

It is an important point as far as the owners of the Whangaipeke Block are concerned, is it not?—We cannot make good at present, as, unlike the rest, we have no clear title.

That is where your offer to write off £5,000 comes in. You have a right there, have you not?—We have the added right with the others; but it is not the case that we are writing off any profit. We are writing off cold cash, and, naturally, the Duncan syndicate was prepared to accept that offer; and I make the same suggestion to you to-day.

So far as the Natives are concerned generally, £2,500 reaches them in cash, and £18,000 was spent on the railway, which, under the original agreement, was an immense benefit. Is that not so?—That is correct.

*Mr. Langstone.*] I suppose that if you still keep on cutting on the block you will have to pay this royalty on the balance of that standing timber?—The position will be this: Mr. Bertram Phillips purchased our interest in that block, and we sold it to him at exactly what it cost us—that is, with no difference between the royalties held, the roading we put in, and so forth. Roughly, the purchase price was something between £13,000 and £14,000. Mr. Philipps has paid £6,000 due on that, and there remains two payments still to be made of the balance, between £3,000 and £4,000. I take it that if the title is granted the Aotea Maori Land Board—the Government—will create a fresh title in respect of the block, offer the rights to Mr. Philipps, and allow him to go on with the cutting. If he does that, he will, of course, have to pay the Board 3s. for every 100 ft. before he would be entitled to deal with the £5,000 in connection with the timber, and the balance will go to the Natives.

That is to say, that the debentures of £5,000 would go to Mr. Philipps, and 3s. royalty for every 100 ft. would be paid to the Natives as their share?—Yes. The reason I think the £20,000 of debentures ought to be paid by the Board or the Government is because they will eventually have to get from that timber the 3s. which will go to pay those debentures.

How much timber do you think there is there?—We have taken it at over 69,000,000 ft., and we have worked out the royalties, at the rate of 3s. per 100 ft., at about £10,000.

There is ample security left on that basis?—I take it to be so.

In your opinion, if the Government liquidates your claim of £18,000, would they be justified in charging that amount to the Native owners, seeing they paid it out and the Natives received an actual portion of it?—Most certainly I think so. I think it should be charged against the railway-construction and to the Natives owning the block. It would not amount to very much, and would be to the advantage of the railway in the future. The Natives might have to increase the royalties. In other words, we put on nothing that the block would not be able to pay back.

*The Chairman.*] Do you wish to add anything?—May I say that if I had made a claim on the block for my £25,000 of debentures 3s. per 100 ft. in royalty would go towards the payment of that sum. If you pay my debentures, the 3s. will go for the distinct good of the Natives, as against the 1s. they were getting before. It would require a new agreement between the Aotea Maori Land Board and the Box Company. It could not apply to Mr. Philipps, because he has not made any payments on account of his balance for some time. I am quite sure that my company wishes it had never seen the Tongariro Timber Co., because we have had nothing but trouble since 1914.

The Committee adjourned at 11.30 a.m.

FRIDAY, 15TH AUGUST, 1930.

Dr. CHAPPLE examined. (No. 8.)

*The Chairman.*] Will you now proceed with your statement, Dr. Chapple?—Mr. Chairman, and gentlemen of the Committee, I realize that we are here to-day under the good will of the Government, and that we cannot base our claims on any legal right now, but only upon our moral right; and we are therefore seeking to present and justify our claims in equity and good conscience. I realize that the whole of the affairs of the Tongariro Company are in the melting-pot of good will. Before I come to the specific claims which I am making on behalf of myself and Miss Wright, I would like to make a few preliminary observations. First of all, I would like to draw the Committee's attention to the enormous value of this property. We are not dealing now with a dead horse, but with a very live elephant.

*Mr. Langstone.*] Not a white one?—No; it is a very capable good working-elephant. It is very rarely that a Committee in New Zealand has to deal with so valuable a property as this is, which is not either in liquidation or has a number of losses which it is called upon to repair. It is dealing with a property that has enhanced in value by six times its original value when the contracts were first signed up. The Forestry Department has comparatively recently valued it at £3,747,500 in royalties alone, apart from the freehold of the land. Captain Ellis told me that it was the best exploitable forest he had ever seen in any country. The sawmilling combine which entered into a contract with the Duncan syndicate to purchase 800,000,000 ft. of timber for £2,500,000 in royalties and freight spent a considerable time camped in the forest, and when they came out after their investigation was complete the head of the combine—which consisted of twelve different mills—told me that they had agreed that the forest was a “saw-miller's dream.” Sir Francis Bell, the late Minister of Forestry, told me that the Government had always held Tongariro too cheaply; that they did not realize it was so valuable. He said they had no conception of its real value. The Duncan syndicate was going to pay 10 per cent. interest for twenty years on their railway debentures,