

project. The project shall be deemed to be consummated when and as soon as it can be shown to the satisfaction of the Minister in charge of Native Affairs that the promoters of the new company contemplated by the project are ready to register the company, and that when registered it will have at its command at least £240,000 of the £300,000 working capital for which provision is made in the project: Provided, however, the Minister aforesaid may extend the said period by three months if he is satisfied that good and substantial progress has been made in carrying out the project, and if there has been paid before the expiration of the six months aforesaid at least 25 per cent. of the cash payments aforementioned.

3. That if the cash payments aforementioned be not made, and if the project be not consummated within the period or periods hereinbefore provided, then the project shall be deemed to be abandoned, and all and singular the rights of the Tongariro Timber Co., Ltd., shall be finally cancelled and determined.

4. That the Tongariro Timber Co., Ltd., and its creditors must agree to the project and accept the terms set out therein. If that company or any creditor refuses or fails to accept the provision made for it or for him in the project within a period of three months from the 31st day of March, 1929, then the company or such creditor shall be entirely excluded from any benefit under the project. To ensure that this will be so the owners will stand ready to divest the Tongariro Timber Co., Ltd., of all its rights (by cancelling and determining them), and to vest the same, or similar ones, in the new company, subject to the terms of the project and the provision made therein for the assenting parties, and to the conditions imposed by the two preceding paragraphs, but omitting from the project all provision made therein for dissenting parties—i.e., those who refused or failed to accept as aforesaid.

5. That six months' formal notice of cancellation or determination be given to the Tongariro Timber Co., Ltd. Such notice shall be so given as to take effect as from the 31st March, 1929, or the first date thereafter as can be conveniently arranged, but shall be withdrawn if that company and all its creditors accept the provision made for it and them in the project within the three months aforementioned, and if the provisions of paragraph 2 hereof be complied with.

6. That the task of promoting and forming the new company and of raising its working capital shall be entrusted to the Tongariro Standing Timbers Syndicate of Wellington. This syndicate is itself engaged in a project which also concerns the Tongariro Timber Co., and its project can conveniently and advantageously for all concerned, be merged in the present one.

LOCAL AND PHYSICAL CONDITIONS.

General.—The area was examined by Mr. G. B. Sealey, employed by the company in July, 1908 (see report attached), whose operations were inspected and results verified by Mr. R. P. Greville, District Surveyor, in March, 1911 (see report attached).

For the purpose of examining the forest resources of the area a general reconnaissance and inventory survey was carried out by the State Forest Service, and a report presented in March, 1923 (see attached). A summary of this report is as follows:—

Area and Location.—The territory over which the Tongariro Timber Co. held concessions contains 134,500 acres, situated to the east of Taumarunui, between the Main Trunk Railway and Lake Taupo, as shown bordered red on map A attached.

Timber.—Of the total area held, 82,000 acres carry bush, while the remainder is open tussock pumice land and swamp. The State Forest Service report of 1923, however, discloses that only 49,382 acres carry timber which can be profitably worked, and contains a total of 1,160,100,000 sup. ft. A summary of the estimated quantities carried by this area is as follows (see report of 1923):—

Type 1, premier volume type (25,139 acres): This type contains 820,350,000 sup. ft., of the following six species: Matai, 35·7 per cent.; totara, 30·3; rimu, 25·3; miro, 7·6; maire, 0·4; white-pine, 0·7. The type is estimated to yield from 20,000 to 100,000 sup. ft. per acre.

Type 2, intermediate volume type (24,243 acres): This type contains 339,750,000 sup. ft., of the following four species: Matai, 40·3 per cent.; totara, 25·3; rimu, 24·2; miro, 10·2. The type is estimated to yield 8,000 to 20,000 sup. ft. per acre.

Type 3, inferior-timber volume type: This is characterized by a yield of 0 to 5,000 sup. ft. per acre, containing stunted matai, totara, rimu, and miro, which would not permit of profitable exploitation except under very favourable circumstances. This type accounts for the remaining bush-clad lands not included in types 1 and 2.

Geology.—The whole area is classed as pumice country, varying from pure pumiceous loams, 3 in. to 9 in. deep.

Climate and Stream-flow.—The rainfall over the area is heavy, and the climate variable, with extremes of heat and cold. Owing to the Waipari Gorge being very rugged and inaccessible, and the quality of timber being poor at the headquarters of the Pungapunga and Taringamutu, it will be many years before milling operations have any serious effect on the flow of the Wanganui River.

Settlement and Industries.—There is very little settlement, the activities being confined to a few Natives. A butter-factory was established by a company (Tuwharetoa Co-operative Co.) formed amongst the Natives, and cream is packed from the surrounding district. Towards the north and south are undeveloped forest lands, while on the west settlement and development have taken place, due to the Main Trunk Railway. The timber industry is the chief activity of this section. The attached plan B illustrates the operations of the various sawmill companies and their relation to the towns on the Main Trunk Railway.

Markets.—Kakahi, the outlet for the proposed railway, is situated 184 miles from Auckland and 242 miles from Wellington, and is therefore ideally situated as a central distributing station for the North Island.