

1st November, 1922. I have not got a copy of this document. I am reading from a letter in which an extract is set out by Dr. Chapple. But this is what I understand is part of an extract from the official report of Mr. Atkinson to his company in New Zealand, dated London, 1st November, 1922 :—

Through him [Mr. Houfton] and Dr. Chapple himself ultimately came our salvation from disaster, since they found the royalty moneys . . . The terms arranged with Mr. Houfton and Dr. Chapple for thus saving our company from disaster will be found set out in Exhibit C.

And then, a little further on in the extract this appears :—

He [meaning Dr. Chapple] found with Mr. Houfton the £35,000 (a sum considerably exceeding the company's paid-up capital) which saved our company from overthrow, and I must say that his rewards are fully earned.

Now, sir, I have read those extracts because they probably will satisfy you better than a great deal of argument from me that the fact was that, at that point of time, all concerned thought, and all concerned knew, that Mr. Houfton, as he then was, was doing an act which saved the company from complete disaster. Now, sir, I submit to the Committee that with regard to that advance there are four things that are as plain as day. The first of these things is this: that the company—and I, of course, mean the Tongariro Co.—did not receive the money for itself. The point I am endeavouring to make is that the money was kept earmarked from England to the Board. I do not know the particulars, but no doubt the records of the Board will describe what took place. Secondly, that it was advanced to save disaster; thirdly, that it was paid on account of royalties that were due in advance under the company's concession agreements; and, fourthly, that those royalties were received by the Natives in respect of timber that we understand is still standing. Now, sir, with all respect, I submit that those are the four cardinal and unassailable circumstances in connection with Mr. Houfton's claim. In other words, to make a long story short, we say that the Natives, in so far as our claim is concerned, have got the money and the timber. We submit, with all respect to this Committee and to the Government, that it is hard to imagine a stronger moral claim than our clients have in respect of this sum. And, sir, I am supported in that by two circumstances to which I desire to draw the Committee's attention. I am supported in it by the fact that two parties independent of us, who we have no particular reason to regard as our friends and no particular reason to regard as our enemies, have both taken the view that I am putting to the Committee. First of all, in the Duncan scheme, of which you know the history, it was proposed that in respect of this advance of £35,000 there should be allotted debentures to a nominal value of £50,000 to cover the total advance of £35,000 and interest. Now, sir, I am not for one moment suggesting that the Committee is in the least degree bound by what Mr. Duncan and his syndicate decided on that matter, but I am putting the suggestion to the Committee that people in that position, who had the means and opportunity to consider the relative merits of the claims, did come to the conclusion that our claim should be treated on a twenty-shillings-in-the-pound basis. Now, sir, the matter does not end there, because precisely the same view was taken by Mr. Grace in his evidence before this Committee last year, which is printed in paper I.—3A, on pages 13 and 14. Mr. Grace said to this Committee, at the bottom of page 13 :—

The next creditor is the Houfton-Chapple party. This group in 1922 or 1923 found the sum of £36,000; £35,000 was paid to the Maori Land Board in payment of arrears of royalty. For this money they received a debenture charge over a specified portion of the Tongariro territory, the portion that is known as the Western B area, but it was never put in the same position as the Western A area—that was separated from the rest of the territory, but the Western B area never was; so that, as far as the Native owners are concerned, the Western B area still remains part of the one big area. This £36,000 was charged on this Western B area.

That is not all quite accurate, but accurate enough for the purpose. As a matter of fact, we have a charge on Western A as well as Western B.

And there is no doubt that this group has a good claim, and as far as that claim is concerned the provision that will be made for the party will be the allocation of 50,000 C debentures; that is, £36,000 plus £14,000 on account of interest. The interest payable to this party under the original arrangement was 10 per cent., but I do not think that rate is equitable. We will not allow 10 per cent.

Now, sir, that brings me to the point to which I referred to a few moments ago: that I am instructed to say, on behalf of the executors of Sir John Houfton, that they are content to accept in satisfaction of their claim such interest as the Government consider reasonable; and may I say, in connection with that—which must be known to everybody—that, of course, not one penny of interest has been paid to Mr. Houfton or to his executors. Now, sir, I also say with regard to that claim that we received no notification of the date of hearing and were not represented on this Committee last year. As a matter of fact, Dr. Chapple apparently informed the Committee that he represented Sir John Houfton's estate. I do not know that very much turns on it, but I merely mention the matter because, although what Dr. Chapple stated was no doubt of interest, the fact was that he was not authorized to represent Sir John Houfton. Moreover, there is one point that I certainly would have made to the Committee if I had been here—that was that Mr. Grace, in his suggestion that we should get this £50,000 of debentures, did not refer to the circumstances under which this advance was made by Mr. Houfton and Dr. Chapple, which actually saved the company. He did not draw the Committee's attention to the fact that the money was advanced under such critical circumstances, and that in fact it saved the company. But he said, in regard to the Egmont Box Co. that they were one of the few big creditors that had rendered valuable service; and I would suggest to the Committee, without hesitation, that so are we. However unfortunate the position may be to-day, we are entitled, I submit, to have our claim considered in the light of the circumstances that existed and what we did when we made the advance. The essence of our claim is that the advance of £14,000 was made to save the company from disaster—and the Natives have got the timber and the money;