

(5) QUANTITY AND VALUE OF TIMBER ON BLOCK.

						£
Totara	..	..	..	..	27 per cent. = 313,200,000 at 5/- =	783,000
Matai	..	..	..	..	39 „ = 452,400,000 at 4/- =	904,800
Rimu	..	..	..	..	25 „ = 290,000,000 at 2/6 =	362,500
Miro	..	..	..	..	8 „ = 92,800,000 at 2/6 =	116,000
White-pine	..	..	..	..	1 „ = 11,600,000 at 2/6 =	14,500
Average price = 3/9-12						£2,180,800

STATEMENT BY HON. SIR APIRANA NGATA, NATIVE MINISTER, REGARDING THE WEST TAUPU TIMBER LANDS AND THE TONGARIRO TIMBER CO., LTD.

Mr. SPEAKER,—

During the Committee stage of the Native Land Amendment and Native Land Claims Adjustment Bill last Saturday, the 2nd instant, I moved a new clause—31A—which dealt with the West Taupo Timber Lands and the Tongariro Timber Company. I made a lengthy explanation of the clause, which under the circumstances has not gone on record in *Hansard*. On the third reading of the Bill it was not found opportune to repeat the explanation. The right honourable the leader of the Opposition then requested that I present a statement substantially setting forth what I said in Committee, and afford him and other members interested an opportunity of also placing their views on record.

The clause referred to gives effect to the report and recommendations of the Native Affairs Committee on paper I.-3A referred to it by the House. The area of land affected by the clause is situated in the West Taupo district, between Lake Taupo and the Main Trunk line, and comprises 134,500 acres, of which the Crown has purchased 35,054 acres at a cost of £77,304. In some blocks the interests acquired by the Crown are defined, in others they are undivided. Roughly, then, the Crown owns a little over one-fourth, and the Natives a little under three-fourths. The whole area is affected by an agreement made in 1908 with the Tongariro Timber Company, which, after an investigation made by a Commission consisting of Sir Robert Stout and myself, was duly legalized, and has with variations and modifications been in existence now twenty-one years. The important provisions of the agreement are the payment of royalties on a graduated acreage basis, the company covenanting to advance specified amounts to the owners, and the construction of a tramway or, rather, a light railway from a point on the Main Trunk line to a point on the west shore of Lake Taupo. Both royalties—or, rather, advances on account of royalties—and the construction of the railway were major and very material conditions, in regard to which default would give rise to remedies that the Aotea Maori Land Board could pursue on behalf of the beneficiaries. In regard to the scale of royalties and the relative importance to the Natives of the railway project, it may be mentioned that the Natives claimed in 1908 that in consideration of the railway covenant they accepted one-half of the royalty payments they would otherwise have insisted upon.

I refer honourable members to the Summary A on page 3 of the paper referred to for a history of the Tongariro Timber Company and its connection with the lands comprised in its concession. It is a story of constant variations and modifications at the instance of the company, while endeavouring to exploit its options. The company, it can readily be conceived by members, did no development work, for its paid-up capital was only £25,000. In regard to the royalties and advances on account of the same, it secured a reduction in the former within two years of the date of the original agreement, and a considerable modification of the latter. It was in default by the year 1915 in regard to payments in anticipation of royalty. It was not till September, 1922, that the company, having in the meantime entered into an agreement with the Egmont Box Company and English capitalists, was able to bring up to date the modified payments to the Native beneficiaries. The subsequent keeping-up of these payments has caused the company serious inconvenience, but it struggled to make them up to the beginning of 1926. By March of next year the amount in default will have reached £30,000. In regard to the money condition of the agreement, even when modified greatly in favour of the company, it is in default, and the beneficiaries are entitled to pursue their remedy under the agreement.

The value of the timber lands included in the Tongariro concession may be gathered from the estimates of the Forest Service given on page 2 of the paper I.-3A, where it is stated that the estimated quantity of timber expressed in terms of sawn output is 1,160,100,000 ft., of the total mean realization stumpage value of £3,747,500. The stumpage value assumes the construction and operation of a line of railway between Kakahi and Lake Taupo.

In the meantime a similar course was pursued in regard to the other vital condition of the agreement—the railway. Under the original agreement the line was to be completed and supplied with rolling-stock by Christmas of 1913. When the clause regarding royalties was varied in 1910 the date for the completion of the railway was extended to March, 1916. Parliament in 1915, on the company's petition alleging difficulties created by the war, suspended any remedies at law for default until two years after the war, a term subsequently extended to September, 1922. During 1921 the greatest modification was made in regard to the railway. The company was then heavily in default in regard to royalty payments, and absolutely in regard to the railway. The Government insisted on an improved standard to the railway, 45 lb. rails instead of 30 lb., and improved grading and tunnelling, but extended the date for construction for seven years and longer if certain conditions were fulfilled. A necessary condition of this extension of the period for railway-construction was the payment of the overdue royalty advances, which was done by September, 1922. Since then, though there has been much bargaining, petitioning to Parliament, and negotiating with a new syndicate, there has been almost total failure in regard to the railway. Almost, but for a survey of the proposed line, and the formation by the Egmont Box Company of two or three miles under its agreement with the Tongariro Company.

That the company has been active enough in interesting capital, both in the Dominion and abroad, in its project the statement in the paper referred to bears witness. The result has been to place the company heavily in debt to both local and overseas creditors. The position of the Egmont Box Company may be briefly referred to, for it is fully set out in the statement I.-3A. Its legal position to-day will be a matter for the lawyers and the courts. It is the only concern subsidiary to the Tongariro Company that carried out any development work. For the rest, the Tongariro Company's interested overseas interests are represented by the Houghton-Chapple group, Armstrong-Whitworth, and Mr. Bertram Phillips. The claims of these for cash paid amount to £50,000. Recently a syndicate was organized to take over the Tongariro Company's rights, provided they could be patched up by legislation or administrative action through an Order in Council. But already other considerations had emerged which made the previous Government reluctant to consider with favour the representations of the syndicate and the present one careful to resubmit the whole question to the review of Parliament. The agreement had tied up valuable assets for twenty-one years. The whole of the timber position in the Dominion had assumed a different aspect, and this area was the last great reserve of millable timber. The State had acquired by purchase of the lands a one-fourth interest, and the opinion was gaining ground that it should acquire the whole. On the other hand, the royalty basis for timber had altered considerably in the time, and the beneficiaries must be expected to take advantage of the remedies available to them for the manifest default of the company. These remedies had been suspended by statute and Government action.

The question of settling the area as farm-lands has also come to the front. In this respect, little of any value can be said. We have on record the enthusiastic expression of opinion by a Mr. Greville; but in the absence of a proper survey and exploration, and in the face of evidence about the pumice lands generally on the east and north-east of Lake Taupo, the farming aspect is not a prominent consideration.