

then accepted by both parties as good ground for believing that there were in 1889 existing leases bringing in £600 per year, that was not correct in fact. His belief was based upon a statement made by Mr. Knight, an officer of the Lands Department, at the 1930 inquiry, but further investigation has been made since we held our sittings at Rotorua, and it turns out that either Mr. Knight was mistaken in his statement or else that the statement was wrongly recorded. It would appear that the actual rent that was coming in at the time of the purchase was only about £30 a year, and if that sum were capitalized at 5 per cent., it would be £600. It may be that that is how the mistake arose. But, even apart from that possible mistake, both Mr. Cooney's estimate and the valuations of Mr. Osmond and Mr. Bennett are subject to the comment that the value of the lands could not be taken for sale purposes on the basis of a capitalization of the rentals at 5 per cent. A person buying land subject to a ninety-nine years' lease at a rental of, say, £500 would never think of paying £10,000, which would be the rental capitalized at 5 per cent., and that, indeed, is shown by what happened in the case of Mereana Clayton. Her interest in the land was valued as at 1910 in the proceedings taken under the 1910 Act at £1,800 if she was found not to be a party to the Fenton and Clarke agreements, and the land was therefore, so far as she was concerned, unencumbered by any actual or hypothetical ninety-nine year leases, but at only £300 or £310 if she was found to be a party to the agreements and her interest was therefore to be regarded as subject to the encumbrances. (It must be remembered, of course, that the general conditions in 1910 were vastly different from those of 1889, and that values had enormously increased in the intervening years.) It is difficult to understand this very large reduction of £1,500 in the event of Mrs. Clayton's interest being held to be bound by the Fenton and Clarke agreements and therefore subject to an actual or hypothetical encumbrance of a ninety-nine years' lease; but there the fact is—the figures of £1,800 or £310 respectively were agreed between Mrs. Clayton's legal advisers and those of the Crown. We say that these observations are applicable also to the valuations of Mr. Osmond and Mr. Bennett, because they too seem to have worked upon the theory of the capitalization of the rentals at 5 per cent. Of course, on Mr. Cooney's estimate, as in the case of any other valuation, there would have to be the deduction of £8,250. It may be added, as showing the fallacy of these valuations, that in 1930 the annual rent from 306 leases granted by the Crown was only £1,800.

37. On the other hand, as evidence of value, there is the statement of Wi Hapi in 1930 when he appeared before Chief Judge Jones as representing the Ngati Whakaue. He assumed the area to be 3,020 acres. He was dealing with the matter on an acreage basis, and he suggested a price of £6 per acre on 3,020 acres, which would place the value at £18,120. From this the sum of £8,250 would, of course, have to be deducted, which would leave £9,870.

38. But, as against all the subsequent values to which we have referred, there is the actual offer which was made in 1889 by Mr. Howorth and Mr. Taiwhanga on behalf of and as representing the Maori owners. Mr. Taiwhanga was one of the Maori members of Parliament and Mr. Howorth was a well-known and reputable solicitor practising in Wellington. These two gentlemen made an actual offer to sell the land at £15,000, leaving open the question of compensation for the alleged mismanagement of the leasing system. It has been suggested that if negotiations had proceeded with Messrs. Howorth and Taiwhanga, the price of £15,000 would or might have been reduced by agreement. That may be so; but we do not think that any intendments of that kind should be made in favour of the Crown, seeing that the Government refused to deal with Messrs. Howorth and Taiwhanga and preferred to deal with the Maoris direct. If £15,000 be taken now as a basis, there would still have to be deducted the sum of £8,250, which would leave £6,750. We would add that, if the Government had accepted in 1889 the offer made by Messrs. Howorth and Taiwhanga and purchased at £15,000, instead of going direct to the Maori owners and agreeing upon £8,250, it would hardly