

received a debenture charge over a specified portion of the Tongariro territory, the portion that is known as the Western B area, but it was never put in the same position as the Western A area—that was separated from the rest of the territory, but the Western B area never was; so that, as far as the Native owners are concerned, the Western B area still remains part of the one big area. This £36,000 was charged on this Western B area, and there is no doubt that this group has a good claim, and as far as that claim is concerned the provision that will be made for the party will be the allocation of 50,000 C debentures; that is, £36,000 plus £14,000 on account of interest. The interest payable to this party under the original arrangement was 10 per cent., but I do not think that rate is equitable. We will not allow 10 per cent.

They receive no cash?—No. An A series of 50,000 shares is to be issued, but that is only to be used for bank-accommodation purposes. The B series of £300,000 is for working-capital purposes, and the C series of £200,000 will go to the creditors. The Houghton-Chapple party has also another claim, no doubt as a reward for their services. In addition to their debentures and mortgage they were granted a royalty charge of 6d. per hundred feet on all timber taken from the Western B area. Well, the amount of timber on that area is estimated at 150 million feet, so that 6d. per hundred feet would mean that they would receive by way of bonus £37,500. But we want to bear in mind that that money is not going to be paid immediately, but as the timber is cut: in other words, it will take about thirty years before that money is paid in full. It is a question of arriving at its present-day value. That value is under £15,000; and, as all the creditors are being asked to reduce their claims, this party will be allotted £10,000 worth of C debentures, so that they will receive in all 60,000 C debentures—50,000 on account of their mortgage and debenture charge and 10,000 on account of their royalty charge. They have a specific mortgage charge over this Western B area, and there has been some talk of these moneys being advanced on standing timber. Well, the new company, as an alternative, is prepared to let them take over their security in full satisfaction of their debt, and to indemnify them against royalties payable to the Native owners up to £50,000, which will more than cover the royalties that the Natives will derive from that particular area. That is the position as far as this party is concerned. Still another creditor is one which is associated with the Egmont Box Co.—that is to say, the party which advanced £26,000 to the Tongariro Timber Co. in 1920. This party holds as security that for money a mortgage and debenture charge over the company's cutting-rights over the Western A area. This party is known as the Egmont Box debentures party. Of that £26,000, £6,000 has been paid off by the Egmont Box Co., and that is included in their claim for £23,000. I think that this particular party is in a very strong position. Western A has been severed from the territory, and they have got a perfectly good security which they can realize. There is only one thing to do, and that is to pay them £20,000 in C debentures in full satisfaction of their claim. It will be of some benefit to the new company to retain that area, and my view is that the holders of those debentures could sell up the Western A area and get their money back in that way. In making provision for all these creditors 100,000 of the 200,000 C debentures will have been allotted, and the remaining 100,000 will go among the other creditors of the company. They are all practically unsecured, and they will all reduce their claims by 25 per cent. and will be paid in C debentures. That is the whole scheme of settlement.

*Mr. O'Brien.*] Is that the whole of the creditors?—Yes. That is the proposed scheme of settlement.

*Hon. Sir Apirana Ngata.*] What is the total cash payable?—£55,000, of which £35,000 will go to the Native interests.

*Captain Rushworth.*] Do you include the county rates?—Those are included in the £35,000. The project is an attempt to make fair and equitable provision for all the various parties interested. With regard to the Native owners, as I have pointed out, their benefits from the project will be (1) increased royalty, which, as I say, works out at 1s. per hundred feet in the log.

*Mr. Williams.*] All classes of timber?—Yes.

*Hon. Sir Apirana Ngata.*] For how many years?—Over thirty-five years—until 1965 or 1966. Then, in addition to that, they will have their 120,000 shares, which they will get for nothing, while we confidently anticipate that the new company will pay a dividend of at least 10 per cent. on these shares. So we come to this: the benefits which the Native owners will derive will be, first of all, 1s. per hundred feet on all their timber. The company has based all its figures upon a stand of 1,400 million feet, though I notice that the State Forest estimate is 1,100 million feet, but its estimate was somewhat conservative. That means that the Native owners are going to receive 1s. per hundred feet on 1,400 million feet—in other words, £700,000 royalty. Then they are going to receive 10 per cent. on their shares, which works out at £420,000: £700,000 plus £420,000 is what they will receive. Then, of course, when the new company is wound up they will be paid the capital value of their shares, £120,000. In one way and another the Native owners will receive, if this project is carried out, one and a quarter million pounds—or, in other words, something that is equivalent to 1s. 8d. per hundred feet on their timber. The question is, can the Natives do any better in any other way? Of course, as far as they are concerned, there is one obvious course open to them, and that is the cancellation of the rights of the Tongariro Timber Co. It is their right, and they can do that; but is it in their interests to do so, if there is any chance of the new company going through? I venture to suggest it is not. The territory comprises 60,000 acres, of which possibly 15,000 is accessible: the rest is not. In other words, 15,000 acres may be saleable, but the other 45,000 acres are not. There is only one means of access, by the Waimarino-Tokaanu Road. It is at best a bad road, and can only serve the timber within a radius of ten miles of that road. The length of the territory is over thirty miles and the breadth twenty miles. It is true that from the 15,000 acres which is accessible and saleable the Native owners may get 1s. 8d. per hundred feet, but I venture to suggest that they will not get 3d. per hundred feet for the remote portions of their territory, so that they will get a very