

1886.
NEW ZEALAND.

WASTE LANDS COMMITTEE

(REPORT OF), ON THE PETITION OF THOMAS BRYDONE AND OTHERS, PASTORAL CROWN TENANTS OF OTAGO AND SOUTHLAND, TOGETHER WITH MINUTES OF EVIDENCE.

Brought up 28th July, 1886, and ordered to be printed.

REPORT.

PETITIONERS state that they are pastoral tenants of the Crown in the Provincial Districts of Otago and Southland; that they acquired their holdings in 1882 and 1883, at public auction; that the rabbit pest has since reached its climax, and that wool and other produce has greatly fallen in price; that the prices they paid for the land were too high. They pray for inquiry into the condition of the pastoral tenants, and for such relief as the circumstances may demand.

Having carefully considered the subject of this petition, and taken evidence thereon, the Committee is of opinion—

That it would be injudicious and impolitic on the part of the State to make concessions to any one particular class of land-occupants, unless it is prepared to do so to every other class under similar circumstances; there being but little distinction, as regards the question at issue, between the case of the petitioners and that of those who have acquired land from the Crown on freehold for cash, at prices which may have proved to be out of keeping with the subsequent market-value of produce.

That, while the position of the petitioners is undoubtedly one of hardship, it is hoped that the recent rise in the market-value of wool may go far to improve their position.

For these reasons the Committee cannot recommend the prayer of the petitioners.

A. P. O'CALLAGHAN,
Chairman.

28th July, 1886.

WASTE LANDS COMMITTEE.

PETITION OF THOMAS BRYDONE AND OTHERS, PASTORAL CROWN TENANTS.

MINUTES OF EVIDENCE.

TUESDAY, 15TH JUNE, 1886 (Mr. A. P. O'CALLAGHAN, Chairman).

Mr. JOHN ROBERTS, Runholder, examined.

1. *The Chairman.*] We have received a petition from several runholders of Otago. Have you any information to give the Committee in reference to the facts stated; have you anything to corroborate the statements made in that petition?—Yes; I have some evidence to give. I can give you the example of two runs, for which I act as agent.

2. For what length of time?—In respect to one of them for five years, and the other for the last three years.

3. You are agent for both runs?—Yes.

4. Will you give the evidence you have to the Committee?—I may preface my remarks by informing the Committee that I am myself a runholder, paying about £3,000 a year. I do not appear here to make any personal appeal on my own behalf; bad as times are, I am prepared to bear the consequences.

5. You say you are agent for two other runs outside your own?—Yes; my remarks refer to them and to other runs, which I know are in a similar situation. The run that I will refer to first is No. 200, and known as "Miller's Flat."

6. Where is that?—It is near the Teviot. The revenue for the last twelve months, extending to the 30th of April, has been: Wool, 160 bales—102 bales greasy, and 58 bales scoured—from 13,444 sheep, at say 3s., £2,016.

7. Upon what do you base your calculation?—I judge by the perusal of the catalogues, and I am quite certain as to the fleeces. I can also give you details of the sheep sold during the year, amounting to £282 17s. 6d. There were four bales of rabbit-skins, which have been shown as likely to realize £15 each—that makes a total of £2,358 17s. 6d. The expenditure during the year has been: Rents and taxes, £1,122 8s. The rent is £1,040; the property-tax, £47; shearing, £311; wages, £335; repairs and management, £247; rabbit expenses, £244 3s. 8d.; with other expenses, carriage of wool, coals, insurance, stores, &c., making £2,573 17s. 6d., showing a deficiency of £215. In addition to the leasehold there are about 1,500 acres of freehold, which is worked in conjunction with the rest of the country. The expense on account of rabbits has been lighter owing to the country being "patched." The meaning of that is, that formerly it was the custom to go over the whole of the country poisoning the surface of the ground to get rid of the rabbit pest, but latterly the custom is to put poison on "parts" or "patches;" but this winter, I expect, the whole country will have to be gone over, so that the expense under that head will be nearer to £500 than £240. The number of sheep has been decreased by five hundred during the year. Some of the low country has been taken from the run, and it has been found necessary to reduce the stock. That was done with a view to provide against certain contingencies. We thought it advisable to reduce the stock to this extent.

8. *Mr. Fulton.*] Have you taken into account the interest on the money invested?—No; no interest whatever.

9. You might give what would be the amount of the interest, as well as the rate of interest.—Seven per cent. Suppose the run to be worth £10,000 at 7 per cent., that would be £700 a year.

10. *The Chairman.*] At the present valuation?—Yes.

11. *Hon. Mr. Rolleston.*] What is the length of the lease?—It has about five years to run.

12. *The Chairman.*] Does that include the valuation of the freehold?—Yes.

13. That is based on the value of wool?—On what it is likely to be this year. I have catalogues from which I take it at 3s. as the value per fleece, which is, I think, more than will be realised. I can give you the relative value of wool for the last three years:—

1883	...	...	...	£3,752 13s. 4d.,	equal to 4s. 7 ³ / ₄ d. per sheep.
1884	...	...	...	£3,146 19s. 7d.	„ 4s. 2 ¹ / ₂ d. „
1885	...	...	...	£2,593 0s. 5d.	„ 3s. 8 ¹ / ₄ d. „

14. *The Chairman.*] That is partly due to less price than to deterioration?—Yes.

15. *Mr. Brown.*] Are you taking it at the present value?—At the London January value. I may explain that if the reported rise took place at the close of the last sales in London, my opinion is that it would bring back prices to about what the January prices were.

16. *Mr. Macandrew.*] You are taking the January prices?—Yes, I am taking the January prices. I do not know that I have anything more to say in reference to this run, known by the official number as “200.” Then there is run No. 223. That is owned by two young men who came out here and served their apprenticeship on some of the other runs, and then got their friends to assist them. They bought the Glassford’s run. Of course, I can only estimate the revenue this year in the same way that I have done in respect of the other station; the charges and outlay are based on the actual results of last year. They shear about 35,500 sheep: the revenue on that, based on 8s., would come to £5,500. The surplus sheep, owing to their having 2,000 acres of freehold, a considerable portion of which is cultivated, gives them as a return a good deal more than an ordinary run. I estimate the stock, store and fat, would be about £1,500. That makes a gross revenue of £7,000. I may mention that the Government rent, which is £3,450, is not entirely on this run. There is a portion of land adjoining the run included in this run. There is a portion of this rent payable to the adjoining proprietor. But it is really all payable to the Government. Cost of management, rates and taxes, and cost of rabbit-killing amount to £3,792. It will be seen that the revenue is short of the expenditure by £242, to say nothing of interest on an invested capital of £27,750. The calculation of these young men went on a basis of 4s. 9d. per fleece for the wool, and they calculated they would have to pay 6 per cent. on the money advanced, which would leave them a surplus of about £2,000 a year. I can vouch for that, because one of these young men is my nephew; the other is a friend of his. It was upon my advice that they bought this run. The result shows not only a loss of interest, but a deficiency of £242. The interest on £27,700 would be about £1,665. I may state that this run is in the same position as most of the other runs about there. You cannot separate the run from the adjoining freehold.

17. *The Chairman.*] Have you excluded that from the loss?—No.

18. It is all loss together?—Exactly.

19. *Mr. Lake.*] Do you include everything in the total amount?—Yes, everything. I may mention that there are other cases, which will be brought before you, to show much worse results; for these runs that I now speak of are not what are called “rabbity” runs—whether it is because poisoning by grain was discovered in time to be applied before Runs 200 and 223 became infected I know not; but it is a fact that the country to the east of the Clutha River has never been so “rabbity” as that to the west.

20. *Mr. Lake.*] What would be the approximate value of the freehold?—About £4 an acre. There is a considerable portion of it under cultivation. The fact is that this land, like the land adjoining many runs, was originally taken up upon deferred payments, and the persons who took it up got tired of holding, and they sold to the runholders.

21. What is the total area?—58,320 acres.

22. *Mr. Macandrew.*] The rent is £3,450: What should it be per head under the old rent?—It should be 7d. per head on whatever it carried. That would be about £1,035.

23. At 7d. a head?—Yes; £1,035, at 7d. a head.

24. *Mr. J. C. Brown.*] So that rent was one-third what it is now?—It is nearly three and a half times as much now.

25. *Mr. McKenzie.*] When did they buy?—Shortly after the lease was sold; they took possession in November, 1883.

26. Did they buy at auction?—They bought privately from the Glassford trustees.

27. Were the Glassford trustees long in possession before these young men bought?—They had been in possession since about 1868.

28. They bought, and resold to these young men?—Yes.

29. The calculation you have given us is for one year?—Yes.

30. Last year?—I may mention that the year before that the net result was short over 4½ per cent. on capital.

31. And the year before that?—The year before that was a broken year; they had had it only a short time.

32. Did they give anything for goodwill?—They bought for a lump sum.

32A. Did they give anything for the lease?—No; there was nothing but the bare value of the sheep, and the improvements, whatever they were. Everything could have been sold off at that time. As a matter of fact I may state that they were offered a bonus after the purchase, but, after thinking over it, they preferred to hold on.

33. Is the country very “rabbity”?—The expense last year was only £200. The land has not suffered much in its carrying power; the capacity of the country is about the same now as it has been.

34. An improvement of 2d. in the price of wool would change this loss into a profit?—My calculation was that there was a loss of £1,900, including 6 per cent. interest on capital.

35. After paying all expenses?—Yes, after paying all expenses.

36. If the price of wool were 2d. more it would make up the loss?—That would be equal to 1s. per sheep; that probably would make good the deficiency.

37. The price of their sheep is better?—It is in excess of what most of those runs are; for having improved their freehold, they are able to sell the large bulk of their sheep fat. You may estimate that they would get £1,500 a year for surplus stock.

38. *Hon. Mr. Ballance.*] Was this prejudicially affected in any way by subdivision?—I think I can answer that by saying that the large runs were prejudicially affected by subdivision.

39. I refer to this particular run?—It was prejudiced in the same way as others, but some runs had not so much low lands with them.

40. But this had low land?—Yes, it is fairly well off for low land.

41. Then would you say that this run has been prejudicially affected?—No; perhaps on the whole it was not.

42. *Mr. Brown.*] Were the rabbits numerous three or four years ago?—They were quite as numerous as they are now.

43. Are they less now than they were three years ago?—Yes, I think that applies to most runs in that country.

44. *Mr. Cowan.*] You state that the working expenses were £3,130. Can you give us the details of that?—Yes, I can give you the details.

45. Does that include cultivation? What is the proportion?—I estimate that the ordinary expenses, excluding outlay, upon an average run in Otago would amount to 1s. 6d. or 1s. 7d. per head.

46. *Hon. Mr. Rolleston.*] Is this land subdivided and fenced off?—Yes, the low country is divided from the high, and the winter country from the summer country.

47. *The Chairman.*] You say there was a profit of £1,500 last year, and there has been a loss this year of £1,865?—Yes.

48. Is this a normal year?—No, I do not think so at all. I am not one of those who think that we are never going to have a rise in wool. I think it is bound to go up.

49. Have you made any estimate of the profit for the incoming year?—I cannot do that, for the result of the past year would be the same in the coming year if there is no change in the price of wool.

50. If I understand you rightly, the petition that is before us does not affect this run at all; this run is outside the points raised in that petition?—That petition, I understand, asks for a measure of relief.

51. Yes, but it goes upon the basis of high or low country. The petitioners set out the difficulties they had to contend with under these regulations, which they say misled them?—With regard to the first run, I can state that the regulation falls very seriously, and it would have been utterly disastrous if it had to be worked by itself, the low country being cut off.

52. *Hon. Mr. Ballance.*] In the case of Run No. 200, you say there was not sufficient low country except for freehold?—Except for freehold. There has been a good deal of the country run over, and not taken up for settlement.

53. That was understood at the time, that a portion of this country had been reserved for settlement?—Yes.

54. It was understood that the freehold would be worked with the run?—Yes.

55. The party who bought the freehold bought the run?—Yes.

56. That was understood at the time?—Yes.

57. The original tenant bought by auction?—Yes.

58. Was he considerably run up?—Yes.

59. How much?—The upset rental was £635; the rental now is £1,040. I must say that this was one of the heaviest upset rentals of any run that I know of.

60. Can you give any idea of the position of the adjoining run?—Yes, the Beaumont Run; that was bought by outsiders. The tenant was outbid for the three runs into which it was subdivided; two of them were bought by one person, and the other by another; these men both surrendered, and have been relieved from their obligations by the Government. They were: Mr. Street, who bought the two; and Mr. Spedding bought the other.

61. Do you know who ran the leases up?—I had no opportunity of finding out. Most persons at the auction were represented by agents; I think the man who really ran them up was Proudfoot.

62. *Mr. Macandrew.*] You are content to take the good times along with the bad?—Yes; and my reason for that is: I have freehold adjoining of very great value. This enables me to sell stock fat, instead of store, which means an enormous difference.

63. *The Chairman.*] On Run 223 there was sold £1,500 worth of fat stock: if that stock had to be sold off the run ordinarily worked by itself, would it have fetched that price?—I do not think it would have averaged half that.

64. It shows that freehold is a very great relief to a run?—Yes.

65. *Hon. Mr. Rolleston.*] Do you think these runs are fair examples of the position of runs in that country?—I cannot speak of others, because there are certain things in regard to them which I could only know by hearsay. I must leave it to other people to bring their own figures. These were the two runs which I wished to speak to the Committee about. There are other places where the rabbits are more destructive.

THOMAS BRYDONE, examined.

66. *The Chairman.*] We are considering the petition of the Otago runholders. Have you any information to give the Committee?—I have just dotted down a few notes which would be the groundwork of the evidence I have to give, and more concise than if I were to make a verbal statement. The first I shall bring to your notice is a run belonging to Messrs. Stewart and Melvin; they are the lessees. I am their attorney in the colony. The old rent that we paid for it was £905, the new rent is £2,131. There was a little alteration, I may mention, in the country; that is to say, we lost a part of the old country. We got some additional land which lay alongside, adding about 10,000 acres to the original part.

67. *The Chairman.*] For the present rent there are 10,000 acres more?—We got that in addition to the original part. The number of sheep shorn last year (1885-6) was 33,000, as near as may be.

68. *Hon. Mr. Rolleston.*] Where is this run?—It is in the Queenstown District, between Cromwell and Queenstown.

69. *The Chairman.*] What is the area altogether?—About 106,000 acres. There have been no surplus sheep for sale. We have had to purchase sheep to keep up our stock. For several years, in fact, we have had to purchase sheep. The increase at lambing, which we had before the rabbit pest came, was 70 per cent.; during the last five years, since we have had the rabbit pest, the average increase has been 43 per cent. The death rate, which was formerly $3\frac{1}{2}$, is now $10\frac{1}{2}$. The rabbits have reduced the weight of wool by $1\frac{1}{2}$ to $1\frac{1}{2}$ lbs. per fleece, besides depreciating it by 1d. per lb. It can be well understood that when sheep have poor grass in a bare country the quality of the wool is not nearly so good as when they are well fed, having a good run of grass to go over. We find that the wool is depreciated intrinsically, in addition to the lower price we are getting in the market. The cost of killing rabbits for the year ending 31st March, 1885, was £3,394, and for the year 1886, £3,699. I may mention, with reference to killing rabbits, that all last summer we kept a large staff of men to keep the rabbits down during the summer time when they are breeding. By that means we have been able to keep them under. We were, in consequence, enabled to buy some additional stock, as the grass was a little better. But it cost a great deal of money. Rabbit-skins taken in the summer are of little value, being 4d. or 6d., as compared with 1s. 2d. per lb. obtained for winter skins. The rabbit-skins collected in the year 1884-5 were 240,675, and in 1885-6, 283,826. A great many rabbits are poisoned and never seen; the skins are, therefore, not collected. There were, therefore, a much larger number actually killed, perhaps half a million altogether. Rabbit-skins have decreased in value, according to account-sales, from 10d. to 1s. per lb. during the last two years. They formerly got up as high as 2s. and 2s. 2d., but now for the best winter skins we have been getting in the London market only 1s. 3d. and 1s. 4d. per pound. That of course makes a very great difference. The average profit on working the run for four years ending the 31st March, 1884, was £1,980, or about 7 per cent. on the capital invested.

70. *Mr. Macandrew.*] That is for the years 1881, 1882, 1883, and 1884?—Yes. For the year ending 31st March, 1885, the profit was £248; and for the year ending 31st March, 1886, there was a loss of £1,157, without taking into account any fall in the value of sheep. The sheep are valued in the books at the same price this year as they have been for several years back. Of course, if we were to take into consideration the fall that has been in sheep the loss would be very much heavier; but we keep them at the average price for valuation purposes.

71. *The Chairman.*] That is without interest?—Without interest; there is no interest whatever added to the account.

72. Nor to profits?—No interest whatever.

73. *Mr. McKenzie.*] When did these parties get the last lease to purchase: in 1882?—No, it was in 1883; I think it was the second sale. I think it was in 1883 it was put up.

74. You stated that they had it for some £900 odd?—Yes.

75. What was the previous rent?—I cannot say.

76. But they gave a larger rent than was given before by other people. This is the first year you have had a loss. Last year you had a profit of £248, and the four previous years you made 7 per cent. on the capital invested. If wool were 2d. higher, would you not come out right with a profit?—We would have a small profit. I may mention that the loss would still be more, because it is not probable that when it was sent Home it would realize the full price you mention.

77. You have no separate stock?—No; last year we bought stock to put on.

78. *Hon. Mr. Rolleston.*] Was this bought with the other different sections?—Yes.

79. How did that affect the sale?—It was run up very much. One man ran it up to double the value put on it.

80. *Mr. McKenzie.*] This is not a part of the New Zealand and Australian Land Company's Runs?—No; it is worked by Messrs. Stewart and Melvin.

81. *Mr. McMillan.*] But it formerly belonged to the New Zealand and Australian Land Company. How much capital does it represent?—Over £25,000 in it now, perhaps £30,000.

82. *Mr. Fulton.*] You have not taken interest into consideration?—No.

83. *Mr. Lake.*] Freehold?—No freehold except—

84. *The Chairman.*] Who bought for or acted for the lessees?—I acted for them in 1883.

85. What is the proportion of low country?—It is fairly good.

86. Were the subdivisions in fair proportion?—No; there were two that were much higher country, and could not have been worked by themselves very well.

87. Did they not go at a lower price?—Yes.

88. That did not prejudice the others. Wherever the subdivision had not an amount of summer it went at a proportionately less price?—Yes; but as a rule we had to pay higher for runs that had winter country—a good deal. Unless we got low country, the high country would have been no use to us.

89. Then, as I understand you, there was a faulty subdivision?—Yes.

90. *Hon. Mr. Rolleston.*] Would not that depend upon which went up first?—Unfortunately the high country went up first.

91. *Mr. Brown.*] Do these tenants reside in New Zealand?—No.

92. Have they ever been in New Zealand?—One of them.

93. This was formerly the property of the New Zealand and Australian Land Company?—Yes.

94. They sold to these tenants; or, rather, they purchased by their attorney, that is yourself?—

Yes.

95. *Mr. Cowan.*] Are the results you have mentioned, as regards the rabbit pest, exceptionally bad?—I may mention that, in regard to all the runs that I have had anything to do with, we have kept the rabbits under control better than most of our neighbours. When the rabbit question first arose I saw that it was going to be a difficult thing, and a dangerous thing, and I notified to my run-

managers that if they did not keep the rabbits down to my satisfaction, or if they got fined by the Government Inspector, I would dismiss them from the service. That put them on the alert. I can say this, in connection with the hill country—a rough country: none of my managers have ever been fined for not keeping the rabbits down. We have never been before the Court. I think we have kept up the stock of the runs which I have been connected with better than a good many of my neighbours. Even on this same run, the particulars of which I have given to you, our stock only got reduced by about 5,000 sheep; whereas the bulk of my neighbours had their stock reduced by more than one-half all round. I consider this attributable a good deal to the energy that was displayed by my managers in keeping down the pest. It has cost us a good deal of money; but I think our runs paid us better, and are now in a better state than the bulk of the runs in the neighbourhood.

96. *The Chairman.*] To what was the enormous reduction of the increase attributable?—Want of feed: that is, through the rabbits.

97. *Mr. Brown.*] On this run are the rabbits numerous—are they more numerous now than two or three years ago?—No; but I think we had from 60 to 80 men shooting and rabbiting constantly. Now we have started poisoning. But the summer skins do not pay one-tenth of the cost; it is only the winter skins that are of any value.

98. This is the part of Otago most infested with rabbits, is it not?—There is no worse; I think Moa Flat is very bad: they are much worse on that side of the Molyneux.

99. Do you manage the Land Company's affairs in connection with other runs?—Yes. I have the particulars of another run belonging to the New Zealand and Australian Land Company. It is known as Deep Dell, and numbered 210a, 210b, 210c. It was cut up into a good many blocks—that is, several blocks were taken out of it. Before the new leases the run comprised 80,000 acres. That was the former acreage, and the rent was £940. The new company now occupy 44,000 acres of the highest and worst country. We are now paying a rent of £2,010.

100. *Mr. Macandrew.*] The previous rent was 7d. a sheep?—That was the assessment. It is the worst country for carrying. The best of the run was taken for settlement along the Taieri. We have therefore the worst breeding country. At one time we used to shear about 40,000 or 35,000 sheep. Now we only shear about 20,000, and they are not so well carried. For the year ending the 31st of March, 1885, we spent £984 in killing rabbits; to the 31st March this year—1886—we spent £776. The skins collected in 1884-5 were 58,000, and in 1885-6 45,000. The average death-rate has increased from 6 per cent. to 13½ per cent.; the average "increase" has decreased from 67 per cent. to 45 per cent. The wool has decreased in weight and depreciated in value. For the year ending the 31st of March, 1885, the loss on working the run was £1,685, and for the year ending the 31st March, 1886, £1,634.

101. *Mr. Cowan.*] Does that include interest?—No; no interest at all.

102. That is the net loss on that run for the last two years?—The value of wool per sheep has gone down from 4s. 6d. and 5s. to nearly 3s. by the reduction of price.

103. That is wool alone?—Yes; wool alone. Ever since the rabbits came into the country we have had no fat sheep to sell to local butchers. Formerly we always had some fat sheep, which we could sell locally at a fair price. I do not know that I have much more to say, except that there are other runs or leasehold country that is worked in connection with freehold belonging to the New Zealand and Australian Land Company. We manage them together. The accounts are not kept separate from the freehold; they are all mixed up together. It would be difficult for me to give the exact figures for them; but some of them are very much in the same way affected as the runs of which I have given you the details. We are getting worse results and returns from them. I left Dunedin about a fortnight ago, having been to Canterbury, and when I left Dunedin I did not know that I should come here to give evidence; but for that I might have had more details to give the Committee. It is only within the last two or three days I have had an opportunity of putting these particulars together.

104. *Mr. Macandrew.*] You have told us about the bad times. I should like to get some results from him of the good times you have had. We have had a witness here who told us that he is willing to take the good with the bad. Looking over the Doomsday Book, I see that your Company holds a large extent of territory. Can you tell us, Mr. Brydone, anything about the good times?—I could only give it very roughly just now, for I was not aware when I left Dunedin that I would come here, otherwise I would have gone into further details; but I can say this, that the runs belonging to the New Zealand and Australian Land Company—even in the best times, with sums that had to be written off for depreciation and the bonus that was paid originally—have not paid over an average of from 8 per cent. to 10 per cent.; some years probably not so much.

105. I think it would be an important element, in dealing with this question, to know what you have done in the past; I would therefore ask how much land you held prior to 1882?—The Company held much more leasehold than it holds now; it has lost the bulk of its leaseholds. People are now in occupation and settled on portions of those lands.

106. You could not give approximately the area altogether which you acquired?—I would not like to say off-hand, but I believe about 400,000 acres.

107. For what period did you hold it?—We might have had it about ten years, or something like that.

108. Was sheep-farming a profitable undertaking during those ten years?—It was fairly so; but my Company never paid much dividend all the same. For the last two years they did not pay anything; this year it is doubtful if they can pay their debenture interest.

109. *Mr. Brown.*] But you were buying freehold at different times?—Yes.

110. You held some very large properties in Canterbury?—Yes; but it did not belong to the New Zealand and Australian Company when it was in the form of leasehold.

111. But there was a large property?—In Rakaia.

112. *Mr. McKenzie.*] Was that the "Levels"?—No, not at that date; it was acquired after it was freehold.

113. Totara would be the other?—The "Levels" belonged to the same Company as Deep Dell.
114. How much would the "Levels" be?—200,000 acres or thereabouts. Since I had to do with it was freehold; when they had it, 10,000 were freehold.
115. Cannot you tell what profit they make?—It did not belong to my Company; it belonged to the Canterbury and Otago Association.
116. And the Hakateramea?—That belonged to the same Company.
117. *Mr. Macandrew.*] The question is whether, with such large holding, and realising 10 per cent. you cannot stand a bad year; it is a curious thing if you cannot?—The Company never paid a fair dividend notwithstanding.
118. *Hon. Mr. Ballance.*] In the case of the first runs you refer to, was any land taken for settlement purposes?—Deep Dell.
119. In the first case?—No, in the second; not in the first. It is all high country.
120. Did you acquire any by purchase from Deep Dell?—Not an acre. We took up a pre-emptive right, but it was many years ago—640 acres.
121. You say the lease was purchased, as I understand you, from private persons. Why did they not bid for it?—On account of the McKenzie clause. We had other runs.
122. Have the lessees who acquired these runs any connection with the New Zealand and Australian Company?—They may have.
123. I do not understand you. Is that that they have?—I can hardly answer this question.
124. You worked it?—It is worked separate; it is not in the books of the New Zealand and Australian Company.
125. Are you buying?—No; we have too much already.
126. Are you not re-leasing?—We re-leased a small run for a couple of years at Deep Dell.
127. Till your other leases were out?—Yes.
128. *The Chairman.*] You told us the loss of last year: will the loss this year be about the same?—On Deep Dell.
129. The reason I ask this question is that from other evidence it appears that the loss has been all this year?—It depends a good deal on what the winter will be; the previous winter was very stormy and windy, and between the rabbits and the snow there was a very small increase; the consequence of a bad lambing season was a loss of wool.
130. Then the loss has not been so great this year as on other runs?—The loss this year may be regarded as a general indication of what the yearly loss will be in such a country.
131. There is nothing exceptional about it?—The previous year was an exceptional year of snow and storm.
132. Were the profits of this run paying fair interest?—Before the rents were increased—yes.
133. About what percentage, say, before the last year?—Before the last year there was a fair interest on many of the runs.
134. Up to last year?—Yes.
135. Then the loss only commenced last year?—Yes.
136. But in some cases there was a profit of from 8 to 10 per cent.?—In ours there was a loss of £1,600.
137. In one year?—Yes; we had not felt the effect of the rabbits before that.
138. Then it was the rabbits that did it?—Yes, to a considerable extent.
139. *Mr. Macandrew.*] But you were getting from 8 to 10 per cent. Had the companies acquired any other runs before this one held in 1882?—No.
140. Was there not a run at Otepopo?—Yes; I forgot that.
141. *Mr. McKenzie.*] That was Fenwick's?—Yes.
142. Can you say what was the rent?—Yes; it is now much higher. The previous rent was between £400 and £500. We now pay £800.
143. What is the extent of it?—I think there is about £44,000 acres in it.
144. *Mr. Macandrew.*] That was the run he occupied?—Yes; three or four years ago.
145. *Mr. Bruce.*] Your figures appear to me to show that the rabbit nuisance is on the increase. I put this question to you, having a specific knowledge of the subject. Your figures go to show almost absolute ruin to all holding runs, and the rabbit nuisance appears to be an important factor in your estimate. And the figures show that the nuisance is not likely to decrease, but rather to increase in the future?—I think we are getting to be more masters of the rabbits than we were two or three years ago.
146. Showing that the percentage of reduction in your stock is declining?—Yes.
147. *Hon. Mr. Rolleston.*] They will be a great source of expenditure to all runholders?—Unless something new is discovered to keep them down. It seems to me that with energy and perseverance they can be kept down.
148. Then you do not apprehend any more danger in the future than in the past?—No.

WEDNESDAY, 16TH JUNE, 1886.

Mr. WILLIAM FRASER, examined.

149. *The Chairman.*] You appear here in support of this petition from Otago runholders?—Yes.
150. Have you any statement you wish to make to the Committee?—Yes; I should like to say a few words before questions are asked.
151. You can make a statement if you please.—I wish it to be understood that my object in coming before the Committee is not so much to urge any individual desire for relief as to place before it the present position of the pastoral tenants in Otago and Southland, and the circumstances which

have conducted thereto. We are prepared to admit that we made a serious mistake at the sales of 1882-83; but I think there are facts to show that we were not quite so much to blame for our action at that time. No one could contemplate in 1883 that the net value of a fleece in Dunedin would fall from 4s. and 4s. 6d. to what it is now. I do not know what it is now; but, taking as a basis the last year's sales, it would be about 2s. 9d. or 3s. Then again, with regard to the value of store stock: this year they have been almost valueless; sheep have been sold with much difficulty, and in many instances owners have found it impossible to get rid of their sheep at all. There was another circumstance which tended to cause miscalculations: Most of the original runs were subdivided into small areas, whose boundaries did not accord with the natural features of the country. In the majority of instances they were shown by straight lines, drawn apparently with a ruler upon the map. The result of this absurd manner of subdividing the runs was that the pastoral tenant had to pay high rents for each section, as it was impossible to occupy profitably any single section, and he had thus to compete for the lot. In most cases the original runs were divided into four sections. I know that in many instances this caused the high prices which they had to pay for their leases. Then, again, in many instances a large portion of low country was taken away from the runs. At the time they bid for their leases they knew, of course, that they would require to reduce the original number of their stock, but they imagined that, with the country left, they would be able to keep a diminished number of stock with fair results. I know that, in most cases, these calculations were quite baseless. They find that the loss of low country has diminished, to a greater extent than they imagined, the carrying capacity of the country, and has seriously affected the lambing, and also the general condition of the flock. Then, I think, there was another circumstance which entered very largely into the calculations of the former tenants. I do not know whether the Committee will recognise it, but it did enter very strongly into the mind of those bidding. They had been in occupation of this country for some years; they had devoted many years of their life and what little capital they possessed to the improvement of their flocks and making a home for themselves. Naturally they did not desire to be thrown out into the cold. Apart from the sentiment in respect of a home, their whole capital was invested in their flocks, and they knew well that if they lost their country these flocks would have to be sold far below their fair value. Anyone that knows anything of these matters knows well that sheep sold in the open market are far inferior to the flocks kept on stations. Therefore the tenants knew that if they did not get their country back again, or, at any rate, certain portions of it, the intelligence they had displayed in raising their flocks from what were once an inferior class of sheep would be wasted and their capital gone. Besides that, many were men advanced in years. What occupations were they to take up, with little or nothing left to them if they lost their runs. I ask again, what occupation were they to take up, or what were they to do? Influenced in this way, I have no doubt, many of them gave what amounted, even in their own minds, to rack rents. I would ask the Committee, if these were rack rents under the conditions that existed in 1883, what should they be termed now when the conditions are so much more unfavourable? I know they have been accused of folly in giving these rents, for they are ridiculous rents, looked at in the light of present circumstances; but I thoroughly believe that the last reason I have given weighed with a great many persons. To show the actual position of the pastoral tenant in regard to the rents, I must refer to the cost of management, &c. This would vary greatly according to the character and configuration of the country, and would range from 1s. 6d. to 2s. per sheep.

152. *The Chairman.*] The cost of management?—Yes; the cost of management.

153. *Mr. McKenzie.*] Do you mean the whole expenses of the station?—Yes; and landing the clip at place of export, say, Dunedin or Invercargill.

154. *Mr. Bruce.*] Inclusive of rent?—No; exclusive of rent, and the cost of rabbiting.

155. Do you include interest on capital?—No; that is not included. The majority of these runs are very rough country. There is a difficulty in getting sheep mustered. You have to employ several men specially to muster, and to pay these men £2 or £2 10s. a week a piece. It is impossible to muster these hills unless you have six or seven men all in a line. This work goes on for a considerable period of the year. If you add to the figures I have stated the cost of rabbiting—and in most cases where pastoral leases are held the rabbits, I am sorry to say, are too numerous—they will amount to from 4d. to 6d. per sheep extra, that is the net cost of rabbiting where a man is doing his duty fairly by poisoning and doing summer work. In some cases where the circumstances are not so advantageous it even costs more. Taking it then at a fair average, the cost of management, inclusive of rabbiting, will vary from 1s. 10d. to 2s. 6d. irrespective of rent.

156. *Mr. Cowan.*] Per sheep?—Per sheep; yes.

157. And the cost of rabbiting?—No. I have included the cost of rabbiting. In some cases I am positive it is more. I know a run where the gross expenditure last year was £3,700 for rabbiting alone. The skins when sold will not net much more than one-half of the skins' gross cost.

158. What country is that?—The Kawarau Station. To return to my calculations: Taking last year's prices for wool as a basis, the net value of a fleece in Dunedin would not exceed from 2s. 9d. to 3s.; in very few instances would it exceed 3s.; the average would be 2s. 11d.

159. *The Chairman.*] As to this year?—This year I cannot say. It may not be anything like that. I have already given 1s. 10d. to 2s. 6d., say, an average of 2s., as cost of management and rabbiting; deducting, therefore, this average sum of 2s. from the average net value of a fleece—namely, 2s. 11d.—there will remain 11d. to pay rentals ranging from 14d. to over 2s. per sheep, irrespective of any question of interest on capital invested or borrowed.

160. You are speaking generally now?—I am not speaking of my own case alone, but generally what I know to be the case.

161. Do you derive your knowledge from your own case?—Partly from my own case, and partly from the experience of others, for I have taken some trouble to inquire into this question. I judge from my own case, from the rent I pay; from what I have done and what others have done in the way of rabbiting; from the character of the country, for I have been over twenty years in that neighbourhood. I know every one of these runs, what they carry, and what their cost of management is.

162. You say that the tenant had been induced to give too high a rent; was it too high in 1882, 1883, and 1884?—Yes; I think in the main it was. In many instances it was too high even then. I think that some were willing to pay a high rent, hoping that things would mend; and that some must have felt that they were paying a rack rent, but they were induced to pay it so that they might not be turned out in the cold.

163. That was not so in every case?—In a great many.

164. Will you give us an idea from your own case in 1882-1883?—Well, in the latter year I suffered serious losses from causes apart from the considerations I have laid before the Committee; for there were bad snow storms, a late spring, &c., entailing a scarcity of grass and loss of stock.

165. You did not suffer from a too high rent that year?—No wool was a fair price; we all hoped that wool would make matters right. No one contemplated that wool would fall. We thought it would maintain its price. Taking the last twelve months as it is, I am prepared to say that, after paying working expenses, rabbiting, and rent, the pastoral tenant has not had one sixpence for interest, and that even where he has had a good clip and a good lambing, he has had, in many instances, to pay a portion of his rent out of capital.

166. You have stated that the cost of management with the cost of rabbiting was 1s. 10d. to 2s. 6d. Was that the case in 1882, 1883, 1884, or is that your estimate for this year?—It was the case then, and is still so; but I may say that, in 1882-1883, many, myself included, hoped, by one or two years' energetic work on the rabbits, to get rid of that expense. I am sorry to say experience shows us it has been, and will be, a recurring expenditure.

167. When you say the cost of management is 1s. 10d., do you mean under ordinary circumstances?—I do not think it could be done in that class of country for less; but it would depend on the number of sheep, for the same staff would, in many cases, suffice to work a larger number of sheep.

168. Then as to boundaries, you say that in many cases they were obliged to take a different boundary?—You misapprehend me. Having purchased one subsection at auction, from the nature of the boundary laid down, it was incumbent on him to buy another one. He could not have worked the one without the other. If the boundary had been marked off in an intelligent manner, so that each subsection could be worked by itself, he would not have been bound to buy another. But, as it was, with the one subsection it was impossible for him to carry on. He had to take the boundaries as they were.

169. Are you speaking of high or low country?—Chiefly of high country.

170. When the leases were offered for sale, the boundaries of the original runs were maintained as a rule?—The runs that were offered for sale were the subdivisions of the original runs. If a pastoral tenant secured the whole of these subdivisions he would suffer no inconvenience from the character of the boundaries during his lease. Those who marked off the subdivisions did not even take as a guide the subdivisional boundary fences that had been erected for years. If the subdivisional boundary fences had been adopted as boundaries for new leases, it might not have been so bad, but the lines were run straight, crossing fences in all sorts of ways.

171. Is that a source of complaint now?—No; not until the present leases expire; but it made men give more than they intended for the land.

172. And you say that the rents were too high to allow the tenants to make a profit?—They certainly were and are. I have mentioned this only to show you how it was they paid too high a rent. This was one of the things that led to unfair competition.

173. *Mr. Brown.*] Are the rabbits as numerous now?—No.

174. Then that expense is getting less?—On the contrary, it is getting greater, as up to a certain point the fewer rabbits there are the more it costs to kill them.

175. You alluded to a run just now. Was that the Miller's Flat?—No; the Kawarau Run.

176. That is held by the New Zealand and Australian Land Company?—I think the lessees are Stewart and Melvin.

177. *Mr. Brydone* is the manager?—Yes.

178. Do you know the Moa Flat Run?—Yes.

179. Does it join yours?—It joins my run at the top of a high mountain; it does not touch me on the lower boundary.

180. Have you seen *Mr. Clark*?—Yes, I have seen him; but only for a minute or two.

181. Do you know whether he is making a profit or a loss?—I could not say; his is chiefly freehold country.

182. Has he back country?—Yes; he pays rent for it, but does not use it.

183. *Hon. Mr. Rolleston.*] This question of boundaries has been much spoken of. I should like to have it quite clear. You have distinctly stated that one reason they gave such high prices was because the natural boundaries of the subsections were neglected, and boundaries were given, as it were, out of the office; so that, having bought one subsection, they were obliged to buy another to work it?—I was speaking generally, not of my own case.

184. Will you state any case where you know it worked unfairly? Will you give an instance where it affected the price that was given?—Morven Hills and Ardour Stations were notable instances. The boundary lines were drawn across impassable ravines, from the summit of the mountains to the base. Having secured one section they were bound to take the adjoining one at almost any price.

185. Did that cause the huge cost of the run?—They had to pay higher rents in consequence.

186. As a matter of fact, did not they get the frontage first, and then the other fell into their hands cheaper?—No; the boundary line ran from the top of the hill to the bottom. I do not know about "falling into their hands cheaper," they had to pay rent at the rate of 2s. a sheep, if you call that "falling into their hands cheaper." They paid that by competition.

187. Would not the fact of the boundaries being bad tend to make these subdivisions go at a lower rate?—No, I do not think so, for the reason I have given: that having got one, it was no use

unless they got the next. Having secured one with such a boundary as I have described, they must go for the next. You could not tell who might bid against you, and it was quite safe for a malicious person to run you up. While on this subject I would like to say something about the auction sales. They were conducted in a most unfair manner to *bonâ fide* bidders. I know a case where a run was knocked down to a *bonâ fide* bidder. His name was called, and he was asked to sign the conditions of sale. He left his seat and walked up to the auctioneer's desk. I was standing in the body of the hall; several minutes had passed after the fall of the hammer. Some one near me bid another £5, and the auctioneer made the purchaser go back again to his seat. Mr. Martin was the auctioneer.

188. Who was the person who bid the £5?—I did not know him.

189. Who was the other?—Mr. Francis Fulton was the other man.

190. Who became the purchaser?—Mr. Fulton. There was another instance in my own case in 1879. There was a sale of runs in 1879; all high runs. I attended the sale to bid for a piece of country which I had occupied for seven years, at a rental of £50. This run comprised about 10,000 acres of very high country, ranging from 3,000 to 5,000 feet, well grassed for three or four months in summer, but quite useless for the remainder of the year. When the sale opened, Mr. Driver bid for a run. He was run up by one person from £50 to nearly £300. It was knocked down to this person, who however said, "That is not my bid." Every other person present said it was his bid. He then said, "I will not take it," showing that he was not a *bonâ fide* bidder. Eventually the run was put up again at the upset price.

191. *Hon. Mr. Rolleston.*] Do you know who that was?—Yes; Mr. Mervyn was the name of the person. The run was put up again. The auctioneer wanted Mr. Driver to take the run at his last bid.

192. Did Mr. Driver take it?—No; Mr. Driver protested that the bidding was not genuine, and claimed that Mr. Mervyn should not be allowed to bid, being a defaulter. It was eventually knocked down to Mr. Driver at the upset price. When my turn came, this same man, notwithstanding my protests, was allowed to bid, and ran me up from £60 to £234. Now, I think that was an unfair thing to do. I wanted the country, because it was useful to me; but it was not worth what I gave for it. That was in 1879, before the other leases expired. I had to pay £234 a year, nearly five times as much proportionately as to value, for that high country as for the best low country. I think that was not a fair thing to do.

193. What was the object?—I do not know what his object was.

Mr. McKenzie: He wanted to do the State a service.

194. *Mr. Brown.*] Did he buy the country?—No, he did not. I do not see what he could have wanted with it, for it could have been of no use to him, being fully twenty miles from where he was settled.

195. *Mr. McKenzie.*] Who were present?—I do not recollect.

196. *The Chairman.*] Was there a complaint formally made?—Mr. Driver complained that Mervyn, being a defaulter, should not have been allowed to bid again during the sale. I also protested, but in vain.

197. *Hon. Mr. Rolleston.*] You say that Mr. Martin, after the fall of the hammer, put it up again?—If you refer to Mr. Fulton's case, yes. That was in 1882. It was so not only in that case but in several others.

198. Was it stated in the papers at the time?—Some reference was made in the Press to the peculiarity of the bidding.

199. *The Chairman.*] Was it not the duty of those present to make complaint?—What redress had you if you did. It would be said that you were interfering with the auctioneer.

200. *Mr. McKenzie.*] The fact was that people were so anxious to get a run that there were twenty bids the moment he lifted his voice; but I understood you to say, Mr. Fraser, that it was store stock being so low which was one of the causes that led to the depression of the pastoral tenants?—Yes.

201. Does not that equally apply to the freeholder?—Yes.

202. Is it not a fact that the runs were cut up so that an ordinary person might get a run at a low figure?—I do not think so.

203. They could not offer in one block a larger area than 5,000 acres?—The area had nothing to do with making the subdivisions; it was the carrying capacity that was limited to 5,000 sheep.

204. The Waste Land Board's surveyors had to apportion it out so that each subsection should not exceed that area?—I quite admit it, but it could have been done in an intelligent manner, and not by straight lines.

205. Does not that cut both ways. Suppose you were a bidder for one subsection, and you got it: Did not that give you a better opportunity of getting another one; did it not apply both ways—the other man was in the same position as you?—Yes; if he was a *bonâ fide* bidder.

206. We are not supposed to know that he was anything else; but is it not the fact that people's own agents were bidding against them for these runs?—It may have been so.

207. You knew the value of the runs?—No; we were all mistaken in that.

208. Now, in regard to taking off so much low country, has that depreciated the value of the stock?—I could not tell you the effect on values in all cases, but I can tell you the effect upon the working of the stock. I will give you an instance in my own case. A good many years ago I put up a fence cutting off a piece of the low country, thinking I could work the higher country alone; but after two years I found that it was detrimental to the condition of the stock, and I had to remove the fence.

209. Are you aware that many of these persons were very anxious to go into these runs but did not get them?—I heard of such cases; I think that very many who did get them wish they had not, and that the others had. If a man could not make enough profit to pay interest on borrowed capital, to say nothing of his own capital, he was certainly losing money.

210. In fact, he risked his own?—Yes, he risked his own altogether; but even then most of it was eaten up in paying the interest on money borrowed.

211. Was there a lot of interest paid in this way by some of those persons who gave evidence, for prices of goodwill in leases, where there was actually no value in the long run?—Do you mean since 1882? I do not know of any instances of that kind.

212. Were there not some Government sales, after the sales of 1882, where there was a bonus given for a lease—for the goodwill of a lease?—I do not know where the goodwill comes in; if a man pays too high rent there can be no goodwill.

213. Do you know Taieri Lake Station?—Yes.

214. Has that changed hands?—Yes.

215. And the Garmoyle Station?—Yes.

216. Do you know that these two sales did take place?—Yes, I am aware of it; but I do not think there was any goodwill given for the run, so far as the leasehold was concerned.

217. *Mr. Cowan.*] You have told us positively that runs have been worked at a loss?—Yes, I feel confident of it.

218. That is, at the expense of capital?—Yes.

219. Do you think that can continue much longer?—I am sure it cannot. The effect will be that a lot of these Government runs will be thrown on their hands. They are bound to be. They cannot go on. As far as the individual owners are concerned, they will be absolutely ruined; what little capital they have will be wholly absorbed, if it has not already taken place.

220. This petition which is now before the Committee is urging on the Government to do something before this contingency arrives in the immediate future?—If I may be permitted, I will give the Committee my view. I am not so unreasonable as to suppose that the Government will reduce rents that other people may make profits. I have thought over the matter, and my views go in this direction as to what should be done: I think a Commission of Inquiry should be appointed, to inquire into the cases of those persons who thought they had a claim for relief. Let them appear before the Commission and show their accounts, and prove that they were paying rent out of capital. If a man did not like to do that he would have no right to complain.

221. This rabbit scourge has a considerable effect in reducing the general result?—No doubt about that, for irrespective of the loss on sale of skins there is a diminished return from the sheep.

222. In consequence of the presence of the rabbits?—Yes.

223. Do you consider that, under the present system of keeping them down, the rabbit pest is likely to be cured?—It depends upon the extent to which the operations are carried out. I think if the operations are carried out to the fullest extent it could be done. It will take some time before the pest can be so diminished that we will not see much more of it. But the present holders will be ruined long before, for the whole thing is a question of money. They cannot afford to wait for assistance. It is on the face of it a grossly unfair thing that, with short leases and bad tenure, the present tenants should be expected to go on ruining themselves, in order to remove from the property of the Crown landlord all rabbits, and make that land more valuable for settlement or re-leasing.

224. In fact, the Government have a large interest in this question of the rabbit pest?—Yes, they are owners of property; they must interest themselves in their own property if it goes on being depreciated.

225. Talking of the prospect of these leases being thrown on the hands of the Government, I would like to ask you as to how much of it would be again offered to the public, and whether it should be offered at auction?—I do not see how you could do it in any other way. I have heard it suggested to put them up to tender.

226. Have you any objection to that mode—to their being put up to tender?—There is an objection to tender on this ground: that when a man has got a particular piece of country he builds a house on it, and establishes a home; he has got all appliances for working the property; and he knows that he can make more out of this land than anyone else. He knows how to work it; his stock is there; and if he has to remove them, he is placed in a position different from anyone else. No doubt the position of the man who had stock in 1883 was worse than that of the man who had no stock.

227. Is it not a complaint against the auction system, from experience of the circumstances of 1882 and 1883, that it was unfair, because one or two individuals, who were not supposed to be *bonâ fide* bidders, were bidding up every lease?—I heard a good deal about this, but I would not like to speak definitely. There was one individual spoken of. I know a dispute occurred because one run was knocked down to him, and he said he did not bid.

228. Were you present at the time?—No; I was informed of the circumstance.

229. Would you object to state the name of that person?—Yes; because if I stated the name it would appear as if I were cognisant of a fact, and were making a charge. I would not like that. It is only rumour as far as I am concerned.

230. *Mr. McMillan.*] I think you stated that you appear in support of this petition, not so much on your own account as on that of others?—Generally.

231. I suppose you had to buy your property at the 1883 sales?—I got it at the upset price. It was supposed that I got it at a reasonable rent.

232. Yet you complained of undue competition being brought against yourself?—That was in 1879.

233. I suppose the purchasers at these sales were men who had been in occupation before?—Yes; chiefly.

234. Then no person would know the value better than these men?—No.

235. They were placed in a better position to give a high rental on account of being in possession?—Yes, in one way they were, but in another sense they were fighting for existence. The whole of their capital was invested in their stock; if they could not get their runs back they would be heavy

losers, and to retain their position they were obliged to go to higher figures than their judgment warranted them in doing.

236. Do you think that would result if he took it by tender?—The difficulty about tender is this: What was a man to do if he lost a large portion of his run, and was saddled with what might be of little service to him?

237. Better lose it than give too much for it. Do you think if the same thing occurred again they would prefer the tender or the auction system?—I could not say what other people might prefer. I would prefer the auction system.

238. You have given your evidence generally; you have not stated any particular case of hardship. I suppose the subdivision of the country was known at the time of the auction?—Yes, the maps were there for inspection.

239. The rabbit pest was known?—Yes, it was known, but the calculations that were then made have not been verified.

240. Then it is principally the reduction in the price of produce that has placed the Crown tenants in their present position?—Yes, it is so.

241. Should they not have made allowance for reduction in values?—I do not know; many paid prices that I would not have cared to pay, but every man is the best judge of his own business.

242. *Mr. Brown.*] What is the rent of your run?—£1,146.

243. What is its carrying power?—22,000 sheep.

244. What would that be?—About a shilling per sheep.

245. *The Chairman.*] That was the upset?—I got it for the upset.

246. What were you previously paying?—7d. per sheep.

247. *Hon. Mr. Rolleston.*] Has its carrying power decreased?—Yes.

248. Through the rabbit pest?—Yes: and not only was its carrying power decreased, but the stock had deteriorated.

249. What was the carrying power?—One sheep to two acres.

250. What is it now?—One sheep to three acres.

251. You think that fairly represents the position to-day?—Yes; at one time since 1882 the carrying capacity was reduced to 18,000. I have, however, been able, by spending money on the rabbit nuisance, to increase the carrying capacity to 22,000 sheep; but, notwithstanding that, I can make nothing of it.

252. *Mr. Lake.*] You were asked whether it would not be better to put the runs up by tender; in cases of subdivided runs would there not be the objection that the old holder would tender for each subdivision, and he might get one that was not workable without the rest, which would not be the case if he bought at auction?—Yes. As far as I am concerned I do not like the principle of tender in regard to that very point.

253. *Mr. Fulton.*] Do you think that a system by which rents would be varied periodically in proportion to the price of produce would be a fair one—that is, going up or down as produce increased?—Yes; but it would be rather difficult to arrive at.

254. As a matter of calculation, say every three years?—It could not be done every year.

255. Do you think that such a system, by the certainty it would give, would put a stop to these constant complaints as regards rents?—It would operate both ways. In reference to this question of tender or auction, might I be allowed to add that I think a good deal of difficulty would be removed if, when the leases expire, the incoming tenants had to take the stock as well as the improvements at a valuation. That is done in other countries. Every man is fighting for his life, as it is now; he does not know what he may have to take for his stock. Any man having to quit his run this year would probably have had 2s. offered for his sheep. He knows that, if he loses his run, he loses the benefit of his work and intelligence, and it is this knowledge that makes a man go beyond what his judgment tells him he is warranted in paying for a thing. If you had the condition attached that the stock could be valued when the lease expired, and that the incoming tenant should take the stock at a fair valuation, the lessee would then know that he was not going to be driven out of his property, and that it would not be sacrificed.

256. Might not the stock be such as would not suit him?—No; it is a well-known thing that sheep on a station are worth to the holder of the run 1s. or 1s. 6d. a head more than sheep of same quality bought in open market; for sheep never do well during the first year on new country.

257. Can you give us any figures as to depreciation of increase; and also as to the number of deaths that have taken place?—Yes; I can give my own run as an instance. On my country in former days, before the rabbits appeared, the average death rate was 2 and 2½ per cent. After the rabbits came it increased to 5 and 6 per cent. I have lost as much as 20 per cent. in one year. I have since been able to keep the rabbits well in check, but I cannot keep the death rate under 5 or 6 per cent., and that involves considerable expense.

258. Then with regard to the fleece?—In the weight of a fleece there is a difference of from 11lb. to 1½lbs. Then as to lambing: before the rabbits came at all, I used to get from 75 to 85 per cent. Since then it has fallen as low as 25 per cent. But by keeping the rabbits down, I have worked the percentage up again to 60 and 70 per cent. I cannot bring it up again to what it originally was. There are many runs where the lambing has not exceeded 45 per cent. for the last 8 or 9 years, yet at one time the average was 80 per cent.; and the death rate has increased from 2 and 3 per cent. to 7 and 10 per cent. All these considerations greatly affect the returns from a property.

259. *Mr. Bruce.*] Has it been your experience that the rabbits have caused a deterioration of the value of the wool as well as a declension of the price?—Do you mean in the fibre?

260. In the quality?—Of course it could not affect the actual quality of the wool, for that is a matter of breeding; it is, however, an old and very true saying, that a good deal of the breeding goes in at the mouth. A well fed sheep will produce better and more wool than a badly fed sheep of the

same kind ; but it has affected the strength of the fibre, the length of staple, and the general character of the wool.

261. It has been given in evidence that it has affected the wool as regards quality?—It could not make a fine wool coarse.

262. But it does make a serious deterioration in value as well as quantity?—Of course, not only the quantity, but the value per pound is diminished most certainly.

263. *Mr. McKenzie.*] With regard to the question put to you by Mr. Fulton, as to sliding scale for rent, upon valuation every three years, do you think that would be an advantage?—I have not considered the question sufficiently to speak confidently.

264. Has it not been necessary for a large number of Crown tenants that they should work on borrowed money?—Yes ; in order to carry on their avocations.

265. Do you think that the money-lender will be inclined to lend money when he knows that rents may rise suddenly?—I do not think that it will make much difference to him ; for the rent would be in proportion to value of the wool, so that profits would remain pretty constant. His security would be equally good, as an average margin would still remain for profit.

266. Do the runholders of Otago keep any other stock except sheep?—No ; they keep no cattle as a rule.

267. *Mr. McKenzie.*] I agree with you as to the Scotch system of having the sheep valued and the incoming tenant taking them at that valuation ; but you say that the acclimatised stock of a run are worth a shilling or eighteen pence more than similar sheep in the open market?—Yes ; if a man knew his business he would readily give that much more for them.

268. Do you think that if the Government gave assistance to tenants to put down rabbits that the tenants would assist in putting the pest down?—Yes ; it is a question of money. In the case of persons who had a short lease, about to expire, they would not take the same trouble.

269. But they might be made to do it?—If he got assistance I have no doubt he would feel more heart in the work.

270. He could not then turn round and say that it was an unfair thing to do?—Not in the least ; that seems very clear.

271. Would you have these runs, when the leases expire, put up in areas large enough to have sufficient winter country and summer country in one block?—Clearly ; each one to be worked independently by itself.

272. Is it possible to do that for areas sufficient to carry 5,000 sheep?—No ; not over the whole country.

273. You know the McKenzie clause, making the areas sufficient to carry 20,000 sheep?—Yes.

274. Do you know what was the reason the runholders were opposed to a clause seeking to do what they really wished?—I do not know the whole of the reasons, and it might take too long to enumerate them.

275. You assume that they had objection, and very express objection?—As a rule pastoral tenants were opposed to the clause, because it created a limit to the area. You will find that where there is a limit put to anyone's particular avocation he will object.

276. Do you think that it would be proper to have the areas sufficient to carry 20,000 sheep?—Yes ; so long as you have a sufficient area of low country with each block.

277. Is it possible to cut up areas so as to carry 20,000 sheep?—Yes, you could do that ; but it would have to be done by intelligent persons who had some knowledge of sheep farming.

278. *Mr. McMillan.*] You stated that when you started you had a heavy increase, but that in the presence of the rabbits the increase gradually decreased. Could that result have been brought about by overstocking?—It was not brought about by overstocking as you mean, but the presence of the rabbits caused the overstocking.

279. You have assumed that all the evil attached to the presence of the rabbits. Is it not possible that the death rate had been increased, and the percentage of increase reduced, through overstocking as well as through the presence of rabbits?—I do not think there had been overstocking to any serious extent in the country before the presence of the rabbits. I believe that many people did overstock a little while the rabbits were increasing on their property. They did that at the time, not understanding the evil that was happening to them.

280. *Mr. Macandrew.*] If the price of wool had gone up to 1s. 6d., would the petitioners have been agreeable to an increase of rent?—That is another aspect of the question.

281. *Mr. McKenzie.*] Is this question of rabbiting also one for the Crown?—Certainly ; I think the Government should show more interest in its tenants than a private individual could be expected to do.

282. What is the position of the freeholders?—I am prepared to admit the hardship of their case.

283. *Hcn. Mr. Rolleston.*] You are aware that in 1881 the Land Act gave a valuation for improvements to the pastoral tenants to a certain extent—to the amount of three years' rental?—Yes.

284. Do you think that is tending to create improvements?—No ; for in 1882 there was hardly a run on which fencing and other improvements had not been erected to the value of more than three years' rental. The leases issued in 1882 did not provide compensation for any new improvements. The leases issued in 1883 provided for compensation to a limited extent, and advantage has been taken thereof.

285. Do you think that if a greater premium were given on improvements to the runholder, improvements would be made so as to increase the carrying power?—I do most unhesitatingly say that the worst policy of any government is bad tenure. With short leases, and no compensation, you cannot have improvements made ; no man would expend a sixpence if he knows he must soon give up his holding.

286. Could the Government, do you think, increase the rental, if it gave greater security and length of tenure?—Eventually I think it could. A large portion of Otago could be improved by growing grasses.

287. Do you say it is capable of that?—Yes; but there is no inducement for a man to improve his country; the very fact of his having done so would be another reason for taking it from him.

288. *Mr. Macandrew.*] Are many of these runs under mortgage?—I think a considerable majority of them are.

289. Have you any idea what interest they are paying?—I fancy the record books of the Registrars will show that.

290. *Hon. Mr. Rolleston.*] With regard to a large proportion of central Otago pastoral country, which is now held under pastoral tenancy, do you think that the question of freehold enters largely into the calculations as to value of tenure?—I think not.

291. Is there much agricultural country left?—I do not think there is much left in the runs; for large reserves were taken out in 1882 and 1883.

292. Do you mean Maniototo?—And Manuherehia.

293. Is there much left?—Not on the runs. If you bring in a system of water-races for irrigation purposes, with proper regulations, I have no doubt that the shingle land, which is now unfit for agricultural purposes, will be used; but all the best country will come into cultivation before that will be attempted.

294. *The Chairman.*] You have made it clear that there has been a loss this last year, at all events; that the runs have not been profitable for the last two or three years; what relief would it be to the tenants if a reduction of rent were given to them; I mean what reduction would be necessary?—We thought it could be done by a Court of Inquiry, before which a man might be asked to appear and prove that he was paying rent out of capital; and that some relief should be afforded to obviate that necessity. I think a man should be allowed to include in his working expenses interest on borrowed capital; not his own capital; I mean interest on capital which he has had to borrow. That, however, is a matter of detail which might be fixed afterwards.

295. You do not mean that Government should reduce his rent, and pay interest and working expenses?—I say reduce his rent to such an amount that he may be able to pay interest on borrowed capital and working expenses.

296. You say that the Government ought to assist the Crown tenants to get rid of the rabbit pest?—Yes; because the Government is the landlord of the estate, and is directly interested in the eradication of the pest; for the value of its property is being depreciated by it.

297. Is it not the duty of the tenant to do that?—Yes, it is his duty at any time; but it comes to this: that he is not able to do it with the present price of produce.

298. *Mr. McKenzie.*] Might it not pay a man to do it if a long tenure were given to him?—Yes; with good security and a long tenure it might pay; a man might find it his interest to expend as much as would do it in four years if, for fifteen years after, he knew that he would reap the benefit of the outlay.

299. Now, with regard to the valuation of 1882: the original pastoral tenants were entitled to a valuation in 1882?—Yes.

300. The incoming tenant had to pay for these improvements, but he got nothing himself at the end of his lease?—That was the case. I do not think that anyone took that into consideration. He got by law, if the lease were determined, compensation for what he paid to the outgoing tenant; the new tenant was put in the same position as the other man.

301. Not in 1882?—I beg your pardon. The new man paid the outgoing tenant, and, by section 121 of "The Land Act, 1877," he was entitled to compensation in virtue of such payment.

302. They thought this was a loss to the incoming tenant at the time?—No.

THURSDAY, 17TH JUNE, 1886.

Mr. EDWIN JOHN SPENCE in attendance, and examined.

303. *The Chairman.*] Will you be good enough to make a statement to the Committee of anything you wish to bring forward in support of the petition?—There are two questions which I would like to bring before the Committee; one in reference to the lessees of the Morven Hills Runs, and the other as to the lessees of the Mount Pisa Runs. The Morven Hills Station has been leased by a syndicate, partly at Home, and partly here. I am appearing as agent for them. They call themselves "Dalgety and Co.," and should not be mistaken for the new Company called "Dalgety and Co. (Limited)," as they are entirely distinct. Previous to 1882 they were the lessees of four runs, Nos. 235, 236, 237, and 238; and in 1882 these were cut up into twenty-six subdivisions. You can see from the map [produced] that none of these subdivisions are what you would call boundary proof. The river runs right through the heart of the land until it joins the Molyneux. Except in some places, where there are steep banks, it is not sheep-proof. These subdivisions were made without any reference to either our own fences or to any natural boundary. As a matter of fact our fences went along the top of the watershed. When these runs were offered they were put up in a curious way: they commenced with high country, at the Native Reserve. We have ninety-two acres freehold there. Our woolshed is there, at No. 1. This was put up at first at the upset price of £293, and was run up to £505. That is about the highest point of ground. 235a was put up next. On this piece we have got a large amount of subdivision fencing. We had our paddocks there for washing the sheep in the old days. There has been a great amount of improvement upon it; but at the auction sale these improvements had never been valued. It was simply stated by the auctioneer that the tenancy would not commence until the following year, that improvements would be valued in the meantime, and the incoming tenant would have to pay for them. There was, roughly speaking, £700 spent upon that run; but the outside public, not knowing that, bid for

it, and ran it up. They did not know that there was that value upon it; it has never been stated; the whole value of the improvements has not been stated. Nobody knew except ourselves what the value was. It was not stated in regard to any one run; in fact, it was not decided until nearly a year afterwards. After this run was put up they went across the river to 236. They then went down to 236A, and left all the intervening pieces. They then dodged about to 236B, 236C, 236D, 236E, 236F, and 236G. Then they came from 236G to 236H, 237, 237A, and 237B; and they then worked down to the end. I may mention that, previous to these runs being altered, we had notice through the *Gazette* and other papers of all the low land being taken away—shut out, in fact. Pembroke was an old boundary on the river; and Gladstone was another. They took all the land coloured dark-red on the map from us. All the land coloured white had been taken previously to 1882. The McLeans, and some others, had the land coloured white; it was taken up for settlement. I had no idea myself of the disastrous effect the absence of this low country would have. All the lower part of the Clutha River bounds it. It has since been a very serious matter to us in regard to lambing. I can show you from figures the number of sheep we used to be able to carry, the number of sheep we can carry now, and the difference in the lambing. At the auction, of course, like many others, we were foolishly excited, and anxious to get back our living, so to speak. We had our improvements on the freeholds at different places. People were competing recklessly against us, and we had to pay very highly for the station. I would like to submit a statement of figures showing the results on the Morven Hills Station from March, 1884, to March, 1885.

304. Why do you commence at 1884?—I have taken two years back.

305. Are you going to contrast the two years?—I am going to show the result of two years:—

Result of Morven Hills Station.—Year 1884–1885.

Sheep shorn : 98,000.		£		s.	d.	
Rental paid	10,888	=	2	2½		per sheep.
Rabbiting expenses, gross	£3,415					
Proceeds of skins	1,805					
Actual loss	1,610	=	0	4		„
Taxes and County rates	810	=	0	2		„
Working expenses	8,450	=	1	8½		„
Expenditure	£21,758	=	4	5½		„
REVENUE—						
1,122 bales greasy and scoured wool realised	£					
in London	14,470					
Surplus stock sold for	366					
	£14,836	=	3	0		„
Loss on year	£6,922	=	1	5½		„

This is without any interest, either on expenditure or on original capital.

Result of Morven Hills Station.—Year 1885–1886.

Sheep shorn : 95,000.		£		s.	d.	
Rental paid	10,510	=	2	2½		per sheep.
Taxes and County rates	810	=	0	2		„
Rabbiting expenses, gross	£4,585					
Estimated proceeds of skins	1,585					
Net cost	3,000	=	0	8		„
General working expenses	7,140	=	1	6		„
Total expenses	21,460	=	4	6½		„
ESTIMATED REVENUE—						
548 bales greasy, at 6d. per lb.	6,058					
500 bales scoured, at 1s. per lb.	6,357					
	£12,415	=	2	6½		„
Estimated loss for year	£8,945	=	2	0		„

No surplus stock have been sold, and neither interest on disbursements in colony nor on capital charged. I would like now to show the difference that has been made on account of the rabbits. In 1880–81, we had 125,000 sheep on the same country; 1881–82, 133,100; 1882–83, 126,912; 1883–84, 115,175; that was a drop of 10,000. In 1884–85 we had 97,937 sheep; another drop of 17,000. The last year we had 95,000 sheep. I am afraid we can only put our carrying capacity at 95,000 sheep. When we bought the runs from Messrs. McLean, the former lessees, it was sold with 140,000 sheep. That was in 1875.

306. *Mr. Fulton.*] Were none of these drops the result of sales?—No; we have sold from time to time.

307. *The Chairman.*] Has the drop been gradual?—The drop has been since 1882 to 1883. We leased the land in March, 1883.

308. *Hon. Mr. Rolleston.*] Is the land occupied now?—A good deal of it. It is fenced off.

309. It is actually occupied now?—Yes. At the large sale in 1882, sections 236H and 236I were bought by a gentleman and taken away from us. He paid a rental for them of £1,030.

310. What was the acreage of these?—22,076 acres; and 11d. an acre was the amount paid. He found that he paid a great deal too much, and the Government allowed him to throw up.

311. *Mr. McKenzie.*] What was his name?—Robert Stewart. It has since been re-leased at a rental of £455. The piece on the river bank, next to the freehold, was bought by Mr. Fraser, of Fraser, Howden, and Fraser, for £380. They could not work it. They were allowed to throw it up, and now it is re-leased for £100.

312. *Hon. Mr. Rolleston.*] Who allowed them to throw it up?—I do not know.

313. *Mr. Brown.*] In what year was it thrown up?—About eighteen months ago. They threw it up because they could not pay the rent.

314. Who were the lessees?—Fraser, Howden, and Fraser.

315. *The Chairman.*] Continue what you have to say, and afterwards answer questions.—I do not know that I can say very much more except that, as lessees of the country for some years past, we have, I think, fulfilled the conditions of the law in every respect. There was no dummyism about this land. It was all bought *bonâ fide* in 1882. The loss is so serious now that I really do not know how to face it. We were run up at the auction, whether by *bonâ fide* people or not I cannot tell. In some instances, men have acknowledged that they gave bids without any intention of buying. There was wild excitement at the time. People were bidding an increase of £50 at a time.

316. *Mr. McKenzie.*] What capital did Dalgety and Co. invest in the runs at Morven Hills?—The valuation was about £83,000. I may explain that, previously to these runs being put up, the old partnership expired when the leases did and a new partnership was formed. The runs were valued by experts in Dunedin at £83,000.

317. How much did the old Company give for the runs—those who bought from Mr. McLean?—£135,000, as near as I can remember.

318. You must have written off a lot of the original price?—Yes; we had to provide a sinking fund.

319. What is the total area?—I think it is 300,000 acres, roughly speaking.

320. You stated that at the time of the sale nothing was said about the improvements; you are aware that, under the Act, if you bought the land, you were to value them up to three years' rent?—Yes.

321. Was there not a general statement made by Mr. Martin to that effect?—He said it could not exceed that.

322. Would not each party bidding for the land satisfy themselves as to the extent of the improvements?—Perhaps they did.

323. Any *bonâ fide* man going into it would do so?—Yes.

324. Your Company—Dalgety and Co. (Limited)—acted as agents for Dalgety and Co.?—Yes.

325. Do you charge for making advances, or do you charge them interest on expenditure?—No; we render them a monthly account, and they provide the money in London; it is a matter of account between us.

326. You do not in any way lend them money?—No.

327. What commission do you charge them for doing their business here?—We charge them nothing except what we can make out of it. We charge them something for selling sheep, but we only make a nominal charge for shipping the wool.

328. *Hon. Mr. Rolleston.*] Do you consider this block of land exceptionally situated with regard to subdivisions; that is, do you think it a block of land which, from a grazier's point of view, can be profitably subdivided and held by a number of small people?—No, I do not think it would be. There is not enough of winter country in a good many of the runs.

329. Could you subdivide the whole of the runs into such areas as would make the subdivisions profitable to different holders?—I can hardly answer that question. I may explain that what was known as the Ardour Run was all good winter country. The back and the higher part of the run is purely summer country. To the east of the Lindis River and south of the Timburn is good winter country; to the north of that is summer country. The northern part of the faces of the Dunstan Mountains is our ewe ground. All the dry sheep and hoggets were in the intermediate places, between the high and low country. I cannot tell you whether, from a sheep-farmer's point of view, the subdivisions could be held profitably by a number of holders.

330. Do you consider that this is a block of country that can, in your opinion, be worked best as a whole?—Yes.

331. Because the summer and winter and intermediate country are so placed as to render it inadvisable to cut the block up: is that your opinion?—Yes.

332. To cut it up so that it should be let to different graziers?—Yes.

333. You are aware that the law provided that the run could only be put up in subdivisions?—I suppose that was the law. It was all cut up and subdivided.

334. That being the case, and the country having to be cut up into so many subdivisions, do you think the Department could have done it in a less objectionable way than it did—from your point of view?—No; I think not. They drew the lines anywhere. There was no aim that they had except the wish to subdivide. They followed out no natural boundaries.

335. But surely the summer country is a good many miles from the winter country?—About forty miles.

336. Then it would be scarcely possible to offer the summer and winter country together in subdivisions?—No.

337. In reference to a paragraph in the petition with regard to these subdivisions, do you think that the high prices obtained were the consequence of injudicious subdivisions? What I mean is: as you had to have twenty-six subdivisions, could it be otherwise than it was in respect of prices?—I dare say that, if there had been other lines drawn, we might have had equal competition.

338. Is it not a fact that, if lower prices were got for the high country, higher prices would be obtained for the lower country?—Yes. The lower country brought high prices, and the high land brought lower prices.

339. Do you think that either departmentally or otherwise there was any attempt to get unfair prices?—Oh, no! not at all.

340. Either in the order of putting up the sections or otherwise?—Not intentionally, I should think.

341. *Mr. Lake.*] I understood you to say, speaking about the subdivisions, that they drew a line anywhere—you meant that there was no intelligent subdivision; that they followed no natural boundaries or fence lines?—Quite so. You could have drawn the lines on the map equally as well without seeing the country, as far as the natural boundaries or even existing fence lines went.

342. The consequence of that would have been that if you purchased one of the high country sections, you probably would have to give an increased price for the purpose of securing land that was really included within the boundary?—Since the sale we have leased three sections in the lower country to Mr. James Cowan. The fences have to run up the natural spurs of the hills. He had to get more land than was originally intended, on account of our not being able to shift the fence.

343. By the way in which they were put up—one block here and another block distant from it; having bought one of the hill sections, you had to buy the lower country?—Yes.

344. *Mr. Brown.*] With regard to the rabbit-skins that you are getting off the run: Did you export more last year than in previous years, or less?—Well, about the same. I think we have exported 280,000 in each year.

345. Are the rabbits decreasing?—They will decrease in a month or two, and then spring up again.

346. I mean during the year?—Yes, better than they were.

347. Did you attend the auction sales for these runs?—Yes, I was bidding at the time.

348. Was there any unfairness on the part of the auctioneer towards the bidders?—No, I think not.

349. Did you hear of any unfairness on his part?—There was a rumour the next day or the same day that some people were bidding in the room to run others up. Mr. Maitland and Mr. Martin were both spoken to about it, and they said they would stop it if they could.

350. How would they stop it?—If they saw a man bidding, and they knew he was not *bonâ fide*, they would not accept his offer. I was at a previous sale in Dunedin where a man's bid was repudiated altogether; that was Mr. Mervyn.

351. Are you aware whether during a sale in 1882, after the auctioneer had knocked down the run and declared the purchaser, the same run was again put up?—Yes.

352. After he had declared the purchaser?—Yes. I think I could show you the number of the run. It was at the end of the sale, I remember. It was one of Mr. Fulton's.

353. Were you present?—I was.

354. Will you say what took place?—I hardly remember exactly, except the fact that there was this dispute. It was knocked down to Fulton, and somebody in the room said he had made a bid. I did not know him. The run was put up again if I remember rightly.

355. It was an ordinary dispute then?—As soon as you bought a run, you had to go up and deposit your money. I think I am right in saying that Fulton or his agent was going up to pay his marked cheque, and somebody said: "I bid," and disputed that Fulton was the buyer.

356. And then it was put up again?—Yes.

357. Did you consider it unfair at the time?—Yes.

358. *Mr. McKenzie.*] You tried to dispose of this Morven Hills Estate since you purchased it from the Government?—Yes.

359. You tried your own hands at subdividing?—Yes.

360. Not following the Government lines?—No.

361. And you could not sell it?—We did not sell any. We could not get the prices we wanted. There were some bidders, but not high enough. 10s. per sheep was offered.

362. *Hon. Mr. Rolleston.*] How many subdivisions did you put the run up in?—I think there were six subdivisions.

363. *The Chairman.*] You are certain there was £700 or £800 worth of fencing on part of the run which was not estimated by the auctioneer as improvements?—Yes.

364. No one had an opportunity of judging what the improvements were at the time of the sale?—No; not unless they had gone and looked at them. If you were a stranger in the auction room you could not have told what the improvements were.

365. Was that the case with other runs?—I think so.

366. No actual valuation was made of the improvements?—No; not at this large sale.

The Chairman: Will you now deal with the next case you propose to offer evidence upon.

Witness: Will you allow me to state that I noticed the other day, when a deputation waited upon the Premier, he called attention to the enormous profits of Dalgety and Co.

367. *The Chairman.*] There is a letter from Mr. Rattray, in evidence, in reply to that statement. Are you aware that that letter was put in evidence?—Yes; Sir Robert Stout mentioned our name, and I wondered how he could arrive at the knowledge that we had made large fortunes. I concluded that he derived his information from the letter which I wrote to Mr. Ballance, in March last, in which I gave the proceeds of wool for the six years previously. The figures may look large, but of course they were the proceeds only. Nothing was deducted for working expenses or rental of the run. I can show you the actual result of the working of this run prior to 1882, as I was executor to the late Mr. Nichols, who had a large share in it. He was with Dalgety and Co. after they bought from McLean. I had yearly dividends from London; and when the valuation was made in 1883, when the leases expired, the result of his capital was barely 7 per cent.

368. *Mr. Bruce.*] Over how many years?—Eight years. The thing was not very profitable after all.

369. *The Chairman.*] Will you now deal with the other case?—The other case to which I wish to call your attention refers to the Mount Pisa Run; it has been leased by Messrs. Howell and Cocks. About 10,000 acres of the low land has been taken for settlement along the Clutha River. The following is a statement of results:—

Mount Pisa Station.—1885–1886.

Sheep shorn: 38,000.	£		s.	d.	
Rental	2,560	=	1	4	per sheep.
Rabbiting expenses, gross	£3,137				
Estimated proceeds	1,137				
	2,000	=	1	0	"
Working expenses	2,850	=	1	6	"
	£7,410	=	3	10	"
REVENUE—	£				
Estimated value of 274 bales greasy wool ...	2,150				
" " 188 bales scoured ...	2,317				
	£4,467	=	2	4	"
Loss for year	£2,943	=	1	6	"

There have been no surplus stock sales, and neither interest on working expenses nor capital charged in above. The lambing in this country has been something terrible; we cannot get any lambing there.

370. *Mr. Ormond.*] What has been the usual lambing?—We used to get 65 per cent. This year we only got 28½ per cent.

371. *The Chairman.*] In consequence of its being cold country?—Yes; owing to the traffic up to Pembroke, and further up the river, the sheep are disturbed. We have got very little lambing country there.

372. *Mr. Macandrew.*] Have you any land on the flat?—The flat land is all in sections.

373. *Mr. Howell* does not hold any?—No; the whole of the freehold on the run is about 640 acres.

374. *The Chairman.*] When you said 65 per cent., was that before the low country was taken from you?—Yes; from 60 to 65 per cent.

375. *Hon. Mr. Rolleston.*] With a better tenure, could improvements be carried out upon these runs to an extent which would bring up the carrying power at all, and enable higher rents to be maintained?—A long tenure would cause that. We could cultivate them for turnips. We can grow turnips up there. We have had as fine a crop of turnips near there as you would see anywhere.

376. You consider that the uncertainty of tenure operates badly in relation to the rabbits?—Shortness of tenure would. You have to keep them down.

377. Have you heard it said that the rabbits had been allowed to increase towards the termination of the lease with the view of keeping down the price at auction; or, if you heard it said that such was the case, you would not think that was correct?—I should not think it was the correct thing to do.

378. I do not suppose you would. Do you think it is correct that such a thing has been done or not?—Not in our case.

379. *Mr. Macandrew.*] Your firm has for many years acted to a very large extent as agents for the runholders, and is now acting as agents to a very large extent?—Not to a very large extent. We are almost the smallest in Dunedin, I am sorry to say.

380. You are the largest exporters of wool into the London market?—Yes; but not from New Zealand.

381. What is your rate of interest and charges to your clients?—We have been charging 7 per cent.

382. And commission on advances?—No; not for years.

383. Not commission on sales?—If we sell stuff we have commission.

384. What has been the commission on sales?—3¼ per cent.

385. That, of course, was the prevailing rate during the rosy times. Have you reduced those rates at all?—We do not charge it: it is the auctioneers who charge it. We are not auctioneers. They charge us.

386. The rates have not been reduced?—No. There is a charge of 2½ per cent. on some things; on skins, &c.

387. What I wanted to bring out is this: As the runholders are suffering from the depressed price of produce, might you not expect the loss to be shared in by others as well as the State?—I may say, in regard to that, that in some cases I have lowered the rate of interest voluntarily without being asked to do it, but simply to help them. That has been done where there has been fixed mortgages.

388. To meet the times?—Yes.

389. *Mr. McKenzie.*] Are these mortgages on squatting property or on freeholds?—Freeholds.

390. *Mr. Bruce.*] Did I understand you to say that you sustained a loss during the last financial year of 1s. 6d. a sheep, without reckoning the interest on the money?—1s. 6d. on the Mount Pisa Run, and 2s. on the Morven Hills Run.

391. Without reckoning interest?—Without a penny of interest.

392. Well, judging from the figures you give us, I suppose wool would require to go up 3d. a lb. before you could pay working expenses, without taking into consideration the interest on the money at all?—Wool would have to go up very much.

393. About 3d. a lb.?—Yes; quite so.

394. Your average clipping is 6 lbs.?—5½ lbs.

395. Well, of course, unless wool goes up materially, it means certain loss?—Yes.

396. Is not your case analogous to that of all the other Crown tenants?—To a great many of them.

397. To a majority of them?—Yes.

398. You are strongly of opinion that this arbitrary and capricious method of dividing the country has been very prejudicial?—It has not been prejudicial to us in these two instances, for we got most of it back, but we had to pay for it.

399. It puts the bidder at a disadvantage at auction sales?—It puts the holder at a disadvantage.

400. The bidder also. He does not know, in bidding for one section, what he has to give for the whole?—Yes, that is so.

401. Do you consider the mapping out of the country in this arbitrary way as being prejudicial?—Yes, it is prejudicial.

402. *Mr. Brown.*] I suppose these petitioners have met together prior to petitioning?—Yes; we had a meeting in Dunedin.

403. Can you give the Committee any information as to what kind of relief would best suit them?—Of course practical relief would be reduction of rents. How that is to come about is more than I can say.

404. Have you anything to suggest to the Committee?—My own idea is that each case should be taken upon its merits. We have got some runs in our part of the country in which the rents are very fair, and on which I do not object to paying the rental. We are not making money on the runs, but we hope to make it if wool goes up again. The rental is fair.

405. In other cases, would half the present rental be a fair rental?—Yes.

406. That would now be a fair rental?—I think so; but this is an exceptionally bad year.

407. Messrs. Boyd are petitioners—are they suffering any great loss?—They are not our constituents; I cannot tell you.

408. I see several names of reputedly wealthy men who have made a deal of money?—I should think they have.

409. Have made their money by grazing stock?—Yes.

410. So that you are only able to speak, I suppose, of those cases in which you are the attorneys?—Yes; those with which we are intimately acquainted, and no others.

411. *Hon. Mr. Rolleston.*] If there had been no subdivision, the occupation of the runs would have been confined to a very few people?—Yes.

412. The subdivision tended to bring in competition on the part of smaller people?—Yes.

413. Do you think the upset price for the subdivided land was excessive?—No, not all round. I do not think you could take any one subdivision and work it by itself.

414. You think the Morven Hills Run exceptionally situated in respect of subdivisions?—Yes.

415. *Mr. Whyte.*] You said they were not capable of being worked by themselves. Had the subdivision the effect of running up the prices and increasing competition?—It did increase the competition for the adjoining blocks required to work the other blocks.

416. In fact, you could not work the blocks by themselves separately, as they were distant from each other?—Yes, it was impossible to do so.

417. *Mr. Lake.*] In speaking of remedial measures proposed just now, do you not think that the State as landlords should contribute a certain share of the cost of rabbiting, and, if so, would not that be a considerable relief?—I think they should. We are keeping down rabbits that come out of Government land.

418. In fact, you are keeping down the rabbits and increasing the value of the Government land in view of the next letting?—Yes. All this land belongs to the Government now. There are rabbits on it; they come through the fences, and we have to keep them down.

419. *The Chairman.*] The suggestion you make is that each case should be taken on its merits, and reduction made according to the non-paying quality of the runs?—Yes; that a Commission should be appointed to inquire into each individual case, and take evidence upon it.

420. *Mr. McKenzie.*] There was something said about a sliding scale—that the Government should reduce the rents at the present depressed time, and should the price of wool go up again the rents should be increased. Would you consider such a system as that advantageous?—If the rentals were on what I call a fair basis it would; but in these two cases we never could pay the present rental.

421. The fact of the matter is, it never paid you since 1882?—No, it never paid us.

Mr. JAMES HENRY PRESTON in attendance, and examined.

422. *The Chairman.*] What locality are you in?—Maniototo.

423. Will you make a statement to the Committee regarding the run, and the statements contained in the petition?—The run is No. 203A, B, and C. There are three runs for which I pay an annual rental of £1,005. The area is 21,000 odd acres. I find that the rent is more than I can now take out of the land. In fact, I am in arrears in payment of one of the leases at present. I asked the Government to allow me to surrender this run, upon which I have not paid the last half-year's rent. They refused to accept my surrender, and informed me that if I did not pay I should be sum-

moned to the Supreme Court; and I have been served with a writ. I told the Chief Commissioner that I would be willing to surrender the whole of the country if they would allow me to do so—that, in fact, I would be willing to lose the capital I had sunk in it. If he would allow me to surrender the leases, I was willing to sacrifice my capital. When I offered to surrender the first run it was said it was high country, and no other person would take it up. I hold the low country in the two other leases, so, to obviate that objection, I offered to surrender the lot. Mr. Maitland said he could not entertain the question, as he had no power in the matter; that he was simply instructed to recover the rent. I informed him that, if he obtained judgment against me, my only resource to prevent myself becoming involved in debt was to go through the Bankruptcy Court, which I was prepared to do if pushed to extremities. My runs are on the Kakanui Range, between Pigroot and Kyeburn.

424. That is your position. Do you wish to make any further statement?—No; that is the position at present.

425. Have you made a representation to the Government personally about it?—I wrote to the Crown Solicitor, stating the facts of the case, and I have heard nothing further from him. When I received the writ I wrote, showing him my position, that it was impossible for me to pay the rental; that to do so I would require to borrow; that I had to choose the least of the two evils, either to fall in arrears of my payments to private individuals to whom I owed money, or surrender to the Government.

426. Had you, in your opinion, when you started, sufficient capital to work the run?—I had £2,000 clear cash.

427. Was that sufficient capital to work the run?—Ample for ordinary seasons.

428. Did you work with a profit up to this last year?—I worked with a profit the first year, in 1883, and a small profit afterwards.

429. What stock did the run carry?—The run is carrying a very large stock at present, owing to my improvements and the cultivation of turnips.

430. What is the number?—The number actually on the ground at present is 13,000.

431. Has the loss this year been of such a nature as to cause you to lose your capital and place you in your present position?—There was so much of my capital sunk in fences. I had to pay £760 for fencing, twelve months before I got possession; also £1,000 for a year's rent in advance. Then the fencing that was there, which I had to pay for, was useless in many cases, as the run was cut up into four different blocks, and I only obtained three of the blocks. This necessitated my going to a further expenditure of £600 odd for fencing, so that at present I have nearly £1,400 of my capital sunk in the three runs for fencing alone.

432. Then the division of the runs was the cause for this fencing?—Yes, it was the cause of the excessive amount of fencing.

433. You wish the Committee to understand that your losses this last year have been the cause of your present position, and that you had a profit before this?—Yes; I have paid all expenses so far. I have made nothing for myself during the last three years.

434. But you were going behind?—No, I was keeping the two ends together.

435. *Mr. Lake.*] If I understand you, you were holding 22,000 odd acres, in connection with a considerable amount of freehold, which belongs either to yourself or family?—21,000 acres leasehold, Crown lands, and 1,000 acres freehold, leased from my father.

436. Then if your position is such as you state, any one else, not having freehold, would find it difficult to carry on, and would not be able to give so much rental for it?—The run I wish to surrender has no freehold in it. The freehold land is in the lower country, and not in the run I wish to surrender.

437. I thought you said that you were keeping so large a stock on the three runs because of your having 1,000 acres to cultivate for turnips?—Yes, it is through cultivating for turnips that I am stocking so heavy. It is through going to a great expense in farming that enables me to stock up to the extent I am doing. The carrying capacity of the country in its natural state, before cultivation, was one sheep to two and a-half acres, including the freehold land, which is no better for grazing than the rest of the run until it is cultivated.

438. *Hon. Mr. Rolleston.*] Is it not good grass land?—It is not good grass land; that is, it is no good to grow artificial grasses.

439. Has your lambing been any different to previous years?—The lambing last year has been better than for any year since I started. It was 70 per cent. this year.

440. Has the death rate been heavy?—The death rate runs up to 10 per cent. It has averaged from $7\frac{1}{2}$ to 10 per cent. right through the block.

441. Have the sales of surplus stock been any less this year than others?—Yes, very much less.

442. Owing to what?—Depreciation in value apparently, a depreciation of $47\frac{1}{2}$ per cent. in my individual case.

443. *Mr. McKenzie.*] In the prices you got?—Yes.

444. *Mr. Lake.*] To what do you attribute your loss this year?—To the fall in the value of wool and stock. It costs me quite £200 per month to keep the rabbits down. This is irrespective of losses sustained otherwise through there being rabbits on the ground.

445. *Hon. Mr. Rolleston.*] Is your freehold an average specimen of the Maniototo Plain?—No; there is not another patch on the Maniototo as good for turnip-growing—at least, nothing better.

446. As to its grazing capacity, is it good?—The native pasture is a fair average of the district; but the artificial grasses are of no service whatever, and not so good as the native grass.

447. Is that the case in most of the Maniototo Range?—Yes. If they can irrigate, then they can grow good grass.

448. Do you grow crops at all?—Yes; I grow sufficient for station use—oats principally, to feed the sheep.

449. Is there much of what you would call agricultural land in the country?—To all appearances it is all agricultural land. It is level, and watered most of the year with good streams. The bulk of the ground is thin soil, with shingle below.

450. *Mr. Macandrew.*] Did you acquire the runs by auction?—Yes.

451. Was there much competition?—Keen competition.

452. How close up to the selling price were the other competitors?—I could not say. I did not bid personally; my agent bid for me.

453. You had £2,000 capital, irrespective of the value of the sheep?—Yes, I had £2,000; but I had to buy the sheep from my father.

454. *Mr. McKenzie.*] The competition in your case came from a neighbour?—Yes, principally.

456. Did he get any of your father's country?—Yes; he got one block.

457. The run belonging to your father before the sale in 1882?—Yes.

458. Mr. Curry got one of the subdivisions?—Yes.

459. And what has been the result of his labours?—The result is that he has lost all his capital. He cannot even pay his rent this year.

460. *Mr. Whyte.*] You practically had £2,000, and 1,000 acres freehold?—I had no freehold. I had the command of the freehold. I leased the freehold and bought the stock, having to mortgage them to do so to the then value of them.

461. If you were compelled to abandon the leasehold, any other man coming in not having command of this 1,000 acres freehold could not give as much rent as you could?—He could give very near it. There are 500 acres of the freehold which I cultivate; the other 500 acres are not so good, and are unimproved.

462. A new tenant would be able to give very nearly as much as you could?—Nearly, so far as any interference with the freehold is concerned.

463. *Mr. Macandrew.*] Other portions of the run could be made to grow crops, as well as that which you have under cultivation?—Yes.

464. *Mr. Whyte.*] Would not the new tenant have to put up buildings?—Yes. All the buildings are on the freehold.

465. Therefore he could not afford to give quite so much as you?—He would only be put to the cost of building a shed and a hut. In my case the shed is in an inaccessible place. It would require to be shifted, but I cannot afford to do it.

466. In order to cultivate as you have done, would he not have to go to expense?—Yes; the 500 acres are cut into five paddocks.

467. The new tenant would be put to a lot of expense that you would not have to incur if you continued in occupation?—I would be glad to sell my interest in it to the new tenant at the Government valuation.

468. He would be handicapped as compared with you?—Yes.

469. *Mr. Macandrew.*] What rise would be required in the price of wool to enable you to carry on and retain your runs?—I have not made a calculation; but it would have to amount to between £500 and £600 per annum. That would be about 2d. per pound.

470. *Hon. Mr. Rolleston.*] Then it really resolves itself into a drop in the price of wool and stock?—Yes.

471. *Mr. Macandrew.*] What did you get for your lambs last year?—I did not sell any, but I sold four-year-old sheep at an average of 10s. 6d. each in 1885. The fall this year is nearly 50 per cent.

472. *The Chairman.*] You said that £500 or £600 per annum would be required?—Yes.

473. That would amount to somewhere about an increase to 10d. in the price of wool?—In wool and stock. Of course my surplus stock makes a considerable difference with me. If the wool rose, the stock would rise also.

474. *Mr. Whyte.*] Would not a rise in the price of mutton cause a rise in the price of sheep?—Yes, it would do so in the long run, but mutton has not risen in price yet.

475. *The Chairman.*] I am afraid the prospect of wool getting higher is very bad; what other relief would enable you to carry on?—The lowering of the rent.

476. To what extent?—I could run the country at 9d. for winter country, and 4d. for summer country. I believe I could make it pay at that per acre.

477. What average would that be?—7½d., about one-half what it is now, 14,000 acres out of the 21,000 being winter country.

Mr. FRANCIS C. FULTON in attendance, and examined.

478. *The Chairman.*] Will you be kind enough to make any statement you wish in support of the petition?—I am unfortunately not in a position to do so, as I have not seen the petition. It was signed for me by my representative in Dunedin.

[The Clerk read paragraphs 4, 5, and 6 of the petition.]

479. The petitioners pray simply for whatever relief is desirable?—I may say that I made a special application for relief some time ago to the Ministry, to see if they could help me, as mine, I thought, was an exceptional case. My runs are in a goldfield, and they are honeycombed with miners' holes and water-races. They are numbered 186 and 259, and adjoin the Waipori River and Lee Stream. The two runs consist of 56,000 acres, exclusive of the freehold. The loss in my case, in consequence of these miners' holes, is fully 10 per cent. more than it would be under ordinary circumstances. The loss arises from the rabbits, and the cattle the miners have on the run. They make a great outcry if I say anything about one or two cows; and I have always been in the habit of treating them as well as I could, as it was to my interest to do so. Around the edge of these diggers' holes has grown up verdure, and the miners' dogs going for the cattle rush the sheep in numbers into the

holes. I lost as many as 70 sheep in one hole. Then the impounding of cattle is another difficulty, as we are not permitted to impound cattle off unfenced land. My manager lately took a number of them a long distance to the pound. The man sued him, and he lost the case. The rabbits on the neighbouring runs where the owners are in difficulties have greatly increased of late, as they have also on the Government reserves. For some years past I have been under the impression that a piece of land on the Lee Stream belonged to Mr. Shand, and I spoke to the Rabbit Inspector about it. Mr. Shand now informs me that the land in question is a Government reserve for grazing stock. The County Council and local rates are based on the rental paid to the Government, which is manifestly unfair. When I took the run I had the use of about 8,000 acres of low-lying land, part of which I have since had to rent from various Municipal Councils, as they were endowments. I had not calculated on this when I took the runs. I have also had to rent privately about 1,700 acres of freehold property, to put some of the ewes upon in lambing. The total number of sheep shorn on the station this last year was 18,631. I got 4,530 lambs from 10,176 ewes. The working expenses are about 1s. 9d. per sheep, without taking the rabbits into account. The loss of sheep and the expenses consequent on rabbits I put down at from 9d. to 1s. per sheep. The value of wool at port of shipment is about 3s. In my case it is 3s. 6d., but I cannot sell any of the merino carcasses. The increase only just exceeds the losses. Since I took the runs I have leased low country from municipal bodies to the extent of 4,830 acres. The private freehold rented by me in grass is 1,700 acres, and my own freehold 2,900; making a total of 9,430 acres. The run without the freehold and the low-lying leasehold would not in my opinion carry more than 12,000 sheep, and from these I should not get any lambing; and for this I pay rent to the Government to the extent of £1,475, and taxes amounting to £75 17s. 1d., making a total payment of £1,550 17s. 1d. for the gross of 12,000 sheep, which is equal to 2s. 9d. per head. This, taken from the net value of the wool, leaves about 9d. for expenses of management and rabbiting. I reckon that the 9d. just pays for the rabbiting, so that the loss is equal to from 1s. 9d. to 2s. per head, or say from £1,000 to £1,200 a year. With regard to the sale by auction: I may mention that I had arranged with another gentleman to bid for me. He stood some distance at the back. The arrangement was that so long as I kept my hat on he should go on bidding, and when I took it off he should stop. He bid for Run 259, which was, I think, put up at the upset rental of £100 a year. He bid £110 for it, and it was knocked down to me. I walked forward from where I was standing, some distance off; I took the pen in my hand, and was prepared to sign the agreement, when some one in the body of the auction room (the Garrison Hall) called out words to this effect: "Why, you fool, if you had not been in such a hurry I would have given you more." And a person standing in a far corner of the room, thinking it was another run that was put up, bid £400. The gentleman I had employed to bid for me bid £415, and it was knocked down to me. I may say that I had been letting this run for £100 per annum for six or eight years previously, for running cattle on, as it was unfit for sheep. When the man bid £400 a year for the run, I said, "You are mad," and still kept my hat on. My friend bid £415, and it was knocked down to him, to my intense astonishment. I was perfectly unaware of the circumstance at the time. The next run, with the low-lying country adjoining my freehold, was run up to £1,075 a year, from the upset price of from £450 to £500 a year. I think the people thought it would carry more sheep than it did. I had been careful of my sheep. I brought rams from England and other places; I never spared expense on the rams. I find that I sublet Run 259 in former years at £80 a year. I gave £1,075 for Run 186, thinking that I should still retain the use of the low lands and the Municipal Endowments, and that by growing turnips extensively I should be able to carry a large number of sheep. I based my calculations on the then price of wool; and I am afraid I lost my head, not liking to part with a run adjoining my freehold that had been so many years in my possession. We had a snow storm on the 5th November last (1885), and most of my lambs were killed. I have not had any interest on my capital for several years. My loss for this year on working expenses is about £1,117 16s. 11d., and taking interest into consideration, but deducting therefrom the value of increased number of stock, £2,287 1s. 9d. [Statement of accounts handed in.]

480. What was your lambing?—About 40 to 45 per cent.

481. What was it for the last few years?—We varied from 65 to 45. I have had as many as 70 in former years.

482. *Mr. Lake.*] Have you got in the accounts anything to show the relative losses or profits during the last three years?—No; I was not prepared to give evidence.

483. What difference did the result of these sales of the runs make to you?—I was paying before an average rental of £680 a year. I am now paying for less country a total of £1,822 per annum.

484. To what do you attribute your losses—to the increased rentals?—No, not to the increased rentals; but to the difficulty with the miners' cattle, and my neighbours allowing their rabbits to increase enormously.

485. You say the rabbits are the cause?—Yes; they cost me from 9d. to 1s. a sheep in expenses and losses.

486. *Hon. Mr. Rolleston.*] What number of sheep have you shorn?—I have shorn some 18,631 last year.

487. How much of your present loss is due entirely to diminished value of stock, and how much to the extra price you had to give owing to the subdivision of the runs?—My losses are £921 a year. I make it up this way: Extra losses on sheep in consequence of my having been obliged to shift them backwards and forwards owing to the diggers' holes. I have so much less low country; I have to keep on the high country, and we get many of the sheep smothered. I lost 1,800 extra sheep in consequence of my not getting the low land with the other runs.

488. How did you lose the low-lying country—was it let separately?—It was taken for the Caversham Endowment, West Harbour Endowment, Green Island Endowment, and several others.

489. And you could not re-lease it?—I have re-leased 5,000 acres of it; but a number of other people have rented portions, which have now passed away from me.

490. Did the Government subdivision of the runs at all affect you—was your run put up as a whole?—No; they cut off some portion, and put it into another man's run adjoining.

491. Did not the subdivision prejudicially affect you by causing unfair competition?—I think they made me bid more for my run. I had to bid for it piecemeal, and I have had to pay for it piecemeal. The run for which I am now paying £415 a year, I have since been offered £100 a year. It had been previously let for £80 a year to the same man.

492. Do you know who ran up the rental?—The bidder for this run was Mr. Robert Wilson. He bid for it in mistake, and was thankful that he did not get it. He expressed his thankfulness that he did not get it.

493. *The Chairman.*] You are apparently blaming the auctioneer. In what way was he to blame?—The run was knocked down to me. I complied with the whole of the conditions. I had the pen in my hand. I walked from the body of the hall to the little place in front of his desk, and was prepared to write my name, as required by him, that I had purchased it. It had been knocked down to me, when somebody in the body of the hall called out, "Oh, you fool, I would have given you more than that for it." Wilson, thinking it was another run, sung out, "I will give £400 a year for it." He thought it was the run which I afterwards bought at £1,075 per annum, and which I bought at the same sale.

494. *Hon. Mr. Rolleston.*] What increase in the value of wool would make your investment reasonably profitable?—I should get back my own money if wool went up 3d. per lb., but I should not get any interest on my money. It will affect the working men very severely. I have had to dismiss several of my men.

495. Would the question be met by a remission of rent, or in any other way?—The way I would prefer would be for them to allow me to surrender the leases altogether and let them now be put up to auction. I think it would be fair not only to do that, but to make a bargain that if the wool went up the rents were to be increased by a certain amount; and if it went down they ought to be decreased. The new purchaser, whoever he might be, might very fairly say, "There is your rental, based on the present prices of wool." The rents might be arranged for three years at a time.

496. Would your advice be that the rental be adjusted from time to time upon the value of the wool?—It would come virtually to that.

497. *The Chairman.*] A suggestion has been made that a Commission should be appointed to inquire into the present position of the different runs, and that the rentals should be so arranged for the present on the recommendation of that Commission. Do you think that would meet the case?—It will in some cases; but, to speak honestly, I am afraid it is too late. So far as I can see, a large number of the runholders must fail.

498. A reduction of rent would not save many of them?—In some instances it will, of course.

499. *Hon. Mr. Rolleston.*] What fairer way of arriving at the values can you suggest than auction?—Unless they were put up by tender. I think tender would be better than auction. I think men lose their heads at auction sales. I am quite sure I did. I was surprised that that Run 259 had been knocked down to me.

500. *The Chairman.*] You think that the difficulties that are in the way of tender are not so great as those in the way of auction?—No; I do not think there is the same excitement as when a number of men are urging each other on.

501. How would you get over the difficulty of auction—by persons tendering for different portions not knowing which they were going to get, and acting in a haphazard way?—Unless you put them up continuously, not all on the same day, but as the leases fall in. It would increase the work a little. That is only a suggestion, as I have not thought it out at all.

502. *Hon. Mr. Rolleston.*] Do the present subdivisions not represent such a size of pastoral country as can be advantageously occupied by one man?—Well, I do not know enough about them.

503. *Mr. Lake.*] As regards tendering, we have it in evidence in several cases, probably the majority of them, that the subdivision has been carried out in a very unintelligent manner, leaving summer country by itself and winter country by itself. Would not the result of tendering be this: that persons tendering for six or seven runs, one might get a piece of summer country and someone else a piece of winter country, without which he could not work the summer country?—If one person was likely to take up a number of runs that difficulty would exist, but if the runs were cut up intelligently, so as to include both summer and winter country, then each run would be by itself sufficient to carry both winter and summer stock.

504. A great number of runs are not capable of being subdivided in small sections, so as to have a fair proportion of each sort of country?—No; some of them are too large.

505. *Hon. Mr. Rolleston.*] Can you give us the runs that are not properly cut up? I would hardly like to do that; I do not know them sufficiently. I can only judge from what I hear from others. I may say that Run 259 is summer country, and would not carry sheep in the winter. It would be useless to put them on it.

506. Had you not been in possession of the run you would have been sorry to have given so much for it?—I would have been very sorry to have given more than £100 a year for it,

FRIDAY, 18TH JUNE, 1886.

MR. JAMES MCKERROW, Surveyor-General, examined.

507. *The Chairman.*] The Committee desires to obtain your evidence with respect to some statements made in this petition of the Otago runholders. I will ask the Clerk to read the particular clauses of the petition to which I refer. [Clauses 4 and 5 of the petition read.] Those are the two clauses in respect to which the Committee desires to have your evidence: First, as to how the Crown

tenants were affected by these clauses. It has been stated by some of these petitioners that they were prejudicially affected.

Hon. Mr. Rolleston: They complain especially of the manner in which these runs were divided: that is by straight lines, in a way that anybody might have done, without taking into consideration the high and low country.

The Chairman: That is one of the statements. They also stated that they were prejudicially affected in bidding for these subdivisions; the manner in which they were marked off, and mode of the sale, producing a competition which would not otherwise have been the result.

508. *Mr. Macandrew*.] They allege these as good grounds on which to come to Government and ask for a rebate of rent. What do you say to that?—It is quite true the runs were subdivided, but not as stated in the petition, without regard to the association of high and low country. The fact is, that was very carefully attended to. The Department in Wellington, assisted by their officer in Otago, mapped out a scheme of subdivision. This was submitted from the Department to the Land Board of Otago; but the Land Board subdivided the runs considerably more, and, apparently to the Department, not wisely; so that there are some grounds for the statement that the runs were unwisely parcelled off by arbitrary lines. Coming to the question that unfair competition was induced by this subdivision, it is within my knowledge that this subdivision, instead of causing competition, prevented it; in this way: take the Dunstan country and the Lindis country, which are now let to Dalgety and Company—

509. *Hon. Mr. Rolleston*.] You mean the Morven Hills country?—Yes. That country was very carefully surveyed by the late Chief Surveyor of Otago and myself, both of us having an intimate knowledge of it, having gone over the whole of it, and having camped on it for weeks together at a time. We subdivided the country so that each run should be an entity in itself—in other words, so that each run should be well worth the attention of any sheepfarmer. We were particularly careful, knowing the country so well, its deep gorges and other natural difficulties, to have the boundary lines, if not natural boundary lines, at least fencing lines, running down the centre of the great mountain spurs; but the Land Board unfortunately, as I think, simply took a ruler and ran arbitrary lines across this country, entirely ignoring the recommendations made by the Chief Surveyor and myself which were approved of by the then Minister of Lands. The Land Board's objection, as I understand, was that it was absurd to offer runs in such large areas as 30,000 and 40,000 acres, they being of opinion that no run should contain such an amount of country. Now, as to the bidding—as to the effect of this on the bidding. One gentleman, who formerly was on the Morven Hills Station as sub-manager, called on me in Wellington on his way to the South to bid for these runs. On seeing the map of the country which was laid off for sale, and which he knew intimately, he at once said that he thought his journey would be in vain, because he pointed this out: that, as the country was parcelled off, no one portion could be worked profitably unless one had capital enough to purchase two or three of the adjoining pieces; that the effect of it would be this: suppose he wanted to go in for one of these strips of country, a powerful Company which possessed neighbouring country would be sure to outbid him for the adjacent strip so as, he said, to squeeze him out of it. However, he said he would proceed to Dunedin and see how the sale went on. He told me afterwards, as did also several other gentlemen who spoke to me upon the subject, and who were at the sale, that the effect of these "strips" was to throw the country into the hands of large existing runholders; so that the Lindis country was really obtained, although at some advance on the former price, at a less price than it would have been had the country been subdivided intelligently, as I think it was not. That is all I have to say about that.

510. *Mr. Macandrew*.] What word was it you used?—"Intelligently."

511. *Hon. Mr. Rolleston*.] Do these remarks apply to the Morven Hills country specially?—No, generally; but that is a special instance, and probably it is the strongest case. We had endeavoured to lay off the ground so that no run should be more than twice as long as it was broad. The length of some of these "strips," relative to their breadth, was enormous. Dalgety and Company consequently got the country at a lower price than they would have, had the country been better subdivided.

512. That is, they got them cheaper?—Yes.

513. *Mr. McKenzie*.] The Land Board was bound to cut them into areas of a carrying capacity not exceeding 5,000 sheep?—No, there is some dubiety about that.

514. They did not act on section 119?—They acted upon the principle that nobody was to get a large piece. I do not think they violated the law. Sections 114 and 115 of "The Land Act, 1877," gives power to lease runs of any area.

515. There is a special exception in regard to the Otago runs?—Not now; I am speaking as to the time of the passing of the Act, 1877.

516. *Hon. Mr. Rolleston*.] The object was to enable small people to get some of these runs?—That, I believe, was the object of the Land Board, but it defeated its own object from want of the requisite intelligence and knowledge how to give effect to it.

517. Was the cutting up the runs in that way more favourable to such people as Dalgety and Company?—I have just said so; that is my evidence. I think that, if the Land Board had so intended, they could not have contrived better than they did to hand over the country to the old lessees.

518. *The Chairman*.] Do you think there would have been more *bonâ fide* competition if the original proposal had been accepted?—Yes; bidders would have been on a more equal footing.

519. You say that you have been for many years intimately acquainted with that country; that you had had opportunities of knowing its physical features; that you had camped over it for weeks at a time, so that you had peculiar advantages in noticing its fitness for pastoral occupations or settlement?—Yes; and Mr. Arthur, who assisted in mapping out the subdivisions, surveyed a good deal of it.

520. Have you any opinion as to the position of the tenants in this particular case?—In this case it was to their advantage. I have seen all their names, and I do not think that any of them are affected prejudicially by the subdivision. I think it was the State that was affected. There would have been higher rents, I believe, if the country had been subdivided and offered as Mr. Arthur and myself recommended. That is only my opinion, of course.

521. *Hon. Mr. Rolleston.*] As the law stood, the Government had no possibility of doing otherwise?—The Government might have refused its sanction; but time is always an element in these matters. The time was approaching, and close up, when the sale had to be announced to the public. The Land Board had decided views on the subject of not offering a large area of country in one run. Refusal was talked of at the time, I remember; but the conclusion was arrived at that the Land Board had better take the responsibility, and let the thing go to the public.

Mr. McKenzie: The elections were then pending.

522. *Hon. Mr. Rolleston.*] There was a tendency to postpone the whole thing until after the elections?—Yes; there were various representations to that effect in favour of delay.

523. *Mr. McKenzie.*] The elections were in December, and the runs were sold in March, 1882?—The newly elected members met in Dunedin, at the request of some people, to postpone it.

524. *Mr. Lake.*] Is it possible to subdivide this country as proposed—that is, that there may not be more than 5,000 acres in a run, having regard to the features of the country?—It is quite impossible in this country I have been speaking of.

525. You say you think there would have been more competition had the original subdivision been adhered to?—Yes.

526. Do you mean *bonâ fide* competition, for we have it in evidence that there was competition, but that it was not what is known as *bonâ fide*?—That was caused by the sections being put up not consecutively, the consequence being that a man who bought a piece of summer country, for instance, was compelled to give a price for another piece containing winter country. There are some of the runs that are entirely summer country. It was not possible to put in winter country, which has been made freehold.

527. Then, in your opinion, it is not desirable to have a hard and fast rule that a run should contain 5,000 acres?—No, it is not.

528. *Mr. Bruce.*] What was the carrying capacity of each run, having reference to the natural boundaries?—I did not go into that question; every run has its own peculiar character. What we did was simply to divide the country so that each run would be workable and worked within its own limits. But you might get near it in this way: there are 6,000,000 acres now let in Otago and Southland. The total number of sheep on that area, according to Mr. Bailey, is 1,620,000; that gives one sheep to a little less than four acres.

529. I put the question to you, as to the average in this country, so as to elicit from you what ought to be the size of runs—that is, how small they could be made, conveniently with the public good?—In most of the country, say 30 or 40 miles from the coast, runs may be divided into any area you wish, from 2,000 up to 6,000 acres; further back, and as the mountains get higher towards the great western ranges, and as you approach to the Lindis country, a run would require to have from 40,000 to 50,000 acres, and in some cases even more. There is a run of 70,000 acres, which the Department recommended should be let as before to one person; but the Land Board thought they could improve on that, and put it into two or three.

530. *Mr. McKenzie.*] Is that the Landslip?—Yes; they thought they could put it up in two or three divisions. There was no offer for it for two years at all. They then offered it as originally recommended by the Department.

531. *Mr. Bruce.*] I wish to put another question to you with reference to the competition. Under the conditions that then existed there would not be much competition, but as you endeavoured to constitute the runs you admit that among *bonâ fide* bidders there must have been a good deal of bidding in the dark for these alternate sections, which led to people giving more than they would otherwise have given?—I do not think there could be any bidding in the dark. It was well-known country. It was not like bush land.

532. Does it not appear to you that as they were bidding for these alternate sections, which was rendered necessary to get a run, this circumstance led many to give more than the real value warranted?—I do not think that was the case, especially in some of the highest country. It was this that really deterred many people from bidding, for except to those who already had the run, or persons who knew very little of the country, it must have seemed risky to bid at all.

533. *Mr. McKenzie.*] Your opinion with regard to the size of a run is that it depends entirely on the nature of the country. The Deepdell country, for instance: could that be divided into runs of 5,000 acres?—It could be, as it is safe winter country; the highest point is about 2,600 feet, on the top of Highlay Hill, and that is much above the general level of the country.

534. The Shag country—is that a warm country?—Yes, it is a perfectly safe country.

535. *The Chairman.*] It is stated that a good deal of the hardship that was inflicted at the time of bidding was on account of the auction system; some witnesses have said that the tender system would have enabled them to get what they wanted, and would have been more satisfactory; is that the opinion you have formed of the system adopted then?—No. I think the auction is on the whole the fairest; it has its drawbacks, but it is fairer than tender in the matter of runs; people who go in for runs are not supposed to be carried away by excitement; they are mostly men of education and capital, who have made up their minds what they can afford to pay before going to auction.

536. Then you do not think that tender would have provided better for the sale of the subdivisions, so far as the buyers were concerned?—No, I think not.

537. *Hon. Mr. Rolleston.*] It was stated that the fact that no one knew the improvements put upon the runs tended to prejudice the existing holders?—I cannot see that at all, because the law provides that no improvements shall be allowed for more than three years of the former rental. The amount pay-

able on any run at that time must have been a small amount, as the rental was small. Any person entering upon a run must have yards and put up fencing; if they existed, they must have been seen. If they were there, they would have a value. But, as I tried to explain to Mr. Bruce, there was a great deal of examination of the country. I know that people got the maps—that they were up there traversing the country. If a man is foolish enough to bid for a large property without having seen it, I think such a man must be on the borders of insanity.

538. It was also stated that one of these subdivisions in the Morven Hills country had since been surrendered, and that the Government had accepted the surrender: On what principle was that done?—That was so; the gentleman who took up the run never put a hoof of stock upon it. He regretted having taken up the run, because he found that he was “jammed” in between in such a manner that he discovered he had a piece of country that would not be payable. He was allowed to give it up on paying the rent up to the time of surrender.

539. *Mr. Macandrew.*] How long ago was that?—The occupation began in March, 1883. I think it has been vacant for a year.

540. *Mr. McKenzie.*] It was bought at the 1882 sale?—Yes; but possession was given in 1883.

541. Did you have complaints of the unworkableness of the country; or that you accepted the tenant, knowing that it was unworkable?—No, we found that the man could not pay rent. He was a man without capital; we pushed him as far as we could. We got a half-year's rent, or a year's rent, I forget which at this moment.

542. *Hon. Mr. Rolleston.*] The principle seems to have been whether anything could be got out of him?—That was so. I saw the gentleman whose surrender was accepted. I told him we would have to put him to extremity, and we certainly would have done so, but he made a considerable effort and paid the money. I think that run has been since taken up.

543. *Mr. McKenzie.*] By Dalgety and Company?—I think so.

544. *Hon. Mr. Rolleston.*] It has been stated that at the auction a great deal went on that was improper, to say the least of it. This was asserted: that after one run had been knocked down by the auctioneer, the person to whom it was knocked down went up to sign the auctioneer's book; and that the auctioneer reopened the question and took another bid?—I did not hear anything of that. It was not a professional auctioneer. He was a salaried officer; and it is an instruction by the Department that we do not wish in auction sales to exact the utmost farthing from the people.

545. Was it clearly understood when the runs were put up what land was to be taken for agricultural purposes?—Yes; it was marked on the maps.

546. Was it so taken as to interfere with the working of the runs?—I think not. But virtually the runholders have had the use of a good deal of the country withheld, with or without payment, simply because it had not been settled on.

547. How far do you think those purely agricultural settlements now in the centre of Otago are likely to interfere in the future with pastoral tenants?—I do not think they will interfere at all, unless they are allowed to encroach on the low spurs, the so-called winter country.

548. Do you think it would be wise to take more winter country from the runs?—No; I think generally the limit has been reached.

549. Then practically it has been taken up?—It is marked on the map. It is reserved from the runs.

550. *The Chairman.*] Does that refer to Central Otago?—I am speaking of land about thirty miles from the coast, and inland of that.

551. Do you think that the State could get a greater revenue if the runs had greater carrying power—that is, if a premium were put upon all improvements?—I think it would tend towards that, but as matters stand now, the giving a long lease of twenty-one years was itself a great step towards the improvement of the country. There is another matter which I wish to call attention to—that is, burning the country in the autumn, when the grass is coming up. The fact is, that this great public estate of six million acres is deteriorating.

552. *Hon. Mr. Rolleston.*] From burning off in the autumn?—Yes.

553. *Mr. Bruce.*] Is this country covered with annual native grass?—Yes; and a great variety of them. The country was beautiful with them. There were the annis, the barley grass, and the oat grass once growing in great profusion. Now you can only see them in the chinks of the rock and in side places where the fire did not get at them.

554. Do you think that giving any continuity of tenure of the pastoral country on a system of valuation, instead of putting up to tender or auction—that is, giving to existing tenants at the termination of their leases some continuing right—how do you think that would affect the revenue and the general settlement of the country?—I think it would be favourable both to the revenue and the settlement of the country. The small-grazing-run principle carries that into effect, so far as it goes.

555. Do you think that some modification of the system that has been applied to some of the pastoral country could be beneficially applied upon a larger area?—I think so.

556. What do you think would be the effect on the general land system at the present time, of making concessions in compliance with demands which, as I understand, proceed simply upon the fall of prices, and not upon considerations of special urgency?—I think it would break up the whole system of land settlement on conditions, and seriously affect the future disposal of Crown lands in that manner.

557. *Mr. McKenzie.*] The whole fabric?—Yes. I may state, in order to show the magnitude of that question, that there are at the present moment in connection with the Land Department 6,000 persons who are paying rent and instalments of price, and are in some way or other bound up with the Department for a term of years. If you begin to concede to one class, you must necessarily open the door of concession to all.

558. *The Chairman.*] Does that include deferred-payment settlers?—It includes about 1,000 pastoral tenants, the deferred-payment and perpetual-lease settlers, together with holders of agricultural leases on goldfields and village settlers, in all about 5,000 on settlement conditions.

559. *Mr. Bruce.*] That is in both islands?—In both islands, but the majority is in the Middle Island.

560. *Mr. Macandrew.*] Suppose the Legislature declines to give any relief, and the result should be that a large number of runs fall into the hands of the Government, do you think these runs could be readjusted so as to diminish the area, and increase the number, and make the result ultimately come out well, the state being no loser?—Suppose the Legislature refuse to give relief, I do not think that many will be thrown up to begin with.

561. Do you see my idea?—Yes, but to carry out what you say we will have to wait until the leases run out; then we can readjust the boundaries again.

562. *Mr. Bruce.*] Do these leases all expire at the same time?—No. I hope I do not seem to have a feeling towards the Land Board, but I must state that in the subdivision of these runs we were anxious to have the leases coterminous: but for some singular reason this country which you see on the map marked off in these "strips" was leased for different periods; one subdivision was let for five, another for seven, another for three, and another for ten years. The whole thing was made as awkward as it possibly could be. My idea would be to have them all terminating at one time. Ever since the great sales of 1882 and 1883, the Department, as it had the opportunity, has been undoing this irregularity. We have been making leases as far as we could to run out at the same time.

563. *The Chairman.*] Does the Board acquiesce?—Yes; it acquiesces in it now.

564. *Mr. Cowan.*] This Committee has evidence before it that a vast number of the runs are worked at a loss of capital, without mentioning any interest upon capital; that, as a result, a good number of these runs must revert to the Government in a short time; bearing that fact in view, do you still adhere to the answer you gave Mr. Macandrew?—Decidedly.

565. Your answer was to this effect: that the Crown would get as much revenue, if abandoned, as hitherto; that was the effect, that they would get as much rent shortly after as hitherto?—I think not. Suppose the Government or the Legislature were to allow all to throw up their holdings at the present moment, I do not suppose you would get half the rent, because we are now desponding about prices. But I see by this morning's paper that wool has gone up twopence a pound; that alone will be more than half the rent for the Otago runs. Let us go into a calculation as to what that means on 1,620,000 sheep, reckoning 4 lbs. to the fleece. It will come to something like £54,000. The whole of the rents of the Crown lands portion of the Otago runs do not quite come to £100,000, so there is more than half of the rents of these runs, supposing that increase of twopence to continue.

566. Do you think, from the facts adduced in evidence before this Committee, that a large number of pastoral properties will be abandoned?—I do not think that it is very likely. I should not like to say why I think so.

567. Bearing that improbability in mind, is it your opinion that no relief should be given to the present tenants?—The only thing I could suggest in the way of relief, always keeping in mind that I would not recommend breaking the contract, would be simply this: They are entitled, at the end of their lease, to a valuation up to three years' rental—we have it on record in the Department when these runs were offered, and all the improvements that are on each run. This concession might be given, that a rebate in rent might be allowed, as against these improvements, to be put to the debit of the account, bearing interest at 4 or 5 per cent. It could be held as a debit against improvements at the end of the lease. I do not see that there would be any breaking of the contract in doing that. It would be a perfectly legitimate thing that, when the runs should be put up, the Government should recover the value of the improvements, either from the resident tenant, or the incoming tenant.

568. That would be giving them an advance on their improvements?—Simply that.

569. *Hon. Mr. Rolleston.*—Do you say that they had not been prejudicially affected by a lot of this agricultural country being taken away?—No; I think not.

570. Are you aware that when this country was taken away it affected the lambing very seriously?

Hon. Mr. Rolleston: It was stated in evidence that some of the country was fenced off, so that it was impossible for the ewes and lambs to get into it.—[The witness pointed out the relative situations of the subdivisions on the map.]

571. *Mr. Bruce.*] Do you still adhere to your statement that a man buying a run and bidding for each of these sections, he would be likely to give less than if it were put up as a whole?—Yes; for the reasons already stated in the evidence given. I certainly agree with you, that it would be a sign of insanity in a man to give a large sum of money for a block of country that he did not know anything about; but in this other respect I cannot agree with your evidence at all.

572. *Mr. McMillan.*] That flat ground was taken before the runs were put up for sale the last time?—Yes.

573. *Mr. W. C. Smith.*] If the present rise in the price of wool keeps up, that will put them in as good a position as when they took up their runs. The petitioners say that the price of wool had gone down 20 per cent.?—What the papers say to-day, if true, shows that wool has gone up 25 per cent.

574. *Mr. Bruce.*] That is not a merino country, is it?—It is all merino, and no other sheep will do there.

575. *Mr. W. C. Smith.*] Do you suppose it will be sufficient relief, supposing the price of wool to keep up?—That would be the best of all relief; this 25 per cent. will more than pay half the rent.

576. These tenants, under the law as it stands, cannot throw up their leases as long as they have sufficient property to pay for the rents?—They could be sued for the rent; if they abandoned them that fact would compel the Land Board to declare them forfeited. But although that is the law, you must bear in mind that any person who has 20,000 sheep cannot sell his sheep right off. No one would buy. He is virtually in the position that he cannot throw up his run.

577. I notice that this petition is signed by a great many agents: does that mean that there are a great many absentees?

578. *Mr. McKenzie*: Nearly the whole of that country is taken up by absentees?—Yes, the principals are not in the country.

579. *Mr. W. C. Smith.*] These principals are pretty well off, are they not?—That is another thing. I cannot say.

Mr. McKenzie: They are companies; there are widows and children who have interests.

580. *Mr. Lake.*] Do you not think, looking at the possibility of some of these runs being thrown up, and also to the fact that a good many of them are still in the hands of the Crown, would it not be a relief if the Crown were to pay some of the cost of the rabbiting?—The Government already spend a very large amount in clearing the Crown lands of the pest.

581. And if any of these were put up and let, would the Government continue to pay the cost of rabbiting on their own lands?—Yes.

582. *Mr McKenzie.*] As a matter of fact, with the exception of a few runs near the West Coast, and far off in the interior, any runs that are abandoned are immediately taken up?—Not only taken up, but runs have been let within the last few months, the rents given being double, and, in one case, treble, the upset prices fixed by the Land Board.

