

have been worth merely as rural land. But we do not think, and evidently Chief Judge Jones did not think, that the consideration actually paid was quite adequate. The land had some prospective or potential value, as, indeed, was recognized by the Government of the day, but we do not think that it was quite sufficiently recognized. At the same time, when considering the question of prospective or potential value, it must always be remembered that the vendor of such property is not entitled to a price based upon the added value which is created by Government expenditure in respect of the construction of the railway or of public buildings and amenities or otherwise. Nor, of course, is there any relation whatever between the value in 1889 and the value to-day. Incidentally, it may be mentioned that the Government expenditure in the development of Rotorua has amounted to many hundreds of thousands of pounds.

35. As to the purchase-money, it has been said, as Chief Judge Jones pointed out, that the total cost of the township to the Crown was £10,834. The purchase-money was expressed in the deed to be £8,250, although the actual receipts in the schedule total £9,138 7s. 2d. Apparently in none of these figures is the sum of £1,800 paid to Mereana Clayton taken into account, and it is quite right that it should not be taken into account, because Mereana Clayton was paid for her interest by virtue of the Thermal Springs Districts Act, 1910, the sum of £1,800, but that was based upon the value of the land as at 1910 and of her not having executed the original agreements, so that in respect of her share there was no encumbrance, either actual or hypothetical, of a ninety-nine years' lease. We think that for our purposes the purchase should be considered as a purchase for £8,250, and not £9,775, which is the figure taken by the Chief Judge. The Chief Judge took substantially as his basis the figure of £15,000 at which the township was offered for sale to the Government on behalf of the Natives by Mr. Howorth and Mr. Taiwhanga in 1889, but working upon that basis and then resorting to acreage he obtained the sum of £13,775, being 2,755 acres at £5 per acre, and then deducted £9,775, which he assumed to be the price actually paid by the Government. That is how he obtained his sum of £4,000 which he recommended should be paid as compensation. But, assuming that the Chief Judge is basically correct, it seems to us that he should have taken £15,000 as the value of all the rights and interest in the township which the Maoris had and were able to sell and deducted from it only £8,250. On that basis the proper recommendation would have been £6,750.

36. It is extremely difficult to arrive with any satisfaction at anything like an accurate value of the land in 1889. We are not, however, without some evidence on this point. We have first the evidence of Mr. Osmond and Mr. Bennett given before Chief Judge Jones in 1935. Mr. Osmond assumes an area of 2,776 acres; Mr. Bennett, 2,766 acres; and each of them values it on an acreage basis. Mr. Osmond values it at £12 10s. per acre, or a total of £34,700. Mr. Bennett at £10 per acre, or a total of £27,660. But in each case there must, of course, be deducted the sum of £8,250, the purchase-money agreed with the actual sellers in 1889. The evidence of those two gentlemen is of very little, if any, value, because, firstly, it is a matter of opinion which they express based very largely on subsequent events, and, secondly, their valuations are open to the same objection as Mr. Cooney's estimates, to which we shall now refer. Mr. Cooney suggests that the land was worth, say, £24,000, made up in this way: there were, he says, in 1889 leases in existence which produced a rental of £600 per annum, and he capitalizes this sum on a 5-per-cent. basis as £12,000. He admits that the sections comprised in those assumedly existing leases represented the most valuable parts of the township and that the leases were for a term of ninety-nine years. He says, as to the rest of the valuable portions of the land, that it should have brought in an aggregate of another £600 per annum, which, capitalized at 5 per cent. is another £12,000; and he would presumably add a comparatively small amount to these two sums of £12,000 each as the value of some inferior portions of the land. The first observation to be made regarding Mr. Cooney's estimates is that, while he had what was