

MINUTES OF EVIDENCE.

TUESDAY, 12TH AUGUST, 1930.

WILLIAM HEUHEU GRACE examined. (No. 1.)

The Chairman.] Will you now proceed, Mr. Grace?—Yes, sir. The position is that I am interested in this matter of the Tongariro Timber Co. in at least four different ways. First of all, I am interested as an owner of the territory affected by the Tongariro Timber Co.'s agreements; secondly, I am interested as a creditor of the Tongariro Timber Co.; thirdly, I have been interested as a promoter of a company which would have taken over the rights of the Tongariro Timber Co.; and, finally, I am connected with the Government over the matter in a subsidiary way. Being in the position I am, I took it upon myself to compile a memorandum on the subject, and this memorandum has been circulated among you. [Appendix A.] It was circulated last Friday, and I hope that you, sir, and all the members of the Committee have duly received your copies. I may say that my object in compiling this memorandum was to indicate some basis of settlement as among the interested parties. Well, sir, perhaps it would be as well if I just ran briefly through the memorandum. There may be one or two points that may require explanation—that may require bringing out. In the first paragraph of the memorandum I deal with timber figures. I think they speak for themselves. You will observe that the stand is 1,465 million log feet of timber, and it is generally admitted that that appraisalment is very much on the conservative side. In fact, the State Forests Service, in a report which they made on the timber, stated that when the timber actually came to be milled those figures would probably be exceeded by 20 per cent. or more. However, all my proposals are based on the stand of 1,465 million log feet, so that if there is any excess—and it appears that there will be an excess—that will be all to the good, and will be a profit to the Crown. Now, the second paragraph deals with the quality and value of the timber. I venture to say that there is no timber anywhere in New Zealand that is as good as what is to be found on most parts of this territory. I think that is a matter that is agreed upon by all people who have been on the territory.

Mr. Langstone.] What is the size of the block?—It comprises two long big compact blocks.

What is the area?—The area of one block is, in round figures, about 40,000 acres, and the other block is about 18,000 acres.

The Chairman.] Is it broken country?—No; it is all growing on gentle sloping hills, and is remarkably free of broken country. Well, you will observe that I assign a value of 3s. per 100 log feet to the timber. I cannot see how you can get behind the value placed on the timber by the State Forests Service, 4s. per 100 log feet; and I cannot see how you can get behind the binding offer referred to in that paragraph of 4s. 7½d. per 100 sawn feet, or the equivalent of 3s. 1d. per 100 log feet. The suggestion is that the property be acquired on its present-day value, which I place at 3s. per 100 log feet. To come now to paragraph 3, which deals with access. Perhaps I had better just describe a little more fully what the territory is like. The major portion of the territory, on which there is about 45,000 acres of solid bush, comprises a long, narrow, flat-bottomed valley, and the timber, as I have just mentioned, is growing on the slopes of the hills on either side; but those slopes are very gentle, and not broken. The bottom of the valley is open country, and the only vegetation growing there is tussock and a small shrub called Monoao, which grows about 3 ft. high. The bottom of the valley is virtually flat, and the one river which will have to be bridged is the Kuratau—a small one. Access is simple. Sixteen miles of new road would provide all the access required. The road would branch off from the National Park—Tokaanu Road at the 20-mile point, and strike northwards along the bottom of the valley I have just described, and the road would be within at least half a mile of the edge of the bush. To deal with paragraph 4. In that paragraph I go into the position to date. I think you, gentlemen, are as well acquainted with that as I am. I take it that you, gentlemen, have read the memorandum. I now come to the 5th paragraph, which deals with the interested parties. This is one of the most important paragraphs in the whole memorandum, and I think I had better read it together with the rest of the memorandum:—

The Interested Parties.—These are the Native owners, the Tongariro Timber Co., its creditors, and the Duncan Syndicate. The claims of the Native owners are both real and well founded, legally, inasmuch as they own the interests to be acquired. Fair and adequate provision must therefore be made for them.

I do not think there can be any doubt about that.

The position of the other parties is, however, not so secure. Their claims all centre round the rights of the company, and, as those rights have been cancelled, or are immediately cancellable, the parties are now without legal foundation for their claims.

There is no doubt about that either, according to the opinion given by the Solicitor-General. But there is one party which might be mentioned as being an exception, and that is the Egmont Box Co.

All parties (including the Native owners) complain, however, that there has been far too much interference on the part of the Government with the rights of the company, with the result that, if such interference did not actually prevent the carrying-out of the company's undertaking, it certainly hampered that undertaking very greatly and in a manner that was not warranted. In the light of this the parties contend that their claims are all entitled to a certain measure of recognition, and that whether they have any legal foundation for the same or not. The main acts of interference complained of are—

(1) The imposition in 1921 by the Government of a very substantial increase in the standard of the railway-line, the construction of which was one of the main conditions on which the company held its rights. The new standard was never contemplated by the original parties to the company's agreements [that is to say, the Native owners], and the Government (which had then acquired perhaps one-sixth of the territory) took the action indicated without even consulting the Native owners.