

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