

The result was that the State stepped into the industry, and advanced cash against gum taken over on consignment, the balance being payable when sales were made, and opened up "face-digging" works in three districts, where men were employed on wages recovering gum on Crown lands.

As the industry righted itself the "face-digging" works were closed, and the receiving of the gum on consignment was discontinued and a system of straight-out purchases was introduced.

The next stage was that the Department carried on business as an ordinary trading concern, the only difference being that the chief consideration was for the industry itself and the community at large, and not the building up of a profit. At the same time it was expected that the Department, although not attempting to extract the last "pound of flesh," would pay its way, wipe out the debit balance, and work up a reserve fund against lean years that might come in the future. It was decided to buy all the year round, irrespective of whether sales were being made or not. As was clearly stated at the time, there was no intention of creating a State monopoly. These ends have been achieved, and a successful business has been built up and a Department established which has been of considerable benefit to the industry generally.

The history of the gum trade is one of ups and downs, periods of prosperity and depression alternating with a fair degree of regularity. During depressions very little buying was done by the merchant, and the producer had a bad time. The experience of this Department goes to show that steady buying at reasonable prices all the year round is good business not only for the producer, but also for the buyer of the gum.

The kauri-gum trade has always been a difficult one in which to gain a footing. The New Zealand Loan and Mercantile Agency Company (Limited) advised its clients to sell kauri-gum in New Zealand as a result of its experiences in the London market. Other firms have sent gum to London and eventually had to have it brought back to Auckland, where it has been sold at better prices locally than could be obtained on the London market. In view of these facts, the task of the Department in gaining a footing in the trade and disposing of its stocks was not an easy one, and the fact that it had to commence operations during the worst possible period in the whole history of the trade did not improve matters.

However, a wide range of samples was laid down, and sets were sent to America and Europe, and stocks worked up, and the best arrangements under the circumstances were made.

Once things were getting in good shape it was decided, owing to the variations in gum from different fields, to work chiefly in defined districts, so that our samples could be lived up to and shipments of consistent uniformity sent forward. Gum was, however, freely purchased from other districts when advisable, and it is intended, as the business grows, to ensure that buying operations cover the whole of the gum-producing districts.

In those districts where our buying was concentrated gum has been bought freely from one end of the year to the other. The prices have been fair, and a good living-wage could be earned by the average digger. Although for lengthy periods there has been no opposition, no one was "squeezed" because he had to sell. Weights were taken in the presence of the digger on "clock" scales, which were regularly tested by the Inspector of Weights and Measures.

During eighteen months in 1918-19 the Department bought all the gum dug at the well-known Mangawai field without any competition whatever. Again during the present slump the position has been repeated. Since nearly the end of 1920 to date there have been no other buyers operating in this important centre, although during the middle of 1920 outside buyers were freely operating.

At Waihopo, Houhora, and in the far north the position has been just the same. For almost eighteen months during 1918-19 all the gum dug was purchased by this Department. Purchases were made monthly as the gum was dug. Several holders of large lines offered to sell to the Department at below ruling rates. These offers were refused, and holders who were well able to do without financial assistance were left to wait for the market. Again during the present slump the Department has been the only buyer on these fields, besides operating fairly extensively in several other districts. As our records will show, diggers have been paid prices that afforded a good living. The average digger selling to us can make better wages than the gum-workers in town who receive wages fixed by the Arbitration Court, including the current cost-of-living bonus. For the digger to be able to sell his gum at a fixed and reasonable price month in and month out is something hitherto unknown in the industry, even in good times, to say nothing of periods of great depression.

The accompanying diagrams illustrate how the policy laid down in the first place is being carried out, and the useful part the State Department takes in this important industry.

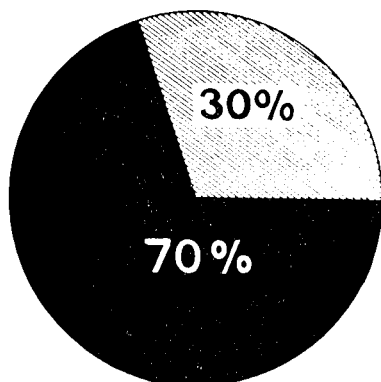


FIG. 1.

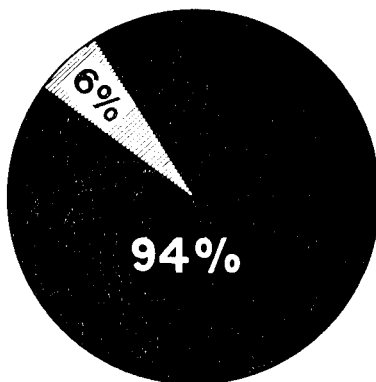


FIG. 2.

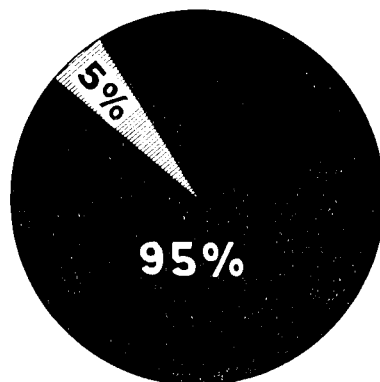


FIG. 3.