

REPORT OF THE KAURI-GUM SUPERINTENDENT.

SIR,—

The special circumstances which gave rise to the intervention of the Government in the kauri-gum business were fully recounted in the report presented to Parliament last session, but it may be pertinent to gain briefly refer to them.

Shortly after the declaration of war there was a decided slump in the industry. Buying practically ceased by the Auckland traders, and pressure was brought to bear on the Government by petitioners and by members of Parliament to take some action to prevent the distress which was considered likely to arise among the workers in the industry. A report was obtained on the actual state of affairs, and as an outcome of it a short enabling Act was passed, known as the Kauri-gum Industry Amendment Act of 1914. This Act empowered the Minister of Lands to make advances up to 50 per cent. on the estimated value of the gum on the basis of prices ruling in July of that year. The Act came into force on the 6th November, and the first advances were made shortly afterwards.

In addition to authority to make advances on account of purchases of gum the Minister was empowered to employ men to work on the Crown gum lands. This was given effect to, and the system known as "face digging" was put into operation, the special feature of which is that while recovering the gum from the ground the surface is left in an even condition and suitable for subsequent farming operations.

The amount advanced on account of purchases of gum up to the 31st March of this year was £5,747. For several months past there has been little or no demand for the Government advances owing to the fact that the local merchants have been buying gum freely at fairly good prices.

The Act above referred to provided, *inter alia*, that when the gum was sold the proceeds were to be paid to the original vendor less the amount advanced and all charges incurred in connection with the handling of the gum, including interest, insurance, freight, administration charges, &c.

Up to the present time no sales have taken place, but arrangements have been made with a view to placing the gum on the American market at an early date. To that end Messrs. G. W. S. Patterson and Co., of New York and Auckland, have been appointed agents for the Government in America. A proper contract has been entered into with the firm, under which they undertake to guarantee the financial stability of purchasers. The agents are to be paid a commission on sales effected. Samples of the various grades of gum were sent to the agents some months ago, and subsequently a shipment was sent forward, which is expected to reach New York some time this month.

Since the declaration of war by far the greatest quantity of the gum exported from New Zealand has been sent to the United States of America and Canada, and it will be seen on reference to the table further on in this report that even under normal conditions the United States is by far the greatest consumer of kauri-gum.

In order to meet the requirements of many of the original vendors who were unable to wait until the gum was sold by the Government it was arranged to make a further advance of 20 per cent., free of all charges and deductions, to any of the vendors who were prepared to accept such a payment as a final settlement on account of the gum originally taken over on their account by the Government. Many of the diggers availed themselves of the opportunity, and up to date more than half of the original vendors have been settled with on this basis.

The scheme of purchasing gum in many different grades and holding it on account of the several vendors, with the subsequent regrading of the gum and its preparation for export, renders necessary a more complicated system of accounts than would be required if the purchases were made outright. By the Amendment Act of 1915 the Minister is empowered to make straight-out purchases of gum, and it is considered that all future purchases will be so made. A considerable quantity of the more valuable grades of the gum purchased has been regraded for market requirements in the store in Auckland and is ready for export. The gum taken over from the diggers was generally in a dry and satisfactory condition, with the result that the loss of weight by evaporation has been much less than was generally anticipated.

"FACE-DIGGING" OPERATIONS.

In last year's report it was explained that face-digging work was being carried on at Mangawai, south of Whangarei, and at Waiharera and Waihopo, in the northern portion of the Mangonui County. The operations have been steadily carried on during the past year, and a total area of 153 acres has been dug over and levelled off. The value of the gum recovered in the process of the digging operations has been sufficient to cover the cost of labour, administration, and incidental charges in connection with the conduct of the works.

As before pointed out, one of the main difficulties encountered in carrying on the face digging is the vast quantity of stumps and timber buried in the land. Wherever it is practicable the stumps are removed in the process of the digging operations as well as all the loose timber, as it is often under the stumps that the large deposits of gum are found. For the profitable carrying-on of the works it will be necessary to obtain some mechanical power for dealing with the timber, not only to assist in its removal from the ground, but also to facilitate the subsequent disposal of it. Of course, once the timber has been stacked on the surface of the ground for some time it can be easily disposed of by burning, but it may be found that this would be a wasteful proceeding.

Much consideration has been given to putting this timber to some economic use by extracting the gum which it is known to contain. The Dominion Analyst has made a special report on the subject, which will be dealt with later on.

Each area presents a special problem, and it has been found that a system of working suitable for one place cannot be rigidly followed at another, although perhaps the two places are not far apart.