

The general position to date is that the Electric Supply Account has been able to meet all operating and interest charges, has provided the statutory requirement of £1,568,289 for depreciation, and, in addition, has provided £506,686 towards sinking-fund requirement of £1,396,307, and £82,399 to General Reserve from profits made from time to time on Lake Coleridge system. In other words, the electric-supply system as a whole has paid interest and operating charges and provided £2,157,374 in reserves, of which £315,364 has already been utilized by Treasury for the paying-off of loans which formed part of the original capital. There are, however, still arrears of sinking fund, amounting to £942,757, to be met.

#### ELECTRIC-SUPPLY OPERATING ACCOUNTS.

##### (a) North Island Electric-power Supply.

The Arapuni-Mangahao-Waikaremoana plants have operated satisfactorily throughout the past year, and the revenue shows an increase of £92,019 over that of the previous year.

The result of the year's operations was as follows:—

	£	£
Capital investment at end of year .. .. .	..	9,216,414
Revenue .. .. .	978,492	
Operating-expenses .. .. .	177,545	
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Balance .. .. .	£800,947	
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The balance has been used in paying interest charges (£349,816) and £37,593 as the Department's share of the capital charges on the King's Wharf generating-plant of the Auckland Electric-power Board, also £50,725 to provide the full statutory contribution to depreciation, and £2,151 has been charged against cost of raising loans.

The reserve accounts established in connection with this system show that £1,016,184 has been credited to depreciation and £210,868 to sinking fund.

##### (b) South Island Electric-power Supply.

The accounts under this heading formerly had reference to the interconnected Lake Coleridge and Waitaki systems, but this year have been amalgamated with those of the Southland system, which was purchased from the Southland Electric-power Board in October, 1936, and with the Arnold River scheme purchased from the Grey Electric-power Board and taken over on the 1st February of this year. These latter portions of the system are, however, not yet actually interconnected with the Coleridge-Waitaki section. The respective plants have operated satisfactorily throughout the year.

The year's operations resulted as under:—

	£	£
Capital investment at end of year .. .. .	..	6,319,615
Revenue .. .. .	491,551	
Operating-expenses .. .. .	126,715	
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Balance .. .. .	£364,836	
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The balance has been used in payment of interest (£220,112), £112,375 has been paid to depreciation, and £1,363 has been charged against cost of raising loans. The net result was a profit of £30,987, which has been credited to sinking fund.

#### GENERAL.

The capital invested in the electric-supply systems operating throughout the Dominion totals £35,527,342, which includes £15,536,029 of Government expenditure, and the gross revenue received for the year was £5,686,397. After paying working-costs, interest, sinking fund, and depreciation charges the net profit for the year under review was £878,594, as compared with £570,131 for 1937, which indicates