

During the past few years a very large trade had developed in what is called the "chips" and "dust," which was produced in very large quantities, and had found a ready sale in Auckland. The bulk of the gum comprised in these particular grades was exported to Germany, and a considerable quantity to Great Britain, for use in the manufacture of linoleum. It was decided from the inception that no purchases of "dust" should be made. Purchases of this grade of gum, which is produced in very great quantities, would have necessitated a very large amount of storage space which the very low value of this particular grade did not justify. For similar reasons it was not considered advisable, at the commencement of operations, to have any dealings with the "chips."

The methods adopted in connection with the purchase of gum are briefly as follows: The buyer visits each main gum-digging centre at convenient dates, of which due notice is given well in advance. The buyer, in the event of any gum offering in proper order and graded as required, weighs the quantity of gum of each particular grade and places it in separate heaps in the receiving-depot, filling in carefully the weights on the docket, and so on, with all the gum offered. After the buyer has taken delivery of all the gum offering he fills in the order for payment drawn on the Receiver of Land Revenue, and takes the vendor's receipt for the amount paid. These orders are payable at any post-office in the Auckland District. On the first transaction with the vendor, and before he receives any payment, he is required to sign an agreement, which is drawn so as to embrace all subsequent transactions. The main provision of the agreement is that all sales shall be made subject to the provisions of section 2 of the Kauri-gum Industry Amendment Act, 1914. The other provisions deal with matters incidental to the transaction.

On the completion of the buying operations the gum is put into sacks or boxes and consigned to the main depot in Auckland. Up to the end of the financial year gum had been purchased to the approximate value of £5,000 on the basis of prices ruling on the 1st July last, and the vendors had been paid advances on account amounting in round figures to £2,318. The whole of the gum purchased is stored in the main depot, Excelsior Buildings, Customhouse Street, Auckland, and is well covered by insurance.

Copies of the various forms introduced in connection with the purchase system are appended hereto.

THE EFFECT ON THE INDUSTRY OF INTERVENTION BY THE STATE.

The assistance which has been given to those engaged in the gum industry, made possible by the passing of the Kauri-gum Industry Amendment Act of last session, has proved highly beneficial. I have no doubt that if the State had failed to take action there would have been great distress on the gumfields, and the industry would have suffered from the effects of the war much more seriously than has been the case.

The intervention of the State in the industry during the present crisis will have far-reaching effects, and will, it is considered, be the means of placing several matters affecting the industry itself and its relation to the State in a much better position than heretofore. A gentleman prominent in the kauri-gum business in Auckland said, in response to an inquiry, that if the State had not come to the assistance of the gum-diggers promptly the gum-market would have collapsed infinitely more than it did; and the reason was obvious, inasmuch as big stocks were held by nearly every one connected with the buying trade, and with values suffering a sharp decline it was only natural, perhaps, in the ordinary way of business, that the holders of large stocks, or men who had contracts to fill, should have endeavoured to "bear" the market in order to buy at the cheapest rates, so as to "average" their large stocks, which had depreciated greatly in value owing to the outbreak of war.

It is manifest that the effect of our operations in purchasing cannot be gauged by the actual amount of gum purchased. Without Government intervention there was no alternative for the gum-digger: he would simply have had to take the amount offered for his product or hold it. Under existing conditions he is not compelled to sacrifice his gum. If he cannot get a fair price he has the alternative of selling to the Government and receiving an advance of 50 per cent. on the basis of values ruling in July last.

COMPARATIVE TABLE SHOWING EXPORT OF GUM FROM 1ST AUGUST, 1913, TO 31ST MARCH, 1915.

The following table shows the quantity and value of kauri-gum exported from the 1st August, 1914, up to the 31st March, 1915, and also for the corresponding period of the previous year. It will be seen that there is a shrinkage of 2,597 tons in the amount exported, and of £164,674 in value.

Year.	Quantity.	Value.	Year.	Quantity.	Value.
1913.	Tons.	£	1914.	Tons.	£
August	1,017	61,019	August	863	38,264
September	905	66,157	September	641	38,896
October	517	27,585	October	227	12,997
November	272	17,147	November	567	39,953
December	846	54,673	December	366	25,716
1914.			1915.		
January	736	35,516	January	222	14,778
February	1,065	62,533	February	196	14,138
March	603	38,575	March	282	13,789
Totals	5,961	363,205	Totals	3,364	198,531