

the Auckland City load to be carried by the Auckland Power Board's steam plant at King's Wharf, Auckland. In order that all supply authorities concerned might be made fully acquainted with what had transpired and with the arrangements proposed, I convened a conference in Wellington on the 30th June of all interested Boards and members of Parliament. All information was placed before that conference, and the position fully discussed. The Auckland Power Board decided to increase its capacity at King's Wharf by the installation of an additional 15,000-kilowatt machine, and in order that available Government supply might keep pace with the continually increasing demand for power, the Government decided to install a steam generating-plant of 15,000-kilowatt capacity in the vicinity of the Huntly coalfields. Various offers to supply suitable machines have been received, and these are at present receiving consideration. It may here be stated that the necessity of proceeding with the erection of the Huntly steam plant is not of such extreme urgency as was at first thought, and it is therefore possible to give full consideration to the question of type of plant, &c., to be installed.

The Auckland Power Board has not asked for any financial assistance of a capital nature; but the fact that additional expenditure is being made by the Board in its endeavour to assist the general position is recognized by the Government, and is receiving consideration in relation to the overhead charges on the augmented steam stand-by plant and the increased costs of generation rendered necessary by the unforeseen circumstances.

I desire to take this opportunity of thanking the Power Boards, and particularly the Auckland Board, for the reasonable and helpful manner in which they have met the Department in all negotiations relating to the Arapuni breakdown, and thus very greatly assisted the Department in its endeavours to so arrange matters as to cause the least inconvenience to all concerned. Throughout the negotiations the Boards have in every instance taken the broader view of the interests of the Waikato supply district as a whole rather than the parochial view of how their own particular areas would be affected. This has been very gratifying and it has helped materially in placing the whole position on a footing which I feel can be regarded as satisfactory.

ELECTRIC-SUPPLY ACCOUNTS.

A gratifying feature of the financial position of the Electric Supply Account is indicated in the following graphs and the figures published above, which show the net revenue earned at the various stations. The amount at present invested in this branch is £9,205,885, which is received as a credit from the Public Works Fund annually as required. As the works are brought into commercial operation the Electric Supply Account is called upon to carry all the charges on the amount advanced, provision for renewals and depreciation, with the result as shown.

It is considered that the time has not yet arrived for a complete review of the prices charged for bulk supply, as this could be more profitably undertaken when the annual capital expenditure is reduced, as it should be after the Arapuni situation has been cleared up, the Waitaki Station completed, and probably an extension of the Waikaremoana plant undertaken. For the successful development of industry cheap and abundant power is essential, but due regard should be paid to the quantity which the community can absorb as a set-off against the amount of capital invested.

The past year has been one of very considerable importance to the hydro-electric-supply policy of the Government. In the first place, it is the first year in which the Waikaremoana and Mangahao Stations have been operated as a combined system, and, in the second place, it is the year in which commercial operations of the Arapuni Station were commenced.

The latter event was, unfortunately, followed by the recent stoppage of all supply from Arapuni, which has introduced complications which are discussed elsewhere in this report.

Capital expenditure on all schemes has been somewhat lower than in the previous year, the total being £738,150. The reduction does not mean any great slackening-off in development, as the reduction has been caused by the late delivery of materials which were due towards the close of the year, but which have actually come to hand early in the present year.