

(6)

Experience in other countries has shown that the profitable development of hydro-electric schemes in competition with services employing steam-generation depends entirely upon the distance of the source of water-power and the cost of utilizing it, as compared with the cost of coal at the chief centre to be supplied. It is clearly shown that the competition which gas enterprises in Auckland may anticipate in the future can be no greater than that which the Auckland Gas Company is now sustaining with a steadily growing business.

(7)

Sixty per cent. of the gas sold in Auckland is for cooking, and the cost of heating by electricity is about nine and a half times that of gas. In other words, consumers can purchase for less than a halfpenny as much heat in the form of gas as would cost them at least 4d. if produced by electricity.

(8)

The facts quoted by Mr. Lowe regarding the successful competition of gas against electricity in Toronto (Canada) and Bergen (Norway) are of especial importance, because the hydro-electric services which supply these cities are among the most up to date in the world.

(9)

The official figures in Mr. Lowe's report, showing that the capital outlay on the Lake Coleridge scheme greatly exceeded the estimate—that the estimated cost was £23·2 per horse-power, whereas the actual cost has been £45·8 per horse-power—are significant of what New Zealand may expect in future if similar schemes are authorized. The unfair competition to which private enterprises are exposed, through the exemption of Government and municipal trading concerns from taxation, also demands public attention. In Great Britain similar enterprises are not subsidized in this way. The entire population of the Dominion is being taxed for the benefit of one section of the community, and public funds are employed under a system that tends to destroy the healthy competition which is necessary in order to secure efficiency. This is a matter that should be strongly urged upon the attention of the Legislature.

J. H. UPTON,  
Chairman of Directors.

REPORT BY MR. J. LOWE, A.M.I.C.E., ENGINEER AND MANAGER, AUCKLAND GAS COMPANY.

*Lake Coleridge Results.*

(1)

The following data regarding Lake Coleridge results is taken from the Public Works Statement, 1917 :—

	Year ending 31st March 1917.
Capital outlay .. .. .	£366,984
Plant capacity .. .. .	6,000 kw.=8,000 h.p.
Revenue from sale of current .. .. .	£20,754
Working-expenses .. .. .	£12,889
Interest at 4 per cent. .. .. .	£13,743
Depreciation at 2 per cent. .. .. .	£6,078
Total annual cost .. .. .	£32,710
Maximum load in power-station .. .. .	4,366 kw.
Average weekly load factor (per cent.) .. .. .	52·9
Energy issued from power-house (kilowatt-hours) .. .. .	14,774,960
Energy sold (kilowatt-hours) .. .. .	11,664,961

The price or prices at which current is sold are not given, but the average price received can be calculated, and is found to be 0·427d. per unit sold.

(2)

(a.) It is important to notice that the capital outlay is largely in excess of the estimates by the Hon. R. McKenzie in the report of the second reading of the Water-power Bill, Wellington, 13th October, 1910.

The estimate for the complete works, including transmission-lines, was £232,000 for a plant capacity of 10,000 horse-power (*vide* Appendix A attached hereto). The estimated cost was therefore £23·2 per horse-power of plant, but the actual expenditure from the Public Works Statement works out to £45·8 per horse-power of plant installed.

This figure would have been considerably greater had import duties been paid on the plant in accordance with the Customs tariff.

(3)

(b.) That the total annual cost is given as £32,710, made up of working-expenses, interest, and depreciation, while the revenue from sale of current is £20,754, so that there is a total loss on the year's working of £11,956. The annual report does not indicate how this deficit is met.

(4)

Is it to be charged against the revenue of the Dominion, or to be carried forward at the debit of profit and loss in the hydro-electric accounts ?