

"The Public Bodies' Powers Act 1887 Amendment Act, 1891," under which the Otago School Commissioners administer their endowments, limits the lease to a term not exceeding twenty-one years, and in the case of town and agricultural sections the term fixed has hitherto been either fourteen or twenty-one years. In the case of some pastoral sections in a mining district, which are liable to be resumed for mining purposes, a term of seven years has been used.

Three months prior to expiration of lease a valuation is made by the landlord and the tenant (settled in case of dispute by arbitration) of all buildings, fixtures, and fencing, and a new lease is offered by auction or tender, subject to payment by the incoming tenant to the outgoing tenant of full value of improvements as so ascertained. In the event of the outgoing tenant not taking up the lease himself, and there being no other purchaser, he must either accept a new lease at a rent to be fixed by arbitration or surrender his claim for valuation. In leases issued prior to the Commissioners coming under the provisions of the Public Bodies' Powers Act there was no such provision, and in several instances a deadlock ensued, and the Commissioners had to reduce the upset rent much below the value in order to induce the outgoing tenant to take up the land which was burdened with heavy valuation.

I enclose herewith form of lease used for agricultural purposes [same as that for Otago Land District: see page 17]. The form used for pastoral land is similar, except that the land is leased subject to the provisions of "The Mining Act, 1891," and "The Coal-mines Act, 1891"; and all timber (except such as is required for the lessee's use) is reserved. Also that the tenant is only allowed to cultivate for station purposes, as follows: "That the lessees will use the land as hereby demised for pastoral purposes only, and accordingly will not break up or plough the soil of the said lands or any part thereof, or in any other way alter the character of the said lands, without the previous consent in writing of the lessors: Provided always that the lessees shall be at liberty to cultivate for station purposes only, and not for sale, such reasonable area as the lessors shall approve of, such cultivation to be in manner following, that is to say: The lessees may take one white crop and one green crop off such land, which shall then be laid down with good and sound grass and clover seeds of the descriptions and proportions usually sown in the district and most suitable for the land; the land shall remain in grass for a period of three years, after which the same process of cultivation may be repeated, but so, nevertheless, that all such cultivation shall be subject to the inspection and approval of the lessors or their agent."

I may say that in the case of agricultural and town lands the charge made to the tenants for the preparation of their leases is 10s. 6d., in addition to stamp duty.

C. MACANDREW,
Secretary, Otago School Commissioners.

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