

The financial results of the year's operations may be considered satisfactory, and a balance of £7,865 was carried to the net revenue account. The prospects for the present year are promising, and there is every indication at present that the undertaking will earn sufficient to meet interest charges and depreciation as well as working-expenses.

During the year the feeder lines have been extended from Belfast to Kaiapoi, but owing to the lack of material and other considerations extensions in other directions have had to be postponed. Urgent requests have been received from Akaroa, Southbridge, Leeston, Timaru, and other municipalities and districts on the route of the transmission-line from Christchurch to Timaru, but it has been impossible to comply with these requests. The demand for power threatens to exceed the capacity of the present machinery, and, having regard to the difficulty of obtaining delivery of machinery and plant on order to cope with the demand, the Department have declined for the present to enter into fresh contracts of any magnitude. A request has also been addressed to the Christchurch City Council and other local authorities taking a supply from the Department to exercise restraint in making new contracts.

In order to tide over the difficulty of shortage of plant and to enable the Department to place the whole of the machinery in Lake Coleridge in service, a contract is being negotiated with the Christchurch Tramway Board and with the Christchurch City Council for the use of their steam plant for stand-by purposes.

During the year considerable progress has been made with the surveys and other preliminary work in connection with the development of hydro-electric works in the North Island. Surveys have been completed for headworks on the Mangahao River, at Arapuni on the Waikato River, and a survey of the transmission-line between Shannon and Wellington has been completed, whilst a survey of a transmission-line between Auckland and the Waikato River is in progress.

Investigations have been directed towards determining the best method of providing a general supply of electricity for the North Island. The indications point to the advisability of developing three sources—namely, the Waikato River, Waikaremoana, and the Mangahao in the south. Other water-power sources will, in all probability, be developed in course of time, but the three sources mentioned above would constitute the principal sources.

A start has been made with the work of ascertaining the power requirements in the Wellington District, and a systematic canvass is being made of the power-users and their requirements ascertained.

A total of thirty-seven licenses has been issued during the year for electric light and power purposes.

IRRIGATION.

Only minor works in connection with the Ida Valley scheme in Central Otago were carried out during the year, consisting of a diverting-weir at the Manorburn Dam and the completion and repair of some of the distributing-races. A few settlers in the valley were again supplied with water from the dam for irrigation on a small scale.

Considerable progress has been made with the scheme to serve the country between Alexandra and Clyde from the Manuherikia River. The site of the intake has been fixed, and the construction of a tunnel in the river-gorge commenced. The locality is particularly rough, and a special service road, with tram-line to the intake, has to be constructed. Slow progress is being made with the excavation of the main race to lead the water out of the gorge, and slips on the steep hillside are of frequent occurrence.

WAIHOU AND OHINEMURI RIVERS IMPROVEMENT.

The dredge has been employed principally on excavating the Ngararahi Cut, which is 63 chains in length. At the end of March last there still remained about 12 chains to excavate through to the upper Waihou River. By means of the dredge about 26 chains of stop-bank was constructed between Paeroa and Netherton.

Four contracts were let for the construction of about 1 mile 60 chains of stop-banks on the left bank of the Waihou River above the Ngararahi Cut, but the work has not yet been completed.