capacity of the station in accordance with the growing demand for electric energy, and also work was in hand for securing the position at the point where the water from the headrace falls back on to the normal level of the Waikato. At this point considerable erosion occurred last year, and, although for the last ten months no further erosion has occurred, my predecessor did not deem it advisable to take any risks in this direction, and Cabinet on his advice had decided to thoroughly secure the position by the construction of a drop weir. Plant had been assembled and a certain amount of work done on this, but if the position at Arapuni should be found on mature consideration to be beyond repair, which I sincerely trust will not be the case, then it would have been a waste of money to proceed with the securing of the waterfall. Similar remarks apply to the completion of the fourth generating-unit. As any one reporting on the position would naturally require the very best of information not only concerning surface indications, but also concerning the lie of the strata below, exploratory tunnels and shafts will be carried on until such time as the fullest of information concerning all the surroundings has been obtained.

Further investigations will include a survey of the financial position of the scheme and will deal with the economic aspect.

Meantime, for the general information of honourable members, I wish to make the following observations:—

The amount already invested in the Arapuni scheme, including substations and transmission-lines, and works in progress, is £2,500,000.

In the previous year before Arapuni came into operation, the working-charges for the Waikato system amounted to £76,231, and the standing charges for interest and depreciation and renewals were £74,571, or a total of £150,802. For the year ended 31st March last, the respective figures were £62,702 and £195,752—altogether £258,454—so that the difference amounting to £107,652 represented the additional total operation costs of Arapuni for the year.

The units sold for the year from the whole Waikato system were 191,000,000, and the net revenue, after paying working-expenses of £62,702, was £162,981. The average operating capital for the year was £2,649,000, so that the net revenue over and above working-expenses was 6·15 per cent. on the operating capital, notwithstanding that the plant installed was insufficient to take the whole available load during the earlier months of the year.

The present installed capacity of the Arapuni Station is 45,000 k.w. and consists of three units. The fourth unit is now in process of shipment from England, and, had the course of events not been interrupted, would have been installed on arrival, thus bringing the total capacity of the Arapuni plant to 60,000 kw.

In a subsequent statement details will be given showing the cost involved in calling into operation standby plants and other stations which were required to take the load when supply ceased from Arapuni, but it may be remarked that the estimate at present for the generating-costs at those stations is at the rate of £85,000 per annum, as against £12,000 for generating-costs had Arapuni continued in commission.

W. B. TAVERNER.

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