

and everybody is quite satisfied that it can be raised. The £300,000 of working capital will be employed to build, at any rate, the first twenty miles of the railway-line, assuming the original standard is reverted to. Then there will be a payment of £55,000 to the creditors, including the arrears owing to the Native owners; and the balance would be used to cover outgoings generally until such time as the undertaking becomes revenue-producing.

*Hon. Sir Apirana Ngata.*] Will the arrears of royalty be paid in full?—Absolutely in full and in cash. I now come to the creditors of the Tongariro Timber Co. The Tongariro Timber Co. owes something like £330,000, including what it owes to the Native owners and to the English creditors. The creditors, including the English creditors, are all going to have their claims reduced, and they will be paid by the new company £55,000 in cash and £200,000 in debentures—debentures which will, of course, rank after the working-capital series. (This series of £300,000 working-capital debentures will after this be referred to as the "B" debentures, and the debentures going to the creditors as the "C" debentures.) Out of the £55,000 cash the Native owners will receive £35,000 to pay off their arrears of royalty, in full and in cash.

What do the rates amount to?—About £1,600 in all. The company pays rates out of royalties. That is the position so far as the Native owners are concerned. I now come to the creditors, and will deal with the first class to whom preference will be given. They will reduce their claims by 20 per cent., and they will be paid 20 per cent. in cash and the remaining 60 per cent. in C debentures. That 20 per cent. in cash will absorb £12,000 of the £55,000 just mentioned. These creditors are the Heuheu-Grace party: that is my party. As I have already told you, the leaders of my party were my father and my uncle. They were the originators of the scheme, and they have fostered it and have worked for it for the last twenty years. They are the old company's oldest creditors, and beyond a small payment made in 1920 for interest they have not received anything. That payment has been all that has been received by them for all their services during the last twenty-four years. So I think they should be entitled to preferential treatment.

What is the amount of the debt owing?—In round figures, £60,000 principal and interest. Our position is that we drop £12,000; we get £12,000 in cash and £36,000 in C debentures. That preference is given for services rendered by my father and my uncle, and particularly by my father. From 1905 up to 1912 he put in a great amount of solid hard work, and incidentally I may say that our family also sold the company their present township-site for £8,200, which has not been paid, and which with interest is included in the £60,000. Then there is another creditor who should receive preferential treatment, and that is the company's solicitors. Their position is much the same as ours. They have been working for the company for the last twenty-five years. They do the same as we do: they reduce their claim by 20 per cent., receive 20 per cent. in cash and 60 per cent. in C debentures. They will receive £1,200 in cash and £3,600 in C debentures. Other creditors who will be preferred and treated in the same way as my party will be the officers of the old Tongariro Co. Like the rest of us, they have had to do a lot of work, and they have got nothing. They are Mr. Atkinson, who is now dead, Mr. Martin, and Mr. Ross. £1,500 will about cover the cash payments which will be made to them. That disposes of the preferred creditors. I will now take the other creditors. The next creditor is Mr. Bertram Phillips. Mr. Bertram Phillips acquired an option in 1925 from the old company with the idea of promoting a new company. He held the option for two years, but did nothing. He was going to raise capital in England, and was going to do all sorts of things; but nevertheless during those two years he did nothing. Notwithstanding that, at the present time he is claiming £33,000 from the company. That claim is made up of money expended by him in connection with his venture. The amount actually expended by him, as far as I can see, was not more than about £14,000, and of that £10,500 was paid to the Board in payment of arrears of royalty then owing. Apparently he had also out-of-pocket expenses travelling backwards and forwards, and that sort of thing. The Native owners would not object to a claim for that £13,000 or £14,000 plus a reasonable amount of interest. But there was also another claim made by him for £15,000, which was disputed by the old company; but in order to shorten proceedings the old company settled the matter by agreeing to pay him the £15,000 plus the £14,000. That is nothing more or less than blood-money, and I claim he is not entitled to any consideration for that claim. The company agreed to give him the £15,000 in order to get rid of him. What we say is that we are settling with the creditors on the merits of their claims, and there is no merit in that claim of £15,000, and therefore it should be disallowed. That is the attitude certainly of my section of the owners. He is entitled to £14,000 plus a certain amount for interest and expenses—or, in other words, he will get £20,000 of the C debentures in settlement of his claim. Mr. Bertram Phillips also comes into the matter in another way—namely, in connection with the Egmont Box Co. All that I know about that is that he took an assignment from the Egmont Box Co. of their cutting-rights. He has cutting-rights over the western area, and has to pay 3s. per hundred feet royalty. He will retain these rights subject to the payment of this royalty. The next creditor I will deal with is the Egmont Box Co. The Egmont Box Co. is one of the few big creditors who have rendered valuable service. They came to the rescue of the company at a very critical time. They advanced money to the company, and they raised money for the company; and they have done practically all the railway-formation work that has been done. The Egmont Box Co.'s claim against the company amounts in round figures to £23,000. It is proposed that they should reduce their claim by £5,000: that would make it £18,000. Of that £18,000, £5,000 would be paid in cash: that is about the value of the railway-construction work they have done. After all, it comes down to this: that work will have to be done in any case, and is really a charge against the railway. The remaining £13,000 will be paid in C debentures. I understand that the Egmont Box Co. agreed to this arrangement about eight months ago. The next creditor is the Houghton-Chapple party. This group in 1922 or 1923 found the sum of £36,000; £35,000 was paid to the Maori Land Board in payment of arrears of royalty. For this money they