

*Hampson* : All the owners that were debenture-holders. Anyhow, the fact remains that despite that protest that legislation went on to the statute-book, and consequently the creditors say they have been prevented by the Crown from taking their legal steps.

*Right Hon. Mr. Coates* : Did you say that you were prepared to treat with the creditors ?

*Mr. Hampson* : No. I asked you to give us an assurance that the Crown—

*Right Hon. Mr. Coates* : Is that what you meant : that you were prepared to throw the forest open so that the creditors might claim against the owners ?

*Mr. Hampson* : No. We say the creditors have no claim against the owners, and we say that the Crown has stepped in and prevented the creditors making a claim against the company. The creditors will claim an attachment upon the land, and, unfortunately, the Natives will have to pay. When I came before you a year ago we had a very influential body of sawmillers who were prepared to come in with us on a fifty-fifty basis to find the railway and share the profits, and when that proposition was put to the Crown we asked for an assurance that the Natives should cancel their contract, and that the Crown would protect the Natives from any claim by the English creditors. That was not acceptable, and because we realized then that these claims of British creditors would fall upon the unfortunate Natives we agreed to this proposition, much against our will. We have no desire that this £2,000,000 should be preferred to our interest in the profits, but still I have my doubts whether this project will come into force. But if it comes into force we are prepared to accept it.

*The Chairman* : Were you present at the meeting on the 21st February ?

*Mr. Hampson* : Yes.

*The Chairman* : And your people agreed to this proposition ?

*Mr. Hampson* : Yes. We put it to them just as I have put it before you now.

*Mr. Martin* : You agreed to this as a final effort on the part of the company to get out of their difficulties ?

*Mr. Hampson* : Yes.

*Mr. Martin* : If not, you desire the cancellation of that within six months ?

*Mr. Hampson* : Yes ; we want that six months' notice to start at the earliest possible moment.

*Mr. O'Brien* : Mr. Grace, I think when you were speaking you said that the Tongariro Timber Co., because of its failure to carry out its contract, had forfeited its rights ?—No ; I said that they were forfeitable.

And it would be subject to the consent of the Government ?—Yes.

That is the position at the present time ?—Yes.

And if those rights are forfeited the creditors lose, too ?—Yes ; but they may take steps against the Government.

*Mr. Williams* : You spoke of the Native owners being allotted 120,000 shares ?—Yes.

How are those shares going to be allotted—individually ?—I have not considered that. I do not think it would be advisable to allot them individually ; you should vest them in the Board. That is a matter that would have to be considered, but we can easily come to some arrangement about that. They certainly should be safeguarded. It would never do to issue the shares to the individuals—they would go and sell them.

You have not definitely decided that ?—No.

*Mr. Martin* : You said, Mr. Grace, that the object of this project was to give the company another opportunity ?—Yes.

And that practically all their rights are forfeited ?—They are forfeitable.

And this is just to give the company another opportunity ?—Yes—for six months, with the right of an extension for another three months.

Do you consider that, with the opportunities the company has already had, they can in six months bring this matter to a successful issue ?—Yes, by building on the work that has already been done by the Duncan syndicate. You must remember that the Duncan syndicate has been working at this thing for two years, but they had to call a halt.

Are there any documents on record to show that ?—You can take our word for it. We are all perfectly satisfied that the Duncan syndicate will be able to do it. If the new Government is prepared to do the equivalent of what the late Government was prepared to do it will be all right ; but the Government should not come in, as it did in 1919, and buy the land, timber, and everything at £2 5s. or £3 an acre.

Why should the Government dispose of these important interests to this company ?—For the reason that it bought its 15,000 acres from the Native owners : in other words, it stepped into the shoes of the original owners.

*Mr. Broadfoot* : Has there been any provision made for properly settling this land after it has been overhauled by the timber-millers ?—Not as far as I know.

*Mr. Martin* : There are records from the Commissioner of Crown Lands regarding it, in which he suggests that the great bulk of it would be fit for settlement afterwards ?—I think that is a matter for the Native owners to decide.

*Mr. Findlay* : That was provided for by the Stout-Ngata Commission—as it is cut out it is to be handed back to the Native owners.

*Mr. Broadfoot* : In what state ?

*Mr. Findlay* : Clear of the timber.

*Right Hon. Mr. Coates* : Mr. Grace, what do you value the Native interest in the timber at ?—I value it at about one and a quarter millions. That would be a fair value.

In your evidence I understood you to say that you valued it at £700,000 plus £400,000—that is £1,100,000 ?—Yes ; but plus £120,000 for the return of capital when the company is wound up—that puts it at one and a quarter millions.