

Mr J. Keir (Christchurch) said that Australia might retaliate against the duty by placing a duty on her hardwoods used in New Zealand. There was no New Zealand timber suitable for use in implement manufacturing, and that industry in New Zealand relied upon Australian supplies.

Mr Harbutt, in reply, said the quantity of timber used by implement makers in New Zealand was not great. The best policy, perhaps, was absolutely to prohibit the export of timber.

Mr W. Stevenson (Dunedin), said that hardwoods could be imported from America if Australia ceased to export to New Zealand.

The motion was carried.

New Zealand Kauri Timber Industry.

The Kauri Timber Co. Ltd.

At the time of the inception of the Kauri Timber Company, Limited, in 1888, the timber trade in New Zealand was almost in a state of collapse. The firms and companies then carrying on business were in a very bad way, and a suggestion to relieve them of their responsibilities by forming a large company to take over their mills and bush holdings was welcomed. The difficulty lay in finding within New Zealand sufficient capital to finance the scheme. Money was tight, and it was impossible to raise the necessary capital within the Colony. The only alternative was for the promoters to go farther afield.

Eventually the Kauri Timber Company was formed in Melbourne, Victoria, with a nominal capital of £1,200,000 in 600,000 shares of £2 each. Of this capital, £750,000 was paid up. The cash (£720,000) to make the purchases was brought in sovereigns from Melbourne to Auckland, and materially assisted in relieving the financial stress under which the community was then suffering.

The number of mills taken over was 27, but some of them were found to be in such a dilapidated condition or out of date, that they were then, or shortly afterwards, abandoned. For many years the experience of the directors and shareholders was an unenviable one, and, although the bushes which had been purchased were treated as a wasting asset, no profit was made. In 1890 a call of 2/- per share was made on the contributing shares, bringing the paid-up capital to £795,000.

Large sums of money were spent in opening up new markets, but it is a difficult and costly matter to introduce a new timber in markets where it is unknown to architects and builders, and much of the enterprise of the Company was thrown away. Things went from bad to worse, until in 1898 it was determined to face the position and provide for the loss of capital by writing down the shares to the extent of 7/- each, reducing the capital to the present figure, £585,000. At last, in 1899, a dividend of 2½ per cent. was declared, and from that year on the position of the Company slowly improved.

Through all the bad times the original shareholders held to their shares with a tenacity which certainly left nothing to be desired in their grit, their optimism, and their faith in the directors of the Company.

Since those bad old days new and improved methods have been adopted in the working of the bushes, new mills with up-to-date machinery have been established, old and obsolete plant abandoned, new settlements have sprung up around the mills in country where money was previously unknown, and settlers had difficulty in keeping soul and body together.

In more recent years the Company stock has come to be a paying investment, but, nevertheless, throughout the thirty years it has been in existence the aggregate return to the shareholders has been just a little over three per cent. per annum, showing a much smaller return than could have been secured from gilt-edged securities involving none of the risk or anxiety inseparable from the carrying on of an industrial undertaking.

The number of men in the direct employ of the Company and their immediate dependents just before the war was close upon 2,000. The average amount of wages paid during the last ten years has been over £150,000 per annum, besides the payment to bush contractors and their employees, amounting to about £100,000 a year. The war conditions have been a very severe handicap to the Kauri Timber Company. In the local trade cottage building has practically ceased, and only very essential enterprises, such as the building of freezing works, cool stores, etc., produce any local demand for timber. The absence of shipping space has almost completely stopped the export trade. All supplies, such as log haulers, wire ropes, rails, locomotives, and other necessary plant have enormously increased in price, and even at the increased price are almost unobtainable. Then comes the shortage of skilled labour, particularly in the bushes. Every man fit for bush work may be said to be fit for the front, and, to their credit, be it said, a very large proportion of them volunteered at the beginning of the war so that now the milling operations are limited in their scope by the shortage of log timber supplies.

In spite of all the difficulties with which it was faced, the Kauri Timber Company, Limited, inaugurated what is probably one of the most generous schemes adopted by an industrial concern in the Dominion for the assistance of their employees who voluntarily enlisted for active service. In all cases the military pay of the soldier is made up to the civilian rate of pay being earned by him at the time of his going into camp. In reckoning the military pay, the separation allowance made by the Government in respect of wives and children and widowed mothers of soldiers are disregarded, so that the soldier receives the allowances made under these heads in addition to his full civilian rate of pay. The cost to the Company of this splendidly sympathetic treatment of employees is over £3,000 per annum.