

have different ideas from others as to the reserves they should establish or as to the methods they should adopt in disposing of any profits made. The present system may not be absolutely equitable, but it can reasonably be claimed that it has been successful. As compared with conditions existing before the advent of the Government scheme, it has brought down the price of electricity in all places where electricity was previously used, and it has made electricity available at a reasonable cost to thousands of consumers who otherwise could not possibly have availed themselves of its benefits.

IRRIGATION.

It was indicated in the Statement of last year that the financial position with regard to irrigation in Otago Central was very far from satisfactory, owing to the large amount of water rates that had not been paid:

The amount of outstanding rates before last season's irrigation season commenced was £12,012.

The Otago Land Board was asked to investigate the circumstances of those settlers who had not paid their rates, and to make a recommendation to the Government as to whether or not any remission of rates should be made to those who, owing to the prevailing depression, were unable to meet their liabilities. They recommended remissions to the extent of £3,846, or about 30 per cent. of the total amount outstanding. The Government adopted the recommendation of the Land Board, and irrigators who were in arrears were advised that if payments of the balance were made the remissions recommended by the Land Board would be granted. This liberal treatment had, I regret to say, very little effect in inducing the defaulters to pay their debts to the Government—so little effect, indeed, that at the present time the amount owing to the Government has increased to £22,504. This indicates that not only has the promise of the remission of portion of their rates not encouraged many irrigators to pay their past debts, but has actually had the effect of prompting them to withhold payment of their last season's rates, and of undoubtedly influencing those who were not in arrears to take the same course of action, probably with the hope of receiving similar concessions.

The revenue that should have been collected in irrigation rates last season was £20,604, but of this amount a little over 30 per cent. has been paid, leaving the total debt to the Government at the present time, as I have stated above, £22,504.

It can reasonably be assumed that the Land Board's recommendations, after the careful inquiries it made, were in accordance with the ability of each settler to pay the balance he owed after allowing remissions, and when it is found that out of the total balance of £8,166 owing only £13 is paid some effective means of enforcing payment must be adopted.

Knowing well the great difficulty that farmers were still in owing to the continued low price-levels, I was not inclined to take extreme measures, but, considering the disappointing results that were the outcome of the Government's desire to be fair to those in difficulties, it was necessary to seek some way of protecting the Government's interests and preventing further loss to the State. It was therefore decided that those who were in arrears with their rates would not be supplied next season with water for irrigation until they had paid a portion of their arrears equal to the next season's rates. This has the effect of, at least, not allowing the debt to the Government to grow any larger than it is at present. It is not intended, of course, that the remaining debts shall be cancelled, and something additional will be asked for at a later date, but it is felt that at the present time the above procedure is meeting the settlers in a very lenient spirit.

When it is remembered that those supplied with irrigation water are only paying, in addition to maintenance and operation costs, interest on one-quarter of the cost of the works to the Government, it must be admitted that exceedingly favourable terms are being given to the farmers in Central Otago.

Previous to the last two years of depression the Department had very little difficulty in collecting the money due for water rates, and, as indicated by the graphs in my last statement, greatly increased production was following in the wake of irrigation.