

Without any alternative?—It was imposed by the Crown, and the company at the time had no option; they had to take it. That was the action of the Government of the day, and the company had to accept the imposition, whether it wanted to or not; and, further, I would add that the Native owners were never consulted in the matter.

The increase operated most disastrously against the company. It increased the cost of constructing the line from some £300,000 to over £650,000, and its effect was to more than double the capital requirements of the company. It is evident now that these two factors in reality killed all prospects that the company had of carrying out its undertaking, though it made valiant efforts to do so.

*Mr. Williams.*] What was the original arrangement between the company and the Native owners? What were the main conditions?—There were two conditions: one was the payment of royalty, and the other was the construction of the railway-line. So far as the royalty was concerned, the company undertook to pay £5,000 per annum, this £5,000 to be paid on account of, and in anticipation of, future royalties.

Was any time stated when they had to start operations?—There was no stated time as to when they had to start operations.

*Mr. Langstone.*] Was there not a time-limit when the line had to be constructed?—Yes. It was to be constructed within five years from the date of the original agreement of 1908—that is, 1913. But subsequently various extensions of time were granted until the final one, which was to the 1st of September, 1928.

Do not you think that was not in the interests of the Native owners?—I say it was in the interests of both the Native owners and the company.

*Hon. Sir Apirana Ngata.*] You say the line had to be completed in five years from 1908—that is 1913?—Yes; the line had to be completed by Christmas, 1913; but in 1915 the company was granted a moratorium which carried it on to 1921. And then, of course, in 1921 there came this imposition of the increased standard of line. The second act of interference complained of is—

The granting of numerous extensions of time to the company which, of course, effectively prevented the Native owners dealing with their timber themselves.

The third act of interference was—

The acquisition by the Crown of its present holdings in the territory. These operations commenced about the year 1920, long after the company's agreements were executed, and were all conducted while the rights and obligations of the agreements were still subsisting. The total area acquired by the Crown in this way was, approximately, 35,000 acres. As already pointed out, 19,130 acres of this is in standing timber, and the balance comprises open country. The total cost to the Crown for the area acquired was £77,000-odd.

What rights are you referring to?—The rights of the Tongariro Timber Co.

If any?—They were very much alive then.

There can be no real objection to the acquisition itself, except, perhaps, on the score that the price paid by the Crown was much too low; but it is pointed out that when the Crown acquired the interests there was in existence the "hotchpotch" created by the agreements. The effect of the hotchpotch was to make one big pool of the timber, and it is contended that no action should have been taken in regard to that pool, and the rights centred round the same, without the concurrence of the majority of the owners, whoever they may be. There was certainly no such concurrence when the Government interfered in the manner first described [that is, in imposing an increased standard of railway-line], or when it adopted the attitude which will be described in the next paragraph.

I do not think that calls for any explanation. The fourth act of interference complained of is—

The rejection by the Government of the Duncan Syndicate project. This syndicate was formed with the object of floating a new company which would take over the Tongariro Timber Co.'s undertaking, have a working capital of £300,000, and make fair and equitable provision for all parties interested in the latter company. It was, however, a prime condition of the syndicate's project that the old standard of the railway-line should be reverted to.

The £300,000 capital would have been ample for all requirements of the new company, and, so far as the old standard of railway-line is concerned, £150,000 would have built the first twenty-five miles, and the intention was to build the remaining fifteen miles out of revenue.

In its project the syndicate had the support and approval of most of the interested parties, and particularly of the Native owners (see resolutions passed by them at Waihi, Lake Taupo, on the 21st February, 1929), who then owned, and still own, over two-thirds of the territory.

The Native Minister was present when the resolutions were passed by the Native owners. In passing, I might mention that the resolutions provided, among other things, that the creditors and all the Tongariro Co.'s connections had to accept the provision made for them in the project.

By October of last year, and but for one thing, the syndicate was in a position and ready to carry out its project. That one thing was the procuring of the consent of the Crown to the project. The syndicate approached the Government repeatedly for such consent, but it was never forthcoming, until it was finally made unprocurable by the recommendations of the Native Affairs Committee and the legislation referred to above.

That is section 29 of the 1929 Native Land Amendment Act.

As a result of all this the syndicate was reluctantly compelled to abandon the project, and the interested parties thereby lost all the benefits which they would have derived from it.

It might be mentioned that the syndicate received no little encouragement from the late Government. Then it might be further mentioned that the meeting of Native owners at which the above resolutions were passed was expressly convened for the purpose of enabling the owners to consider the project, and was actually presided over by and held at the suggestion of the Native Minister. As already pointed out, the resolutions approved the project (all present at the meeting except two voted for them), and the syndicate, not unnaturally, assumed, in all the circumstances mentioned, that the Government would give due effect to the resolutions, and it proceeded accordingly with the project—a thing which it would never have done had it known that the Government's consent would, finally, have not been forthcoming.

That, gentlemen, was, exactly, the position.

What about improving the royalties?—I think that is covered by the correspondence on the subject. On behalf of Mr. Duncan I wrote to the Native Minister pointing out that the syndicate could not possibly consider any increase in the royalties, although they were prepared to make the annual instalment on account of royalty payable in the first few years larger than would ordinarily