

understand it contains gum in large quantities, the cost of the experiment would not only be covered, but the whole transaction should pay handsomely.

SUGGESTED TAX ON AUSTRIAN DIGGERS.

It is freely stated that the Austrians only become naturalised in order that they may secure the five-shilling license and the right to work on Government reserves and swamps. There is a strong feeling that the Government should place a tax (through the banks) on all money sent by the Austrians out of New Zealand.

It has been suggested to me that, if the Government decides to appoint graders, and a representative to travel round in the interests of the industry, a license of at least £4 per annum should be charged to all Austrians, as the private landowner will reap the benefit of the work of the Government in establishing markets. It would, of course, be necessary that the Austrians should be advised of the change, so that when they enter into a contract they will be fully aware of their position. Judging by results, the Austrians could well afford to pay a license fee of £4 per annum, or an export duty of £1 per ton.

All Austrians should be debarred from working in Government swamps or reserves, as they can get full employment from private holders of gum lands or swamps. I understand that these private owners prefer the Austrians to the British diggers.

AUSTRIANS AS COLONISTS.

As to the Austrians themselves, there are some fine men physically among the younger section. These men should make fine colonists: they are strong, healthy, and intelligent; they are also good workers, and appear to be economical.

KAURI-GUM ACTS.

In my opinion the Kauri-gum Acts require amendment in the direction of administration. At present the local bodies do not get a fair-enough return for the labour involved under these Acts, as it does not pay the Ranger to hunt up men for license fees after the first few months of the year. The only effectual way of collecting the revenue seems to me to be through the Police Department. The local police officers in uniform are for many reasons very much respected by the Austrians, and every assistance is usually given them in looking up new arrivals on the fields. On the other hand, the Ranger, being an ordinary civilian, does not seem to carry the necessary amount of weight, and is easily bluffed.

SHARP PRACTICE IN THE MARKETING OF GUMS.

There must be some very crooked dealings in connection with the marketing of kauri-gum in London, when such firms as the New Zealand Loan and Mercantile Agency Company (Limited), Mitchelson and Co., and others firms can handle with profit wool and other produce, but their dealings in kauri-gum result in heavy losses. These firms always advise their clients to sell in Auckland, as they can get a better price there than if they ship to London and incur all the heavy expenses attached thereto. First-class firms of high standing act as brokers only.

I may mention that several of the storekeepers on the Wairoa River have tried the experiment time after time of despatching their gum direct to London, thinking that it would save brokers' charges; but the returns have always showed a heavy loss. I have no doubt that there exists in London a kauri-gum ring, and that this ring has been in existence for several years.

A merchant who has been for many years connected with this business made the following statement: "It is rather astounding that such a firm as Mitchelson and Co. could not place their gum and secure a satisfactory offer or a satisfactory price. They were beaten, and the gum was reshipped to Auckland and sold at a much higher price to the representatives of the London combine."

Although there are so many firms in Auckland who handle gum, there are only four who export direct to the London, American, and European markets. The impression among varnish-manufacturers in the various parts of the world is that it is impossible to buy kauri-gum in New Zealand, and that it can be obtained only through London or American firms. One of the largest buyers of gum in the Wairoa told me that a few months ago a gentleman called at his office and in a very roundabout and guarded way introduced the subject of the gum trade. After a time he stated that he was from Cleveland, America, and that, as his health had broken down, a doctor had ordered him a sea-voyage. The firm with which he was connected was one of the largest varnish-manufacturing firms in the city. Seeing that he was to take a sea-voyage, the firm decided that he might as well visit New Zealand, and try to make arrangements for the direct shipment of gum. *He was surprised to learn that he could buy gum direct.* He had thought that the gum had to be sold through one channel. The Wairoa merchant offered to sell to him direct. He bought 50 pounds' worth of gum to take back to America, that being all he could spare at the time out of his personal expenses. Fortunately he missed the steamer at Auckland. He then cabled to his firm in Cleveland, and they immediately cabled out £500. He returned to the fields and purchased the 500 pounds' worth of gum, which he shipped from Auckland *via* London to New York. The freight to New York was £4 10s. per ton, including all charges. He has now made arrangements to buy all his gum through this Wairoa firm. This is an example of how the ring endeavours to blind the merchants.

Here is an astounding illustration given me by another gentleman engaged in the industry. He says, "There is no ring in New Zealand, but there is a ring in London. This ring has been