Would they accept £1,225,000 for the timber, spread over a period ?—I have not discussed it with them, but I should say Yes ; as an individual owner I would accept it.

Have you negotiated with the creditors in regard to the settlement as set out by you to-day ?—With some of them, yes ; with the majority of them, no.

Do you assume that they would accept a £20,000 reduction on the total claims ?—Yes.

That would be a total loss of £215,000 ?—Yes—in settlement of debts which amount to £300,000.

Now, I will leave it at that. Do you remember either yourself or Mr. Hampson approaching the Crown in connection with the State purchase of the forest ?—I have never approached the Crown at any time.

Have you any knowledge that the owners did approach the Crown ?—No, I have no definite knowledge. I never considered State acquisition, for the simple reason that I did not consider that the State would give value.

Are you aware that the State was purchasing in that area, right through there, until 1920 ?—Yes. I was a member of a deputation that went up and waited upon His Honour and protested against it.

I dare say Mr. Hampson will remember it—that the Crown was approached in connection with the State purchasing the Native interests within the area, and asked that the State should no longer purchase there ?

Mr. Hampson : That is so.

Witness : I made that application strongly. I pointed out that in the opinion of the Natives it was a wrong thing to do for the Crown to go round buying individual interests from those unfortunate Natives when they were hard up, and taking advantage of their poverty in that fashion.

Right Hon. Mr. Coates.] And the reason for that was—if I may put it in this way—that in the opinion of the bulk of the owners the amount offered to the Natives by the State for the timber was insufficient ?—That is so.

Did the Crown do the right thing or the wrong thing in agreeing to the representations made by the owners of the Tongariro area ?—I say without hesitation that, just as the Crown did the wrong thing in buying those interests before, so the Crown did the right thing in stopping the purchase. I do not know whether it was your Government that was in power at the time.

Right Hon. Mr. Coates : No ; but the position was put before me, and the force of the argument appealed to me, that the Natives were entitled to the value of the timber accruing to it, and as there were entanglements extending over many years we thought we should look round and see whether there were any further entanglements.

The Chairman.] Mr. Grace, will the representatives of the Egmont Box Co., and the Chapple party, and the Tongariro Timber Co. give evidence in regard to the matters that you have raised to-day ?—I think so. I understand they are here for that purpose.

John Bryon Murdoch examined. (No. 3.)

Witness : Mr. Chairman and gentlemen, first of all, to explain clearly what I represent, I wish to say that I represent the Egmont Box Co. Our company is composed entirely of co-operative dairy-farmers. There are no proprietary interests connected with this company which I represent. Further, in their representation by myself here to-day I am representing the dairy-farmers of practically the whole of Taranaki, and a few farmers in the Wairarapa district who are shareholders in our company. Now, I wish to explain how the Egmont Box Co. came to be interested in the Tongariro Timber Co. The company acquired rights across the Wanganui River in what is known as the Taurewa Block. This block extends for about sixteen miles up the Wanganui River from the Main Trunk end. Practically its only ingress and egress was over land held by the Tongariro Timber Co., and in those days, before I was Chairman of the Egmont Box Co., arrangements were made with the Tongariro Timber Co. to advance certain moneys for the construction of this line. The Egmont Box Co. agreed to find the money for the completion of five miles of this line as an advance to the Tongariro Timber Co. The object was for the purpose of getting a right of ingress and egress to the company's own timber, which was required for its industry. The schedule of the line was published at the time, but it was afterwards materially altered ; in fact, eventually the company did not know what was the style of line prescribed to be built and required by the Tongariro Timber Co., but at the same time the Egmont Box Co. advanced up to about £18,000 for the construction work in connection with the line. That is how the position stands at the present time—that the Tongariro Timber Co. has exhausted that money on the formation work of the line and also the purchase of a considerable quantity of material, which is still available for the building of the line. In 1919 the company secured from the Tongariro Timber Co. under a royalty basis the portion of their area known as the Western A Block. In procuring that territory the company paid to the Tongariro Timber Co. the sum of £15,000, which practically included prepaid royalty on a 3s. basis. That area the company cut in for a number of years, and roughly cut out £10,000 of royalty timber. That has been accounted for in the sum of £15,000 that we had originally paid. Then we came into contact with Mr. Bertram Phillips, of London, and we thought it wise to make arrangements with him to take over our rights in the Western A Block. That was done on the understanding, as far as we were concerned, of his going on with the purchase of the title of the Tongariro Timber Co.'s undertaking, which, however, eventually did not transpire. Now, in this Western A Block my company had to guarantee an issue of debentures of £26,000. Those debentures are still a charge upon that block. My company is liable for those debentures if the holder of the block fails to carry out his obligations, or, possibly, if the cancellation of this block takes place by the Government cancelling the rights of the Tongariro Timber