

the Minister was present, resolutions were passed by the owners, and those resolutions are now before you. The effect of those resolutions is as follows: That six months' notice was to be given as from the 31st March for the consummation of the project, so that if the project was not consummated by the end of September the Tongariro timber contract would be gone for all time. During that six months they were to pay certain cash payments for registering, and were to have an opportunity of seeing whether they would be in a position to carry out the project. But before the Natives agreed to those resolutions we very expressly asked the Hon. the Minister the question which I myself put to the then Prime Minister at the last Committee meeting, that question being this: Whether the Native owners could obtain—as we considered they were entitled to obtain—from the Crown an absolute indemnity against any claims on behalf of the creditors. The Hon. the Minister said that he thought the Crown's hands might be tied in giving that indemnity, but that he hoped to get a settlement for all time of this very difficult matter. Well, the Natives agreed to those resolutions provided the Hon. the Native Minister carried out what he had stated. Broadly, the Native owners placed themselves in the hands of the Native Minister. But of course that notice was not given in March, and has not yet been given; and so the position remains the same to-day as it was then. We agree that there is some justification for what has been stated by the syndicate—that the delay is not entirely theirs. There has been a change of Government, and certain difficulties have had to be attended to in bringing forward this project of theirs. But there is one point that the Native owners now desire, and that is this: that there must be no further delay. They are emphatic that their present desire is that this six-months notice shall be given forthwith; that the Board be authorized to give the six-months notice to make this contract, and that if at the end of the six months the new company is not registered, and the back royalties not paid, then we have an end to the contract for all time. We ask that that notice be given forthwith. I would just like to make this point perfectly plain. The desire of the Natives is to have the matter settled, and they have agreed to these terms as proposed by the company, after consultation with the members of the syndicate, in the belief that that is at present the only possibility of any immediate settlement.

What are the terms you refer to?—They are set out in that printed statement you have before you. They are embodied in the resolutions agreed to in February last. They were agreed to on the basis that notice should be given from March, and that notice has not yet been given. The Natives are most desirous that that notice should be given at the earliest possible moment.

*Captain Rushworth.*] Why did not the Natives give the notice in March?—That notice can only be given by the Maori Land Board.

*Mr. O'Brien.*] Has not over £53,000 been paid to the Natives?—Yes.

That was for royalties, I understand?—That was on account of royalties.

But the company has not done any cutting?—No. There was some timber cut under the agreement with the Egmont Box Co., but that was under a separate agreement.

Did not the Tongariro Co. in 1923 petition Parliament in connection with putting down heavier rails?—The position was that an Order in Council was passed then, laying down that additional heavy rails would be required, and giving the company an extended time to construct the railway. But that Order in Council could only come into existence if and when a contract was signed by Armstrong, Whitworth, and Co., or some other similar firm abroad, and consequently that Order in Council has never yet been operated on.

*Hon. Sir Apirana Ngata.*] What would be the position if the Egmont Box Co. was obliged to carry out their agreement?—Well, sir, the position of the Egmont Box Co. has been considerably sanctioned by legislation. We have never been able to say that the Egmont Box Co. have not complied with their contract; but they have not. They were to guarantee £30,000 towards the expenses. I have previously stated the position before this Committee. We claim that if the Tongariro Co.'s contract goes, then the Egmont Box Co.'s contract must go with it. That is our view. But the Egmont Box Co. takes a different view.

Do you know anything about the timber royalties?—Well, sir, only what the State Forestry has laid down. In regard to what is set out in the syndicate's project, I consider that the syndicate's proposition of 4s. 6d. per hundred feet is a reasonable royalty to pay. The Forestry Department pays, I think, about 3s., log measurement.

4s. 6d. per hundred feet?—Yes. That was an arrangement that was made, I understand, by Mr. Grace.

*Mr. W. H. Grace:* Yes. That is the royalty that the new company is offering; 4s. 6d. board measurement is equivalent to 3s. log measurement.

---

Mr. W. H. GRACE examined. (No. 2.)

*The Chairman.*] Will you now proceed, Mr. Grace?—Yes. Mr. Chairman and Gentlemen, I appear here to-day primarily to present to this Committee the project to which my friend Mr. Hampson made reference just now. I might mention, of course, that, being interested as I am in the company, I have devoted a lot of time to the matter generally, and have actively interested myself in that direction. But I think, before I come to present the project, I would like to bring under your notice certain aspects in connection with the history of the Tongariro Co. They have a bearing on the project, and I think it is as well that you should have them. The whole idea of a company was conceived by my father, Mr. L. M. Grace, and my uncle, the late Te Heu Heu Tukino. That was in 1905. At that time there was established at the northern end of Lake Taupo what is now known as the Taupo Totara Timber Co. That was an undertaking which benefited the people at the northern end of the lake, and my father and uncle thought that they would provide a similar organization for the southern people, with the result that they approached Mr. E. T. Atkinson, and