

Did you say that the Government should pay £300,000 in full settlement?—No, I did not suggest that. I said that they should make a refund of the royalties and pay the amount of the debts. The Tongariro Timber Co. authorized me to make that offer to the Government. They would then transfer all their freehold property and their timber and timber rights to the Government.

Which they have not got?—Legally they have not. Legally they have not a leg to stand on. But in equity they have.

*Mr. Howard.*] Can you give us any idea as to why that Order in Council was introduced?—I do not know. I was not here at the time. I had no knowledge of it at all. It was really a revelation to us all in London. The Order in Council also required tunnelling and a circuitous route; and the culverts required to be of steel, and the bridges were to be of steel, and all the other specifications were to be according to the specifications of the Railway Department. That proved an insuperable difficulty. Even Mr. Bertram Phillips told me he could not raise the money in London for £13,000 a mile. He told me he could have done it himself if it was only a question of £4,000 a mile. He is a very rich man.

If the State took it over, and paid those debts, would it still be a good proposition to the State?—There is no question about it. Here is the Forestry Department's report of the 28th June, 1924, in the statement you have before you: "On the 28th June, 1924, a communication was forwarded by the Secretary of Forestry to the Lands Department stating that it would be greatly to the advantage of the State if these rights could be acquired." And then, "On the 10th July, 1924, a memorandum was forwarded to the Under-Secretary, Lands Department, giving particulars as to the area, &c., and stating that £500,000 might with safety be offered as a basis of negotiations."

Is that in the Forestry Report of 1924?—No; that is extracted by the Native Minister's Department from the departmental documents upon the situation.

Do you know where I can find that report?—The Native Minister will show it to you.

*Hon. Sir Apirana Ngata.*] Have not the Natives a grievance against the Tongariro Co. because of the delay?—I do not think that any fair-minded individual would say that the Tongariro Co. is responsible for that. The company has been placed in this position because of the Order in Council. It had no control over that whatever.

But did not thirteen years elapse between the drawing-up of the agreement and the issuing of the Order in Council?—Well, the war was responsible for a good deal of the delay. The Tongariro Co. also spent money in surveying the block. They surveyed it into 100-acre blocks. And then the Government generously and rightly issued a moratorium extending the obligations because of the war. But they did that also for everybody else: everybody got the moratorium. But it was three years after the moratorium expired before the Order in Council was issued. During that time I was in London for a whole year trying to negotiate, but could not do so during that time because of the delay in issuing the Order in Council. The Government had promised to issue an Order in Council extending the period, and they issued that Order in Council in September, 1921.

After thirteen years were not the Natives entitled to ask for something better than was in the agreement?—I dare say they were entitled to ask for something better, but that was a matter for negotiation.

In regard to royalties?—Yes. It was a matter for negotiation as to what was fair.

If the Government controlled the position now, what basis would be fair regarding the timber?—I cannot tell you that. That would have to be worked out.

Could it be done under an agreement with the Tongariro Co.?—No. You must have the new company, if the Native resolution is confirmed.

A new company?—Yes. The Tongariro Co. has given the option to the new company over their interests and is practically wiped out if the Native resolution is confirmed.

MR. R. B. MARTIN examined. (No. 6.)

*The Chairman.*] What is your full name, Mr. Martin?—Richard Bowden Martin.

And your official position?—I am a director of the Tongariro Timber Co.

Will you proceed with your statement?—Mr. Chairman and gentlemen, Mr. Findlay unfortunately is confined to his bed with influenza, and I have received this letter from him this morning. He is representing the Tongariro Timber Co. I would like to read extracts from this letter. He says that—

(1) Shareholders of the company had never got anything in return for their money and enterprise. (2) The Natives had at least received nearly £1 per acre in royalties; have had a line surveyed and partly formed, &c. The late Mr. Tudor Atkinson's devotion to the enterprise, his self-denial, and his impoverishment, and finally his death. (3) Causes of the company's failure: There is no doubt had it not been for the war the company would have pulled through. (4) Then, after the war there were the long delays before we got from the Government the Order in Council of 1921. (5) It is clear that the Order in Council with its incubus of a Government standard railway was our undoing. No doubt Sir Francis Bell's object was to protect the Government against the possibility of taking over a badly constructed line, under local pressure; but quite clearly he did not want the forest milled, and if he had had his way would have acquired it for the State. (6) It took from 1918 to 1921 to get that Order in Council; and the rest of the story you know.

*Captain Rushworth.*] If the creditors were paid and the royalties refunded would you be satisfied?—Yes. That is Dr. Chapple's statement. But if our creditors were paid and the royalties were refunded we would be quite satisfied. As shareholders we would get our money back. The shareholders have been without the use of their money for over twenty years.

When the company was first formed was it formed on a capital of £25,000?—Yes.