

confirm the Native resolution, and they have authorized me to state—and they have also sent a letter to the Chairman of this Committee to the same effect—that if the Government does not wish to confirm the Native resolution, without imposing embarrassing conditions or restrictions of any kind to hamper them in the development of the property, the Tongariro Co. would accept an amount equivalent to its debts, and a refund without interest of the royalties already paid to the Natives. Those royalties were paid at the rate of a few pence for timber that is now worth shillings, the difference being the sum of £300,000. The position is that the Tongariro Timber Co. has paid for £300,000 worth of that timber. That timber is now worth £300,000 free of royalty. That £300,000 worth of timber is owned by the Tongariro Co. in equity, but not in law. I am not dealing with the legal aspect of this matter at all. But in equity it belongs to the Tongariro Timber Co., and it would be taken over if the Government takes over the assets of the company. And not only have Sir Apirana Ngata and Sir Robert Stout reported in favour of it being owned by the Government: that is also the view of the Forestry Department. That was the view of Captain Ellis. Captain Ellis told me, “This large estate should belong to the Forestry Department, and it should be made available to the sawmilling industry and not allowed to become the monopoly of the few.” That was also the view of Sir Francis Bell. He personally expressed to me the opinion that this estate was so large, that it was such a huge part of the remaining forest, that if the State lost control of it it would mean that the sole source of supply so far as totara was concerned would soon be in private hands. Now, I have not much more to add, but simply to say this: that if the Government wish to take this over, it may have it on any equitable terms without leaving any grievance in any way. I think the Government and Parliament should deal equitably in this matter. There is a saying that a Government should be a model employer, a model financier, a model negotiator. This is a question between the Tongariro Co. and the Government. The Governments have played their part and looked after the interests of the State, and they should now take this opportunity of getting the block at a bedrock price. I am speaking on behalf of myself as a public man in saying that. The new company of course wants the resolution confirmed; and the sawmilling syndicate wants it confirmed. As a matter of fact, we all want it confirmed. I am putting this proposition in case the State does not wish to confirm it. We place this alternative at your disposal. The proposition is that the Government should pay the Tongariro Co. the amount of its debts, and refund to them, without interest, the royalties already paid by them. The value of the timber owned and paid for by the company covers more than that. The Government are in the box seat. If they are not prepared to do that, they might dictate terms to us. They might say, “We will give you so-and-so”; and if they give the Tongariro Co. a sufficient length of time—say, six or twelve months—to get their creditors to make *pro rata* reductions, the Government might have it very largely at their own price. I am not saying that on behalf of the company. I never saw a property in this country so well and favourably reported on by the Government’s own experts. Mr. R. P. Greville, one of the finest Civil servants of this country, reported that most of the Tongariro land was practically level or of very easy slope, the soil being good and intermixed with humus, and that it would cut up into areas of 200 or 650 acres, and make valuable dairy-farms and sheep-farms. Any one who has gone over that country, as I have, knows that that is true. It is well watered. There is a beautiful waterfall quite close to the township-site. I would undertake to secure from the present British Government all the money required to purchase, road and settle the property at $2\frac{1}{2}$ per cent. Australia has a contract of that kind now, that was drawn up between Messrs. Bruce and Amery before I left London. The terms agreed upon were that £34,000,000 should be made available for developing the land by the Overseas Settlement Committee, the British Government paying half the interest—that is, $2\frac{1}{2}$ per cent. That money is being used now in Australia. It has been used for several years in developing the country, and they have had already £9,000,000 of that money. It could be secured for New Zealand for the same purpose and on the same terms. Now, if a private company could develop that country and pay 10 per cent., what would the Government be able to do, seeing that it can secure the freehold. It could secure the freehold of the land and develop it with the money at $2\frac{1}{2}$ per cent. I venture to say that that is the right thing to do. The Government should first acquire the Tongariro rights, then acquire the freehold, then put a dirt road diagonally through to the lake. The land is not all one solid block of timber. It is not all solid timber. There are great stretches of open country amongst it that could be settled now. That is what Mr. R. P. Greville has reported on. I have suggested a dirt road, but I think there should be a concrete road for the first five or six miles, to tap the first timber. The timber starts only six miles away from Kakahi. There is 200 million feet available when there is a concrete road for that distance. Sawmillers are now using six-wheeled lorries, and are carrying the largest forest logs over dirt roads, but it would require a concrete road in this case. This forest is upon a tableland, and if there was five or six miles of a concrete road, extended later to sixteen miles, they would be able to reach half the forest, and there would be £2,000,000 worth of royalties there alone. I have never seen in this country, or in any other country, a block so large and so valuable, and so favourable for the Government to acquire. The Government can acquire the freehold, and a private company cannot do that. I think that is all I have to say, gentlemen.

(At this stage Mr. Makitanara took the chair.)

Mr. O’Brien.] I think you stated that the company had £300,000 worth of timber there now, and your suggestion is that the Government should take over that timber. Does that £300,000 represent the royalties paid by the Tongariro Co., and the debts of the company?—No. The amount of royalty paid in advance comes to £53,000 odd. That is explained in that very excellent statement prepared by the Native Minister’s Department. That £53,000 was paid at a Native royalty rate that was fixed twenty-five or twenty-seven years ago between the Tongariro Co. and the Natives. But that timber has since increased in value, and is now worth £300,000. And I claim that this profit is the property of the Tongariro Co. in equity, though not in law. In law the Tongariro Co. has not a leg to stand on. In fact, the Tongariro Co. own the unearned increment in all the timber, which amounts to about £3,747,000, so that the Government would also get that.