

(2)

recommendation on these lines to my Department. To go any further simply means that my Department would be expending considerable money on works to a greater extent than the rights which we enjoy in the same. To summarise in short: Mr. Spencer thinks we ought to bear half the cost of the temporary and permanent works on Big Creek; pay one-third of the cost of the back-flooding dams on the Meadows (which the joint report states clearly are used by Mr. Spencer); and the whole of the cost of the repairs to Fletcher Lake Dam.

There is the justification for such a claim, keeping in view the Agreement of 1923? As stated in my letter of the 6th, sight must not be lost of the fact that the class of works which Mr. Spencer wants to-day, and recommended by the joint report of Engineers Warren and Murray, is of a far greater dimension than the old system which was used by Mr. Spencer's predecessors. Mr. Spencer, however, apparently desired, and is, ranching on a much larger scale, and requires to bring to his holdings more water from Big Creek under a new licence than had previously been the case under Licence No. 530. To accomplish this, all that he considered was necessary would be to increase the size of the intake at Big Creek and enlarge the ditch from Big Creek to Fletcher Lake. As the Indians also needed water from Big Creek in addition to what they obtained from Menton Creek, verbal arrangements were made for the joint enlargement of these works at an estimated cost of \$1,250.00, and Mr. Spencer refused to contribute any more than \$750.00 towards the cost of the same, notwithstanding the fact that he was to get twice as much water from Big Creek as were the Indians. The Department of Indian Affairs was to spend \$500.00.

XII