the price at which this property sells is the best piece of evidence as to its value. Would you agree with that?

A No.

Q You don't? A. Not as to its fair market value.

Q Don't you think what two purchasers would actually pay for it on the market is a fair measure of

market value? A. I think the circumstances in each case have to be examined.

Q In 1942 did you know the circumstances of those purchases? A. No.

Q Why didn't you inquire into them?

A I didn't feel it was necessary at that time, knowing therewas a large amount of tax sale land at $10.00 an acre.

Q Did you have any reason to believe that these purchasers were unaware of that fact in 1942?

A No, I didn't know the purchasers.

Q Isn't it a fact, Mr. Ramsay, that you were so busy getting out these appraisal reports and were being pressed by the superintendent to get them out that you didn't take time to check up on this type of information while making the appraisal of the Japanese land?

A If we felt it was necessary, yes.

Q And in the circumstances of this case you didn't feel it was necessary?

A No.

Q And did you apply the same principle in other cases as was applied in this case?

A If I knew other comparable sales on other land available, I would use those as a yard stick.

Q Did you know about this other property which you had given in evidence as being comparable to this property at the time you made the appraisal of this property?

A No, I didn't.

Q Did you know of any comparable property at the time you made the appraisal of this property?

A Only tax sale land in general.

Q Only tax sale land in general?

A Yes; solid bush in that area.

Q In 1942, did you make any inquiries as to what that land was selling for?

A Yes.

Q And how much was it selling for?

A Ten dollars an acre.

Q What size lots did you inquire about?

A Various sized lots.

Q And were those as large as 92 acres?

A I don't know the specific sizes of the properties, but I know there were possibly hundreds of acres that were available in various places through the municipality, tax sale land.

Q Did you examine any of those properties, see that they were comparable to this property?

A No, I didn't.

Q I put it to you that you were appraising this piece of property from an agricultural point of view only? A. From an agricultural point of view?

Q Yes? A. I was appraising it with that main fundamental in view, yes.

Q And I put it to you that you were appraising it from the point of view of what a soldier could do with this property?

A Absolutely not.

Q Were you aware of the fact that fuel wood was hard to get in 1942 when you made that appraisal?

A It was becoming hard to get.

Q And were you aware of that when you made the appraisals. A. Yes.

Q Were you aware of the fact that apparently it was so hard to get that somebody was coming out from Vancouver to get it out at Langley?

A I wasn't aware of that particular fact, no.

Q And you put little or no value on the cordwood that was on this 92 acres when you made your appraisal? A. No.

Q As a matter of fact you considered it more of a liability than an asset, would that be true?

THE COMMISSIONER: Q; That relates to all the timber, does it? Whatever timber was there you considered it a liability rather than an asset, is that correct?

A From an agricultural viewpoint cordwood had a home value but little more in those days.

MR. McMASTER:Q: There was a large quantity of it on this property, wasn't there?

A No, not a large quantity.

Q And the land itself from the description you have given I take it, is some of the best type of land in the Fraser Valley?

A Oh, no.

Q It isn't? A. No.

Q Then what type of land was it from an agricultural point of view if it had been cleared? A. It was rolling bench land; some swamps; required drainage; some gravel ridges; and a heavy northern slope.

Q I refer you to your report and your remarks in it: "The soil on most of the place . . . . . soil" . Is that not good land?

A Good land.

Q And some of the best land in the Fraser Valley?

A No.

Q You say there is better land than that?

A Yes.

Q At Langley? A. Yes.

Q What sort of land would be better than that?

A V arious types of land would be better than that.

Q What would that type of land be useful for, the kind that is described in your report?

A When cleared, such a large acreage is too big for ordinary small farming. It could be used for dairy farming.

Q Isn't it true that the value of adairy farms is less usually than the value of land in small fruit farms? A. May I ask you to repeat that question?

Q Isn't it true generally that the value of land for dairy farm purposes is less than for small fruit purposes? A. I wouldn't say that.

Q Do you take into consideration the possibility of these premises being subdivided?

A Yes.

Q And having that in mind, did that affect the value which you placed on the land?

A No, I didn't give that serious -- it didn't alter my value.

Q I take it one of your objections was it was such a large tract of land?

A One of them.

Q I draw your attention to the fact that you state on the appraisal report that the building was one year old. Do you know when that building was built? A. My information is it was one year old and that was its appearance.

Q And you appraised the property on August 5th, 1942, is that correct?

A Yes.

Q And the information which has been given is that this property was purchased by Masuhara on September 3rd, 1941. I suggest that Masuhara had built that house on that property after he had purchased it. From the information you got at the time, would that suggestion appear to you to be reasonable?

A Yes.

Q Do you suggest that a house such as that described in your appraisal report 20 x 24 x 12, approximately 500 square feet, I think or 480 square feet, could be built in 1941 for $200.00?

A Yes.

Q How do you appraise the present day value of a building, Mr. Ramsay?

A This particular building?

Q Or any dwelling?

A I have various methods.

Q Would you just describe what those methods are?

A All if them?

Q Yes. If you have a large number --

THE COMMISSIONER: I think we might limit it to the factors you applied in making the appraisals for the purpose you were doing in 1942?

A May I refer to this particular case, my lord, alone?

Q Yes? A. This particular house, which is lightly built, is a sort of an advanced henhouse construction .Joists are two feet apart. Shingles are exposed nine inches to the weather and they are culls. Rafters are two by fours, two feet apart, and most of the foundation was cedar posts. The house was set very closely into the ground which brought about rapid deterioration and dry rot.

Q Had this happened in 1942, Mr. Ramsay?

A I must appraise building from the cost of construction, and you are asking me general values.

Q On present day value though --

THE COMMISSIONER: We are concerned here with values as at the time of sale in 1942.

MR. McMASTER: Yes, and what he has described in his

appraisal as the present day value, but he said before there was less depreciation at that date, I take it?

THE WITNESS: I said I considered this house would cost twice what a chicken house of that size would cost.

THE COMMISSIONER: Q; Did you take into account the fact that the property had river frontage?

A Yes, my lord, if I may explain. The appraoch to the river frontage was by a 57 front strip over rather poor terrain and the river itself was 45 feet or thereabouts below the crest of the land at the river.

Q So that you didn't think the fact that it had river frontage was any particular asset?

A No, I didn't, my lord.

MR. McMASTER: Q: You say it would be twice the value of a chicken house. How much a square foot did you allow for a new chicken house in 1942?

A Depending on the chicken house, one dollar per bird or 25 cents a square foot.

Q I take it you describe this place as being habitable? A. Yes.

Q And therefore it serves its purpose as a house?

A Yes.

Q On these premises? A. Yes.

Q And in fact, had been and was being used as one at the time you made the appraisal?

MR. HUNTER: Is my learned friend giving evidence or asking a question.

THE COMMISSIONER: He is cross-examining.

THE WITNESS: May I have the question again?

M (Question read as follows:)

"Q: And in fact,had been and was being used as one at the time you made the appraisal."

A As a temporary house.

MR. McMASTER: Q: On what basis do you say that that houses added only $100.00 worth of value to this property?

A I considered this property was the type of property without electric light, on a side road, a poor road, that would normally be taken by a batchelor. He couldn't make his living off the place. He would have to work out. Cordwood cutting always only supplied very poor wages up to this time and at this time, and I therefore considered that a batchelor would be just as happy in a house a little smaller where he would be warm and dry, and if he were putting up a house for himself that is what he would put up and he wouldn't particularly want a larger house where he would have to clean --

Q Do I understand correctly you considered in placing your value on the basis of the size of the house some type of purchaser might be satisfied with? A. That the typical purchaser in the area would be satisfied with.

Q Did you limit your possible purchaser in arriving at the valuation of these premises to the

typical purchaser in that area?

A In that particular spot I tried to.

Q In making your appraisal that was your appraoch as far as the house goes. The house could hardly be separated from the land, could it?

A No.

Q And was that the approach you made in all of your appraisals -- what the typical purchaser in the area would pay for it?

A Or would have to pay for it; fair market value.

Q But I am dealing with the persons you contemplated in arriving at fair market value as to potential purchasers. Did you limit those to the particular purchaser in the neighhorhood?

A Y es, I think I did.

Q What would be the typical purchaser of this type of property? A. I have already stated.

Q You stated a batchelor?

A Yes.

Q Referring toyour appraisal on this property, Mr. Ramsay, you state "That a strip of the Allard Road . . . . . as bush". How large a strip was thatM A. It wasn't a very large strip.

Q Do you specifically recall the strip?

A It is just an open piece of woods at the road.

Q Approximately how large?

A Oh, possibly two or three acres.

Q And it had once been slashed and burned, was your

A

impression? A. Yes.

Q Would that area be as difficult to clear as the balance of the 92 acres?

A It still has the big stumps, which are really the expensive portion of clearing.

Q Would you answer the question. Would it be as costly to clear as the balance?

A There would be very little difference.

Q The Allard Road is a good road, isn't it?

A Yes, fair.

Q I think you suggested when giving your evidence with regard to this, that possibly there was a spring on the property?

A Yes.

Q I see on the second page you stated there is good spring water on the property. That statement I take it as correct, that there was good spring water on the property.

A Further investigation reveals the spring wasn't constant.

Q At the time you made your appraisal however, you considered there was? A. Yes.

(PROCEEDINGS ADJOURNED UNTIL 2.00 P.M.)

I hereby certify the foregoing be a true and accurate report of the said proceedings.

Deputy Official Stenographer

Take 80
Jap. Comm.
General Evidence.
Dec. 2nd, 1948.
TPH .....s

Vancouver, B. C.,

December 2nd, 1948. 2;00 P.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT).

ROBERT LAMBERT RAMSAY, resumed the stand, testified further as follows:

CROSS-EXAMINATION CONTINUED BY MR. McMASTER:

Q Mr. Ramsay, do you say that the sales of land by a Municipality usually reflect the fair market value of that land?

A I think they reflect it, if there is much of it.

Q And is the method of sale adopted by municipalities with regard to lands that they are selling, the method usually employed by willing vendors?

A There are various methods employed by willing vendors.

Q I am speaking about the methods that vendors usually employ in selling land.

A No, their method is different.

Q Isn't it true there is usually delay in getting approval of the sales, when you purchase from a municipality?

A I understand two weeks or so.

Q And then there is often a further delay until you get the title?

A I don't know.

Q On this case you referred to this morning as being comparable property, do you know why it was that the man didn't get his title until 1944?

THE COMMISSIONER: To which property are you referring?

MR. McMASTER: The comparable property.

THE COMMISSIONER: District Lot 414?

MR. McMASTER: D.L. 414, yes.

A He purchased in 1944. I don't know why.

MR. McMASTER: Q: If I recall rightly, the By-law was passed in the summer of 1943?

A Yes, covering that and many others.

Q Do you know who the purchaser of all those properties referred to in that By-law was? Would there be more than one purchaser, or was it all the one purchaser?

A I couldn't say.

Q Did you make any inquiries?

A On those little lots?

Q All of the lots that are included in that By-law?

A I only inquired about those that were in the neighbourhood of this property.

Q Yes, but did you inquire as to who the purchasers of those properties were?

A Some of them.

Q Are you able to advise us who they were?

A There was a Mr. Lund. There was a man on the corner, I don't recall his name, but I viewed that particular piece.

Q Who purchased D.L. 414?

A Walter Dixon.

Q And do you know where he is?

A He is on the property now.

Q Would you agree that municipalities are usually anxious to get property on the Tax Roll so that

it will bring in taxes, and be improved?

A Yes, if it is already serviced, with roads and so on.

Q And that they are sometimes willing to sell at less than the going price for land for that purpose? A: I couldn't say.

Q You mentioned this morning that you had had training in agriculture, and I believe got your degree in 1914, was it?

A Yes.

Q Since that time have you had any training in agriculture of a formal nature?

A Not of a formal nature.

Q And have you had any special training in appraising, other than in the field for the Soldier Settlement Board? A: I am a member of the Appraisal Institute, and receive all their literature, and we have had meetings and conferences.

Q And that is the extent of any special training you have had? A: I keep up to date with current appraisal literature. I keep in very close touch with real estate men in any district in which I am working.

Q The answer to my question is no, that you haven't, isn't that right?

A Would you ask your question again, please?

Q It is whether you had any formal training in appraising? A: No.

R. L. Ramsay,
Cross-Exam.

Q The Appraisal Institute of Canada, that is the organization that you said you were a member of. Did you have to pass any examination to become a member of that Institute?

A Not if you had sufficient experience.

Q And that is the experience you outlined this morning? A: Largely.

Q And when did you become a member?

A A year ago, or so.

Q Do you not remember exactly when it was?

A I couldn't give you the date.

Q Now do you find the information that the Appraisal Institute of Canada puts out in its bulletins, and the reports of its conferences, are generally sound and useful material for an appraiser? A: Yes, generally sound.

Q Now you mentioned you were employed over at Courtenay, I believe, by the Soldier Settlement Board for awhile, and that from there you moved to Chilliwack, is that right?

A Yes.

Q And when was it you moved to Chilliwack?

A About seventeen years ago.

Q In what area did your job -- what was it, field supervisor -- A: Field supervisor then, yes.

Q What area did you cover there?

A I covered the area there of all Matsqui Municipality, Mission Municipality, Sumas

Municipality, Kent Municipality, Chilliwack Municipality, and the unorganized territory within those boundaries and as far east as Boston Bar.

Q Now, then, you moved to Chilliwack seventeen years ago. That would be about 1931, is that right? A: Yes.

Q Approximately how many appraisals would you say you made in that period in that area for the Soldier Settlement Board?

A I would say over 200.

Q Up to 1942? A: Up to 1942?

Q Yes, up to 1942 -- between 17 years ago and 1942? A: I would say approximately two hundred.

Q As I understood your evidence this morning, that mainly covered lands which had reverted to the Soldier Settlement Board, and appraisals for the purposes of loan reduction?

A Farmers Creditors Arrangement Act.

Q Yes. That is correct, is it?

A Yes.

Q What lands has the Soldier Settlement Board bought in that area between 1930 and 1942?

A I don't know of any. I don't recall any.

Q Now would it be so that these reverted lands, that is lands that had reverted to the Soldier Settlement Board from soldiers -- as a rule wouldn't it be so that that would happen because the soldiers couldn't make a living off the place and couldn't keep up the payments?

R. L. Ramsay,
Cross-Exam.

A That is a general statement. The man might have died and the wife not wish to carry on. There are other factors, too. Possibly, generally, it was because the man, for one reason or another, didn't care to carry on.

Q Was the Soldier Settlement Board anxious to make a profit on the re-sale of those properties, or was it a case of recouping or reducing loans?

A From my angle I was anxious to get the fair market value for the properties and that my appraisal reputation would stand up.

Q Now in the appraisals that you made in the period while you were at Chilliwack, what type of property were you appraising?

A Dairy farms, small fruit farms, subsistence holdings, all to do and related with agriculture.

Q Of the 200 appraisals you made, how many of those would be for small fruit farms, roughly?

A I find that a difficult question to answer, but possibly about half. Possibly not quite that much.

Q Did I understand rightly from your evidence this morning that your only experience in selling land was by public tender?

A No.

Q What other experience have you had?

A When places weren't sold by public tender, then sales had to be negotiated.

Q Had to be negotiated with whom?

A Anyone we could find that was a suitable purchaser.

R. L. Ramsay,
Cross-Exam.

Q How did you proceed to negotiate those sales, and to find a purchaser?

A In small sections, one has a good deal of knowledge of what is going on and who might buy, and by one means or another you fall onto a lead and follow it up. You find the man that presents your case, or at least try and find out if he is anxious to buy, and then talk to him and show him the property or properties, and endeavour to make a deal at the best possible price.

Q On those sales you acted as both appraiser and as agent, is that correct?

A Yes, on most of them.

Q Now I took it from your evidence this morning that you were very much concerned with your advancement in your Department? A: Yes, and more so for my reputation.

Q Was that also true when you made the appraisals of the Japanese lands?

A Yes, it was.

Q Would you agree that an appraiser should be absolutely impartial in making an appraisal?

A Yes.

Q This morning you mentioned that you received advice from somebody in the New Westminster office with regard to standards of values in the part of the Fraser Valley that you were not familiar with. Who was that?

A Mr. Godfrey. I also consulted --

Q You also stated you received advice from some real estate man? A: Yes.

Q What real estate man?

A Mr. Fabian Hugh at Cloverdale.

Q And who else? A: He was the chief real estate man, I think, at that time in Cloverdale. I don't recall others that I might have met on the streets and discussed things with there, but I made a special visit to Mr. Fabian Hugh.

Q My notes show, Mr.Ramsay, that you said this morning that you endeavoured to find comparable sales by asking local farmers of such sales?

A Yes.

Q Did you do anything else to find comparable sales?

A No. I think the farmers and real estate men would be where I could get that information.

Q What did you do about it when you got some advice from a farmer, or somebody else, that there appeared to be another property of a comparable nature that had been sold?

A I looked the property over, endeavoured to verify what he had told me, and then I compared it with my own appraisals.

Q: Did you make any notes on the comparable property? A: No, I didn't.

Q Did you make any reference to it in your appraisal report?

A No, I didn't.

Q Why didn't you? Isn't that the usual practice?

A It wasn't at that time.

Q It wasn't the usual practice what -- with you at that time, or among the appraisers at that time? A: It wasn't my

general practice. The form didn't call for it, and it wasn't my general practice to go into that on the appraisal form.

Q Or to make notes? A: No. Mental notes, yes.

Q Despite the warning given to you by Mr. Barnet?

A Yes.

Q Did you make any searches in the Land Registry Office to ascertain the actual sale price?

A No.

Q You took whatsomeone told you as the sale price?

A I endeavoured to verify that, and having knowledge of country people and their ways and what they knew, I think that I could generally size up if it was right, and local people who are very close to the ground for sales and prices.

Q And that is the source of information you relied on to verify the prices?

A Yes.

Q If you found a piece of property that appeared to be comparable, and the local information was that a certain price had been paid for it, did you not go any further in verifying it?

A I tried to.

Q Where? A: I tried to find more than one property, just in case there had been a sale for some special purpose.

Q I am referring to the sale of this particular property. Did you not go further if you found one that appeared to be comparable and thelocal story was it sold for, say, $1500.00?

A No, I didn't go any further.

Q How much time did you have in making these appraisals for the purpose of going around and looking at other properties, besides the ones you were actually appraising?

A We felt we didn't have too much time. I felt I didn't have too much time.

Q And between the time you first received your instructions from Mr. Barnet, and the time you actually started appraising land under this general appraisal of Japanese lands, how much time did you have to inquire into local conditions and into local values?

A In the municipalities in which I had previously worked, I had a very intimate knowledge of land prices, cost of erecting buildings of certain types, and such material as was necessary.

Q Yes. Now what about the other municipalities?

A The other municipalities largely reflect that, if the properties are similarly situated.

Q Will you answer the question, as to how much time you had between the time you were instructed, and when you had to start these appraisals?

A I had no time between the time I was instructed, and the time I had to start to get out in the field.

We spent several days examining certain comparable sales--I think two days examining certain comparable sales in the upper end of the Valley, which I already knew about.

Q And then you immediately began appraising?

A Then we began appraising.

Q Did you set a standard of values after that two day period as to values of cleared and uncleared land in various municipalities?

A Not quite so wide as that. It established in our own minds the general going price of land in the municipalities which we examined.

Q Did your ideas as to those values change during the four or five months time you were making these appraisals?

A No.

Q How long was this meeting with Barnet?

THE COMMISSIONER: Which one?

MR. McMASTER: Q: The meeting where you were instructed you were to make an appraisal.

A I believe it was a day. My recollection is foggy on the length of time.

Q What did you discuss at that meeting?

A Instructions were given us to appraise these properties, and instructions about the note we were to attach for departmental use.

Mr. Barnet did discuss , to some extent, at any rate, small holdings or subsistence holdings, whatever you like to call them, and I believe there was a round table discussion on the value of small fruits.

Q The value of what? A: Small fruits plantations.

Q And that took you a day?

A Yes.

Q Now did Mr. Barnet read to you, or show you the letter or the memorandum that he had received from Mr. Murchison?

A I don't remember it.

Q You don't recall that he read it?

A I don't recall it, no.

Q Can you say it wasn't read?

A I don't recall.

Q was the purchase of the appraisal discussed with you? A: I don't think it was.

Q Were you given any idea as to whether or not the properties were to be sold?

A No.

Q What was the purpose of the certificate, then?

A The purpose of that certificate was that in case these properties ever came up for sale, that we would know which ones to bid on without a lot of extra work, if we cared to bid.

Q Wouldn't that be a bit futile if you didn't anticipate the properties might be sold?

A The time required to make out that certificate, which was a very simple statement, "I consider this suitable or unsuitable", was almost negligible.

Q You had already appraised the property, therefore it was easy to write out the certificate after appraising it? A: Yes.

Q Because a certificate wouldn't have any different purpose than the appraisal, isn't that right, Mr. Ramsay?

A I wouldn't agree there.

Q Wouldn't you have to give separate consideration to the certificate then?

A Yes.

Q Then what was the idea? Apparently you were in a fair amount of hurry to get this appraisal job done, unless you had some idea the properties were going to be offered for sale what was the idea in taking time out to consider whether the land would be useful or otherwise for veterans, under the Veterans Land Act?

A A good deal of time was required in making the physical examination and in drawing sketches and making the report, and during the time one was doing that, one's mind was revolving around values and other factors, and by the time you had finished your appraisal report, the two things were entirely separate. It wasn't very difficult to make up your mind whether you thought it was suitable or unsuitable for veterans' settlement.

Q Quite aside from anything Mr. Barnet told you at that meeting, what idea did you have when that meeting was over as to the purpose of the appraisal?

A I really didn't know what the purpose of the appraisal was, except that the Minister wanted

these appraisals. It was a time of great secrecy, in which one asks as few questions as possible, and I didn't know of any other purpose for the appraisals.

Q Whenever you had made appraisals before for the Department, you had known what the purpose was, hadn't you? A: Yes, most of them.

THE COMMISSIONER: Q I appose you had a shrewd suspicion as to why you were being called upon to appraise these Japanese properties, had you not? A: No, my lord.

MR. McMASTER: Q: Mr. Barnet, --Mr. Ramsay, the idea in considering property near industrial work as distinct from full time farming, that was quite a different type of approach to appraising than had been your experience with the Soldier Settlement Board, was it not?

A In the main it was different. We had appraised many subsistence holdings in which the man had to work out.

Q As I understood you this morning, you said one reason why you didn't place any value on the plants on those small fruit farms -- the plants and the bushes -- was because the tenants had an indefinite term and no incentive? Is that correct? A: Yes.

Q Do you make that as a general statement, applying to all of the lands which you appraised in this Japanese appraisal?

A If I have the full import of your question, I have, yes.

Q Let's make sure you have the full import of the question. Do you say that that statement applies to the statement that the tenant had indefinite terms and no incentive -- that it applies generally to all the Japanese lands which you appraised?

A Some of these lands had no small fruit on them.

Q Let's say the lands you appraised which did have small fruit on them.

A Yes, I think so.

Q Isn't it true that many of the tenants had leases with the right of renewal?

A I don't know.

Q At the time did you not inquire into what the tenancy arrangement was? That is, at the time you made the appraisals?

A Not very closely.

Q So you were only guessing when you took that general attitude, is that correct?

A No. I knew some of them had determinate terms of one year, and some of them had indeterminate terms, longer. At least, there was no final date to the lease.

Q Did you know that many of them had them for the duration of the war?

A I knew some of them had, yes.

Q At the time you made the appraisals, did you

anticipate that the war would be over fairly soon? A: No, I think not.

Q And isn't it true, Mr. Ramsay, that at least during part of the time you were making these appraisals, that the leasing Japanese leased it under the control of the Soldier Settlement Board, by P.C. 5523, is it?

A My knowledge of leases came from the Custodian rentals. I don't know. I can't answer that, I don't think.

Q Did you not know that the time you made these appraisals that all of the Japanese properties, in terms of leasings or sales, had been placed under the Soldier Settlement Board, as and from June 29th, 1942?

A I probably did. I don't remember.

Q I take it that in making these appraisals -- you just assumed the tenant wouldn't be interested in the 1943 crop?

A I have had much experience with tenants, and good ones are few and far between.

MR. McMASTER: Can I have Exhibit 60, please?

THE COMMISSIONER: Q: Mr. Ramsay, you received from Mr. Barnet a copy of Order-in-Council P.C. 5523, did you, before you started these appraisals?

A I think not, my lord.

Q He said he furnished the various appraisers with copies, when he gave evidence yesterday?

MR. HUNTER: Not at that time, my lord, because they started appraising before the Order-in-Council

was published.

THE COMMISSIONER: Q: Did you, at any time, before completing the appraisals, receive a copy of P.C. 5523? A: I don't recall receiving one, but I saw one in a paper.

Q Did you read it? A: Yes.

Q Did that not arouse any suspicion in your mind as to the purpose for which you were making these appraisals?

A I don't recall, my lord, but I don't think it would affect my appraisal.

Q I am not talking about it having any effect on your appraisal. I am trying to find out what the state of your mind was while you were undertaking the appraisal in reference to your knowledge or suspicion that the purpose of your appraisals might be to lead to the acquisition of these lands?

A Well, I never had any idea, my lord, that we would buy these lands in a block. I thought we might bid on individual properties in the open market.

Q That that was the purpose of your appraisal?

A Yes.

MR. McMASTER: Q: I produce to you, Mr. Ramsay, Exhibit 60, a copy of the letter written to you by Mr. Barnet on May 13th, 1942. What is the subject matter of that letter?

A "Appraisals of Japanese properties".

Q And you agree that is what the letter deals with?

A Yes.

Q Now as I recall your answer to Mr. Hunter this morning, you said that that letter amplified your previous instructions with regard to small holdings? A: Yes.

Q And then my notes show that you said you had previously been appraising large acreages. Is that your recollection of what you said this morning?

A And some small ones.

Q In fact, all your previous experience had been mainly with large acreages?

A A good many ten acres.

Q Do you consider that a large acreage?

A Not very.

MR. McMASTER: Might I have Exhibit 71, please, Mr. Secretary?

Q In any event, you filed this morning, or Crown counsel filed in this case, a list of prices of small fruits. You obtained that just recently, I presume, Mr. Ramsay?

A Yes.

Q Didyou have any information like that at the time you were making your appraisals?

A Yes.

Q What information did you have?

A We knew the prices that small fruit had been selling at, which was almost a killer and we knew from that fact that certain of our holdings came back on our hands. We knew that the price

was small. It had increased a little that year which wouldn't be decided on until after our appraisals were over. These fruits are all shipped through a big outfit in Mission, the P.C.U., who don't make a final settlement until everything is sold.

Q But there was fairly fair indication that the prices for berries in 1942 were going to be considerably higher than in 1941?

A No. There was a short crop that year which helped bolster the price.

Q And you were relying on your general knowledge, I take it? You didn't have these Government statistics at that time, or any of them?

A I knew actually the price that fruit was selling at.

Q Is it not true that costs rise slower than prices in agricultural operations, in periods of rising prices, that costs rise slower than prices? A: I am afraid that is a general question I can't answer without qualifying.

THE COMMISSIONER: Is it possible to make any such generalization, Mr. McMaster?

MR. McMASTER: Yes, I think it is an economic fact.

THE WITNESS: Would you repeat the question?

MR. McMASTER: Q: Would you say that it is true that costs rise slower than prices when there is an upward trend in prices, in terms of agriculture? A: I couldn't answer that yes or no.

Q Now, Mr.Ramsay, do you recall how the crop was say in 1941? A: I am afraid I can't single it out in my mind.

Q Do you recall how the crop was in 1940?

A No.

Q And this morning I think you said you couldn't recall how the crop was in 1943?

A Yes.

Q How is it you recall the 1942 crop year so well? A: We were so intimately engaged in connection with Japanese places. We were appraising property, and it seemed to be proverbial that every day we wanted to go out it rained.

It is proverbial in Chilliwack, "Don't start haying until July 12th, you will get wet". And it was remarkable to us that we just couldn't go out without getting wet, and it stands out very clearly in my mind on that account.

Q My recollection of your evidence was that the bad weather that caused the trouble with the crops came on July 13th, 1942?

A No. That was when the good weather started.

Q Does a prudent buyer usually only consider the crop conditions in the year in which he is buying? A: If he is buying the crop.

Q If he is buying a farm.

A He considers the potentialities of the plantings.

Q And in order to arrive at that, he takes into

consideration the crop conditions for several years prior to the date of his purchase, as a rule? A: As a rule, I think.

Q Did you take into consideration the crop conditions for several years prior to that?

A Yes.

Q And at that time , at the time you made your appraisals, you say you were thoroughly familiar with those conditions?

A Yes.

Q But you don't recall them now?

A No, I don't recall them now. It has been a number of years since. Red letter years only stand out.

Q Why would you be interested in the crop condition, Mr. Ramsay, if you say you didn't place any value on these crops?

A: The crops were sold to the tenants.

Q I am referring to the plants. I am sorry if I have confused you. A: Could I ask for the question again, please?

Q Why would you be interested in the cropconditions in previous years at the time you made these appraisals, if youdidn't place any value on the plants and bushes in making your appraisals?

A In a general way I am interested in crops every year. I don't know.

THE COMMISSIONER: Q: The productivity of a piece of land would be a factor in determining value, would it not?

A Yes, my lord.

MR. McMASTER: Q: Would you say, Mr. Ramsay, that you were appraising the agricultural value of these lands? A: I tried to reach the fair market value, and as all lands at that time, or nearly all lands, were used for that purpose, directly or fully or partly, yes. I dealt largely with the agricultural viewpoint on each property.

Q Is agriculturalnvalue and fair market value, in your opinion, always the same?

A Not always.

Q Was it the same in 1942?

A It depends on the property.

Q Well, take it generally then, in 1942, in relation to properties that were selling?

A Agricultural properties, and most of these were agricultural properties, yes.

Q I am referring to agricultural properties only.

A Agricultural properties only?

Q Yes. You would say that the agricultural value and the fair market value in 1942 were the same on agricultural properties?

A That would be the price I would place on the property.

Q Do you say they were the same?

A Agricultural value is usually based on a long term proposition. It might be quite different from fair market value, but it was from an agricultural viewpoint that I arrived

at the fair market value.

Q What do you mean by agricultural value?

A It is a question that is argued, sometimes. I don't want to go into too great lengths about it.

Q Well, I want your opinion on it, not anyone else's? A: Normally it is the value from the actual receipts from the farm, under normal handling, over an number of years, averaged, and then capitalized.

Q Yes. That is what you mean by agricultural value? A: No --I mean from an agricultural viewp oint.

Q I am sorry, I want the term defined first, and then we will discuss whether you used it.

A I have defined agricultural value.

Q Yes. Did you appraise these properties on the basis of their agricultural value?

A I appraised them on the basis of what my opinion was of what a willing agricultural buyer would pay for those places.

Q And would you say that such a buyer would disregard the agricultural value as you have defined it? A: No.

Q He would be very much influenced by it, wouldn't he? A: In a full time farm, more so than in a small fam. In a small farm he is interested in it, but it isn't vital.

Q Are you suggesting that most of the farms which

you appraised were only part time farms?

A Many of them would have to be regarded as such. They couldn't produce a living and pay for the land, under white occupancy or tenancy.

Q Do you agree that sometimes fair market value is higher than the agricultural value?

A Yes.

Q Do you consider that it was in 1942?

A No, I don't, in most cases.

Q Do you in 1943? A; Possibly. I couldn't say yes or no.

Q My understanding is that you didn't ascertain the yield per acre of crop, is that right?

A In tonnage, no, but in a general way, yes. We judged that.

Q How did you ascertain it?

A We judged it from the appearance of the plantations, and the age of the plants, and other things.

Q: Did you record that on your appraisal form?

A No.

Q Did you make any notes on it?

A No.

Q Were you aware that records were available at local co-operatives with respect to that matter?

A I don't know that they were available to us.

Q Did you make any attempt to ascertain it?

A No, I didn't make any attempt.

Q In making the appraisals that you made, Mr. Ramsay, did you take into account the speculative value of this land?

A No, I didn't.

R. L. Ramsay,
Cross-Exam.

MR. McMASTER: My lord, I wonder if we are going to take a break if we can take it now? I want to refer to some cases and I want to be sure the Secretary has them here.

THE COMMISSIONER: All right, we will recess for a short time.

(PROCEEDINGS RESUMED AFTER A SHORT RECESS)

R. L. RAMSAY, resumed the stand, testified further as follows:

THE COMMISSIONER: Yes, Mr. McMaster.

MR. McMASTER: I am sorry, my lord, I had indicated I was going to go into a few individual cases at this point, but there are a couple of other branches I want to cover first in cross-examination.

THE COMMISSIONER? Very well.

CROSS-EXAMINATION CONTINUED BY MR. McMASTER:

Q Mr. Ramsay, I understood you to say your opinion was you had appraised these properties from the standpoint of their fair market value?

A Yes.

Q What kind of a purchaser did you imagine; an individual who was an informed and able farmer, a typical farmer, a below average farmer, or a part-time farmer?

THE COMMISSIONER: Are we not getting into extraordinary refinement here?

MR. McMASTER: I don't think so, my lord.

THE COMMISSIONER: It would appear so to me, but go

ahead.

A I had considerable knowledge of the types of people who would purchase small holdings with the buildings that most of these places had -- the question is general -- with the buildings on most of these places, they were such that a buyer with some money who wasn't willing to start off with a low standard of living wouldn't buy, and the result was that the market for a great many of those places would be among the class of people who did not have much money.

Q Did you consider a purchaser who was able to pay?

THE COMMISSIONER: What do you mean by that? If he is a purchaser, he has to pay, has he not?

MR. McMASTER: That may be. My understanding of the definition of fair market value is that not only is there to be a willing and prudent purchaser, but one who is able to purchase.

Q Now, were you considering buyers who would be able to pay the money that the farm was worth? A: My value was based on the short term purchase, Cash or short term purchase.

Q Yes, I see, and the type of person that you had in contemplation, would it be fair to describe him as a typical farmer, or less?

A A typical purchaser of that type of place.

Q And did you assume that this purchaser would

have tried to ascertain data on yields and prices, and the other history of the property?

A No. Very often the purchaser doesn't go into those details, in purchasing a farm. He sizes the whole thing up.

Q And did you give effect to all reasnable anticipations that the general economic conditions would improve, with relation to small fruit farming?

A I had no information that they would improve.

Q Did you consider expecting that they were more likely to improve than to deteriorate?

A Wihh the state of the war at that time I couldn't say. I didn't know.

Q Now did you base your values on improvements on the typical improvements in the community or in the light of their specific character and use? A: Would you repeat that, please?

Q Did you base your values on improvements on the typical improvements in the community, or in the light of their specific character and use?

THE COMMISSIONER: I do not know whether the witness understands what your question means. I do not.

A I am afraid I don't get it.

MR. McMASTER: If the witness is familiar with the literature of the Appraisal Institute of Canada, I think he should understand it.

MR. HUNTER: The witness has said he hasn't, my lord.

R. L. Ramsay,
Cross-Exam.

MR. McMASTER: Q: Were your appraisals on improvements on any one of those properties on the basis of the specific character and use to which those buildings were being put, or could be put, or did you base your appraisal of the improvement on the type of building that was in the community? A: I based my added value on the buildings which a typical purchaser might desire -- might require.

Q Irrespective of the specific character and use to which those buildings might at the time be being put?

A Could I ask for amplification of that, please?

Q Do you make any distinction between what the typical purchaser might require and what the farmer, the man actually operating the place, might be using the buildings for?

A The Japanese?

Q Yes. He was on there at the time, or the tenant was on there at the time.

A I can say that many Japanese buildings would be of little use to a typical purchaser.

Q And that was your approach?

A On buildings of that type.

½Q And what about buildings that were of the usual modern type?

A That had to be considered, too. They would find, possibly, a different type of typical buyer.

Q And did it make any difference in your appraisals as to whether the buildings were of

the one type that you have described, or of the other type? A: Yes.

Q What difference did it make in the relationship between the value you added to the farm, and the value you showed as the present day value?

A The better class buildings, provided they are not too good, would be of more use as an integral part of a farm for a white farmer, than many of the poorer classes of buildings.

Q You say you put higher values on that type of building, in relation to their present day values? A: I put higher replacement values -- present day values on those buildings, yes.

Q And did you put higher value added to the farm on those buildings in relation to the present day?-

A: Yes.

Q --than on the other one you described?

A Provided they were not too good.

Q When do you consider that a building is too good for a farm? A: If it exceeds the necessity of the farm itself. When the price, or the class of building doesn't, at least, to some extent, mix in with those in the neighbourhood. That is, it isn't parallel, it is on the wrong side of the tracks. I don't consider that it adds so much as if it were in a community where there were all good houses.

Q Did you consider the location of the lands on

the basis of the actual location at that time, or did you take into consideration the improving conditions of the locality?

A Were there improving conditions?

Q Did you assume there weren't improving conditions in the districts when you made your appraisals?

A I met the conditions, just as I found them.

Q Were the conditions improving, or were they steady, or were they deteriorated?

A I think they were static at that time.

Q Now, in placing a value on use, what weight did you give to the home house, that is to the use of those houses as homes, aside from being an operating part of the farm operation?

A I allowed for that factor.

Q And where you found a fairly well built modern house, did you give consideration to the enhanced value that that house would have if the district developed?

A No.

Q Now, Mr. Ramsay, do you know the difference between basic value, normal sale value, and liquidation sale value?

A I was chiefly concerned with the fair market value. Those other values, which are academic, I didn't regard.

Q Are you familiar with those terms?

A To some extent.

Q What do you understand by basic value?

A That is a long range value.

R. L. Ramsay,
Cross-Exam.

Q What do you understand by normal sale value?

A I would understand fair market value.

Q And what do you understand by liquidation sale value? A: That would be a forced sale value.

Q Now, is it not a recognized principle of appraising, that in fixing a liquidation sale value, favourable improvements, location and home use factors should be discounted and the bad features excluded?

A Possibly.

Q Now do you know, or don't you know?

A Would you repeat that, please? I am getting a little tired.

Q Isn't it a recognized principle of appraising in fixing a liquidation sale value favourable improvements, location, and home use factors shouldbe discounted, and bad features excluded?

A I don't know.

Q Isn't it a recognized principle of appraising, in fixing the liquidation sale value, that the crop yield has nothing to do, or very little to do with it? You depreciate the element of crop yield.

A I have done no liquidation sales.

Q In your reading of the material of the Appraisal Institute -- have you not doneany reading with respect to such things?

A Yes, but they haven't concerned me very much, because all our appraisals have been made on the fair market value approach.

R. L. Ramsay,
Cross-Exam.

THE COMMISSIONER: Mr. McMaster, I presume that this cross-examination is to assist me in determining whether the appraisers proceeded on the basis of fair market value, or not.

MR. McMASTER: That is correct, my lord.

THE COMMISSIONER: It is not giving me any help at the moment.

MR. McMASTER: Not at the moment, my lord, I agree.

Q Now in appraising, or rather in fixing the present day value of buildings, Mr. Ramsay, did you use the square foot method throughout?

A No.

Q In what type of building would you not use the square foot method?

A In better classes of houses.

Q What method did you use in better class houses?

A The cubic foot rate.

Q And where did you get your basis for the values of either the square foot method, or the cubic foot rate?

A Actual houses in the Fraser Valley, construction of which I had been engaged in in some way or another, and the ultimate cost of which I knew.

Q How many of those houses would you be connected with in that way?

A I never allow a chance to find out about any house to escape, but in my appraisal opinion notes, I have possibly half a dozen different types.

Q When would those houses have been built?

A In 1940 and 1941.

Q Did you take into account the increased cost of lumber and labour and other materials in 1942, in arriving at present day values?

A I don't think there was an increase.

Q Are you aware of the fact that the ceilings were imposed in 1942 onlumber?

A Ceilings?

Q Yes. A: To hold the price down?

Q Yes. A: I have the prices of lumber here for 1942.

Q For 1942? A: For 1941.

Q 1941. Did you have those with you when you made those appraisals?

A I didn't have this sheet with me, no.

Q You were relying on your general information on these dozen or so properties?

A Yes, I had that information.

Q And where did you get your information that the square foot value of chickenhouses was 25 cents a squre foot?

A Actual chicken houses being built.

Q Would these be chicken houses built on cement posts or cedar posts?

A Cedar posts.

Q How much would you increase it where it was built on cement posts?

A You mean concrete piers?

Q Yes. A: I would increase the value a little, and the depreciation, perhaps, would be less.

Q What rate of depreciation did you apply?

A On chicken houses?

Q Yes. A: It depended on the particular chicken house, but, in general, about five percent.

Q What rate did you allow on dwelling houses?

A That, again, depended on the particular building. Two to two and a half percent would perhaps be a fair general statement.

Q What method did you adopt in reducing present day value to the value added to the farm, Mr. Ramsay? A: Reducing it?

Q Yes. A: I didn't reduce it.

Q Do you suggest it is purely coincidental that where there was a present day value of under $2000.00 to $2500.00, your value added to the farm was consistently a higher percentage of present day value than where the present day value was over $2500.00?

A It is possibly coincidental.

Q Do you suggest it is purely coincidental that it is also true with each of the appraisers?

A With each of the appraisers?

Q Yes. A: I can't answer for the other appraisers.

Q Would you say it would be coincidental, if it

were true.

THE COMMISSIONER Q: There was no pre-arranged plan? A: There was no pre-arranged plan, my Lord.

MR.McMASTER Q: And that principle did not arise out of these conferences and the various bull-sessions you mentioned, where you lived together and ate together? A: No.

We compared notes. When we came down to our individual appraisals, we were entirely on our own, and there was no principle of that kind generally adopted.

Q Is it not true, Mr.Ramsay, that in the case of a specialized chicken ranch the buildings which give the land its value, the buildings are the main part of it?

A They are the larger part of the price, yes, as a rule.

Q The land is only secondary, isn't it? That is, it must be land which is suitable, but the main part of a chicken farm consists of the buildings on the farm?

A Where the only line is chicken farming, yes.

Q Or even where the main line is chicken farming?

A Where the main line is chicken farming, yes, I think so.

Q And would you not agree it is the productivity which determines how many buildings, and what kind of buildings the man can afford to have on his chickenfarm?

A The productivity of a farm?

Q Not of the land, but of the sale of the produce, the chickens or hens or eggs, or whatever type of poultry farming he is going in for.

A There are a number of factors to consider there. I don't wish to go into long explanations. One man with a normal white family will handle perhaps a small number of birds, and if he increases and has to pay wages it is remarkable how many more birds he must carry to pay that man and feed him.

Q If he reaches that stage, he probably does the thing that the average business man does when he reaches that stage, he tries to increase his turnover to provide the means to pay for the additional help, doesn't he?

A Yes.

Q I refer you , Mr.Ramsay, to one of your farm appraisal reports, which was filed in Case No. 1013. Do you recall making that appraisal?

A Yes.

Q You notice the list of buildings which is attached inside?

A Yes.

Q Now, I would like to refer to page 3. Would you explain what you meant when you said "Wells except a big reservoir in hard pan go dry in August" Was there or was there not a big reservoir on those premises?

A The reservoir had a pump in it, and had to be

filled from time to time. These wells, when they went dry, water had to be purchased and hauled to the farm. This reservoir was in the same category, but it was a reservoir more particularly for the house.

Q There was a reservoir on the premises?

A Yes. It might be called a large well.

Q You say, except for the big reservoir, the wells go dry in August. Was the meaning of that not that the reservoir was there in August and wasn't dry?

A If it was filled by tank yes, which it probably was.

Q And you draw attention to the fact that Osuki, the Japanese, was a commercial poultry man, running a hatchery and his own flock as well.

A Yes.

Q And to all appearances the operation had been a successful operation, is that not true?

A That is only my judgment. It looked like it.

Q Would you explain to the Commissioner why the buildings, which show a present day value of $10,324.00 you were of the opinion that those buildings only added $5,000.00 value to the land in that case.

A This my Lord, is one of those cases where with a large house which is on the wrong side of the tracks. They had extensive poultry houses and the ventilation in one series was very poor. Another series

were getting old. How many diseases he had in that place I don't know. It would be necessary to go through an extensive disinfection programme, to make sure when you introduced hens they didn't go off with disease.

Q Are you speaking from memory, Mr.Ramsay, or have you any notes on which to base those facts? A: No, I am speaking from memory.

Q And you are making those statements, now, with regard to property you saw in 1942?

A Yes.

Q Without any notes? A@ Yes.

Q Carry on. Have yoy finished your explanation as to why you show a vadue of $5,000.00 on those buildings?

A I consider the place was greatly overbuilt. The house was a good house, but it is on the wrong side of the tracks. The poultry buildings, I have tried to explain, weren't perfect, and it is very hard to find a buyer for that type of property.

THE COMMISSIONER Q: When you say the house was on the wrong side of the tracks, you mean to say it was too good a house for what could be produced on the property?

A Yes, it was too good a house for the neighbourhood and it was a larger house than the normal white man could keep up on that property.

MR.McMASTER Q: Now, Mr.Ramsay, what did you mean in the appraisal report at page 3 when you said "This place is very well located, close to Westminster on a paved road" ? Did you mean it was on the wrong side of the tracks?

A I didn't mean it wasn't.

Q What did you mean when you said it was very well located?

A I had particular reference to the road proximity to a large centre with light and so on.

Q And is the area around Strawberry Hill not quite a poultry area? Are there not quite a large number of poultry farms in the area around Strawberry Hill where this property was located?

A Not large ones.

Q But there are a number of poultry farms?

A Oh yes.

Q Have you any idea at all what the income from the operation of a farm like that would be in a year? A: The net income, no.

Q The gross income?

A No. I would have to sit down and figure it out.

Q Could youfigure it out?

A I don't think I could.

Q Did you figure it out in 1942?

A No, I didn't.

MR.McMASTER Can I have 167, Mr.Secretary please.

THE SECRETARY: No, we haven't that Mr.McMaster. That is one of the ones you were asking for.

MR.McMASTER: Yes. Perhaps I might use the copy of the appraisal that I have in my own file, my Lord.

Q I show you your appraisal from Case 167, Mr. Ramsay, which is a case of S. Ohashi, at Mission.

A Yes.

Q Do you recall making that appraisal?

A Yes.

Q Now I draw your attention to page 3 of the report, Mr.Ramsay, where you say "I have discounted the buildings from replacement to added value by $2,000.00 " What did you mean by that, if you weren't paying any attention to present day market values--the present day market value, I am sorry.

A We have come to use terms perhaps a little loosely. I meant that the added value to the farm wasn't the replacement value.

Q Yes? You suggest that the use of the words "I have discounted the buildings" --

A Yes, I have discounted, perhaps, the value. I haven't discounted those buildings. I have considered them as the integral part of the farm. Perhaps the wording was unfortunate, but that was the principle behind it.

Q I suggest to you in fact what you did was discount the present day value of the buildings in arriving

at the value of the farm?

A No, I wouldn't agree with you on that point. I considered the buildings as an integral part of the farm in that particular locality and this other building, and the fair market value would not be anything like the replacement cost of those particular buildings.

Q But you did take into consideration, in arriving at the value added to the farm, the replacement cost or the present day value?

Q No, I have taken into consideration those particular buildings on that farm.

Q Why did you mention the present day value?

A I am supposed to draw attention to the fact that the present day value was quite large.

Q What purpose would that have? What is the purpose of drawing it to their attention, if it has nothing to do with your appraisal?

A It has something to do with my appraisal.

Q What has it to do with your appraisal?

A Here we have a building inventory (indicating) which shows the same thing.

Q Why have you that in there?

A It is a very useful thing. It is very useful in the case of sales of property and in the case of a long term sale to know whether the tenant wishes to take out a property which is perhaps a white elephant, and adding taxes to his land with property he doesn't need. He could be given permission without too much work to remove it.

Q But it hasn't anything to do with the value, has it, when you are appraising fair market value?

A No, the buildings as a whole have.

Q You arrived at a conclusion that the value of these buildings, added to the farm, was $4,000.00. I wonder if you would be good enough to go through each of the buildings and tell the Commissioner what value each of the buildings added to the farm?

A I couldn't do that.

Q Why not?

A Because the buildings are regarded as a unit. The buildings are the tools, so to speak, which work the farm.

Q Are you suggesting that that dwelling wasn't suitable for the farm with a present day value of $3,000.00?

A Yes, I am.

THE COMMISSIONER: Mr.McMaster. what I understand the witness is saying is that it is like the previous place upon which you examined him, it was overbuilt. That is it had more buildings than the white operators could economically operate, on that particular property.

Q Am I right in that Mr.Ramsay?

A Yes, my Lord.

MR.McMASTER Q: Is there any other reason why you say those buildings are added at that value?

A The added value?

Q Yes. Why they are $2300.00 below their present day value?

A This other building?

Q That is the only reason you state in this case.

A It is poorly located from some angles.

Q From qhat angles?

A The location. It is too good a house for the area it is in.

Q A $3,000.00 house?

A Yes, at that time.

Q And it is a mile and three quarters from Mission, is that correct? A: Yes.

Q On a good gravel side road?

A Yes, very much side.

MR.McMASTER: I draw your Lordship's attention to the fact that the present day value of the buildings in that case is shown as $6375.00. The total value of the buildings added to the farm is $4,000.00.

Q Now, Mr.Ramsay, were you appraising these properties only from the buyers point of view?

A No, I was appraising for fair market value.

Q Why would a man with improvements on his property such as that and who wasn't anxious to sell, why would he be willing to sell at the figure you suggest?

A There might be many reasons.

THE COMMISSIONER: Is this not highly argumentive, Mr.McMaster? You can found an argument on that material, but it does not help me to

have you carry on a controversy with the witness.

MR.McMASTER. Very well, my Lord.

Q Mr.Ramsay, I take it you didn't put any value on small plants, but if the circumstances had been different from those which influenced you not to put a value, what value would you have put in 1942 on let us say one acre of asparagus six to seven years old.

MR.HUNTER: My Lord, I think that is very highly speculative. How does the witness know what he would have done, now.

THE COMMISSIONER: Mr.McMaster, this line of cross-examination, as I have indicated to you earlier, is of no help to me whatever.

MR.McMASTER Q: Mr.Ramsay, where did you get your figures with regard to the cost of clearing?

A My cost of clearing is pretty low. I have seen land cleared, and been instrumental in letting contracts for land clearing, and from that angle I have got a good deal of information.

Q Was cleared land quite easy to pick up in Mission in 1942?

A Yes.

Q That is your opinion?

A Yes.

Q What about in 1943?

A In 1943 saw an influx of tenant-farmers. They wanted to rent, with more particular regard to housing accomodation. The land

itself--I don't recall very clearly whether land was plentiful in 1943, but it could still be obtained at something the 1942 figure.

Q What do you mean by something like 1942 figure?

A I mean as a similar figure. It might be a trifle higher, I don't remember

Q So that when you made an appraisal in 1943, you didn't give any greater value to the land than you did in 1942?

A What time in 1943?

Q Well, for instance, in September 1943.

A Yes, I believe that prices were on the up in September.

Q Did you give more value in your appraisals to clear the land in September of 1943?

A I think I would have added a shade on the same land.

Q How much is a shade?

THE COMMISSIONER: Were there any appraisals made for those purposes in September 1943?

MR.McMASTER: I have one right here, my Lord.

Q What do you mean by a shade more?

A Possibly 10% for the same land.

Q Now I would like to draw to your attention two appraisals, one of them I understand the Commission's copy is in the Custodian's hands at the moment, but the other one I am not sure whether the Secretary has it or not.

Case 162.

THE SECRETARY: No.

MR.McMASTER: Q: Case No.884 and Case No.162. Now one of these properties is in the southeast quarter of Section 28, and the other is in the southeast quarter of Section 29, in Mission. Would you agree that those properties would be fairly well in the same locality?

A I would like to see a Map.

Q I am sorry, I don't have one. Perhaps my friend. He had a lot this morning.

A As I remember the names, they were not in the same locality.

Q Ought they not to be within a mile of each other, judging from the legal descriptions?

A From memory, I would say possibly they are about that far apart.

Q I would like you to read through the descriptions of the two properties and to tell me which piece lf land, looking at it from the standpoint of cleared land, is the better land?

A They are rather different types.

Q In what respect are they different?

A One has a heavy slope to the south. "Land slopes off sharply".

Q Yes? A: Which is a handicap. This (indicating) has a nice flat, I think, if that is the right place.

Q Undulating is the phrase you use in regard to both of them, I think, Mr.Ramsay. Does that mean different things with respect to different

parcels? A: This is undulating, except for one hill. That is quite a big hill. This one is undulating (indicating).

Q We had better start identifying them. This one is Case No.848 I believe it is--884, I am sorry. I draw attention to the fact that 884 has a hill.

A Yes.

Q Now would you say that 162 is a better piece of land than 884? A: No. They were fairly close. This hill was bad in this one Indicating). This had quite a flat (indicating) The buildings were in a hollow. I don't see that there would be so much difference between the two places, not to me.

Q I draw your attention to the fact that you place a value on both places of $60.00 an acre.

A Yes. There was a hill on the one.

Q You place a value of $60.00 an acre on each?

A Yes.

Q In case No.162 you made the appraisal in May 1942? A: Yes.

Q And in case No.884 you made the appraisal in September 1943. That is correct?

A Yes.

Q Now dealing with case No.884, I notice that is a different form. It is a Veterans Land Act appraisal form.

A Yes.

Q Have you any idea as to why that form was revised, after the Veterans Land Act was created?

A No I have no idea. I think those went out of print, and this was for the Veterans Land Act. That one was really for--

Q The Soldiers Settlement Board?

A It was the appraisal form we were using, yes.

Q I draw your attention to the fourth question from the bottom on the first page of 884. (Reading) Now I take it that the purpose of referring to that in your report was that you considered there was somecomparison between that property and this property?

A Yes.

Q Do I take it fairly that you show that the land in the sale from Gibbons to Gortz was worth $750.00 according to your estimate?

A That was what he paid for it. That was the total price and I sort of tried to work it down and I got it to $650.00.

Q You applied the same principles in appraising the buildings on that land as you applied to the Japanese land, did you?

A What they add?

Q Yes? A: Yes.

Q And you found the land was worth $650.00 ?

A That was my estimate, yes.

Q I point out to you there were ten acres, and that one and one half acres were cleared.

A Yes.

Q What value did you place on the one and one half acres on the property referred to there, sold by Gibbons to Gortz, per acre?

A This was September. You mean, if I were appraising it again?

Q No. You apparently arrived at a conclusion from that sale.

A Yes, by deleting the other factors.

Q That the value of the land was $650.00?

A Yes.

Q Can you break that down into cleared land or uncleared land--the value per acre for cleared and uncleared land?

A I will need a pencil and paper, I think.

Q I will be pleased to supply them.

A I would put, possibly, if I were appraising the place, about $60.00 or $65.00 on the cleared land. The rest would have to go on the bush. Of course, the bush in this case was light bush that didn't require too much clearing.

Q How do you recall that, at this late stage?

A Because I saw it then.

Q Was there anything said in your appraisal report about the bush on that land being light bush?

A No, I didn't say anything.

Q Well now let's see. You said $65.00 an acre on the cleared portion?

A Yes.

Q And that would be one and one half acres.

THE COMMISSIONER: Roughly $100.00

MR.McMASTER Q: Roughly $100.00 for the cleared land, which would leave $550.00 for eight and one half acres of uncleared land.

A Yes.

Q And you say there was just bush on the rest?

A It was light cleared.

Q How much would it cost to reblaim it per acre?

A As I remember that place, it was open land. Any of this clearing costs quite a bit of money. It would possibly cost $75.00 an acre. Perhaps $50.00 to $75.00 an acre.

Q Now I notice that on Case No.884 that you show 2.65 acres of the land with only bush on it.

A Yes.

Q How was the bush, in relation to Case No.884 where it was on this other land?

A It was heavier here.

Q It would cost about $125.00 to clear it?

A That was my estimate , and as I say my estimates on clearing land weren't so very important, and I couldn't get the exact figure, so I was quite conservative on the land clearing charges.

Q You only gave a value of $20.00 an acre in that case.

A Yes.

Q Do you think, or do you suggest that private sale had any influence on your valuation in that case, Mr.Ramsay?

A Yes, that and my knowledge of other general land values in the neighbourhood.

Q I draw your Lordship's attention on the figures the witness has given, but they work out to $65.00 an acre on the uncleared land, as well as

the cleared land.

THE COMMISSIONER: I observe that.

MR.McMASTER Q: Now, Mr.Ramsay, what did you mean when you answered the question on the appraisal form as to whether the dwelling is habitable without repairs?

A I meant that a man could go and live in it. The type of man who would be prepared to buy that particular type of property.

Q What type of man did you have in mind?

A A man without much financial ability.

THE COMMISSIONER: I assume you will be some little time longer, Mr.McMaster.

MR.McMASTER: No, I am just about through.

THE COMMISSIONER: Do you prefer to go on?

MR.HUNTER: If it won't be too long my Lord, I would rather like to finish with this witness.

MR.McMASTER Q: Is that the approach that you had, in appraising all of the Japanese property which you appraised?

A No, it depended on the type of property, but these ordinary Japanese properties, the houses weren't good in a general way, and the man who would have to live in that house was generally the man who had to live in it, and if it was keeping him wamm and dry, I considered it as habitable.

Q Why then, if that was the type of house, would you reduce the present day value of the house at all in arriving at the value added to the land?

Surely the land could support that kind of a building, Mr.Ramsay.

A I didn't reduce it.

Q Why is it that the value added to the land is not the equivalent of the present day value, if you have a house of that nature?

A Because that has a very poor fair market value in the market.

Q Even though it is the only type of house that that type of man could afford?

A Yes.

MR.McMASTER: That is all my Lord.

THE COMMISSIONER: Have you any re-examination, Mr. Hunter.

MR.HUNTER: No my Lord.

THE COMMISSIONER: Alright, thank you, Mr.Ramsay.

(Witness aside)

THE COMMISSIONER: Mr.Secretary, we will adjourn now to resume at 10 o'clock tomorrow morning.

(PROCEEDINGS ADJOURNED UNTIL DECEMBER 3,1948 AT 10.A.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

J. P. Honsberger

Deputy Official Stenographer

JAPANESE PROPERTIES CLAIMS COMMISSION.

(BEFORE THE HONOURABLE MR. JUSTICE H.I.BIRD, COMMISSIONER)

Vancouver, B. C.

December 3rd, 1948.

GENERAL.

(Pages 496 to 575)

VLA
McKay 496-575

The Commissioner

Vancouver, B . C.

December 3rd, 1948. 10.00 a.m.

PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT.

THE COMMISSIONER: Yes, Mr. Hunter.

MR. HUNTER: I will call Mr. McKay, my lord.

GILBERT TRAILL McKAY, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HUNTER:

Q Mr. McKay, what is your position with the Veterans Land Act?

A Settlement supervisor.

Q And what was your position with the Soldiers' Settlement Board in 1942?

A Field Supervisor.

Q Now would you tell the Commissioner your qualifications as an appraiser, and outline the history of your experience and background pertaining to it? A. Background pertaining to it?--

Q In regard to lands, and so on?

A I was born on a farm in southern Alberta and took my schooling in high school, in northern Saskatchewan, and went overseas in 1916 and returned in 1919; and in March 1920, I joined the staff of the Soldiers Settlement Board. At that time it was an inside job and in the opening up all my experience was in connection with what is known as Porcupine Plains or Prairie River settlement-- in northern Saskatchewan.

Then I was trasferred from that point to another district in 1924 as field supervisor, and it was then that I began active work in making land appraisals.

In those days there were -- buying was done for the department and it was necessary for us to go out and put the market value on the property, as it were, that was being acquired.

Well I remained with the Department until 1927, and I left then with the intention of join ing the C.N.R. Railway Colonization Department, but before getting that I got in private business with an Industrial concern from a sales angle and I covered northern Saskatchewan from 1927 to 1931.

In 1931 I moved to Camrose, Alberta and went into a combination of things: acreage business and writing a little insurance. While I was never actually in the land business I had contacts with the mortgage companies and the heads of different branches and had been an ex-soldier settlement Board supervisor.

I did the odd appraisal for them on a fee basis. I was actually putting in reports. There might have been a case where the Farmers' Credit Arrangement Act --where a mortgage was required on a piece of property -- those people do not always carry their own appraisers, and they would get a report from Jones of Bakerville nearby, and in some instances I was asked to go out and tell them what the market value would be. There was

not a lot of those. Oh, probably I did about a dozen. And in 1935 -- early in 1935 I had an opportunity to go on doing the same thing with the Federal Farm Loan Board. At that time they were lending pretty heavily on farm lands in the prairie provinces, and I went on, driving my own car -- at so much a mile, and if my memory serves me correctly they were paying us about $8.00 for our appraisal report.

In going through some old records I had some time ago I found I had 75 or 80 of those in the immediate vicinity of the area in which I was living. about fifty miles south of Edmonton. And in the spring of '36 I went on to the staff of the Farm Loan Board on a salary, to reappraise their lands on which mortgages had been placed, in the Peace River, northern Alberta and as far as the B.C. block.

Well by 1937 there had been a change of government in Alberta and the Federal Farm Loan Board had tightened its policy of lending money to farmers there, and having come on the staff, right out of the blue, as it were, where they had their own old staff, I gathered as far as permanenance was concerned, there might not be very much in it and so I decided to come to the Coast.

I brought my family out here and bought a ten-acre piece of property on Vancouver Island: one of these things that you are supposed to be able to come out here and retire on, if you have

a pension and can grow your own fruit and have your own eggs and milk, and live the life of Riley, and all that sort of thing. I found after I had that for a year it was not going to make me very much money, so I got out from under with a slight loss, and after running for a year over there a similar type of thing, fairly close to Victoria, where I could be gainfully employed, -- I came back on the mainland and went to Chilliwack.-- again getting hold at this time of eight acres with a very snug little modern house on it -- right on the boundary.

Q What year was that?

A That was in 1939 -- yes, June,1939, and I established myself there, with a flock of poultry -- not a large flock; and two or three cows and pigs and made enough to get by on and was looking for an opportunity to get into something that suited me better.

And in April 1941 I had a notice from the Civil Service Commission to the effect there was a vacancy with the Soldiers' Settlement Board in central B.C. and if I were interested they would be glad to have my application.

Well, I actually came back to the Soldiers' Settlement Board then, in either May or June of that year, 1941. I left my family in Chilliwack and went right up to the Cariboo to be headquartered either at Smithers or Telkwa and I stayed there through '41. I was living there in

Telkwa -- in April 1942 when I got a wire to leave my car in Prince George, catch a plane to Vancouver and report at the District Office.

I came down and reported at the District Office. I believe it was on a Friday, the 1st of May, and then I met the other appraisers, and there were a few supervisors -- they were known as both, and there was a conference held at which was discussed the handling of the problem that had been thrown into our laps.

THE COMMISSIONER: That was the Japanese problem.

A That was the Japanese problem.

MR. HUNTER: Qp Now when you were up there at Telkwa, were you doing appraising work up there?

A Oh yes, there was quite a lot of it. There was a considerable amount of appraising to be done there of lands that had reverted.--the tenant or owner had gone into service very early in the war and there was some work which required the same thing that I had been used to.

Q Now, I judge from your remarks you have nevee been in the real estate business -- judging from your history?

A No, not in the real estate business.

Q Have you ever been engaged in the selling of land? A. Yes, both with the Farm Loan Board and the Soldiers' Settlement Board.

Q Now did you ever sell land in competition with

the civilian real estate agents or private real estate agents.

A Not in the full sense that that involves.

Q Well, what do you mean by not in the full sense?

A Well, the real estate -- that is the Soldiers' Settlement lands were not advertised through the press. The method adopted there was if any property became available for sale it was posted up -- there was a notice of posting land for sale and the address at which prospective buyers would apply and that was nailed up on a post -- or the front or back door of a house or barn, whichever would be seen best, and on a post -- at a neighboring post office -- it seems to me for about fifteen days -- calling for tenders, and if at the expiry of fifteen days there were no tenders, or unsatisfactory tenders came in, it was necessary then to try to find someone who was interested and contact buyers in the area -- well, to just get out and sell the stuff.

Q I see. And did you ever sell land in that manner?

A. Oh, yes.

Q Now did it make any difference to you and your job whether you succeeded in selling them or not?

A Oh, yes, absolutely.

Q What difference would it make?

A Well, my experience with the Farm Loan Board and the Soldiers' Settlement Board, was that no government department liked to have its

opposition member bucking them and finally the land be reverted and it was up to us in the field to keep the land in occupancy.

Q Did it make any difference as to what price it was sold for? A. Absolutely.

Q What difference would it make?

A For instance, if I appraised a piece of land a month ago and it was osted for sale and there were no bids, if I could not get out and sell it at the market value that I had put on it, it did not do me any good as an appraiser.

Q I see. Now I judge fromyour earlier remarks that you had never appraised in the Fraser Valley prior to this appraisal of the Japanese lands?

A No, that is correct, to this extent, that I had never appraised for anybody, other than when looking around for a place to roost. I had in my own mind looked at this map and had decided, after my expetience on the Island-- well, I had some idea of what we were up against here, and what these lands were worth and I contacted real estate agents to see what they had for sale.

Q Well, coming into the Fraser Valley like that, did that prove to be a handicap, not having appraised their previously?

A Well, to some extent, yes.

Q Well, to what extent would it be a handicap?

A Well, for instance in the Mission area and in the "atsqui area where we actually began this appraisal work I was not familiar with the going

prices in those areas at that time.

Q Well how did you proceed and find out what the prices and values were?

A Well Mr. Ramsay who had been stationed in Chilliwack for sixteen or seventeen odd years dealing with this sort of thing from all angles, had been named to head the group of appraisers who had been allocated to take care of the lands around Mission and the south side of the Fraser River, taking in Mission, Langley, Matsqui and part of Delta, and recognizing that his long experience would entitle him to know something of what was going on he was constuled as to values.

Q I see. Did youadopt any other methods of ascertaining conditions and valus ?

A Yes, I can recall quite clearly going into real estate offices and municipal offices and inquiring about what lands were available -- and particualrly inquiring in the municipalities, as to what lands were available and checking on it and looking at advertisements in real estate windows and discussing with operators as to a piece of property that was advertised.

I might look for instance in a real estate window and notice ten acres at so much money and I would ask, " Where is that property"?, and if they chose to tell you they would and then if you had an opportunity you would take a look at it -- through a windshield examination of it -- just to the extent of driving by it and say, " There is

something for sale at so much money".

Q Now this meeting that you mentioned earlier, Mr. McKay -- that was a meeting on the 1st of May, did you say?

A I believe it was the 1st of May.

Q And who was present there?

A Mr. Barnet, the District Superintendent; Mr. Child as Chief Supervisor and the eight other men who had come in to do the appraisals.

Q Now what were the instructions you received from Mr. Barnet? A. They were that the government had requested him to have the lands of the Japanese race in the Fraser Valley appraised -

Q I see? A. And we were to do the job.

Q What was your interpretation at that time of the meaning of the word "appraise" ?

A Well, to me an appraisal, or an appraisal report, is to inform my principles, or whoever is asking for it, as to what in my opinion is a fair market value of the place I am going to look at.

Q I see. And how do you define the phrase , "fair market value"? A. Well, to me, fair market value is what a property will sell for on the market at the time of the report -- that is at the time my report is being made.

Q Yes? A. That is a willing purchaser and a willing vendor -- if you like to go that far with it.

Q I see. In other words it is a sort of going market price, is that it?

A That is it, yes.

Q Now this instruction, was it received in writing?

A No, it was verbal.

Q Did you rec ive any other instructions than to appraise? A. That is at the time of the conference?

Q Yes, at that conference?

A No, it seems that we were told that in addition to the appraisal report the Superintendent would require a brief statement on a sseparate sheet telling him whether or not in our opinion the individual piece of land we were looking at might be useful for veterans.

Q Now, I see. Did Mr. Barnet explain what types of lands were to be used, or would be considered suitable for veterans?

A No. Quite frankly, I am not clear on what explan ation I was given as to the type of land that would be suitable.

Q Yes. Now did the attaching of these slips tend to give you the impression that you were appraising as prospective purchasers for veterans?

A No, it did not.

Q Well did it lead you to think --

THE COMMISSIONER: Well, supposing we ascertain what it did lead him to think rather than for you to tell him.

MR. HUNTER: Very good, my lord.

Q The attaching of these certificates or slips or whatever you call them, to the main appraisal, wht was the impression you gained, or what were your thoughts in connection with that at that time? A. Well, in the first place there was nothing very clear for what purpose the government required the appraisal, and my assumption was that they were anxious to ascertain what lands were held by these people in the Fraser Valley. What did the Japanese own. I don't suppose they knew accurately what lands the Japanese had; than in the first place they wanted to ascertain that and in the second place the Veterans Land Act had been mentioned -- and having been referred to as the Land Act, the assumption was: should the land that we were appraising ever become available to the public, as a time saving measure it would be as well for us, when we were busy making one report, to add a note if for some reason some day this land came on the market and if this Land Act was approved by Parliament -- they would like to know whether that place was suitable or wasn't, without having to go back and check on it.

MR. HUNTER: Is there any other question on that, your lordship?

THE COMMISSIONER: Did you receive a copy of the Order-in-Council -P.C. 5523?

A Not at the commencement of the appraisal work. I am sorry I did not bring my record of that down

That was handed to us as late as about the 1st of August.

Q But before you had completed your appraisals?

A No, we did not see it before. My appraisals were all in actually before I saw that Order-in-Council?

Q I see.

MR. HUNTER: My lord, possibly at this time it would be a suitable time to put in two appraisal forms. They are both the L.S.D. form, C-43, and the purpose of putting them in is one of these is the report or appraisal made on the 23rd of May, 1946, and the other one is made on the 13th of April,1940. It is merely to show that this appraisal form was the one that was used over a considerable length of time.

THE COMMISSIONER: We have already had two in now. Is it something different from the ones that were in?

MR. HUNTER: This is the same as the last one that went in. Was it Exhibit 69?

THE SECRETARY: Yes. "Appraisal report".

MR. HUNTER: Yes, the first one was 64 and this is 69, and the only purpose of introducing these was to show this form was used over a considerable length of time and if your lordship feels it is unnecessary to file it --

THE COMMISSIONER: Well, if we have it in 69 now, I do not see any purpose in filing another one.

MR. HUNTER: There seems to be some confusion why the form ".S.S.B", rather than "L.S.B." had been used.

THE COMMISSIONER: I do not see that there is any great materiality to it in any event, but if you wish to file it --

MR. HUNTER: I do not wish to, my lord.

Q I produce a letter dated December 8th, 1947, and the letterhead on it is "Soldiers' Settlement of Canada and Land Settlement Branch", Can you explain what that heading means?

A The Soldiers Settlement Board operated under the Department of Mines and Resources in the beginning and then in 1928 or '29, about the time I leaving them there was this influx of British settlers and they chose to call themselves the Soldiers Settlement of Canada -- Land settlement branch. They were used as the Land Settlement Branch, working in conjunction with the Department of Immigration in handling these people and placing them on the land.

Q And why was this form devised, headed " L.S.B", when was that devised?

A I would not be too sure as to the time when it was devised. These things were revised from time to time and then one was made to fit the situation at that time: for instance the type of family recommended for the property. You were dealing with families that were coming into the country and you were dealing with the different types of

properties -- good classes of farms and of various sizes of properties and this was carried on with that form throughout the year.

Q And then after, did this Land Settlement Branch disappear?

A It had disappeared from the letter head and the Soldiers' Settlement Board has since become under a director. Iy is now a director of Soldiers Settlement. It used to be a Soldiers' Settlement Board made up of three members and a secretary.

Q I don't suppose, unless my learned friend wishes that there is any point in putting in that letter. The purpose was to try to clear up some of the confusion, that was all.

THE COMMISSIONER: Just before we leave the subject of P.C. 5523, were you aware at the time you were making your appraisals, that these Japanese properties were withdrawn from the market, and could not be bought, leased or acquired without the consent of the director of the V.L.A. or the Soldiers' Settlement Board.

MR. HUNTER:Q:I produee a photostatic copy of a form of appraisal report S.S.B. 43, and you will notice there on APage 41, it says, " Present day value", and opposite that a figure. What does that figure represent?

A That figure represents just what it says. It is the present day value of those buildings, less depreciation.

Q I see. And the next phrase,"total value buildings on famm", and there is a figure opposite that. What does that represent?

A That sets out in cold figures the appraisers opinion of what value those buildings add to that unit as a unit, and it constitutes in other words the fair market value of those buildings in relation to that piece of land.

Q Isee. Well, what is the connection between those two appraisals. "Present day value", and "total value of buildings added to land"?

A There is none.

Q Now when you were appraising did you add any -- just let me go back again to this business of the fair market value of the buildings. How did you personally arrive at that opinion of the fair market value of those buildings?

A Well, you have to deal with that in conjunction with the property.

Do you wish me now to go on with my method of arriving at the value of the property or the building, or the property as a whole?

Q Well, take the property as a whole and let us see how you arrive at the fair market value of that property as a whole?

A Well, in order to arrive at a fair market value it becomes necessary to ascertain from reliable sources available what similar property in the vicinity of the piece under discussion is selling at. Then comes the compilation of the factual

information required in the report itself.

That is to say, my approach is this: once I have located my property from the legal description, and am sure I am on the right place my next step is to approach whoever is in the dwelling -- or the buildings, and begin there, and size them up -- the measurements, the materials and so on. I usually measure the buildings first and get the information down into figures; and then I am required to go over the land and reach a starting point.

Now if it is a property that is broken up -- part under cultivation and part not under cultivation and is cut by a ravine, a creek or a swamp there is the point then of the dimensions -- that is arriving at the acreage that is there; usually starting in at the corner of the place and then step off the boundaries and see whether your Land Registry sketch shows you where the other boundary is; then taking your cultivated acreage and value it, according to the quality of the soil as you see it; work out the acreage that is there under cultivation and then work out the acreage that is in swamp or bush, and get those down.

And then it is my practice to take that information back to wherever I am staying, the hotel or my home, and work out the figures and see whether or not they jibe with what in my opinion is the value of that property, taking it

as I see it in comparison with other units that I have been able to locate.

I may find in working out my figures for the land with the buildings on the place would work out according to their replacement less depreciation-- they might be double and three times the value that I feel the farm is worth.

It has been necessary for me to go back at times and say, "This does not look right. Am I too high or too low in my land here". And very rarely do I find I am out in that figure.

Then it becomes a matter of looking at the thing and saying, " Well, that house may cost $2,000, but it surely does not add $2,000 value to this property".

What it amounts to is you have got the value of your land set down and the difference between that and the opinion of the farmers valuation of the property as a whole, and you have to consider the value of the property as a whole.

Q Did you add any value for crops, Mr. McKay?

A No.

Q Why was that? A. Now in speaking of a crop you are speaking of a berry that is on the vine.

Q I am speaking of a crop -- not the plant. Did you add any value for that?

A No, for the reason that the places I appraised -- I don't recall having been on any where there wasn't someone there taking off that crop. It

belonged to somebody. They either had it leased or had bought it.

Q Now how about the plants as distinguished from the crop. Did you add anything for those?

A No.

Q Why was that? A. Well, plants are the same to me as would be an oat crop or a wheat crop. When you go out to value a piece of land you are not valuing the crop. You are thinking of land on which the crop is being produced-- and they are perishable -- small fruit crops; they are here today and six weeks from now they have no value at all.

Q But what about the plants?

THE COMMISSIONER: Q: Yes, the actual plants, they produce, don't they?

A Yes. The actual plants reproduce, but I am looking at the land upon which those plants are growing. It is the land I am thinking about. A highly attractive piece of land will probably have on it a good thriving well producing plant but there may be a frost tonight and tomorrow that plant is heaved out on top of the ground and it has no value. And especially in tenanted property. You will have a tenant on there taking strawberries off and tomorrow you go out and the tenant has gone and if there is not someone there to pick them and look after the place the weeds wil play havoc with it and then it rains and the rains spoil it and create moisture there and ruin the plants so

I would not value it.

MR.HUNTER: Now, Exhibit 60, that is a group of letters.--

THE COMMISSIONER: Mr. McKay, assuming the existence of an orchard on a farm, would you add any value for those growing trees?

A In cases where there were small home orchards-- a combination of two plum and two apples, that did not look too badly diseased or old, I did sometimes give them a nominal value for home use.

MR. HUNTER: Q: Why wouldn't you give them a value for market use or market production?

A Well, from my own experience living in Chilliwack, -- in that part of the valley, it tells me orchard being here in the valley has not proven to be a successful enterprise.

Q I show you a carbon copy of a letter, written to you and dated May 13th,1942. -- Exhibit 60. Will you examine that letter and tell us whether you received that letter?

A Yes, I received this letter.

Q And would you go through that letter -- and perhaps in the suitable paragraphs and sentences say what that letter meant to you at the time you received it? A. Well, in the first paragraph that appears -- this is the 13th of May -- we had then been working -- I think we began appraising on Monday, the 4th or 5th -- just a little better than a week and this looks as if it must have been the early appraisals that I sent in and they were lacking in certain information that the district

Superintendent appeared to require, and they were sent back to me to add that.

There is no indication here what those deficiencies in the reports were. And then it says, "One never knows the ramnifications in advance in problems of this nature". The District Superintendent is indicating to me here - - since I donot appear to have done any appraisal work for the Department in the Valley I had better prepare myself against the possibility of the very thing we are dealing with here, and that I should carefully check over sales - that I had been able to find to substantiate the values on property that I am examining.

Q I see. And what about the last paragraph?

A "Until the picture further clarifies quite frankly one cannot be sure what use may be made of these appraisals. I would advise you use every opportunity in collecting data to support your values and record it properly from time to time ". That is , he is just telling me he does not know what the appraisal is for, but in case something does develop it would be well to be able to support what I am doing. That is what it amounts to.

Q Yes, thank you. Were you, Mr. McKay, quite clear in your mind as to what value you were to place on these lands?

A Yes.

Q What value is that?

A Well, as I tried to indicate: in my appraisal

experience I have appraised always with the idea of telling the people who I was appraising for, what that property was worth on the market -- the market value.

Q From what viewpoint did you appraise these properties? A. I dealt with them solely from the agricultural point of view.

Q Is that consistently reflected in your appraisals, or did you sometimes change your point of view?

A Well, I believe -- I haven't gone through completely the appraisals I have made, but I believe it is reflectly generally from the time I began to the time I left the job -- the agricultural view-point is what I had in mind.

Q Now when you are appraising from an agricultural point of view does that necessarily reflect the fair market value?

A For the unit as a farm, yes. But not necessarily so if a property had other uses, or should I say better uses to it, to which it might be put.

Q Well, let us say it had a good residential value. Would you in that case in appraising from an agricultural point of view, be arriving at the fair market value?

A No, you would not be.

Q Well, did you in fact appraise properties from an agricultural point of view where they had any other value?

THE COMMISSIONER: I think we have had the witness's answer on this, Mr. Hunter. He is your witness.

MR. HUNTER: I beg your pardon?

THE COMMISSIONER: He is your witness and we have had his answer. It is not for you to cross-examine him on it. If the witness has any explanation to make of his prior answer, I should be glad to have it.

Q You have said, Mr. McKay, that you approached the property solely from the agricultural point of view, and that your values were based on the agricultural value of the various properties?

A Yes, that is correct, my lord.

Q Is there anything you desire to add to that?

A I can recall only one instance where I ran up against something like that -- as we moved in or let me explain it this way. As we came in close to Vancouver I got onto a property out on the highway, quite close to New Westminster and alongside of it was comparable acreage, which I believed was the same size as the piece I was looking at -- a five-acre block and there was store, a gas station and rather a fine residence on the one, and in discussing the thing with the man who had bought it -- he told me what he had paid for it -- and I was looking at this other piece next door and this man said, " Well, I suppose this five acres that I have got here is worth possibly the same money if you want to bust it up into a couple of lots. ", but having had no indication that my previous appraisal sent in were off the beam, I looked at

this thing and thought, " All right, this chap here appears to have been farming this thing". I know nothing else of what he might have been doing. It is one of these subsistence propositions. It is a farm and I valued it as such.

Q And you did not consider any other potentials?

A No, but it seemed to me that I did cover that one in a report that I made .

MR. HUNTER: Are you able to express an opinion as to whether your appraisals are conservative or liberal?

A Well, from my experience with the soil and watching the ups and downs of people living on it and making a living from it, I may have been accused of being conservative.

Q Would you be able to express an opinion as to how conservative --

A No, I am afraid not. In some instances I may not have been conservative.

Q And do you believe that you gave the fair market value of these properties that you appraise?

A Yes, I do.

Q Now, Mr. McKay, have you been able to form an opinion -- or have you any information or knowledge as to the profits to be made out of strawberries and crops of that nature?

A As a matter of fact I have, yes., and I brought down with me this morning, hoping it might be helpful to the Commissioner --

Q What is that? A. This is a bulletin-- a horticultural circular No. 58 and it is put out

by the Provincial Government and written by E.W. White, District Horticulturist, over on the Island, and on page 6, it is headed, " Strawberry Culture".

Q Yes. A. On page 6 it starts out from 1914 to 1939 showing the average price per pound: six cents, 14, 7; 15; 7; 18;10; 19;16 -- 19; 20; 20 cents, 1921 and then back to 7 cents in 1922, 10 cents in 1923, and then it runs to 7 -- for some reason in 1925 -- ten cents in 1926 , eleven-- and then it starts downhill seven, six, five, four and four and a half.

THE COMMISSIONER: What was the situation around the period of '41 to '42?

A From my experience in Chilliwack in '38, I wwas getting six cents. The average grade 1.33 in 1939 -- on page 13.

MR. HUNTER: Just excuse me a moment.

A On page 6, --

Q The reason I am trying to have this brought out is to indicate that over a long period of time strawberry farming is not a particularly profitable pursuit and the mere fact the price is up high in one year and a profit has been made does not mean there is any continuity of the profit.

THE COMMISSIONER: I follow it.

MR. McMASTER: Well, surely that will depend on the period.

THE COMMISSIONER: Well, the next extended period is back to 192D? A. On page 13

they cover from 1920 to 1940, setting out the acreages in 1920, (reading same), and they set out the various acreages in those crops up to 1940, and on pages 38 and 39 -- there is set out here the cost of production -- the following tables of cost of growing strawberries based on the 1940 tables are indicated or are intended only to give an idea of what the probable expenditures will be. The cost of production will vary greatly in the different districts, but the cost of bringing an acre of strawberries through to its third year is $848.10. And on the following page, 39, they set out the receipts for that acre -- the first year crop -- $525.00, and the second year crop -- that is $525.00 -- and the first and second crop and the total receipts and total expenditures. Now, I said three years, but it is two years. The first crop, $525.00, and the second crop $525.00, and total receipts $1050.00, and the total expenditures $848.10 or a profit of $210.90, making an average of 37 cents an acre, for the three year period.

MR. HUNTER: I don't Know that I understand that. I wonder if you could clarify that.

THE COMMISSIONER: Well, the result of it is, as I understand it, they show something in the nature of something like $200.00 annual profit per acre, is that correct?

A An average of $67.30 per acre per year -- that is per acre per year for the three year period.

On the one side they have first year costs, second year cost and third year cost, and in the table on the other side of the page I notice first crops split into crate berries, marketing berries, and it gives the total receipts. Total expenditure, it shows as $848.10 and a profit of $210.90. They have set out here the cost of the various fertilizers and so on.

Q May I see that, Mr. McKay?

THE COMMISSIONER: The plants have to be renewed every three years, is that correct?

A Well, the practice is-- it has been depending on the localities, to remove a strawberry plant at the end of its third year, but in some places they remove them every year. Take Lulu Island, for instance, the life of them isn't that long.

MR. HUNTER: Q: Do you get a cropy of strawberries the first year they are planted?

A Not the first year. That is what that means. The first year is the cost of your plants on the first page. You stick your plants in in June, and you get nothing from them. The first year you have no production. The berries come into production the second year and the third year, and that is how that figure comes up as set out in this way.

Q And that is what this figure means when it says $67.30, an average per year per acre, and they only show two crops, because in the first year there isn't any. I would suggest that this be

filed, my lord.

THE COMMISSIONER: Very well.

MR. HUNTER: The relevant page there for the profit is page 38 and page 39.

THE SECRETARY: Exhibit 79.

(BULLETIN MARKED GENERAL EXHIBIT NO. 79)

MR. HUNTER: Q: When you went out to make these appraisals, Mr. McKay, or at any time during that period, were you aware of the Veterans' Land Act, or the fact that it was in the process of going through the House or Parlimentary Committee?

A As I previously indicated, the Act had been mentioned, but nothing is clear in my mind as to what extent it had been discussed, but it was referred to as the Veterans' Land Act coming up. There was some reference to it in the papers. I believe Mr. Ramsay and I were reading something about it in Chilliwack one night, referring to it as a Land Act, but beyond that I knew nothing about it or what its ramifications were.

Q You never saw a draft copy of it at all?

A No, I never seen it at all.

THE COMMISSIONER: Well, perhaps we had better recess now.

(PROCEEDINGS RESUMED AFTER SHORT RECESS.)

CROSS EXAMINATION BY MR. McMaster:

Q Mr. McKay, I surmised from the evidence you gave this morning that your chief experience in being employed as an appraiser was for two years

approximately between 1935 and 1937 in the Provi nce of Alberta, and since then you have been engaged by the Sodiers' Settlement Board since 1941?

A My previous experience in 1924 and '28, when I was a Field Supervisor and appraiser with the Soldiers' Settlement Board.

Q Well, I understood that was an inside job.

A From '22 to '24 -- and from '24 to '28, I was in the field appraising and as field supervisor.

Q That was on the prairies?

A Yes.

Q And then in 1937, you purchased a piece of property over on Vancouver Island.

A That is right.

Q And you found it did not pay.

A It did not.

Q So you gave it up. A: I got out from under.

Q Did you decide you had paidtoo much for that property? A: From my ability to carryon with it, it was too much.

Q And you sold it for less than you paid for it?

A I got out from under -- just losingaa dollar or two in fees, but itwas my disability in carrying that on that made me get out of it and I just got out from under.

Q Now, when you were selling properties for the Soldiers' Settlement Board-- well, before I deal with that -- the property you would have anything to do with in selling it for the Soldiers' Settle-

ment Board would be reverted property, is that correct? A: Yes, property that had come back on their hands.

Q And what would be the maximum number of parcels that you would have for sale at any one time?

A Oh, there was a considerable number of parcels for sale-- I just cannot answer that clearly. I don't knowjust what there would be,but there was always reverted land for sale.

Q Now, I think you indicated that your department was quite conscious of the opposition members of the Government pointing their fingers at the Government if there was vacant land lying around, not in use? A: Under the Soldiers' Settlement, the matter was always under discussion in the Sessions.

Q So you were always anxious to get that land on the market and get someone on it when you made those appraisals? A: It was to keep the land in occupancy and avoid paying taxes.

Q You were anxious to get the landin occupancy -- if you didn't have a soldier on it, you wanted the land occupied. In other words, you were anxious to sell it? A: Yes, we were anxious to sell it.

Q And so long as that land sold at the appraised value, then the opposition would not be able to point their finger at anything very much, would they?

A It was not necessarily sold at the appraised value.

Q Well, at least at the appraised value.

A Yes.

Q Did it often sell above the appraised value?

A Yes, occasionally a piece sold above the appraised value.

Q But your main objective was that there would not be any sales at under the appraised value, is that it? A: My opinion being that my appraisal was at the market value, I felt that that was what it should sell for.

Q Now,I took it that you relied fairly heavily on Mr. Ramsay's expeirnece in Mission and in the other districts you mentioned --Mission and Matsqui, mainly, in arriving at a standard of values of land in that area.

A Well, not accepting Mr. Ramsay's say so -- he never named to me what I was to put on or what he thought I should put on land.

Q No, I am not suggesting that,Mr. McKay. What I mean is this: Did you rely fairly heavily on his experience to set the range of values you would put on cleared land -- say in Mission, for instance -- at $50.00 or $65.00 or something like that.

A Well, the practice that was followed in striking a base line was this: Before going out to do any appraisal work, a number of us got into the car with Mr. Ramsay and drove through these areas and he drove up to one place and he would say, "Now, there is a parcel -- I believe it is between six and seven acres--" that would be in the

Municipality of Mission, "It has recently been sold," -- or within a year or two. "That was bought at so much an acre," and we would look at it and size it up generally and then we would go on up theroad and look at four or five more places. And here is a 9 acre block appraised a few years ago, and recently sold.

Q Appraised by whom? A: Appraised by Ramsay or some other appraiser.

Q These are Soldiers' Settlement appraisers?

A Yes. And we looked at them -- there was a property that was sold and we were quoted the price -- from my own records I would have a note of it, and inasmuch as the sale had not been many months previous, that coupled with the information that we had, that we picked up from one source or another, we would come to the conclusion the land was worth so much an acre in this locality-- depending on the land, of course.

Q And then you fixed a standard of values from that?

A Yes.

Q Which you used as a basis?

A Yes.

Q And these lands that Mr. Ramsay showed you were all sales by the Soldiers' Settlement Board?

A Oh, no.

Q Oh, I am sorry, I thought you said they were.

A They were Soldiers' Settlement lands and they were sold by the Soldiers' Settlement Board-- some of them,and others were sold by the Soldiers'

settler operators to someone else-- it would be a sale from someone who was on theland to his purchaser.

Q Why would he be selling?

A For various reasons - probably he would be going back to the prairies, or on account of his health.

Q And in each of these cases, had the Soldiers' Settlement Board made an appraisal?

A They had appraised them from time to time.

Q How far would the appraisals go that you referred to, in dealing with these lands?

A Now, I would have to look at the record to make definitely sure of those things-- in 1940 -- I

THE COMMISSIONER: I take it the appraisal would be more than a few years old.

A Well, we would not consider it always -- we were shown the properties that had changed hands recently.

MR. McMASTER: Q: Well, what real estate offices did you consult. You mentioned that you went in to various real estate offices in various municipalities. What real estate offices did you go in to?

A We went into Plaxton's at Abbotsford; Hugh's at Cloverdale, and Taylor's at Mission.

Q Yes? A: Those are just a few thatI can name, but there were other real estate people that we might have met from time to time on the street, and I don't recall the names of all of them.

Q And when did you see these real estate men, the

ones you have just mentioned?

A Oh, from day to day as we went along. I would not be able to name the day.

Q Did you see any of them between the time -- May 1st -- the meeting with Mr.Barnet and the time you first began appraising?

A Yes, I believe we did.

Q All of them? A: Not all of them, probably.

Q Which ones did you see?

A Oh, I think we were in Plaxton's office at Abbotsford. We moved to Abbotsford to stay there and work from there.

Q Did you see Mr. Taylor during that period in Mission? A: I don't recall just how early we saw Taylor, but it would be after we went over to work in the Mission field.

Q Well, my understanding was that you started appraising in Mission. Is that not what you said this morning? A:We started on the examination of properties in Mission, but I am not sure whether the first appraisal that I made was in Mission or Matsqui.

Q And what sort of information did you get from these real estate men?

A Oh, general informtion. Questions were asked: "What is the land sellingat?" "What have you been selling lately?" "What have you been getting for it?", and sometimes they were not too free in telling you.

Q And as a result of those inquiries, did you examine any properties where there had been a private sale of land? A: Do you mean go over them and examine them as if you were making an appraisal of them?

Q Yes. A: Not a field appraisal of them.

Q Did you examine any? A: Yes.

Q How many in Mission did you examine?

Q Oh, not very many outside of these that were shown to us -- individual sales. These were actually some transactions that were put through real estate people, through Soldiers' Settlement operators and the purchasers they brought in.

Q Well then, you did not examine many of those that Mr. Ramsay had appraised?

A No, not a great number.

Q And after you started appraising, did you change your standard of values at all -- your standard or basis that you referred to?

A It depended entirely on where the land was located and the type of land.

Q Well, let us deal with Mission now. Did you change your standard or basis there?

A That would depend entirely on the specific property you were dealing with.

Q How would the basis depend on the specific property? Let me get at this, Mr. McKay. By "the basis" -- I think you used that phrase yourself, did you mean a certain range of values for cleared land and

a certain range of values for uncleared land?

A Yes.

Q And did you change that range of values? In other words, various appraisals might fit into that value, did you change the range or basis until you were finished? A: You are speaking of Mission now?

Q Yes, deal with Mission, -- one place at a time.

A Well, rarely did I find it necessary to go beyond a maximum. Say there were lands in there that were appraised and sold at $60.00 an acre. I may have put $70.00 or $75.00.

Q In a few cases? A: In a few cases, yes.

Q But that was because of some very special characteristic, was it, in that particular land?

A Bedause I considered it worth that much money.

THE COMMISSIONER: What was the range of value of cleared land in the Municipality of Mission at the time you were making tese appraisals?

A Of cleared land?

Q Yes, as between your maximum and your minimum appraisal per acre.

A Well, depending on the locality -- the Mission area is pretty patchy and some of it would be as low as $45.00 an acre and other parcels I recall putting on $85.00.

Q A maximum of $85.00 and a minimum of $45.00 for cleared land? A: Yes. I don't think I ever went beyond $85.00 , but I might have

gone $90.00, but about $85.00 generally.

MR. McMASTER: Q: And you feel fairly confident you went that high, do you?

A Well, actually I would have to look up my report. Yes, I believe I went to $85.00 in some cases.

Q That is your recollection?

A Yes.

Q And there would be very few properties at that figure. A: I would not want to name just how many, but there are certain parts of that area that would be worth that.

Q Well, assuming you found a comparable piece of property, Mr. McKay -- and a deed conveying the property very rarely breaks down what the value of the land is -- and takes in the cleared and uncleared portion and the value of the buildings. Now, how would you determine what was the value of the land -- or what it should be sold for in any transaction? Say, for instance, in a private sale.

A My method of determining that was usually discussing it with the purchaser.

Q So that you would ask the purchaser what his opinion was, and ask him how much he paid for the land and how much he paid for the building?

A Yes, I would ask him, "What did you pay for this property?"

Q And what qualifications did the purchaser have in determining the value of how much they paid for the building and how much they paid for the land?

A Well, I am not suggesting the purchaser did that. I

would say to the purchaser, "How much did youpay for this property? I hear you paid so much for this property."

Q Well, supposing a purchaser said, "$4,000.00." There is a portion of this land cleared and a portion uncleared. There is one portion in a crop and there are some buildings on this land. Now, how would you proceed to break down that sale of $4,000 with respect to the different elements of value in each of them?

A I would say to the man, "How much land have you under cultivation?" "Approximately so much." "Can you break up the balance of it?" knowing how many acres he had -- and once I had the acreage he had under cultivation, I sized up the buildings and made up my mind as to whether his quoted price to me was fair for that property,and used my own property-- that is property that I was appraising as a comparison, where I knew the exact number of cultivated acres.

Q Now, the thing I want to get at, Mr.McKay, is this. Did you take this $4,000 and say,"Here,there are buildings on here wrth so much," and deduct that from theland and say the land is worth so much, or did you say the land is worth so much and therefore the buildings must be worth so much added to it? Now,which approach did you take?

A The approach would be to the unit as a whole.

Q Now, how were you going to find out the value of the land when there are improvements?

A When I know how much the man has paid for the property-- and bearing in mind that I have looked at this other stuff here.

Q Which stuff? A: The stuff that I have gone on, the S.S.B. properties.

Q That is the basis or the range of value?

A Yes, and then I would look at the property the man is talking about, the man's place where I am standing, and he says he has 10 acres under cultivation, and you become accustomed to judging approximately what is under cultivation and what is not, and I would use my own figures that I had established in my own mind -- my basic figure, "Well, this looks like a $75.00 piece of land" -- or a $50.00 piece of land, and then work out my appraisals from that, as I have previously indicated.

Q So, it is fair to say when looking at a comparable piece of property, you started off by applying your previously established value of land to determine how much the buildings on that property were worth? A: I don't know that I have got your question straight. I will try to explain it.

Q Well, let us take it this way: We will take a piece of land that is entirely clear and where you don't have the problem of uncleared land. Take a 10 acre piece of property entirely clear. It has a house on it, and we will not bother with any other buildings, and you think it is

comparable to some property that you have appraised, and you ascertain it was sold for $4,000.00. Now, what did you do? Would you say, "The land is worth $65.00 an acre in this location," so I would multiply the land by ten -- that makes the land worth $650.00. So if he paid $4,000 for it, then he must have paid $3300.00 for the dwelling? Now, is that the way you would approach it?

A That is the way it works out. That is theway you do approach it. You arrive at the value of your land, using your base line -- your basis of value-- either $45.00 or $90.00 an acre, and you have so many acres under cultivation, and in your mind you have the figure that the man quoted that he paid for it.

Q Well then, all thevalue that a comparable property has in looking at it, the only value to you is for this man to tell you how much he paid for the improvements on that property, the buildings, because you have already got your base of what the land is worth here.

A Well, of course it depends on the type of building that is on there as well, when you are considering the unit as a whole.

Q Now, do you make any distinction between the words "market price" and "fair market value", in your own mind? A: The market price? There may be a distinction. You might put it to be a price tag on it,but that may not have the value.

Q At the time you made these appraisals, did you know whether or not the properties were going to be sold? A: You are speaking of Japanese properties.

Q Yes. A: I had no idea whatever.

Q For what purpose did you think you were making an appraisal? A: To indicate to the Government what lands that were owned by the Japanese were worth.

Q For what purpose? A: That, I did not know.

Q You did not know? A: No, I had no idea.

Q But you were conscious of the fact that your superintendent had in mind that they might be made available to veterans?

A No.

Q Do you say that there was no discussion at this meeting with Mr. Barnet on May 1st about the possibility of these lands being made available to veterans? A: No, there was no discussion about the possibility of their being made available to veterans.

Q Well, there was a discussion about attaching certain certificates to the documents?

A That is right.

Q And do I understand you that you cannot remember the nature of the discussion about those certificates? A: Quite frankly, I am pretty hazy on what the nature of the discussion

was.

Q And yet you can be quite positive as to what your opinion was at that time as to what the puppose of the certificates was?

THE COMMISSIONER: He said he had no opinion.

THE WITNESS: Now, you are speaking of the certificates.

MR. McMASTER: Q: Yes, the certificate.

A Well, as I previously stated, I concluded that the certificate was being asked for simply to save time at some future date -- because nobody knew when -- if the Lands ever became available for sale -- we had no idea what was being done with them or what the Government wanted the appraisal for, except only to indicate to them how many acres the Japanese owned in the valley or some such thing as that.

THE COMMISSIONER: I conclude from your answer you foresaw the possibility of some of these lands, if not all of them, being occupied by veterans. Is that a proper interpretation of your evidence?

A In the event of the lands being put up for sale, there might be a possibility that we might bid on them.

MR. McMASTER: Q: And do you say there was no suggestion of the Veterans' Land Act at that meeting on May 1st? or any discussion of it?

A I have no clear recollection of any discussion as to the Act other than as an Act coming up, but we did not know anything about it.

Q You were not given any details?

A No, we were not given any details.

Q How were you to fill in the certfficates if you were not given any details of what type of property was to be considered under the D.V.L.A.?

A The Act had been named as a land Act and being that the Soldiers' Settlement Board was associated with placing veterans on the land -- when I was examining a piece of property, I looked at it and said in my own mind,"Is this thing suitable for a veteran in the sense of land settlement," as I am associated with it as the Soldiers' Settlement supervisor.

Q What type of holdings did you have in mind when you filled in these certificates?

A What I had in my own mind, as I state, was the assumption that it was a full time proposition: That is, that the settler would be settled upon the land: Thatis, he would be a farmer.

Q Andwas that the reason why you suggested the Sasaa property should be divided from a 5 acre piece of property intw 2 acres?

A That is why I didn't suggest that.

Q You were not suggesting it?

A No, I said if that property was considered from other than my point of view, as agricultural property, it might have other values.

Q Now, I take it from the evidence that you gave that you were quite anxious to get along with your department and advance with your position.

A That is natural.

Q And you would be fairly conscious of your superintendent's wishes with regard to the job that you were doing? A: Yes.

Q Now, Mr. Hunter showed you Exhibit 60, the letter which Mr. Barnet wrote to you. Could I have Exhibit 60, Mr. Watson?

THE SECRETARY: Yes, Exhibit 60.

MR. McMASTER: Q: What was the subject matter of that letter, Mr. Ramsay-- I am sorry, Mr. McKay?

A Mr Barnet is endeavouring to indicate to me since I --

Q Will you answer the question, please. What is the subject matter of the letter?

A The appraisal of Japanese property.

Q And it refers to your appraising?

A Yes.

Q Do you happen to recall what the things were that he drew to your atention with regard to the first three appraisals? A: No, I don't know what was lacking in those appraisals, and I don't know today what they were sent back to me for.

Q Now, what did you understand by the last paragraph, Mr. McKay? "Until the picture further clarifies, one quite frankly cannot be sure what use will be made of these appraisals." What did you understand was meant by that?

A Just what it says. No one knew what was to be done with them.

Q He was referring to the appraisal reports, wasn't he? A: That is what it

says there.

Q Well, is that what you understood him to mean?

THE COMMISSIONER: Well, it could not relate to anyting else, could it?

A I don't know that I could understand anything else from it.

MR. McMASTER: Q: Now, you said that you did not receive a copy of P.C. 5523 until you were all through your appraising. A: If it was not after I was through, it was right at the tail end. I believe I have the letter, but I haven't it here, showing when it came.

Q Who did you receive it from?

A It came from the District office.

Q From Mr. Barnet? A Yes.

Q Did you see an advertisement of it in the newspaper?

A As I previously stated, I believe there was a notice of it in the paper, but I am not too clear on when that was. I am not clear just when the Act wwas proclaimed to be effective in British Columbia, or when there was any discussion on it.

Q The Order-in-Council was passed on June 29th. Did you see it between that day and the day you received a copy of it?

A Well, I don't recall seeing it in the paper.

Q Do you recall the Order-in-Council being discussed by the other appraisers in your presence?

A No, I recall a discussion on the Veterans' Land Act, but not on the Order-in-Council.

Q Do you remember any discussion among the appraisers

with regard to the appraising of Japanese lands: That they would not be sold or leased or otherwise while you gentlemen did the appraising?

A No.

MR. HUNTER: My lord, I think that is an erroneous conclusion that he is putting in, because that went on for a great deal longer -- than the appraising.

THE COMMISSIONER: You mean P.C. 5523?

MR. HUNTER: Yes, it ran on until January, 1943.

THE COMMISSIONER: Well, the witness knows nothing about it in any case.

MR. McMASTER: Q: Now, in actually making an appraisal, Mr. McKay, what was the very first thing that you did? A: Locate the property.

Q Well, did you take any steps before that to find comparable property?

THE COMMISSIONER: He would know what he was going to compare it with, would he not?

MR. McMASTER: Well, that is what I am coming to. I took the procedure he outlined before to be a little different.

THE WITNESS: You don't make a comparison until you have gone on the thing and see what you have there.

MR. McMASTER: Q: Well, I take it you went on the property first? A: Yes.

Q And you examined it in the manner you have outlined?

A Yes.

Q And then you wrote up your report, did you?

A Not immediately-- you made your field notes.

Q And then you try to find comparable properties?

A Yes-- if there was anything in the vicinity comparable that was accessible.

Q And when you found the compaaable properties, what did you decide?

A Well, I decided in my own mind whether they were comparable.

Q And did you make any notes of those comparable properties? A: Mental notes, yes.

Q But anything in your field notes?

A No.

Q And nothing in your reports?

A No.

Q Why not? If they influenced your estimate of values. A:Well, over the years it has never been my practice to put in writing in a report form information that is -- well, -- it is just a sort of hearsay -- or if you put it that way, not actual information unless the Land Registry records are checked -- it may not be absolutely sure that the figure quoted is a correct figure. That is, it is just a general thing. A man may say he paid $3,000 for the property, and he might have paid $4,000 or he might have paid $2500. It is the property itself that matters.

Q Well, didyou check any of these records?

A No.

Q So it was all hearsay that you had in checking these properties? A@ The word of mouth of the man who had bought the property.

Q And you relied on that, did you?

A We considered it for what it was worth.

Q For what it was worth?

A Yes.

Q Very well. But in showing how you arrived at your appraisal, at your valuation in your report, you made no mention of it?

A No.

Q I take it, witness, you mean except in a few cases, because in a few cases you actually did, didn't you?

A Yes, some cases.

Q And that was so, even though Mr. Barnet had written that letter of May 13th to you warning you that you might some day have to stand behind these appraisals? A: That is correct.

Q Now, witness, you said you approached these appraisals from an agricultural point of view. Do you mean by that you appraised their agricultural value?

A Well, this term "agricultural value" to me, there is no such thing as agricultural value. It is from the agricultural point of view.

Q Well, just exactly what do you mean now, "from an agricultural point of view"?

A The usefulness of the property to an agricultural operator -- a man who is going to farm it.

Q And how do you determine the usefulness of the property for the man who is going to farm?

A From the land itself and from its location.

Q And its ability to produce?

A Yes, and from its ability to produce.

Q And to produce crops, presumably.

A That is right.

Q Now, did you obtain any information on these properties as to their actual history in crops yield?

A The Japanese property?

Q Yes. A: Not by searching the markets, where the crop may have been produced other than discussions with the people operating fruit houses and so on.

Q But not with respect to anyone property?

A No.

Q In appraising anyone property?

A No.

Q You did not find out the history of its ability to produce? A: Or I did discuss it with a Provincial horticulturist in Abbotsford. We were having constant interviews with him, dealing with various areas -- discussions as to what is the yield up in a certain part of the Municipality as against what is the yield over in the Village of Mission and that sort of thing.

Q But that would be generally as to areas?

A Yes, generally as to areas.

Q Now, I have the appraisal in Case No. 500 , please. Now, I produce to you, witness, Exhibit No. 3 from the Case No. 500. That is the Sassa case. Will you just look at that. That is one of your appraisals, is it not?

A Yes, that is my signature.

Q And that was the case you were referring to in your examination when Mr. Hunter was examining

you this morning? A: That is the one I had in mind, yes.

Q I would just like to read page 3 of your report: "This property fronts on the highway . . . . . and it was not all in cultivation."

Now, you suggest that the market value of that land would be $200.00 an acre even as it was, Mr. McKay, is that right?

A If you followed the line of breaking it into a couple of units and subdividing it.

Q That is not what you say. "The fact it is situated . . . . . on the market even as it is."

A That is relating it-- I am trying to explain there-- here is where you have something of potential value rather than taking it from the agricultural viewpoint. I say this 5 acre farm is going to be tough going, but if you want to take it as it is and break it up, it is worth $1500.00.

Q Despite the wording, I would just like you to read the wording and make sure that is what you are saying. A: That is not an agricultural lay-out. That is one on which a man might be expected to make a living for himself and his family.

Q Yes, read the words that are there.

A Yes. "The fact that it is situated . . . . . it would bring in $1500.00." That is what I mean, if you want to subdivide it you might get $1500 for it for the two units.

Q Well, what do you mean when you say, "if placed on

the market even as it is"?

A I am thinking of it as it is, with the dilapidated buildings on it-- looking at it as it is, it is a pretty run-down show.

THE COMMISSIONER: What value was put on the property, may I ask?

MR. McMASTER: He applies on the 5 acres of real estate a value of $100 an acre, or a total of $500.00, and with the buildings added, $800.00, my lord.

Q Now, this property of McKenzie that you mentioned-- McKenzie tells me he paid $1600.00 for the 5 acres adjoining two years ago, and it was not all in cultivation. Now, which side of Sassa's lot was it -- to the north or south?

A McKenzie's was on the south.

Q On the south. A: Yes.

Q And that property had then on it what?

A Oh, it was very similar to this one. I did not measure up the actual acreage cultivated on it, but as I recall it, the back end of it, on the west road, there was some that was brought under cultivation.

Q How much, do you remember?

A I don't remember exactly.

Q And howwere the buildings on that land?

A Well, I don't know what buildings were on it when McKenzie bought it. There were a bunch of buildings along the fence, but there was a new house going up there-- McKenzie's house.

Q And were the other buildings of the same class as

Sassa's? A:Yes, the same kind.

Q So you considered the two properties to be quite comparable, did you? A: Reasonably comparable.

Q And had you not been appraising just from an agricultural point of view, I presume you would have given Sassa's property exactly the same value.

A Well, that is what I said there: If I had not been dealing with this from an agricultural point of view, this thing might have been worth $1500.00.

Q Well now, supposing the facts were these -- that the price McKenzie bought for was $3,000.00, Mr. McKay. Would you have placed the same value on Sassa's property at approximately the same, if you had not been going on it and appraising it from a purely agricutlural point of view?

A Now, let me get that straight.

THE COMMISSIONER: Well, you have already said the two properties were comparable. That is correct, is it?

A Yes.

MR. McMASTER: Q: Now, were you aware at the time you made that appraisal that Mr. McKenzie had also bought a piece of property on the other side of Mr. Sassa's property, on the north side?

A On the north side?

Q Yes. A: No, I wasn't.

Q I see. Did you make any inquiries about any other comparable sales near this property?

A Near that one?

Q Yes. A: I hadn't done very

much appraising in Surrey and I think probably that I did not look around -- not in the immediate vicinity.

Q Did you happen to notice the property immediately to the north of Mr. Sassa's property when you were making your appraisal?

A I suppose I noticed it, but I don't recall now exactly what was there.

Q Are you able to say whether it was comparable to Mr. Sassa's property?

A As to soil, I believe it was comparable.

Q But you don't recall how much was cleared there?

A No, I don't recall the details of the thing.

Q Now, is it my understanding, Mr. McKay, a piece of property of 5 acres that is entirely in cultivation, with 2.15 acres of strawberries; .60 acres of grain -- I am sorry -- .6 acres of grain; .35 acres of asparagus; .408 acres of rhubarb; .388 acres of currants -- that that property in 1942 would not produce sufficient revenue to justify a man investing more than $800.00 in it?

A At that time, that is what my report says.

Q And that is what you mean by placing a value of $800.00 on it? A: That is why that is there.

Q Now, did you make any inquiries at all as to the receipts this man had got out of this property from crop yield? A: No.

Q Now, would it still be your opinion that a property with that type of crop and that amount of crop,

and that type of soil, in 1942 would be only worth $800.00 from a purely agricultnnal point of view?

A For a white operator, yes.

THE COMMISSIONER: Have you finished that phase of your cross-examination, Mr. McMaster?

MR. McMASTER: Yes, my lord.

THE COMMISSIONER: We will adjourn now.

(PROCEEDINGS ADJOURNED UNTIL 2:00 p.m.)

I hereby certify the foregoing is
be a true and accurate report
the said proceedings.
E. Blagh
Deputy Official Stenographer

2 P.M. PROCEEDINGS RESUMED.

CROSS-EXAMINATION BY MR. MCMASTER, Resumed:

Q Why did you only appraise these properties from a farm point of view?

A The properties I appraised were farms.

Q And were you instructed to appraise them from a farm point of view only?

A The only instructions I got was to appraise the Japanese farms in the Fraser Valley, or Japanese lands in the Fraser Valley.

Q And why did you draw from that instructions the conclusion that you were only to appraise them from a farm point of view?

A Because firstly they were Japanese farms; they were being used for that purpose.

Q You have not had any experience appraising lands for any other purpose?

A My general experience has been farm appraisals.

Q Were you instructed not to place any value on the plants?

A No.

Q From your experience in the Fraser Valley--I think you stated this morning that from your experience you held the view that the tree fruit business in the Fraser Valley didn't amount to much other than for domestic use, is that right?

A That's right.

Q And you would say that the growing and sale of tree fruits in the Fraser Valley is not carried on on a

commercial scale, is that right?

A Not commercially, no, not to amount to anything.

Q I understood you to say this morning that in arriving at values you considered the soil and the ups and downs of people living on it. Is that a fair statement of what you said?

A With the farm problem that is a fair statement, yes.

Q Would it be fair to say you took a long range point of view in making your appraisals?

A No, I wouldn't agree to that. My value would be as of now.

Q I find it difficult to bring those two statements together, Mr. McKay. You said that in arriving at your values you considered the soil and the ups and downs of the people living on it. Do you mean the ups and downs within a year or two or over ten years from 1930 to 1942?

A And from my experience operating three of these places myself--two on the Island and one here--the sales or the market for agricultural lands are governed by that.

Q That is by the long range point of view?

A Not necessarily the long range point of view, no.

Q And your attitude in that regard was from your experience on these farms you operated, was it?

A Not entirely.

Q You didn't know who the buyer of these properties was going to be?

A I didn't even know there would be a buyer for them.

Q If you were estimating fair market value then you would imagine a buyer, is that right?

A You would see what would be the fair price for a man to pay for the properties.

Q The type of buyer you imagined then would be the type of buyer who would look at the property from a long range point of view having regard to the ups and downs of agriculture?

THE COMMISSIONER: Does it make any difference from the point of view of market value as to what the buyer's outlook was?

MR. MCMASTER: I think it does, my lord. I think it makes a difference as to whether he is looking at the long range point of view or not.

THE COMMISSIONER: Has it any materiality at all in ascertaining fair market value as to what the purchaser's outlook is?

MR. MCMASTER: I would submit so, my lord; that it is a prudent purchaser we are taking into account. It surely affects what he is willing to pay, what his point of view is.

THE COMMISSIONER: Q: I have understood from your answers, Mr. McKay, that you received no instructions to take into account any other potentials of the property than for its use as a farm.

A No definite instructions other than to appraise,and to me the appraisal meant "Go and tell me the fair market value of that property."

Q And for that reason you ignored any other potential

uses to which the property might be put?

A In dealing with my appraisals--

Q Can you not answer the question yes or no?

A Yes, I did. I dealt with them as farms inasmuch as they were farms.

MR. MCMASTER: Q: I refer, witness, to Exhibit 79, which is the document from the Department of Agriculture, Horticultural Branch, which Mr. Hunter filed this morning. Did you have that document at the time you made these appraisals?

A I have checked the thing since I was on Vancouver Island, as a matter of fact.

Q And did the information contained on pages 38 and 39, which you drew to the Commissioner's attention this morning, influence the values which you placed on these lands?

A That information coupled with information that was currently available, as I said this morning, from people as Mr. Clark, the horticulurist at Abbotsford, did help to arrive at my conclusions as to farm values.

Q Did any other information which you obtained cause you to think that the statement on page 39 that an average of 67.30 per acre for three years would be the net on a berry farm?

A It would be dealt with in this way. In seeking information from horticulturists as to what is the average tonnage in a certain area it was probably quoted "Just whereabouts in that ares?" and you would name where you were working, and it would be

given to you--1½, 2, 2½ or possibly 3 tons. From that you would conclude the price of berries would make that so much.

Q You have given regard to this table you have drawn attention to this morning?

A I gave regard to the experience I had on the Island with this type of thing.

Q Will you answer the question directly. Did you give regard to the information on this table?

A And remember that table set out information that had been compiled.

Q I draw your attention to page 38 in this table where it sets out the expenditures, Mr. McKay. It refers to the first item of expense, rent of land 6% on $250. A: Yes.

Q Do you take that to be the value of the land is considered to be $250. per acre?

A That is what it would indicate there.

Q Did you value any land in any of the small fruit areas at $250. a acre?

A No, I didn't.

Q And I notice that it includes all the items with regard to labour. Would you take it from that table that the expenditure would include the labour of the man living on the place, or, alternatively, that it would be all the expenses a man would have if he didn't live on it and hired somebody to do the work (Reading table). Just answer the question with regard to expenditures. I suggest to you it is obvious it is intended to cover all the cost of

labour in connection with the planting and cultivation of an acre of strawberries over a three year period.

A I believe that is a fair statement.

Q So that this average income of $67.30 per acre per year for three years is a net income per acre?

A That would be net, yes.

Q And in most cases that net income per acre would exceed the value you placed on an acre of land planted in strawberries in Mission?

A Do I get this correct, that that net exceeds the dollar value per acre I put on land?

Q Yes; in Mission.

A I wouldn't say so. I can recall places I put $70. on.

Q I said in most cases in Mission that amount would exceed--

THE COURT: Is that not obvious?

MR. MCMASTER: Yes, my lord.

Q Would you agree, Mr. McKay, that the business of appraising agriculture is becoming a very specialized and scientific business?

A Yes.

Q And that a person who undertakes it needs to have quite a good knowledge of agriculture?

A Yes.

Q Have you taken any courses in rural appraising?

A No, I haven't.

Q Your whole experience is the experience you outlined this morning?

A Excepting that I was instrumental in organization in the Province of Alberta the Western Canada Land Inspectors Association which was organized in Edmonton in 1936 and subsequently we went to Calgary and organized a branch there.

Q Did you give any consideration to the speculative value of any of the properties you appraised?

THE COMMISSIONER: He has said he based his valuations upon the value as a farm. Do you expect to get any further than that with him?

MR. McMASTER: I would like to know whether in that approach he took into consideration any speculative value.

A I think not. I have tried to indicate I was trying to measure up its value as of the date of the appraisal.

Q Did you take into consideration any recent purchases of any of the property you were appraising? A. Recently?

Q By the Japanese? A . That the Japanese had bought?

Q Yes? A . No, as a matter of fact I hadn't that information.

Q Did you try and find it?

A I didn't search records for it, no.

Q Did you try and find it at all. Did you make any inquiries about it?

A If the Japanese was there, I may have asked him what he paid for it, but I don't recall an instance of trying to ascertain just when it

was bought or what was paid for it.

Q I suggest to you that there are three basic approaches and methods by which value is determined in appraising rural properties. First, income capitalization; second, comparison; and third, reproduction cost. Do you agree?

A First income capitalization?

Q Yes, second comparison, and third reproduction cost?

A. "reproduction cost", that is a new term to me.

Q That is referring to improvements, buildings and so on on the land.

A I am afraid I haven't given a lot of study to the various technical or academic terms of valuing rural properties other than what I have been trying to establish, I have been comparing them with other properties.

Q In other words you didn't give any attention in your appraisals in these cases to the capitalization of income?

A No, I didn't work those out.

Q And you didn't give any attention to the reproduction cost of improvements from the standpoint of establishing value?

A I am afraid I don't quite get that, "reproduction cost."

THE COMMISSIONER: Do you suggest, Mr. McMaster, that if an acre of land cost $500.00 to clear, therefore the land is worth $500.00?

MR. McMASTER: No, I am suggesting it is a factor which

has to be taken into consideration in arriving at values.

THE COMMISSIONER: Why not put the question in that form to the witness.

MR. McMASTER: Q: Would you agree, witness, that one of the recognized factors to be taken into considera - tion in arriving at value, is the reproduction cost of the improvements to the land?

A Well, if I have got this straight, is that not what was done in that appraisal report?in the section dealing with cleared land and the cost of clearing the land.

THE COMMISSIONER: Q: All you have been asked is, is that a factor which a competent appraiser would take into account. Regardless of what you did, is that a factor which a competent appraiser should take into account in reaching his opinion of fair market value?

A I believe it is, yes.

MR. McMASTER: Q: You have stated that the present day value of buildings bears no relation to the market value of those buildings added to the land, is that correct?

A That is correct.

Q And why do you say that?

A Because the buildings on the property in dealing with them as I have done, the present day value of those buildings -- let me put it this way. You may have a ten acre piece of gravel with a $25,000 house on it, if you like, or ten acres

with a $10,000 house on it. The value of that building has no relation to the value of the land.

Q Then I take it that you disregarded the present day value of the buildings in arriving at your valuation of the property?

A The buildings and the land, in arriving at fair market value, looking at them together as a unit, they cost so much money.

Q Did you disregard the present day value of the buildings in arriving at the value of the lands you appraised?

A When I added them to the land, yes.

Q And did you disregard it in arriving at how much they added to the value of the land?

A I disregarded their present day value.

Q But when you had to arrive at how much they would add to the value of the land am I clear you disregarded the present day value in determining how much they added to the value of the land?

A As I explained this morning, the added value to the land is in my opinion of what those buildings mean to that thing as a unit.

Q If a property had exactly the kind of buildings on it which the type of purchaser you had in mind could afford to buy would present day value equal the value added to the land?

A It happens in a number of cases that does occur. It just happens it is coincidental.

Q Wouldn't you say on the basis of what you say it

must inevitably occur that if a property had exactly the kind of buildings on it which the type of purchaser you had in mind could afford to buy, the present day value would equal the value added to the land?

A Could afford to buy.

Q Yes? A. Not necessarily, no.

Q Why not? A. I am having difficulty making this clear. If there is a ten-acre property with a $10,000 house on it, on a piece of land I was appraising from the agricultural point of view and you came along and because you could afford to pay $10,000 for that I wouldn't consider the purchase would be as a farm. I am dealing with farms entirely.

Q You are entirely excluding in other words, purchasers who might have an interest other than a straight farm interest.

THE COMMISSIONER: He has said so times without number.

MR. McMASTER: I hadn't realized it he said it quite that plainly, my lord.

THE COMMISSIONER: In answer to a question I put to him this morning he said he had considered no other factor than the agricultural value of the several properties; he didn't consider any other potential use.

MR. McMASTER: Q: In your opinion then, Mr. McKay, does the agricultural value mean the same thing as fair market value?

A My values from the agricultural point of view are

fair market values.

THE COMMISSIONER: Is not all this argumentative, Mr. McMaster?

MR. McMASTER: I am afraid it will be, my lord.

I am referring, my lord, to case No. 491, Exhibit 2. I draw your lordship's attention to the fact there was another farm appraisal report filed in that case whichwas Exhibit 6, but with which I am not concerned. I might hand this copy to your lordship.

Q That was one of your appraisals, was it?

A Yes.

Q I draw your attention to the fact that the property is situated three miles from Mission on a good gravel road ,(reading). On the second page: "There are eight acres cleared all in crop". Then the comment; " On the day of my inspection . . . . . cultivation". Then at page 3, "Here we are looking at. . . . . $6,000 his figure."

THE COMMISSIONER: What is your question?

MR. McMASTER: Have you the file for that case No. 491, Mr. Secretary?

THE SECRETARY: Yes.

MR. McMASTER: Q: I am producing some photographs which were marked exhibits 3 and 4 in that case. Is that the house which was in the process of construction on the property at the time you mad your appraisal?

A Yes.

Q And are those fair pictures of the house?

A I recognize the property.

Q Can you explain Mr. McKay, why that house with the other buildings referred to there would only add $1500.00 to the land in value?

A That, Mr. McMaster, is what I am trying to explain to you, when I say this house on that property from the agricultural viewpoint comes to the point of almost being a white elephant.

Q Now, Mr. McKay, why, if you accept the man's statement, as you appear to do in that report, that he put $4,000 into the house, why do you show its present day value at $3500.00?

A As I say, he won't be far out.

Q You considered he was $500.00 out on $4,000, is that correct? A I would say that is a fair statement.

Q In any event it didn't matter what he showed as present day value?

A In regard to the land there is no relationship there.

Q Do you suggest that a farm is eight acres cleared and all in crop and A-1 state of cultivation can't support a house more than $1500.00?

A That is what I have done here. That was my opinion at that time.

Q Would you like to change that opinion now?

A No.

Q I refer to the third page of that report, the last paragraph. Was it your assumption in making

these appraisals that the prospective purchaser of the place would only be able to meet the payments on a time basis?

A I have said I have no idea who the prospective purchasers might be if they were sold. I had no knowledge of that.

Q Then why did you state what you did in the last paragraph? A. Apparently the Japanese told me he wanted $6,000 for it and my report means what it says. If somebody wanted to pay cash for this thing it might have its attractions. I am looking at it as a farm.

Q What did you mean when you referred to a purchaser purchasing the place "to take it on a time payment plan. . . . . .methods previously used". What did you mean by "methods previously used"?

A The methods followed by the Japanese -- intensive cultivation with a tremendous amount of help, and looking at it from the eyes of a white man.

Q And from what source did you ascertain that that was the manner in which this man had cultivated his premises? A. From the people who were then working the place.

Q From the Japanese themselves?

A Yes, they were there.

Q How many were working on it?

A I couldn't tell how many.

Q Was it your opinion at the time of making these appraisals competent and able white men using modern methods of cultivation and modern equipment

could not produce the same amount of crop from the same piece of land as a Japanese farmer using hand labor methods?

A At that time the white man -- there were very few white men operating successfully the type of thing we were dealing with.

Q What do you mean by " the type of thing we were dealing with"? A. With that.

Q With a small fruit farm like that?

A Yes.

Q You say in 1942 there were very few?

A Not very few. The Japanese with their large families were able to cope with something that the white man didn't handle in the same way.

Q The white man handled it a different way, but let's look at the results. Take the same piece of land. Do you say that an informed and able white farmer using modern methods wouldn't get just as big a crop out of a piece of land as a Japanese using hand labor methods?

A Yes.

Q Y es what? A. He probably would.

Q Just one small matter, Mr. McKay. Can you explain why in this case you didn't place any value on the .967 acres on which the building site was situated. I suppose that was an oversight. Up at the top you show one acre in garden and didn't carry it over. A. I guess that is what it is.

Q So in that particular case there should be an

additional $75.00 on the basis of your appraisal, is that correct?

A That does appear to be the case here.

THE COMMISSIONER: That is 491 again, is it?

MR. McMASTER: Yes, my lord. Could I have case No. 476?

Q I draw your attention to case No. 476, Mr. McKay, and in that case you appraised 3.71 acres of land owned, I believe, by Mr. Makamura. You appraised a five-acre portion, I am sorry, which is the second appraisal in the exhibit, and Mr. Wormworth appraised the 3.71 acre portion immediately adjacent also owned by Mr. Makamura.

A Yes.

Q You were aware at the time you appraised this five acre portion, that the adjacent 3.71 acres belonged to the same man?

A No, it's not likely I did.

Q I draw your attention to page 3 of the report. Yours was May 9th and Mr. Wormworth's on the 11th. A. I didn't know at the time I made that that I was on the property preparing my notes.

Q At the time you placed your values you would know that Mr. Wormworth had made the appraisal?

A I must have done.

Q And would you take into consideration then in placing the value on the buildings on this land, the fact that the Japanese owned the adjacent lands and operated the two as one unit?

A In reading this I am inclined to think I disregarded that probably altogether.

Q And would you think it would have made any difference to the value you placed on the buildings added to the land of $1,000 had you been aware of the fact that the owner owned the adjacent 3.71 acres all cleared?

A It's not likely I would have.

Q It's not likely you would have. It is not likely that would have affected your estimated value?

A It is seven years ago and I don't know. I am trying to think back.

Q You are still applying the same principles of appraisal, I imagine, are you not?

A Yes.

Q Looking at those two now, would you say it wouldn't make any difference whether the owner of the five acre portion owned the adjacent land or not; the value of the buildings added to the farm would only be $1,000 at that time?

A With that small piece of land adjoining there, it could be they wouldn't carry it through at more than $1,000.

Q So that you wouldn't consider the fact that a man owned three and five acres of land with raspberries, strawberries and peas planted in it as having any effect on the value added to the buildings?

A Dealing with eight acres instead of five?

Q Yes?

THE COMMISSIONER: Nearly nine.

A Yes, nearly nine instead of five. As I say, I may have carried them forward at a little greater amount, but I don't know whether I did.

MR. McMASTER: Q: Do you suggest it would be very little different?

A Not very much different, no.

Q You said that was an unfinished house. You mean unfinished upstairs, do you?

A Yes, as I recall it.

THE COMMISSIONER: Apparently the claimant state it would take $1500.00 to complete.

MR. McMASTER: I am sorry, we are on another case, my lord. The appraisal is not in front of your lordship.

THE COMMISSIONER: All right.

MR. McMASTER: Q: The present day value of the buildings, $1945.00. $1600.00 of that is attributed to the house which is five years old according to the appraisal report and in a good state of repair. In this appraisal report , the one which you did in case No. 476, Mr. McKay, you state that the outbuildings are fair to poor but adequate for the needs of the property. If they were adequate for the needs of the property, would they not add their full present day value to the value of the land?.

A You are dealing with an unfinished house and some outbuildings. In bringing this $1,000 figure into it, that is my opinion what the set of buildings on there would add to the property, even although those couple of sheds and so on -- in the values

I put on them it might have been considered ade-quate for the type of operation being carried on by the Japanese.

Q I draw your attention to the fact--- I don't want to labor the point -- that you say "the house is a good building . . . . . the upstairs is not yet finished". Then you mention water supply and has electric light but no water toilet but "the outbuildings are poor but adequate to the needs of the property". I refer you to the last paragraph on page 3, "Previous to departing, the owner tried to dispose of the place . . . . . not making it." Did you take from your discussions with the tenant that if he could have financed the deal he would be prepared to pay $2500.00 for the premises.

THE COMMISSIONER: That is the inference, is it not?

MR. McMASTER: Yes, my lord.

THE COMMISSIONER: What was the appraisal?

MR. McMASTER: $1325.00 my lord.

THE COMMISSIONER: Q: Apparently, Mr. McKay, you didn't allow the fact that this other man was prepared to pay $2500.00 to influence you in your appraisal?

A It's quite obvious I didn't there.

MR. McMASTER: Can I have the appraisals in 946 and 172?

THE SECRETARY: 946 is still at Winnipeg, Mr. McMaster. We haven't received that yet.

THE COMMISSIONER: Are you going to be some time longer?

MR. McMASTER: Yes, my lord, shall we adjourn at this

point?

THE COMMISSIONER: All right.

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

MR. McMASTER: I mentioned two cases, my lord. I can perhaps shorten this be referring to one of those, case No. 946. I understand that the secretary doesn't have the file at the moment, and I am using my own copy of the appraisal report.

THE COMMISSIONER: V ery well.

MR. McMASTER: This property is the property of T and C. Hihiro at Port Mann. I draw your attention to the fact that on Page 2 it shows 5.85 acres in crop, strawberries and raspberries mainly and half an acre of beans, valued at $50.00 an acre, and on page 3 it stated, "This property is in the Port Mann District . . . . .paying his taxes". On page 2 in the middle of the page it states, "The crop is in good . . . . . the fertility of the place".

Q First of all was it your opinion at the time of making that appraisal report that the bushland owned by the Old Age pensioner and a war veteran which you refer to as being immediately north of the place under review, was comparable to the portion of this property which was in bush?

A There is a chance it may not have been comparable.

Q Why did you mention it then, Mr. McKay?

A Right now I don't recall other than my words I have written in there. I can't seem to recall

who I am talking about there.

Q From your report would you say it would appear that you considered that property to be comparable?

A It might not have been.

MR. McMASTER: I draw your attention, my lord, to the fact that the value placed on the 2.52 acres of the bushland was $10.00 and the other was their price two years prior to that.

THE COMMISSIONER: That is a matter for argumetn, I think.

MR. McMASTER: Yes, my lord. I am just drwing your lordship's attention to it.

Q Do you have any idea how many tons of fruit the white tenant would be able to take off the area under cultivation there?

A I am afraid I never checked that to see what was taken off.

Q Would you be able to estimate what he shoumd be able to take off?

A I am afraid not at this date.

Q Would you expect him to be able to take off the average amount, that is the amount taken off the average small fruit farm?

A On parts of that he might. As I recall that place some of it is pretty sandy and some of it runs to gravel with hardpan . It is in an area that hasn't been z very prosperous one.

Q I draw your attention to your description of the soil and subsoil (reading). It is the uncleared where it shows the subsoil was granular. Apparently

the uncleared part was different in nature, is that right? A. Yes. It would be hard to tell. I wouldn't want to make any estimate of the yield he might have got off that.

Q So that you placed your value without any estimate as to what yields wmight be taken off it?

A That's right.

Q Do you know Mr. J. J. Mitchell, a council man in Mission ? A. I don't think I do, no.

MR. McMASTER: Have you file No. 1018 there, please?

Q Do you recall the property shown in Exhibit 2, in case No. 1018 which you appraised?

A Yes, I recall this property.

Q And were youaware of the fact that after you had made that appraisal it was discovered that Mr. Hihiro has died?

A I had become aware of it, yes.

Q Did you have anything to do with the breaking down of that appraisal to show the value of the lot which belonged to Mr. Hihiro and the value that belonged to Mrs. Hihiro?

A No, I don't recall having anything to do with that.

Q I understand that the Soldiers' Settlement Department in any event broke it down, showing the value of his property as $285.00 I believe it was.

In the transcript of evidence at page 6 it refers to the fact that the Soldiers Settlement Board by a letter dated March 24th,1944, estimated that out of the total appraised value which they had then

given for both lots only $286.00 was applicable to Lot 67, and that left a value on her property of $1467.00. I would like to draw to your attention, witness, the transcript of the evidence when this case was heard where counsel for the claimant -- as a matter of fact counsel for the Crown read into the record a letter from the Official Administrator J. M. Streight to the Advisory committee of the Custodian stating, "The property known as . . . . . immediately". I might state that the appraisal in that case was made by Mr. Taylor, the real estate man at Mission.

THE COMMISSIONER: What appraisal are you referring to?

MR. McMASTER: A subsequent appraisal before sale by the official administrator.

THE COMMISSIONER: And what was it?

MR. McMASTER: $1310.00 if I remember correctly, my lord.

THE COMMISSIONER: When was that?

MR. McMASTER: That was made in 1945. The tender was received May 3rd, 1945.

Q Can you explain, Mr. McKay the discrepancy between your appraisal of $286.00 in 1942 and the sale of that property in May 1945 for $1510.00?

A My appraisal of $286.00?

Q Yes? A. This appraisal is $1785.00.

Q On the basis of the appraisal which you have there the Soldiers's Settlement Board broke it down for Lot 67 only. It is all cleared, I take it?

THE COMMISSIONER: Q: Would the difference in the years from May 1942 to May 1945 account for the very marked difference between your appraisal and the price paid by Mitchell?

A That would have a great deal to do with it, my lord.

Q It is a very wide discrepancy, let me point out to you? A. Depending on what Mr. Mitchell wanted the piece of property available for.

MR. McMASTER: Q: Would you expect that Mr. Taylor would have a fairly good idea as to what the value of that land would be in 1945, Mr. McK ay?

A As I said, depending on what he wanted it for.

Q But Mr. Taylor did the appraising. He wasn't interested in any special purpose for acquiring it. He was one of the men you consulted as to value?

A Yes, in 1942.

Q And would you consider he was pretty sound?

A I took his statements, accepting them as a real estate broker for what they were worth at the time.

THE COMMISSIONER: What acreage are we concerned with there for the $285.00?

MR. HUNTER: My lord, I don't know how many of these special cases we are going into in this general evidence. It is obvious to anyone that appraisals occasionally go astray. Mr. McKay made a lot of appraisals. It may be that on a lot of others he appears very accurate; and this gives the impression

from these few that there was something wrong, and I feel in a sense it is rather unfair to go through appraisal after appraisal on the general evidence.

THE COMMISSIONER: That comment can be made when argument is presented ..

MR. McMASTER: It shows 4.5 acres on the plan in the appraisal, my lord.

Q Witness , can you explain why anyone in the Soldiers Settlement Board would have told Mr. Streight that the most this property was worth in 1945 was $600.00?

THE COMMISSIONER: I do not think that is a proper question to put to this witness. He does not know who the individual in the Soldiers' Settlement Board was. It was a matter for comment in argument. After all, the witness is no better able to account for it than I am.

Any re-examination?

MR. HUNTER: A few questions, my lord.

REDIRECT EXAMINATION BY MR. HUNTER:

Q Mr. McK ay, earlier in the evidence relating to case 500 you made some statement there to the effect that in your opinion the Sassa property was unsuitable for farming or would be a very marginal proposition -- something along that line. Could you explain why you believe such a thing; upon what basis your opinion was formed?

A Well, in delaing with that I would have in mind in determining the fair market value of the thing

the typical type of purchaser you would have for that property. After all when thinking about this we were thinking in terms of white people and the type of person who would want it, what they would be willing to pay and what they would have to pay to buy that type of property as a unit.

Q Why would you not think it would be a successful agricultural unit?

A Well, unless a white operator had a large family or had the labor within his own household, to carry on that sort of thing without having to pay for it, he wouldn't find it easy going. It is a matter of the cost of operating.

Q Later on under case 491, I believe, you were asked about whether a white man operating that unit could not produce the same crops as the J apanese owner , to which you replied in the affirmative. I think it was qualified by my learned friend by saying by using modern methods of agriculture. You have stated that you think a white man could produce the same amount of crops. What have you to say as to the respective net profits of the Japanese operator and the white operator?

A The white operator's profits, if he had to pay for the labor it takes to operate that unit, would be considerably less than the orientals with his large family.

Q What are these modern methods of production that were referred to that a white man is to use?

A Well since the war there have been tractors of various types, small types.

Q You mean since the end of the war?

A Well, during the war there were small tractors came out, and tractor operation against general hand cultivation and that sort of thing.

Q Is there any new method of picking the fruit crop?

A Not that I know of.

Q Is that part of the expense?

A That is part of the expense . Your Japanese had his pickers usually in his home, a lot of them under his own roof.

Q Are you able to state what portion of the expense that would be?

A I haven't the figure in my head of what it would be.

Q Would you be able to say whether it is a large or small portion?

A The actual picking is not as large a portion of the expense as many other phases of it.

Q Is the cultivation a large proportion of the cost?

A Cultivating, fertilizer, keeping down disease, weeds.

Q Are you able to express an opinion as to the respective net profits of a Japanese operator and a white operator?

A To get down to figures I am afraid I can't quote them.

MR. HUNTER: That is all, thanks.

(Witness aside)

THE COMMISSIONER: Do you want to go on with another witness?

MR. HUNTER: My lord, we were prepared to, but my learned friend says he couldn't possibly finish with him today and he would be prepared to start afresh on Monday.

THE COMMISSIONER: You have no more examination in chief of these V.L.A. appraisers, is that the situation?

MR. HUNTER: The proposal from now on was merely to qualify them and go into any of these twelve cases and if my learned friend wishes to cross-examine them on their methods of appraisal, he is at liberty to do so. But I didn't think it would be of any great help to you sir, to go through every method of appraisal.

THE COMMISSIONER: You are quite right. I am wondering if we might spend five minutes in qualifying some of these witnesses you are proposing to call and then stand them down for cross-examination.

MR. HUNTER: Just as to their qualifications.

THE COMMISSIONER: That is all I understand you wish to do.

MR. HUNTER: Yes, aside from the individual cases.

THE COMMISSIONER: Suppose you go on with the next witness. However, if you prefer we can go over until Monday.

(Discussion)

THE COMMISSIONER: All right. We will adjourn to ten o'clock Monday morning.

(ADJOURNED TO 10.00 A.M. DECEMBER 6th, 1948)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer

GENERAL EVIDENCE.

THE JAPANESE PROPERTY CLAIMS COMMISSION.

B E F O R E

(THE HONOURABLE MR. JUSTICE H. I. BIRD - COMMISSIONER.)

Vancouver, B.C.,

December 6, 1948.

Bennington questions 576-608
Willard do. 609-628
Cameron DVLA-chief 631-644
Cross 644-655

PROCEEDINGS AT HEARING

(Pages 576 - 655-A)

The Commissioner.

Vancouver, B. C.

December 6th, 1948. 10.00 a.m.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

THE COMMISSIONER: Mr. Braidwood, are you leading this morning?

MR. BRAIDWOOD: Yes, my lord.

THE COMMISSIONER: What are we going on with?

MR. BRAIDWOOD: My lord, we are going on this morning with Mr. Binnington. We thought your lordship might be interested in some of the auctions that were held in Vancouver, further to the other auctioneering evidence that was given of auctions in the Fraser Valley. Mr. Binnington was associated with the firm of Thompson & Binnington. Your lordship is aware that Mr. Thompson is now deceased and we are calling Mr. Binnington who assisted him.

THE COMMISSIONER: What are you doing with the other V.L.A. people?

MR. BRAIDWOOD: They are stood aside for the meantime. This afternoon we hope to bring in Mr. Carncross who was on the V.L.A.Advisory, and immediately after that we will resume with the Veterans Land Act appraisers.

FRANCIS EDWARD BINNINGTON, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. BRAIDWOOD:

Q Mr. Binnington, where are you employed at the present time? A. Thompson & Binnington Limited.

Q What line of business is that?

A Bailiffs, auctioneers and appraisers.

Q How long have you been in that business?

A I am going on my 24th year now.

Q Where have you conducted that business?

A Oh chiefly the Royal Trust Building and the Crown Building.

Q In what city have you been engaged for that number of years? A. Vancouver.

Q You were associated with the late Mr. Thompson in business, I believe?

A Yes.

Q Was Mr. Thompson also with this business of yours for many years?

A The same period.

Q You commenced business together?

A No, not quite. I came a little later.

Q In the business which you have described to us, what type of thing were you doing in the City of Vancouver? A. Oh, bailiff seizures, and sales and appraising.

Q Would you give his lordship some information as to the amount of experience your firm had in auction sales? A. Well, for that full period we had sales.

Q Were the sales regular or irregular?

A Fairly regular.

Q Where were they held? A. In stores, homes, auction rooms.

Q What type of chattels were sold at those auction

sales? A. Everything manufactured, practically.

Q Who conducted the auction sales?

A Well, in the first place the late Noel Ross conducted our early auctions and then later his son conducted them after his death, G.W.Ross.

Q Did you conduct any auctions yourself?

A No, sir.

Q Did Mr. Thompson? A. He only -- during the bailiff regime he only took on one auction.

Q Do you know if Mr. Thompson was present at many of the auctions?

A Yes, he was.

Q Would you say very many?

A Oh yes, quite a lot over that period.

Q Now I believe you are aware that auction sales were carried on with respect to Japanese properties in the City of Vancouver?

A Yes.

Q Will you tell his lordship the first knowledge your firm had of those auction sales for the Japanese? . A. From memory, it was early 1943.

Q How did you become aware of them?

A Mr, Thompson negotiated with the Custodian you were hired by them to donduct sales.

Q Do you know the terms of the hiring?

A Yes.

Q What were they? A. Initially they were given on the basis of 15% commission and we

were to absorb the advertising costs. A little later the Custodian reduced that to 10% and they were to pay the advertising.

Q Now was that new business being carried on for the Custodian done in the Thompson Binnington firm name? A. At the commencement yes.

Q That is a limited company?

A Yes.

Q Why do you say at the commencement?

A A little later -- I don't know what transpired, but for the purpose of these auctions Mr. Thompson formed a new company which he named Thompson & Company I don't think the Custodian cared for bailiffs -- for the sales to be advertised bailiffs sales, I think tha t was the reason.

Q Was Thompson & Company incorporated?

A No, sir.

Q Were you interested in Thompson & Company?

A No, sir.

Q Were you employed by Thompson & Company?

A Yes.

Q Did you yourself ever have any dealings with the Custodian; as to employment in the business of auctioning Japanese goods?

A No.

Q Can you tell his lordship how much knowledge you have of the activities of Thompson Company in the auctioning of the Japanese goods?

A What do you mean by that, sir.

Q Were you aware of all that went on?

A No.

Q What was your function?

A My function was to take thecash and balance the sales and the cash.

Q Can you tell his lordship what was the first intimation Thomspon & Binnington would have of an auction? A. I just don't follow that.

Q Were you informed by the Custodian that an auction was to be held or did you make up your mind to hold an auction?

A Oh no, we were notified when to , by the auctioneers men, when they wanted a sale put on.

Q Was the timing of the auction left to your discretion or were you instructed when the auction was to be held?

A It became a general rule for all auctions to start at 10.30 in the morning.

Q I am talking about the days?

A No, that was to suit our convenience to a great extent and theirs too.

Q Do I gather Mr. Binnington, you were advised by the Custodian when a sale was to be held?

A The Custodian's man, yes.

Q What steps would be taken by Thompson & Company to carry out the Custodian's instructions?

A The rule was the goods were laid out on the auction floor.

Q Before we come to that, when you first received

instructions from the Custodian to hold the auction, what would be done then in preparation for the auction? A. Well, just as soon as the goods were all laid out on the floor, as I say, our men would go down there and classify them.

Q Did you hire any place of business to conduct the auctions? A. I don't believe we did. In fact we didn't. If there was any hiring done it was done by the Custodian's manager.

Q In any event would you arrange for the place of the auction to be held?

A Oh yes, we had to.

Q Where was this place, generally speaking?

A 992 Powell Street. I would say 77% of the Vancouver auctions were held there.

Q Did you hold any anywhere else?

A Yes, a few around Powell Street and in that area.

Q What -- would you tell his lordship what steps were taken to advertise the auctions?

A Well for instance, if the sale was to ake place on Wednesday, we would advertise in the Sun on Monday and the Province on Tuesday.

Q What was the form of advertising used?

A The average auction -- it displayed the goods; what merchandise we were selling, the time and place of sale.

Q Did you prepare the advertising?

A Jointly, Thompson and I.

Q Were you given any instructions as to what should appear in the advertisement?

A Oh yes, naturally we had to have the outstanding items, if there was anything special, such as pianos, radios, washing machines.

Q Were your advertisement general in form or specific?

A Oh, they were specific.

THE COMMISSIONER: Have there not been plenty of those advertisements put in already.

MR.BRAIDWOOD: Yes, there have, my lord, this is only duplication.

Q You have told his lordship if an auction was to be held on Wednesdy, you would advertise in one Vancouver paper on the Monday and in the other on the Tuesday? A. Correct.

Q Was there any other form of advertising?

A No.

Q Done by you in connection with those sales?

A No.

THE COMMISSIONER: While you are on the subject of advertising, Mr. Binnington, would you compare the character of the advertising that was done on the sale of Japanese goods for the Custodian with the normal practice adopted by your firm for the conduct of auction sales?

A Exactly the same.

Q Both as to time, notice of the time as well as just to the character of the advertising?

A Yes, your lordship.

MR. BRAIDWOOD: Q; Mr. Binnington, did you yourself

attend those sales?

A Yes, sir.

Q And in what capacity? A. I was cashier.

Q At all the sales held by Thompson?

A Y es, sir.

Q As cashier, what were your duties during the auction? A. I would collect the cash for the sales; all the small items it was cash at the fall of the hammer. The larger items were charged tempomarily until the invoices were made out.

Q In what part of the room would you be when the auction was held?

A I would be right in front of the auctioneer.

Q As such, would you have a full view of the auction hall? A. Oh yes.

Q You were telling us a few moments ago as to the manner in which the goods were laid out. Would you kindly tell his lordship in some generality as to what procedure was followed as to the display of the goods?

A Well, as I mentioned before, the goods were spread across the auction floor, different piles,. We had men specially go and pick out the items as to the best advantage of sale. The shoddy stuff, the kitchen utensils, small utensils were put in cartons, and of course, anything of reasonable value would be kept by itself.

Q Would you say there was a reasonable chance for the public to observe the items for sale?

A Yes.

Q Following up his lordship's question did you have a policy in displaying the articles here vary from your normal policy with respect to auction sales?

A I would say yes to that question, for this reason that the late Mr. Thompson was very careful in getting the cartons and showing everything the cartons contained. He took a lot of time doing that, much more than the average auctioneer would.

Q Do I gather that there were some items made up into cartons there?

A Correct, sir.

Q How would that be done?

A The man that was sent down to do that work had years of experience and would use his own judgment.

Q Was there any display of goods prior to the auction sale? A. No, sir.

Q What hour in the morning was the auction room opened?

A Well, I used to get down about ten o'clock. I don't know what time it opened.

Q At that time was the public admitted?

A Well, there were usually a few there when I got down there at ten.

Q What time did the sale commence?

A 10.30 to say a quarter to 11.

Q From your observation could you tell whether or not the members of the public examined the goods

prior to the commencement of the sale?

A The larger goods, yes.

THE COMMISSIONER: Q; When, on the day of the auction?

A Yes, the day of the auction.

MR. BRAIDWOOD: Q: What c n you tell us about the attendance at the auctions, Mr. Binnington?

A We had very, very good attendance at the auctions, extremely good.

Q Can you say in rough figures how many people would attend the average auction?

A On Powell Street I would estimate 300 at a sale at least.

Q How did that number correspond with the number who might be attending one of your private auction sales, that is your business auction sales? A. Well, the bailiff sales --- it would dpend on a great deal the class of merchandise selling. If you were selling out a confectionery store, you would get quite a good crowd. If you were selling manufactured articles for some trade, such as large quantities of bolts of clothing and that, you can get buyers if you handle that quantity of sales.

Q In those Japanese sales, what would be your opinion of the number of people who came. Was it a good attendance, fair or poor attendance?

A A Good attendance.

Q Do you know what class of person attended the auctions of the Japanese goods in general?

A The working class and some second-hand dealers and oh, you take the radiomen would come for radios, piano men for pianos, and --

Q Go ahead.

A Anyone that was interested in that class of merchandise we were selling there would be a representative of each merchant there.

Q Did Mr. Thompson conduct the auctions himself?

A Yes.

Q What have you to say as to the manner in which he conducted auctions?

A I considered he was a very good. Understand, he only had one auction prior to starting those sales and for the first couple of sales he was nervous. After that he worked up and was a real good auctioneer.

Q What do you say about the bidding. Was it competitive bidding?

A Very much so.

Q What would be your opinion based on your experience of the results of the sales from the point of view of active selling and of the values obtained? A. Oh, they were excellent all the way through.

THE COMMISSIONER: Q: There again would you make a comparison between the sales of Japanese goods by auction and the ordinary sales?

A They were very much better your lordship, for the reason there were so many people demanding goods at that time; wanting goods; so many people coming

to the city and there were good payrolls and they all had lots of money.

MR. BRAIDWOOD: Q: Do I gather from your answer to his lordship's question that you thought the results of the Japanese sales were better results than with the other sales?

A Yes, sir.

MR. BRAIDWOOD: I am sorry. Did I interrupt your lordship?

THE COMMISSIONER: No, I got the point that I wanted.

MR. BRAIDWOOD: Q: You have just indicated there was quite a good market for goods at this time?

A Unquestionably.

Q Would you say that market was better than you had observed for some time, or what would be your observation on it?

A I would say that the price was better.

Q And to what do you attribute this change in the market? A. I just mentioned there were a lot of people coming in. There was a scarcity in some lines. Consequently there was a good demand for them.

Q Now insofar as the auctions that you held in Vancouver were concerned, what would be your opinion as to the type and quality and class of the goods offered for auction?

A Well, my general opinion was that the household goods -- the radios and pianos and sewing machines and ranges would be fairly good merchandise, but the general run of the stuff, the beds and tables

and cupboards were very medium .

Q You are telling us there were different classes of merchandise offered?

A Yes.

Q What did you observe with regard to the saleability of the different classes?

A Everything went well. You could sell anything in those days. There were very few items did not go.

THE COMMISSIONER: Bring out what the situation was as to fixed prices, ceilings and so forth?

THE WITNESS: I might add, if I may, that there were a few things at the sales did not go well, Japanese crockery and Japanese cerimonials -- what we call-- I don't know what they call them -- they went cheap because the average Canadian did not want them.

MR. BRAIDWOOD: Q: Now, Mr. Binnington, were there any reserve bids at those sales?

A To the extent that there were -- that the ceiling prises were put on certain merchandise. That was considered to be a reserve bid.

Q Now were there government ceiling prices in the existence of all your sales?

A I answered that -- latterly there were anyway.

THE COMMISSIONER: Q: In general would it be your impression that your sales were always subject to ceiling? A. I would not like to answer that because I don't know. Thompson looked after all that.

MR. BRAIDWOOD: Q: Do you know whether or not the

ceilings were taken into considerqtion during your sales? A. During the sale, yes. Pardon me, I don't know as to the early part of the sales, but latterly they were, I know.

Q On what class of goods were the ceilings?

A Radios, washing machines and sewing machines -- I think that is about all.

Q When goods were sold subject to ceiling price can you tell us what your experience was as to whether the ceiling price was obtained?

A If they were obtained, sir?

Q Yes? A. In a good many cases; sometimes not. It depended on the boddition the articles were in.

Q Could you tell his lordship how you knew what the ceiling prices were?

A Mr. Thompson contacted all agents of the merchandise, as we call it, and found out.

Q Were those ceiling prices publicized at the auctions? A. No.

Q Now you have told us you took in the money, Mr Binnington, is that correct?

A Yes, sir.

Q What type of records did you keep?

A Full records of everything.

Q Full records you kept?

A Yes.

Q To whom did you report with your records?

A We made out a statement and sent the Custodian a copy of the sale sheets and a cheque.

Q What would be shown on the sale sheets?

A Every item sold.

Q Would it also show particulars of the item and the amount received?

A Yes, sir.

Q And you sent those reports to the Custodian?

A Yes.

Q By Mr. Thompson, I presume?

A Either of us.

Q Now just in passing, Mr. Binnington you also held some sales at Steveston, I am told?

A Correct, sir.

Q Do the remarks that you have told his lordship with regard to the sales in Vancouver apply generally to Steveston or was there something substantially different in your auctions there?

A No, not much difference except in Steveston there was quite a goodly quantity of farm equipment.

Q Were the sales in Steveston well attended?

A Yes, very well attended.

Q What would be your opinion as to the results of those sales? A. Equally as good as Vancouver.

Q What form of advertising did you use for those sales? A. The same as in Vancouver.

Q Were you yourself present in Steveston in the same capacity as in Vancouver?

A Every one of them, sir.

Q I understand there were some slight difference in the goods in that there was a number of farm

goods at Steveston? A. Correct.

Q Did you have any difficulty in disposing of those?

A None whatsoever.

Q Could you estimate approximately how many people would attend the Steveston auctions?

A Approximately 150 to 200.

Q Was the bidding competitive or not competitive?

A Very competitive.

MR. BRAIDWOOD: That is all, my lord.

THE COMMISSIONER: Q: Just before Mr. McMaster opens his cross-examination, will you tell me, Mr. Binnington, whether in your experience the number of those auction sales did or did not tend to glut the market?

A No, your lordship.

Q You would say not? A. Not.

Q What steps were taken to avoid the market being glutted? A. There was no special steps taken, your lordship. The people ate it up at every sale. WThere was no trouble disposing of it.

Q Did your firm have anything to do with the spacing of the auction sales; that is to say determining on the interval of time which should elapse?

A Yes, your lordship.

Q What was done in that regard?

A The late Mr. Thompson contacted the Custodian's man in charge of Powell Street and arranged it and also their man at Steveston.

Q How frequently did those sales in Vancouver take

place? How many a month?

A We averaged two at Powell Street a week and one at Steveston; approximately 12 a month.

Q Over wht period of time?

A We commenced in the early part of '43 and we finished our sales in the latter part of 1945, your lordship.

Q They extended over a period of nearly --

A Three years.

Q Of over two years? A. Yes.

MR. BRAIDWOOD: Your lordship's question leads to one I did not bring out . Mr. Binnington might be able to give us an idea of the number of sales his firm conducted.

THE COMMISSIONER: Yes.

MR. BRAIDWOOD: Q: Would you give us an indication in general how many sales were conducted by Thompson in general in Vancouver?

A In Vancouver for the Custodian?

Q Yes? A. As I just said there were two a week . I suppose we sold for 32 months I would think 250 or 275.

Q Somewhere in that neighborhood?

A Just from memory.

Q And in Steveston? A. Once a week.

Q Over the same period? A. Yes.

Q That would make about 35 or 30 sales in Steveston?

A Yes.

MR. BRAIDWOOD: Thank you, my lord.

THE COMMISSIONER: Yes, Mr. McMaster.

CROSS EXAMINATION BY MR. McMASTER:

Q Just with regard to that last question did you say one/week in Steveston for 32 months?

A Approximately, yes.

Q That would be four times 32?

A Yes, sir.

MR.BRAIDWOOD: I am sorry.

MR. McM ASTER: Q: Mr. Binnington, in 1944 to use the intermediate year, was it usual for any person who were not in a hurry to sell their household goods and chattels, to sell them by auction?

A No, sir.

Q Is it not true that the vast majority of persons who had household goods and chattels for sale in 1944 to advertise them theirselves in the newspapers? A. Well, that is a common practice all the way through.

Q But it was particularly so during that time that the ceiling prices were on?

A Possibly, sir.

Q Is it not true that the dealers, for instance, under ceiling prices, did not have much chance to make a profit if they bought from the ordinary person and wanted to resell?

A That is correct.

Q How much less would you say a person would realize in a sale by auction than in a sale by advertising?

THE COMMISSIONER: Surely, that must be only a guess?

MR. McMASTER: Well, approximately yes, my lord.

A It would be a very wide guess too. I would say

about 20% sir, in favor of the one selling from home.

Q When a person wishes an auctioneer to sell his goods what other expenses does he have to pay besides the auction fees?

A The advertising and extra men used for the auction.

Q What is the auctioneer's usual fee?

A Ten percent. Fifteen percent if they go through an auction room, sir.

Q I don't suppose that you would expect to have any difficulty in disposing of goods if there was no reserve bid at any auction, would you?

A No, sir.

Q Unless you were selling on a seizure of a liquidation, or unless you were selling for some person who was anxious to have the goods sold, is it not usual for the seller to place a reserve bid, particularly on his more valueable pieces of furniture? A. They invariably do place a reserve, that is at ordinary auctions, not bailiff sales.

Q When you compared the prices obtained on those auctions of Japanese properties, with the prices obtained on other auctions were you talking about bailiffs auctions?

A Usually, yes. Of course, we did not have many private sales in that period of years.

Q Are you able to say from your own experience how much more you would get in the way of prices at private auctions as distinguished from bailiffs auctions? A. There was not much

difference, sir. Bailiffs auctions, strange as it might seem, are better followed than private sales, because they know it is a bona fide sale, and the merchandise has to go at the highest price.

Q Now, Mr. Binnington, I would suggest to you that before a man buys a brake-testing machine, he is wise to know something about the condition of that machine, if possible, and some of its history. Do you agree? A. Yes.

Q And a prudent buyer who did not know the conditions and the history of the machine if he was offering for it, without knowing that history or condition, would offer considerably less than if he did know something about it, would you agree with that?

A I would.

Q Would you agree that a prudent buyer going into one of those crowded auction rooms where Japanese goods were being sold would not have much opportunity to ascertain the history and condition of say a brake-testing machine?

A He would have every opportunity for the simple reason that the small articles were confined to a certain space and the large items ranged right at the back of the crowd, and away on down to another separate room and the heavy items such as you speak of -- the loading or the unloading platform was right adjacent to that room and the heavy articles were put in that room and the only persons who wanted that class of stuff would walk and look over it The average person would not bother.

Q But while they were in there they would be absent from the auction room?

A Not necessarily. They could do it during the luncheon period or they could get in before the sale. Naturally if they wanted to go away they could do it.

Q As a matter of fact, are you aware how many people went back and examined those things in the nature of machinery? A. No, sir.

Q And household goods?

A No, sir.

Q And would you agree with regard to what you have said with regard to the brake-testing machine the man's price would be lower than if he did know the history and condition of it?

THE COMMISSIONER: He has said so already.

MR. McM ASTER:Q: Would you agree that would apply in a greater or less degree to pianos and washing-machines, radios, vacuum cleaners, cash registers, adding machines? A. I would say so.

Q Indeed most mechanical devices?

A Yes, if they hadn't tested them, yes.

Q Mr. Binnington, would you agree that there were a lot of potential buyers or person who might be interested as potential buyers in the type of article that was for sale in those sales who did not attend the sale for one reason or another,

THE COMMISSIONER: How on earth can he answer that question, any more than you or I can.

MR. McMASTER: Q: From your experience in advertising sales, Mr. Binnington, do you consider that one advertisement in each of the larger Vancouver papers would come to the attention of all potential purchasers of those goods ~~xxx~~or only a portion of them? A. Oh, it would come to the attention of them all.

Q All that might be interested in buying those goods?

A Yes, I might answer that the sale became so regular that the people looked for them without even an ad.

Q Were they the same people who attended?

A A good percentage, sir.

Q What percentage of those people who followed those auctions were dealers?

A The percentage?

Q Yes? A. About 10% approximately.

Q And there was another fairly large group who followed them as well as the dealers whom you recognized, is that so?

A Yes, sir.

Q Now I was under the impression, Mr. Binnington, and perhaps you will correct me, that those auctions were held fairly regularly on Tuesday and Fridays in Vancouver, is that correct?

A Yes, sir.

Q Was there any reason why they were not held on a Wednesday and Saturday?

A Well, Saturday is always an abominable day for an auction. They were held chiefly so that our other

work could operate too; it was really for the convenience of both sides.

Q If you wanted to get the best possible prices at an auction for a client, Mr. Binnington, say a doctor or some person in that class of life, on the sale of his household goods and effects, and he lived in a home say in Fairview, would you hold the auction in 992 Powell Street?

A No.

Q Would you expect to get a better price if you held them at some place other than 992 Powell Street? A. At a better place -- at his home, yes.

Q Where are most of the auction rooms in the City of Vancouver? A. They are scattered around Granville Street, Broadway, Pender, Hastings East.

Q I suggest to you that they are at places where there is very large movement of normal traffic; that is pedestrian traffic?

A Well, that only applies to certain lines. That is a good place to be if you have Christmas goods, novelties and what nots. Otherwise it is not of special value.

Q Most of the auction rooms you would agree are close to busy intersections or streets?

A Oh yes.

Q Now were those goods catologued in any way whatever? A. No.

THE COMMISSIONER: Q; Would you explain what you mean

by catologued? A. I presume he meant an advanced catalogue.

MR. McMASTER: Q; Yes?

A No, sir.

Q How many parcels or lots would you sell in a day?

A We would average, sir, 325 possibly 350.

Q Now, Mr. Binnington, when the more expensive items came on for sale did most of theee go go dealers? A. I would have to refer to the sales sheets, I would not like to answer that -- certainly a certain percentage did.

Q How many types of purchases did you have there? other than the dealers who could afford to buy very many of the larger articles?

A Well, my observation was most anybody could attend, and seemed to be able to buy anything. They had plenty of money.

Q I understand that Robson Electric bought a lot of radios? A. Correct.

Q Were there any other persons other than the dealers who could have afforded to buy the number of radios that they did?

A The number?

Q Judging from the type of persons there?

A Oh, other electrical, radiomen, yes.

Q Yes, other dealers? A. Yes.

Q How long were the auctions attended when you sold items of chinaware and goods peculiarly Japanese and their adaptabilities?

A They went at the commencement of the sale. We sold all the small merchandise first and when we got through that we would go on with the large items which were spread out at the back of the auction room along the walls.

Q Did the crowd tend to thin out at that time?

A The crowd would only start to thin out when you got to the large items.

Q Were there separate sales held of chinaware and Japanese dishes and all that sort of thing?

A I only remember one that was peculiarly all Japanese.

Q Where was that held?

A I think that was probably 312 Powell Street, it may have been 316., but it was in the 300 block.

Q Was that formerly a Japanese restaurant?

A Yes.

Q How well was that auction attended?

A Very poor.

Q How had that auction been advertised?

A Oh, the usual advertisement.

Q At that auction who would you say picked up most of the goods? The dealers or members of the public?

A Yes, the dealers. If I remember rightly that was a wretched day, cold, snowy and there was no heat in the building. You could not expect people to stay there.

THE COMMISSIONER: Q; Was this sale limited to goods of

Japanese origin? A. Yes, your lordship.

MR. McMASTER: Q: Was there any other chinaware there, not of Japanese origin?

A I don't remember seeing a piece that was not Japanese.

Q In terms of value, that is total purchase price, as distinguished from the quantity of goods, who got the greatest amount of goods, in goods and chattels? the dealers or the general public?

A In the small articles, the general public. In the larger I would say it was 50-50. It may have been a little more on the dealers side, mayye 60-40 something like that.

Q Did the Vancouver dealers attend at the Steveston auction as well?

A Yes, sir.

Q Were there Westminster dealers there?

A Yes, there were occasionally Westminster men.

Q Now I wonder if you would clarify how you ascertained the ceiling price?

A Mr. Thompson contacted the different wholesalers in town or the manufacturers, the General Electric, the G.O. radio, Mc & Mc. whoever were the special agents for that particular item.

Q How was the agent to tell them what the cost price of that price was?

A By the serial number.

Q You gave them the serial number?

A Yes.

Q Was it your experience in the serial number of a radio you could ascertain the cost price?

A Yes.

Q Irrespective of what year it was sold in?

A Well, the serial number would correspond with the year it was made for the purpose of valuation.

Q And then having found the cost price how did you ascertain the ceiling price?

A By the same method, from the agent of that particular article.

Q You relied in other words on their knowledge of the Wartime Prices & Trade Board regulations?

A Yes, sir.

Q You did not have copies of the Orders in your own offices? A. No, sir.

Q Now when did you find this ceiling price, before or after the sale?

A Before the sale, sir.

Q How do you account for the fact in some cases goods were sold at higher prices , prices higher than the ceilings you ascertained?

A Higher prices?

THE COMMISSIONER: Did you not say they were sold at prices at the ceiling or lower than the ceiling.

MR. McMASTER: I would ask my learned friend to produce the inventory he was good enough to show me showing sales of the radios?

A In a few cases in the radio sales there were a few went above the ceiling price.

Q How do you account for that happening?

A I cannot answer that. Mr. Thompson was conducting the sale.

Q What procedure did you follow when you had a ceiling on a radio that appeared to be in a fairly good condition?

A Will you amplify it.

Q Did Mr. Thompson start off by just asking for bids?

A Yes, sir.

Q Did he disclose his ceiling?

A No.

Q How did he cut it off at the ceiling?

A He had difficulty there for this reason, that there might be two or three bid the ceiling price and he would try and cut it off there, and in most cases did and to make it fair for everybody who had bid the ceiling price or was prepared to bid the ceiling price he would more or less raffle it off. He would make some numbers 1 to 20, whatever it might be, throw them in a hat and make a choice, and whoever got a certain number won the radio at the ceiling price.

Q He did not use the method of " There is the ceiling price on this article. Am I bid the ceiling price?"

A He might have done in one or two cases, but not generally.

Q When an individual is ready to sell something by auction, does he not usually fix up any apparent defects, and polish up the article so it looks as nice as possible?

A No, sir. He might go around good furniture and

dust it off but otherwise he would not.

Q Or polish up a stove if they were going to sell that?

A Well no.

Q That is your experience?

A Yes sir.

Q Now evidence has been given that a considerable amount of vandalism went on in the warehouse at 992 Poowell Street, Mr.Binnington, and in other of the Custodian's warehouses. Would you say that a large quantity of those goods and chattels showed evidence of having been damaged.

THE COMMISSIONER: You are referring to thegoods sold on auction.

MR.McMASTER: Yes.

THE WITNESS: I would have no chance of finding that out.

Q' You did not examine any of the goods and chattels yourself.

A No sir.

MR.McMASTER: Hasmy learned friend those radio letters of November 15th 1948.

MR.BRAIDWOOD: My lord, I am informed my learned friend has compared his copy with the original and I am prepared to use that copy for the purpose of cross-examination.

MR.McMASTER: Very well.

Q I produce to you, Mr.Binnington what purports to be a true copy of your auction sheet for November 16th,1948 which appears to be dealing entirely with radios--I am sorry, 1944.

A Yes sir.

Q Are these all of the radios you sold on that day? A: Well just from this sheet I would say yes.

THE COMMISSIONER: What is the date; the auction sheet for what date?

A January 22nd, 1944.

MrMcMASTER:

Q Were any other goods and chattels sold that day -- I believe you had two auctions of radios. Were they limited to auctions of radios.

A Offhand I would say yes. I don't just remember exactly. I think we sold one day nothing but radios, perhaps two days.

Q I draw your attention to the fact, Mr.Binnington, that according to that list--before I come to that--in the column next to the file No. there are certain figures appearing.

A Yes.

Q I take it those were the ceiling prices which you had ascertained?

A Correct sir.

Q Then you show where they were sold for cash and in some cases you show the names of the purchasers?

A Yes sir.

Q And then in the last column you show the sales prices? A: Correct.

Q Now I draw your attention to the fact in quite a number of the cases you sold what you believed to be the ceiling price ?

A Yes.

Q I also draw your attention that in quite a number of cases-- I have outlined some of them in pencil on the first page--I don't think it goes all the way through--the prices which probably are below the ceiling price. Here is one radio $125.00 and which was sold to Robson Electric for $48.00. Immediately above is one for $70.00 sold for $21.00; one $64.00 sold for $32.00. There are quite a number of them there.

A I can answer that.

Q Can you explain why it is?

A Yes, the machine would be in bad shape.

Q Are you suggesting that a percentage of those machines were in bad shape?

A Yes sir.

Q How do you arrive at that conclusion?

THE COMMISSIONER You had better put that document in.

Mr. McMASTER: Yes, I file that as an Exhibit.

(DOCUMENT MARKED GENERAL EXHIBIT 80)

Q How do you arrive at the opinion that so many of these machines were in bad condition?

A Well the price received for it answers the question too.

Q You are going solely on the price?

A Well yes.

MR McMASTER Thank you, my Lord.

THE COMMISSIONER: Any re-examination.

MR. BRAIDWOOD: Just a minute, my Lord, if I may--

THE COMMISSIONER: Yes.

MR.BRAIDWOOD: Q: You told my learned friend that your explanation for Exhibit 80, sales under the ceiling price-- may I ask if you were present and saw these radios at that sale?

A Yes sir.

Q Have you any observations to make as the result of that?

A No I have none.

Q I think you told me in examination in chief that the quality and condition of the radio did affect whether or not the ceiling price was obtained?

A Naturally it would, yes.

Q My learned friend also asked you whether or not you could tell the number of persons who went in the other room to examine the heavy goods. You told him you could not. Can you give us your opinion whether a large or small number of people went into the other room to observe them.

A In an auction room the people are wandering back and forth over it. You cannot tell if they go into the room and examine the machine or just loitering around.

Q Can you tell us from your observation if there was a practice of persons coming to the auction to go into the other room?

A Oh yes, they went all over.

MR. BRAIDWOOD: That is all, my Lord.

THE COMMISSIONER Q: There is one question I meant to ask you Mr.Binnington, Referring to the question of sales to dealers at those auction

sales can you make any comparison between the number ofdealers who were present at these Japanese auction sales with the number of dealers who were normally present at any auction sale?

A Well there were a lot more at the Japanese sales than there were at the average sale your Lordship.

THE COMMISSIONER: That isall, thank you.

MR. BRAIDWOOD: My Lord may I ask a question arising out of your Lordship's last question.

THE COMMISSIONER: Yes.

MR.BRAIDWOOD Q: You told his Lordship the number of dealers were more in number than in your private sales. Can you give his Lordship any reason for that?

A Well yes, in the Japanese auction there were a lot more radios, washing machines than you would have in the average sale, washing machines and what not. The larger quantity would be attractive; naturally would draw more people

Q Would it draw more dealers?

A Yes, that is what I mean.

THE COMMISSIONER: That is all Mr.Binnington.

(Witness aside)

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

THE COMMISSIONER: Who is your next witness.

MR.BRAIDWOOD: We have Mr.Willard.

THE COMMISSIONER: Is this also on auctions?

MR.BRAIDWOOD: Yes, my Lord, in Vancouver.

WILLIAM GRAYDON WILLARD
being first duly sworn,
testified as follows:

DIRECT EXAMINATION BY MR.BRAIDWOOD:

Q Mr.Willard what is your occupation?

A At the present time?

Q Yes? A: I am a salesman for Baker Petroleums.

Q What has been your experience in the business of conducting auctions?

A I conducted an auction room in Vancouver for about two and a half years.

Q Had you conducted auctions anywhere else?

A I conducted some auctions on the prairie.

Q What has been your experience in the selling of goods generally to the public?

A I have had general experience of selling goods.

Q Have you had any training in selling goods?

A Yes, I have training in selling, security selling, and had myself given instructions to salesmen.

Q Where did you give instructions to the salesmen?

A I was with Maison Riche for a number of years. and trained a number of salesmen for eleven years.

Q They sold musical instruments and the like?

A That is correct.

Q Mr.Willard I understand that you were engaged in the business of conducting Japanese sales in Vancouver?

A Yes.

Q What was your business at the time you were so retained?

A An auctioneer in Vancouver.

Q Under what name?

A Willard Auctions.

Q Where was that? A: At 1046 Seymour Street.

Q Were you holding regular auctions at that place of business? A: I was.

Q What was your first information as to your company being retained by the Custodian to sell the Japanese goods. How were you approached?

A In June 1944 I put in an application to the Custodian's Department and I was ~~informed by~~ interviewed by Mr.Shears, Mr.Green and Mr.Smith. A short time after that I was asked to go out and do some valuating work for them and the valuations led into an auction sale at Cassiar Street in the city.

Q When would that be?

A In the early part of June 1944.

Q Go ahead.

A And I conducted an auction for them at that time. Mr.Green corresponded with me later, about two weeks later and told me to hold myself in readiness to auction goods as they were having trouble with the overflow because the Fire Department were kicking about 992 Powell Street; that the avenues going through the goods were blocked. They suggested something be done about it and my auction room was suggested to handle the overflow goods.

Q Was this the auction room at 1046 Seymour Street?

A That is right.

Q Go ahead.

A I started out holding auctions.

Q Were you retained on a regular basis to conduct auctions?

A I was retained to sell the overflow goods , but the overflow was becoming much heavier at that time. In fact a lot of the houses were being required to give people housing room. And they were moving the goods a little faster at that time.

THE COMMISSIONER Q: What do you mean by overflow goods?

A The overflow goods my Lord are goods--for instance someone wants to go into a certain Japanese house and wants to go in immediately and those goods have to be moved at once to allow them to get in and the warehouses at that time were crowded to the absolute limit. They could not get any more goods in.

MR. BRAIDWOOD Q: Would you tell his Lordship about the terms of your employment as an auctioneer.

A I was to pay all my own expenses; that is in connection with running my own auction room, pay all my own help. They paid all the cartage, all the adveryising and paid me 10% for my auctions.

Q Who decided, Mr. Willard, when your auction should be held and how frequently they should be held?

A The Custodian's Department.

Q Did they notify you when they wished the auction held?

A Yes.

Q In fact were those auctions held irregularly or regularly?

A For quite a considerable time they were held regularly once a week.

Q What day of the week?

A They were held first on a Thursday, afterwards on a Friday. That was done at my request because I was on Bond drives, and could not get permission to get away from the Bond Drive to conduct the sale on a Friday.

Q Who decided what goods would be sold at any particular auction?

A Mr.Smith decided that, on the goods that were being moved from certain houses, into my auction room.

Q Who is Mr.Smith?

A He was connected with the Custodian's Department. He was I believe the field manager or field supervisor.

Q Did he appear to have some charge of chattel matters?

A Yes, the outside field man working directly under Mr.Green.

Q How did you receive the goods from the Custodian's representative?

A By truck.

Q Were they delivered to your place of business?

A They were.

Q Did you take delivery at your place of business?

A I did yes.

Q What did you then do with the goods?

A The goods were , if they were packed or boxed were unpacked and they were set up on tables; that is the small goods I am referring to now, under the various Japanese numbers. The Japanese went by numbers. That is the way we kept track of them. Their names were usually pretty long. All boxes were marked with a certain number. There might be four different Japanese goods in the auction at one time but they were all numbered and sold separately. They were displayed on tables. I had five tables for the display of small goods and shelves behind the tables.

Q How about the large goods. How were they displayed?

A The large goods, I had the only platform auction room in town. It was running the full length of the building, 100 feet approximately, and the platform was 8 or 9 feet; the platform would be almost two feet high. All goods were put on that; that is goods of any quality; bedroom suites, dining room suites, dinette suites; put on there. And properly displayed. If cartons they were laid down on the floor and put the stuff right on top so the people would have a chance of seeing the goods without hendling them. We were not permitted to handle them.

Q For how long were those goods on display prior to the auction?

A One day previous to the auction sale.

Q Were the rooms open on that day?

A They were always open.

Q Were they open on the morning of the auction prior to the auction?

A Yes, the auction room would be open at half past eight or a quarter to nine.

Q What was your experience about viewing the goods?

A There were large numbers of people came in both the day of the auction and the day before the auction.

Q You were telling his Lordship a few minutes ago those goods were properly displayed. Have you anything further to add to that statement?

A Well the goods put up on the platform naturally you can see more of them than if laid on the flat floor. In order to make a sale attractive it is always advantageous to display your goods as much as possible, particularly high grade furniture. And we took great care to always do that and give them the advantage of position. For instance, the dining room suites, or the good furniture, you would put that very close to the door. But as you get to the other end of the building were you put the small goods you would have the more junkey furniture; broken chairs would be put there.

Q How about the advertising?

A We advertised in the three papers here and the day before the sale it would appear in all three editions of each paper so that was deemed to be adequate by the Custodians Department.

Q Who prepared the advertising?

A I prepared them myself.

Q Were they general in nature or specific?

A Well there was a certain formula the Custodian strictly adhered to. The auction was always headed by that. I cannot remember what it was but pursuant to the instructions of the Custodian's Department and so on.

Q In your experience as an auctioneer, is an advertisement in the Vancouver Daily Province and the Vancouver Sun and the News Herald for one day a proper way and effective way of advertising?

A Very effective indeed. Three editions of each paper starting in the early morning with the Herald and the last editions at night of the other two newspapers .

Q How would this type of advertising compare with the advertising you would do of your private auctions?

A It would be somewhat heavier in nature.

Q Was there any other form of adcertising undertaken by yourself?

A Of course there is usually a flag sign outside the door, always, and we were particular; an auction sign outside of Government Custodians goods, a sign about that size .

Q Tell it in words.

A About three feet, something like that you see, outside the store, advertising something in your store.

Q What have you to say with respect to the class of goods which were provided to you for sale?

A The first goods I handled were very very good

indeed, and the sales became naturally more junkey in character, seeing I was handling the overflow. The overflow which were goods taken out of basements and in very very poor dondition. Some furniture had been subject to a lot of dampness and the veneer was loose on it; various other things like that. Some had even been under water for a considerable period and it was spoiled. Certain types of goods we laid away as of no value; certain types of bed springs that were very poor. The Custodians Department found -- felt they could not get bids on these types of goods and they were destroyed. Mattresses that were filthy dirty, in damp places, torn and ripped, were also destroyed.

Q Now as to the actual procedure at the auction, what course did you follow Mr.Willard, did you do the auctioning.

A I did the auctioning myself.

Q Where would you be situated during the course of the auction?

A Up on the platform.

Q Did you have any assistance?

A I had three assistants.

Q What would be your procedure?

A Sometimes four.

Q What would be your procedure?

A I just did the selling myself and handled receipts. I had a man holding the goods up for me. I had two girls collecting and my wife was in the office while the sale was on.

That was in case the goods were sold to a certain individual who just gave their initials.

And as each sheet went through theye were 20 forms on each sheet--they were taken and put in the big form so if a man wanted to get his bill that would be ready for him as soon as that sheetwent through.

Q What have you to say about the attendance? at these auctions?

A Very heavy indeed.

Q HOw many people would come to your auction sales on an average?

A The number of people who would enter the door and go out I would estimate as 4, 500 to 600.

Q How did that compare with the attendance at your private auction?

A Much heavier.

Q What class of people came to the auctions?

A People in all walks of life; people all I would say fully able to buy a good class of goods, when so advertised, and dealers of various types and working people, shipyard workers and people like that.

Q Have you any knowledge of how many dealers might be at an average auction?

A Well I would say the dealers would be 10% or less.

Q What have you to say as to the purchases made by dealers at your auctions?

A I am afraid the purchases were not as heavy--as it seemed they were of the opinion I was getting too much money and they could not bid.

Q Do you mean by that the dealers would not pay the prices?

A They could not pay the prices that the public were paying for certain goods.

Q How do you explain the fact that the public were paying a higher price?

A When the dealer takes goods they have to be moved to his place of business and sold , at the least 25 or 30% mark-up. It would be impossible for a dealer to buy a carpet--in order to sell , at auction he bids $50.00 and he sells at $75.00 and there is somebody in the auction room prepared to pay $75.00 to $80.00 for the carpet.

Q Have you any explanation to offer to his Lordship as to why the public were paying those prices, you have indicated they were paying?

A There was a terrific shortage of goods at that particular time, all furniture stores were practically devoid of chesterfields. Stoves, dining room suites, dinette suites--good stoves were practically impossible to obtain at that time, kitchen ranges.

Q As an auctioneer would you say that there was a good market or a poor market at that time for chattels?

A I would say it was the best market I have ever experienced.

Q During the course of the auctions would you classify the bidding as being competitive?

A Very competitive.

Q And what have you to say as to the actual prices obtained?

A I would like to say this, that in some cases if you had all the sale sheets before you, the actual prices obtained are no indication of the actual price for this reason. We see a radio, a certain type of radio. The radio sells for $40.00. There is good reason for it. Possibly the radio is smashed or very badly damaged. And seeing we are selling goods without any guarantee at all, the average person wants to know "Is this radio working"; "No, it is not working, we don't guarantee it" Then of course the price would naturally go down for that particular machine. The people that were buying would not know if it would cost $5.00 or $25.00 to fix it, to make it work.

Q There was a ceiling price in effect at this time.

A That is right.

Q Perhaps you might help us out to tell us what the ceiling price represented to the buying public ?

A The ceiling price in my auction room represented-- I will give you an illustration with regard to a refrigerator. We will say the selling price is $197.00. In one case in my auction room that was the price. The Wartime Prices & Trade Board would intimate to us that we could sell that particular machine at $197.50. That strictly was not the correct price because the price we sold them for was not guaranteed, and there is a vast difference between a guaranteed ceiling price

and a non-guaranteed. The non-guaranteed ceiling price is 60% of the guaranteed ceiling price approximately.

Q I would like to clear that up. Is that right, 60%--

A I put it this way, supposing I am selling an article for you and there is a ceiling price on it. Your ceiling price is $100.00 and you guarantee that article, say a washing machine, to work for 90 days. I can sell then that machine for $100.00 if that is the ceiling price. But if I say I cannot guarantee it then it goes back to 60%; that is the guaranteed ceiling price--the ceiling price not guaranteed.

Q Would that be your explanation as to why the ceiling prices were not always obtained?

A Absolutely; that and the goods not being in shape. Some of the goods were not in as good shaoe as they should have been.

Q On this matter of ceiling prices. How did you obtain the ceiling price?

A We got the ceiling price from Mr.Smith. Mr.Smith got them from the Wartime Prices & Trades Board.

Q That is the same Mr.Smith in the Custodians Office?

A Yes, Mr.Smith was in charge of my auction room and responsible to the Government.

Q Did you have a representative of the Custodian's Department attend your auction?

A Very often there would be two there, always one.

Q Did you dispose of all the goods at your auctions?

A What do you mean?

Q Would you sell out all the goods offered for sale?

A No, I think there was onne or two articles I was not able to dispose of. There were some great big - there was a great big steam cooker of Japanese origin, and this machine was badly damaged and everyone was scared of it and it was not sold and it was finally moved into storage I believe at 992 Powell

Q Did you have any reserve bids at your auction?

A No reserves.

Q What would be your opinion as to the over-all results of the Japanese auction sales as compared with your private auction sales?

A Much better than my own sales because of the greater variety of goods.

Q Did you make a report to the Custodian at the conclusion of your sale?

A Well, we were in constant communication at all times. Goods were dropping off very very badly; that is in quantity, and towards the end of the period that I was working for them I had a chance to sell my auction room and the last few sales, the gross amount of the sales was much less, and I arranged with the Custodians Department I would absorb--that I would absorb half the advertising and we had that mutual arrangement on several sales.

Q And in general during the course of your auctions

for the Custodian, when you held an auction you made a formal report to the Custodian of the result of the sale?

A I made a formal report usually within two days of the auction giving them the statement of the advertising bills paid and any other expenses there might be of the sale. And they would acknowledge that--along with my own personal cheque covering the sale,less commission and other expenses, and I would get a formal receipt back within two days.

Q Can you give an opinion in general how many auctions you conducted?

A I probably handled in the vicinity of forty or fifty as near as I remember. I would have to look up my files.

MR.BRAIDWOOD: That is all, my Lord.

CROSS EXAMINATION BY MR.McMASTER:

Q Mr.Willard you were engaged on those Bond drives, is that correct?

A That is correct.

A For what years?

A I was on all of the Bond drives.

Q And you sold quite a few of them did you not?

A Almost a million dollars worth.

Q That would engage a fair amount of your time?

A That is right.

Q When did you open up this auction room at Seymour Street?

A Some few months previous to working for the

Custodian.

Q Previous to that had you an auction room in Vancouver?

A Not in Vancouver.

Q Your last was on the prairies?

A Yes,

Q How long before was that?

A Oh possibly, seven or eight or ten years before.

Q How did you come to put in an application as a valuator? How did the matter come to your attention that the Custodian wanted an auctioneer?

A Well I had--it came to my attention in this way. A friend of mine that follows these things very closely told me he had heard that the Custodians were thinking of putting on another auctioner, and I went down and interviewed Mr.Shears and ascertained if it was correct or not.

Q Would you mind telling us who the friend was--

A Well--

Q Let me put it this way. Was it any person in the Custodian's office?

A No,it was an old stenographer of Mr.Shears--they had been out to dinner and this matter came up over the dinner table.

Q How long before you were employed by the Custodian to conduct those auctions was it you made those applications?

A It would be about six months or eight months as near as I remember.

Q) Did I understand you correctly that the advert-

isements appeared in the press the day before the auction.

A The day before.

Q So that actually not very many people would have an opportunity to come in and inspect the goods the day before the auction.

A A lot of people came in because in a very short time it becamwe known all over the city the auction was held at a certain time and my auction was open at all times. It was always open.

Q In other words, certain kinds of person goes around your auction?

A Yes . At that time I didn't find there were so many of those kinds of people. but people who were looking for furniture and they were going from auction room to auction room.

Q With regard to this ceiling price, did you rely entirely on Mr.Smith's say so as to what the ceiling price was?

A No, sometimes we would have a little argument about it, and I would check by myself with the Wartime Prices & Trades Board and make sure.

Q Did you make sure on eahh selling price that Mr.Smith gave you?

A Not always.

Q Would you say that generally his prices were based on 60% of the ceiling prices were guaranteed?

A No, we sold for that price. And had several battles with the Wartime Prices & Trade Board,

as the result. We were selling for too much.

Q Were the ceilings that Mr.Smith was fixing, in the ones you checked on, based on 60% of the selling price on guaranteed goods, used goods?

A No, always based on 100% of the guaranteed price.

Q Of the guaranteed price?

A Yes.

Q Then I have been very much confused by the evidence you gave. What was the ceiling price in your experience on used goods such as washing machihes, radios and so on in 1944, or goods which you did not guarantee?

A The full ceiling price.

MR.BRAIDWOOD: My learned friend has asked the question what was the ceiling price?

THE COMMISSIONER: It is a little confusing to me.

MR.McMASTER Q: How was it calculated. How was the ceiling price calculated on goods that were not guaranteed ?

A The ceiling price was calculated by the serial number, if a radio, what year it came, and what was the original price; what did the equipment of the radio cost; radios had extra things on them and we found, to be perfectly frank, to get the correct ceiling price from the Wartime Prices & Trade Board--I have 'phoned down three times in half an hour on the same machine and got three different prices. It might be difficult to arrive at what was the true price,

but in many cases theCustodian's Department was guilty of selling the goods at the guaranteed price when we knew what they should have been sold at was sold with no guarantee at all.

Q Irrespective of what the Custodian sold at would you explain how the ceiling price was to be calculated in regard to the goods at the time you were conducting these auctions. We will deal with radios so we won't get off on anything else?

A That was calculated by the Wartime Prices & Trade Board.

THE COMMISSIONER: Q: That was fixed for you?

A That was fixed for me.

Q You had nothing to say about it?

A Nothing to say at all.

Mr.McMASTER Q: You did not apply the Order in Council to the original cost?

A No, originally the thing got to a state where they were going to bring me to Court for selling a machine which was a radio above the ceiling price. Well it was the ceiling price obtained by both Mr.Smith and myself and they said they could not take that into consideration at all. I would be sued on that in the usual way for selling that particular radio above the ceiling price. This chap who came up from the Wartime Prices & Trade Board said I would have to sell everything in the auction room at the ceiling prices. I asked him if he would give me

a ceiling price on a few of the articles.
The first thing I asked him about was a cupboard.
We handled dozens and dozens of old cupboards,
and he looked the thing over and the cupboard
was made of v-joint; had two doors on it and a
drawer and he said "I think the price of that would
be about $7.50" I said "I will sell it to you
for 50¢ because that it what it will bring."
There were so many dozens of them.
They were not even coloured. He wanted to know
when the cupboard was built. I could not tell him,
anything like that; how much the Jap. had paid for
the lumber? and it was rather amusing, so finally
I lead him over to the table goods where there was
a table as long as these two desks. For instance,
this is a tray with a couple of liqueur glasses
and we brought them together and they were one Lot.
I asked him for the ceiling price onnthat one
Lot. He wanted to know where the glasses came
from. I could not tell him that.
Well, he said "That is absolutely out" And he
said we cannot sell those on ceiling at all; the
only things we could sell on seiling was radios--

Q I would like to refer to the cupboards you mention.
You said there were so many of them you could
sell them for fifty cents.

A Every Jap seemed to have built nine cupboards
in his life. And we had about forty or fifty
each sale.

Q So you think the market with respect to some goods was flooded?

A There was never any market for that kind of cupboard. They were too small. I have seen them that hight and this high. Unless they were big enough for wardrobes, then the price changed entirely.

Q How long did you sell for the Custodian?

A Approximateky around a year.

Q That was from July 1944 until approximately --

A June of 1944 around to somewhere -- I believe it was --that is right, June.

Q Have you since acted as an auctioneer for the War Assets Corporation?

A No, I have not. I have not sold for the War Assets. But Col. Harding engaged me to do auction work for the War Assets and they thought at that time there would be an awful lot of auction work and I was going to various departments to familiarize myself with things. Eventually there was a decision from Ottawa there was to be no auction.

MR.McMASTER: That is all, my Lord.

THE COURT: Any re-examination.

MR.BRAIDWOOD: No re-examination.

(Witness aside)

MR.BRAIDWOOD: My Lord, we have arranged to have Mr. Carncross here but he cannot be with us until two o'clock this afternoon. I don't know if Mr.Hunter is prepared to go ahead at this time with his next V.L.A.witness because in discussing

the matter with him this morning I thought we might spend the morning with the two witnesses we already had.

THE COMMISSIONER: Are you ready to go on with your V.L.A. witnesses?

MR. HUNTER: No my Lord, I think not. There is some information I have to get.

THE COMMISSIONER: You would prefer to adjourn now, would you?

MR. HUNTER: Yes.

THE COMMISSIONER: That is alright, we will adjourn now and resume at 2 o'clock.

(PROCEEDINGS ADJOURNED TO 2 P.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer

2:00 P.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

THE COMMISSIONER: Yes, Mr. Braidwood. Whom are you calling?

MR. BRAIDWOOD: My lord, we are calling Mr. Carncross this afternoon from the Veterans' Land Act Advisory Committee.

ELMER ELLSWORTH CARNCROSS, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. BRAIDWOOD:

Q Mr. Carncross, what is your occupation?

A I am Managing-Director of the Western Peat Company.

Q And what has your experience been in dealing with land, Mr. Carncross?

A At the end of the first war I went on the staff of the Soldiers' Settlement Board. That was in 1919, and I stayed with them until 1931, and duringthat period I was mostly engaged in field supervision work, which involved a lot of land appraisals, and for something over a year, possibly, between a year and a year and a half, I did nothing but valuations of land, during the period of re-valuation.

Q And where were those valuations done?

A Throughout the Fraser Valley.

Q And was your work with the Soldiers' Settlement Board all in British Columbia?

A All in British Columbia, yes.

Q And following 1931, what did you do?

I left the Soldiers' Settlement Board and took over the operation of the Western Peat Company.

Q And during the period from 1931 until 1942, did you have any experience with land during that period? A: I kept in close contact. The nature of my work was such that it was in the country. I followed the land situation in the country fairly closely, and kept in general contact with land settlement.

Q Now,in particular, with relation to the Fraser Valley and the Lower Mainland area, would those remarks apply insofar as you kept contact in that area? A: Yes.

Q And where did your work take you?

A My work was partly in the Municipality of Surrey and partly in the Municipality of Richmond.

Q Now, you re familiar with the passing of the Veterans' Land Act, are you not?

A Yes, I have a general idea ofit.

Q And you are also familiar with the fact that under the terms of that Act Local Advisory Committees are set up, is that correct?

A Yes.

Q Would you tell his lordship, briefly, the constitution of such committees and their function.

A The Local Advisory C ommittee fonsists of two independent men , and one member of the Veterans' Land Act, who acts as chairman.

Q And what is the function of that committee?

A The function of the committee was twofold; one was

to pass on the qualifications of applicants for settlement, and the second was to value the purchases of land for settlement purposes.

Q Now, when you discussed the matter of purchases of land for settlement purposes, what would be the normal operation of the Advisory Committee with regard to a proposed purchase of land?

A We would have an appraisal submitted to us, and we would examine the appraisal, and if we liked it we concurred in it, and if we didn't like it we would turn it down.

Q And to whom were any recommendations of this committee made? A: The recommendations were made at the meeting, and I presume forwarded to the central office of the Veterans' Land Act.

Q I understand you were a member of such committee, shortly after the passing of the Veterans' Land Act, is that correct?

A I became a member of the Regional Advisory Committee, about April, 1943, if I can recall.

Q And who sat on that committee with you?

A Mr. McLellan and myself were the two civilians on the committee, and Mr. Godfrey, the chairman.

Q Who is Mr. McLellan?

A Mr. McLellan is a farmer at Fort Langley.

Q Do you know his knowledge of lands in the Fraser Valley?

MR. McMASTER: My lord, I object to that.

THE COMMISSIONER: On what ground, Mr. McMaster?

MR. McMASTER: On the ground of how can this witness give evidence as to the knowledge of Mr. McLellan.

THE COMMISSIONER: He is not giving evidence as to the knowledge of Mr. McLellan, he is giving evidence as to his experience.

MR. McMASTER: I am sorry, my lord, I didn't understand the question that way.

A I have known Mr. McLellan for a matter of 20 years, born and raised in the Fort Langley district. He operated a farm of his own for several years at Glen Valley. He later purchased a farm at Fort Langley. He is an experienced farmer, a man whose judgment I hold in high regard.

MR. BRAIDWOOD: Q: How often did your committee meet?

A We had no set periods. We met whenever work accumulated for us to handle.

Q At whose call? A: At the call of the chairman.

Q Now then, to come to the matter at issue here, would you tell his lordship first your knowledge of anything to do with the Japanese lands in the Fraser Valley in connection with this committee?

A We were advised by the chairman that the V.L.A. contemplated the purchase of the Japanese lands in the Fraser Valley, and he had taken some pains before the matter came up to acquaint us with the details of the purchase, and what the proposition was, and also had the committee as a whole take some pains to examine into the whole proposition.

Q What material was provided to the committee, in

relation to this proposed purchase of Japanese lands? A: We had access, I would say, to all the facilities of the Veterans' Land Act, in other words appraisals and other information, and on top of that as a committee we requested to view certain of these properties and get some idea of the appraisals that were made, and in that request we pretty well covered the general picture of the Japanese lands.

Q Now, when you were speaking of the appraisals that had been made, to what appraisals do you refer?

A They were the appraisals in the possession of the Veterans' Land Act. They were in the office of the Veterans' Land Act.

Q And were these appraisals that had been done by the members of the Veterans' Land Act, or Soldiers' Settlement Board?

A Yes, that is the case.

Q Did you know how many properties you were considering purchasing at that time?

A We carried in our mind just a general figure. I always spoke of the deal as involving 750 properties. That would be subject to correction, one way or another.

Q In what area were these lands situated?

A They were scattered pretty well throughout the whole of the Fraser Valley, extending from Chilliwack right down to the mouth of the Fraser.

Q You have told us of the material which was provided to you and indicated to his lordship what views

were taken of the various properties, is that correct? A: That is correct.

Q To what extent did your committee investigate the lands personally?

A We covered the country as a whole fairly well, and we had a line of properties that we thought might represent, or be representative of properties, which were picked more for their geographic location; like, we picked some in Mission, some in the Haney area and some in Surrey and some in Langley and the other municipalities. We tried to get a general view of the whole picture.

Q Would you say your inspection of these lands was a wide one, or a narrow one?

A Well, I might say this, that so far as the two civilian members of the Regional Advisory Committee were concerned, we had a certain skepticism of the deal, and we took pains to examine the whole picture fairly carefully.

Q Now, in considering these lands as a committee, to what point of view were your investigations directed? A: It was largely to the suitability, or otherwise, of acquiring these 750 properties for the Veterans' Land Act.

Q And you were familiar at that time with the provisions of the Veterans' Land Act with regard to Soldiers' Settlement, were you?

A Yes, I would say I had a good knowledge of them.

Q By the way, these lands which you were investigating for this proposed purchase, were you familiar

with any of those lands prior to the inspection you have just described to us?

A From my earlier experiences, I was familiar with the general Japanese settlement problem, and for over the period of years I had a good general knowledge of Japanese settlement throughout the Valley.

I might say I was born and raised right in the middle of it, and I was always interested in farming problems of the Valley, and made it a point to keep in general contact with agriculture.

THE COMMISSIONER: Q: Just one moment, Mr.Carncross. Have I correctly understood your explanation? The note I have made is "We examined the properties, primarily from the point of view of the adaptability of the lands for veterans' settlement."

A That was our problem, my lord.

MR. BRAIDWOOD: Q: Now,Mr. Carncross, as a result of your investigations, what did the committee do?

A We sat to receive an offer on the properties from the Custodian, or whoever the authorities were who had the sale of the land.

Q Did you come to some conclusion about an offer?

A Primarily when we sat on the offer, we reviewed the whole picture, and as I understand it the vendors wanted an offer on the properties, and we decided on an original offer of $750,000.00.

Q Was that recommended by you to the Veterans' Land Act? A: Yes. We recommended that they make an original offer of

$750,000.00.

Q And do you know what the result of that offer was?

A That offer was refused.

Q What course did your committee then take?

A We met again, and we deciced to raise the offer to, I think it was $800,000.00, and the next offer that was made was for $800,000.00.

Q And what happened to that offer?

A That offer was refused.

Now, I might say here that both Mr.McLellan and myself,and I think I could bring Mr. McLellan into this, had a little private meeting of our own without regard to anybody else concerned in the Regional Advisory Committee, or the Veterans' Land Act, and we pretty well decided that we were reaching the top with a $800,000.00 offer. We grumbled a little when we raised it to $800,000.00. We were getting a little feeling of skepticism, but nevertheless we made an offer of $800,000.00.

Q And was that offer refused?

A That offer was refused.

Q What next transpired?

A The matter came back from the Veterans' Land Act to the Regional Advisory Committee, saying that the offer was refused, and it is just not clear in my mind what transpired then, but somehow we more or less got the impression that the vendors were in the market to consider an offer of $850,000.00. If we would raise the ante to that amount, it was liable to get favourable consid-

-eration.

Q And did you do so? A: From the point of view of Mr. McLellan and myself, very grudgingly we did so.

Q Would you explain to his lordship your reasons for, as you say, grudgingly raising the offer?

A Well, we had to view this Japanese land purchase as a whole picture. We had a fairly intimate acquaintance with what we were acquiring, and I think we had a fairly intimate knowledge of the purposes for which the lands were going to serve.

Now, the Japanese lands, viewing this from a whole picture, were not particularly attractive. The Jap had an Oriental mind and an elemental mind, and it was reflected pretty well throughout the lands that came under his control. That is, he generally started right at the bottom. He acquired land because it was cheap, and because it was cheap it sometimes wasn't very good, and he developed lands on an elemental basis.

Now, we were rather loathe to take over a great body of lands that we knew were not only largely elemental in their basis, but were also developed as small holdings that were highly vulnerable to very severe depreciation, and regardless of say what might have been the value of the land at a certain date, heavy depreciations were inevitable before they could be used by the Veterans' Land Act.

If a man had in an acre of raspberries, or

two or three acres of small fruit, or something of that nature, nobody could take those lands over under conditions existing at that time with any hope of preserving much value.

Q Had you determined in your own mind how far you would be prepared to go in the purchase of these lands? A: As I said before, when we got the $800,000.00, we were getting pretty touchy on the deal, and when we went to $850,000.00 we had some qualms about it, and we were fully determinedin our own minds that if the vendors asked more than $850,000.00 we were prepared to vetoe the deal.

Q Can you give your reason?

A Just as I say, that we just didn't particularyly care for the Japanese land deal as a whole, because of the nature of the great bulk of the properties we were acquiring, and we felt, also, that we could take $850,000.00 and go out over the country and get a better deal.

Q By that, do you mean go out and buy propeties individually?

A Go out on to the open market, yes.

Q And that was your opinion at the time?

A That was our opinion at the time.

THE COMMISSIONER: Q: That is, always thinking of land for agricultural use by veterans?

A Land suitable for the purposes of the Veterans' Land Act at that time, my lord.

MR. BRAIDWOOD: Q: Now, you had access to the appraisals

made by the Veterans' Land Act appraisers and the Soldiers' Settlement Board appraisers, you have told us. A: Yes.

Q And as a result of your investigations, what was your opinion of those appraisals?

A Let me say that I have already explained our mental attitude on it, and we examined those appraisals and in the light of the mental attitude that we approached this deal from. We were very critical and somewhat touchy on the point, and we took great care in examining some of these appraisals to find out just what the point of view of the appraisal was, and how sound we figured the appraisals were, and we came to the general conclusion that the appraisals as a whole were sound appraisals.

Q Now, in answer to his lordship's question a few moments ago, you expressed your thoughts in regard to the deal, insofar as the properties were suitable to the purpose of the Land Act at that time. Can you tell us now what, in general, those purposes were, insofar as your committee understood them to be? A: That would require a whole dissertation on what was required for Soldiers' Settlement. A man coming back from the war requires certain type of property and certain conveniences to go with it in certain locations.

THE COMMISSIONER: Q: Well, let us have it, Mr. Carncross. That is what I am here for, even though it takes a little time to explain.

A Well, I tried to draw a mental picture of, say, a

man returning from the war.

Now, it would have been grossly unfair to a veteran coming back, say to put him on the average Japanese property as they existed at that time. That is, that property would need, in most cases, a general overhauling, and in specific cases, not very much but in certain cases, the property was not suitable for him to go on in any circumstances.

As I pointed out, the Japanese started out in a very elemental way, and retained a great deal of those elemental features in his set-up, and he also had an Oriental mind, which was somewhat different from a white man's mind as to what constituted a home and a property, and it was obviously impossible to take a veteran and put him in the majority of his lands and expect him to accept the properties as they were. That is, a lot of monies would have to be spent on those properties before they were suitable for settlement.

THE COMMISSIONER: Q: Are you referring particularly to the character of the buildings on those farms, or the nature of the soil and the agricultural uses of the land?

A The character of the buildings was one of the chief features. The Jap got by on a lower standard of buildings. He got by without a lot of perquisites that a white man would like to have but didn't exist so far as the Jap was concerned. It was chiefly in the buildings that the bulk of the expenditures would have to be made, and then, very

often, the quality of the land with some of the lands was highly questionable. With some of it, it was a question whether it was worth clearing or not. On the other hand, some of the land was the ordinary type of land in the district, and was suitable.

Q What was the general nature of these lands?

A For the most part, they were high lands, mostly sandy loam.

Q For what purposes were they used?

A The two main purposes were for small fruits and for poultry.

Q Were they agricultural in nature, then?

A Well, so far as the small fruits were concerned, some were quite suitable. Some were of doubtful value. That is, the character of the land was such that it would easily lend itself to exhaustion.

So far as poultry was concerned, I presume thebulk of the lands would be suitable, that is, as land, or as a location for poultry.

MR. BRAIDWOOD: My lord, I don't know whether you wish me topursue it further, the objects which this committee had in mind?

THE COMMISSIONER: Unless there is anything more that Mr. Carncross desires to add.

Q I take it primarily your objection was to the character of the buildings, and secondly, in some instances,to the character of the soil as being ill adapted for agricultural use?

A Those are the primary objections, my lord.

MR. BRAIDWOOD: Q: And in view of those objections, you considered the lands in some instances to be not suitable for the purposes of the Veterans' Land Act, is that correct?

A There were a lot of the properties which could never be considered for the purposes of the Veterans' Land Act.

MR. BRAIDWOOD: That is all, my lord.

CROSS/EXAMINATION BY MR. McMASTER:

Q With respect to your last statement, Mr. Carncross, I understand evidence has been given showing that out of the 741 parcels that were purchased, roughly 40 of the original parcels are left undisposed of, and a certain number of farms where the Veterans' Land Act people subdivided them. Would you say that the actual experience of the Veterans' Land Act administration corresponded with your judgment as to the use to which these properties might be put?

A I am not qualified to remark on that point. You must appreciate we were looking at what was put in front of us. We could not anticipate, say, the combination of properties or the subdivision of properties, or the necessary juggling of properties to cure a situation that was put in front of us. We were merely looking at the land.

Q Why couldn't you consider the subdivision of properties, Mr. Carncross?

A That would be a matter for long study. As a

member of the Regional Advisory Committee, we maybe didn't know that this property here was capable of incorporation in the property next door. We might not know the ownership of the property next door.

Q You didn't have in front of you, for instance, a map showing the location of the property?

A No. We would have been on the job for months, if we had done that.

Q You didn't carefully examine the appraisal in each district? A: We examined several appraisals in every district, to satisfy our minds as to whether the appraisals were sound, or unsound.

Q Yes. How did you satisfy your mind as to whether the lands were suitable or otherwise, for Veterans' Land Act purposes?

A Well, I would say that if a member of the Regional Advisory Committee knows his subject and has a general understanding of the whole picture, he should be able very quickly to determine whether the deal put out is sound, or whether it looks shady.

Q Now, Mr. Carncross, did you arrive at these judgments with regard to these Japanese lands that you have referred to from an appraisal -- a perusal of the appraisals, or an examination of the appraisals, or did you arrive at the conclusion from the opinion you held of Japanese lands and their methods of farming, prior to looking at the appraisals? A: I would say I

arrived at them from a combination of the two.

Q How many appraisals did you examine and study?

A I couldn't tell you exactly, but I would say that we made a more or less intimate examination of about 25 properties.

Q Yes? A: And then, in the general examination, for instance, I would be curious to know what -- maybe a property I knew outside of the deal altogether, that is that I happened to know down a certain road-- I would be curious to know just what they had paid for their property, and how they handled it. Well, I had available that appraisal to examine it.

Q How many of the appraisals would you see in that way, do you suppose?

A I can't tell you on that point.

Q There would be relatively few?

A Not a large number. I merely followed my curiosity there.

Q Now, from an examination of those 25 parcels plus --

THE COMMISSIONER: Now, you are talking about 25 properties.

MR. McMASTER: 25 properties.

THE COMMISSIONER: Q: It was a physical inspection of the properties, as I understand it.

A Yes. I would say approximately that, my lord, that we looked over.

MR. McMASTER: Q: Did you examine the appraisals on those properties? A: Yes, we had the appraisals as we examined the property.

Q I take it those 25 appraisals, plus the few that you looked at in a general way, were all the appraisals that you examined personally.

A That is correct.

Q Now, evidence was given before the Public Accounts Committee, Mr. Carncross, that the Advisory Committee to the D.V.L.A. stated to the Custodian's Committee that an average of $200.00 would have to be spent on the buildings on these properties.

THE COMMISSIONER: What is thecitations, Mr. McMaster? If you can assure me it is there, go ahead.

MR. McMASTER: Yes,my lord. I have referred to it several times before.

Q That an average of $200.00 would be required to be spent on these buildings. Now, were you aware of your committee having made such a statement to the Custodian, or the Custodian's Committee?

A I would say that our committee never made such a statement, because it seems ridiculous on the face of it. I don't see how the committee could make a statement like that.

Q Also I understand evidence was given at the same time that that statement was alleged, that only 10% of these lands were low lying lands, and that the high lying lands were petered out. Do you recall your committee making that statement to the Custddian, or the Custodian's Committee?

A No. I certainly didn't make it. I have no recollection of anybody else making it.

Q Was that the fact?

A I don't know. I didn't have any division as to which was low lying and which was high lying. I know that some of the high lying lands were definitely petering out. It was very evident.

Q From what did you draw that conclusion?

A From the inspection of the 25 properties.

Q From the inspection of the 25 properties that you inspected? A: Some of the properties, all you had to do was take a quick look at it to recognize it.

Q How many of that 25 would that be true of?

A Oh, I couldn't tell you that.

Q Now, what did you know about sale prices in the Fraser Valley in 1943, Mr. Carncross -- private sales of land? A: Outside of, let me say, a general interest in the subject and the following of a few specific sales, and on top of that I happened to have properties of my own which would come in the sale category, and for that reason Ikept a fairly observant eye on what was happening to lands.

Q Did you feel yourself qualified to judge whether or not the values placed by these appraisers on the lands were the fair market value in 1943 at the time this purchase went through?

A Well, after appraising myself, I felt I was just about as well qualified as any man in the Fraser Valley.

Q And did you examine those values that the appraisers placed on the lands in the appraisal forms

that you looked at?

A Oh, yes, yes.

Q And did you consider those represented the fair market values of the lands?

A I considered that the appraisals were hitting pretty close to what the market value of those lands were.

Q Now, would you agree with the statement that has been made that those appraisals were made, having regard to the uncertainties of 1942?

MR. HUNTER: Made by whom?

MR. McMASTER: Made by Mr. Murchison, and also by Mr. Barnet, I believe , in his evidence.

THE COMMISSIONER: I think your question is hardly fair, Mr. McMaster, in terms of what those witnesses said. It is true they made a remark to the general effect that that was a factor that they took into account, but your question is framed in such a way, Mr. McMaster, to make it appear that that was the sole factor upon which value was determined.

MR. McMASTER I am sorry, my lord. I didn't want to do that.

Q Were you under the impression in examining those appraisals that the values had been placed, having regard to the uncertainties of the war situation in 1942?

THE COMMISSIONER: That that was a factor.

MR. McMASTER: Q: Yes, that that was a factor.

THE COMMISSIONER: Governing the assessing of those values.

A As I recall my mental processes, I wasn't concerned with what the war situation was in 1942, or any other time.

As a member of the Regional Advisory Committee, I was concerned with the expenditure of public funds. I was concerned with the problem of resettlement of the veteran, and my chief concern was that we acquire properties that were not only suitable but that we acquire them on a sound basis. That is, we didn't want to step into the type of deal that could easily arise under wartime conditions.

MR. McMASTER: Q: Is it not fair to say that you considered those properties from the standpoint of buying them at the cheapest possible price, for use by veterans? A:As a member of the Regional Advisory Committee, we would have bought these properties for $100,000.00, if we could have got them.

Q I understand in the first place you made a bid on 769 parcels, or the Committee did.

A I don't just recall the exact number.

Q After that, some 40 odd parcels were withdrawn by reason of the fact that people had died, or it wasn't possible to deliver title.

MR. HUNTER: 69 were withdrawn.

MR. McMASTER: 69 were withdrawn altogether. Then, in the summer of 1943 certain other lands of the Japanese were appraised by appraisers of the Soldiers' Settlement Board. You were aware of that--

that is, Japanese lands?

A Well, we were kept informed of a certain juggling of these properties; that is, a certain change in the status of properties whereby some were deleted and some might be added. We were kept informed of the general picture there.

Q Wasn't it part of your duties as a member of that committee in the fall of 1943 to review appraisals on lands, having regard to prospective purchases by the Veterans' Land Act?

A Yes, that is right. If I recall correctly, we started reviewing properties in the fall of 1943.

Q And some of the lands which you reviewed, or some of the appraisals on lands which you reviewed were Japanese lands?

A I don't recall that. I can't say.

Q Do you recall that subsequently, about October, 1943, that you recommended that the Director of Veterans' Land Act make a further offer to the Custodian on a further 40 odd parcels of land?

A I can't recall that. We were sitting as a committee and properties were coming before us and being disposed of, and I don't just recall the item you mention.

Q Do you not recall making an offer, or instructing Mr. Barnet, or advising him to make an offer to buy 45 parcels of land at 10% less than your appraisals, in the fall of 1943?

A I don't recall that.

Q So that, you don't know whether you reviewed the

appraisals in those cases or not?

A I wouldn't know. If we made a recommendation, we undoubtedly did something about it.

Q Now, after this first deal with the Custodian, dealing with 769 parcels ofland,from which some were withdrawn, when you reviewed appraisals you actually filled in a certificate on the appraisal, did you, Mr. Carncross? Your committee filled it in, and it was required to be signed by the Chairman and at least one other member.

A Yes, we signed it, that is right.

Q And in that certificate you were required to certify that you had reviewed the appraisal and that you had all available information with regard to the property? A: Yes.

Q And then, you were required to express your opinion of a sound value under the circumstances existing at the time?

A Yes.

Q What did you understand by the words "sound value"?

A The value of the property at that time.

Q What was the word "sound" put in front of it for?

A Well, it is just hard to say. I have it in my mind that the meaning of"sound" is true. You will understand, let's say in the Fraser Valley here, there are times when people go out or a property changes hands, that either the purchaser was a sucker or there were some special considerations involved why that property changed hands at prices that were ridiculous so far as their

value on the ordinary market was concerned. Now, by "sound values", that would elminate that type of sale.

Q Did you consider that the average, ordinary private sale that was going on in 1943 at those prices represented sound value?

A In some cases. Now, the sales that were going on in 1943 were approaching a disturbed condition in the real estate market and we got these fever chart graphs of sales.

We had conditions arise, whereby a new man came into the country and simply had to have a roof over his head, and he might have paid a thousand dollars more for the roof than the roof was worth. Now, that is unsound value.

Q Did that condition apply fairly generally?

A No, it didn't. We had a condition in 1943 where we had what I would call sound sales taking place, and we also had ridiculous sales taking place.

Q After setting out the sound value in this certificate of the committee, you were required to certify that the land was suitable for thepurpose of the Veterans' Land Act, is that right?

A When we were dealing with --

Q With individual properties.

A -- with individual properties, that was the case.

Q Then you recommended the purchase of the property, within a certain price range.

A That is right.

Q I would suggest to you that often the sound value

that the committee recommended was higher than the appraised value. A: I can't say. I would have to have actual cases.

We reviewed these cases that came before us, and we didn't just pinpoint specific cases. I know there were plenty of cases where the reverse applied.

Q On the average, in 1943, when you were acting and giving these certificates, did you find the sound value that the committee placed was higher than that, or lower than the appraisals?

THE COMMISSIONER: You must not overlook the fact that the witness is trying to cast his mind back five or six years. Now, if you have specific instances, I think it would be fairer to the witness to put those instances before him, rather than to put the general question or questions of a general character, such as you are putting now.

MR. McMASTER: Very well, my lord. I would ask the Secretary for the appraisal in case no. 900. My copy is slightly pencilled up, but perhaps it will serve the purpose, my lord.

Q I draw your attention to the appraisal in case No. 900, Mr. Carncross. That is on the Veterans' Land Act form, an appraisal for small holding -- appraisal report. A: Yes

Q And this is supposed to be a photostatic copy of the appraisal, and I see your name is typewritten on there. I suppose you can't say whether or not you signed that appraisal?

A No. I can assume I signed it, if it is typewritten on there.

Q I draw your attention to the fact that the appraiser in that case says that the value of the property is $316.25, and the Committee, of which you were apparently one, said the sound value under present conditions is $400.00. Now, can you explain why you said the sound value was $400.00 when the appraiser set the value at $316.00?

A Well, I do know this, that we would get appraisals in where possibly we didn't agree with the figure at all. Let's say he put a valuation on of $4,000.00. We would put in a sound value of $3200.00.

Now, generally in such cases we viewed the property ourselves, and this must have been a property that we went out and viewed. I would say if it worked in reverse, it would work the other way, too. This is undoubtedly a property that I went out and viewed and came to the conclusion that the appraiser was on the low side in his values there.

Q In other words, you didn't find your appraisers consistent in their valuations?

A That is a thing that is impossible to find.

Q Now, I draw your attention to the fact you say you consider the property suitable for the purposes of the Veterans' Land Act, and you recommend it to be purchased within the following price range, $400.00 to $500.00. Was that your practice, in

dealing with individual cases, to show a price range? A: Yes, we would show a price range on the appraisal.

THE COMMISSIONER: In view of the power failure, we had better recess for awhile.

(PROCEEDINGS RESUMED AFTER RECESS.)

THE COMMISSIONER: Gentlemen, I do not think there is anything we can do in endeavouring to carry on in the dark.

We will adjourn until 10 o'clock tomorrow morning. There is nothing that either of you wish to speak to?

MR. HUNTER: No, my lord.

MR. McMASTER: No, my lord.

(PROCEEDINGS ADJOURNED UNTIL 10:00 A.M. DECEMBER 7, 1948.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

J. P. Hanrahan

Deputy Official Stenographer

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