

SESSION II.
1923.
NEW ZEALAND.

KAURI-GUM INDUSTRY

(REPORT ON THE) FOR THE YEAR ENDED 31st MARCH, 1923.

Presented to both Houses of the General Assembly pursuant to Section 5 of the Kauri-gum Industry Amendment Act, 1914.

SIR,—

Department of Lands and Survey, Wellington, 2nd August, 1923.

I have the honour to submit herewith the annual report under the Kauri-gum Industry Amendment Act, 1914, for the year ended 31st March, 1923.

I have, &c.,

J. B. THOMPSON, Under-Secretary.

The Hon. D. H. Guthrie, Minister of Lands.

REPORT OF THE KAURI-GUM SUPERINTENDENT.

PURCHASES AND SALES.

As related in my former reports, the Department came into existence in the interests of the producers on the gumfields at the outbreak of war in 1914. At this period the Auckland gum-merchants closed down, and credit was refused the storekeepers on the gumfields by the Auckland wholesalers. Elderly people, men with large families, and the Maoris were unable to leave the gumfields and look for other employment. No other work was available, and they were unable to sell their gum and could not obtain stores on credit. No doubt, at the time, State aid appeared the only solution. Immediately operations by the Government Department commenced private gum-buyers resumed purchasing, and some competition existed. Since that time it has frequently happened that the Department has exercised a stabilizing influence, and has bought freely when no outside demand existed and when gum was almost unsaleable. Conditions such as these have not, however, prevailed during the past year, for although the number of diggers materially increased during the year, and a fairly large output resulted, the demand generally was equal to the supply, and sales were made freely throughout the greater part of the year. The result has been that buying by the Department has eased off a good deal.

During the year kauri-gum to the amount of £20,883 11s. 9d. was purchased by this Department, being only a little more than half the amount expended on purchases the previous year, when the demand was not nearly so good. Sales for the year amounted to £32,814 9s. 9d., an increase on last year's figure of over £10,000.

STANDARD GRADINGS OF KAURI-GUM.

On more than one occasion reference has been made in my annual reports to the advisability of inaugurating a Government grading of kauri-gum, such as has been adopted in connection with frozen meat, dairy-produce, and the phormium industry. That this would benefit the producers of kauri-gum is beyond question. It would also appear to be of equal benefit to the users at the other end of the world.

Of late years great dissatisfaction has been expressed by both British and American buyers as to the large percentage of foreign matter in the lower gradings known as "chips" and "dust." During a period when gum is in poor demand the diggers generally send in their gum well cleaned up, and each grade good of its kind. Those who do not, find it difficult to make a sale, and then only at comparatively low prices. The result is that many diggers leave the gumfields for other callings, and others hold their gum for a more favourable market. Some diggers, especially men of the Dalmatian race, have held gum for years, and it has invariably paid them to do so, so long as the market is quiet and the exporter can pick and choose. Even where he cannot buy at the price he would like he can at least obtain the grading he wants and keep his shipments well up to sample. The moment a good demand sets in there is a great difference. The digger considers it is then his turn. The lower prices have reduced the output, and the number of diggers has also lessened. Usually, when gum is wanted by exporters it is wanted badly, and orders have to be filled within a time-limit. There is no chance then to pick and choose: it is simply a question of buying what is offering. The exporter has very little command over the quality, for the time being, of the gum coming forward. Diggers who have been holding gum will deliberately mix in poorer lots. Many diggers, and not a few storekeepers and dealers, openly boast that during boom-times they shovel earth into their holdings of chips and dust, and sell just as freely, although at a reduced price compared with other lots. With the increase in "rubbling" methods, this way of doing business is more likely than not to increase. So long as one or two exporters will purchase low gradings, other exporters have to meet competition by handling similar lines.

As matters stand at present, a premium is really placed on poor gradings of chips and dust. The difference in price does not pay the digger who sends in clean chips during busy times. It is quite a simple matter to distinguish a good grading from a poor one, but in very many cases few, if any, gum-buyers could undertake to name the actual gum content of poor grades to within 10 per cent. This is especially so in the case of dusty samples. The fact that a buyer is as likely as not to be under as over the percentage is a great help. In taking over a quantity of chips from several sellers a buyer may average very close to the actual gum content, and undoubtedly often does so. The position was clearly shown in the evidence of the exporters, dealers, and brokers, given before the Royal Commission in 1921. It was extremely difficult to get any witness to speak of the gum content of the lower gradings he handled. The lack of ability to offer any details of tests applied to keep the lower gradings up to any particular standard was indeed remarkable. The general statements made covered a very wide range, and the evidence of some of the exporters in regard to gum contents of chips and dust flatly contradicted that of other exporters on what should have been matters of fact.

The position really is that "rule-of-thumb" methods mostly prevail. If no complaints come forward from abroad, then it is thought good business to leave well alone. With the exception of one or two witnesses who professed to know nothing whatever about low gradings of chips and dust, the exporters freely admitted that gradings containing a very large percentage of foreign matter had been exported. Some of the exporters took up the position that it was the business of the buyer abroad to know what he wanted and to see that he got it. If he wanted 100 per cent. of earth, they were quite willing to ship it, provided that payment was forthcoming. Others took up the stand that the shipping of low grades of gum was damaging the industry as a whole, and would eventually lead to kauri-gum being superseded by other resins in the linoleum industry.

On the question of a standard grading the exporters mostly took one side and the dealers and producers the other side. The exporters considered standard grading an impossibility, and disposed of it on that ground alone. The other parties, while admitting that their experience did not entitle them to say whether standard grading could be carried out, urged that it could at least be given a trial, especially in view of the manifest advantages accruing to the producer should such a grading become general.

The advisability of standard grading was most carefully considered by the Royal Commission, of which I was Chairman. The Royal Commission, which was appointed in 1921, and was constituted as follows—R. P. Greville, R. Coates, F. L. Gribben, E. J. Niccol, J. Nicholson, F. P. Worley, and M. H. Wynyard—was widely representative of the industry. One of the members was an Auckland exporter, another member was a practical digger representing the producers, whilst a third member was interested in one of the large gum-washing companies then operating, and had first-hand knowledge of the industry from the viewpoint of the large producer. Professor Worley, Professor of Chemistry at the Auckland University College, was also a member of the Commission, and his valued assistance in regard to the technical side of the grading question cannot be too highly referred to. It can therefore be understood that the matter was argued from every point of view by men well entitled to speak with authority on the question.

It was considered by the Commission that a Government grading should be inaugurated, and a recommendation to that effect was made, with the proviso that it was not desirable at present to compel an exporter to have his gum graded or classified by the Government grader. It was also recommended that a regulation should be made fixing the limits of dirt and foreign matter which could be exported in gum without a special permit.

These recommendations of the Commission were given further consideration by the Government, and a schedule drawn up embodying what appeared to be a grading such as the Commission had in mind. This schedule was, of course, not intended as final, but only as a basis for discussion. Copies were supplied to the exporters for consideration, and a meeting called at a later date to deal

with the proposed grading. All the exporters were represented at the meeting and were unanimously against any such grading. They claimed that neither they nor the manufacturers abroad had asked for it. The attitude of the exporters, briefly, was that each of them had his own system of grading, which was recognized and acceptable to their customers in Europe and America, and to set up a system of Government standard grading, although not compulsory, would have a detrimental effect on their business.

As a result of this stand taken by the exporters the setting-up of a Government grading has been set aside for the present. It was not recommended by the Commission, and not intended by the Government, that the Government grading should be compulsory. It was therefore futile setting up standards and engaging a grader when the exporters would not avail themselves of his services.

The following are the draft regulations prepared by the Department, and subsequently discussed by me with the exporters in conference :—

PROPOSED REGULATIONS FOR THE GRADING OF KAURI-GUM.

1. For the purposes of these regulations—

“Grader” means any grader of kauri-gum appointed under the Kauri-gum Industry Act, 1908 :

“Owner” means any owner, shipper, exporter, or consignor of kauri-gum, and includes the agent of any such owner, shipper, exporter, or consignor, and also includes, in the case of a company, the managing director, manager, secretary, or other principal officer of the company in New Zealand :

“Foreign matter” means any material other than kauri-gum.

2. Any owner of kauri-gum may apply to the Grader to have his kauri-gum graded, in the manner hereinafter prescribed, prior to its being exported.

3. Among the various classes and subclasses into which kauri-gum is put up prior to export, the following classes and subclasses may be recognized by the grader in any grading carried out pursuant to these regulations :—

Class 1.—White Range Gum.

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| (1.) Dial or bright gum. | (7.) Cut or clean chips. |
| (2.) Rescraped. | (8.) Cut or clean seeds. |
| (3.) Seven-eighths scraped. | (9.) Cut or clean dust. |
| (4.) Three-quarter scraped, or No. 1 ordinary. | (10.) Diggers' chips. |
| (5.) No. 2 ordinary, including good hard nuts. | (11.) Diggers' dust. |
| (6.) No. 3 ordinary. | |

Class 2.—White Swamp Gum.

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| (1.) Bold (with heart). | (4.) Chips. |
| (2.) Nuts (with heart). | (5.) Seeds. |
| (3.) Weak. | (6.) Dust. |

Class 3.—Black Gum.

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| (1.) Rescraped. | (7.) Cut or clean chips. |
| (2.) Bold unscraped. | (8.) Cut or clean seeds. |
| (3.) B1 scraped. | (9.) Cut or clean dust. |
| (4.) B2 scraped. | (10.) Washed chips. |
| (5.) B1 unscraped (including nuts). | (11.) Washed seeds. |
| (6.) B2 unscraped (including nuts). | (12.) Washed dust. |

Class 4.—Bush Gum.

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| (1.) Rescraped limb bush. | (3.) Ground bush and garbs. |
| (2.) Limb bush “all in,” or graded Nos. 1, 2. | (4.) Bled bush “all in,” or graded Nos. 1, 2, 3, and chips and dust. |

4. (a.) In grading kauri-gum, other than chips, seeds, and dust referred to in clause 5 hereof, the following shall be the maximum number of points for allotment with respect to the following characteristics thereof : For size, 20 points ; for hardness, 20 points ; for colour, 20 points ; for cleanness, 20 points ; for freedom from foreign matter, 20 points.

(b.) A separate marking shall be made by the Grader in respect of the characteristic of “dryness,” the maximum number of points therefore to be 20.

(c.) The following shall be the standards in accordance with which the various grades of kauri-gum referred to in this clause shall be determined : Grade “excellent,” 110 to 120 points (both inclusive) ; grade “superior,” 100 to 109 points (both inclusive) ; grade “very good,” 90 to 99 points (both inclusive) ; grade “good,” 80 to 89 points (both inclusive) ; grade “fair,” 70 to 79 points (both inclusive) ; grade “common,” 60 to 69 points (both inclusive).

5. (a.) In the grading of kauri-gum chips, seeds, and dust that will pass through a sieve of $\frac{1}{4}$ in. mesh the following shall be the maximum number of points for allotment with respect to the undermentioned characteristics thereof : For size, 20 points ; for hardness, 20 points ; for colour, 20 points.

(b.) A separate marking shall be made by the Grader in respect of the percentage of the real gum content of such chips, seeds, and dust, and such marking shall be based on a test of such chips, seeds, or dust made by the Maclaurin salt-vacuum process, giving the quantities per centum of the following constituents : (1) Moisture, (2) real gum content, (3) organic matter other than gum, (4) mineral matter.

(c.) The following shall be the standards in accordance with which the various grades of such chips, seeds, and dust shall be determined : Real gum content—Grade A, 80 to 100 per cent. (inclusive) ; grade B, 70 to 79 per cent. (inclusive) ; grade C, 60 to 69 per cent. (inclusive) ; grade D, 50 to 59 per cent. (inclusive) ; grade E, 40 to 49 per cent. (inclusive) ; grade F, 25 to 39 per cent. (inclusive) ; grade G, under 25 per cent.

6. No grader's certificate as provided for in clause 8 hereof shall be issued in respect of any lot of kauri-gum which has been adulterated or mixed with any other gum, or with any material not naturally associated with kauri-gum in the soil from which it is removed.

7. The charge for grading kauri-gum hereunder shall be such fee, or at such rate, as the Minister of Lands may from time to time approve as being reasonable, and shall be payable by the owner on demand to the Receiver of Land Revenue for the district of North Auckland.

8. As soon as possible after grading any kauri-gum, the Grader shall stamp, or cause to be stamped, each package thereof with a mark in red colour (hereinafter called a “grade-mark”), as shown in diagram No. 1 of the Second Schedule hereto, indicating the grade of such kauri-gum as determined in accordance with the provisions of these regulations, and shall deliver to the owner thereof a certificate in or to the effect of the form No. 2 set out in the Second Schedule hereto for each separate grading indicating the grade of such kauri-gum, and setting forth the points allotted therefor.

9. The decision of the Grader as to the quality, condition, or the grade of any kauri-gum shall be conclusive, and no action or other proceeding shall lie against the Grader, or against any other officer of the Crown, or against the Crown, in respect of any erroneous decision by the Grader as to such quality, condition, or grade.

10. Application for grading shall be made by the owner to the Grader, giving written particulars in or to the effect of the form numbered 1 set out in the schedule hereto, and such application shall be made not later than three days, if possible, before the grading is required to be done.

11. (a.) No kauri-gum shall be graded unless it is submitted to the Grader cased or bagged, as the case may be, and ready for shipment.

(b.) For the purpose of examination and grading the Grader may take samples of the contents of any or every package submitted to him for grading, or he may require the owner to cause any or every such package to be opened and samples of the contents thereof to be produced for his examination (and such grading shall be determined by the Grader upon opening at least 10 per centum of such packages, or such further number as he may deem necessary).

(c.) All such samples taken or produced for examination shall be retained by the Grader on behalf of the Crown for a period of six months from the date of the Grader's certificate, and at the expiration of that period shall be returned by him to the owner.

12. Immediately on receipt by the owner of the bill of lading of any kauri-gum in respect of which a Grader's certificate is issued hereunder a duplicate of such bill of lading, marked "Not negotiable" and signed by the shipowner, shall be forwarded by the owner to the Grader.

13. No person shall empty or partially empty or otherwise interfere with any package of kauri-gum in respect of which a Grader's certificate has been issued, for the purpose of placing therein or substituting any other kauri-gum or other material.

14. No person shall counterfeit, alter, or obliterate, wholly or partially, or cause to be counterfeited, altered, or obliterated, any particulars set forth in any stamp or certificate affixed or issued by the Grader hereunder.

15. All information gained by the Grader in the discharge of his duties with respect to the methods of owners in grading their stocks of kauri-gum shall be deemed to be confidential, and he shall be required to make a declaration to the effect that he will not disclose to any person any such information.

16. Any person committing a breach of these regulations is liable to a penalty not exceeding £100.

On several occasions of late this Department has been approached by large producers with the idea that shipments abroad should be sampled by the Department, and a certificate given as to gum content to show that shipments are being made up to an agreed-on standard. This will, of course, enable the large producer to get into closer touch with the actual user, and it is possible that such action would force something in the nature of a standard grading in the case of low gradings upon all exporters.

Since the Government grading is for the meantime shelved, there appear only two solutions of the difficulty in regard to chips and dust. Either the Auckland exporters will have to agree amongst themselves not to buy consignments containing less than some fixed percentage of gum, or else the users and dealers abroad will have to demand a guaranteed gum content before making a purchase.

In actual practice it would be found very difficult for the exporters to refuse to buy the lowest gradings when it suited them to do so. Chips and dust are blended rather than graded. If an exporter considers his stock to be better than his sample, it is only natural that he should purchase a lower grading at a lower price to average down his stock. If chips and dust are ever exported on a guaranteed gum content, there will surely be times when the lowest gradings will sell as well as they do to-day. The exporter will have to be sure he is not shipping below the test, and he will make sure that he does not ship unduly above it, as very often happens at the present time.

The remedy, therefore, appears to rest with the user. It is really he who is complaining the most. There is no reason why he cannot get chips and dust gradings as high as 90 per cent. real gum. It is only a question whether he can afford to use such a line at the price it would cost him. The Maclaurin salt-vacuum process can turn out chips and dust from the lowest gradings that could be guaranteed over 95 per cent. real gum. Some of the washing plants can turn out common chips and dust with from 80 per cent. real gum. The prices offered for such lines, compared with the prices for lower grades, apparently have not made them a payable proposition. The extra cleaning required not only means a higher labour-cost, but quite an appreciable percentage of the gum is broken up and passes with the earth through the screens. At bedrock, chips are sold more on appearances and not strictly on gum content; otherwise the very highest gradings of chips would be readily saleable for mixing purposes.

There is no doubt but that the Auckland exporter has very good reasons for fighting shy of selling on a gum-content basis. He usually draws against the shipment as soon as it is on board ship; but practically all the evidence, in the case of a claim, is at the other end. An experience this Department had furnishes a good example of what some of the exporters allege they have to stand up to. A line of chips and dust was shipped to London against a sample held by the High Commissioner in London. After delivery the buyer forwarded certificates to show that the gum content of the sample was 25 per cent. higher than that of the delivery. A claim for a considerable amount was lodged. Later, both the original sample and a sample taken from the delivery were tested by an independent analyst, and found to agree to within 1 per cent. Needless to say, very little more was heard of the claim. The gum in this case was sold by one middleman to another, the actual user apparently not figuring in the transaction at all. It is apparently business of this kind with dealers that causes the trouble. If the dealer or user wishes to buy in terms of gum content it will be little use unless he arranges definitely beforehand the test to be applied. In the case quoted above there is no doubt but that the difference of 25 per cent. in gum content was correct; but it is equally apparent that the sample was submitted to one test and the delivery to another.

While the manufacturer has in his employ skilled chemists who could probably make any known test with great accuracy, the gum-exporter at Auckland is not so fortunately situated, and he could not afford to employ a chemist to make a series of continual tests for him. There is, however, available to any one interested the Maclaurin salt-vacuum process. A small testing plant is not costly, and tests can be made at almost no expense and in a comparatively short time. Furthermore, the average layman, with a little experience, can make tests quite sufficient for ordinary commercial

purposes. This process consists of separating the gum and foreign matter by flotation. It is a test of the real gum content only, and does not take into account the resinous content of the organic matter other than gum, such as wood, charcoal, fibre, &c. The exporter using this process would undoubtedly test each line of any considerable amount when purchased, and he would thus know just what he was adding to his stock and how it stood. As the stock increased he would buy good or poor chips to keep it at the proper standard. When sufficient stock was on hand to fill an order, the exporter would know, without the necessity of making further tests, that his stock was right up to sample according to the gum content.

PRODUCTION OF KAURI-GUM.

No actual figures are available as to the production of gum during any particular period, and estimates vary a good deal. The only definite information is a record of the quantity of gum arriving at Auckland from the gumfields. Much of the gum received in any one month may, of course, be old stock that has been held for a lengthy period.

The gum received at Auckland for the past three years is shown, month by month, in the following table :—

					1920-21.	1921-22.	1922-23.
					Tons.	Tons.	Tons.
April	..	..	..	..	612	191	543
May..	..	..	..	..	532	331	514
June	..	..	..	..	370	358	654
July	..	..	..	..	434	404	548
August	..	..	..	..	376	368	689
September	..	..	..	..	577	508	781
October	..	..	..	..	447	420	601
November	..	..	..	..	371	482	601
December	..	..	..	..	339	285	667
January	..	..	..	..	289	331	590
February	..	..	..	..	301	466	658
March	..	..	..	..	359	608	700
Totals	..	..	..	..	5,007	4,752	7,546

For the purpose of making a comparison with the quantity of gum exported these figures must be considerably discounted. No weights are taken. The tonnage is arrived at by allowing 1 ton for every twelve sacks or ten cases. Practically all the gum comes forward in sacks, and twelve sacks to the ton is a little on the high side. A comparison of the weights of some thousands of sacks received in our store goes to show that a reduction of pretty well 5 per cent. should be made to approximate the correct weight. After being received at Auckland by the exporter there is a further very considerable wastage in sieving and working up, together with a shrinkage in weight of most grades. To compare the weight given of gum received in Auckland with that exported the former figures should be reduced by at least 10 per cent.

A comparison of the so-called production of gum with the export will make it clear that, notwithstanding the regular supplies received during the year, little remains for sale at this end. So far as can be ascertained, most of the accumulations of gum worked up since the boom in 1920 have been sent in. Since the 31st March the shipments abroad have exceeded the gum arriving at Auckland, so that any small surplus on hand at the end of March has been mostly shipped.

The gum received and the export for the first three months of the new financial year are :—

					Gum received.	Gum exported.	
					Tons.	Tons.	Value.
							£
April	..	..	..	..	480	685	66,367
May	..	..	..	..	613	717	65,553
June	..	..	..	..	459	736	70,063
					1,552	2,138	£201,983

The increase in the gum received during this year as compared with the previous year is not so much due to the fact that a fair demand existed, but more as a result of a larger number of men going on the gumfields. The number of diggers' licenses issued this year shows an increase of over 60 per cent. on the figures for the previous two years. The shipping of accumulated gum also helped to swell the total. As stated in my report last year, it is exceedingly unlikely that the output, apart from that of low-grade "rubbed" chips, can equal pre-war figures, no matter what the demand may be.

EXPORT OF KAURI-GUM.

For the year ended 31st March, 1923, the export amounted to 6,080 tons, of the value of £520,409, an average price per ton of over £85. This average is £13 per ton lower than that of last year, when better gradings were mostly in demand. The outputs for the present year and for the year ended 31st March, 1921, are almost identical. The tonnage this year is within 51 tons of that of 1921, and the average price in each case is £85 per ton. Until business on a pre-war scale is done with the

Continent of Europe it would appear that the maximum demand is not likely to be much more than 6,000 tons annually. Particulars as to the export and country to which sent are given below for the past twelve years:—

Particulars of Kauri-gum exported from New Zealand from 1912 to 31st March, 1923, inclusive.

Country to which exported.	1912.		1913.		1914.		1915.		1st January to 31st March, 1916.		1st April, 1916, to 31st March, 1917.	
	Tons.	£	Tons.	£	Tons.	£	Tons.	£	Tons.	£	Tons.	£
United States of America	3,894	232,566	3,995	308,456	4,531	316,200	3,312	222,856	974	60,010	3,158	218,214
United Kingdom	2,468	114,640	3,390	187,547	3,335	148,370	1,172	48,585	336	13,548	1,484	68,378
Germany ..	1,053	32,964	833	27,880	373	21,193	..	..	..	..	..	..
Canada ..	40	3,370	62	4,618	70	2,114	56	4,550	118	8,972	133	7,718
Australia ..	39	2,487	80	3,933	19	1,720	9	594	5	314	29	1,982
Belgium ..	123	5,088	126	5,120	34	1,519	..	..	..	..	..	..
France ..	37	3,037	45	3,995	42	3,599	5	430	..	..	..	..
Austria-Hungary	159	4,611	112	2,617	14	329	..	..	..	..	..	..
Russia ..	2	184	53	1,725	3	225	21	2,118	..	..	50	3,440
Netherlands ..	42	974	60	2,495	8	664	..	..	..	..	..	..
Sweden ..	35	952	15	420	20	560	..	..	..	..	..	..
Italy ..	15	410	9	300	23	855	..	..	..	..	..	..
Japan ..	1	22	..	..	1	96	..	..	..	..	..	..
Hong Kong ..	..	..	..	..	..	..	..	..	..	..	8	539
Totals ..	7,908	401,305	8,780	549,106	8,473	497,444	4,575	279,133	1,433	82,844	4,862	300,271

Country to which exported.	1st April, 1917, to 31st March, 1918.		1st April, 1918, to 31st March, 1919.		1st April, 1919, to 31st March, 1920.		1st April, 1920, to 31st March, 1921.		1st April, 1921, to 31st March, 1922.		1st April, 1922, to 31st March, 1923.	
	Tons.	£	Tons.	£	Tons.	£	Tons.	£	Tons.	£	Tons.	£
United States of America	2,316	164,516	1,371	81,914	2,037	157,251	3,224	345,992	2,487	266,922	3,742	367,946
United Kingdom	363	13,982	346	19,977	1,650	90,422	2,544	149,422	1,297	104,094	1,960	129,082
Germany ..	..	..	..	..	..	..	..	..	58	3,574	70	3,363
Canada ..	1,929	124,271	572	45,588	1,016	61,005	314	24,481	89	9,641	109	7,462
Australia ..	18	1,577	49	4,820	23	1,936	49	4,802	37	7,073	84	6,679
Belgium ..	..	..	..	..	..	..	..	..	..	..	..	..
France ..	..	..	..	..	..	..	..	..	..	..	..	..
Austria-Hungary	..	..	..	..	..	..	..	..	..	..	..	..
Russia ..	..	..	..	..	..	..	..	..	..	..	..	..
Netherlands ..	..	..	..	..	..	..	..	..	..	..	90	4,381
Sweden ..	..	..	..	..	..	..	..	..	..	..	20	1,000
Italy ..	..	..	..	..	..	..	..	..	..	..	1	170
Japan ..	10	506	..	..	..	..	..	4	..	..	4	326
Hong Kong ..	..	..	..	..	..	..	..	..	..	..	..	..
Totals ..	4,636	304,852	2,338	152,299	4,726	310,614	6,131	524,701	3,968	391,304	6,080	520,409

THE RESULT OF THE YEAR'S TRADING.

The business transacted during the year shows a profit of £696 4s. 9d., after allowing for interest accrued on debentures for the year amounting to £3,275. The greater part of this interest is payable as a result of the Department holding over stocks purchased during the late slump for a more favourable market. As has been stated in my reports before, it has invariably been found a paying proposition to hold gum during a period of weak demand. This has been the experience of producers on the gumfields and dealers in New Zealand, and it has paid the Department to do so in the past.

During the winter months, and to some extent during the remainder of the year, the production is greatly dependent on the weather conditions. For two years we have had exceptionally dry winters, but that of 1923 at this date (10th July) promises to be a very wet one, and the production during the winter will be much under that of recent years. Most of the accumulations of gum have been worked off, and, no matter what the demand may be, the output of gum for the immediate future cannot be unduly large. Our stocks are of good gradings, ready for export, and I look forward to the future with every confidence.

During the year price-cutting is considered to have been indulged in by the Auckland exporters to a much greater extent than for a long time past. Although a good tonnage was sent away, big orders were invariably placed at times when competition was very weak. Practically throughout the year the supplies arriving at Auckland quite met the demand. Any attempt to unload our accumulated stock under those conditions would have ended by placing the producer on the gumfields in a hard position.

ADULTERATION OF KAURI-GUM.

It was stated in my report last year that the adulteration of kauri-gum with cheaper resins had long been suspected, and that one Auckland exporter had been prosecuted and fined for making a false declaration in regard to a shipment of kauri-gum adulterated with yacca-gum from Australia.

During the past year little or no complaint has been made in Auckland in this respect. It is worthy of note, however, that during the year considerable quantities of Fiji gums have been shipped to London.

KAURI-PEAT OIL.

There is nothing further to report on this matter as a result of work done during the year. One of the two large companies interested is understood to have dropped the production of oil and to have concentrated on the recovery of kauri-gum. The other company arranged for a representative to visit London and seek information as to the market for the products recoverable from kauri-peat and to attempt to interest British financiers in the proposition.

This Department has been in touch with the Imperial Institute for some time in regard to kauri-oil, and it is pleasing to be able to state that the Institute has now asked to have samples of kauri-peat sent forward to London, as well as samples of kauri-oil as extracted in Auckland. These have been duly despatched, together with a liberal sample of timber, such as is found in large quantities in kauri swamps. It is hoped that opportunity will be taken at the Institute of going into the distillation of kauri-oils, and that reliable and independent evidence as to the uses and values of the valuable products contained in kauri-peats will be available in due course.

The Under-Secretary for Lands.

R. P. GREVILLE,
Kauri-gum Superintendent.

STATEMENT OF ACCOUNTS FOR YEAR ENDED 31ST MARCH, 1923.
KAURI-GUM INDUSTRY ACCOUNT.

<i>Receipts and Payments.</i>							
<i>Receipts.</i>		£	s. d.	<i>Payments.</i>		£	s. d.
Cash in hand, 1st April, 1922 ..	..	1,945	6 2	Wages to workmen, overseers, and gum-buyers ..	..	2,537	5 9
Sales of kauri-gum ..	..	32,814	9 9	Plant, machinery, stores, &c. ..	..	367	6 7
Miscellaneous receipts and proceeds from consignments ..	..	986	2 8	Purchases of kauri-gum ..	..	21,157	7 11
				Freights, &c. ..	..	3,471	13 6
				General and office expenses, administration, &c. ..	..	1,288	7 11
				Interest on loan debentures and sinking fund ..	..	4,835	5 10
				Cash in hand at Treasury, 31st March, 1923 ..	..	2,088	11 1
		<u>£35,745</u>	<u>18 7</u>			<u>£35,745</u>	<u>18 7</u>

<i>TRADING ACCOUNT.</i>							
		£	s. d.			£	s. d.
To Gum on hand, 1st April, 1922 ..	..	60,276	18 7	By Gum on hand, 31st March, 1923 ..	..	60,753	9 9
Purchases of gum ..	..	20,883	11 9	Sales of gum ..	..	32,814	9 9
Wages ..	..	2,679	0 1	Gum sent on consignment ..	..	111	17 11
Freights inward ..	..	980	18 1				
Balance, being gross profit, to Profit and Loss Account ..	..	8,859	8 11				
		<u>£93,679</u>	<u>17 5</u>			<u>£93,679</u>	<u>17 5</u>

<i>PROFIT AND LOSS ACCOUNT.</i>							
		£	s. d.			£	s. d.
To Freights outward ..	..	2,657	16 4	By Trading Account ..	..	8,859	8 11
General expenses ..	..	136	19 8	Profit from sales of stores, &c. ..	..	114	2 8
Cables, &c. ..	..	77	6 5				
Sacks, gum-cases, and consumable stores ..	..	787	8 2				
Fire insurance ..	..	210	16 10				
Printing and stationery ..	..	37	19 5				
Depreciation ..	..	69	15 0				
Rent ..	..	300	0 0				
Salaries ..	..	481	10 11				
Loss on consignments ..	..	242	14 1				
Balance carried down ..	..	3,971	4 9				
		<u>£8,973</u>	<u>11 7</u>			<u>£8,973</u>	<u>11 7</u>
		£	s. d.			£	s. d.
To Balance on 1st April, 1922 ..	..	5,873	4 8	By Balance brought down ..	..	3,971	4 9
Interest on debentures ..	..	3,275	0 0	Balance as per balance-sheet ..	..	5,176	19 11
		<u>£9,148</u>	<u>4 8</u>			<u>£9,148</u>	<u>4 8</u>

<i>BALANCE-SHEET.</i>							
<i>Liabilities.</i>		£	s. d.	<i>Assets.</i>		£	s. d.
Loan Account—Debentures issued under Kauri-gum Industry Act, 1914 ..	75,000 0 0			Land at face-works and elsewhere, with buildings, fences, and improvements ..	..	5,127	12 6
Less sinking fund in hands of Treasury ..	347 8 0			Vacuum-tank, fittings and plant, and royalties, short-workings ..	..	2,900	6 10
	<u>74,652 12 0</u>			Plant and store fittings ..	..	251	3 10
Crown Lands Account ..	500 0 0			Tools, Auckland and depots ..	..	44	3 4
Sundry creditors, for supplies, &c. ..	923 6 2			Live and dead stock ..	..	52	14 3
Sundry creditors, for gum-purchases ..	509 17 9			Furniture and office fittings ..	..	107	11 5
Interest on debentures ..	1,342 12 3			Sacks, gum-cases, and consumable stores ..	..	364	6 6
				Charges paid in advance ..	..	102	11 0
				Gum on hand ..	..	60,753	9 9
				Gum on consignment ..	..	894	15 1
				Sundry debtors ..	..	64	2 8
				Cash on hand ..	..	2,088	11 1
				Profit and Loss Account ..	..	5,176	19 11
		<u>£77,928</u>	<u>8 2</u>			<u>£77,928</u>	<u>8 2</u>

R. P. GREVILLE,
Kauri-gum Superintendent.

I hereby certify that the balance-sheet and supporting statements have been duly examined and compared with the relative books and documents submitted for audit and correctly state the position as thereby disclosed; also that the stocks on hand are as certified by the Kauri-gum Superintendent.

G. F. C. CAMPBELL,
Controller and Auditor-General.

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