

ACCOUNTS.

Reference to the accounts covering the whole period of the Department's existence shows that, after providing 4 per cent. interest on the debenture issue, there has been a loss up to the 31st March last of £10,706 15s. 9d. In reviewing this position consideration must be given to the special circumstances under which the Department was created. As before pointed out, the Department was not set up with any idea of trading in gum on a commercial basis, the main objects being, firstly, to generally assist the industry, and, secondly, to provide relief to the large number of gum-diggers who were seriously affected by the slump in kauri-gum in 1914-15. For instance, the face-digging works were undertaken purely as relief works, and not with the expectation of commercial results.

During the past two years or thereabouts the Department has resolved itself more into a purely trading concern, the result of which is reflected in a steadily improving position, and present indications are that the initial losses will entirely disappear in the near future.

ADULTERATION OF KAURI-GUM.

For many years past it has been suspected that some unscrupulous traders were adulterating kauri with cheap gums from the South Sea Islands. It was suggested that New Caledonian gum was either being mixed with kauri in Auckland and exported as pure kauri, or else was being exported separately and mixed with kauri and fraudulently sold as such in America and elsewhere.

In the early part of this year an Auckland firm imported 100 tons of "yacca" gum. Some time later the Customs office detected an attempt to export a mixture of kauri and yacca described as kauri-gum, and the offending firm was prosecuted. The matter having been brought under the notice of the Government, an Order in Council was issued prohibiting the export of kauri which had been adulterated by mixing with any other gum. The effect of this order will be, I think, to put an end to this harmful practice.

GUM-CLEANING PROCESSES.

Negotiations have been proceeding for some time past for the purchase of the patent rights of the salt vacuum process for cleaning gum, invented by Dr. Maclaurin. It is proposed to enter into an agreement with Dr. Maclaurin in regard to the use of the process upon a royalty basis for two or three years. At the expiration of that time the Government is to have the right of purchase at a price to be subsequently arranged. A full description of this process was given in the annual report for 1918 (C.—12, p. 9). The process is particularly adapted for separating the dirt and foreign matter from the chips and dust and small gums. It is hoped that this process will be made available for the use of all producers and exporters engaged in the industry.

In the annual report for 1916 (C.—12, p. 3) full particulars are given of the sand-blast process invented by Mr. F. V. Raymond, formerly of Invercargill, but now of Auckland. A plant was established in a well-equipped factory at Dargaville early in 1915. This sand-blast process, judging from two trials I saw of it, was a satisfactory method for cleaning the larger gums. I have always regarded it as unfortunate that this plant and factory had not been erected in Auckland, so that the exporters would have had the opportunity of testing it on a commercial scale.

KAURI-PEAT SWAMPS.

The production of oil from the kauri-peat swamps has received much attention during the past few years, and the subject has been gone into at length in previous reports.

Under the authority of the Kauri-gum Industry Act, 1915, an area of 3,000 acres situated near Kaimaunau, in the Mangonui County, has been leased to the New Zealand Peat Oils Company (Limited). This company has now begun work in the field, and a few months ago let a contract for the excavation of the main outlet drain from the area included in the lease. The company hope that by the time the drain is completed arrangements will be in readiness for commencing the distillation of oil on a fairly large scale.

KAURI-GUM LICENSES AND CONTRIBUTIONS TO THE LOCAL BODIES.

For many years past it has been recognized that local bodies in gum-producing districts were not receiving a fair contribution towards the upkeep of their roads from the gum licenses collected, owing to the amount of the licenses having been fixed on such a low scale. The licenses at present paid are: Digger's license— to a British subject by birth or naturalization, 5s. a year; to an alien digger, £5 a year; buyer's license, £1 a year; broker's license, £5 a year. It has been from time to time urged that the local bodies should be empowered to levy a rate on the value of the gum produced, which is all carted over the roads they have to maintain.

With the development during recent years of the gum riddling and washing processes already mentioned, the old method of digging for gum, as far as it applies to kauri-peat swamps, has to a very large extent been abandoned, and it is suggested that in future, instead of giving a gum-digger a license entitling him to dig over all the gum-producing lands, he shall be given a small area of, say, from 1 to 3 acres, on which he shall have the exclusive right to work and recover the gum by whatever process he may find most profitable. At the same time the condition could be imposed that he should fill in the holes made during the course of his work and leave the land in a fairly fit state for future agricultural purposes.

These leases, as indicated, may be granted by the Minister under section 3 of the Kauri-gum Industry Amendment Act, 1915, and it is proposed to obtain legislative authority this year enabling the Minister to make a much larger contribution to the local bodies from the kauri-gum revenue than has hitherto been possible. Instead of issuing a license to dig, the digger will be required to pay a royalty on the value of the gum recovered, and the suggestion is that this royalty, after deducting a sufficient sum to cover administrative costs, will be handed over to the local bodies in whose districts the leases are situated.

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