

Government valuation—that is to say, £320,000 worth of timber is standing in that forest to-day owned in equity by the Tongariro Company, and paid for by them, and it falls into the hands of the Government if they acquire it. Not only does it fall into the hands of the Government, but the Government have been buying since 1920 this forest and freehold at £2 an acre. There are 19,000 acres of this land which the Government have been buying since 1920 up to date at £2 an acre, and £645,000 worth of timber is standing on the land bought, and will fall into the hands of the State.

Did the Crown purchase this land subject to any timber rights?—Yes; they have the whole of the rights over the land that they have bought from the Natives.

You mean when the Crown bought that land the land was charged with the sale of the timber on the different royalties?—

*Mr. Grace:* That is correct.

*The Chairman:* Do you wish to refer further to that point, Dr. Chapple?—*Mr. Grace* confirms it. The Government bought land for £2 an acre subject to the right of the Tongariro Company to the timber upon it, and now that those rights are cancelled, £645,000 falls into the hands of the State for nothing, if they acquire it on those terms. Now, the £35,000 of royalty was found by me and my co-mortgagees in London. I have been dealing first with the Tongariro Company. My own personal claim and costs come in now. I was attorney of the company in London for five years, and I conducted the whole of the negotiations during that period with all the firms mentioned—Armstrong, Whitworth, and Co., the Anglo-French and Belgian Corporation, Cammell, Laird and the British Government. I found for Cammell, Laird £250,000, obtained from the British Government under the Trade Facilities at 5 per cent., to carry out their contract. I saw the Secretary to the Treasury in London and Sir Otto Niemeyer, who is now in Australia straightening up their affairs, and from that source I secured under the Trade Facilities finance up to £250,000 for Cammell, Laird. That information was published officially in the London *Times* of the 17th October, 1924, page 25. I carried out these arrangements on behalf of the Tongariro Company, Mr. Tudor Atkinson, as governing director, having full power from the board to enter into certain contracts with me personally. The first contract is dated the 24th November, 1921, and is as follows:—

With regard to your remuneration for your assistance in obtaining capital to build the Tongariro Railway, I want to say that, on behalf of the company, I am prepared to give you just what you would have been entitled to under your expired option—that is, £25,000. I now confirm the undertaking that you are to receive £25,000 so soon as sufficient money is secured to build the railway to the eighteen-mile point.

I would have been entitled to the £25,000 when the Duncan syndicate found the money. I surrendered that right, and Atkinson undertook to pay me £2,000 a year as financial representative of the company in London, to date back from the original power of attorney I held from the company in New Zealand, and which was executed here. I have no wish to revive it now. The next agreement is dated the 24th June, 1922, and the following is the operating clause in that agreement:—

If the £6,000 is found for the company by the said William Allan Chapple on or before the 30th June, 1922, this amount will be secured by a first mortgage of the timber in Western B, containing 154 million feet, and by a first mortgage on the equity of the timber in Western A, sold to the Egmont Box Co., Ltd., and being of an estimated value, after payment of existing mortgages, of about £25,000, and also by a mortgage over all the other interests of the company, together with a bonus of 6d. per 100 ft. as and when cut of the timber in Western B. Such bonus of 6d. to be reduced by 3d. if this latter amount is required to make up to 9d. any bonus payable for the advance royalty due on or before the 12th September, 1922. The rate of interest on this advance of £6,000 to be 10 per cent. per annum.

I may here say that unless the £6,000 had been found by the 30th June, 1922, the concession would have been forfeited. I had been unable to find the money to build the railway, and fulfil all the obligations of the company. It was necessary, therefore, to save the company from extinction and cancellation, and the clause in the agreement I have read indicated what was done. The bonus of 9d. was not required, and the 6d. remained. I found that £6,000 out of my private resources, and had to sacrifice a good deal of property in order to provide the cash to save the company from extinction. The 10 per cent., which may seem a high rate, was one which nobody else would accept. I could not get my friends to do it. Sir Haviland Hiley would not do it, and Sir Charles Skerrett said I gave hostages to fortune when I found that £6,000 on such precarious security.

*Mr. Langstone:* You knew what you were doing?—I did it myself against the advice of everybody except Tudor Atkinson. That, then, is the history of my finding this £6,000 for the Native Board in time to save 3½ million pounds' worth of property from cancellation, and Mr. Atkinson said in his report afterwards to the directors that this was very cheap at the price. It was a serious risk to myself that I should have to do it, but I did it with confidence at the time.

*The Chairman:* I do not think there is much value in this. The question we have to consider is the position of the company, and it appears to be admitted as far as it is concerned that they were liable to reimburse you for those amounts. You have a splendid case against the company, provided they are in a position to meet it; but we have to consider whether the Crown should accept the liability of the company to discharge that account. I think that seems to be the position?—Thank you for that intimation. It enables me to add that this £6,000 did not go to the company; it never handled it; it went direct to the Aotea Maori Land Board to be put into the pockets of the Natives, and it bought six times as much timber, because it was paid to the Natives at the old royalty of 5d. per 100 log feet, which was the rate before 1926. In the second place, it paid for £36,000 worth of timber still standing there ready for the Government to exploit; and in the third place, it saved the company from extinction. Those are the three functions it performed, and for my performance of that function I was to get 10 per cent. interest for the money I raised, and 6d. royalty on Western B. That has never been varied since, nor disputed. That is the contract under which I advanced that