

The steam plant which was purchased from the Grand Junction Mining Co. last year has been operated during the year, and one of the units there which was out of commission when purchased has been repaired and put on load. In addition, power has been obtained under contract from the Tauranga Borough Council's plant at McLaren's Falls, and from the Tourist Department's plant at Okere.

The three Diesel-engine-driven generating-sets which were ordered towards the end of last year were erected and put into operation at Penrose in June of this year.

Construction work on various lines which, though ultimately forming part of the Arapuni scheme will be operated meanwhile from Horahora, was continued.

A 50,000-volt line from Rotorua to Opotiki, in the Bay of Plenty, was completed, and has gone into operation, with substations at Rangitaiki and Opotiki. In addition, a new 50,000-volt line is being built from Hamilton to Huntly, and new substations at Huntly, Matamata, and Kerepehi.

WAIKAREMOANA.

This plant, of a total capacity of 2,000 horse-power, which was originally installed partly to supply power for construction purposes and partly to supply the Wairoa Power Board, was operated by that Board under lease until December, 1927, and since that date has been operated by the Department itself. The capital expenditure on all works has been increased from £185,703 to £613,893. Operating charges, including interest and depreciation on the plant in operation, amounted to £8,780. The revenue received has been £5,073, showing a loss of £3,707 on the years' operation. The accumulated loss on this plant now amounts to £18,757, against which there is an accumulated depreciation reserve of £8,925.

Construction of the main plant at Waikaremoana has been pushed on very energetically to endeavour to relieve the overload conditions at Mangahao. Contracts for supply from this main plant were made by which we were to give supply in June, 1929; but we confidently anticipate that power should be available somewhat before this date. There has been some delay with the delivery of plant from England, but good progress has been made with the headworks and pipe-line, and, should all material come to hand at the dates now promised, power should be available early in the new year.

The transmission-line from Waikaremoana to Napier, where it will connect with the Mangahao system, is almost completed, and another line from Waikaremoana to Gisborne will be finished before the end of the year.

MANGAHAO.

The past year at Mangahao has been a critical one owing to the severe drought which was experienced in all the western districts of New Zealand during last summer. The financial position can be summarized as follows:—

					£
Capital	..	..	..	..	2,373,921
Revenue	..	..	..	..	155,857
Operating expenses	..	..	..	..	145,659
Balance	..	..	..	..	£10,198

The balance has been sufficient to pay only 0·49 per cent. towards the interest charges for the year. The operating expenses are particularly heavy because of the purchase of power from other plants connected to the system, amounting to £111,745.

The Department was faced, when the drought commenced, with the problem of deciding whether it should endeavour to supply all the demands made on the plant, or whether it should restrict its bulk supply consumers to the actual amounts of power which they had guaranteed to take when contracts for supply were