

KAURI-GUM INDUSTRY ACCOUNT.

913. This account was established under the Kauri-gum Industry Amendment Act, 1914, and was funded from loan-money. It was intended to provide for a measure of assistance to the kauri-gum industry, and the administration of the Act was under the control of the Department of Lands and Survey. The account has now been closed, but the result of operations was a loss of over £70,000. The loan-money raised for the purposes of the Act amounted to £75,000 in all, so that practically the whole of this capital has disappeared. Large stocks of gum were purchased at prices which were not justified by the ruling trade conditions.

914. The Kauri-gum Control Board was set up in 1927, and very wide powers were vested in it, including the right to take control of all gum produced in New Zealand. It was intended that the Government should then withdraw from the industry and the realization of the large accumulated stocks of gum was the first step in this direction. This realization, together with trading losses incurred over the period of years, resulted in the dissipation of the loan capital raised for the purposes of the Kauri-gum Industry Account.

915. The Board's sources of finance are as follow :—

- (1) Brokers' and buyers' license fees.
- (2) Levy of $\frac{3}{4}$ per cent. on value of gum exported.
- (3) Commission of $4\frac{1}{4}$ per cent. on sales.
- (4) Bank overdraft.
- (5) State assistance—Grants and loans.

916. Since its inauguration the Board has obtained assistance from the Government as follows :—

<i>Consolidated Fund—</i>						£
Preliminary expenses (free of interest)	..	..	..	..	..	450
Loan at 4 per cent. to enable Representative to proceed to United States to develop the market for gum	..	..	..	..	..	1,000
<i>General Purposes Relief Account (Loan-money)—</i>						
Erection of cleaning-plant (at 4 per cent.)	..	..	..	..	..	3,150
						<u>£4,600</u>

917. The Board now owes a considerable amount by way of interest on loans, audit fees, &c., and its indebtedness is as follows :—

	£	s.	d.
Audit fees	..	..	..
Lands and Survey Department—	..	..	..
Refund of salary of Clerk	..	..	..
Furniture purchased	..	..	..
Interest on loans (approximate)	..	..	..
	<u>£858</u>	<u>14</u>	<u>0</u>

The Board has also obtained assistance by way of grants partly from the Consolidated Fund and partly from the Unemployment Fund, and these total £1,300, of which £650 was for paying off debts to the Crown.

918. Summarized, therefore, the position is that since its inauguration the Board has obtained by way of loans the sum of, approximately, £6,700 from Government sources, and only £650 has been repaid, leaving a net indebtedness of £6,050 as at December, 1931. It has also a bank overdraft (arranged in 1927) of £5,000. This was obtained to enable the Board to make advances to diggers not exceeding 50 per cent. of the value of gum received on consignment, and the bank is secured by debentures charging the assets, &c., of the Board. It appears to be doubtful whether, when the Board was constituted, there was any idea in the minds of the Legislature that it should branch out into a gum-buying and trading organization.

919. The Board purchases only about 15 per cent. of the gum exported, and this proportion should easily be absorbed by ordinary traders. Continued demands are being made by the Board for further Government assistance, **but we hold the view that this is not justified.** The industry has for many years been regarded as a decadent one. **We are of opinion that the Board should be abolished, leaving the trade to revert to the usual channels.**

ANNUAL APPROPRIATIONS.

920. We have dealt briefly with the various duties of the Department in regard to the administration of Crown lands and the operations of the Land for Settlements Act, Discharged Soldiers' Settlement Act, and other Acts with which the Department is concerned. It is now necessary to refer to the annual appropriations.