

Owing to the intensive year's work undertaken, involving much travelling, and to increases (some of them retrospective to 1948-49) in the remuneration of members, expenditure on the National Orchestra was unusually high. In the first two months of the year a substantial portion of the Orchestra was engaged with the Italian Grand Opera Company, and later a comprehensive concert tour was carried out in which many of the smaller centres were included. Arrangements for the tour of the Opera Company were made with J. C. Williamson (New Zealand), Ltd., the Service undertaking financial responsibility for the tour and agreeing also to supply a portion of the National Orchestra. While the net financial result, excluding the cost of the Orchestra, was, as indicated above, a deficit of £2,470, the arrangement secured a visit to New Zealand, which did not seem otherwise possible, by the first Italian Grand Opera to come to this country for many years. With the approval of the Service, prices for the cheaper seats were 5s. only, as against 10s. in Australia, and visits were made to less remunerative places outside the four main centres, involving higher travelling costs and lower nightly takings.

In addition, the Service received, without further charge, sixty-one broadcasts from the public presentations of the Operas.

Indications for the future are that with less extensive travelling and increased concert takings the net cost of the National Orchestra will be appreciably reduced.

General Administrative and Running Expenses: Expenditure of £319,350 under this heading shows an increase of £53,094. This reflects the progressive effect of increased rates of pay to staff and of higher costs of other services. A full year's operation of the short-wave service, which commenced on 27th September, 1949, and the operation of Station 1YZ Rotorua from 27th April, 1949, also involved additional expenditure.

(b) *Commercial Division* —

Programme Expenditure, £44,992. This is £2,180 less than the expenditure under this heading for the previous year. The decrease arises from a reduction in the use of relays and the payment as salaried employees of certain announcers and broadcasters previously engaged casually under contract.

General Administrative and Running Expenses: The expenditure of £322,606 was greater by £107,778 on the previous year's figure. This increase is mainly due to the development and operation of new stations, increased salary payments to staff, and to the rising cost of other services.

Experience has shown that rates established in 1936 for depreciation of technical equipment have been more than adequate and equipment has remained in use much longer than such rates allowed for. In the early years of broadcasting development, obsolescence was an uncertain factor, but under present conditions, equipment manufactured is more stabilized in design and is not subject in the same degree to obsolescence arising from rapid changes. It was felt, therefore, that the position in regard to depreciation rates could be reviewed, and after full examination by technical and accounting officers of the Service and consultation with Treasury and the Controller and Auditor-General, reduced rates on technical equipment in keeping with existing conditions were approved and applied in the accounts for the year ended 31st March, 1950. Notwithstanding the reduction in depreciation rates on technical equipment, the provision required in the current year for depreciation on all assets totals nearly £56,000, some £19,000 in excess of the charge for the previous year. Provision for depreciation will continue to increase as capital expenditure on development increases.