being issued which render this responsibility quite definite but at the same time protect the interests of the licensee or Board by giving them the power to require from prospective consumers a guarantee for a period of five years of an annual revenue from any line at a rate not less than 20 per cent. of the capital cost of such line. The Power Board would, of course, lay out its original reticulation of the districts, which will obviously be remunerative, and would then extend it piece by piece under this guarantee to the more remote and sparsely settled portion of its area, thus ensuring an ultimate supply to all who require it, and at the same time ensuring a sufficient revenue to the Board to render the scheme self-supporting as it develops. As long as the Boards generally administer their affairs economically it is desired to leave the question of their internal policy in their own hands as representatives of the ratepayers concerned. But if it is found that work is being done that will involve undue cost of power to consumers, thus restricting the development of the output of the main Government station, it may be necessary to take power by legislation to enable the Department to review the Board's estimates at the beginning of each financial year. If, on the other hand, it is found that a Power Board fails to adopt a sufficiently progressive policy to ensure the disposal of the proportion of the output of the Government power-stations developed for that particular district, it may also become necessary for the Government to protect itself in this direction in making the contract for the supply of power to the Board.

On the whole the Electric-power Board legislation has so far proved successful in putting into the hands of the ratepayers themselves the responsibility of undertaking the distribution of the power and in giving them a local interest in ensuring the financial success of the undertaking.

Local Electric-supply Systems.

In addition to the Government and Power Boards systems, the Department is responsible under the Public Works Amendment Act, 1911, for the licensing and supervision of all the electric-supply systems of the Dominion. The industry as a whole now involves a capital outlay of £5,224,629, and after paying working-expenses and capital charges at an average rate of 5·85 per cent. it yielded a net profit of £82,688, or 1·6 per cent. additional on the capital outlay. Full details are included in the tables herewith.

Future Developments.

With regard to future developments, a programme was set out in my last annual Statement covering a total expenditure of £12,902,000 spread over a period of ten years, providing 260,000 h.p. and reaching a maximum rate of expenditure of £2,023,000 in 1925. The financial position has rendered it necessary to revise this programme in order to keep the annual expenditure per year, in the meanwhile, down to about £1,000,000. To do this it has been necessary to postpone for a couple of years the commencement of the main works at Lake Waikaremoana, and to hold over a number of the smaller developments in the South Island until the Power Boards are constituted to deal with the reticulation. At the same time the transmission-lines from the schemes to be proceeded with will be pushed on, in order to make the supply as general as possible within the capacity of the headworks at each site. With this object the mains from Lake Coleridge will be extended into Otago and North Canterbury, and from Mangahao to Wanganui and Napier, in addition to the lines already under construction. The revised programme herewith provides for a slightly less total expenditure (£11,355,000) spread over a longer period, and keeps for the first few years within the limit of £1,000,000 per annum.