

throughout the whole of the period mentioned; the others were only engaged at the outset or intermittently.

For all these services the members of the party should have received some £18,000 (£6,000-odd being owing to Te Heuheu Tukino and a similar amount to Mr. L. M. Grace). The company was unable to pay this amount in cash, and the debt was finally settled by the party accepting in 1911 £27,000-odd of the above debentures in lieu of the £18,000 cash. At the same time, the Grace family sold the company its township-site on the shore of Lake Taupo. The price was £8,200 which, however, was not paid in cash, but in the debentures just mentioned. This made the grand total of the debentures £35,000-odd, and so it remained until the year 1920, when the company paid the party £5,000 on account of arrears of interest (from the 1st March, 1911), capitalized the balance of interest owing, issued further debentures for the amount capitalized, and so made the total principal of the debentures held by the party £41,900—the amount of debentures at present held by it. As already pointed out, the company has paid no interest on the debentures since all this took place.

Such, in brief, is the history of the party's claim. As for the merits of that claim, the more outstanding of them are as follow:—

(1) There is no doubt that, at its inception, the company's undertaking was highly beneficial to the Native owners, and was so rated by the Commission which sat in 1908 to consider the whole question of granting the rights. As already stated, the company's undertaking would never have been floated but for the services rendered by the party. The party therefore has it to its credit that it was responsible for an undertaking which, at its inception, was highly beneficial to the Native owners, and which, last year at any rate, promised to turn out exceedingly well for them. In saying this, I refer to the Duncan project. Under that project the Native owners would have received in the form of increased royalties and dividends a sum of at least £900,000, as against the £400,000-odd which they would have received had timber operations commenced immediately after the company's agreements were executed. Having regard to the difficulties of access presented by the timber territory as a whole, it is exceedingly doubtful if they would ever have secured such a good price from any other private buyer for the territory as a whole. As is known to every one, the successful carrying-out of the Duncan project was assured, and was only prevented by the final refusal, at the end of last year, of the Government to sanction it, although the Native owners and other interested parties had agreed to it. Furthermore, the mere existence of the undertaking has, really, preserved the territory for the owners, for, but for its existence, the greater part of the territory would have been sold long ago for prices much below even what was payable under the company's agreement. As it is, but only because of the existence of the undertaking, the owners retain the greater part of the territory, and, by reason of the price put on the same by the Duncan project, they are now, and for the first time, in a position to deal advantageously with their timber.

(2) In 1919 the party had an excellent opportunity of being paid in full all the money which was then owing to it. In that year overtures were made to it on behalf of the Government for the purchase of its debentures. These overtures, however, formed part of a general scheme to buy out, first, the company and then the Native owners; and it was desired to acquire the debentures, apparently, because of the power of sale which they carried, and because that power could be used as a lever against the company. The party considered, however, that under the scheme the Native owners would not receive a satisfactory price, and, for that reason and that reason only, it rejected the overtures; but the fact remains that had it ignored the interests of the Native owners it would have been paid in full the money then owing to it. That the party was justified in forming the view just expressed was clearly demonstrated by the fact that in the succeeding two years (1920 and 1921) the Government bought extensive areas of the timber territory at prices ranging from £1 19s. to £3 5s. per acre.

(3) In 1922 the party again subserved its interest to those of the Native owners. Under clause 31 of the agreement of 1908, if the company's rights were cancelled before the 1st March, 1923, it had the right to retain, free of cost, an area of the timber territory having, on the royalty basis laid down in the agreement, a value equal to the amount paid by the company in the form of advance royalties. The amount of advance royalties then paid was about £8,000, but the then value of its timber equivalent was at least five times that amount, for the timber could have been taken in an accessible portion of the territory. The party then had the paramount charge on the company's rights and assets and by exercising its power of sale (which was fully exercisable) it could have brought about the cancellation of the company's rights, stepped into its shoes in regard to the right mentioned, and, in that way, obtained satisfaction of its (the party's) debt. The question of taking this course was seriously considered by the party; but, as it meant wrecking the undertaking and thus depriving the Native owners of its benefits, the party refrained from adopting the course, although it afforded them an easy way out of their difficulties. It is true that the consent of the Government was required before such a course could be taken; but, in all the circumstances, the Government would have been obliged to grant its consent, or else to arrange for the severance of a proper security for the debentures.

(4) Last year, and through the action of the Government in refusing to grant its consent to the Duncan project, the party was deprived of the assured benefits of the project. That project was designed, among other things, to secure the equitable settlement of the claims of all parties interested in the company's undertaking. Under the project the Native owners would have obtained the benefits already touched upon, and the company and its creditors would have received, in cash and in shares and debentures in a projected new company, amounts representing from 65 per cent. to 80 per cent. of their claims. The party itself would have received 20 per cent. of its claim in cash, 60 per cent. in debentures, and would have written off the remaining 20 per cent. All these parties were, however, deprived of these benefits by the action of the Government already described, and notwithstanding the fact that they all had either agreed, or were ready to agree, to the project.

(5) By virtue of its position as a creditor of the company, the party is entitled to share in the benefits of all rights and equities to which the company is entitled.

(6) Finally, the party is easily the company's oldest creditor.