

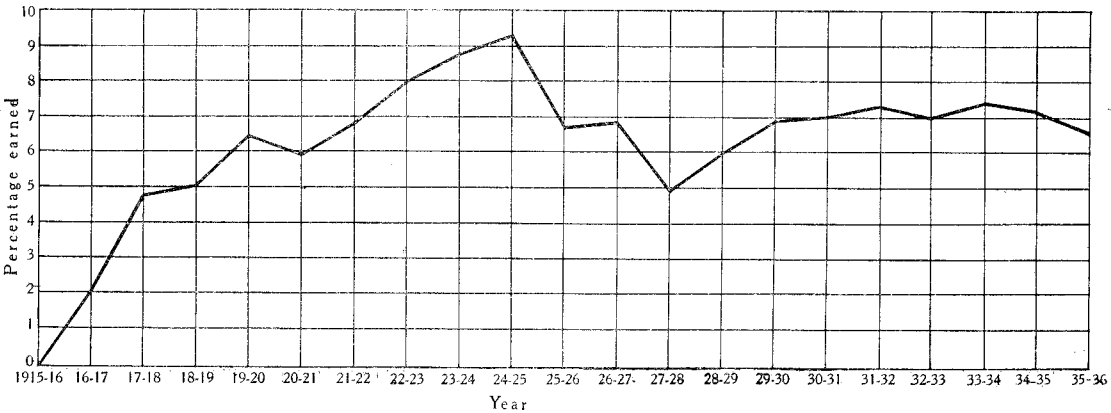
For the year just closed the increase in the number of units generated in the Government stations showed an increase over the previous year of 6·84 per cent. in the North Island and 14·49 per cent. in the South Island, whilst for the quarter ending in June of this year as compared with the corresponding quarter of the previous year the increase has been 11·81 per cent. in the North and 15·97 per cent. in the South.

Financially the year has been a successful one, although in the South Island the position has been affected by the fact that the large amount of capital invested in the Waitaki development has come on the Operating Account for the first complete year. Despite the addition of the large amount of additional capital, however, the whole Electric-supply Account has been able to earn 6·55 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	..	8,445,737	795,391	144,068	651,323	7·71
South Island System	..	4,431,949	245,258	53,900	191,358	4·32
Totals		12,877,686	1,040,649	197,968	842,681	6·55



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 now been reached, and a considerably reduced amount is therefore chargeable to depreciation, with a consequential considerable credit balance of £187,533 on the year's operations. The balance has been used to reduce the amount of deficiency which has been accumulated in earlier years and which now stands at £399,315. 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 £65,609. To meet this loss the General Reserve has been drawn on, and has been reduced to £175,809.

The general position to date is that the Electric Supply Account has been able to meet all operating and interest charges, has provided £950,988 towards the statutory requirements of £1,350,303 for depreciation, and, in addition, has provided £326,500 to sinking fund and £175,809 to general reserve from profits made from time to time on Lake Coleridge and Horahora systems. In other words, the Electric Supply System as a whole has paid interest and operating charges and provided £1,453,297 in reserves, of which £308,945 has already been utilized by Treasury for the paying-off of loans which formed part of the original capital.