

their estimated erection costs. The contractors were allowed the benefit of the reduction they made on this section of the work when both sections were let to them at the commencement of the contract. Construction plant and material belonging to the contractors which was of use to the Department was taken over from them at a valuation. It is hoped that under this agreement the work will be completed by the Department at a cost not very much in excess of that contemplated in the original contract. Work was actually taken over at the end of December, 1927, and since that date the excavations for the power-house have been completed, the concrete foundations for the three units in the original installation completed, and the erection of one unit and the steel frame of the building is well in hand. There have been various statements that there were grave difficulties in connection with the construction at Arapuni, and that the Department was taking undue risks in proceeding with the power-house at the site originally selected. Up to date the work carried on has demonstrated quite clearly that the Department was quite right in insisting that the work should be carried out as originally planned, and that it was well advised in taking over the work from the contractors. If the Department had insisted on the contractors carrying on, there is no doubt that very serious delays would have occurred pending and during litigation, and also because the contractors' representatives indicated that for them to complete the work would have taken considerably longer than was estimated by the Department's own officers as being necessary.

It is to be regretted that delays have occurred in the completion of this power-station, which is so important to the industries of the Auckland District, and the Department is making every effort to have at least a section of it in operation at the earliest possible moment. I hope that by the time the next Public Works Statement is produced power from this important plant will be available in Auckland.

Apart from the main generating plant, the main transmission-lines to Auckland have been completed, and the main substation at Penrose is ready for receiving power as soon as available.

WAITAKI.

I indicated in last year's Statement that the Waitaki River had been selected as the next source of power for supply to the South Island system. At that time the actual site was not definitely located, but as a result of surveys and investigations made during the year a site for the dam, about 3 $\frac{3}{4}$ miles above Kurow, has been selected and construction work has commenced. Tenders have been invited for the main items of plant, and every effort is being made to have power available from this source in three years from the present time.

LOCAL ELECTRIC-SUPPLY AUTHORITIES.

The Department controls only a portion of the electric-supply business of the country, but is more or less vitally interested in all the supply and distribution throughout the country. Many of the supply authorities purchase power in bulk from the Department for distribution and sale to the actual users. Over all supply authorities also, whether customers of the Department or not, a certain amount of control and general regulation has to be exercised. The Government itself now has an investment of £7,523,928 in its hydro-electric development, whilst local authorities drawing their supplies wholly or in part from the Government have an investment of £10,251,940, and other supply authorities who are generating their own power independent of Government supply an investment of £5,927,384.

Generally speaking, most of these supply authorities have been successful during the year, and, although possessed of rating-powers, these powers have been used only to a limited extent. Of the twenty-four Power Boards purchasing power from the Government only four collected rates during the past year, the total amount so collected being £8,333. Of the eleven Boards not using Government supply, three collected rates to a total value of £61,621 during the same period.