

MINUTES OF EVIDENCE.

THURSDAY, 5TH SEPTEMBER, 1912.

The Hon. Sir J. FINDLAY, K.C., addressed the Committee on behalf of the company, and was examined. (No. 1.)

Witness: Mr. Chairman and gentlemen,—It may be, first, helpful to you if I state the relation the petition before you bears to the petition which was lodged by the Taupo Totara Timber Company during last session. Members are probably aware that the company petitioned Parliament during the session of 1911 and asked then for relief, which is included in the present petition. The prayer of that petition was, shortly, that the company should be empowered to purchase at once an area approximating 200,000 acres of Native land, that it should bind itself to subdivide and sell that land within a limited number of years, and should, moreover, in the interval improve the land so that the subdivisions should be made capable of closer settlement. That, and that alone, was the prayer of the petition. Upon that petition the following report was made: "I am directed to report that the Taupo Totara Timber Company Committee, to whom was referred the petitions of the Taupo Totara Timber Company (Limited), No. 185, and A. S. Graham and thirty-five others, No. 211, has carefully considered the same, and has arrived at the conclusion that, in view of the important issues involved in the petition of the Taupo Totara Timber Company, and more especially having regard to the vagueness of the proposals contained in the said petition in so far as they affect the future disposal and settlement of the 200,000 acres of land which the said company desires to acquire from the Natives, the Committee is of opinion that the whole question should be held over for the consideration of Parliament next session. The Committee is further of opinion that in the meantime full inquiries should be made by the Government as to the best means of connecting Lake Taupo by rail with the existing railway system, so as to facilitate the early settlement of the large areas of Crown and Native lands in the Taupo District.—24th October, 1911.—T. H. DAVEY, Chairman." Now, the petition which is before you has added to the prayer appearing in the last petition one which is radically different in character, and one which obviates entirely the objections made to last year's petition. But before I proceed to that stage of my address, may I take this opportunity of shortly stating the origin, career, and present position of this company, so that members who were not members of the Committee set up last year may then better judge the merits of our cause and the reasonableness of our request. This company was formed in 1900 by a number of gentlemen resident in New Zealand. There is not one penny of foreign capital involved in this enterprise. A sum of over £300,000 has been spent in constructing a light railway, erecting mills, acquiring bush areas, and the other requirements for the company's sawmills, and the whole of that sum has been found in the Dominion, and has come out of the pockets of residents in this country. Of this sum £100,000 has been borrowed on debentures bearing 6 per cent. interest; £91,760 has been obtained by the issue of A shares; £75,000 has been obtained by the issue of preferent shares; and a sum approximating £75,000 has been obtained by means of ordinary shares. The total sum obtained in this way and borrowed and advanced on shares amounts to over £300,000, and there is in addition to that sum £50,000, the accumulation of unpaid preference dividends on the A shares. Now, we have always paid the interest on the debentures at 6 per cent., but for twelve years we have not paid any dividends on any of the classes of shares. I do not wish to convey to the Committee that the company is in financial difficulties of any kind. It will be able to carry on until it has exhausted all the forest it now holds, so that we are not going to become bankrupt or to carry on an insolvent enterprise. We do not appeal to the sympathy or to the indulgence of the Committee upon that ground. I have mentioned these figures to impress on you that it is essentially an enterprise carried on with New Zealand cash and by New-Zealanders themselves. I take the opportunity of referring to this because the Chairman read in some objections a reference to it being a foreign company, while it is essentially a New Zealand enterprise. The company was formed for sawmilling purposes. Those who ventured their capital were led to believe, perfectly *bona fide*, that the forest contained from four to five hundred million feet of totara and matai forest. Those experienced in such matters know how unreliable such estimates are, and experience has taught us that we are not likely to obtain more than 120 million feet of timber instead of the four or five hundred millions we expected. Our estimates from Mr. James McKerrow and others, whose reports were above partisan suspicion, were that we were entitled to expect a minimum of 400 million feet. That estimate turned out to be erroneous. We commenced cutting in 1903, and for that purpose we constructed a light railway from Putaruru to our sawmills, and the present distance is fifty miles. The company unfortunately carried on for the first two years at almost a crushing loss, but luckily more recent operations have brought the enterprise to a point at which we hope to pay dividends on prior shares. There is no prospect—not the least prospect—of the ordinary shareholders receiving back their money or any dividends on their money. Therefore it is not the kind of investment that any man present would find himself rich to be connected with. We employ now an average of 250 men, the bulk of them being married, so that the total number of souls, including women and children, approximates a thousand. We have paid in wages £352,000. We have paid to the Government in freights over Government railway lines £11,000 per annum, or rather less than £79,000, and in recent years for freight to Auckland and elsewhere over £11,000 odd per annum. We have further paid in taxes and rates, for the provision of machinery and other similar outlay, £223,000; so that we have expended during the last ten years £654,000 in the payment of wages to workmen,