

I would recommend, therefore, that the Government should employ a grader in Auckland to inspect the gum before it is shipped to Great Britain, and that a grader be stationed in London. The latter grader would have to watch that nothing but pure kauri-gum was sold at the auctions as kauri-gum. There should be a grader in New York also.

A kauri-gum expert, Mr. B. E. Williams, of Aranga, has offered to demonstrate to any representative of the Government at any time the practical manner in which the gum can be graded, and any required system of grading conformed to. This gentleman has very kindly promised to forward me at an early date a range of samples as now handled, and is also willing to furnish samples which may be partially adopted to form the basis of standard grades.

I would also recommend the Government to arrange a conference in Auckland between the representatives of the exporters, the diggers, and the storekeepers. As the basis of representation, I would suggest that the Kauri-gum and Diggers' Union should nominate the representatives of the diggers; that the Government should nominate the representatives of the storekeepers and small buyers who are not controlled by the brokers and wholesale merchants. The exporters and the brokers should conjointly nominate their own representatives. The object of the conference would be to classify and arrange the various grades to the satisfaction of all concerned in the gum industry.

I was given to understand that the higher class of kauri-gum is becoming very scarce, the great bulk of the gum at present shipped being of medium grades. I found also that very low grades are being exported—grades which a few years ago were thrown away as worthless, as they were then considered to be of absolutely no marketable value. These low grades, I am informed, are extensively used in the manufacture of linoleums. It is reported that kauri-gum is being exported from Auckland unsorted in order that it may be graded at a lower rate in other countries where the labour costs less. The firms doing this do not require to employ labour in the Dominion, and as a necessary consequence many sorters in Auckland lack employment owing to this method of exporting unsorted gum.

GUM-BEARING SWAMP LANDS.

On my mission I made careful and extensive inquiries about the gum-bearing swamp lands belonging to the Government. I have seen the gum which has been taken from these swamps, and have no hesitation in recommending the Government to drain them. They would pay handsomely if this were done. Private holders of swamps containing gum have received as much as £40 an acre for the right to dig for gum, the diggers undertaking to thoroughly drain the swamps, and leave them in a condition suitable for cultivation; and even at this high rate of payment for the bare right of obtaining the gum, and notwithstanding the stringent conditions, I understand the diggers did exceedingly well out of the transaction.

I am of opinion that the Government should hold fast to the reserves and swamps for the British diggers: should a wave of depression sweep over the country they would prove a valuable source of employment for many of those out of work.

Certain suggestions have been made to me by the executive of the Auckland Gum-diggers' Union to the effect that in the event of the Government undertaking the draining of gum-swamps it should arrange to sell the digging-rights to the diggers in acre sections, or have them balloted for, when the swamps were drained.

After seeing the excellent work done by the Austrians in the Port Albert Reserves, I am afraid the suggestions of the executive are unworkable. To my mind it would be utterly impossible for one man to work an acre of swamp land in such a manner as to leave it in a satisfactory condition.

Indiscriminate digging seriously damages the surface and the land generally: it covers the land with dangerous holes from 1 ft. to 7 ft. in depth, and brings the clay substrata to the surface. These form great hills of useless clay. From £10 to £20 per acre would be the cost of replacing the normal surface of what is known as a dug-out field. A gumfield from which the gum has been extracted by systematic methods of digging and draining would leave the land of greatly increased value for agriculture or horticulture, as the case may be.

Many swamps would make a profit for the State from a land-value point of view if they were dug by first draining and afterwards by what is known as face digging—*i.e.*, removing to the surface all timber found within 3 ft. of it. Hundreds of thousands of acres in the gum-bearing country, now a useless barren waste, could be brought under cultivation and turned into comfortable homesteads by the careful handling of the gum lands. For the best results to be obtained, settlement must go hand in hand with digging. The letting of gum lands for the digging of gum only detracts from the value of the land and of the district.

Considering all the circumstances of the case, I think the Government should undertake the draining of the swamps, and when the swamps are drained they should be cut up into sections and balloted for by parties of legitimate diggers who would work amicably together. I may remark that the great success of the Austrians on the fields has been owing to their co-operative system of work, as against the Britishers' individualistic methods.

In the event of the Government draining the swamps and allowing the lands to go to the ballot, the diggers are quite prepared to pay a fair price for the right to work the sections, either in the form of an export tax, an increased license fee per annum, or a royalty on the gum procured from the land.

Should the Government approve my suggestion, I recommend that an experiment be made in draining a small swamp situate near Waipu. My reason for recommending this particular swamp is that it has a good fall towards a river, which would facilitate drainage operations, and, as I