

OPERATING RESULTS.

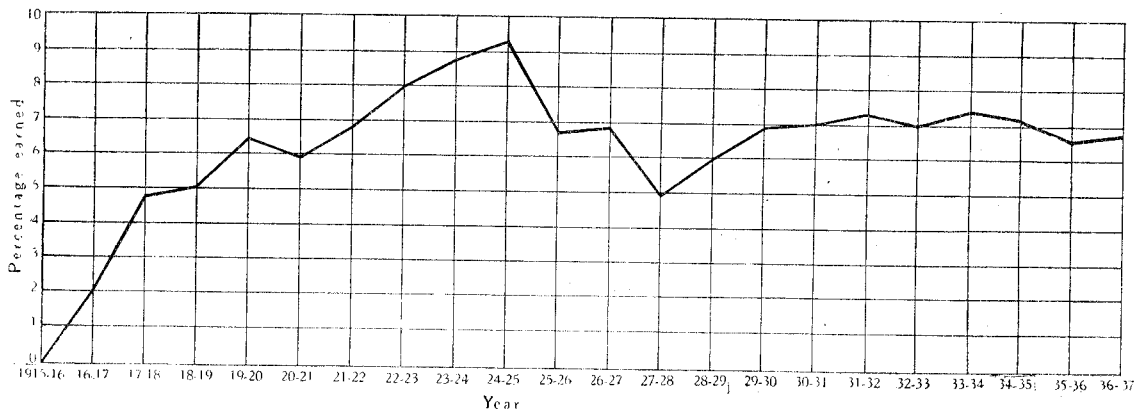
For the year just closed the number of units generated in the Government stations showed an increase over the previous year of 10·62 per cent. in the North Island and 11·56 per cent. in the South Island.

Financially the year has been a successful one, and the whole Electric Supply Account has been able to earn 6·78 per cent. on the operating-capital after paying net operating-expenses.

The position of the account is summarized in the following table, and the result since the State commenced operation in the electric-supply business is shown in the following graph :—

Percentage earned on Operating-capital after paying Working-expenses.

	Average Operating- capital.	Gross Revenue.	Working- expenses.	Net Balance.	Percentage of Net Balance to Operating- capital.
	£	£	£	£	Per Cent.
North Island system	8,489,741	887,410	144,315	743,095	8·750
South Island system	6,085,985	329,058	85,829	243,229	3·996
Totals ..	14,575,726	1,216,468	230,144	986,324	6·780



In the North Island the Depreciation Reserve required by the State Supply of Electrical Energy Act—viz., 12½ per cent. of the capital invested—has already been reached, and a considerably reduced amount is therefore chargeable to depreciation, with a consequential credit balance of £244,140 on the year's operations. This balance has been used to reduce the amount of deficiency which has been accumulated in earlier years and which now stands at £155,175. In the South Island, where in the past the Depreciation Reserve had reached the 12½-per-cent. limit mentioned above, the addition of a large amount of additional capital has necessitated the resumption of full payments into the Depreciation Reserve Fund, with the result that the year's operations show a loss of £108,106. This deficiency is greater than that shown for last year, and is accounted for by an operating-loss of £19,496 on the recently acquired Southland Electric Supply System, on which the full depreciation charge of 2 per cent. has been paid, and by a non-recurrent payment of £26,420 as the cost of raising loans during the year. To meet this loss the General Reserve has been drawn on, and has consequently been reduced to £67,703.

The general position to date is that the Electric Supply Account has been able to meet all operating and interest charges, has provided £1,265,796 towards the statutory requirements of £1,420,971 for depreciation, and, in addition, has provided £327,044 to sinking fund and £67,703 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 £1,660,543 in reserves, of which £313,614 has already been utilized by Treasury for the paying-off of loans which formed part of the original capital.