

Income-tax, social security, and national security taxes amount to £132,624, resulting in a net deficiency of £75,954, with the result that we are again unable to meet any of the statutory requirement for loan-redemption purposes, which is £315,876 this year.

Arrears of Loans Redemption Fund now amount to £692,408.

SOUTH ISLAND SCHEME

Capital outlay at end of year, £10,485,932

				£	£
Revenue	..	..	..	1,086,339	
Operating-costs	..	..	..	380,240	
Gross profit	..	..	..	..	706,099
The capital charges are—					
Interest	..	..	..	342,755	
Depreciation	..	..	..	78,372	
Total	..	..	..	..	421,127
Leaving a balance of	..	..	..	..	<u>£284,972</u>

The balance has been used to pay income-tax, &c. (£111,230), and loans redemption of £173,742, being the current year's charge of £145,386 plus £28,356 of arrears.

Arrears of loans redemption are now £148,267.

NEW WORKS

During the period of the war the construction of hydro-electric works presented many difficulties, but the end of the war did not bring the expected relief.

The delivery of plant and materials is getting worse, so that it is almost impossible to work out time schedules that can be adhered to. Nevertheless, and despite the many handicaps, good progress has been made.

At Arapuni the long-awaited 21,600 kW. generating-unit ordered in 1939 went into service towards the end of 1946 and so permitted overhaul work to commence on the older machines.

Under very trying conditions the first of the three 30,000 kW. generating-units at Karapiro went into operation in April, 1947, and is giving good service.

The second machine has been delayed due to the non-arrival of the final parts of the turbine, but it is anticipated that this unit will commence operation in August of this year.

The upset caused by the shortage of electric power in Great Britain has seriously delayed the delivery of vital parts of the third turbine which will delay the completion of this unit till the end of 1947.

There has been a similar hold up of turbine parts ordered in March, 1943, for delivery in 1944 at Kaitawa, the 32,000 kW. upper station at Waikaremoana. They are now expected to be ready for shipment shortly. The new machines may be ready for service in September of this year.

At Maraetai, the new 180,000 kW. station on the Waikato, much preliminary work has been done and the construction of the diversion tunnel is now well under way. Men have been transferred from Karapiro to the new village at Mangakino, which is unlike any other construction village and represents a serious attempt to better the living-conditions of the men who are constructing these essential works.