GENERAL EVIDENCE

THE JAPANESE PROPERTY CLAIMS COMMISSION.

B E F O R E

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

Vancouver, B.C.,

February 7, 1949.

PROCEEDINGS AT HEARING

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The Commissioner.

Vancouver, B? C.

February 7th, 1949.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. VIRTUE: I call Mr. Bentall.

THE COMMISSIONER: On what subject, Mr. Virtue?

MR. VIRTUE: General construction costs.

THE COMMISSIONER: What does it relate to particularly. Is this the urban property.

MR. VIRTUE: I am giving a general picture of prices of construction starting in 1939 and going into 1944. I am not going into any detail.

THE COMMISSIONER: All right.

CHARLES BENTALL, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. VIRTUE:

Q I believe you are engaged in the construction business?

A Yes.

Q And what is the name of your firm?

A Dominion Construction Company Limited.

Q And your operations extend over what area?

A From Taber, Alberta to the West Coast of Vancouver Island.

Q How long have you been in business?

A 37 years.

Q Mostly in that area and particularly on the West Coast? A. That's right.

Q You are the President of your firm?

A That's right.

Q And I believe you do a lot of the construction estimates

and that sort of thing yourself?

A That is correct.

Q At the present moment how many construction projects --

THE COMMISSIONER: I do not think you need go further into the qualifications of Mr. Bentall. I know his firm very well.

MR. VIRTUE:Q:Now, Mr. Bentall, during the past few days have you been requested to prepare a comparative statement showing the average roughly of lumber prices; carpenters wages and labourers wages for the year 1939 to 1945 inclusive?

A I have.

Q And you have gone back, I believe, to your records of different jobs undertaken by your firm in the various years for the purpose of arriving at those figures? A. We have. We keep cost books and I have referred back to them.

Q For each job you undertook for many years past you have kept the cost records?

A A good many of them.

Q The important ones, anyway?

A That's right.

MR. VIRTUE: My lord, I don't know if it would be any convenience -- I have shown this to my learned friend and it may make it a little easier to follow.

Q You have in your hand I believe, a statement which you have prepared showing in the left-hand column

the year; the second-hand column the particular job from which you extract your figures; and the third column the cost of lumber; the fourth column, carpenters wages; and the righthand column, laborers wages?

A Yes.

Q Do these figures represent to the best of your knowledge the cost for the respective years?

A That is correct.

Q For instance in 1939 when you speak of lumber $18.00 that is $18.00 a thousand?

A Yes. That is common lumber, not dressed lumber.

Q Such as two by four and shiplap and that type of thing? A. That is correct.

Q And that is the type of lumber which would go into cheap construction?

A That is the majority of the cost.

Q Then in that year, the last pre-war year, carpenters were paid 90 cents per hour and labourers 50 cents? A. That is correct.

Q Coming on to 1940-- if my learned friend objects to my leading, I won't.

THE COMMISSIONER: It is obvious what they are. It is simply a matter of explaining the statement.

MR. VIRTUE: Shall I run through it or put the statement in?

THE COMMISSIONER: It is for you to say, Mr. Virtue.

MR. VIRTUE: Q: In 1940 in September lumber of the same type was $23.00? A. Correct.

Q Carpenters wages and labourers wages the same?

A Correct.

Q Coming to the spring of 1941 you did a job there and lumber of the same grade was then $27.00 a thousand? A. Yes.

Q Carpenters wages 97½ cents?

A Yes.

Q And labourers wages 55 cents?

A That is correct.

Q In September for similar reason your cost of lumber had dropped down to $25.00?

A Just a little variation in that particular job.-- a little smaller type of lumber. There might be $2.00 difference, but the average would be about the same.

Q Carpenters 98 cents and labourers 56 cents?

A Yes.

Q Then in January to April 1942, the cost of lumber was $29.00; carpenters wages had advanced to 99 cents and labourers to 56½ cents?

A Correct.

Q Then in August 1942, you haven't the cost of lumber, because I understand that was a Government job and the Timber Controller would buy the lumber; but carpenters wages had gone to $1.01 and labourers to 59½ cents? A. That's right.

Q When coming to December 1943 to May 1944 --

THE COMMISSIONER: Thes rest of these figures speak pretty well for themselves, don't they?

MR. VIRTUE: I think so. I don't think I need go over them.

THE COMMISSIONER: Q: You might explain the line,

"Comparison Pre-War (1939) with 1943" Do I interpret that to mean that 1939 is 100%?

A A 100% increase in 1943.

MR. VIRTUE: Q: That is from 1939 to 1943 lumber of that grade had advanced 100%?

A That is correct.

Q And carpenters wages advanced approximately 35%? A. That is correct.

Q And labourers wages 50%?

A Yes.

Q Then your next comparison compares late 1941 and early 1942 with the same period in 1943. Lumber had advanced over 1941 50%?

A Yes, there was rapid advance during that period.

Q Carpenters wages had advanced 15% and labourers 40%? A. That is right.

Q I understand you subsequently looked up and discovered that the labourers rate had actually changed in the month of May 1943 from 59½ cents to 74 cents? A. Yes, I picked up one typical record and that shows the actual date the wages changed from 59½ cents to 74 cents.

Q And when did the carpenters rate actually change?

A That w as later. There was quite a little negotiation and the actual date of change was August 1943. The agreement expired the first of July, but there was quite a period of discussion and the actual change of rate wasn't put into effect until August.

Q Then it was a 10% increase?

A That is right.

Q Speaking of what we might call common construction generally, which would include what you might call ordinary electric wiring; ordinary plumbing and painting and all the other operations that go into the construction of an ordinary building, are you able to say as to this same ratio being applicable or not? A. Generally, yes. The lumber represented a bit more than the other things but the average kept fairly consistent with the carpenters and labourers. Some things went up rapidly and some not so rapidly, but the average was about the same.

Q Running over the whole cost of the average construction job?

A That's right.

(DOMINION CONSTRUCTION CO.STATEMENT OF COSTS MARKED EXHIBIT GENERAL-104.)

CROSS EXAMINATION BY MR. HUNTER:

Q These wages I presume are Union wages?

A The carpenters particularly. I don't know whether all the labourers were part of a Union at that time, but they were the standard rate of wages.

Q And that covered what area?

A Particularly this area and usually they followed throughout other districts; and particularly of course, they were responsible for the Vancouver district.

Q And is it your experience that builders, that is small builders building houses, always employ

that was after the 2% was off or not but I would think it would be with the 2% off.

Q When did they stop the 2%?

A The 2% is still in force but in the old days the general contractor could purchaser from the wholesaler, but when it got very scarce all mills stuck to the retail list and you had to be a good boy to get it even at retail.

Q And when did that start?

A As soon as lumber got scarce.

Q I mean that may be very obvious to you, but I am not sure when it did become scarce.

THE COMMISSIONER: Q: 1940 or 1941, wasn't it?

A I think that would be it.

(Witness aside)

MR. McMASTER: I call Mr. Hewer.

THE COMMISSIONER: On what subject?

MR. McMASTER: On the subject of appraisal of V.L.A. land.

IRVINE BRUCE HEWER, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. McMASTER:

Q Mr. Hewer, what is your present occupation?

A Real estate business.

Q And how long have you been engaged in the real estate business?

A Since 1907.

Q Would you just outline to his lordship where you have been engaged in the real estate business?

THE COMMISSIONER: Mr. Hewer has already given evidence

before me previously.

MR. McMASTER: Very good, my lord.

Q Mr. Hewer, you have been engaged in examination of the property sold by the Custodian to the V.L.A. formerly the property of Japanese, is that correct? A. Yes.

Q And by whom were you engaged?

A By Campbell, Brazier and Company.

Q Approximately when? A. The latter part of April, 1948.

Q And at the time you were engaged were the Soliders' Settlement Board appraisal reports made available to you or not?

A No.

Q Without going into details how did you decide was the best way to go about the problem when you didn't have those reports available?

A Well, there was a great number of these properties to be examined and I thought the best idea would be to make a general examination of the properties in the municipalities in which they were included and make notes in respect to them.

Q And how were you advised as to what properties to be examined? A. I received slips which contained information in respect to the legal description, the serial number, sometimes the street address or road address and probably the amount of acreage invovled.

Q And the Japanese name?

A And the Japanese name was on the list.

Q What were you instructed to do by Campbell Brazier and Fisher? A. To inspect these properties and place a fair and reasonable valuation on the properties.

Q And what did you understand by fair and reasonable valuation, or fair market value?

A A price that would be obtained for properties in free competition; the sellor would want to sell his property and the buyer would have no particular reason to buy that particular piece of property except in competition with other properties.

THE COMMISSIONER: Q: That is, what date did you fix those prices? A. 1943.

MR. MCMASTER:Q: What was the basis of your remuneration?

A Daily.

Q And did that retainer relate in any way whatsoever to the amount of the claim or the amount which might be recovered on the claim?

A No, not in any respect.

Q When you received these advice slips setting out the name and the legal description of the particular Japanese properties, how did you go about locating the properties?

A Mostly by the legal description which was contained on the slips and also inquiring from the present owner of the property and from tax notices these people received with respect to the properties.

THE COMMISSIONER: Q: The tax notice that the occupant received? A. Yes, and if I wasn't sure of it I would inquire from the district of

people that lived there some years previous and assure myself that that was the proper location.

Q And how many of the Japanese properties would you examine on this particular survey, approximately?

A I would estimate between 300 and 400.

Q You haven't completed your examination of all the properties? A. No, I haven't.

Q Having located the properties what sort of examination did you make at that time?

A Well, I made a general examination of the property and used my knowledge of real estate values.

Q Did you make any notes at the time with regard to the soil or its cultivation?

A Yes, I observed the condition of the soil and the condition of the buildings; made notes in respect to schools, market conditions, road conditions to the property and modern conveniences in the district.

Q And at the time you were making these examinations of the Japanese properties in 1948, did you obtain any information with regard to actual sales that had taken place say between 1941 and 1944?

A Yes, when I was in the district in which the Japanes properties were located I made inquiries from land owners that lived in the district during the period 1940 to 1943 and from that source of inquiry I obtained where sales had been made privately .

Q Having found out about private sales in any one place in the period, did you do anything to check

the information as to prices which you are advised had been paid?

A Yes, I did.

Q And what did you do?

A Well, I examined the property as to the acreage.

Q You would be advised as to how much somebody had paid for it by word of mouth?

A Yes.

Q Did you take any steps to check up on the actual condideration? A. As a general rule I met the purchaser of that property on the property and inquired from him the amount of acreage involved in the sale, the condition of the property at the time of the sale, the condition of the buildings, and the amount of acrdage cleared and the amount of acreage uncleared.

THE COMMISSIONER: Q; Does this relate to subsequent sales of Japanese property?

A It would be private sales.

Q But I do not follow you. What sales did they relate to? A. Private sales of Japanese property or Japanese properties sold prior to 1942.

MR. McMASTER: Q: That is to say sales other than the sales to the V.L.A.? A. Yes.

Q Which were the subject matter of claims?

A Yes.

Q In the process of getting information from the owner, Mr. Hewer,he would usually intimate to you, I suppose the price he had paid for it?

A Oh,yes.

Q And how did you make sure that price was accurate?

A By having the valuations checked in the Land Registry office.

Q The valuation or sale price?

A The sale price, rather.

Q When you had located private sales and had received this information from the owner, what did you do with regard to the private sales, that is other than Japanese sales?

A I examined the property in the general way of a real estate appraisal and came to a decision as to the value as near as I could and the condition of the buildings and the like of that.

Q Did you analyze the sale at all to determine the respective values of improvements to the land?

A Yes, I would evaluate the buildings and place a value on them and deduct the value of the buildings from the purchase price, and the remainder left would be the value of the land. Then if there was any uncleared land I would evaluate that and that would leave the value of the cleared land.

Q Did you have any means at all if you got one private sale in the locality of checking the respective land values you arrived at from that method to see whether they appeared to be proper?

A Well, I would endeavor in that locality to obtain it from private sales if I could and then I would use the same method of appraising them.

Q Then did you compare the one analysis with the other?

A I would compare one analysis with the other, or the break-down of the buildings with the first property.

Q How many of the Japanese properties have you actually made appraisals of?

A I would say about thirty.

Q And were you handed the Soldiers' Settlement Board appraisal report at the time you were asked to make those appraisals?

A Yes.

Q When it would be that you were requested to make some fifty appraisals?

A I would say it would be around about the 1st of November.

Q And you have only been able to complete thirty of them at the present time?

A Yes.

Q I presume the weather conditions have had something to do with that?

A The time is a great factor in weather conditions and road conditions that interfered in the last two months.

Q When you had the Soldiers Settlement Board reports, did you go back out to the property again?

A I went back out to the property. I first examined the Soldiers' Settlement Board reports carefully and then I went back to the property and compared the information contained in the Soldiers' Settlement Board report with my notes in respect to that piece of property.

Q And if you found conditions in the Soliders' Settlement

Board reports obtaining in 1942 which differed from your observations in 1948, did you make any adjustment?

A Yes, I had to make some adjustments at that time, particularly in the conditions of the crops that were in place or being cultivated in 1942 when the Soliders' Settlement Board report was made.

Q And did you accept their statement as to the portion that was cleared and uncleared?

A Yes, I checked that and in most instances their report was accurate.

Q And with regard to buildings appearing in those reports which had been so altered or had been removed that you couldn't make an actual examination, did you accept their information as to the size and condition and that sort of thing?

A Yes.

Q Did you feel in those thirty cases after your physical examination of the property and after reading through and studying the Soldiers' Settlement Board reports that you could get a fairly good picture of those properties as they were in 1943?

A Yes, I feel sure I got a good picture of the condition of the property in 1943.

Q After you had got that picture of the Japanese property you were appraising as it was in 1943, how did you go about placing a value on the Japanese property or arriving at an opinion as to its value? A. Well, my general knowledge of real estate values and my examination

of the private sales in that locality.

Q And did you do anything at all to check your valuation of that Japanese property in relationship to the actual sales in the locality?

A Yes, I did.

MR. McMASTER: That's all.

THE COMMISSIONER: Before Mr. Hunter begins, it is very interesting to me to know that Mr. Hewer made all this examingtion but what is the result of it?

MR. McMASTER: All I am calling Mr. Hewer for in this respect is to show the method he employed in going about making his appraisals. Later on when we deal with the specific cases we will go into the specific details. This is purely of a general nature.

THE COMMISSIONER: All right.

MR. McMASTER: There is one point I wanted to cover.

Q Did you bring it to court with you this morning, a map of a portion of Pitt Meadows?

A Yes.

MR. McMASTER: The other subject I want to deal with is you may recall in Pitt Meadows there were three Japanese properties on Advent Road. If I recall these numbers correctly they were 900, 847 and 855 where the Japanese had values for uncleared land , purchases from Menzies in one case in 1933, $75.00 an acre, in 1937 $90.00 an acre, and the other one in 1941 $250.00 an acre.

TGE COMMISSIONER: I do not recall it, but I have no doubt your recollection is accurate.

MR. McMASTER: And I put to one of the appraisers for the Soldiers'Settlement Board as to whether in placing his valuation he took that into consideration, and the opinion was expressed that those prices were paid because the Japanese wanted to get togehher in their community.

Q Have you the map there, Mr. Hewer, showing the area of Pitt Meadows with Advent Road on it?

A Yes.

Q And the pencil markings on that map are your markings, is that correct?

A Yes.

MR. McMASTER: Before dealing with that, I have given my learned friend a copy of the search I have had made in Pitt Meadows with respect to certain sales, and I would ask to file that as the next exhibit. I want to deal with those sales that were sales mainly to Occidentals.

MR. HUNTER: I would certainly like to know what that is before it is filed. I don't want to be technical.

MR. McMASTER: It represents a search in the Land Registry office of the title, number, and date of the deed, the parties to the deed, the legal description of the property and the consideration as expressed in the deed relating to certain properties on or near Advent Road.

THE COMMISSIONER: Does it show what acreage is involved?

MR. McMASTER: No.

MR. HUNTER: I would like to know what this is for. Are

these Japanese properties and if not, why are they being filed?

MR. McMASTER: The properties, I think, are all properties sold to or purchased by other than Japanese persons in 1940, 1941, 1942, one in 1937 and one in 1945.

THE COMMISSIONER: You put them forward as sales of properties comparable to Japanese properties?

MR. McMASTER: Yes, and I intend to call evidence that at the time those sales were made the properties were mainly uncleared land.

THE COMMISSIONER: Are you content with that, Mr. Hunter?

MR. HUNTER: Yes, my lord.

THE COMMISSIONER: I gather that your friend is putting forward this extract from the Land Registry searches with a view to showing that these ~~xxx~~ transactions actually went through the Land Registry office on the date shown. Ipresume the information contained here is accurate but it is all open to you to attack if you choose to question it, is that satisfactory?

MR. HUNTER: Yes, my lord, as long as he produces evidence to show it is comparable to some other land.

MR. McMASTER: That is what I am going to do.

THE COMMISSIONER: That will have to come.

MR. McMASTER: Q: Referring to this map of Pitt Meadows and with reference to the property on Advent Road, would you first of all locate on that property the west half of Lot C, of Lot Two of Lot three of Block 12 of subdivision 36.

A (Indicates) .

Q And that property is shown as having been purchased by Doerkson in October 1942?

A Yes.

Q Could you tell his lordship what is the condition of that property at the present time as to being cleared and uncleared, and any improvements on it?

A As near as I can estimate there is about a half to one acre of that property cleared.

Q And the property is what size?

A Approximately about 2.85, I think.

Q Refer to your map?

A 2.6.

Q 1.6? A. 1.6, pardon me.

Q And at the present time there is about a half to one acre cleared?

A Yes.

Q Have you interviewed Doerkson or any other person that lived in that area in 1942?

A No, but I interviewed Dibbon.

Q And Dibbon owns the property adjacent to it?

A Yes, the east half of Lot C.

(MAP MARKED EXHEBTT GENERAL-105)

(PARTICULARS OF SEARCH MARKED EXHIBIT GENERAL-106)

Q Were you abel to obtain any information from Dibbon or otherwise, as to what condition the property next door that belongs to Doerkson was in in 1942? A. Yes, Dibbon I think purchased this property in 1942, and he seemed fairly familiar with the west half of Lot C as he lived next door, and he assured me that the

building or shack on this property was --

THE COMMISSIONER: Q: On which property?

A On the west half of lot C.

MR. McMASTER: Q: Doerkson's property?

A Yes.

Q That is what was referred to here?

A Yes.

Q And there was a sale on it in 1942?

A Yes.

Q And was he able to tell you anything as to whether the land was cleared and what portion of it in 1943? A. He thought at that time there was about half an acre to an acre cleared.

Q The next property referred to in Exhibit 106, is the property which was sold by Menzies to the Harris' and then by the Harris' to Dibbon. That is the east half of Lot C?

A Yes.

Q How much of the east half of Lot C was now cleared?

A About half an acre.

Q And was Dibbon able to tell you as to what the condition of that property was at the time he bought it from the Harris'?

A At the time he purchased the property in 1942 --

Q It is shown here as June 1942?

A Yes. There was a small shack on the property on which he placed a value of $50.00, and there was about half an acre of the property cleared. I think the total amount of acreage was about 1.5.

Q It shows 1.4? A. 1.4 , that would be right.

Q And did Dibbon know when the Harris' purchased originally from Menzies prior to his taking it over, whether the shack had been built at that time or the property had been partly cleared?

A No. From information I obtained from Dibbon the shack was quite old.

Q So it had been there for some time?

A Quite a long time.

Q Dealing with number 3 which is Lot D, except the east part, sold to Machiner. Can you advise the Commissioner how much of that property is now cleared? Before I refer to that, it is approximately two acres, is that correct?

A Yes the total acreage is about 2 acres.

Q How much of that is now cleared?

A About three-quarters of an acre.

Q And were you able to ascertain how much of that property was cleared in 1942 when Machiner bought the property?

A I don't think he did any more clearing since 1942.

Q Were there any improvements on the property at the time of purchase?

A I haven't got my notes here just now, but --

THE COMMISSIONER: We do not want the witness to be guessing?

A I can say there was a small building on the place by identifying the actual property here.

I can identify it with this property here, (Indicating).

MR. McMASTER:

Q That is the Barnes property?

A Yes.

Q Dealing with No. 4, which is the east portion of Lot "D", that is 1.85 acres?

A Yes.

Q Can you advise his lordship how much of that property is now cleared?

A About half an acre; not more than half an acre cleared.

Q Barnes acquired that property from a Mr. Unrau, is that correct?

A I think so.

Q Subsequent to the sale that appeared on this search?

A Yes.

Q Were you able to find out whether that property had been cleared in 1945 at the time Unrau first bought it?

A Yes, the property was cleared -- the half acre was cleared at that time.

Q Were there any improvements at that time on the property? A. Yes, there was.

MR. HUNTER: Would my friend explain the significance of this sale in 1945. I don't quite follow this.

MR. McMASTER: I am not pressing the 1945 sale, my lord.

THE COMMISSIONER: All right.

MR. McMASTER: Q: Dealing with the fifth property referred to in Exhibit 106, that is the property which was sold to the Board of school trustees

of the District of Pitt Meadows in 1937, where is that property situated on the map?

A Right there, (indicating).

Q And you have got "school" marked opposite?

A Yes.

Q How large was that property?

A About .33 acres.

Q And is it cleared at the present time?

A It is cleared at the present time and was cleared at the time of sale.

Q That is your information?

A That is my information.

Q Down Harris Road, No. 6 on Exhibit 106, refers to Lot 1 or Lot 2 in that property was purchased by Munro in 1941; and what is the state of that property at the present time?

A The state of the property at the present time is there is a dwelling on it and the rest partly cleared.

Q Were you able to ascertain whether at the time the Munro's bought that property it was cleared or uncleared?

A It was uncleared.

Q And with regard to Lot 2, which is right adjacent to it, No. 7 on Exhibit 106, it was purchased by people by the name of Duff. Is that property cleared now? A. Yes, it is cleared.

Q And were you able to ascertain whether it was cleared or uncleared at the date of the purchase by Duff?

A It wasn't cleared at the date of purchase by Duff.

CROSS EXAMINATION BY MR. HUNTER:

Q Where is your office, Mr. Hewer?

A 221 Hall Building, Vancouver.

Q And were you familiar with this rural area in 1943? A. Yes.

Q Had you sold or appraised farm properties out there? A. Well, in the Fraser Valley, yes.

Q Where in the Fraser Valley had you sold or appraised properties?

A Well, in Matsqui.

Q How many properties did you appraise there?

A I appraised properties there for the Department of National Defence.

Q How many properties?

A Oh, it might involve at that time two or three properties to my knowledge in one location and the whole of Langley, it would probably be the same amount.

Q Have you ever appraised for private individuals up there? A. No, not in that immediate vicinity.

Q Where in the Fraser Valley have you appraised for private individuals?

A Chilliwack.

Q And how many appraisals have you done up there?

A Possibly would amount to 100 or 125.

Q In Chilliwack? A. Yes.

Q Why up there? A. Because the Army Camp was located there.

Q This was againffor the Government?

A A Yes.

Q I mean for private individuals, not for the Government? A: Well, I have been acquainted with the Chilliwack area since 1910 and I have sold and appraised properties there.

Q Let's get down to something different. Let's take Pitt Meadows. How many properties have you sold in Pitt Meadows?

10 A None.

Q How many have you appraised?

A None.

Q How many properties have you sold in Maple Ridge? A: None.

Q How many have you appraised there?

A Prior to this time?

Q Yes. A: None.

Q Anywhere in the westerly end of the Fraser Valley where you have appraised and sold properties? A: Well, I haven't sold any properties in the lower end of the Fraser Valley.

Q Where have you appraised properties in the western end of the Fraser Valley?

A It would be at Sea Island and Lulu Island.

Q Aside from Richmond, have you ever appraised anywhere in the Valley?

A Only in around Chilliwack.

Q And nowhere in between?

30 A No.

Q This was your first experience at it?

A The first experience at valuating or selling properties in those particular locations.

Q And I judge since you weren't selling land in the other part of the Valley or appraising it, you were quite unfamiliar with it; is that correct?

A No, my general knowledge of land values would give me a pretty fair picture of the quality of the soil in that locality.

Q And how about market value?

A It would give me a fair knowledge of market value.

Q Even although you had never sold or appraised these, you are coming in in 1948 to appraise these properties and appraising them as at 1943, and again that would be quite simple for a man of your experience?

A It wasn't quite simple, but it worked down to where I could arrive at a fair valuation.

Q When getting these private sales, how many sales did you get before you felt you had a measuring rod? A: In the time at my disposal, I tried to get three or four private sales in that immediate location.

Q And as at what date?

A These private sales were made prior to 1943 or 1944.

Q And they were all prior to 1943, were they, or 1944? A: I didn't

consider I wanted any properties later than 1944.

Q I presume you examined these comparable properties, did you?

A Yes.

Q When you examined them, how carefully did you inquire to ascertain what their condition was at the date of purchase?

A In all instances or the majority of instances, I contacted the owner of the property on the property and inquired through him as to the amount of acreage involved in the sale, the condition, the amount of acreage cleared, and the amount of acreage, if any, uncleared.

Q As of the date of sale?

A As of the date of sale.

Q Yes. A: Then I in inquired from him the condition in which the buildings were in at the date of his purchase, and as to the general conditions of the farm and any plant crop and the like of that.

Q How many of these sales did you get for each locality? You say you tried to get three or four. How many did you actually get?

A I can't answer that accurately.

Q Have you a list of the sales?

A Not here.

Q How many did you handle altogether?

MR. Mc MASTER These would be coming up when the category cases are heard.

MR. HUNTER: Q: How many of these comparable sales were you able to find altogether?

A I would say in a general way probably fifty or sixty.

Q Covering what municipalities?

A Delta, Surrey, Pitt Meadows, Maple Ridge.

Q And each one of these fifty or sixty you appraised? A: No, I have appraised about thirty of those.

Q And you broke down thirty of those comparable sales?

MR. McMASTER: Is my friend referring to the appraisal of Japanese lands or the actual private sales?

MR. HUNTER: I am referring to private sales. If the witness wishes to change his answer, he can.

A I thought you were inquiring about private sales.

Q So you were covering Delta, Richmond, Pitt Meadows and Maple Ridge?

A Yes.

Q You analyzed thirty sales?

A About thirty, yes.

Q That would be an average of about what -- eight in each municipality?

A No, not so many in Delta or Surrey.

Q How many in Delta and Surrey?

A Oh, there might be three or four in Delta.

Q And how many inSurrey?

A Oh, probably three or four.

Q And how many in Pitt Meadows?

A There would be about the same amount there.

Q Three or four in Pitt Meadows?

A Yes.

Q And where are the rest?

A Maple Ridge.

Q So that you had, say, eighteen in Maple Ridge, is that right?

A That would be about right, but the majority I have really completed are in Pitt Meadows and Maple Ridge.

Q You said three or four in Pitt Meadows. Those established your base line, is that right, in Pitt Meadows?

A I probably didn't understand you clearly. The majority of comparable cases were confined mostly to Pitt Meadows and Maple Ridge.

Q You saidthree or four in Delta?

A But I haven't fully completed those yet.

Q You haven't made any appraisals in Delta yet?

A I have made appraisals but I haven't completed them entirely.

Q You have made appraisals without establishing a base line?

A In some instances I have and in some I haven't.

THE COMMISSIONER: Q For what two municipalities have you made your appraisals?

A Maple Ridge and Pitt Meadows

MR HUNTER: Q There seems to be a certain amount of confusion here. You said you had finished

three or four of these private sales appraisals in Pitt Meadows?

A Yes.

Q And they established your base line for the appraisals in Pitt Meadows?

A Not so much in Delta and Surrey.

Q Pardon? A: Not so much a base line in Delta or Surrey because I hadn't fully completed my examination there of sufficient properties in that district.

THE COMMISSIONER: Q: Let us understand what we are talking about. Have you completed your analysis in Maple Ridge and Pitt Meadows?

A Not fully. I did about thirty.

Q You did about thirty in those two Municipalities?

A Yes.

MR. HUNTER: Q: How many private sales did you analyze in order to get your base line in those municipalities?

A Oh, it might be in the neighbourhood of forty.

Q I thought you said before that you had only analyzed thirty of those?

A But I don't want to be confused in this matter.

THE COMMISSIONER: It is very confusing to me up to date. Let us get it straightened out.

THE WITNESS: I may not be answering you correctly, Mr. Hunter.

THE COMMISSIONER: Supposing you start all over again, Mr. Hewer, and let counsel put his questions to you as if you had said nothing at

all before in this regard.

MR. HUNTER: Q: To establish your base line for values, you appraised how many privately sold properties?

MR. McMASTER: I think if my learned friend wouldn't use the word "appraised", that would save some confusion. He examined private sales.

MR. HUNTER: I mean appraised.

THE COMMISSIONER: I prefer that counsel do not interrupt in the course of cross-examination. I think the witness is capable of looking after himself.

MR. HUNTER: Q How many of these private sales to establish your base line have you examined and appraised to get a breakdown of values?

A I examined a great many of the private sales, but I appraised and examined probably about thirty of these properties in Maple Ridge and in Pitt Meadows.

Q Those thirty are in those two districts?

THE COMMISSIONER: The witness says "these properties". I don't know what these properties are.

A Private sales.

Q Those are private sales?

A Yes.

MR. HUNTER: Q: And these thirty private sales which you appraised are entirely in those two municipalities, are they?

A Yes. I had examined private sales in other localities.

THE COMMISSIONER: Q: Let us stay with one place for a little while. We are now talking about Pitt Meadows and Maple Ridge.

A Yes.

MR. HUNTER: Q: Do you know how those were apportioned--half to each municipality?

A Not offhand.

Q Is it fair to say they are equal?

A No, there would be probably five or six or probably eight in Pitt Meadows and the balance would be in Maple Ridge.

Q So that out of the thirty, there are eight now at Pitt Meadows, is that correct?

A That would be about right.

Q And from those eight, you established your base line for values in Pitt Meadows?

A Yes.

Q That leaves about twenty-two, and I presume again that from the twenty-two in Maple Ridge, you established your base line of values for the Municipality of Maple Ridge?

A Well, that isn't quite correct.

Q What is correct then?

A In the locality in which a Japanese property was located, I tried to establish in that location probably two or three private sales, so that I could make a comparison of private sales with that of the Japanese.

Q Now, may I have Exhibit 98. The properties marked in red on this map, Exhibit 98, are

Soldier Settlement Board purchases from the Custodian of Enemy Property. That consists of some eighty-six which were picked by Mr. Cobus. You will see they are scattered pretty generally throughout the whole Municipality?

A That is correct.

Q I presume, therefore, that your private sales are equally scattered throughout the Municipality?

A Pretty well, yes.

Q In other words, you have about twenty-two sales scattered all through the Municipality for this work? A: Yes.

Q So in any one area you would have perhaps what-- one, two, three?

A Probably.

Q And from that you established your base line of values? A: Yes.

Q Those sales you analyzed and appraised, what did you do to compare them with Japanese properties? A: In my examination of the private sales, I was able to form a basis of values of cleared and uncleared land in that locality.

Q How were you able to do that?

A By the breakdown of the private sales.

Q You appraised the house as of the date of sale, is that correct? A: Yes.

Q And then you subxtracted, I think you said, from the total purchase price not only the house but the buildings on the property and that gave you

the value of the land?

A Yes.

Q And how did you break it down further?

A By valuating the uncleared land, which would leave the remainder of the purchase price representing the value of the cleared land.

Q And how did you appraise the house?

A Well I appraised the house, but after my examination, as to its condition or the condition at the time of purchase.

Q And were you familiar with the values of buildings out in Maple Ridge?

A To a great extent. They wouldn't change there much more than at Chilliwack or any other place.

Q And how did you appraise these buildings? Did you measure the house and buildings?

A I did.

Q And figured out its content?

A I would figure out the square feet in the building.

Q And you went through the buildings and examined them?

A In the majority of cases, yes.

Q In how many cases?

A Oh, mostly all cases.

Q You saidthe majority. How many didn't you go through?

A Probably the conditions might not be right for me to go through certain parts of buildings

and the house especially, but I could get a fairly good look at the dwellings.

Q These sales you examined, you said they were all prior to 1944, I believe?

A No, from 1940 to 1944 and included 1944.

Q How did you discount the alleged increase of market between 1943 and 1944 when you were examining these properties?

A There were very few in 1944 but there were one or two cases I examined in 1944, yes.

Q You didn't feel the market was any stronger in 1944 than 1943?

A Yes.

Q How did you discount that value?

A You discount it probably 10% or 15%.

Q I am not asking how you probably did it. I am asking you how you did it.

A I don't know if there was any set rule.

Q When you discount a property, you usually have a definite amount?

A If there was an increase in value, it would have an increase.

Q How did you determine whether it had increased in value?

A Because I valued the property in 1944 as to the condition it was in, and if I valued a property in 1944 and the property was purchased in 1942, I would ascertain from the owner the exact condition of the property at that time, the quality of the buildings, and the general repair

of the buildings.

Q Q I think we are misunderstanding each other. I thought you said some of these thirty sales you had examined were sales in 1944?

A There were one or two, yes.

Q I am asking how did you ascertain the breakdown of those 1944 sales if they were to be any guide to you in order to determine their value in 1943? A: I just got through answering that.

THE COMMISSIONER: Answer it again, will you?

A I ascertained from the owner of the property the condition of the property and buildings at the date of purchase.

MR. HUNTER: Q: In 1944?

A In 1944 or 1942 and from that information -- I am dealing with the purchase in 1942 or 1943.

Q Or 1944? A: Or 1944.

Q Yes. A: I based my values on those years.

Q I am asking the simple question again, how did you test 1944 to 1943 prices?

A Because the sale in 1944 was in 1944 and that is the price you paid for it in 1944. So in that particular instance there would be no breakdown.

THE COMMISSIONER: Q: But you didn't attempt to relate it to the 1943 values?

A No.

MR. HUNTER: Q: What did you do --just take them at

their face value? A: No, I would appraise the buildings at what I considered a fair valuation.

Q You didn't touch the purchase price?

A Oh yes, the purchase price was a factor in the matter.

Q And you have no precise method of doing this?

A Just the general rule of appraising buildings of that kind.

Q And, similarly, in 1941 how did you build that up to the 1943 base?

A By information obtained from the owner or the purchaser as to the condition of the buildings in 1941.

Q How did you relate it to 1943?

A I didn't relate it to 1943. I related that private sale purchase to 1941 at the date of purchase.

Q So that you took 1941 prices, 1942 prices, 1943 prices, and 1944 prices and out of those made a base line for your values in 1943?

A That is correct.

(PROCEEDINGS RESUMED AFTER A SHORT RECESS)

MR. HUNTER: Q: In the eight Pitt Meadows' properties you analyzed and appraised, does that include the six or seven shown on Exhibit 106 filed this morning?

A I think they do, yes.

Q That is of the eight properties which you appraised, these are six or seven of them in this exhibit? A: Yes.

Q And the other two were where in Pitt Meadows?

A I just couldn't say offhand. I haven't that information here.

Q But these were in one locality?

A They were adjacent to a certain extent to Advent Road.

Q So the other two were your base line for the remainder of Pitt Meadows?

A No, other sales in that locality, but I hadn't completed them.

Q But you have made appraisals in Pitt Meadows?

A I have made appraisals in Pitt Meadows, but I haven't come to a final conclusion.

Q So none of the appraisals you have made in Pitt Meadows are final?

A Yes, some are final.

Q Just the ones in this area?

A Yes.

Q You haven't appraised any others finally in Pitt Meadows?

A Not up to the present time.

Q These properties you show in Exhibit 106, seem to be very small acreages?

A Yes, but the majority of the holdings in there are small acreages.

Q Are they all down as low as .33 acres?

A Some are, and some are two and some three.

Q You are talking now of the Japanese properties private sales. Let's get back to the Japanese properties. What acreages were they in that

locality? A: Oh, from, I would say offhand, three acres to five and ten acres.

Q So these private sales are all smaller acreages?

A Yes, as it affects the Advent Road location.

Q And they all had shacks on them or vacant lots?

A Some of them were vacant lots at the time of sale.

Q None of these had any kind of a house on it the time of purchase?

A Not what you call a good house.

Q No barns or anything? A: Some had.

Q Which ones had?

A I don't know of any there that had.

Q None in Exhibit 106 had barns on them?

A They might have had small little shacky b buildings, but not any substantial barns.

THE COMMISSIONER: Q: The properties shown in Exhibit 106 are all obviously subsistance properties? A: Yes.

Q That he couldn't keep himself on without employment? A: No, he would have to have a source of revenue.

Q He would have to have some other means of income? A: Yes, employment in the district or something.

MR. HUNTER: Q: These are really home sites?

A They are to a certain extent, yes.

Q That would be the main thing?

A Yes.

Q So they are really hardly comparable to larger acreages?

A There are no larger acreages on that.

Q These properties shown in Exhibit 106 are not really comparable to properties with larger acreages? A: To a certain extent, yes.

Q You don't calculate the value of acreages in a small homestead?

A No. As a rule five acres of land would probably be a little less value.

Q There is a certain home site value to these?

A To one acre or two acres, yes.

Q And how did you relate in your comparison this smaller acreage to the larger acreage?

A Well, it just depends on the condition in which the larger acreage is in, whether cleared or uncleared land. If cleared land, it would be a basis of value as clearedland. If uncleared land, which the majority of that is, at the time of purchase, then the value is based on uncleared land.

Q No matter how large the acreage?

A If a larger acreage, it would probably be a little less value.

Q On this first property you show from Menzies to Doerkesen , you stated, I think, that the total acreage was 1.6 acres?

A I think it is approximately that.

Q And you said you believed there would be from

a half to one acre cleared?

A Half to one acre cleared, yes.

Q On a property of 1.6 acres, one-half to one acre cleared is a pretty rough estimate, isn't it?

A There might have been one acre cleared at the time of this sale, but some of this property had grown up again. I haven't got my field notes with me so I can't give you the exact acreage that was cleared and what was remaining uncleared.

Q You would grant that an estimate of one-third to two-thirds is pretty rough?

A I would say so, yes, but I haven't my field notes here with me.

Q When you were valuing these buildings, --talking about private sales again--and were appraising these properties in order to get some measuring rods for your land valuations of D.V.L.A. property, in the appraisal of buildings how would you actually arrive at your value? What rate per foot would you take?

A Well, for a poorly constructed building like a a shed or a garage, I would measure the width, then the length, and I would place what I considered a fair value per foot for that particular building.

Q What tables were you working from?

A On a square foot basis.

Q Were you using tables or just your own opinion?

A Just my own opinion, which is used generally in that form of construction.

Q When you got to your better class properties, how did you arrive at your rate?

A Well, to a better class, say, chicken house or dwelling, I would value that by the square foot by measurements outside.

Q And what rate would you use?

A Anywherefrom $1.50 to $3.00 or $3.50 a square foot.

Q Where did you get that rate?

A Well, I think that isthe general rate used.

Q For houses or chicken houses?

A Well, it could be used for chicken houses. If it happened to be a very important house, a well qualifiedhouse, with good hardware, and good plumbing and steam heating, you would probably use cubic feet.

Q I want to try to get some idea of how it was done? Let's take a chicken house reasonably well constructed. What rate would you use then per foot?

A According to the age and the condition of the b building, I would use anywhere from ten cents to fifty cents a foot.

Q And in a good house how much again?

A Probably up to $3.00 or $3.50.

Q Per thousand feet? A: No, square foot.

Q I thought you said you used cubic feet?

A I am talking about a house particularly in Shaughnessy or a good location in Vancouver.

Q How did you decide on the actual rate? Were you using tables?

A No, my general knowledge of construction.

Q And that was the final value you placed on those buildings? Did you try to relate that to the fair market value of buildings?

A I would try and relate that to my knowledge of buildings and construction and apply that one way or another--a lower value for a poorly constructed house or a dog-looking house, and I would increase that value if it happened to be a pleasant looking house and good construction.

Q Did you rely on the replacement value of the building or did you try and relate that value for replacement to fair market value?

A I was trying to value those buildings at the date -- if there was a Soldier Settlement Report and it stated on there the building had a full foundation cement floor and it was lath and plaster, and the building was a year or two years old at the time of the Soldier Settlement Board appraisal, I would use that, but first I had examined these buildings and made field notes as to the condition I saw them prior to the time I received the Soldier Settlement Board rpports. At that time I would have to change my opinion and reduce the

value to what I consideredthe building to be worth; other times I would increase it.

Q And in properties that had changed very considerably since the datex of the Soldier Settlement Bboard appraisal, you worked from the information on the Soldier Settlement Board appraisal?

A Yes, that is the only method I would have of the buildings and the condition in which the building was in, was the Soldier Settlement Board report.

Q And again you had appraised that as of 1943. Is that the date of your appraisal?

A Yes.

Q That is, with that information, working from the Soldier Settlement Board appraisals, you would then relate it to 1943?

A Yes. The Soldier Settlement Board report was 1942.

Q But you were appraising as at 1943?

A Yes.

Q And you related it to 1943 by reason of measuring rods which you obtained anywhere from 1940 to 1944? A: Yes, in comparing values I would use that.

Q In the dyked areas in these municipalities of Pitt Meadows and Maple Ridge, how many sales did you get there for comparison purposes?

A I think, going by memory, I was along the river road. I was able to get probably four or five properties in there to compare with

Japanese properties.

Q Again over a period 1940 to 1944?

A The majority of these were in 1942.

Q They would be? A: Private sales in 1942.

Q And you made analyses of the appraisals of those? A: Yes.

Q And you have your field notes and appraisals?

A I haven't them with me.

Q But you have formal appraisals of allthese properties?

A Yes.

MR. HUNTER: That's all.

THE COMMISSIONER: Any re-examination?

MR. McMASTER: No, my lord.

(Witness aside)

MR. McMASTER: Thatis all the evidence I want to call at the present time. When Dr. Drummond was giving his evidence, I askedhim to file a frequency distribution on the sales that were dealt with in his report.

THE COMMISSIONER: Yes.

MR. McMASTER: And I would like to reserve on the question of calling evidence on automobiles and trucks. We haven't called any evidence because there has been some discussion between my learned friend and myself on possibly arriving at some agreeable basis as to the market situation. There is only one other thing. I had hoped to be able to call

evidence this morning on the price of lumber. I haven't been able to do that. I may have to ask to call evidence later. As far as I am aware, that is all.

MR. HUNTER: I would like to call Mr. Reeve. I wish him to give opinion evidence on Mr. Cobus' and Dr. Drummond's Reports.

DOUGLAS WILLIAM REEVE, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HUNTER:

Q Mr. Reeve, you have read Dr. Drummond's report; and Mr. Cobus' report?

A Yes.

Q I would refer you to Dr. Drummond's report, Exhibit 102, page 5.

THE COMMISSIONER: Has Mr. Reeve a copy of the report before him?

THE WITNESS: No.

MR. HUNTER: I was going to read it to him.

THE COMMISSIONER: Very well. What page?

MR. HUNTER: It is page 5, section 2, paragraph 2, which reads as follows (reading). May I have your comments on that?

A To any person acquainted with the making of assessments and the principles involved, and also acquainted with the methods of appraising real estate, I don't think either of those assumptions is supportable.

Q That is the two assumptions there, that (reading)?

A Yes.

D. W. Reeve,
In Chief.

Q Would you give yourr reasons why you don't think those are supportable assumptions?

A Well, dealing first of all with the relationship between assessments and market values, an assessment is of a blanket character in which uniformity is generally considered desirable. That results to some extent in average prices in which details are to some extent ignored. Differences between the skill of one farmer as compared with another even on adjoining lands of the same size are not taken into account the same as they would be in fixing a market value because an assessor usually doesn't wish to penalize good management of the property or bonus slovenly methods. He would take a basic value of the land. Unless there is a very marked difference in the nature of the improvements, he would probably put the same rate per acre on the well managed farm and poorly managed farm. With regard to the buildings, if the two houses were equal in construction, for instance, or two large barns, if one was painted and kept right up to date and the other was in fairly good condition, but hadn't been maintained properly but still useable, I think there would be a tendency to put pretty much the same value on so long as the construction was comparable. Buildings are usually graded as to cost of construction, but as to whether they are in good or up-to-date condition --

the man's house isn't painted, for instance — the assessor doesn't increase the assessment. Details of that kind are ignored in assessments, but when you come to market value, every detail of its present condition, every variation, is examined and taken into account. In the case of farm lands, if a man of great skill has been managing it and the land has been worked up to a point of rich fertility, that is a good deal more attractive than a property which has not been taken care of, perhaps not well fenced, or well graded, whereas the other has everything done to it that can be done to improve it. And the same with regard to buildings. If you have a farm with too many buildings, where it is overbuilt, as it were, a purchaser doesn't want to pay the structural value of the buildings because he can't make full use of them, and naturally discounts the structural value. If, on the other hand, you have another farm with buildings badly placed, the barns a long way from the road and that sort of thing, the buyer would discount the value of the whole property because of the inconvenience of operating it. There are all sorts of details like that to be taken into account in the purchase, that might not be emphasized to anything like the same extent in the difference between assessments.

Q What have you to say as to the statement, "As

assessments rise, prices will also rise in some measurable association"?

A I don't think that is correct. As a matter of fact, I think it is the other way around. An assessment is made at a certain time and perhaps one district in the municipality will develop more quickly than another, and be more improvement done, and prices will begin to rise and sales that go through will be perhaps higher than the assessment. The assessor will notice that and will probably decide the following year to make a revision of that particular district. But the assessment usually follows the increase in prices. If assessments were to increase first, it might have the effect of reducing values because the amount of taxation on a property affects its value. If the taxes are very high a purchaser doesn't want to pay as much.

Q Again on the same page, Mr. Reeve, -- I will read it to you -- the same section 2, paragraph 2, about lines 7 to 10 it says (reading). May I have your comments on that?

A If an assessment is consistent throughout, it would be an ideal situation, but I think you will find it very seldom occurs in practice. Some assessments are made, particularly in rural areas, I believe, once every five years, and during the interval between the assessments changes will occur which will alter the

consistency of the assessment. Then again sometimes an assessor will make what he considers a good assessment and revise part of it. That may be because he hasn't time to do more in one year. That would create a disproportion between one district and another. It is very seldom you find any assessment is consistent throughout. I think I can illustrate that to some extent by comparison with the assessments and sale prices in Mr. Cobus's report.

I made a frequency distribution on the sales in 1943. I would like to give you that.

Q Yes.

A These are the 71 sales made in 1943.

THE COMMISSIONER: What exhibit is this?

MR. HUNTER: 101.

Q You are referring to Schedule "A" of the 1943 private sales?

A Yes.

Q Will you carry on, please?

A I don't know that this would be of any help, but I find that nine of those sales are below the assessment; two equal to the assessment; the remainder were above the assessed value, ranging from 4% up to very much higher. The nine sales below and the two sales that were equal to the assessment amount to 15½ percent of the seventy-one; eight sales, 11¼ percent of the total, from four percent to thirteen percent above the assessed value; 7 sales --

THE COMMISSIONER: Q: Eight of the sales were from 4% to 13% above?

A Yes. Seven sales were from 14 to 25% above; 9 sales were from 26 to 46% above. That means that 49.3 percent of the total sales were less than 47% above the assessed value, going right down to below the assessed value. Those that were below raged from-- there was one 62½ percent below, 20% below, 3½% below, 13% below, 10% below, 44% below, 18% below, and 39. So that some of them were very considerably below the assessed value; and in view of the fact that approximately half those sales were within--none of them was higher than 47% and they went down as far as 62% below, I think that in itself indicates there is not much consistency in the assessment or relationship between the sale price and the assessment.

MR. HUNTER: Referring to page 15 of Dr. Drummond's report, the last two lines on that page and the first three lines on page 16, where it reads as follows: "The two sampling tests . . . . not of the same kind". And then the conclusion on page 16 says, "The two groups . . . market prices". May I have your comments on that conclusion, Mr. Reeve?

A It is a little difficult to follow the meaning of that. They may be larger properties; they may have better buildings; but to say higher values -- if you get one dozen properties selling for $50,000.00 and another dozen for $20,000.00, it is

obvious that the $50,000.00 ones have realized more money, but it doesn't follow they are of greater value individually. If he had said the values per property were so much an acre more than the other, then you are differentiating according to the quality of the land, but the mere total of the sales or average price per sale doesn't indicate very much in the way of comparable values.

Q On page 18 of Dr. Drummond's report it reads as follows under paragraph 6, "It should be emphasized . . . of any kind". Have you any comment to make on that?

A Well it did indicated to me, in reading the whole report, that he is repeating that as a caution; that he is not sure he can rely on the consistency of the assessment and that it is entirely subject to that.

Q Now, perhaps you have some general comments to make on the report as a whole, and on the conclusions which he has drawn. May we have them if you have made any?

A Well, it is a mathematical calculation based upon about 11% dealing with the D.V.L.A. sales, eighty-four sales picked out of 741, I believe.

MR. McMASTER: I don't like to interfere but the 741 referred to the whole Fraser Valley. This is a study of Maple Ridge.

MR. HUNTER: I am glad to hear my learned friend say

that because the conclusions in the report are certainly not limited to Maple Ridge.

MR. McMASTER: The report Dr. Drummond says is relating to that portion of Mr. Cobus' report that dealt with Maple Ridge.

THE COMMISSIONER: Yes. I think it was not made clear in Dr. Drummond's report, but of course that is the premise.

MR. HUNTER: I quite agree, but I wanted to be clear.

THE WITNESS: So I understand that the eighty-four sales were only in Maple Ridge?

MR. HUNTER: Yes.

A I thought they were a selection out of 741 sales.

Q They were, but all in Maple Ridge. They were a selection out of 215 in Maple Ridge.

THE COMMISSIONER: Eighty-four is a selection out of 215 in one municipality.

A Well, I don't know how the selections were made. I understand they were haphazard, just picked at random.

THE COMMISSIONER: That is what I have been told.

A But it seems to me that if the whole of those 215 had been taken, you would have obtained a more accurate picture because even in picking out things at random, you might hit on a high percentage; if you take them all, you have a better picture of what you are dealing with.

MR. HUNTER: Q: Do you consider that a random method of selection is a suitable one for a

sampling test?

A No. It might lead to a very inaccurate result.

Q What would be the normal method of selection in a sampling test?

A I don't like to make a sample test. I would like to deal with the whole picture. I don't have much faith in averages because they don't tell you the story. If I may illustrate it this way, my lord. I once heard a story of a hunting club of 12 members, and one member remarked that the average value of the members was one million dollars each, and they all laughed at him, and he said, "Supposing he has got 12 million dollars and we have nothing". That, I think, is a good illustration of what an average means. It doesn't lead you to any proper conclusion as to the individual cases. Averages and statistics generally -- I refer frequently to the Dominion Bureau of Statistics on costs, but you can't take those as a measuring rod to decide individual cases because each piece of real estate is different from every other piece of real estate. Real estate is infinite in its variety; and averages and trends are useful as between very large areas country-wide and province-wide and from one year to another if you are comparing this year with ten years ago, and so on. They are useful in that way, but I don't think they are any help in arriving at

the merits of any particular case or even a small group of cases. Averages are likely t to be misleading.

Q Have you any further comments to make on these two exhibits, Mr. Reeve?

A I don't think so.

MR. McMASTER: My lord, I understood that Mr. Reeve was going to be on this afternoon, and while I don't like to bring him back I would appreciate the noon adjournment before cross-examining him.

THE COMMISSIONER: That is satisfactory.

Q Can you arrange to be here this afternoon, Mr. Reeve?

A Yes, my lord.

THE COMMISSIONER: Then we will adjourn until 2 o'clock.

(PROCEEDINGS ADJOURNED TO 2:00 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. McMaster.

DOUGLAS WILLIAM REEVE, resumed the standand testified further as follows:

CROSS-EXAMINATION BY MR. McMASTER:

Q Mr.Reeve, are you a professional statistician?

A No.

Q Have you had any training in statistics or statistical methods? A: No.

Q Are you familiar with the language of statistics?

A To some extent. I can read that report, but there were someparts of it I did not understand.

Q Do you feel you are qualified to give evidence on statistically proved facts?

THE COMMISSIONER: I do not think Mr.Reeve has attempted to do so. The criticism that he directed to the report, as I understood him this morning, was as to the premise on which the argument of Dr. Drummond is founded.

Q Am I right in that? A: Yes, my lord.

MR. McMASTER: My lord, I would suggest that is not a premise that Dr. Drummond has proceeded to prove, if that is what the witness is saying.

THE COMMISSIONER: That is as I understood him. He has said in effect that the assumption on which Dr. Drummond proceeded was a false assumption.

MR.McMASTER: Q: Witness, at page 5, Dr. Drummond said it is natural to assume a relationship between

assessed value and prices, and then did you read further to see whether Dr. Drummon proved that relationship? A: I don't remember seeing any proof in that report.

MR. McMASTER: I refer your lordship to page 7.

THE WITNESS: May I have a copy of that?

MR. McMASTER: Q: Yes, better take my copy.

A That appears to be an equation that is derived from the relationship between the two, but as I said this morning, I do not think there is any relationship betwen assessment and market value.

Q Mr. Reeve, are you qualified to criticize the statistical methods that Mr. Drummon uses to establish that relation ship?

A He has not established it. He has used that to establish an equation.

Q Your opinion is that he has not established the relati onship by showing the coefficient of the correlation? A: That is my opinion, yes.

Q Now, why do you say, then, that on page 7 Mr. Drummond has not proved relationship, Mr. Reeve?

A He establishes an equation which shows a relationship, but he, first of all, assumes that there is a relationship and from that he derives an equation. He has not proved that there is a relationship. That is a matter of practical knowledge, and as a real estate appraiser and I am satisified that there is no relationship.

Q Yes. I would like to read from page 7, Mr. Reeve,

"These two Correlations give the following information:

(A) The coefficient of correlation is an abstract measure of the degree of relationship between the paired variables, X and Y."

X is the assessed value and Y the market prices.

A Yes.

Q Now, we have that.

"The Coefficient of Correlation is an abstrat measure of the degree of relationship between the paired variables, X and Y. When r = 1 the linear relationship is perfect; when r = 0 there is no relationship whatever. In the present examples 'r' has a high value in both cases, + .842 for the first and + .845 for the second. This shows that our assumption that Assessed Values and Prices are closely related or associated is correct."

Now, do you suggest that Mr. Drummond did not, at least in his opinion, show statistically that there was a high relationship?

A Well, you can take two sets of figures and establish the percentage of difference that exists between them, but in the practice of appraising real estate, you don't find usually any relationship between assessment values and market values. As a matter of fact, in making appraisals you don't depend upon the assessed value at all.

Q You are speaking of the individual property, are you? A:I am speaking about individual properties, yes.

Q But Dr. Drummond is dealing here with a group of properties. A:I know. He has taken the average.

Q No, it is not just the average. He has established the coefficient of the inter-relationship.

A I know. I can do that. I have made a frequency distribution of those 71 sales.

Q Will you explain the method of deriving the coefficient of correlation?

A No, I cannot do that.

Q Can you do it? A: No.

Q You just said you could.

A No, I didn't say that. I said I could make up a statement of how two figures compared individually or as an average. I have done so when I gave you those figures this morning about 71 sales. I made what he calls a frequency distribution.

Q But you could not establish the coefficient of correlation between them?

A No.

Q Do you know what is meant by the sampling method in terms of statistical analysis?

A I can't say that I do.

Q Do you know whether it is an accepted method among statisticians? A: I don't know. But I did notice this, that he used a margin of error of 5% and it seems to me, not being a statistician --

Q Where does he use a margin of error of 5%?

A It is in that report.

Q That is in the sampling analysis. Is that correct?

A I don't know. I can find, at page 12, he says we shall use a coefficient of 5%.

Q Do you know what Dr. Drummond was doing at this stage of his report, Mr. Reeve?

A I cannot say that I can definitely, but I notice in another part he refers to a margin of error. He says it is a standard estimate, but not speaking as a mathematician, it seems to me that a margin of error of 5% is perhaps applicable to a very large number of figures. It might be more applicable to an analysis of 500sales than it would be to 50. The margin of error is greater when you are dealing with a smaller quantity.

Q Did you deal with page 19 of Dr. Drummond's report? I refer particularly to the chart in the middle of the page. A: The chart.

Q The figures. A: No, I can't say that is intelligible to me, because I don't know what those marks are near the X5.

Q You notice he shows in the right hand margin the chances of being wrong in rejecting the null hypothesis. A: Yes, 5%.

Q So that if he takes XY at 3.04, the total area, plus and minus is combined-- his chance would be 1 in 416 cases of being wrong.

A Well, I don't understand that at all.

Q Then you did not understand what Dr. Drummond was doing in his sampling analysis.

A Well, I have read his conclusions.

Q I am referring to his analysis. Did you understand what he was doing in his sampling analysis?

A I have a general idea, but it is not something that I could do myself.

Q What is generally your idea as to what he was doing? A: He was taking out certain properties as samples.

Q That is the whole idea that you had of his report?

A That is one idea. I suppose that is what he means by a sampling test. I don't know whether he took one property or several.

Q Did you not study the material on which he based his analysis? A : I read his report.

Q Mr. Cobus's report? A: Yes.

Q So that you knew how many samples --

A I knew about 84.

Q But you knew about 71.

A Oh, he had taken all those as samples.

Q You read his report? A: I don't know from the report whether he took all of those together or some of them.

Q After having studied his report, you cannot tell that. A: I cannot tell that from reading it over. I have only read it two or three times.

Q Now, do you know the Municipality of Maple Ridge?

A No, I don't.

Q Have you ever had any sales transactions in there at all? A: No.

Q How many of the areas in the Fraser Valley do you have personal knowledge of?

A Chilliwack, Abbotsford, Mission.

Q Had you had any extensive business in any of those municipalities, either appraising or buying or selling? A:No, not extensive, no. I have made appraisals in those places.

Q How many appraisals have you made in Mission, for instance? A: The appraisals I have madein Mission are urban property that would not apply to this. It is farm property.

Q I would like to see Exhibit 98, please. I produce to you Exhibit 98, which is a map of a portion of Maple Ridge showing in red the Japanese properties referred to in Mr. Cobus's report, and in blue the private sales. Now, not knowing the municipality, I suppose you cannot express any opinion as to whether those properties are fairly distributed throughout the municipality?

A They both seem to be scattered all over. It is a portion of Maple Ridge. Where is the rest of it?

Q I cannot tell you.

A It seems to me that is an area separated from the rest of it.

Q In any event, you don't know the municipality.

A I don't know the municipality, so it does not mean very much.

Q I understood you this morning to make the statement that a sample of 84 out of 215 was not as

good as taking 213 out of 215. Did I understand you correctly? A: Yes.

THE COMMISSIONER: I think all the witnesses have conceded that, have they not?

MR. McMASTER: Q: I point out to you, Mr. Reeve, that sample is about a 40% sample.

A The percentage does not make any difference. In picking out haphazard 84 properties out of 215, he might pick all the low ones or all the high ones. You cannot tell what you are doing.

Q Do you suggest if you take the whole group, that the results would be likely to be materially different? A: I don't know at all, but I am of the opinion that an average of a number of properties like that does not always tell the complete story, because you may have a few very high sales which would throw the average out of proportion for the remainder. You may have a large number of low sales, which would also throw it out of kilter.

Q On the other hand, if the frequency distribution is the normal curve, then it is --

THE COMMISSIONER: Just a moment, let counsel finish the question.

MR. McMASTER: Q: If the frequency distribution of the sampling is a normal curve, a bell shaped curve, then it is a reasonable basis to use for the sampling method? A: Dealing with those 84; if there were only 84, but you are confining the results of this to the other properties,

and that may not be correct at all.

Q Is it fair to say, Mr.Reeve, that you are suspicious of a statistical analysis?

A I am not suspicious, but I know if I wanted to find out about this I would examine it in a different way. I go into the detail --

THE COMMISSIONER: Q: It would be too sketchy, would it, Mr. Reeve? A: It might be that. It does not prove anything to me.

Q Have you ever applied the statistical method?

A I am not a statistician and would not know how to go about it.

Q Is it fair to say what you are saying in effect is, applied to an individual property, the result of such an analysis might not give you an accurate result? A: Quite right.

Q But you are in a position to say that as applied to a group of properties, it would give you a fairly accurate result?

A Well, you can strike an average, but where does get you? The average does not give you the real information that you want.

Q Would it surprise you to know that the overall relationship between Soldier Settlement Board purchase prices to assessments on the 741 parcels was as 100 is to 67? That appears in Mr. Cobus's report. If you take the Soldier Settlement Board prices on the741 parcels and relate those to assessment, the assessment being 100, they represent 67%; and that on the 84 properties, the

relationship is 100 to 69?

A Yes.

Q Would you suggest that is a very high difference, Mr. Reeves?

MR. HUNTER: I think my learned friend should make very clear to the witness so that he should not mislead him, that those 84 not only apply to Maple Ridge Municipality but apply to other municipalities.

MR. McMASTER: That is correct, my lord, but here are 84 properties out of 741. As my learned friend points out, they are not all in the same municipality, but when you get their relationship to assessment, those D.V.L.A. purchases, it is 100 to 69. When you take the whole 741 parcels, which are in various municipalities, the relationship is 100 to 67.

Q Now, would you suggest that is a very large difference? A: No, but there again you are relying upon there being a relationship between assessment and the values. I don't agree with that.

Q You don't know that the assessment is correct, but it is consistent --

THE COMMISSIONER: Q: Mr. Reeve, what I understand the witness was seeking to establish was this: to take the assessed values and relate the assessed values to the prices at which the Soldier Board appraisers appraised the properties.

A Yes.

Q Then he took the same assessed values and related them in terms at the prices in respect of a group of private sales.

A Yes, my lord, I understand that.

Q And from that application of both sets of figures to the assessed values, he drew certain conclusions. A:Yes, I understand that, my lord.

Q You still quarrel with his conclusions?

Q No, I don't quarrel so much with his conclusions as with his assumptions. Dr. Drummond, in his report, says he came to the conclusion that the two groups of properties were not alike; there was a difference in kind.

MR. McMASTER: Q: What did you understand Dr. Drummond meant when he said there was a difference in kind?

A I don't know, but the words to me have an obvious meaning that it was a different class of property. I don't know what he means exactly.

Q He is referring to a difference in population, which is a statistical term.

A Yes.

Q Do you understand what he means by population?

A Well, in one case it is 71 and the other 84.

Q I think you have misread Mr.Drumond's report, in that event. He describes the use of the word population. He is not referring to the number of samples or the number of units in each group. He describes it at page 14. I will read his report at page 10:

"Population comprises a large number of units, not necessarily human beings, with some common characteristic." A: Yes.

Q Now, what is your opinion as to the units. What did you consider were the units that Dr. Drummond was comparing? A: Well, I understood it was 84 in one case and 71 in another.

Q 84 what? A: 84 sales in one group of properties and 71 sales in another.

Q The properties or the sale prices?

A The properties, and the price, of course, is what he is dealing with.

Q I suggest that the units he was dealing with were units of assessed value expressed in terms of dollars. A: Let me look at that. I don't see any reference at page 10 to assessed values.

THE COMMISSIONER: In the third line from the top.

A Oh, I beg pardon, my lord, I looked at page 11. Yes, he has taken two groups of assessed values and those figures, in their comparison, suggest that the two groups of assessed values are really comparable, and are we justified in making such a direct comparison on some assumption. It is true we would be justified in doing so if we are sure that the groups we are comparing are drawn from what the statistician calls the same population; that is, that any difference between the two values is due solely to chance and not due to something else.

In Dr. Drummond's conclusions he says this:

The two groups of assessed values, one associated with market prices and the other with D.V.L.A. prices are different in kind, and slightly above that he came to the conclusion that these two groups of properties were not of the same kind.

Q What did you understand that he meant by "kind "?

A I don't know exactly. I don't kow whether he is dealing with properties or figures.

Q So that you drew your conclusion or your opinion with regard to the first conclusion that Mr. Drummond made on page 16 without knowing what he referred to when he referred to the difference in kind? A: Well, he establishes a hypothesis, what he calls the null hypothesis. I can't understand it.

Q He doesn't accept it. A: He rejects it after working it out, so I gather he came to the conclusin that those two groups were not comparable.

Q Because there was a difference in kind. They were different dollar values in terms of assessment? A: Yes, but my feeling is that dealing with average values, unless you know whether the properties are larger or smaller -- for example, if you get an assessment of $2500.00 and another at $5,000.00, you cannot say one is double the other and the values are very different unless you know the size of the property. One may be twixe the size

and therefore twice the value. The rate per unit of value may be the same in both cases.

Q Again, you are dealing with one individual or two individual properties.

A It seems to me that is the only way you can deal with them.

Q You don't agree that the sampling method can be applied to a group of properties?

A I would not rely on averages at all, because you get extremes in them which are included.

Q You have no confidence, then, in the statistical approach to a sampling method?

A No, I have not.

Q You referred to what you called the frequency distribution this morning. Have you your copy there, Mr. Reeve? A: Yes. I didn't read the whole of it.

MR. McMASTER: I would ask to have that filed, my lord.

MR. HUNTER: My lord, is my learned friend filing the document?

THE COMMISSIONER: If you wish to cross-examine on it and then file the document in order to explain your cros-examination, you are free to do it.

MR. McMASTER: I have not had a chance to study it.

THE COMMISSIONER: You are asking for it?

MR. McMASTER: He read figures from it.

THE WITNESS: I read some of them.

THE COMMISSIONER: You are quite free to cross-examine on the document and then file it in order to explain your cross-examination, if you wish to do

so, but to file it without any explanation is going to be of no assistance to me, because I do not know what is in the memorandum at all.

MR. McMASTER: Very well, my lord.

Q Have you applied any statistical methods to the analysis; what you call the frequency distribution that you worked out?

A What I understand from the frequency distribution is to find out how many properties there are within a certain range of price, or a range of difference between assessed values and how many there are in another range and so on.

Q And did you chart that frequency distribution at all? A: No, I simply made a tabulation that there are so many properties below such a value, so many equal; so many 4 to 13% above, so many from 13 to 25, so many from 45 to 46.

Q Do you know if that would result in what is called the normal frequency distribution?

A I don't know what the normal frequency distribution is. Can there be such a thing?

Q Dr. Drummond has given evidence that there is such a thing. A: That depends what you are dealing with, I should think. If you have a very erratic situation, the frequency distribution would not be normal; it would be very erratic.

Q And that would show up in the graph of the frequency distribution? A: It shows up

in these figures.

Q Have you graphed those figures?

A I have not made a graph of them. I have put them down in figures which anybody can read.

Q I wonder if you would be good enough to give us all the figures, then, Mr. Reeve; if you would direct your mind to what we are dealing with.

A 1943 sales. There were eleven sales either below or equal to the assessed value.

Q That shows in Dr. Drummond's report.

A Nine below and two equal.

THE COMMISSIONER: Where does it show?

MR. McMASTER: On page 4 of Dr. Drummond's report, my lord; at the foot of clause (a).

THE WITNESS: Eight sales which are from four to 13% above the assessed values. Seven sales were from 14 to 25% above; nine sales from 26 to 46%, and I stop there and say that of these sales which represent 49.3% of the total, they are either below or less than 47% above the assessed value. Then I go on with the ten properties with the excess over the assessed value from 68 to 90%.

THE COMMISSIONER: Q: Ten properties which --

A Where the value above the assessed value of the property is 68 to 90%. Up to that time, with 51 sales -- which is merely 72% of the total sales -- they are less than 90% above.

MR. McMASTER: Q: Mr. Cobus has been taking notes of this. That only totals 45 properties.

A 51. There is 9 and 2; that is eleven; 8,7,9,6 and 10.

Q What are the six? A:Perhaps I didn't read that. Six show in excess of from 47 to 67%.

Q Yes, that is 51. Carry on. Then the numbers begin to get smaller. There are five from 91 to 105% in excess; 3 from 106 to 122; 4 from 123 to 155; 2 from 156 to 160; 4 from 161 to 215; and two over 215%.

Q Mr. Reeve, can you explain why it is that between the percentages in relation to assessments you deal with, that you use different percentages; that is, you go thrugh different intervals from 13 to 25% and from 25 to 46%?

A I worked out the percentage of each one and then I took them in certain groups.

Q How did you determine what groups?

A Well,I spaced them from 4 to 13, for instance; 4 to 25, just because those figures happened to be 20 or 30 apart.

Q You don't know if that is a statistically sound method? A: Of course, you can do it by taking them one by one if you wish.

Q Is it not usual to have the same interval between each group? A: It can be done.

Q You did not do it that way?

A No, because what I wanted to arrive at was this: What percentage of the total number of properties-- what I wanted to find out approximately was what

percentage of the total number of sales represented certain aspects. For instance, half the sales represent an average of 40% above assessed value; a third of them, or more than a third, 36½% of the sales are less than 26% above -- or rather, below. Then there is 71.8% of the sales are less than 91% above, so that you have only 18% less of excessive sales.

Q Between what percentages are the bulk of the properties?

THE COMMISSIONER: By that, I suppose you mean 50%.

THE WITNESS: Do you mean 50%?

MR. McMASTER: Yes, 50%. You mentioned 49% above between percentages. A: They are 40% less than 47%.

Q I take it that if you have not had any dealings in the municipality of Maple Ridge, Mr. Reeve, that you never had any occasion to study its assessment system. A: No.

Q You are you able to express any opinion with regard to the assessment system in Maple Ridge?

A I did not. I simply gave a general opinion of assessments generally, and I have been an assessor in other places and I have had to discuss assessments with various assessors, and I know something about assessments.

Q But you don't know anything about the assessment in Maple Ridge? A: No.

THE COMMISSIONER: I would like you to file that memorandum now, Mr. Reeve, so I can relate your evidence to

the document.

THE WITNESS: Yes, my lord.

(DOCUMENT MARKED GENERAL EXHIBIT NO. 107.)

THE COMMISSIONER: Just a moment. What does this document relate to, D.V.L.A. or free sales?

A Free sales, my lord.

MR. McMASTER: Q: Despite the fact that you don't know anything about the assessment system in Maple Ridge in '43, you passed an opinion on Dr. Drummond's report dealing with the relationship between market and assessments?

A Yes.

Q For that municipality.

A Yes.Well,you want to know why I did that.

Q And you also expressed an opinion as to the consistency or otherwise of that assessment?

A Yes, sir.

Q What is the basis of your opinion, then?

A The document that I have just filed indidates that there is a great variation between assessed values and the sales individually and as a whole.

Q I am not talking about that matter. I am asking about the assessment system inMaple Ridge. You said it was not uniform.

A I am talking about the relationship.

Q Would you mind confining this to the question.

A I am, if you will excuse my saying so, because I want to illustrate this. There is a great variation in prices and when you get some prices very much below the assessed value, and others equal and

others very much above, either the purchasers of this property have no consistent method of establishing values or the assessor has none. If the assessed values varied more or less according to the market, you would say that the assessor has been hitting the actual value pretty well, but when his figures vary so much, such different percentages from the actual market prices, one or the other of them is not consistent.

Q Now, Dr. Drummond in his report indicated that from his statistical analysis that the coefficient of correlation between those same prices you are speaking about and assessment was very high. Now, his opinion --

A What does that mean, was very high?

Q Well it was .8, according to him, and the perfect correlation would be 1.

A Well, this does not mean very much to me, but if there is such a variation as between 1 and .8 in the relationship, there must be something inconsistent somewhere.

Q Do you think, witness, that a man of Dr. Drummond's experience would not have become aware of such an inconsistency?

THE COMMISSIONER: Is that not a matter for me to pass upon, Mr. McMaster. I have not heard Mr. Reeve say anything about Dr. Drummond's qualifications. He has simply pointed out what he conceives to be the weakness of the approach, which was his first statement: Namely, that Dr. Drummond appears to

have proceeded on an assumption which the witness says is a false assumption.

MR. McMASTER: My lord, this is a matter of argument. I don't think I will discuss it with the witness, but it is not an assumption; he proves it.

THE COMMISSIONER: Just as I pointed out to you, it is a matter for argument.

MR. McMASTER: Q: Witness, you are aware of the requirements that are placed on a municipal assessor under the provisions of the MunicipalAct?

A You mean last year's amendments, or the old one?

Q Well, in the 1936 Act, as amended up to 1943.

A Well, I have the amendment of 1948.

Q I am dealing with 1943.

A I have read it. I don't know that I can quote it.

Q Section 233 says the assessor shall return his roll . . ."(citing). A: Yes.

Q And thenin Section 233, subsection (1), which provides (citing). A: Yes.

Q Now, do you suggest that the assessor in the Municipality of Maple Ridge in 1943 did not make the proper declaration?

A No, I make no such statement - suggestion. But you will remember in that declation it is to the best of his knowledge and ability, and all make that same delcaration and yet they make mistakes.

Q They make mistakes. They make mistakes both ways, would you not agree?

A Yes.

Q And those would tend to balance themselves off in

the overall picture of the assessment?

A No, it would create such an inconsistency that you cannot depend on it.

Q An inconsistency between individual properties?

A In the assessment.

Q Between individual properties?

THE COMMISSIONER: This is becoming highly argumentative and I confess will be of no great help to me. I will be glad to hear argument on it later. There is no use in arguing with the witness.

MR. McMASTER: Q: Witness, I don't suppose you know how many appeals there were from the assessments in Maple Ridge in 1943?

A No.

Q Now, Mr. Reeve, while purchasers may take into account whether paint is good or bad or whether a place is painted or not, and also the state of cultivation in deciding what price they will pay for a place, you are not suggesting that would affect the general uniformity of the assessment, are you? That is, you said purchasers would take those things into account and suggested that the assessor would not take them into account.

A Not to the same extent. It is the difference between a blanket assessment --

Q And an individual parcel?

A All the properties uniform; all the values uniform.

Q And an individual valuation?

A An individual valuation is entirely different thing to an assessment, but every buyer makes his own

individual valuation and takes everything into account to a much greater extent than the assessor.

Q I take it that the assessor tries to get things uniform? A: Yes.

Q If you take all the sales in the municipality in a given area, or a fair sample of those sales, would you not find some properties that were in a good state of repair and a good state of cultivation and you would find other properties that were in a poor state of repair and a poor state of cultivation?

A Yes.

Q I suggest to you that all those properties in all the sales would tend to balance each other off? the good against the bad ones would tend to balance one another off.

A That is a matter of fact.

Q Would you expect that to happen?

THE COMMISSIONER: Would you let the witness answer?

A You can make an average of any number of figures, but that average does not mean anything. It may indicate a trend, but that is all.

Q You don't know what the situation was in Maple Ridge in 1943? A: No.

THE COMMISSIONER: He has said that times out of number.

MR. McMASTER: That is all, my lord.

THE COMMISSIONER: Any re-examination? Mr. Virtue.

MR. VIRTUE: I would like to ask one or two questions.

THE COMMISSIONER: Yes.

CROSS EXAMINATION BY MR. VIRTUE:

Q Do you know Mr. Dalton, the City Assessor of the City of Vancouver?

A Yes, I know him very well.

Q You were not here when he gave his evidence last week? A. No.

Q Do you know that he keeps track on a map of every place that takes sale in the City of Vancouver?

A Yes.

Q That is of the market prices?

A Yes. I have seen it many times.

Q Do you know that he has a time lag of a year or two years to allow for false fluctuations; that he is guided by that in arriving at his assessments?

A Yes, he makes use of that information.

Q He makes use of that information?

A Yes.

Q Would you say that Mr. Dalton is mistaken or not in finding a relationship between market price and his assessments?

A It varies, even in his case.

Q Yes, it would vary, but I am asking about his method of using market prices as a guide in arriving at assessments?

A Mr. Dalton is one of the ablest assessors --

Q So --

THE COMMISSIONER: Let the witness answer before you put another question.

THE WITNESS: I would not disagree with him on that

method but I notice this that on his map sometimes he will have in the downtown area in the city blocked in with pins and they represent sales on there; all sorts of different colours. They all vary. Now that is because the buildings are different.

MR. VIRTUE:

Q That is what?

A That is because the buildings are different. How is he going to relate those total assessments to the separate values of land and buildings. He finds it very difficult.

Q I think you are going a little farther afield than I intended. All that I asked you is this, if you were aware that Mr. Dalton, the City Assessor used that method?

A Yes.

Q You are aware of it? A. Yes.

Q I asked you if you would disagree with the fact or the methods by which he relates the assessments of the City of Vancouver for market values and market prices? Do you differ with that system or not?

A But --

Q Just answer the question.

THE COMMISSIONER: If you please, Mr. Virtue, you have put the question. Give the witness an opportunity to answer it.

A He uses that as a guide as to a trend as far as he can, but he has to assess the land and the buildings separately, and the price is the total

of those two --

MR. VIRTUE:

Q I think we had that evidence the other day, but that is not what I am getting at. I am simply pointing out to you, according to the evidence Mr. Dalton gave, he did associate market prices or relate them to assessment in the City of Vancouver?

A He endeavored to do so.

Q I am asking you if you would agree with that method or not?

A You mean if I think it is a wise one.

Q Wherether there is any relationship between market prices and assessments?

A Well, that is a little different. An assessor should use his knowledge of sales to indicate trend, but it does not necessarily mean that when a property is sold for so much money he has got to raise that assessment to that figure; and because the property next door has not been sold we must leave it at the present assessment.

Q Mr. Dalton, in evidence said he allowed for a time lag of a year or so before applying his knowledge? A. I know, but you see, I found this when assessing the business area of Port Alberni; 10% of the properties were selling at extraordinary high prices. Now that is not a sufficiently large percentage for an assessor to use as a guide to increasing his assessment, because the other 90% of the people had not sold, and I think it is reasonable to say

that if all the properties were put on the market at once, the prices would be very much lower.

Q We are now getting a long distance away from the relationship of market prices to the assessment?

A No, I may illustrate it in this way. Where you have probably a large number of sales the assessor is guided by it.

Q Let us take that assessor. If you have a sufficiently large number of sales on which to base your conclusions, then you have relationship between market prices and assessments?

A You have some relationship, yes, sir.

MR. VIRTUE: Thank you very much.

THE COMMISSIONER: Any re-examination, Mr. Hunter?

MR. HUNTER: No.

(Witness aside)

THE COMMISSIONER. You have no further witnesses today, Mr. McMaster?

MR. McMASTER: No, my lord, unless my learned friend is ready to cross-examine Mr. Cobus. I understood he was calling no more evidence.

MR. HUNTER: No, I would like to cross-examine Mr. Cobus on Friday if possible. We have a great deal of material which we are analysing and I should like a few days to prepare it.

THE COMMISSIONER: We will adjourn now. We had better not fix a time but will notify nounsel.

(PROCEEDINGS ADJOURNED GENERALLY)

JAPANESE PROPERTY CLAIMS COMMISSION

(Before the Honourable Mr. Justice H.I. Bird, Commissioner)

Vancouver, B. C.,

March 17th, 1949.

PROCEEDINGS AT HEARING.

(Pages 1800 - 1875)

Macdonald -	Analysis of car sales	1801-5
Mayer	Car sales	1805-1812
Colvin	analysis car sales	1812-1817
Shears	car sales	1817-1820
do	fishing gear	1820.
do	chattels	1821
do	Real Property	1821, 1822
do	fishing vessels	1823-1825
Hunter	Real Property	1826.
do	D.V.L.A.	1827-1840
McMaster	D.V.L.A.	1841-1849
Colvin	D.V.L.A.	1849-1850
Colvin	fishing vessels	1851
do	fish huts	1851-1856
Braidwood -	Cars. generally	1856-58
	ceiling prices	1858

Original.

Vancouver, B. C.,

March 17th, 1949. 10:00 A.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

J.W.G. HUNTER, Esq., K.C., and
D.T.B. BRAIDWOOD, Esq., and
J.A. MACDONALD, Esq., appearing for the Crown.

R.J. McMASTER, Esq., and
A.G. VIRTUE, Esq., K.C., and
A.E. COBUS, Esq., appearing for the Claimants.

THE COMMISSIONER: Yes, Mr. Hunter.

MR. HUNTER: I don't know in which Order you wish this meeting this morning to be conducted, my lord, but Mr. Macdonald, who has drawn up a study on motor vehicles has to get away by 11 o'clock for the Court of Appeal.

THE COMMISSIONER: It is quite satisfactory if you wish to go on with that first.

MR. HUNTER: I will call Mr. Macdonald then.

MR. McMASTER: My lord, I think it is hardly necessary to swear the witness. He is amember of the Bar of the Province.

THE COMMISSIONER: As Mr. Macdonald is being called as a witness, I think he should be sworn, not that I think it will make any difference in what he will say.

MR. HUNTER: My lord, the original copy of the analysis which was made in relation to motorcars, was left with your Lordship, and I believe it would be preferable to have that in as the actual exhibit, as it is so much clearer than the carbon copies.

THE COMMISSIONER: Is that the distribution of 129

claims?

MR. HUNTER: No, my lord, this is on the motorcars. It is about a five sheet analysis.

THE COMMISSIONER: Oh yes, I have it.

MR. HUNTER: Then there is a supplement to that which Mr. Macdonald has drawn, and for your Lordship's information while it is going in, I could loan your Lordship another copy.

JAMES ALAN MACDONALD, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HUNTER:

Q Mr. Macdonald, you drew up this analysis of Custodian's sales of Japanese-owned automobiles?

A Yes, I did.

Q Would you explain to his Lordship what information you had and the method you have used in drawing up this analysis?

A: My lord, jointly with Mr. Cobus, I obtained particulars of the sale of used cars in 1942, made by a number of the new car dealers in Vancouver. The dealers we got particulars from were the Vancouver Motors, Beggs, Stonehouse Motors, and Bowell-McDonald, and those sales were one source of information used in this study.

The other, my lord, is this booklet (producing) which Mr. Cobus and I obtained from Begg's. It is called "British Columbia Used Car Market Report and Valuator". It is dated March, 1941, and it is the last such booklet, according to our information, which was issued, up to the end

of the war, at least.

Now, my lord, in this analysis the sale prices by the Custodian of all automobiles on which claims have been made is set out, and then against the sale prices are set out the value shown in this, what I have called the red book, in every case where a value is shown. In some cases it isn't possible to get a value for the less popular makes of cars.

THE COMMISSIONER: Would you mark this as a general exhibit now, before we go on?

MR. HUNTER: My lord, I am sorry, I didn't think of that. The reason I didn't was there was a supplement with that, which I thought should be put in with the same number.

THE COMMISSIONER: Yes, I would put them in together. Actually, it is part of the same document, is it not?

MR. HUNTER: Yes, my lord.

THE COMMISSIONER: We will call this an analysis of the Custodian's sales of Japanese owned vehicles, and it will be General Exhibit No. 108.

(ANALYSIS MARKED GENERAL EXHIBIT NO. 108).

Q Yes. Proceed, Mr. Macdonald.

A In some cases, my lord, no comparable sales to the sale of the particular car by the Custodian could be found. In those cases I have set out against the Custodian's sale price the value obtained from that red book, and in the majority of cases there are two figures set against the

Custodian's sale price, the red book value and the average prices gained on sales by dealers of comparable cars.

For the purpose of percent, where it was possible to get a red book figure and the average of market sales, I have taken the mean figure between those two and worked out the percentage by finding if the Custodian sale price was either higher or lower. Where comparable sales only were obtainable, then the Custodian sale price was matched against them. Then, again, where just the red book value was obtainable, the Custodian sale price was matched against it.

On the average of all the motorcar cases, the Custodian's sale price works out at 31% below the figure which I have called the calculated market value, obtained by setting the comparable sales against the red book value in most cases, and using in some cases just the red bookvalue, and in other cases just the red book sales figure.

MR. HUNTER: Q: Originally that amount was 42%. Would you explain the difference between 42% and 31%?

A Yes. I found, my lord, in case No. 924, through an error in arithmetic the percentage is shown as 89%. I find it is properly 64%. On the last page, No. 924, that should be 64%, and it reduced the overall percentage from 42 to 31.

THE COMMISSIONER: That is, it is 31% lower than the average price realized by the Custodian's sales,

is that it?

A THE Custodian's price, on the average, is 31% of the figure called calculated market value.

MR. HUNTER: Q: If you are through with the original study, Mr. Macdonald, would you carry on with the supplement?

A Yes. My lord, in the supplement I have noted that in the schedule to the first analysis in the case of fifteen automobiles, the value obtained from the red book is higher than the average of the comparable sales -- in the case of 15.

In the case of 27 automobiles, the average of the market sales is a higher figure than the value obtainedby using the red book.

Then, my lord, in the supplement another study is carried out, and that is matching the Custodian's sale price against comparable sales alone. That is, not using the red book at all, and comparable sales were obtainable in 48 claims, and on the general average matching the Custodian's sale price against the average of the market sales, the Custodian sale price is 24% low, as against 31 when the red book is taken into account.

At the end, my lord, I have noted that in the 48 cases where that study was made, 21 involved automobiles of the years 1938 to 1942 inclusive -- a little less than half were of that vintage. I think that is all I can say about that.

MR. HUNTER: I understand, my lord, there is to be no

cross-examination this morning, but if there is any information which my learned friend would wish to have that has not been made clear, I feel he should be given that opportunity.

MR. McMASTER: My lord, we have a study that will be pretty complete. I don't think there is any cross-examination in this.

THE COMMISSIONER: It does not appear to me that much is to be gained by cross-examination.

Q I gather that this study you have made, that is the factual part of it, was carried out in collaboration with Mr. Cobus?

A The obtaining of the comparable sales was, and everything from then on speaks for itself, I think, my lord.

MR. HUNTER: That is all then, Mr. Macdonald.

(Witness aside)

MR. HUNTER: My lord, Mr. Macdonald has a witness here. I should like to have Mr. Macdonald examine the witness, because I haven't had a chance to talk to him.

THE COMMISSIONER: Very well.

THOMAS ROYER, a witness called by the Crown, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. MACDONALD:

Q Mr. Royer, you are the used car sales manager of Colliers in this city, are you not?

A That is right.

Q That is a General Motors new car dealer, isn't it?

A Yes, sir.

Q In 1942 what were you doing?

A I was a salesman for Collier's, which was the Stonehouse Motors at that time. We changed our name, later on in the years. I was a salesman for them; I imagine I went there in 1938, and in late 1941 I became the used car sales manager.

Q And through 1942 was that your position?

A That is right.

Q And as such, were you generally familiar with the method of sale of used cars by the new car dealers in the city?

A That is right, yes.

Q Now, how did the new car dealers sell used cars? On what basis?

A Well, the condition was quite a factor in the setting of the price, and mileage, and also the care a car had had before it was traded in. If a car was exceptionally good, it always brought a little bit of a premium, and in those years, 1941 and 1942, a used car, if it was one or two years old, it was pretty near impossible to sell at a fairly good figure, unless it was guaranteed. Most people were afraid to buy a late model car, unless it had a pretty good guarantee by a reliable dealer such as a new car dealer, I would say.

Q You mentioned a guarantee. Did the new car dealer sell every used car with a guarantee, or

not? A: No. Those cars they figured were in good condition and could be guaranteed, it was the late models, mostly.

Q How would they sell them, if they didn't have a guarantee?

A They would be sold, "as is" to the public, or in most cases we would bunch them up and sell them to used car dealers who bought nothing but used cars.

Q What kind of guarantees were commonly given by the new car dealers, selling used cars, in 1942?

A For our better, first class late models, usually we had a thirty day guarantee which covered it mechanically and for tires and so on; but did not cover glass and paint which were exempt. We wouldn't cover them on account of rocks hitting a windshield and it would only lead to a lot of argument. So, we would neverguarantee paint and glass, in other words.

Q Do you know of any other type of guarantee that was used by the dealers?

A Well, we had another guarantee, which was a thirty day fifty-fifty guarantee. If anything happened in that period, the customer paid half of the retail price --in that thirty day period, you see.

Q The cost of repair?

A The cost of repair, rather, yes.

Other dealers had other guarantees. For

instance, Bowell-MacDonald advertised their guarantee pretty near steadily in all their advertisements in those days, ninety days, free repair and parts, and also I think there was a mileage in there. There was also a mileage, whichever come first. Maybe it was approximately -- I can't exactly safely say the exact mileage, whether it was four thousand or five thousand, but something like that, or ninety days, whichever came first.

It was very similar to a new car guarantee. We have a new car guarantee today put out by the new car dealers such as General Motors, and it consists of four thousand miles, or ninety days, for defective parts.

Q Can you tell his Lordship what effect the giving or not giving of the guarantee would have on the price that a customer would have to pay in buying a used car, back in 1942?

A In most cases on late models if you wouldn't give them a full ninety day guarantee, we found you had to reduce the price a lot in some cases, depending on the make of car. If it was a Chevrolet or Plymouth on which repairs were naturally less, because it was the smaller type, which wasn't quite as much as a Buick or a larger type of car which was quite expensive to operate and for parts.

THE COMMISSIONER: Q: Could you express that in terms of percentage?

A We could say on the lighter type of car like the Chevrolet, we could say ten percent, where the heavy car would vary from 20 to 25%.

It was quite common for people with late model cars to find difficulty in disposing of them; that is, at the same price we were selling them for, for the simple reason the party buying was afraid to buy, because, not knowing whether the car had been in an accident or was pumping oil, and so on.

MR. MACDONALD: Q: Can you tell his Lordship what effect the giving of a guarantee such as you say Bowell/McDonald gave would have on the price, as compared with the guarantee you say your firm gave, the thirty day guarantee?

A Their ninety day guarantee, for instance on a Buick, say from two to three years old -- two years old, we will say, -- they were always able to obtain anywhere from $200.00 to $300.00 more for that particular car than we would, on account of them having the Buick policy and having such a lengthy guarantee of ninety days, or a certain amount of mileage which came with the car.

Q If it was decided to sell a car with a guarantee, would anything be done to it or not?

A Oh, the car would be checked. First, when the car comes into the dealership, the sales manager, or in some cases the new car sales manager who does the appraising, and in other cases the used car manager does the appraising,and so on,

examines the car, and if a car looks as if it needs quite a bit of repairs, the shop foreman, or the used car shop foreman, and at that time we used to have one, would take the car and road test it and give his opinionof the car as to what it would cost to put it in safe condition for driving again.

Q And then what would happen?

A Well, if the cost would run into too great a figure, it would be sold "as is", maybe for less money than the dealer had traded it in at, and naturally the dealer would take a loss on the used car.

Q Was there any limit, can you say, to the amount the dealers would generally be willing to spend in the way of reconditioning a car?

A Oh, some cars such as taxi cabs that were driven an excessive amount of mileage, as you started reconditioning them, you found they were in a lot poorer condition than you expected, and if you continued to complete the operation it would run into the extemt of maybe $300.00 or $400.00, maybe higher in some cases.

Q If it is known that a car has been used as a taxi,how does that affect the price?

A It all depends on the condition of the car. It is very similar to a private individual's car, only they vary much more in condition on account of some taxis are driven 24 hours a day, and others are not. Some are run one shift of

12 hours, or eight hours, whatever it might be. Some taxis are driven and traded in each year and were equal to an individual's personal car, as far as mechanical condition or appearance was concerned. They were sold with a guarantee by dealers -- the new car dealers, and gave a good satisfactory service.

MR. MACDONALD: Thank you, Mr. Royer.

THE COMMISSIONER: Have you some witness, Mr. Hunter, who can give us some information on the effective dates of gasoline rationing and ceiling prices?

MR. HUNTER: Yes. I forgot about that, my lord. Mr. Macdonald has that information. I don't know whether he has it with him.

MR. MACDONALD: I am afraid I haven't, my lord. I didn't expect to need it.

THE COMMISSIONER: Could you get it, Mr. Macdonald, now and let me have the facts or are you running short on time?

MR. HUNTER: I can get Mr. Braidwood to get it, my lord.

THE COMMISSIONER: Very well. We won't keep Mr. Macdonald, but that is information that I would like to have. Do you wish to cross-examine, Mr. McMaster?

MR. McMASTER: I would ask to reserve my cross-examination in this case, with regard to this witness.

THE COMMISSIONER: For what reason, Mr. McMaster? I was thinking of the fact this witness has been

brought here from his ordinary business, and I do not want to keep him unduly.

MR. McMASTER: I didn't appreciate, my lord, that we were going to have anything more than the reports put in this morning, and at the moment I don't know that there is anything that I want to examine him on.

THE COMMISSIONER: All right. If you wish to cross-examine him later, I fancy Mr. Royer can come, although probably he is not very happy about it. That is all you have from Mr. Royer now, is it?

MR. HUNTER: Yes, my lord. Thank you, Mr. Royer.

(Witness aside)

MR. HUNTER: My lord, I will call Mr. Shears.

THE COMMISSIONER: Is Mr. Shears on motor vehicles?

MR. HUNTER: No, my lord. Would you prefer to have that cleared up?

THE COMMISSIONER: Mr. McMaster said he had a study in connection with motor vehicles. Perhaps we could get it all in at once.

MR. McMASTER: I will call Mr. Cobus, my lord.

ANTHONY EDWARD COBUS, a witness called by the claimants, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. McMASTER:

Q Mr. Cobus, is this a report which you have prepared?

A Yes, this is the table that I prepared.

Q This is a copy which I will hand to you and I would ask to have it marked as the next exhibit,

my lord.

(TABLE MARKED EXHIBIT NO. 109).

MR. McMASTER: Exhibit 109 is headed "Table Indicating the Amount by which Custodian Sales must be Multiplied to Achieve Calculated Market Value shown in Crown's 'Analysis of Custodian Sales of Japanese-Owned Automobiles on Which Claims have been Presented.'"

Q Now, Mr. Cobus, would you just explain how your report was prepared?

A I accepted, my lord, the information contained in Mr. Macdonald's analysis, thathas beenf filed, since the information had been gathered collectively. We had also collaborated on the extracting of red bookvalues, and had originally agreed on striking a mean between red bookvalues and market sale values. However, from what was said at our last informal discussion, I was a little concerned about the terms that were being used.

Your Lordship will note that throughout the report that Mr. Macdonald has filed, the comparison is given as the amount by which the Custodian's sale was less than the market sale.

Now, there is one point I want to make very clear at the outset, and I think I can do it with a simple example. If a sale is made 20% below the calculated value, that is if it is sold for $80.00 when it should have brought $100.00, in order to raise $80.00 to achieve

$100.00, then you must add 25%.

THE COMMISSIONER: Q: Of what?

A Of the sale -- the Custodian's sale.

Q If it was sold at -- ?

A --$80.00. In other words, when you speak of the amount of which the Custodian's sale is below, that is not the same thing as saying by how much that sale price must be increased, in order to achieve 100% of calculated value, and the result grows increasingly. If it is 3% below, then 3% above will probably work out. 10% below will likely work out to a 10% increase, but when you hit 22% below, then the increase should be 25%, and if it is 30% below, then the increase should be 40%, and it grows increasingly.

In order to clarify that situation, I have shown 63 sales in the terms in which we are speaking. That is, I have shown by how much the Custodian sale price must be multiplied inorder to raise it to the calculated value, and furthermore, the total shows where the great number of sales occurred.

The longest column is in 1941, there being 11 sales in that column. The next longest is 1939 with seven, and then 1937 with seven.

THE COMMISSIONER: Q: 1929.

A I am sorry. 1929 has nine, that is correct. Now, the multipliers are shown for each year, and immediately below each column I have indicated the number of sales involved, which add up to 83 sales, and then I show the average multiplier.

MR. McMASTER: Q: 63 sales, did you mean to say?

A 63 sales.

Q You said 83.

A No, I said 63. Average multipliers: For 1926, you will see there was one sale. 1927 is the same, 1928 you have 1.03. In other words, the Custodian's sale price would have to be multiplied by 1.03 in order to achieve calculated value, or, to put it another way, it must be increased by 3%.

In 1929 it must be multiplied by 2.63. In other words, it must be raised 163%. 1930, 1.15, and so on, along the line.

I have then taken the cumulative averages from 1942, back to 1930. From 1929 down, I assume that anything might happen in that period of sales, but from 1930 to 1940, under cumulative averages you have 48 sales, and the average there is 1.48. In other words, you would have to increase the Custodian's sale figure by 48%.

The next one, from 1931 to 1942, you have 45 sales, which is 1.49, and as your number of sales decrease and approach 1942, your Lordship will see there is a fair consistency about the averages; 1.47, 1.46, 1.42, and so on, reducing it to 1942 where you have one sale at 1.27.

Then I have recapitulated those multipliers for the years. I think your Lordship made some comment about certain years, and I have adopted those years. I show 1942, being 1.27; 1941, with

11 sales, 1.28; 1940, 1.30; 1939, 1.53; from 1936 to 1938 1.55; from 1933 to 1935 with only four sales, 1.88; 1930 to 1932 with eight sales 1.50.

Then, to complete the study, and I don't think it has a great deal of significance, I show the overall average from 1930 to 1942.

Yes, this one I think is signfficant. 1930 to 1942 hits 1.48 which agrees with Mr. Macdonald's report as to the amounts. He says, I believe, in one report the Custodian's sale is 32% below and in the other one 34% below. I calculated those and they converted into the amount of increased required becoming 1.45 and 1.51. So, there isn't much to choose between that and 1.48.

Then if you take in 1926, 1927, 1928, and 1929, which I don't think you should, you have 1.65.

MR McMASTER: That is all, my lord, unless there is any information my friend wants.

THE COMMISSIONER: Thank you, Mr. Cobus.

(Witness aside)

THE COMMISSIONER: Were counsel able to get anything on trucks?

MR. HUNTER: My lord, we may be able to, but so far nobody has had sufficient time to get the information. I am afraid that a separate study will have to be made, because there are approximately sixty motor trucks.

MR. McMASTER: Ninety-three. I am surprised to find apparently there are more, according to the

schedules we had from the Custodian's office for cars with respect to which there are claims. As my friend says, if we are going to proceed to the study of that, then we will need a lot more time. There is very sketchy information, anyway, on it at the present time.

THE COMMISSIONER: It is better to take more time on it and get information that has some significance.

MR. HUNTER: Possibly if we are going to deal with trucks and cars, we might have Mr. Shears identify the car and truck sheet. I have a series of new figures on this. I think we get a little closer to the truth each time, but it will still require a lot of work.

FRANK G. SHEARS, a witness called by the Crown, being first duly sworn, testified as follows:

MR. HUNTER: I should explain, my lord, that in all these cases, or on these various categories of property, the particular breakdown of each category is shown in sheets attached, which shows the case number of the claimant; but I should also mention that those case numbers and the amount of the claim as shown in the various breakdowns for each category are by no means final, that is, they are placed there by people in the Custodian's office, who, to the best of their ability, have placed them in that category, but each breakdown will have to be gone over very carefully and studied in the light of the evidence, and there

will be a constant revision of them until both sidesscan reach an issue and refer the disputed cases to your Lordship.

THE COMMISSIONER: Yes.

MR. HUNTER: I am wondering in those circumstances whether there is any value in filing these as exhibits at this stage, or if they are not matters that all parties have in front of them as guides or indexes.

THE COMMISSIONER: I am in counsel's hands. I do not know as much of these matters as counsel does. I know he has been working on it for some time.

MR. HUNTER: I am not sure if it is desirable to have them in as exhibits at this time. The main thing is to put them into everybody's hands so that they have some material to work on.

THE COMMISSIONER: If there are likely to be any changes, I think it is unwise to file anything.

MR HUNTER: The changes will be more in the breakdown, rather than the gross amount, though sometimes the gross amount changes.

MR. VIRTUE: Would it be satisfactory to file them for identification now, and give each of us a copy? I might say I amhappy to have the statement from Mr. Hunter because we were troubled about certain classifications, the generality of classifications, and now he has cleared it up and we know it will be thrashed out and referred to your Lordship. That would be satisfactory.

THE COMMISSIONER: There is no objection to it being

marked for identification.

MR HUNTER: Very good, my lord. The endeavour, as everybody appreciates, on this point, is to arrive at a common purpose and a common approach, rather than arrive at a finality.

THE COMMISSIONER: I think that is understood.

MR. HUNTER: Yes, my lord. This is headed, "Cars and trucks", my lord. "Distribution of 132 claims on the basis of the claimants' valuations", and I would put that in. Shall we mark it with an exhibit number? Possibly the best thing to do is to have it agreed that when the final exhibit is arrived at, it should be substituted for this exhibit.

THE COMMISSIONER: That possibly would provide the best solution for it. We will mark it as an exhibit in the meantime, and it is understood it is subject to a correction and alteration.

(STATEMENT MARKED GENERAL EXHIBIT NO. 110).

MR. McMASTER: I assume what will be substituted is what will be agreed on, or alternatively ruled on by your Lordship?

THE COMMISSIONER: Yes.

DIRECT EXAMINATION BY MR. HUNTER:

Q Would you explain, Mr. Shears, how that Exhibit 110 is drafted?

A This is a summary, made by our office, of the analysis of the amended claims. The study has been made from the transcript of the evidence and

the exhibits which have been filed, and it has been with the sole purpose of making a true analysis of that transcript. Difficulties have been encountered, especially in cases heard before sub-Commissioners, and in the reading of the transcript of the evidence it wasn't always possible to be absolutely sure of just what the amended claim actually was, but this has been a genuine effort to the best of the ability of my staff to produce an analysis of the amended claim and the amount for which the goods were sold for and distributing the claim in the case of cars and trucks, as a portion were left with agents, and a portion for which there is no record at any time, and certain cars which were transferred by the owner to the Pacific Co-Operative Union.

THE COMMISSIONER: Before you go on, I have already had two prior statements from yourself, Mr. Hunter, which have been put in at one or other of the conferences we have held. I take it this document, Exhibit 110, is now in substitution of them.

MR. HUNTER: It supersedes them, and they should be destroyed, otherwise we will get lost.

Possibly, while Mr. Shears is here, we might put in these others on the same basis, referring to other types of property.

THE COMMISSIONER: Yes.

MR. HUNTER: I would ask Mr. Shears to refer next to nets and fishing gear, if he has that available.

I would tender, then, as Exhibit 111 the statement on nets and fishing gear.

(STATEMENT MARKED GENERAL EXHIBIT NO. 111).

Q Mr. Shears, I presume your explanation of the manner in which that exhibit 111 is calculated and drawn up isexactly the same?

A Yes. The same remarks I made previously would

a apply in the case of nets and fishing gear.

Q And boats and boat gear?

A The s tatement was prepared in the same manner.

MR HUNTER: I would tender that as Exhibit 112, my lord.

(STATEMENT MARKED EXHIBIT NO. 112.

Q Then "Chattels -- Individual Claims", Mr. Shears?

A The same applies. There is a little more extensive breakdown made in the case of chattels. The question of goodwill, and being sold as a business, entered into the picture but there are supporting schedules showing the case numbers which came up to the amounts shown on the summary.

MR. HUNTER: That will be filed as Exhibit 113.

(STATEMENT MARKED GENERAL EXHIBIT NO. 113).

Q And "Analysis of Amended Claims, Real Property", I tender that as Exhibit 114.

(STATEMENT MARKED GENERAL EXHIBIT NO. 114).

Q Would you explain what that is, Mr. Shears?

A The analysis of the claims for real property have been prepared on the same basis, but I would say that in this case the margin of any

difference or error would be very slight, because we are dealing with a specific number of properties and we know exactly the sale price of those properties, and we believe that the amended claim is, generally speaking, accurate.

THE COMMISSIONER: Q: Does that relate to all types of real property?

A That relates to all types of real property, the sale to the Veterans Land Act, sales of property other than to Veterans Land Act, which was approved by Judge Whiteside's Committee, and the sale in the Greater Vancouver area, the sales of which were approved by Mr. Justice Sidney Smith's Committee.

Attached to this summary is a statement of the commissions which were paid in relation to the sales of property, outside of the deal to the Veterans Land Act.

MR. HUNTER: Q: I show you, Mr. Shears, a sheet showing "Charges which have been deducted from the proceeds of sale of Personal Property and charged to the owners are as follows:". Will you explain that sheet, which I will tender as Exhibit 115?

A This statement which shows the percentages or amounts which have been charged to the individual owners in connection with the sale of chattels is by auction in which case the auctioneer's fee was charged at an average of 2.7, or rather the average amount charged for advertising

is 2.7.

10.5% was the average amount charged for handling expense, withthe total amounting to 23.2%.

The statement does show that the usual payment made to an auctioneer was 15%, so that the full amount charged by the Custodian averages 8.2%.

In the case of sales of chattels by tender, the appraisal fee of 5% was charged and the advertising cost was charged on the average at 7%.

In the case of sale of cars and trucks, the charges varied just a few dollars, but in every case it was approximately $25.00.

In regard to fishing vessels, the amount charged against all the vessels sold by the Custodian in every case was 13.55% of the sale price.

In regard to fish netting, no charges at all have been made.

MR. McMASTER: Q: There is one point there, Mr. Shears, in regard to fishing vessels, did I understand it that 13.55% was charged in every case, or was that the average?

A No, 13.55% in every case. I think it was an exact charge.

THE COMMISSIONER: I think you will find, Mr. McMaster, that that matter of 13.55% is discussed in some detail in Mr. Hunter's memorandum, which has been filed with me at one of the conferences, and of which you will have a copy.

MR. McMASTER: Yes. I expect my friend will put it in.

MR. HUNTER: That is all, my lord.

THE COMMISSIONER:* It is not your wish that there should be any cross-examination in the meantime on these analyses?

MR. HUNTER: No, my lord. It is purely for information. I should like to say, my lord, we are going over all those various breakdowns of the schedules at the moment, and when we have what we feel is a fair and reasonable analysis and a complete answer, we can file in substitution for those exhibits filed the new analysis, and Mr. McMaster can start going over them, but I don't think he should go over them until we eliminate what we think should be eliminated, because the total will be large enough as it is.

THE COMMISSIONER: I was wondering if it might not be wise for all of us to wait until your investigation is completed to your satisfaction, then let Mr. McMaster have your final analysis in each group for such time as he requires , which may be anything from a day to a week. Then perhaps we can meet ; and no doubt Mr. McMaster will be able to tell you in advance of the meeting what stand he is going to take in regard to the various matters raised in your analysis.

MR. HUNTER: I think, my lord, it is a larger problem than that. That is, Mr. McMaster, with respect, isn't in the same position to judge these things as we are, because there is a great deal of information on our files that is not on his files

and he may believe from the material on his file that he could not agree with our placing of something in a certain category, where he might possibly concede that after seeing our file again, that it is a proper placing of it.

I think it will have to be a mutual thing, after we get rid of the ones we feel are wrong. Then he can consider them with someone from our side and discuss the thing, and if we can't reach an agreement, it can be referred to your Lordship.

THE COMMISSIONER: That seems to be it.

MR. McMASTER: That is the process, my lord.

MR. HUNTER: Therefore, I feel that insofar as any discussion regarding settlement is concerned, that that should be something that can be carried on now, insofar as amounts and percentages, and so on, are concerned. The details of these things will have to obviously take some considerable length of time.

THE COMMISSIONER: I appreciate that.

MR. HUNTER: It took me two weeks to go over the material myself, and I am quite sure it will take Mr. McMaster probably as long. Once he goes over them with someone from our office, I doubt if they will cover ten cases a day.

THE COMMISSIONER: Counsel are much better able to determine how this thing should be carried forward than I am, and I would say quite definitely I am in your hands and will wait until you reach the point where you consider it worthwhile to proceed

in open session.

(Witness aside)

MR. HUNTER: Now, my lord, Mr. Braidwood is down getting the orders that were requested by your Lordship. Unless your Lordship wishes to adjourn now, I could go into the witness box and file my memorandum on fishing vessels and the study of the sales by the Custodian to the V.L.A.

THE COMMISSIONER: We could do that while we are waiting for Mr. Braidwood.

MR. HUNTER: I wonder if it wouldn't be advisable to file the originals, which are with you, my lord.

THE COMMISSIONER: Yes, I have them here.

JOHN W.G. HUNTER, a witness called by the Crown, being first duly sworn, testified as follows:

THE COMMISSIONER: Q: Which do you wish to start with, Mr. Hunter, the V.L.A.? I have an analysis prepared in regard to real property generally which is not formally on the record. Perhaps that might be identified.

A That has been put in since, my lord. That went in as Exhibit 114.

Q Oh yes, that is right.

A It was part of that exhibit.

Q It is the V.L.A. study you wished to put in, was it?

A Yes, my lord.

Q That probably had better be marked independently.

A Possibly he might mark it, and hand it back to your Lordship for reference.

Q Which are you dealing with first?

A The study of sales by the Custodian to the V.L.A., my lord.

(STUDY MARKED GENERAL EXHIBIT NO. 116).

THE WITNESS: My lord, after the evidence of Dr. Drummond and Mr. Cobus, which was given in general evidence before this Commission, investigations were made in various municipalities of the relationship between private sales and assessment, and Veterans Land Act purchases and assessments. The final ratios of percentages which were yielded were unsatisfactory to myself, not only from the point of view of them being high, which naturally wouldn't be too gratifying from the viewpoint of the Government, but I wasn't satisfied the basis was proper in the beginning.

Q You refer now to the comparison of them?

A Yes, my lord. I could think of very little information that was available, other than that from which a study could be made, but finally I decided that I would take the 17 spot appraisals and see what other information I could get and see where we arrived, and having done that, I drew up this study which explains why the 17 spot appraisals were taken, and also why Mr. Yamaga's property was taken.

The minutes of the rural advisory committee show Mr. Yamaga was asked, I think it was by Mr. McPherson, who said, "Now, Mr. Yamaga, take your property as an example. What do you think it is worth?" and Mr. Yamaga said he thought it

was worth around $2000.00. Then they looked up the V.L.A. appraisal and compared it , and I have used that as a further example.

Your Lordship will notice, first of all, on page 4 I have taken the 17 spot appraisals, which work out at an average of 55.32%. That is, that the V.L.A. purchase price would have to be increased by 55.32% to achieve market price.

However, in the minutes of the rural committee, Mr. Mackenzie pointed out as shown at page 4 that their committee had made what they considered a conservative valuation of the 17 properties which they had inspected, and that some members of the committee considered that their valuations could have been somewhat higher.

After studying Mr. Hal Menzies' evidence, given in the general evidence, inwhich he stated that generally Yamaga was higher and generally Mackenzie was lower, but even he and Mackenzie were the same at times and Yamaga was sometimes the same on valuations, nevertheless if they were conservative they couldn't have been very conservative, and therefore, to be on the safe side, I added 10% of the appraised values, as appraised by the special committee of the rural committee.

This raised the total appraised value of the 17 properties from $43,100.00 to $47,410.00, as is indicated at the top of page 5 of the report. Therefore, assuming that that 10% raises

the appraisals to the point where they represent a reasonably generous fair market value instead of a conservative fair market value, we find the V.L.A. price insufficient unless it is raised by 55.32 and in order to achieve fair market price, it has to be raised by 70%, to achieve that market price.

Then I looked around to see if I could find any other sales that would be helpful and looking down 69 properties which had been withdrawn from the original V.L.A. offer, I found there were some properties there which had been withdrawn and sold in 1943. Mr. Yamaga's property is added first, and then two other properties. Mr. Yamaga's property, having been valued, I again added 10% to his valuation to be sure it wasn't conservative, and the other two, being actual sales, there was no need to add 10%.

Having added Mr. Yamaga's property, plus the 10% increase and the two sales on the open market, I found that it worked out to about 70% low, my lord. In other words, when I say, "low", I mean the V.L.A. purchase price would have to be increased by 70% to assume fair market value. I wouldn't like my learned friend, Mr. Cobus, to say it was 70% less than fair market value.

I think I have explained my study, mylord, and the criticism of the above is likely to be that the sample is not broad enough to give a true picture of the deal. That is quite true, and again I have pointed out while it is not as

broad as we would like, it is at least factual and I believe worthy of some study.

The other study which I drew up, my lord, after a lot of research, was on the question of fishing vessels. Your Lordship has the original of that, and I suggest that it be marked as Exhibit 117.

(STUDY MARKED GENERAL EXHIBIT NO. 117).

THE COMMISSIONER: Q: Before you leave the V.L.A., there are several other memoranda that were furnished me, one relating to Maple Ridge; another, Mission; and a third, Delta.

A Yes, my lord.

Q Could you not put those in now, so as to keep the V.L.A. together?

A I wasn't proposing to put them in. I fail to see that we should put in anything in the way of surveys unfavourable to my side, unless my learned friend wishes to subpoena them and put them in.

them to be put in.

Q From my point of view, I would like ~~to put them in~~.

A In that case, my lord, I will.

THE COMMISSIONER: We appreciate that there is nothing conclusive about these studies, but I find all of them informative, and the time spent on them very well spent. Incidentally, it is quite obvious counsel and their respective staffs must have been tremendously busy for the last several months.

THE WITNESS: If those three go in, my lord, then I suggest the other three go in; that is, the ones

for the other three municipalities.

Q Have you furnished them to me yet?

A No, but they are here.

Q I would put them all in. Is there any reason why they should not be put in as one exhibit?

A Yes, these would be Exhibit 118.

Q Now, wait a moment, you are treating the fishing vessel exhibit as in?

A Let us treat it as Exhibit 119, and number the V.L.A. --

Q What is your fishing vessel number--the last document put in?

A This would be 117, then, wouldn't it?

Q Yes, change the number. We will put in the V.L.A. documents consecutively. Exhibit 117 will be the next. Just hold that fishing vessel one in the meantime. Is there any reason, Mr. Hunter, for marking these independently?

A I know of none, except perhaps for convenience, if counsel wish to refer at any time to one particular municipality.

MR. McMASTER: It seems to me it is just as convenient to have them put in together.

THE COMMISSIONER: Yes, put them intogether, studies of D.V.L.A., divided into the various municipalities.

MR. VIRTUE: For the sake of the record, my lord, could Mr. Hunter indicate what the municipalities are that are now being put in?

THE WITNESS: I believe your Lordship has Maple Ridge, Mission and Mission village.

THE COMMISSIONER: And Delta. I have Mission village and Delta.

A Mission village and Delta, and to those will be added Mission, Surrey and Richmond. So it would be roughly six municipalities.

THE COMMISSIONER: Is Mission village not separately incorporated?

MR. McMASTER: Yes, I think it is, my lord.

THE COMMISSIONER: Q: What are these other three that you have?

A Mission, Richmond, and Surrey, my lord.

THE COMMISSIONER: To add to that, Mr. Hunter, you have furnished me with a memorandum, or a tabulation, rather, headed up, "Japanese Backlog Properties".

A Yes, my lord. That figure I gave you for Sumas, and which originally you put in as Coast area, was Coast area.

Q 24 and 73? A: Yes. It is Coast areas and irrelevant to this particular study. The proper figure for Sumas is under backlog properties 96% and $73.00, as far as I identify that, my lord.

Q Just before you go on, I have not got this other document, and I will be very confused if I do not get them in in their proper order. Now, as to your backlog, that will be marked Exhibit 118, will it?

A I didn't prepare this, my lord. It was prepared by Mr. MacKay of the D.V.L.A., at my request, and with some collaboration. That is, I asked

him a long time ago to prepare a study of baddog property purchased subsequent to the Japanese property, and he brought over several studies which I didn't like, because I felt they didn't give a true picture as the figures were inaccurate or not exhaustive, but he finally got something fairly exhaustive and accurate. I didn't actually work out the figures, but checked them here and there, and so on.

THE COMMISSIONER: Let us have it in now, and if Mr. McMaster desires to cross-examine the man who prepared it, you can have him here for cross-examination when Mr. McMaster is ready to gox on. Would that suit you, Mr. McMaster?

MR. McMASTER: Yes, my lord.

THE WITNESS: Subject to this, I understand Mr. Mackay has been sent up to the Interior, on some scheme or something.

THE COMMISSIONER: I am afraid you gentlemen will be a month chedking up on this material that you are working on now.

THE WITNESS: I may not be able to get him at a moment's notice.

MR. McMASTER: I will be filing a memoranda in connection with this, which I trust will dispose of it.

THE COMMISSIONER: Q: We willmark thisas Exhibit 118. You call it "Japanese Backlog Properties"?

A Yes, my lord.

(STUDY MARKED GENERAL EXHIBIT NO. 118).

Q Now, would you be good enough to explain it and what it means for the purpose of the record?

A= The purpose of this study, my lord, was to ascertain, if possible, what prices were paid for property purchased subsequently to the Japanese property; that is, property which was purchased by the Veterans Land Act.

They purchased in certain municipalities quite large acreages during the years 1944 to 1946, and the endeavour was to place it on some footing so that a proper comparison could be made, and it was with that view that I had this document, Exhibit 118, prepared.

It shows the municipalities and the total acreage, then it shows the cleared acreage and the bush acreage. It shows the total land value, the present day value of the buildings, and then how much the buildings added to the land.

Q When you say "present day", I assume that means present day as at the date of purchase?

A That means the replacement value, my lord, at the date of purchase, or at the date of appraisal.

Then it shows the total value paid, it shows the assessment on land and improvements, then it shows the average price per acre, and I have inked in, "Including buildings" because I don't believe it is any comparison at all without it, because a large parcel of 100 acres in the block compared with ten or 20 acre blocks, all with buildings on them , would be no comparison

at all. That is why I have shown in the next column the percentage of cleared acreage to total acreage, and the price per acre of land only.

Then we came to the question of the white backlog property, and it was a rather difficult problem, that is the V.L.A. went out and appraised certain land, and then they made an offer, and sometimes that offer was accepted, but often they had to pay more. Well then, supposing they offer a purchase price of $75,000.00 for a block of land and find they have to pay $80,000.00, or $85,000.00, the question was how to distinguish between land and buildings. Well, there was no absolute method of doing that. The only thing we could say was, assuming the proportions between land and buildings as shown on the V.L.A. appraisal, and, after all, they are trying to buy on the open market, and reach the market price -- assuming a proportion between buildings and land to be reasonably sound, we will take the same proportion between buildings and land on the total purchase price.

I don't know whether I ammaking myself clear on that. It was an abbitrary decision, and there may possibly be some better method of doing it, but we can't think of any method that would give a truer picture of the subsequent purchases than that.

When you see a total purchase price in

Richmond of $471,019.00, that doesn't exactly mean that that was the total appraised value. The total appraised value may have been somewhat less, and the figures for total land value and total building value which add up to $471,000.00 are again the relationship -- the same relationship between buildings and land as in the appraisals on which the offers were made and the lands finally purchased.

THE COMMISSIONER: Q: What is the significance of your heading, "White Backlog Property"?

A It just means those were properties bought on the open market from Occidentals, as distinguished from Orientals.

Q Oh, I see, and those that appear above were Japanese properties?

A Those were allpurchased from Japanese, my lord, and the endeavour was to see whether on the open market, purchasing some years subsequent to the purchase of the Japanese properties, whether prices were so much greater, or actually to see just what they were in order that we might compare them and see from that whether the prices paid to the Japanese were ridiculously low, and they vary, apparently, from municipality to municipality here.

Of course, they also vary because in some municipalities there is hardly an adequate number of acres to give you a study which can be compared with any accuracy.

The first study is in Richmond, and again you have the 262 Japanese acres, comparing them with 1917 acres purchased subsequently.

Q Where do you get your 262 acres?

A That is in the Japanese backlog, my lord.

Q Oh yes, I see.

A And the percentages of cleared land are very high in each case; 99 percent in the first case and 95 percent in the second case.

As your Lordship knows, most of the land around Richmond and Lulu Island in the Valley is largely cleared, and the price per acre is in the case of Japanese $219.00 and $221.00, in the case of the subsequent purchase from white people.

Again in Delta you have a fairly comparative one so far as acreage is concerned. You have 545 acres bought from the Japanese and 625 acres from Occidentals. You have a very different picture, though, when you look at the percentage of cleared land. From the Japanese in Delta only 34 percent of the land was cleared, but the land purchased subsequently from white people was obviously a much more selected group of properties and the lands were 99 percent cleared.

In the first case you have a price of $34.00 per acre, and in the second case you have $137.00 per acre.

In Surrey you have large groups of acreages

in each case, 1075 for the Japanese and over 2000 in the case of the white purchases. That was 47 percent cleared in the case of the Japanese and 75 percent cleared in the case of the white backlog. The respective prices for them were $40.00 for Japanese land and $72.00 for Occidental land, and so on down thecolumn.

Some of them are rather favourable to my contention, some of them are not so favourable, my lord.

You have in the case of Langley 24 percent, with a fairly large acreage, 705, and you have 24 percent of it cleared with $21.00 as the purchase price. You have only 17 percent cleared in the case of the purchase from Japanese -- from whites or occidentals, and the price was $34.00 an acre.

Similarly in Matsqui with a large acreage bought from Japanese, with quite a small acreage from white people. You have 20 percent cleared from the Japanese and 18 percent cleared from white people,and a price of $21.00 from the Japanese and $54.00 from the white people.

When you get down to places like Sumas you don't know really whether you have anything that is valuable or not. There were only a few acres purchased from the Japanese and there were 268 acres from Occidentals or whites. However, the purchases, as far as cleared land are concerned, work out much the same. It is

96 percent cleared in the case of Japanese land, and 96 percent cleared in the case of land purchased from Occidentals.

The difference in purchase price is $73.00 for Japanese lands, and $123.00 for the white.

The purpose in putting in this exhibit, my lord, is to try and show what the relationship is between land purchases some time later and the price per acre of the land purchased from the Government. In other words, it would be of some assistance to your Lordship in calculating the percentage that the V.L.A. purchase price was low.

MR. McMASTER: Q: Are you able to advise us as to whether the total value shown under Japanese backlog is the appraised value or sale price?

A It is the sale price.

Q The actual sale price?

A Yes. That is what I wastrying to explain, how they broke down that purdhase price under the buildings and lands. You can appreciate the only breakdown we had was on our appraisal, prior to purchase.

THE COMMISSIONER: Q: You are referring to the figure "total value".

MR. McMASTER: The total value of Japanese land. The figure of $803,570.00.

Q Is that not the appraised value? That is my impression.

A I think it is, yes. You could take a deduction

of 1.8 on that.

Q Have you the appraised value figure for the white properties?

A No, I haven't that, because it didn't mean anything, you see. With the other there is a definite relationship between appraisal and purchase price, but with the white properties the only relationship --there is no particular relationship between appraisal and purchase price. It is what you can get for it on the open market. In some cases they got it for less than their appraisal, and in other cases they had to pay more.

THE COMMISSIONER: Q: Does that conclude the real property?

A Yes.

THE COMMISSIONER: Perhaps we might break now.

(PROCEEDINGS RESUMED AFTER A SHORT RECESS)

THE COMMISSIONER: Are there some fishing vessel matters that I stopped you from putting in, Mr. Hunter?

MR. HUNTER: I had intended to do it at this time, but my learned friend suggests it would be better to make it more consistent that he put in his V.L.A. material at this time, my lord.

THE COMMISSIONER: Yes, I think it will be.

MR. McMASTER: My lord, I would like to put in a study, or a memorandum with regard to the last exhibit, Exhibit 118. Mr. Cobus will deal with the other material.

ROBERT J. McMASTER, a witness called on behalf of the claimants, being first duly sworn, testified as follows:

THE WITNESS: I have prepared this material, my lord, and I will point out in one place where it has reference, I think, to material that Mr. Cobus had prepared, and I will file it as the next exhibit.

(STUDY MARKED GENERAL EXHIBIT NO. 119).

THE WITNESS: Now, Exhibit 119, my lord, consists of a Re-arrangement by Municipalities of the material produced by the Crown in Exhibit 118, plus memorandum with regard to the comparison.

If I might refer to Exhibit 118, first, my lord, I draw your attention to the fact that in 118 it deals, first of all, with the properties purchased from Japanese, and in the second place with properties purchased from Occidentals. You will notice that there are some municipalities where property was purchased from the Japanese, in which there was no property, apparently, purchased from Occidentals, specifically Mission, Maple Ridge, Pitt Meadows, Coquitlam, and Dewdney.

Therefore, there are really only seven areas which have any possibility of comparison in Exhibit 118.

Now, to make it a little clearer for your Lordship --

THE COMMISSIONER: Q: The omitted municipalities are--?

A -- in Mission Village, I believe my friend included that as one. Maple Ridge, Pitt Meadows,

Coquitlam and Dewdney.

Q Omits material in relation to Mission and Maple Ridge and Mission Village?

A Pitt Meadows, Coquitlam, Dewdney, and the Coast area.

Q Yes. A: Now, in Exhibit 119, on the first page of it your Lordship will observe that I have put into Exhibit 119 the information from Exhibit 118, with regard to each of themunicipalities where there is duplicate information taken from Exhibit 118. That is, first of all, dealing with Richmond purchases from Japanese, and then purchases from whites; Delta purchases from Japanese and purchases from whites, in order to make it possible to see those figures in relation to each other.

Now, at the time of the preparation of that document, I didn't have the figures which my learned friend gave to your Lordship yesterday, informally, and referred to this morning; that is, the percentage of cleared to uncleared land and the price per acre of land only, as he describes it. Those figures might be added to Exhibit 119. I haven't done so.

With regard to Exhibit 118, I would draw attention to the fact that is the price per acre averaged out, cleared and uncleared, of Exhibit 118.

Now at the foot of the first page of Exhibit 119, I have listed the information with regard to

the excluded municipalities, or the municipalities where there were no corresponding white purchases.

On page 2 of Exhibit 119, my lord, -- I am sorry, before turning to page 2, I draw attention to the fact that my friend provided us with lists of the total numbers of white purchases, and this should have appeared on the exhibit, but we find that there were 24 purchases in Richmond by whites, 18 in Delta, 43 in Surrey, 7 in Langley, 5 in Matsqui, 4 in Chilliwack, and 3 in Sumas.

Now we have considered that 7, 5, 4 and 3 sales respectively in Langley, Matsqui, Chilliwack and Sumas are not significant.

Q Let me have those figures again.

A Yes. Richmond, 24 white sales, or purchases; Delta, 18; Surrey, 43; Langley, 7; Matsqui, 5; Chilliwack, 4; and Sumas, 3.

Q Yes. A: Now I might say in that respect, my lord, there may be more than one, but it appears to be one purchase, or there may be more than one property.

Now, he gave me yesterday the figures with regard to the Japanese acreages included in his survey. In Richmond, 72; in Delta, 69; in Surrey, 94; in Langley, 63; Matsqui, -- I am sorry, I said 63 for Langley, it should be 31 for Langley; -- Matsqui, 63; Dewdney, Sumas and Chilliwack, he gave me a total of 8. He wasn't able to break those down. In the Coast area, 4.

Q There are no Japanese sales shown?

A I am sorry, I can give you the figures for Mission. It is the group at the bottom, my lord, if you like.

Q There are none shown for the Coast area.

A It is shown at the bottom, my lord. There is no corresponding white. It is the very last item on the first page.

Q What was the number again?

A Four. In Mission, including Mission Village, 109. In Maple Ridge, 215; in Pitt Meadows, 39; in Coquitlam, 10; and Dewdney, you will recall, was included with Sumas and Chilliwack.

Now, as I say, referring to Exhibit 119, there only being a very small number of purchases, unfortunately; Langley, Matsqui, Sumas and Chilliwack, we disregarded those, and on the second page of the exhibit, and that deals, my lord, with Richmond, Delta, Surrey, where there are fairly large numbers of properties in each group -- now, my lord, we had surveys made with respect to the total numbers that were provided for white purchases, and we find in the Richmond group as indicated by the first footnote that there was one property that was purchased for $100,000.00, and on examining the map we haven't got the exact acreage of it, but it would appear to be more than 1400 acres. So that, there is the one property of 1400 acres, $100,000.00 in the Richmond figures as purchased from whites.

Q I think Mr. Hunter called attention to that

yesterday , did he not?

A I think I did, my lord, yes. Then, following, first of all, Richmond across the top there, it shows the ratio of the purchase price to assessment. In the case of the Japanese property, it is 71:100. In the case of the Occidental property, 136:100. The ratio of the Japanese purchase price to Occidentals is 100:191..

If you refer to the first footnote, it draws attention to the fact that we didn't have the assessment figures on the $100,000.00 property; so that, it was necessary to include that in these figures, although, it might affect that ratio considerably.

The average acreage of the Japanese properties, on the figures my friend has given me, is 3.6 acres. On the Occidental property, excluding the 1400 acre parcel, it is 21.7 acres, and I have shown the percentage of cleared and uncleared land as he showed it, and then it shows the price per acre cleared of the Japanese land $219.00 per acre.

If you assume, as indicated in footnote 3 that there were no improvements at all on that 1400 acre parcel of land, which is giving the benefit, as it were, to the white property, then by deducting the $100,000.00 from the total land value in Richmond, it leaves $324,865.00 as the value of all the other land in Richmond purchased, excluding that one property.

And divided by 517 acres, which is the remaining acreage, it gives a price per acre of $628.00, or 100:287.

Now the next column, my lord, it shows the average prices per purchase with respect, first of all, to Japanese was $64.00 per acre-- the average price per purchase was $1513.00, I am sorry, to $16,131.00, excluding the 1400 acres, and a figure taken from the private sales study which will subsequently be put in, my lord, shows the average price of purchases on private sales in 1943 was $1768.00.

Q Is that an at all significant figure in view of the fact that the different properties will be all different acreages?

A That is the point. It emphasizes the point. That is, under the "average acreage", 3.6 is the average of the Japanese and 21.7 is the average on the Occidentals properties on the purchase by D.V.L.A., and I think if your Lordship will refer to the study which Mr. Cobus will put in shortly -- I don't think Mr. Hunter broke it down, but you will find when you get into the acreages of over 20 acres in the Richmond study that the relationship between assessment and the sale price drops considerably from what it is on the smaller acreages.

Now, the same information has been provided with regard to Delta. In that case I would refer, or I would draw your Lordship's attention to the

fact that in the case of the Japanese lands 34 percent of the land was cleared, in relation to the uncleared land, and in the white purchases 99 percent. So that in effect the $137.00 per acre was the amount that was paid for cleared land in the purchase from the Occidentals.

Now, Mr. Cobus, did the actual joe work on the preparation of this figure, immediately above which is $64.00 per acre, which was the average that was paid, or was given in the case of Japanese properties for cleared acreages, and the difference between the cleared acreage values there is expressed in terms of $ 100:172.

Again you notice the difference in size, the average Japanese is 7.9 and the average Occidental 34.7 acres.

In Surrey the same thing applies. There is a footnote No. 5 there. It works out to the same per acre cleared. It is not possible to calculate the amount per acre they paid for the Occidental land, because Exhibit 118, filed by my learned friend, does not break it down into cleared and uncleared, but there is a mixture of both.

MR. HUNTER: Q: What is that?

A That is that story. At the foot you will notice two notes, my lord. One is to the 104 white purchases. In the purchase from Occidentals you will notice the heading of Exhibit 118 says, they are white backlog property purchases, 1944

to 1946.. Our surveys show one was in 1942, 66 in 1944, 34 in 1945, and 3 in 1946.

THE COMMISSIONER: Q: The great majority were in 1944?

A That is correct, my lord. Well, the majority are in 1944, that is correct. The other note refers to -- I think I have already referred to the number of purchases in Langley, Matsqui, Sumas and Chilliwack, which are relatively small.

I would ask Mr. Cobus to identify the studies which have been made concerning the five municipalities, my lord.

MR. HUNTER: My lord, I haven't quite followed Mr. McMaster's statement here that it is not possible to calculate for Surrey.

THE COMMISSIONER: What is cleared and what is uncleared?

MR. HUNTER: Yes, my lord.

THE COMMISSIONER: Q: What are you referring to in that comment, Mr. McMaster?

MR. McMASTER: A If you will notice, my lord, on Exhibit 118 which my friend filed, it shows the purchase of total number of 2135.58 acres.

THE COMMISSIONER: Q In what?

A In Surrey, from Occidentals, my lord.

Q 2135? A: Yes, my lord, 2135, 1603 of those were cleared, 533 were uncleared. Now, the total land value, which is the next figure, of $115,117.00 is for the 2100 odd acres. There is no way that I can break it down and say how much they paid for the 1600

cleared, and how much for the 533 uncleared.

THE COMMISSIONER: Do you follow that, Mr. Hunter?

MR. HUNTER: Yes, my lord.

(Witness aside)

MR. McMASTER: I believe, my lord, that you have the originals of the studies made in the five municipalities.

THE COMMISSIONER: Yes, I have.

MR. McMASTER: I wonder if those could be handed to Mr. Cobus for identification.

ANTHONY EDWARD COBUS, recalled, testified further as follows:

THE WITNESS: These, my lord, are the results obtained from the studies in the Municipalities of Mission, Richmond, Surrey, Maple Ridge and Delta.

THE COMMISSIONER: Now, we will follow the same practice as we did with the Government studies. We will put these in as Exhibit 120.

(STUDIES MARKED GENERAL EXHIBIT NO.120).

Q What were the municipalities again?

A The municipalities were Surrey, Maple Ridge, Delta, Richmond and Mission. I might say that those municipalities are the same municipalities upon which the Crown has already submitted reports.

My lord, I don't think I had better go into very much detail in explaining the set-up of the studies as now filed. Perhaps if I say that the study shows the result obtained by studying

private sales in the municipalities mentioned, compared with a similar and corresponding study of D.V.L.A. purchases of Japanese properties in those municipalities, and indicated as a breakdown of the property studied by acreage.

Q I have had the detail furnished by yourself, Mr. Cobus, at the recent conference, unreported. Unless you wish to go into the detail, there is no need for it.

A Indeed I don't, my lord.

MR. McMASTER: My lord, there was one other document which we had informally handed to your Lordship with regard to D.V.L.A., a memorandum referring to certain exhibits. I don't know whether I need to prove that under oath, or just place it in.

THE COMMISSIONER: Well, as long as it is on the record.

MR. McMASTER: Yes. I would ask to file that as the next exhibit, my lord.

THE COMMISSIONER: What do you call this, Mr. McMaster?

MR. McMASTER: "Memorandum re D.V.L.A.".

(MEMORANDUM MARKED GENERAL EXHIBIT NO. 121).

THE COMMISSIONER: Is that all, Mr. McMaster?

MR. McMASTER: Yes, my lord. Well, that is all on D.V.L.A.

THE COMMISSIONER: Yes.

MR. HUNTER: My lord, I don't think there is any need for me to explain this study on fishing vessels that was formerly shown to your Lordship. I think it is fairly self explanatory.

THE COMMISSIONER: Yes, I think so.

MR. HUNTER: If there is anything thatbothers my learned friend, I would be glad to try and explain it.

MR. McMASTER: No, my lord. I think we can follow it now.

MR. HUNTER: I would suggest the original, which is in your Lordship's care, be marked as Exhibit 122.

THE COMMISSIONER: Yes. The secretary has it. It will be Exhibit 122.

(MEMORANDUM MARKED GENERAL EXHIBIT NO. 122).

MR. McMASTER: I would ask Mr. Cobus to file a memorandum re boats on the question of labour, lumber and engines, my lord.

Q Mr. Cobus, did you prepare that memorandum?

A I prepared that memorandum.

THE COMMISSIONER: Q: That will be Exhibit 123.

A My lord, this memorandum is very brief, and it merely tells what we have attempted to show with respect to boat building costs between 1939 and 1942.

I don't know whether I should read this into the record, or not, my lord.

Q It has been marked as an exhibit, and it is not necessary, unless you think it needs explanation.

A No. I think it is self explanatory, my lord.

(MEMORANDUM MARKED GENERAL EXHIBIT NO. 123).

MR. McMASTER: We have, also, a memorandum, my lord, with respect to nets, which we propose filing.

THE COMMISSIONER: Yes.

MR. HUNTER: Before we put that in, my lord, I would

suggest that this material that Miss Matheson obtained re increase in price between 1938 and 1942 be put in.

She was to be here this morning. I don't know whether she is ill or not, but she didn't turn up. She has furnished me with this in the form of a memoranda. It is the purest of hearsay, I grant, but the people could be called to back it up.

MR. McMASTER: My friend can file it, for what it is worth.

THE COMMISSIONER: This is as to fishing vessels?

MR. HUNTER: Yes. It is on the cost of engines and so on.

THE COMMISSIONER: It hasnot been handed to me yet.

MR. HUNTER: I referred to it, and read it to you the other day at the meeting, and you suggested it be filed formally, my lord. I asked Miss Matheson to be here this morning, but she hasn't turned up.

THE COMMISSIONER: All she can do is repeat what she says in the memorandum, that she got the information from so and so.

MR. HUNTER: Yes, my lord. I have a copy here for my friend.

GENERAL
(MEMORANDUM MARKED/EXHIBIT NO. 124)

MR. McMASTER: Mr. Cobus has a memorandum re nets, my lord.

THE COMMISSIONER: Yes.

Q Proceed, Mr. Cobus.

A This memorandum, my lord, concerns a study, if it

can be termed that, of the nets involved in the 20 net category cases that had already been agreed upon between Crown counsel and claimants' counsel.

MR. McMASTER: That will be Exhibit No. 125.

(MEMORANDUM MARKED GENERAL EXHIBIT NO. 125).

THE COMMISSIONER: Q When you speak of something having been agreed upon, to what do you refer?

A Your Lordship recalls that category cases were to be selected.

Q Oh yes, I see.

A In nets, each of us was to select ten cases.

Q Oh yes, I follow you.

A The memorandum is attached to the schedule and is very short, and I think, my lord, if I read through it I can explain any point that arises.

"The 20 net category cases were examined . . . involved therein."

I might interpolate here, my lord, the Leckie scale is Exhibit No. 54.

"The scale was applied to all nets . . . for one of the above reasons are underlined."

Now, the results of the study follow, and it shows that of the 75 nets sold by the Custodian, the Custodian sold for $5535.00, the Leckie scale would give a calculated value of $7113.00. The ratio there is 100 to 128. The Custodian's price would have to be increased by 28 percent, to achieve the Leckie scale.

The schedule attached, my lord, consists of

five sheets each for the Crown category cases, and the claimants category cases respectively.

I hope, my lord, that the way it has been set out is self explanatory, but perhaps if your Lordship would look at the schedule, it has the case number first given in the left hand margin, the description of the nets is shown next, and the weight; that is, the calculated weight in pounds, by applying the Leckie scale.

The calculated original value is achieved by using the Leckie set of prices per pound shown in Exhibit 54. The age, one year and new, is the information taken from the record as being evidence of the claimant himself. The depreciation is taken from the Leckie scale . The calculated value is the original value, less the depreciation, and the sale price is the Custodian sale price, and the final column is the value claimed for that particular net by the claimant.

MR. McMASTER: Q: Mr. Cobus, when you were working this out --it doesn't appear in this report -- did you make a calculation or check of the figures on the amount that was the claimed amount for 150 nets? That is, as to how much less than the amount claimed the Leckie scale arrives at it.

A Yes, I did that. I haven't my tapes with me, but if you take the total claim value of all the nets involved, that is to say 150 nets, and compare that with the Leckie scale value, you

would have to reduce the claimant's value by thirty percent.

THE COMMISSIONER: Q: The total claim value on how many nets?

A 150 nets.

Q With the Leckie scale?

A Yes, my lord.

MR. HUNTER: Q: You are taking the claim as 100, are you not?

A Yes, in that instance, I am indicating how much the claimants' claim would have to be reduced. Thirty percent of the claimants' value would have to be reduced in order to achieve the scale. I suppose I can put it the other way. Well, I would rather not do that.

MR. McMASTER: Q: By the way, Mr. Cobus, in estimating that I notice in the schedule there are some notes on the Leckie scale where you have put "nominal". Did you place any value on them?

A Oh yes. I should point out something there, too. Where the value of the net is shown as being nominal, I took it from C.P. Leckie's evidence that he, too, was very unhappy when he found his scale gave a nil value for a net, and after examining the actual sales that were made and money was paid for a net, where the Leckie scale would give me this nominal value, I find quite a number of cases where people paid money for such nets, and I read the evidence of Mr. Christianson, Mr. Gordon, and Mr. Suzuki, and

I came to the conclusion that if I allowed $25.00 a net for those nets that work out to a nominal value that I wouldn't be over-estimating what, in my opinion, I consider to be their value.

It appears to me that it was said if a net wasn't worth something around $35.00, it wasn't worth buying, and I use that amount of $25.00 for some -- while I can't recall how many -- $25.00 for each nominal value was allowed and included in the calculated value.

Q And that was only, however, with regard to estimating the amount that the Leckie scale was below the claimants' value?

A That is correct.

Q Those were excluded from the study in the relationship of the Custodian sales to estimated value?

A Yes, they were excluded there. In the result, again in the memorandum, these were not taken into account.

(witness aside)

MR. HUNTER: My lord, we have the information now on cars and trucks.

DARRELL T. BRAIDWOOD, a witness called by the Crown, being first duly sworn, testified as follows:

EXAMINED BY MR. HUNTER:

Q First of all, Mr. Braidwood, will you try and show us from where you derived the information on the introduction of gasoline rationing?

A My lord, the question is quite confused with the mass of Orders-in- Council and proclamations, and one thing and another like that. I found it a little difficult to obtain accurate material.

However, I find that the basic regulation was passed as an Order-in-Council No. P.C. 1195, gazetted on the 27th of February, 1941. I am reading, my lord, from a volume printed by the King's Printer, "Proclamations and Orders-in-Council", Volume 4. I don't have an extra copy, but it is in the Law Library of the Court House.

This was an Order-in-Council which set up the right to the oil controller to take charge of oil supplies and petroleum products in Canada and to make such orders and directions as he should see fit in the preservation of same in the national interest.

That seems to be the basic order, my lord, and that was followed by P.C. 2668, on the 27th day of March, 1942. That comes from the same publication, my lord, "Proclamations and Orders-in-Council", but it is Volume No. 6.

THE COMMISSIONER: Q: The 27th of March, of what year?

A The 27th day of March, 1942, my lord.

Q That was a later order.

A Yes, my lord. The basic order was on the 19th of February, 1941. This order of March 27th, 1942, is actually an amendment to the basic order, and this order which I think I might

put in popular language gave the oil controller power to require individuals to use coupons and one thing and another of that nature for the obtaining of gasoline. There are four sub-sections directed to that end in this amendment.

My lord, I have been unable to obtain a copy of the oil controller's order under the terms of which actual gasoline rationing came into effect, but I have made inquiry, which, of course, is hearsay, but I directed my inquiry to the library of the Vancouver Daily Province, which informed me that the gasoline rationing, as such, came into general effect in April of 1942, in the Dominion of Canada.

MR. HUNTER: Q: Mr. Braidwood, can you give us some information as to when price ceilings affecting motor vehicles were introduced?

A Yes, I can.

THE COMMISSIONER: Q: What was that date in April again?

A No date was given, my lord. It is just April of 1942. That was taken from the records of the newspapers at the time.

Q Yes.

A Now, my lord, on the matter of price ceilings of motor vehicles, there is a long series of orders there, too, but apparently, my lord, P.C. 112, of the 13th of February, 1941, was the basic order in this regard. That is the

13th of February, 1941. This Order-in-Council set up the motor vehicle controller, and gave him certain rights and duties.

Now, on the 24th day of February, 1942, by Order of the Motor Vehicle Controller, No. 15, that is the first record I could find, my lord--that is the 24th of February, 1942, that actually set forth the matter of setting up definitive prices for motor vehicles, and all these would be shown and certain charges set up for handling and for accessories, and one thing and another like that, and by order of the Motor Vehicle Controller, No. 18, on the 12th day of May, 1942, which is a rather long order, my lord, it sets out the specific prices that can be charged for cars on the basis of percentage reductions on delivery retail prices.

Your Lordship may recall that the general procedure was, and I am looking now at the used motor vehicle list, that a car up to and including six months of age at that time could be sold at 100 percent of retail delivery price. Over six months, and not more than a year, 95 percent of the retail delivery price.

Q Do you propose to put this in?

A I can certainly file it. It purports to be a copy, for what it is worth. There is a long series of orders, changing the actual figures from time to time.

Q You have examined it. Do you think it will be of

any value to put it in?,

A I understood your Lordship merely wanted to have in your mind the compiling of the orders.

Q That is really what I wanted.

MR. McMASTER: I think it might be valuable to put it in.

A I will file Order No. 18 of the Motor Vehicle Controller, my lord.

THE COMMISSIONER: Q: You better put them all in as one exhibit.

A There are only two, my lord. I will put them both in, if you wish.

That was the 12th of May, 1942, and that was amended as to used passenger motor vehicle prices on September 29th of 1943, and that is Order No. 18-A of the Motor Vehicle Controller.

These are both copies, my lord, and as I say, the prices aren't set out specifically, but a percentage of the retail delivery price is shown, depending on the age of the vehicle. That was the method that was followed. I believe that is all the information I have to offer.

(ORDERS MARKED GENERAL EXHIBIT NO. 126).

THE COMMISSIONER: Is there anything else, Mr. Hunter?

MR.HUNTER: No, my lord.

(Witness aside)

THE COMMISSIONER: Now, Mr. Shears has given me some infommation this morning that I had asked him for. I have not looked at it yet. I think

this relates to a matter that I can discuss with counsel later, rather than have any reference to it on the record now.

MR. McMASTER: I think the red book which was referred to by Mr.Macdonald this morning should form part of the exhibit which is the report.

THE COMMISSIONER: Just a moment, Mr. McMaster. Reference is made in the analysis which Mr. Macdonald has made to the red book. Surely there is no need to put the book in.

MR. McMASTER: Very well, my lord.

MR. HUNTER: Did your Lordship say you were putting in those exhibits?

THE COMMISSIONER: Which is that?

MR. HUNTER: Mr. Shears' information.

THE COMMISSIONER: No. I would like to have an opportunity to examine them first, and then I will discuss it with counsel before I do anything with them.

We will adjourn now, then, until half-past two when counsel will meet me in my chambers.

Just before we adjourn, I have received from Mr. McMaster a document signed by Dr.Gillis, relating to the claim of Arthur K. Hagano which is Case No.9. The claimant was heard at Kamloops and leave had been given at that time I think to file a letter from Dr. Gillis, explaining what had happened to the radio, was it not?

MR. McMASTER: Yes, my lord.

THE COMMISSIONER: I would direct it be filed as the next following exhibit in Case No.9.

(PROCEEDINGS ADJOURNED UNTIL 2:30 P.M.)

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