

turned to its production. Evidence was submitted to your Committee that the shale industry is capable of being established as a considerable one if the companies contemplating recommencing operations are given assistance, first, by the Government undertaking the thorough testing of the extent of the deposits, and then by giving a bonus on the production of a specified number of gallons of oil and quantities of other marketable commodities. Your Committee would recommend that encouragement on the lines suggested be given to this industry.

Kauri-swamp-peat Oil.

Evidence was tendered to your Committee that the kauri swamps of the North Auckland district contain peat which is rich in kauri-gum oil, and that a company had taken up a tract of this land and erected a small plant for the extraction of the oil. The company had commenced operations, and proved that the oil could be extracted in sufficient quantities to make it a payable industry; and they urged that they, having proved the oil-value of this peat, should have money advanced to them by the Government to enable the erection of an adequate plant to deal with the extracting in a wholesale way, and also that a bonus per gallon be given on the oil produced, to enable them to meet their initial expenses. It may be pointed out that the success of the company would materially enhance the value of the large area of similar Crown lands in the North Auckland district.

Dr. J. S. Maclaurin, Director of the Dominion Laboratory, in his evidence on this subject expressed the opinion that should the Government decide to assist the kauri-peat-oil industry, a preliminary survey of the more important swamps should be made and a comprehensive series of samples taken for analysis. Your Committee concurs in this view, and, taking into consideration the importance of the matter, would urge that no time be lost in carrying out this work, when, if the result confirms the company's statement, the assistance asked for be granted.

THE FLAX INDUSTRY.

There have been many fluctuations in this industry, not only because of the varying of prices in the world's markets and the increased cost of production, but owing also to the heavy increases in outward freights. Take, for example, the fact that in 1913 there were exported from this country 34,391 tons of fibre and tow, valued at £797,062, while in 1918 the value of the fibre and tow exported was £1,408,147. Notwithstanding this increase in value, the millers find themselves in a position little short of parlous owing to the huge advance in freights, and they are of opinion that unless some more reasonable arrangement be come to in this respect the industry will be so seriously hampered that a collapse may occur at any time. The industry affords employment to a large number of men, and this aspect must therefore be taken into serious consideration.

It must be borne in mind that the same archaic and wasteful methods are now employed in production of fibre as were in existence forty years ago. Practically there has been no improvement in quality, while no less than 30 per cent. of the fibre is lost in the processes employed. This being so, efforts must be made not only to improve the quality of the fibre, but to eliminate waste. In the past bonuses were offered for improvements in milling-machinery, but with little or no success. The offer was withdrawn some years since, and the Committee recommends, in the first place, that a substantial bonus be again offered to inventors of improved machinery.

Information is needed as to the uses to which the fibre is put in the countries to which it is exported. The possession of such knowledge would doubtless lead to the working-up of the material in this country in such manner as to encourage the establishment of quite new and more profitable industries. In order that these possibilities may be put to the test, the Committee recommends that an expert be appointed whose duty it would be to inquire into improved methods of production; the careful selection of flax-plants; cross-fertilization; hybridization; planting and growth; and, further, to advise and assist the flax-millers in all such directions as will make for the improvement and sustenance of the industry.