

I have been under the impression for some time that amended legislation is now required to deal with these cases, and that an alteration in the present Sheep Act would render it more workable. The substitution of either section 47, "Otago Diseased Sheep Act, 1875," or section 2, "Canterbury Sheep Ordinance 1864 Amendment Ordinance, 1869," would meet all requirements, and be more easily administered than section 23 of our present Act, which deals with the possession of infected sheep. The introduction of either of the above sections, together with the excision of the word "negligently," in section 45, "Sheep Act, 1878," would meet all requirements. I may state that I had some years' experience of the working of the sections in the Otago Act referred to: no great difficulty was found in carrying out its provisions, and its efficiency was shown by the results obtained. Other alterations of a minor nature are, I think, advisable. With these I purpose dealing in a special paper, submitting proposed amendments.

It will be seen by returns that the frozen-meat trade has made rapid progress during the past year. This has provided an outlet for all surplus stock. It may now be looked upon as a special industry, that, under ordinary conditions, must increase annually, as well as give a great impetus to the sale of store sheep. Stock of this description, hitherto almost unsaleable, has been in good demand, and early in the season realized such prices as have not been obtained for years. An increasing demand for good cross-bred stock is firmly established, this class being admitted to be the best description for freezing purposes. It is a noticeable fact that, of the total increase shown on return, out of 898,233 nearly 690,000 are classed as cross-breds.

Reviewing last year's operations, I may remark that, although the severe spring and summer militated against the eradication of scab and prolonged the shearing (light clips predominating), yet it had the effect, principally in the South, of causing one of the best seasons known for pasture for some years, the lambing being good and the sheep in excellent order on runs where quite the reverse was the case for some years past. Both the increase and the improved condition of the flocks in Otago must in a certain measure be attributed to the constant destruction of rabbits during the year 1883, which, in reality, was the first year in which anything like vigorous or combined action was adopted.

On reference to the attached table, showing the number of sheep in each county in Otago, and comparing the number for 1883 against the previous year, the increase or decrease of sheep shows at once where the rabbit pest was most felt, or, as a rule, where its destruction had been greatest. This is specially observable in the Counties of Wallace and Lake. In the former, the plague had been overtaken; in the latter in 1883 the pest was at its worst.

Whilst dealing with the Lakes, I may refer to the "kea" question. Not only had the sheep-owners in the mountainous portion of that county to contend with the rabbits, but the destruction of sheep by keas was something almost incredible, a loss of as high as 20 per cent. being, in one or two cases, attributed to this cause on runs far back and at high altitude: in fact, some country has lately been abandoned through their ravages. Their propensities for sheep destruction seem to be increasing, and lately I have been informed that they are developing the same carnivorous habits in Canterbury, sheep having been destroyed by these birds on country at the head of the Rangitata. Some forty or fifty of them have been killed, and I am informed that it is the first year of their appearance in that locality. The subsidy granted by Government to amount raised by the Lake County had a good effect, about one thousand five hundred beaks having been paid for; and I would strongly recommend that a further sum be placed on the estimates again this year as "The Kea Destruction Fund."

In conclusion, I may report generally that the flocks throughout the colony are healthy; lung-worm is prevalent in a few places, but to no greater extent than in former years; and that the revenue of this department for the past year has been increased by nearly £1,000.

I have, &c.,

BENJAMIN P. BAYLY,

Superintending Inspector.

The Hon. the Colonial Secretary, Wellington.

TABLE showing Increase or Decrease in the several Counties of Otago District.

COUNTY.	NUMBER OF SHEEP ON		INCREASE.	DECREASE.
	31st May, 1882.	31st May, 1883.		
Waitaki	562,568	621,095	58,527	..
Maniototo	343,996	349,994	5,998	..
Vincent	464,270	471,246	6,976	..
Lake	242,557	196,456	..	46,101
Waihemo	90,892	101,942	11,050	..
Waikouaiti	72,073	74,674	2,601	..
Peninsula	4,257	4,323	66	..
Taieri	252,894	237,299	..	15,595
Bruce	99,510	115,677	16,167	..
Clutha	237,990	234,262	..	3,728
Tuapeka	298,411	278,357	..	20,054
Southland	609,552	606,295	..	3,257
Wallace	266,809	296,543	29,734	..