he agreed to float a company, and the three of them worked in conjunction with each other and finally floated the Tongariro Co. As to the history of the company, I think that is very ably and fully set out in the statement which is at present before you. I come now to the period commencing about two years ago. The affairs of the company, so far as the Natives were concerned, had been steadily drifting to the bad. At that time Mr. Duncan and various other gentlemen interested themselves in the company, and finally decided to enter on a project whereby they would float a company, take over the rights of the Tongariro Timber Co., and adjust the claims of the various parties interested in a fair and equitable manner. Mr. Duncan got in touch with me, and asked me to associate myself with him in his venture, which I readily agreed to do. Well, the basis of our venture was to form a new company with a working capital of £300,000. But there were two main conditions on which the new company was to be founded. The first condition was that the standard of the railway-line should be modified. With regard to the railway-line, the position is as set out in the statement. The position originally was that a light railway-line was contemplated, but in 1919 the standard of that line was altered to that of a standard second-class Government railway-line. The effect of that alteration was that it doubled the cost of construction, and the general situation did not warrant it. So that the first condition of the new company was that there should be a reversion to the original light standard of railway. The other condition was that the new company should be given leave to deviate the route of the railway. Mr. Duncan and I waited upon the then Prime Minister, and we laid the position before him, and he said that his Government was prepared to give us until the 16th September, 1928, in order to float our company, and that if we did that the Government would give us and the conditions mentioned sympathetic consideration. We took that to mean that it would approve of the project. But there was one condition that the Right Hon. Mr. Coates imposed at the time, and that was that the syndicate should find and pay by the 16th September, 1928, all arrears of royalty payable to the Native owners. Mr. Duncan and the syndicate proceeded with their project. They raised the money that was required. Then they approached the creditors for their consent to the project, and the majority of the creditors agreed; but there was one section of the creditors that did not agree, and that was the English creditors: they held out for their pound of flesh. The proposals involved all the creditors reducing their claims by 25 or 30 per cent., and the English creditors were not prepared to do that. The result was that on the 16th September the syndicate had its working capital of £300,000 subscribed; but the consent of the entire body of creditors was outstanding, and without the consent of the entire body of creditors the new company could not be floated; so Mr. Duncan could not pay the £26,000 arrears of royalty then owing, and he therefore could not fulfil the condition imposed by the then Native Minister. The position was that the English creditors held up the formation of the company. In all other respects Mr. Duncan had fulfilled his obligations. Mr. Duncan then asked me to approach the Native owners and obtain their consent to an extension of time for the payment of the arrears of royalty, and incidentally also to obtain their consent to the modifications in the standard and route of the railway-line. I did that, and I got the consent of some 160 of the owners, the people whom I represent and whom I mentioned earlier in the proceedings. They consented to the modifications in the standard of the railway-line and the deviation of the route, and also agreed that the time for the payment of the arrears of royalty should be extended to the 12th December, 1928. Shortly after I left the district and had obtained this consent, one Pau Mariu, who is quite a big owner, and certain other Native owners took it on themselves to petition the House asking, I think, for the cancellation of the company's contract—in other words, a counter-proposition to mine. Well, the matter came before this Committee, and the petitioner and his party, who were represented by my friend Mr. Hampson, held a conference on the matter, and decided that it was useless for us to be fighting each other, and it was finally decided that his party would approve the project, and would give the company until the 31st January in which to pay the arrears of royalty. A memorandum was drawn up and signed by all the parties present at the hearing—namely, Mr. Hampson, Mr. D. M. Findlay, myself, Mr. R. W. Smith, and Mr. Duncan. That was the position at the end of last year. The syndicate had until the 31st January last in which to carry out its undertaking. It had its capital assured, but there was still outstanding the consent of the Government and the consent of the creditors. Well, it was useless going on with the procuring of the consent of the creditors unless the consent of the Government was first obtained. Mr. Duncan and I pressed for the consent of the Government, but owing to various causes—there was an election and a change of Government—the 31st January came along, but we had not procured that consent, and as a result the bottom fell out of the project for the time being, at any rate. Now, coming to what I take to be the legal position at that time: The Tongariro Co.'s obligations were two. One was the payment of royalty. That royalty was on a sliding scale, on an acreage basis, and made payable over a term of fifty years from the 1st March, 1911. For the first fifteen years, from 1911 to 1926, the company was to pay the Native owners £7 10s. per acre for all timber taken during that period. That is equivalent to about 6d. per hundred feet. The next ten years, from 1926 to 1936, the company was to pay £9 7s. 6d. per acre for the timber taken; for the next ten years, from 1936 to 1946, the company was to pay £11 5s.; from 1946 to 1956 the company was to pay £13 2s. 6d.; and from 1956 to 1961, £15 per acre.

What does it amount to, approximately, per hundred feet?—£7 10s. would be equivalent to 6d. per hundred feet; £10 would be, roughly, 8d. per hundred feet, log measurement. The average stand of timber is 30,000 ft. to the acre, and on that stand and at 1s. a hundred feet the royalty value of the timber on an acreage basis would be £15 an acre; so that that means that £7 10s. an acre is the equivalent of 6d. a hundred feet. Well, so far as these royalties are concerned, the Tongariro Co. was frequently behind in paying the royalties; but the position is that at the present time the company has paid to the Native owners in round figures £55,000.