altogether the quality. The cost of manila has fallen more in proportion than has New Zealand flax and sisal, and it cannot be the quantity of manila that has caused the depreciation of prices. The proportion of the fall is greater in manila and sisal than in New Zealand fibre. I think it is rather through the great quantities sent Home, for if we take Dr. Hector's book as a basis of our figures we find that the output of our flax has gone on increasing at a wonderful rate since 1884. In 1880, 950 tons was the total amount; in 1885 it was 1,112 tons; in 1887, 1,617 tons; in 1888, 4,052 tons; and we know that in 1889 18,000 tons went Home; but I have already shown the figures of Mr. Spurling's, published in the *Evening Post* last night—the estimate of the monthly exports. This year already we have sent away, even under all the circumstances, at the rate of 30,000 tons per annum, so that it has risen from the figures of 1885 up to 30,000 tons. If you recollect, the Agent-General, in reply to a request sent from New Zealand, was asked to send out reports of the total amount of white fibre consumed. In reply to that he gave us the figures as 120,000 tons, being the total amount of the world's requirements for fibre—that is, sisal, manila, and New Zealand hemp. I give the figures as they are, absolutely. It shows that, if nearly one-fourth of the whole world's requirements is in one year almost unexpectedly forced on the London market, it must to a great extent paralyse the consumers of white fibre, because still the old quantities are coming in of manila and sisal. True there was a deficiency of eighty bales of manila last year against what they expected, but that is nothing comparatively. Sisal is increasing, but not to any great extent; so it is New Zealand fibre that is so largely supplying the world with white fibres.

284. *Mr. Walker.*] Are there no symptoms of expanding in flax?—I do not think so, unless there is another use for the fibre.

285. We know the farmers use it for twine?—I do not think it is increasing to any great extent. They are using it for binder-twine.

286. *Mr. Wilson.*] What is the amount used?—Sixty thousand tons for America.

287. You do not mention the amount of manila and sisal?—I have not got the figures.

288. If over 120,000 tons it would make your figures stronger?—The total output is over 120,000 tons at the present rate.

289. *The Chairman.*] You appear to think a bonus should be offered: do you think it should be for fibre of a superior quality?—No; the cheaper the fibre the better. I say the success of the output of New Zealand flax lies in three things. First, in producing a fibre from our flax for the same purposes as manila and sisal are required for—that is, rope and twine—at a less cost than they can possibly produce it for. That is the first point. The next point is that we must produce our fibre of an equal quality to manila. Then we must produce our flax, I maintain, for other purposes, for which it is admirably adapted, than simply rope-making. For proof of that I take Dr. Hector's book and experiments I have seen made. We must produce flax for other purposes than rope-making and twine, so as to enable us to obtain a very much higher price for it. We must also be able to obtain a fairer price for our flax when it reaches the English market, without the loss in discount which the buyers invariably calculate for uncertainties of quality. That, I maintain, can be done by grading. If there is to be any hope for our producing flax at a less cost it must be through some improved means of milling it, and I think the Government would be perfectly justified in granting a bonus to any one who would add £1 even to the value of New Zealand flax in the returns coming in. But we maintain that, knowing the processes that it has to go through now, we might fairly ask that, in offering a reward, the milling, which costs £10 3s. per ton, should be reduced by one-half—that is, 50 per cent. First, that the cost of production should be reduced 50 per cent., and the flax improved in quality up to manila. It is well known that our fibre, as now produced by the present machines, cannot be equal to manila, from the very fact that the machinery we have bruises the fibre at every blow of the beater, and that must work an influence in lessening the value very much. Dr. Hector's book shows the microscopic action. That points at once, not to bruising-, but to scraping-machines. That is the direction in which the improved machinery should go. That is evident to any one who looks at a piece of the dressed flax. Well, then, the third point which I think should be insisted upon is to produce flax not only for mere rope- and twine-making. That is within the possible, and I should recommend that the evidence of Dr. Hector should be taken specially on that point. I have had conversations with him, and he has got information that our flax is being wasted—that it is naturally glossy and of a beautiful character, and that it is capable of uses which at present we do not get from it. I refer you to page 41 of Dr. Hector's book on *Phormium tenax*. In conversation, he said he is of opinion that the ultimate length of the fibre can be reached by compressed steam. We think it can be used in textiles, and can be made to produce an article equal to our silk. These are the points so far as the bonus is concerned.

290. *Major Steward.*] Then, shortly, it indicates that your view with regard to the bonus is that it should have the scope of inducing the discovery of a process whereby the cost not only of preparing flax for present purposes should be reduced 50 per cent. but also for other purposes the quality may be improved, including the preparation of the fibre for its best purposes?—Yes, that is it exactly.

291. With regard to the possibility of the expansion of the demand for the fibre as at present produced, manila is used for binder-twine: does it not follow that no such expansion of the demand can be obtained unless there is a concurrent expansion of grain-growing?—I think you will recollect that I said I did not think there would be an expansion of the demand for white fibre unless there was a greater area for grain taken up, and therefore it follows that it is unlikely there will be any increase in the demand for binder-twine.

292. You mention that it is desirable, in order to command the market for the greater proportion of New Zealand flax, that the improved process should produce a fibre at a less cost than manila and sisal: from what you know of the cost of sisal, is it reasonable to suppose that we can expect to produce the *Phormium tenax* fibre as cheaply as the American fibre?—I think so. Sisal requires a