

This PUBLIC BILL originated in the HOUSE OF REPRESENTATIVES, and, having this day passed as now printed, is transmitted to the LEGISLATIVE COUNCIL for its concurrence.

House of Representatives,

24th November, 1927.

Hon. Mr. Williams.

ELECTRIC-POWER BOARDS AMENDMENT.

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A BILL INTITLED

AN ACT to amend the Electric-power Boards Act, 1925. Title.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows :—

1. This Act may be cited as the Electric-power Boards Amendment Act, 1927, and shall be read together with and deemed part of the Electric-power Boards Act, 1925 (hereinafter referred to as the principal Act). Short Title.

2. Section two of the principal Act is hereby amended by repealing the definition of the term "constituent district," and substituting the following definition :— Section 2 of principal Act amended.

"'Constituent district' means—

"(a) The whole or any part of a borough or county situated within an electric-power district :

"(b) The whole or any part of a town district situated within an electric-power district, and not forming part of a county :

“(c) The whole or any part of a road district in a county in which the Counties Act, 1920, is not in force, or in, or deemed to be in, a county in which that Act is suspended.”

Extending power of Governor-General to include area in an outer area of a district.

3. The power conferred on the Governor-General by subsection four of section three of the principal Act to include an area in an outer area of an electric-power district may be exercised in respect of any area forming part of an outer area of an adjoining electric-power district if the application for such inclusion is consented to by the Board of such last-mentioned district. **5**

Expenses of Power Board elections.

4. (1) The reasonable cost of every election under the principal Act that is not held simultaneously with the election of members of any local authority, and the reasonable additional cost incurred by a local authority in respect of any election under the principal Act that is held simultaneously with the election of members of the local authority (except in every case the expenses of scrutineers and other expenses incurred by or on behalf of candidates) shall be paid by the Electric-power Board. **10**

(2) Any dispute arising as to the amount to be paid by an Electric-power Board to any local authority under this section shall be determined by the Audit Office after such inquiry as it thinks fit, and the decision of the Audit Office in any such dispute shall be final. **15**

(3) Subsection seven of section thirteen of the principal Act is hereby repealed.

Section 21 of principal Act amended.

5. Paragraph (g) of section twenty-one of the principal Act is hereby amended as follows:— **20**

(a) By omitting the words “five pounds,” and substituting the words “ten pounds”:

(b) By omitting the words “ten pounds altogether,” and substituting the words “twenty-five pounds altogether.” **25**

Section 22 of principal Act amended.

6. (1) Paragraph (h) of subsection one of section twenty-two of the principal Act is hereby amended as follows:— **30**

(a) By omitting the words “five pounds,” and substituting the words “ten pounds”:

(b) By omitting the words “ten pounds altogether,” and substituting the words “twenty-five pounds altogether”:

(c) By inserting, in the proviso thereto, after the word “advertisements,” the words “or in any lease granted or agreed to be granted to or by the Board.” **35**

Repeal.

(2) Subsection six of section twenty-two of the principal Act is hereby repealed. **40**

Interest in contract made before election or appointment not to disqualify member of Board in certain cases.

7. Notwithstanding anything contained in sections twenty-one and twenty-two of the principal Act, no person shall be disqualified from being elected or appointed to be a member of the Board by virtue of his being concerned or interested in any contract made before his election or appointment if his obligation thereunder has been performed before such election or appointment; and any payment made thereafter by or on behalf of the Board pursuant to such contract shall not operate to disqualify such person from continuing to hold office, or be taken into account for the purpose of computing the amount that may lawfully be paid to him as a member of the Board in the same financial year in respect of any contract or contracts. **45**

8. (1) A Board may, if it thinks fit, make and levy, on a graduated scale according to a classification of the rateable properties affected, instead of as a uniform rate, any rate which it is authorized to make by section fifty-six of the principal Act.

Rate to raise excess of expenditure over income may be levied on a graduated scale.

5 (2) The Board may classify such rateable properties into such number of classes as it thinks fit.

(3) The rate shall be made and levied upon such classes of rateable properties in such proportions as the Board in each case appoints :

10 Provided that before the appointment of such proportions the Board shall cause public notice to be given of the respective proportions it proposes to appoint, and shall, at a meeting of the Board to be held after the expiration of a period of twenty-eight days after the first publication of such notice, consider all objections in writing (if any) received by it to such proposed proportions.

15 (4) Every classification so made shall be set forth in a list, to be sealed with the common seal of the Board, and the Board shall forthwith cause a copy thereof to be deposited for inspection in the office of each constituent local authority, and in each post-office in the district, and give public notice that such copies may be inspected for a period
20 of twenty-one days from the first publication of such notice.

(5) Any person aggrieved by such classification may appeal against the same on the ground that the property of the appellant, or any other property in the rating-area, has not been classified or has not been fairly classified in accordance with the benefit received or likely to be received
25 from the expenditure in respect of which the rate is to be levied.

(6) A notice of appeal setting out the grounds thereof shall, within seven days next after the expiration of the twenty-one days appointed for the inspection of the classification list, be given to the Clerk of the Magistrate's Court nearest to the public office of the Board, and a copy
30 thereof shall within the same seven days be lodged at that office.

(7) The appeal shall be heard by the Magistrate at such convenient time and place as he appoints, of which not less than three days' notice shall be given to the Clerk of the Board and to the appellant.

35 (8) On the hearing of any such appeal the Magistrate may cause the classification list to be amended in such manner as he thinks reasonable, and he shall sign the list as so amended, and the determination of the Magistrate shall be final and conclusive.

40 (9) Every classification list sealed with the seal of the Board, or signed by a Magistrate in the case of any such appeal as aforesaid, shall, for the purpose of any proceedings for the recovery of rates, be sufficient evidence of a classification duly made by the Board in accordance with the requirements of this section.

(10) The classification list may from time to time be amended by the Board :

45 Provided that no such amendment shall have effect until the expiration of two months after the service of notice of the amendment on all ratepayers affected thereby.

50 (11) The provisions of this section relating to appeals and to the authentication of the classification list shall apply to every such amendment of the list.

9. Subsection one of section sixty-four of the principal Act is hereby amended by adding thereto the following proviso :—

Section 64 of principal Act amended.

“ Provided further that, except with the consent of the licensee, no such defined portion shall include the land occupied by any holder of a license granted under Part XII of the Public Works Act, 1908, or section five of the Public Works Amendment Act, 1908, or section nine of the Public Works Amendment Act, 1923, at any time before the Board 5 has made a supply of electricity available to such land, if and while such land is supplied with electricity generated pursuant to such license.

Board may suspend sinking-fund payments in certain cases.

10. (1) Where the Board raises a special loan for the purposes of the undertaking, or, having taken over for the purposes of the undertaking electrical works from another public body, assumes the liability 10 for repayment of any special loan raised by such public body in respect of such works, it shall be lawful for the payments to the sinking fund established in respect of such loan to be suspended, for such period and subject to such conditions as the Local Government Loans Board may determine, if the revenues of the undertaking are insufficient to meet 15 working-expenses of the undertaking, interest on such loan, and the depreciation charge hereinafter in this Act prescribed.

Provided that such suspension shall not be for a longer period than five years from the commencement of the financial year next after that in which such loan was raised or such liability assumed. 20

Section 68 of principal Act consequentially amended.

(2) Section sixty-eight of the principal Act is hereby consequentially amended by omitting from paragraph (c) of subsection two and also from subsection three the words “ or interest and sinking fund.”

Section 72 of principal Act amended.

11. (1) Subsection one of section seventy-two of the principal Act is hereby amended by repealing paragraph (b) thereof. 25

(2) All moneys held by the Board on the passing of this Act for the purposes of the said paragraph (b) shall, in the month of April, nineteen hundred and twenty-eight, be paid to the Depreciation Fund Commissioners for the purposes of the Depreciation Fund established pursuant to section *twenty* hereof. 30

Disposal of certain moneys held for purposes of section 72 of principal Act.

12. (1) On the establishment by the Board of a fund or funds pursuant to section *eighteen* hereof the Board shall transfer to the credit of such fund or funds all moneys theretofore appropriated by it under section seventy-two of the principal Act and set apart for the contingencies mentioned in paragraph (a) of subsection one of that section. 35

(2) On the establishment by the Board of any fund or funds pursuant to section *nineteen* hereof the Board shall transfer to the credit of such fund or funds all moneys theretofore appropriated by it under the said section seventy-two and set apart for the contingencies mentioned in paragraph (c) of subsection one of that section. 40

(3) When the Board has made any transfer to any such fund pursuant to the foregoing provisions of this section it shall not thereafter be lawful for it to make any appropriation pursuant to the said section seventy-two for the contingencies mentioned in the said paragraph (a) or the said paragraph (c), as the case may require. 45

Section 73 of principal Act amended.

13. Subsection two of section seventy-three of the principal Act is hereby amended by adding thereto the words “ or any other person authorized in that behalf by the Board.”

Board may authorize an Imprest Account.

14. (1) The Board may, pursuant to a resolution in that behalf, establish an Imprest Account, which shall, as the Board may determine, 50 be kept in the Post Office Savings-bank, or in any other bank within the meaning of the Banking Act, 1908.

(2) The Imprest Account may be held jointly in the names of and be operated on by the Treasurer and one other person to be appointed in that behalf by the Board, or may, with the express approval in writing 55

of the Audit Office, but not otherwise, be in the sole name of and be operated on by the Treasurer or other approved officer of the Board. Where the Imprest Account is held jointly in the names of the Treasurer and of one other person as aforesaid, such last-mentioned person shall

6 be either a responsible officer of the Board or a member of the Board.

(3) The Board shall from time to time, by resolution, fix the maximum amount that may be held at any time in the Imprest Account, not exceeding *seventy-five* pounds in any case where the Imprest Account may be operated on by one person acting alone, and not exceeding such

10 amount as the Audit Office may approve in any other case.

(4) Moneys in the Imprest Account shall be available only for the payment of casual wages and of emergency expenditure. A statement of all payments made from the Imprest Account shall be submitted to the Board for approval at its first ordinary meeting

15 thereafter. The payment of moneys out of the Imprest Account for any purpose not hereby authorized shall be deemed to be the misappropriation of the funds of the Board.

(5) The provisions of section seventy-three of the principal Act shall be read subject to the provisions of this section.

20 15. Subsection one of section eighty-eight of the principal Act is hereby amended by omitting the words "as herein provided," and substituting the words "pursuant to any authority."

Section 88 of principal Act amended.

25 16. Section ninety-four of the principal Act is hereby amended as from the first day of January, nineteen hundred and twenty-seven, by omitting the words "or suffering any damage from the exercise of any of the powers hereby given" and substituting the words "and every person suffering any damage whatever from the exercise of any of the powers conferred by this Act."

Section 94 of principal Act amended.

30 17. Notwithstanding anything to the contrary in section one hundred and nineteen of the principal Act, no moneys payable to the Board in respect of any electric fittings or equipment installed by it on any land, or in any building thereon, after the passing of this Act, shall be a charge on such land, or recoverable as a rate, unless prior to such installation consent in writing to such charge is given—

Restricting application of section 119 of principal Act.

35 (a) By the owner of such land where it is not subject to any mortgage :

(b) By the owner and the mortgagee or mortgagees where the land is subject to a mortgage or mortgages.

40 18. The Board may from time to time set aside out of its Power Fund Account any moneys to form a fund or funds for the re-erection, repair, or reinstatement of any buildings or other property of the Board that may become destroyed or damaged by fire, and may from time to time invest any moneys so set aside and pay the proceeds of such investment into the said fund or funds.

Fire-insurance funds.

45 19. (1) The Board may from time to time set aside out of its Power Fund Account any moneys to form a fund or funds to meet claims for accidents arising out of the exercise and performance by the Board of its powers, duties, and functions under the principal Act or any other Act; but no greater sum shall be set aside in any one year

Board may establish accident funds.

50 than the amount that, at current rates, would have been payable for that year in respect of the insurance of workers employed by the Board and in respect of insurance against public risk.

(2) The Board may from time to time invest any moneys so set aside and pay the proceeds into the said fund or funds.

Board to make charge to provide for depreciation in respect of its undertaking.

20. (1) The Board shall in each financial year, after making the required provision for the payment of interest and sinking fund in respect of any loans in connection with the undertaking carried on by it, and for maintenance and repairs, make a charge against the revenues of the undertaking to provide for full and proper depreciation of the assets of the undertaking : 5

Provided that it shall not be necessary for the Board in making any such charge for depreciation in respect of the undertaking existing at the commencement of this Act, to take into account any failure by the Board at any time prior to such commencement to make sufficient provision for depreciation of the depreciable assets of the undertaking : 10

Provided further that if any dispute arises between the Audit Office and the Board as to the sufficiency of the charge made for depreciation the matter shall be referred to the Minister, whose decision shall be final. 15

(2) In ascertaining what is the full and proper depreciation to be provided in any year in accordance with the requirements of the *last preceding* subsection the Board may take into account—

(a) The extent to which moneys then available for renewing or replacing the depreciable assets of the undertaking, and for no other purpose, are proved to the satisfaction of the Audit Office to be in excess of the amount that would then represent full and proper provision for depreciation of the depreciable assets of the undertaking from the date of the establishment of the undertaking : 20 25

(b) Any expenditure during that year out of the revenues of the undertaking on renewals and replacements of the depreciable assets thereof.

(3) The amount of any charge for depreciation made in accordance with the foregoing provisions of this section shall be credited to a Depreciation Fund : 30

Provided that where in that year payments have been made out of the revenues of the undertaking to meet sinking-fund charges in respect of any loan-moneys expended on the creation of depreciable assets of the undertaking, the Board may, if it thinks fit, deduct from the total amount of such charge for depreciation the total amount of such payments in respect of sinking-fund charges, and in such case the balance remaining shall be the amount that shall be charged against the revenues of the undertaking and credited to the Depreciation Fund. 35 40

Board to appoint Commissioners of Depreciation Fund.

21. (1) When the Board has credited a Depreciation Fund with the amount of the first charge made by it under the *last preceding* section it shall, save as provided in subsection *three* hereof, appoint three Commissioners, to be called "Depreciation Fund Commissioners," and thereupon sections forty, forty-one, and forty-four of the Local Bodies' Loans Act, 1926, shall, with the necessary modifications, apply to such Commissioners in like manner as if they were Sinking Fund Commissioners appointed under the said section forty. 45

(2) No member or employee of the Board shall be appointed a Commissioner under this section ; and if any Commissioner becomes a member or employee of the Board he shall forthwith vacate his office as Commissioner. 50

(3) Notwithstanding anything in subsection *one* hereof the Board may appoint the Public Trustee to be the sole Commissioner of the Depreciation Fund.

5 22. (1) The Board shall in the month of April of each year pay to the Depreciation Fund Commissioners all moneys credited in the previous financial year to the Depreciation Fund pursuant to section *twenty* hereof:

Moneys to be paid to Commissioners.

10 Provided that the Board may postpone until the expiration of a period of seven complete financial years after the year in which it commences the supply of electrical energy the making of any such payment as aforesaid falling due at any time within such period.

(2) In any case where the Board exercises the power of postponement conferred by the *last preceding* subsection it shall, at the expiration of such period of seven years, pay to the Depreciation Fund Commissioners the total amount then remaining unpaid either forthwith in one sum, or by successive annual instalments each of which shall be equal to at least one-fourteenth of such total amount. The first of such instalments shall be so paid in the financial year immediately following the expiration of such period of seven years.

20 23. (1) The Commissioners may invest all moneys received by them pursuant to the *last preceding* section in the manner following, that is to say,—

How fund to be invested by Commissioners.

(a) In New Zealand Government securities ; or

25 (b) On deposit in any bank lawfully carrying on the business of banking in New Zealand, or in the Post Office Savings-bank ; or

(c) In the Common Fund of the Public Trust Office ; or

(d) In any other securities that may from time to time be authorized by the Governor-General in Council :

30 Provided that where the Public Trustee is appointed as the sole Depreciation Fund Commissioner he shall invest the moneys of the Depreciation Fund in the Common Fund of the Public Trust Office, or in such other manner as may be specially authorized in that behalf by the Governor-General in Council.

35 (2) Separate accounts shall be kept by the Commissioners of all moneys paid to or received by them in respect of the undertaking, and in preparing the yearly statement of accounts, pursuant to section forty-four of the Local Bodies' Loans Act, 1926, as applied by this Act, the Commissioners shall show in detail the amount of all

Accounts.

40 24. All moneys received by the Commissioners as aforesaid in respect of the undertaking, together with all accumulations thereof, shall be held by the Commissioners upon trust to pay the same to the Board, either in one sum or from time to time by instalments in respect of that undertaking, for the purpose of renewing or replacing the plant of the undertaking, or any part or parts thereof, that may from time to time become worn out, obsolete, or incapable from any other cause of further economical usefulness in connection with the undertaking.

Application of Depreciation Fund by Commissioners.

50 25. (1) Every demand made by the Board upon the Commissioners for any sum shall be accompanied by a copy of the resolution duly passed by the Board calling up such money, and by a full specification of the works proposed to be done. No such demand shall be for a less sum in any case than *two hundred* pounds, or for the total amount standing to the credit of the Depreciation Fund if that amount is less than *two*

55 *hundred* pounds.

Demands on Commissioners.

(2) Every such resolution of the Board shall contain a statement that the money proposed to be called up is required to replace plant or material that has become worn out or obsolete, or is incapable from any other cause of further usefulness, and shall be certified by the Chairman and Clerk as a correct copy of the resolution. 5

Commissioners may call for report in respect of demand made upon them.

26. (1) The Commissioners may call for a report by an engineer or other qualified person to be appointed by them in respect of any demand under the foregoing provisions of this Act.

(2) Such engineer or other person shall have the right to inquire into the reasons why the Board proposes to expend the money asked for, and the nature and extent of the work proposed to be done. 10

(3) The Commissioners may pay to such engineer or other qualified person, out of the moneys held by them in respect of the undertaking to which the report relates, a reasonable sum for his services.

Commissioners may pay amount of demand by instalments or may decline to pay except on order of Supreme Court.

27. (1) The Commissioners may pay the money so demanded by instalments as the works proceed, or may decline to pay the said money except under an order of the Supreme Court, in which case the Board may, by a summons in Chambers, apply for an order directing the Commissioners to pay to the Board the money so demanded; and if the Court is satisfied that the money required is necessary to replace or renew plant which has become worn out or obsolete, or incapable from any other cause of further economical usefulness, the Court may make an order authorizing the payment of the money to the Board. 15 20

(2) The decision of the Supreme Court in any such case shall be final. 25

Commissioners may advance moneys out of Depreciation Fund for extensions of undertaking.

28. (1) Notwithstanding anything to the contrary in sections *twenty-four* to *twenty-seven* hereof, the Commissioners may in their discretion advance to the Board, for such period as they think fit, any portion of the moneys held by them as aforesaid, to be utilized solely for the purpose of extensions to the existing works of the undertaking; and every such advance shall bear interest at such rate as the Commissioners from time to time, with the approval of the Audit Office, determine, to be paid half-yearly in each year to the Commissioners out of the revenues of the undertaking. 30

(2) No such advance shall be made except upon application of the Board made pursuant to a resolution in that behalf, accompanied by a full specification of the works proposed to be done. 35

(3) The provisions of section *twenty-six* hereof shall apply to applications under this section.

Commissioners not to be responsible to see to application of fund by Board.

29. The Commissioners shall not be obliged to see to the application of any moneys which may from time to time be paid or advanced by them to the Board under the foregoing provisions of this Act. 40

Board may establish Reserve Fund for its undertaking.

30. (1) The Board, having established a Depreciation Fund as aforesaid in respect of its undertaking, may in any year make an appropriation from the revenue of the undertaking to provide a Reserve Fund. 45

(2) The Board shall, in the month of April next following, pay such appropriation into a separate bank account.

(3) The moneys paid into such account shall be applied for such extensions and permanent improvements of the undertaking in connection with which the fund is established as the Board thinks fit. 50

(4) If at any time the Depreciation Fund is insufficient for the purposes for which it is established the Board may use any part of the Reserve Fund for those purposes.

(5) The Board may from time to time, with the consent of the Audit Office, use any moneys forming part of the Reserve Fund for the purpose of recouping in whole or in part any deficiency in the Income and Expenditure Account.

5 (6) The Board may invest any part of the Reserve Fund in manner following:—

(a) In New Zealand Government securities; or

(b) On deposit in any bank lawfully carrying on the business of banking in New Zealand, or in the Post Office Savings-bank; or

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(c) In the Common Fund of the Public Trust Office; or

(d) In any other securities that may from time to time be authorized by the Governor-General in Council.

15 (7) Separate accounts shall be kept by the Board of all moneys paid to or received by it in respect of such Reserve Fund, and all such accounts shall be audited by the Audit Office.

20 (8) No appropriation shall be made under this section so that the balance in the Reserve Fund shall at any time exceed an amount equal to one-quarter of the capital expenditure of the Board, and whenever the balance in the Reserve Fund amounts to a sum equal to one-quarter of such capital expenditure no further appropriations shall be made under this section until the balance has been reduced to a sum less than one-quarter of such capital expenditure.