

its agreements with the Aotea District Maori Land Board. It was also stated that, in the event of the above decision being acceptable and the requirements enumerated being fulfilled, it was possible certain conditions would be imposed in consideration of the concessions being granted, in addition to which it might be found necessary to obtain the consent of the Native owners to any concessions as to the standard of the railway-line to be constructed which it might be decided to grant.

In a further letter from Mr. Duncan, dated the 15th February, 1928, agreeing in general terms to the conditions laid down, he asked whether the Hon. the Minister, when writing the letter of the 14th instant, had in mind the modification of the standard line of railway and the Native owners' approval, and, if so, suggested that if, in addition to the conditions already mentioned, he obtained the Native owners' consent to the modification of the line, he increased the royalties as at present existing to figures that the Native owners agree to, the Government on its part would admit he had completed his part of the bargain, and that no further terms or conditions would be imposed on him in consideration of the concessions asked for being granted.

On the 21st February, 1928, the Hon. the Minister, in his reply, referred to this communication, and in doing so stated that in addition to the above he had in mind the possibility of a further request from Mr. Duncan as to an alteration in the route of the proposed line, and that, subject to his obtaining the consent of the Native owners through the Aotea District Maori Land Board to (1) the modification of the standard of the proposed railway-line (including radius or curves and grades), (2) the modification or alteration of the route of the proposed line, (3) the acceptance of any increase offered by him in the amount of the royalty payments to be made for the timber on the lands subject to the Tongariro Timber Co.'s agreements, then the Government would not, in the event of it being decided to grant the extension of the time within which the Tongariro Timber Co., Ltd., was bound to complete the construction of the proposed line, impose further or other terms in consideration of the concessions asked for being granted.

So far as is known, the conditions specified in the Hon. the Minister's letter of the 14th February, 1928, had not been complied with at the date on which the company's rights under the Order in Council of the 12th September, 1921, had lapsed, so that it would appear somewhat doubtful whether the company now possesses any rights whatever, as no extension of time appears to have been sought or granted.

Mr. Grace, one of the Native owners, now proposes the formation of a new company in conjunction with the aforementioned syndicate, this company to have a nominal share capital of £250,000, the shares to be issued as fully paid up and allotted as follows:—

(a) To the owners (<i>i.e.</i> , Native and Government <i>pro rata</i> according to land holdings)	£ 100,000
(b) To the syndicate and subscribers of first debentures (one share for every six debentures)	100,000
(c) To the Tongariro Timber Co.	50,000
	£250,000

In addition, he proposes to raise, by means of the issue of a series of first debentures bearing interest at 10 per cent., rising with the dividend on share capital to 14 per cent., the sum of £300,000. This £300,000 would form the working capital of the company.

In addition, he proposes to issue a series of second debentures, amounting to £200,000, carrying interest at 7 per cent. per annum, to be allotted to certain creditors of the old company.

Of the £300,000 cash received on the sale of the first debentures he proposes to pay some £50,000 in satisfaction of certain claims of the owners in respect of arrears of royalty, and in the payment of from 10 to 20 per cent. of the claims of certain other creditors entitled to preferential treatment.

The allotment of 50,000 shares to the syndicate is in consideration of it raising its capital and transferring it to the new company, and by way of *compensation*, and for its services. "Compensation" evidently refers to a payment for the loss of timber rights transferred by the Tongariro Timber Co.

The allotment of 50,000 shares to the Tongariro Timber Co. is stated to be in consideration of the transfer of its equity in its rights and assets.

The present position of the Egmont Box Co. is somewhat obscure. In a letter dated 11th April, 1927, addressed to the Hon. O. J. Hawken, the company, through its solicitors, Messrs. Symes and Weir, of Eltham, requested that before any decision is made with regard to the affairs of the Tongariro Timber Co., or any action determined upon, that it should have an opportunity of being heard in the matter and of stating its case in so far as it may be affected by anything that is contemplated.

It appears that the Egmont Box Co. sold its interest in the Whangaipeke Block to one B. H. Phillips; but, as the block is subject to a charge of £26,000 for debentures which the Egmont Box Co. has guaranteed, it might happen the Egmont Box Co. will have to take back the block should it be called upon to pay these debentures. The proposed company makes no mention of the Egmont Box Co. or its interests.

RESOLUTIONS PASSED BY THE OWNERS OF THE TONGARIRO TIMBER CO.'S TERRITORY AT A MEETING HELD AT WAIHI, LAKE TAUPO, ON THE 21ST FEBRUARY, 1929.

1. That as a final concession to the Tongariro Timber Co., Ltd., this meeting approves of and agrees to join in and support the project outlined in the memorandum attached hereto.

2. That a period of six months from the 31st day of March, 1929, shall be granted (a) for the making of the cash payments set out in paragraph 6 of the project, (b) for the consummation of the