

You do not know this area?—No.

You do not know whether it is correct, as has been reported, that the timber can be handled at 30 per cent. of its regional cost?—I do not know that.

That is contained in the Forestry Report, and you can find it there. I take it that the object of your association is to jealously protect the forests?—To protect the depletion of the forests.

Well, the point that struck me as important is this: Why your anxiety in regard to the forests if there is plenty and more than plenty of timber?—Because it is absolutely spoiling the market.

Is it not a fact that really you think that this native timber should be conserved in order to supply our needs if properly handled?—That is so.

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TUESDAY, 29TH OCTOBER, 1929.

(In the absence of the Chairman, Mr. Broadfoot took the chair.)

DR. CHAPPLE examined. (No. 5.)

*The Chairman.*] We will now take your evidence, Dr. Chapple?—Mr. Chairman and Gentlemen of the Committee: I have been associated with the Tongariro Timber Co. in everything from 1920 onwards, and I negotiated with Armstrong, Whitworth, and Co. for the construction of the line. That contract was later transferred to Cammell, Laird, and Co. I also negotiated with the British Labour Government of 1924, which is now the Government in office in Britain, and which granted, under the Trades Facilities, £250,000 for the construction of the line. I raised also £35,000 from myself and my friends in order to comply with an Act of Parliament which required £35,000 to be paid over to the Aotea Native Land Board in order to keep the concessions alive. Armstrong, Whitworth, and Co. sent out their engineer, Mr. Wilson, and subsequently Mr. E. H. Hiley was sent out by Cammell, Laird, and Co., and those engineers reported to their principals that the line was going to be a very costly one, because, owing to the new specifications set out in the Order in Council of 1921, the standard had been raised from an original tramway standard, at a cost of £4,000 a mile, to a Government railway standard, costing £13,000 a mile. When Armstrong, Whitworth and Cammell, Laird respectively, discovered that the amount they were required to find to build the railway was so high, and moreover when they discovered that there was no settlement along the line—no towns along the line, no town at the terminus, and that there was only one kind of freight, and only one-way traffic—they all “got cold feet,” and they escaped from their written contract under a provision which enabled them to retire unless the investigations of their engineers—Mr. Wilson on behalf of Armstrong, Whitworth, and Mr. E. H. Hiley on behalf of Cammell, Laird—was satisfactory. The original contract between the Tongariro Co. and the Natives was for a tramway with 30 lb. rails, and this standard having been raised by the Order in Council of 1921 put the raising of the funds for the construction of the railway practically beyond the scope of financing. I want to say here that the Tongariro Co. has been upbraided, it has been criticized, it has been attacked for a lack of business enterprise and a lack of confidence; but I want to say emphatically that, in my opinion, if the best business brains in New Zealand had been on the board of the Tongariro Timber Co. it could not have done more under those circumstances than has been done by the present directors of the Tongariro Co. They were up against this problem: The investors would not put in any money for the high standard of railway required. The railway would cost £13,000 a mile, where there was only timber traffic, and no settlement, and no prospect of settlement. I say that, because the freehold of the land did not belong to the Tongariro Timber Co., and they could do nothing towards settlement. If it was in the hands of the State, however, the position would be entirely different, because the State could acquire the freehold. No private individuals can acquire the freehold, but the Government can acquire it, and as a freehold proposition close settlement is a perfectly simple problem. The Tongariro Timber Co. floated a company in 1914 in London. I met the principals, and I know the facts. But the war broke out, and all the money had to be returned. Then the war came, and the Government very generously passed a Moratorium Act postponing the obligations of the Tongariro Timber Co. until after the war. The war was over in 1918, but not until 1921, three years afterwards, did the Government issue an Order in Council, and when that Order in Council came to be critically examined it was found that it had raised the standard of the railway beyond the reach of any financing; and it is beyond the reach of any financing now. The new company, the Duncan syndicate, could not finance a Government standard railway any more than the Tongariro Co. could do so. It was beyond financing. The Tongariro Co. could not settle the land along the line, because it had not the freehold. We found that quite fatal. Well, that £35,000 was found by myself and my friends at Home. The Cammell-Laird people were interested in it, and Armstrong, Whitworth, and their shareholders were interested in it, and there was a number of private people, and Mr. Houghton and myself. I suppose there are no less than one thousand people financially interested in the Tongariro Timber Co. and awaiting the decision of the Government. Now, to come down to the present time: I do not wish to delay the Committee, and I am trying to keep as much as possible to the relevant facts. As has been pointed out, the late Government, of which the Right Hon. Mr. Coates was the head, gave the new syndicate, the Duncan syndicate, permission to approach the Natives on the subject of reducing the standard of the railway. The Duncan syndicate was brought into the enterprise by the prospect of getting the railway reduced to a tramway standard. No one would think or dream of looking at this project unless permission was given to investors to find only enough money to build a timber tramway for timber purposes only. Mr. Coates, undoubtedly recognizing this position, said that if the Natives agreed he would raise no objection to reverting to