

70. Is it in the direction of Te Puke?—Yes.

71. You have a preference clause in your agreement for the employment of the Natives?—Yes.

72. Would that act detrimentally to the white labour?—No. The manager of the mill is to use his discretion, and will only employ such Natives as will give him a return equivalent to that of white labour.

73. What is the usual custom with regard to Mr. Ellis's bush? Do the Natives usually do the work?—No; I do not think they do. Even though preference is given to them, very many of them do not take it up.

74. *Mr. Hone Heke.*] How many shares in the company do you propose to let the Natives have?—Ten thousand.

75. Is there any condition in the agreement as to the quantity of timber to be cut per year?—No; the short term for which we lease the block—twenty-one years—necessitates fairly rapid cutting.

76. Supposing the company fails, would the Natives be under any liabilities?—No. There is a clause in the agreements to the effect that if anything unsatisfactory happens within two years—such as any failure on the part of the company to work the bush—the whole contract ceases.

77. Will the Maoris be implicated in the liabilities if the company fails within that period?—The Maoris remain shareholders.

78. You have awarded them 10,000 shares?—Yes.

79. And all the liabilities which a shareholder naturally suffers according to law will fall on them?—Yes; they are ordinary shareholders, and in that case, I take it, they are responsible.

80. What is the cause for you and the Natives making it a condition that 640 acres of this 6,000 acres are to be transferred to the Native Council, and then by the Council to the company?—Because we supposed that 640 acres was the largest area that the Council would grant to one individual or one firm.

81. It was for the purpose of securing a valid title to a portion of the land upon which to erect your mills, and so on?—Yes. I may say that this clause 31 of the Bill, which makes it a penal offence to deal with the land outside that 640 acres, is a clause calculated to crush us and render the whole undertaking impossible, because 640 acres is really too small an area to tackle, with the capital required.

82. What about the penal clause you refer to?—Under clause 31, if we felled a tree outside the area leased to us by the Council we would be fined £50 and the value of the tree.

83. The 640 acres are outside of the 6,000 acres?—Yes.

84. And does that penal clause apply to the 6,000 acres?—Yes. The clause in the proposed Bill will prevent us touching a single tree outside the 640-acre allotment.

85. Leave aside the clause in the Bill: have you made any condition in regard to the removal by your company of any milling-timber other than that you have already recited—totara, matai, rimu, and kahikatea?—No. As yet we are not aware that there is any timber of any value for milling purposes except these four kinds.

86. Should I be right in saying that if you did cut other timber on the block which has now or may hereafter, during the progress of your works, become a marketable timber, you will not be lawfully doing so, and if you do you may be liable to the Natives for penalties?—Yes. In negotiating it is understood that should any such trees be found we should come to terms with the Natives in reference to them.

87. You have a clause of that nature?—We had it, but it was dropped out.

88. Have you had a large experience of timber?—A New-Zealander's experience—being born in the bush, and having a general experience.

89. You said that two-thirds of these 6,000 acres would average per acre 100,000 ft. of timber?—Yes.

90. Would that be in log-measurement or sawn measurement?—It is an awkward thing to estimate correctly.

91. *Mr. Mander.*] You said before that it was sawn measurement?—Yes; but exact measurement might be less than my estimate.

92. *Mr. Hone Heke.*] Did you send an expert bushman to make an estimate of that block?—No; we took an expert with us to assure us that there was sufficient timber in the block to warrant us in taking it up. It is immaterial whether there are 50,000 ft. or 100,000 ft. per acre, as we pay for it by royalty.

93. You have ascertained what the railage is from there to Auckland?—Yes.

94. 3s. 11d.?—Yes, less something; 3s. 11d. gross.

95. The royalty for the timber growing on the 640 acres you have already bought in your No. 1 agreement under the conditions you set forth?—We have already contracted to pay the prices set out for the timber.

96. And you say that your company will start as soon as it receives the lease of the 640 acres from the Council?—Yes; providing we are also allowed to mill the bush upon the additional area. The company will not start operations at all if restricted to the timber on the 640 acres.

97. Of course, we are taking it for granted that your contract on the 6,000 acres is good?—Yes.

98. And as soon as you get that lease from the Council you intend to start?—Yes, immediately.

99. Do you know whether the Natives have started to transfer that 6,000 acres?—Yes; a document is already signed, and we were ready to submit it to the Council, but our legal advisers told us to delay the matter a little while.

100. Has this 640 acres been cut off by survey?—No.

101. You have allocated the 640 acres?—Yes, we have allocated it from the natural boundaries.