

originally made. It was decided that, although these amounts had been very considerably exceeded in practically all cases, it would be better to make every endeavour to supply the needs of the community, even at considerable expense, rather than curtail supply in an attempt to make a better appearance in this year's balance-sheet. The financial difficulties of the scheme during the past year are an index of the actual success of electric supply in the district, rather than an indication of any failure on its part, in that the excessive cost of operation was due very largely to the rapid rate at which the demand for power has grown.

The following table shows the actual demand of the various supply authorities during the year, as compared with the load equivalent of the amount they were prepared to guarantee for this year when the contracts were originally made:—

Power Board.	Originally- guaranteed Load. Kv.a.	Maximum Load for the Year. Kv.a.
Horowhenua	720	2,333
Wellington City Council ..	6,370	10,496
Hutt Valley	1,200	2,372
Manawatu-Oroua	1,100	2,093
Dannevirke	270	470
Tararua	400	468
Wairarapa	282	465
Wanganui	875	2,088
Central Hawke's Bay ..	240	476
Hawke's Bay	800	2,136

The difficulties were accentuated by the fact that the upper dam on the Mangahao, which was completed and available for storing water in January, 1928, could not be filled until after the drought had broken in April. Even with this additional storage, however, difficulties would have been experienced, as the plant has always been rated as being able to supply 1,600,000 units per week, whereas immediately before the drought and immediately after it the output has been between 2,000,000 and 2,400,000 units per week.

The main item of construction during the year has been the completion of the upper dam on the Mangahao River. In anticipation of supply being obtained at an early date from Waikaremoana, condensers and additional switch-gear are being installed in some of the main substations to secure better service. The operation of the plant has given very little trouble during the year, and the number of interruptions on the main transmission-line has been very considerably reduced as compared with the previous year.

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An expenditure of £801,932 has been made on this scheme, of which £483,821 represents payments to the contractors for the headworks and power-station, and the balance is mainly for various transmission-lines and substations which have been built by the Department to transmit and distribute the power to various supply authorities.

Fair progress was made with the construction of the main dam, which was completed towards the end of December. Water was finally turned over the new spillway on the 1st January of this year. The diversion of this water into the new channel caused considerable erosion in the Waitete Stream, and on the banks of the Waikato River between Arapuni and Horahora. Large quantities of sand, pumice, and debris of all kinds were carried down the river, and interfered considerably with the Horahora Power-station. The difficulty has been gradually decreasing.

As indicated in my Statement of last year, progress on the power-house section had not been altogether satisfactory for some time. After protracted negotiations with the contractors, it was decided to take over this section of the work from them, and to carry it on under the direction of the Department's own staff. An agreement was made with the contractors by which they were to be paid at schedule rates for the actual quantities of work done and material supplied, and where material was supplied and not actually erected they were to be paid at their schedule rates, less