

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 8s.; 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.