to the Maoris appears from the fact that during the eleven years from 1924 to 1935 the value of this free hospital treatment of the Ngati Whakaue Tribe was £12,811. The amount varied in the various years. In 1926–27 it was as low as £633; in 1932–33 it was as high as £1,714. The average of the eleven years is £1,164. Prior to 1924 the figures are not available, but it appears that "prior to 1924–25 the cost of free treatment of Maoris entitled to free treatment was treated in the same way as bad debts and written off." This, of course, does not mean, as was suggested at the hearing before us, that the Maoris were actually charged; what it obviously does mean is that entries were made of the cost, and corresponding entries writing off these amounts, these debits and credits being necessary for book-keeping purposes and being made solely for those purposes. The importance of the continued provision of hospital treatment and of the liberality of the perpetual annuity of £6,000 provided for by the Act of 1922 is this: that they provide an answer to any contention or suggestion that the gifts by the Maoris of the baths and medicinal waters, &c. (even if it were otherwise open to us on the terms of the Commission), should be taken into consideration in assessing the value of the township at the time of its purchase by the Government.

30. We come now to the recommendations in the report of Chief Judge Jones. His first recommendation is for an *ex gratia* payment of £3,155 in respect of moneys which may be said to have been lost to the Maoris during the administration of the leasing system by reason of a number of the leases having been, what the Chief Judge calls, "forfeited by arrangement." He refers, of course, not to the case of leases where a forfeiture was brought about by the inability of the lessee to pay the rent, but to the cases where the agent, Mr. Tole, with the consent of the Ministers and officers of the Department concerned, accepted payment of arrears of rent up to a certain date, leaving two months' rent still in default, and then purporting to exercise his right of re-entry under the lease by reason of that default, irrespective of whether the lessee was or was not in a financial position to keep up his payments of rent. Mr. Tole, under instructions from the Department, had taken legal advice on this matter and had been advised that it was within his legal rights to make these arrangements with the lessees and exercise his power of re-entry as he did. Chief Judge Jones expresses the view that Mr. Tole had no power, as a Government official, to enter into a compact of this kind, which had the effect of terminating the lease. Whether the view of the solicitors was sound or whether the Chief Judge's contrary view is the correct one we do not think it necessary to consider, because, even if the solicitors were right, we are of the opinion that the re-entry in any case where it was not reasonably clear that the payments could not be kept up was an error of judgment which prejudiced the interests of the Maori owners, and we agree with the Chief Judge that the circumstances were such in connection with the exercise by Mr. Tole of his power of re-entry as to call for the payment of some compensation. The circumstances were admittedly most difficult. The auction sale in 1882 afforded no real criterion of the rental values. There was speculative buying at reckless prices, and it was very fortunate for the Maori owners that one of the conditions of sale was that the first half-year's rent should be paid in advance. Some of the lessees became bankrupt or at least insolvent; others were resident abroad. The district, and, indeed, the whole country, was in a state of deep depression, and, as if all that were not enough, there happened the Tarawera eruption in 1886. Mr. Tole had had to resort to litigation in order to assert his rights, and this litigation, in which ultimately he succeeded, lasted a year, during which time practically none of the lessees paid any rent at all. A number of the lessees had refused to sign their leases and the Government was advised that specific performance could not be enforced. In all these circumstances, the Government officers were at their wits' ends to know what to do for the best, and it was in these circumstances and under these conditions that it was ultimately considered best, in the interests of the Maoris and the country generally, that the Crown should purchase the land. On the whole, the rentals actually recovered by the Crown amounted to something like £4,000,