

A PROJECT REGARDING THE TONGARIRO TIMBER CO., LTD.

1. A new company will be formed which will take over all the rights of the Tongariro Timber Co., subject to all its present obligations to the owners of the land which forms the subject of the rights, but with the obligations modified in the manner indicated in a memo. dated the 7th September, 1928, from Hoani te Heuheu and others to the Minister in Charge of Native Affairs, and subject also to the new company satisfying the claims of the Tongariro Co. and its creditors in manner hereafter provided.

2. The task of promoting and forming the new company and providing it with its working capital will be entrusted to the Tongariro Standing Timbers Syndicate, which will transfer such capital as it is now able to command to the new company's working capital.

3. The new company will have a share capital of £300,000, which will be issued fully paid up and be allocated as follows:—

(a) To the owners (<i>i.e.</i> , the Government and the Native owners) <i>pro rata</i>	£
among them according to their shares in the land	120,000
(b) To the syndicate, by way of remuneration for its services, past, present, and future, and as a consideration for the transfer of its capital	120,000
(c) To the Tongariro Timber Co. (or its shareholders, <i>pro rata</i> among them) for its equity in its rights and assets	60,000
	£300,000

4. The new company will have a working capital of £300,000, although the whole of the same need not necessarily be called up. This capital will be raised per medium of a series of first debentures. The flotation of this series and the terms on which the same is issued will be left entirely to the discretion of the syndicate, provided that any bonus shares offered to subscribers of the debentures shall come out of the £120,000 fully-paid-up shares allocated to the syndicate.

5. The debts of the Tongariro Timber Co. will be discharged by allocating £250,000 to the creditors, including the owners, in respect of their arrears of royalty and other moneys due to them. The £250,000 will be paid, £50,000 in cash, and £200,000 in the form of debentures, which will carry 7 per cent. interest, and which will rank after the £300,000 series.

6. The £50,000 will be applied to the purposes of paying—

- (a) The arrears of royalty and other moneys owing to the owners and the Aotea District Maori Land Board. The arrears of royalty shall carry 5 per cent. simple interest per annum, but no more, and no interest shall be charged on instalments of royalty which accrued due before the end of February, 1925.
- (b) Any debts due to Government Departments.
- (c) Certain creditors whose debts were incurred for services rendered in the interests of the Native owners. Mr. W. H. Grace, of Wellington, has full particulars of these debts, and it will be left to him to decide what each creditor is to receive, and his decision shall be final.
- (d) To the Heuheu-Grace party 20 per cent. of the amount owing to them on account of their debentures, which constitute the paramount general charge over the assets of the Tongariro Timber Co.
- (e) To Mr. L. M. Grace, of Wellington, in addition to what he receives under the preceding subparagraph, the sum of £8,200 for releasing the company's township-site of approximately 1,600 acres from his mortgage thereover.
- (f) To Messrs. Findlay and Moir, who have long been the solicitors of the company, 20 per cent. of their claim for costs.
- (g) To Messrs. R. B. Martin and G. Ross, who have long been officers in the employment of the company, 20 per cent. each of their respective claims for salaries and moneys advanced to the company.

If the £50,000 is not sufficient for the above purposes, or if there is a surplus, the deficiency or the surplus, as the case may be, shall be borne or divided *pro rata* among the last four groups of creditors enumerated above.

7. The £200,000 debentures will be divided and allocated in manner following:—

- (a) Mr. Bertram Phillips will receive £20,000 of debentures in full satisfaction of his debt. He will retain his timber and other rights over the Western A area subject to the provisions of the deed of purchase (made in 1919) affecting the same.
- (b) The holders of the £40,000 series of mortgage debentures carrying 10 per cent. interest charged on the Western B area will receive £50,000 of debentures in the new company in full satisfaction of their claim.
- (c) The Houghton, Chapple, and Wright party will receive £10,000 of debentures in satisfaction of all royalty charges which they, or any of them, may have against the Tongariro Timber Co. The £10,000 debentures will be divided among them *pro rata* to the contributions which they originally made to the £40,000 series mentioned above. As an alternative to taking debentures, the creditors named in this and the preceding subparagraph may amalgamate their claims and take over the Western B area in full satisfaction of their debts and claims. If they do that, the new company shall be responsible for all royalties payable to the owner on the area up to a sum of £50,000 and shall afford on its railway-line reasonable transport facilities for the carriage of the timber extracted from the area. Productions from the same must, however, be limited to 3,000,000 sawn feet per annum until after the end of the year 1935.