

steadily increasing, and, as labour becomes easier to obtain, still will it more rapidly increase. Already the work is self-supporting, though interest is not yet covered.

It is recognized that irrigation farming, like bringing into profit bush and swamp areas, involves expense and very heavy work on the landowners. A man with a fair area of land cannot bring the whole of it into profit immediately the water is turned on, and in order to meet this difficulty and give irrigators time to bring their farms into full bearing arrangements have been made to charge for water on a graduated scale, commencing at a very low figure and increasing annually, so that at the end of five years (by which time the land should be fully developed) the full charge for water will have been reached. As this concession in the early stages will result in a certain amount of loss, this loss has been added to the capital invested for the purpose of computing the annual charges, so that eventually there will be no loss to the State.

WAIHOU AND OHINEMURI RIVERS IMPROVEMENT ACCOUNT.

Upper Waihou.—Ten chains of clearing have been done on each bank, and on the left bank Wiggin's Gap stop-bank, 27 chains in length, has been completed. 215 chains of clearing have been finished on the left bank of Tirohia-Ngararihi Section, and the river snagged for a similar distance. The final stop-bank has been completed for a distance of 81 chains. 105,000 cubic yards of sand were pumped by the dredge, and the preliminary stop-bank completed for a length of 14 chains. On the opposite or right bank 358 chains of clearing were done, and $1\frac{1}{4}$ miles of preliminary stop-bank finished. A further section, 2 miles long, is now in hand.

Lower Waihou.—On the Ngahina-Hikuraia Section clearing over a length of $3\frac{1}{4}$ miles on the left bank and $3\frac{3}{4}$ miles on the right has been finished. A drag-line excavator has done excellent work under unfavourable conditions. On the left bank the preliminary stop-bank, 2 miles in length, is complete, except temporary gaps left for drainage purposes. A further $1\frac{1}{4}$ miles is in hand. On the right bank, with the aid of tractors, ploughs, and scoops, the preliminary bank has been completed to 2 miles 60 chains, and a further mile is now in hand.

Komata Creek.—A second drag-line excavator commenced work in April last, and 10 chains of creek-diversion have been excavated, and the material deposited in the preliminary stop-bank. Clearing has been completed for a length of 20 chains.

Ohinemuri.—Willows have been ring-barked over a length of 62 chains, and the stop-bank brought up to preliminary level.

Tirohia-Rotokohu.—Over 2 miles of drains have been excavated to final depth and width by means of a dipper dredge. The output for this machine was over 37,000 cubic yards for the year.

The question of allocation of cost of this work has for some years been exercising the minds of those responsible for payment, and it was felt by all parties that the allocation made by the 1910 Act did not now represent the position. A Royal Commission was set up on which the mining and agricultural interests were represented, and their report will shortly be laid on the table of the House. Whether or not the Government will be able to carry out in full the recommendations of the Commission has not yet been definitely decided, but meanwhile work will proceed as at present.

HYDRO-ELECTRIC POWER.

LAKE COLERIDGE SUPPLY.

The financial result of the operation of the Lake Coleridge system for the year ending 31st March, 1921, has again been very satisfactory, and, after paying all operating, interest, and depreciation funds, has allowed the deficit on the first four years' operation to be still further reduced. The revenue for the year was £51,373, and the expenses were—

Working-expenses	£
Interest	21,341
Depreciation	18,639
	7,946

£47,926

giving a profit of £3,447, which will be used in the reduction of the accumulated deficit on the first four years' operation.