

As the rentals of pastoral lands are fixed on the unimproved value of the land, it is necessary that greater care should be taken in assessing rentals for renewals of leases, so as not to penalize the tenant for increasing the carrying-capacity of his run by such means as the destruction of rabbits, grassing, clearing the land of bush, scrub, and fern, or by careful management generally. In order to encourage tenants to improve the deteriorated and depleted lands (regarding which see Part II of this report), and to prevent further deterioration, periodical inspections should be made of all pastoral leaseholds every five years, and a record kept of the condition of such lands.

When it is seen that a tenant, by the destruction of rabbits, light stocking, and careful management, is improving the condition and carrying-capacity of the lands comprised in his lease, such improvements shall be placed to his credit, and in no case be a factor in increasing the rent on a renewal. In the case of subdivision the outgoing lessee shall receive the value of this class of improvement, which shall be paid for by the incoming tenant.

Where these periodical inspections disclose the fact that a tenant is causing the value of the land to be reduced by incompetent or careless management and overstocking, the Land Board may forfeit his lease without compensation beyond the value of the substantial improvements, which shall be assessed at their value to an incoming tenant. On the receipt of a statement from the tenant that he proposes to make certain improvements a Crown Lands Ranger shall inspect the run, and furnish his report as to the state of the ground and the advisability of effecting such improvements, which, when consented to by the Land Board and completed, should be then valued and recorded as improvements in favour of the tenant, but these are in no case to be added to the unimproved value for rental purposes. Failure to maintain these improvements shall cancel such recorded value in whole or in part. In all cases the decision of the Commissioner of Crown Lands shall be final. These provisions shall be optional in all leases and licenses of pastoral lands now in existence by application from the tenant.

Every lessee of pastoral lands shall put on the land comprised in his lease substantial improvements of a permanent character to a value equal to the amount of one year's rent of the land within one year from the date of his lease, and to a value equal to another year's rent within two years from the date of his lease; and thereafter, but within six years from the date of his lease, to a value equal to the amount of another two years' rent. A value not less than the above total to be maintained during the currency of the lease.

PART II.—THE PASTURAGE OF THE CROWN LANDS.

1. AS TO THE CAUSES OF DETERIORATION AND DEPLETION.

(Part (5) of the Order of Reference.)

(1.) *General.*

Before the questions put to your Commission regarding the pastures can be answered it is necessary to clear the way by treating of certain fundamental matters. First of all it must be clearly understood that the South Island mountain sheep-pastures, even in their original condition, were far from being of uniform composition. This lack of uniformity was due in large measure to the extreme range of climate experienced by the pastures. Then, there were also soils differing greatly in fertility, especially the two distinct classes of those overlying greywacke and those of mica-schist.

As for the climate, this depends in no small measure on the rainfall; or better still, on the annual number of rainy days and also their seasonal distribution. These matters concerning the rainfall are governed by the situation of any pastoral area with regard to the north-western rain, and to a lesser degree by the situation with regard to the downpour from the south-west. At a definite distance to the east of the Southern Alps there is a line, marked by forest, which denotes the average eastern limit of the north-western rainfall. So, too, there is another limit, but not necessarily forest, which marks the northern average limit of the south-western rainfall. Farther to the east or