

Your query No. 789, 4/9/97, when received was laid aside for consideration, and overlooked until your query No. 889, 12/10/97, came to hand.

The Controller and Auditor-General, Wellington.

I have, &c.,
ALEX. AITKEN,
Manager, Water-races, Kumara.

No. 3.

The Hon. the Minister of Mines.

Audit Office, 12th November, 1897.

I BEG to submit for your consideration the attached copy of a report in which Mr. Alexander Aitken, Manager of Water-races, Kumara, explains the circumstances under which he has been supplying on credit the water from the race, notwithstanding that there does not appear to be any authority in law for granting such credit.

If it is necessary to supplying the demand for the water that credit should be given, and in the interests of the colony, of the water-races, and of the mining industry such demand should be supplied, the Government will doubtless consider whether the practice of the Manager ought not to be lawfully authorised.

J. K. WARBURTON,
Controller and Auditor-General.

The Hon. the Minister of Mines.

Audit Office, 1st February, 1898.

Water from Kumara Water-races supplied on Credit.

I HAVE the honour respectfully to request that you will let me have a reply to my communication of the 12th November last, of which I append a copy. [See preceding letter.]

I am, &c.,
J. K. WARBURTON,
Controller and Auditor-General.

No. 4.

Government Water-race, Kumara: Sales of Water.

For Cabinet.—A. J. CADMAN. 15/11/97.

In Cabinet, 20th November, 1897, Minister of Mines to draft reply.

A. WILLIS, Secretary.

To the Hon. Mr. Cadman.

I MET the Hon. the Premier this morning, when he informed me he would like to draft a reply to the Auditor-General to the question he has raised about the credit given to miners for water at Kumara. The papers are with you with a minute from Cabinet thereon.

H. J. H. ELLIOTT.
23/11/97.

Hon. Mr. Seddon,—Papers herewith.—A. J. CADMAN. 27/11/97.

Stand over until return from Coast.—R. J. S. 27/12/97.

No. 5.

Hon. Mr. Seddon.

THE Controller-General seems anxious about this. See your minute 24/12/97.

A. J. CADMAN. 12/2/98.

To alter the present arrangement would mean a great loss to the colony. It is impossible to do other than now prevails. If necessary get law altered. Credit is given by Railways and other Departments of State, and in this case cannot be dispensed with, for no estimate can be formed until after use of water has taken place.

R. J. S. 21/3/98.

Forward for the information of Controller and Auditor-General.

A. J. CADMAN. 21/3/98.

No. 6.

The Hon. the Minister of Mines.

Audit Office, 9th July, 1898.

Water supplied on Credit from Kumara Water-races.

REVERTING to this subject, and with reference to the Premier's minute, I would respectfully point out that the credits allowed by the Railways and other Departments are so secured that there is little or no risk of loss or deficiency.

Those to whom the water must be supplied on credit, if supplied at all, have neither the means of paying for it in advance nor any security to give for payment. Their work is extremely speculative. If it turns out profitably, they pay for the water; if unprofitably, they are no more, probably less, able to pay for the water than before they obtained it.

The course which appears to me to be on the whole the least open to objection is for the Government to be authorised to give credit provided that any arrears which the Manager reports to be irrecoverable, and which the Department is prepared to allow to be so, should be voted. The Manager of the races would for his own credit do all he could to keep down the amount to be voted, and so would exercise discretion in granting credit.

I have not yet surcharged the Manager, because I fear that he might discontinue the present arrangement, and that the consequence might be, as the Premier states, a great loss to the colony. Those to whom the water must be supplied on credit, if supplied at all, will pay for it if their