

This has been expended in wiping out the accumulated deficiency of sinking fund, and the balance of £3,494 has been carried forward on the Profit and Loss Account, as it is anticipated that with the heavy expenditure on additions and extensions coming on during next year, and with special heavy depreciation charges on sections of the old plant, the financial results of the next two years may not be quite so satisfactory.

The maximum load was 7,400 kw., an increase of 500 kw. during the year. This might have been considerably increased had the additional operating plant been available.

WAIKAREMOANA POWER PLANT.

A small plant has been installed by the Department at Waikaremoana for the supply to Wairoa Borough Council, and in anticipation of our requiring power for construction purposes on the main scheme of development. This plant has been leased to the Wairoa Power Board, and has been operated by them during the year. The results have been very satisfactory in supplying the needs of the Wairoa district, and in building up a load in that district in anticipation of a larger development. The plant has a capacity of 700 kw., and the maximum load reached during the year was 555 kw.

The financial results considering the plant simply as an operating-station are not very satisfactory, but as the plant is really an advance portion of the larger scheme of development at Waikaremoana the capital investment is considerably greater than would have been necessary if the scheme had been put in purely for its present purpose of supplying power to the Wairoa Power Board.

The capital outlay is £77,148. Capital charges (interest and depreciation) amounted to £5,574, and the revenue to £2,100, giving a loss of £3,474 for the year.

FUTURE DEVELOPMENT.

For the current year the main works under construction will comprise—

Mangahao.—Completion of present power-house to capacity of 24,000 K.V.A. Extension of transmission-lines to Napier and to Wanganui, and the completion of substations now in hand. The erection of further substations to supply the Hawke's Bay, Central Hawke's Bay, and Wanganui-Rangitikei Power Boards.

Lake Coleridge.—The duplication of the present plant, including a second tunnel, and an additional 20,000 h.p. of plant capacity.

A second transmission-line will be erected to Timaru, and an extension made from Timaru to Oamaru.

Horahora.—Completion of extensions to power-house, and erection of transmission-lines to give supply to Auckland, to Rotorua, and to Waitomo Power Board.

Arapuni.—The access roads and bridges will be completed during the year, and the contractor for headworks and power-house will have made active commencement on his contract. A substation will be erected at Penrose to give supply to the Auckland Power Board, and surveys made for transmission-lines and preliminary works necessary to give supplies to Franklin and Waitemata Power Boards. Surveys will be made and specifications prepared for a main duplicate transmission-line between Arapuni and Auckland.

Waikaremoana.—Detail plans and specifications will be prepared in anticipation of an active commencement of the major scheme at this place [as soon as our staff are released from Mangahao, and the load on Mangahao indicates that an additional source of power is necessary.

Other Schemes.—In addition to the above, survey and other investigation work in connection with additional sources of power will be put in hand.

FUTURE POLICY.

The works now under construction provide for the requirements of most of the main centres of population. The requirements of others are being provided by plants owned or being installed by local authorities. Some criticism has been directed against the Department in regard to its policy of development in