

The balance has been used in payment of interest, £12,500 has been paid to Depreciation Account, £18,062 to Sinking Fund, and £76,905 to General Reserve. The scheme has now an accumulated Depreciation Reserve of £211,752, a Sinking Fund of £193,865 (of which £110,242 has been used in redemption of loans), and a General Reserve of £174,249.

Mangahao-Waikaremoana.—Despite the depression the scheme continues to show some small improvement in its financial position.

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Capital investment at end of year	3,659,304
Revenue	300,022
Operating-expenses	48,900
Balance	<u>£251,122</u>

The balance has been used in payment of interest, and has, in addition, allowed a payment of £48,347, or £17,334 short of the statutory provision, to the Depreciation Account.

GENERAL.

Throughout the year at various times the Department has been asked to make reductions on the price of power supplied in bulk, particularly to the smaller Power Boards, so that they should obtain the same rates as are applicable to the main centres. Although the Government is anxious to do everything possible to bring down the cost of living, it is regretted that it has not been possible to comply with this request. Government action in other directions has, however, enabled Power Boards to effect economies in many cases by reductions in interest rates and in wages, which have been passed on to the actual consumers. It has to be remembered that by far the greatest part of the cost to the Government of supplying electricity in bulk is made up of capital charges on its investment, and, as the money has practically all been raised abroad, it has not itself obtained any benefit from reduction on interest rates. Power has, moreover, been supplied in the past at such reasonable rates that the actual retailers of electricity have, on the average, been able to bring their own financial positions into a better condition than is that represented by the Government's own Electric Supply Account. In the general cry for reduction the fact is often overlooked that since Government schemes come into operation very considerable reductions have already been made in the average price per unit paid by the consumers. As an example, the following figures have been taken out for a few supply authorities which previously generated their own power, but which now obtain supply from the Government system :—

Supply Authority.					Total Annual Cost per Unit Sold.		
					Last Year, prior to Government Supply.		Under Government Supply 1932.
					Year.	Pence per Unit.	Pence per Unit.
No. 1	1927	3.02	1.12				
No. 2	1927	2.51	2.10				
No. 3	1925	5.00	0.82				
No. 4	1921	7.94	1.23				
No. 5	1923	6.00	1.57				
No. 6	1924	3.22	1.88				
No. 7	1923	4.53	1.78				
No. 8	1922	9.65	1.07				

Where there is in all cases one supply authority, and in many cases two supply authorities, between the Government system and the actual consumer of electricity, a uniform price for power supplied in bulk by the Government does not by any means necessarily mean that the actual consumers are all going to obtain power at the same price. Some authorities have existing plants on which they still have to pay capital charges, the cost of distribution per consumer and per unit sold varies quite considerably in different localities, and some authorities