

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 October, 1917.

Hon. Mr. Fraser.

## STATE SUPPLY OF ELECTRICAL ENERGY.

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### A BILL INTITULED

AN ACT to regulate the Generation, Sale, and Supply of Electrical Energy by the State, and to provide for a System of Accounts in connection therewith. Title.

5 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 State Supply of Electrical Energy Act, 1917, and shall be read together with Part XII of the Public Works Act, 1908. Short Title.

2. In this Act, unless the context otherwise requires,—

“ Minister ” means the Minister of Public Works : Interpretation.

15 “ Scheme ” means a scheme approved by the Minister for the erection, construction, and provision of works, appliances, and conveniences for the generation of electrical energy (whether by water-power or otherwise), and for the storage, transmission, use, supply, and sale of such electrical energy ; and includes all buildings, works, water, land, machinery, plant, lines, cables, and all other appliances used for or in connection with such scheme :

20 References to the completion of a scheme are deemed to be references to the completion of such part or parts of a scheme as for the time being may be in operation and earning revenue.

Minister authorized to construct and maintain scheme for generation, supply, and sale of electrical energy.

3. (1.) Subject to the provisions of this Act and of Part XII of the Public Works Act, 1908, it shall be lawful for the Minister, on behalf of His Majesty, to acquire, construct, maintain, and work any scheme or schemes for the generation and supply of electrical energy, and generally in connection with any such scheme to carry on the business in all its branches of the supply and sale of electrical energy (including any business usually associated therewith). 5

(2.) All schemes within the meaning of this Act constructed, in whole or in part, by the Minister before the passing of this Act shall be deemed to have been constructed pursuant to this Act, and all the provisions of this Act, so far as applicable, shall apply thereto accordingly. 10

Appointment of managers and necessary staff.

4. For the purposes of any scheme under this Act there may be from time to time appointed all such managers, engineers, agents, workmen, and servants as may be required. 15

#### Accounts.

Separate account to be kept in connection with each scheme established under this Act.

5. (1.) The Minister shall cause full and faithful accounts to be kept in connection with each scheme established under this Act of all moneys received and expended in connection therewith.

(2.) Every such account shall be so kept as to show, with respect to the scheme to which it relates,— 20

(a.) The capital expenditure in connection with the scheme ;

(b.) The profit or loss arising from the operations of the scheme ;  
and

(c.) The amounts from time to time appropriated to the Depreciation Fund, the Sinking Fund, and the Reserve Fund respectively established in connection with the scheme. 25

Balance-sheet and profit and loss account to be prepared annually in connection with each scheme.

6. (1.) The Minister shall cause a balance-sheet and a profit and loss account to be prepared for each financial year, in respect of each scheme. 30

(2.) A copy of the balance-sheet and of the profit and loss account, duly audited by the Audit Office, shall be laid before Parliament during the session of Parliament first ensuing after the close of the financial year to which the accounts relate. 35

Capital cost to include interest for period of construction.

7. (1.) In preparing the balance-sheet for any scheme there shall be included in the capital cost of that scheme the amount paid as interest on the moneys expended in connection with the scheme in respect of the period prior to the completion of the scheme.

(2.) If after the completion of any scheme any moneys are expended in extending the scheme, the interest payable on those moneys in respect of the period prior to the completion of the extension shall also be included in the capital cost. 40

(3.) A certificate under the hand of the Minister of Public Works as to the date of the completion of any scheme or extension shall be conclusive evidence thereof. 45

Electric Supply Account.

8. (1.) The separate account in the Public Works Fund, known as the Aid to Water-power Works Account, kept in the Treasury under that title in respect of moneys raised under the Aid to Water-power Works Act, 1910, shall, as from the passing of this Act, be known as the Electric Supply Account. 50

(2.) There shall from to time be paid into the Electric Supply Account all moneys following, that is to say:—

(a.) All moneys that may be hereafter raised under the Aid to Water-power Works Act, 1910;

5 (b.) All moneys derived from the sale of electrical energy pursuant to Part XII of the Public Works Act, 1908, and this Act; and

(c.) All other revenues received in respect of any scheme established under this Act.

10 (3.) Section seven of the Public Works Amendment Act, 1910, is hereby repealed. Repeal.

9. (1.) There shall from time to time be charged to or paid out of the Electric Supply Account the moneys following, namely:— Moneys payable out of Electric Supply Account.

15 (a.) All charges and expenses incurred in respect of the acquisition, construction, development, maintenance, management, and working of any scheme under this Act, and all charges and expenses in respect of any preliminary explorations, surveys, and investigations undertaken with a view to the acquisition or construction of any scheme;

20 (b.) All moneys payable as interest on moneys expended in connection with the construction or extension of any scheme, as from the date of the completion of that scheme or extension.

25 (2.) On the completion of any such scheme or extension there shall also be paid out of the Electric Supply Account, by way of refund to the Consolidated Fund, the amount paid out of the Consolidated Fund as interest on moneys expended in connection with the construction or extension of such scheme in respect of the period prior to the date of the completion of such scheme or extension.

30 (3.) The interest to be paid out of the Electric Supply Account pursuant to paragraph (b) of the subsection one hereof shall be computed on the net monthly expenditure in respect of the scheme or part of the scheme, as certified to from time to time by the officer for the time being holding the position of Accountant in the

35 Head Office of the Public Works Department.  
 (4.) In addition to the charges hereinbefore referred to, there shall be charged to the Electric Supply Account the sum of twenty-one thousand one hundred and twelve pounds eleven shillings and elevenpence, being an amount expended out of the Public Works  
 40 Fund before the passing of the Aid to Water-power Works Act, 1910, in connection with a scheme or schemes within the meaning of this Act.

*Special Funds.*

45 10. There shall be established as hereinafter provided in connection with each completed scheme under this Act the following special funds within the Electric Supply Account, namely:—

(a.) A Depreciation Fund;

(b.) A Sinking Fund; and

(c.) A Reserve Fund.

Depreciation Fund and other funds to be established in connection with each completed scheme.

50 11. (1.) For the purposes of the Depreciation Fund to be established under this Act in connection with any scheme there Depreciation Fund.

shall be appropriated at the end of each financial year an amount not less than *two* per centum of the capital cost of the completed works in connection with that scheme, exclusive of any interest included in the capital cost pursuant to section *seven* hereof.

(2.) For the purposes of the foregoing provisions of this section, a certificate under the hand of the Accountant in the Head Office of the Public Works Department as to the amount of the capital cost aforesaid shall be conclusive evidence thereof. 5

(3.) No appropriation shall be made under this section so that the balance in the Depreciation Fund shall at any time exceed an amount equal to *one-eighth* of the capital cost of the scheme in respect of which the fund is established, and whenever the balance in the Depreciation Fund amounts to a sum equal to *one-eighth* of the capital cost of that scheme no further appropriations shall be made under this section until the balance has been reduced to a sum less than *one-eighth* of that capital cost. 10 15

(4.) There may be charged to the Depreciation Fund the cost from time to time of repairing, replacing, or renewing the machinery, plant, buildings, and appliances used in connection with the scheme for which the fund is established. 20

Sinking Fund.

12. (1.) For the purposes of the Sinking Fund to be established under this Act in connection with any scheme there shall be appropriated at the end of each financial year an amount equal to *one* per centum of the capital cost of the scheme, within the meaning of section *seven* hereof, but not so as to exceed the amount of surplus profits derived from the scheme. 25

(2.) No appropriation shall be made under this section so that the balance in the Sinking Fund shall exceed an amount equal to such capital cost.

(3.) There shall be charged to the Sinking Fund the cost of repayment of all loan-moneys expended in connection with the scheme and included in the capital cost thereof. 30

(4.) If the surplus profits in any year in respect of any scheme are not sufficient to provide for the appropriation under this section, the deficiency shall be a first charge on the surplus profits of that scheme in any subsequent year or years until the deficiency is made good. 35

(5.) In this section the term "surplus profits" with respect to any scheme means the net profits after making provision for the appropriation for the Depreciation Fund in accordance with the foregoing provisions of this Act. 40

Reserve Fund.

13. (1.) Any balance of profits in any year in respect of any scheme, after making provision for the charges hereinbefore specified, shall be credited to the Reserve Fund to be established under this Act in connection with that scheme. 45

(2.) There may from time to time be charged to the Reserve Fund of any scheme,—

(a.) The cost of repairing, replacing, or renewing the machinery, plant, and works in connection therewith, in so far as such cost is not fairly chargeable to the Depreciation Fund by reason of accident or other cause; 50

(b.) Any loss incurred in the course of working any completed scheme ;

(c.) Any general expenses that cannot be allocated to any particular scheme ; and

5 (d.) Any capital expenditure incurred in respect of a scheme.

(3.) The balance to the credit of the Reserve Fund in respect of any scheme after making the charges provided for in the *last preceding* subsection may be utilized for the extension of any existing scheme, or for the construction of any new scheme. Interest at 10 current rates shall be charged and placed to the credit of the Reserve Fund of such first-mentioned scheme in respect of any moneys utilized as aforesaid for any other scheme.

14. The moneys for the time being standing to the credit of the Depreciation Fund or the Sinking Fund established in connection 15 with any scheme may from time to time be invested by the Minister of Public Works in securities issued by the Minister of Finance under any authority enabling him in that behalf, and the interest arising out of such investments shall from time to time be paid to the credit of the appropriate fund.

Investment of special funds.

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*Annual Report.*

15. (1.) The Minister of Public Works shall cause to be prepared an annual report with respect to every scheme established under this Act, and such report shall be submitted to Parliament with the balance-sheet and profit and loss account for that scheme, as provided for in section *six* hereof. 25

Annual report to be submitted to Parliament.

(2.) There shall be appended to such report or to the balance-sheet of the scheme to which the report relates a certificate under the hand of the Chief Electrical Engineer of the Public Works Department, as to the condition in which the works in connection 30 with that scheme have been maintained during the year.