

(3) The Crown is interested in the freehold of these lands. The Crown has acquired an area of 35,054 acres out of a total of 134,500 acres, of which 82,000 acres is stated to consist of millable timber. The cost to the Crown of the interests acquired is £77,304. (Schedule attached marked "A.") The proportion on an area basis acquired by the Crown is therefore $\frac{35,054}{134,500}$.

Sir John Salmond, Solicitor-General, advised on the 9th July, 1919, as to the position of the Crown on these purchases, and suggested that legislation would probably be necessary to define the relative position of the Crown, the Natives, and the company.

(4) Representatives of the timber-millers, on the issue of the prospectus of the Duncan syndicate, interviewed the former Government and pointed out the danger of the market being over-supplied by the exploitation of the Tongariro Co.'s area. This is a matter of policy that must be taken into consideration.

THE PRESENT POSITION.

The present position is well summarized by the Forestry Department in a report, a copy of which is attached, marked "B."

At a meeting held at Waihi, Tokaanu, in February, 1929, between the Native Minister and the Ngati-Tuwaharetoa Tribe, a series of resolutions were passed, a copy of which is attached, marked "C."

There is also the question of rates due to the Taumarunui County Council, which has a judgment against the Tongariro Timber Co. for the sum of £1,349 14s. 3d., being rates for the year ending 31st March, 1927. It has made every endeavour to obtain payment, but without success. Nothing can be done to force liquidation without the consent of the Governor-General in Council. The Council apprehends that it may by the delay lose its right of action against the owners of the freehold. The arrangement was that the company paid the rates and deducted the same from royalty. But, as already indicated, the company has not been able to pay royalty for some years. The latest development is that bodies of owners, exasperated at the delay and disappointed at not receiving any royalties, have taken the law into their own hands and have either re-entered to cut timber, or have granted cutting-rights to contractors for posts and railway-sleepers.

THE EXTENT AND VALUE OF THE TIMBER-LANDS.

This is well summarized in the report of the Forestry Department, a copy of which is attached, marked "D."

The estimates are reputed to be conservatively accurate. The trees in relative order of economic importance are matai, totara, rimu, miro, and maire. Four experts who examined the area agree that in size, dimension, quality, and general merchantability the stumpage of this concession is unique, and they cannot speak too highly of the excellent condition and unexcelled milling-quality of the concession's timbers.

The opinion is expressed that "there is no body of timber in New Zealand to-day that presents such an attractive and so desirable an opportunity for cheap and effective extraction." In computing the stumpage value of the concession's timber it is assumed that a main line of railway will be constructed and operated between Kakahi and Lake Taupo. The stumpage values of the timber are estimated as follows:—

Timber Volume Type : Designation.					Total computed Quantity of Timber expressed in terms of Sawn Output.	Total Mean Realization Stumpage Value.
First or premier	..	..	..	..	Superficial feet. 820,350,000	£ 2,784,500
Second or intermediate	..	..	..	..	339,750,000	963,000
Grand total	..	..	..	..	1,160,100,000	3,747,500

THE FACTORS IN THE PROBLEM FOR CONSIDERATION.

The Freehold Interest.—The Natives as to three-fourths, and the Crown as to one-fourth, are the present owners of the freehold. In regard to the Crown, it has kept in the background as a partner in the lands affected by the Tongariro concession. It has so far been content merely to take the place of the Natives who sold to it, to accept its share of royalty advances when available, to suffer proportionately with the Native partners from delays, postponements, and the involved relations between the Tongariro Timber Co., its creditors, and the interests that have attempted and are attempting to acquire its rights and assume its responsibilities.

The Native Interest.—So far as the Native owners are concerned, the pursuit of their remedies against the company for default and breach of agreement has been postponed and interfered with by Parliament, at the request of the company, or by the Government where the discretion rested with the Government. It is true they have received cash payments on account of royalty between 1911 and 1926 amounting to £53,553 15s., or 8s. an acre altogether, between the date of the original agreement (1908) and the present date—twenty-one years in all.