

APPENDIX B.—ANNUAL REPORT OF THE RURAL ELECTRICAL RETICULATION COUNCIL FOR THE YEAR ENDED 31st MARCH, 1947

The CHAIRMAN to the Honourable MINISTER IN CHARGE

Wellington, 29th May, 1947.

SIR,—

In accordance with the requirements of section 21 of the Electricity Act, 1945, the Rural Electrical Reticulation Council has the honour to submit its first annual report for presentation to Parliament. The report covers the period from 1st April, 1946, to 31st March, 1947.

GENERAL

The Council was set up under the Act to assist in making available a public supply of electricity in the more sparsely settled parts of the Dominion where, under ordinary electric-supply conditions, the guarantees of revenue required from electricity consumers would be too high for them to meet. The Act requires all Electric Supply Authorities to contribute to a central fund each year a levy of 5s. per cent. on sales of electrical energy, and from this fund the Council may approve grants to make up any deficiency between revenue and annual costs on approved rural line extensions.

On the inception of the rural subsidy scheme it was known in a general way that about 3 per cent. of the population of New Zealand were outside the reach of power-lines, but the exact number and where they were located was not known. It is usual to require prospective consumers in rural areas to enter into guarantees of the minimum revenue that would be paid for a supply of power, and for these guarantees to be expressed as a percentage of the capital costs of the line extensions. Line-construction costs vary considerably between the various Supply Authorities, however, and as the amount of the subsidies would vary with capital costs it was apparent that some figure for maximum capital cost per mile of line would have to be determined for the purpose of computing subsidies on a uniform and equitable basis.

Following its first meeting in May the Council asked each Supply Authority to supply maps showing the location and numbers of all prospective consumers and the miles of lines which would have to be built. This information has not yet been supplied by all Authorities, but it is possible to say that probably some three to four thousand miles of new line giving supply to some five thousand consumers will come within the scope of the subsidy scheme. Each Authority was also asked to supply details of the cost of new lines. From the information supplied, and after having discussed the matter with the Electric-power Boards and Supply Authorities' Association, the Council standardized the cost of power lines, for the purpose of computing subsidies, at £350 a route mile single-phase and £450 a mile three-phase, although it remains open to individual Supply Authorities to make representations for somewhat higher costs in special cases.

A number of Power Boards have advised the Council of their intention to complete the reticulation of their rural areas and meet any deficiencies between cost and revenue out of their own funds. In the opinion of the Council the general financial position of some other Boards would allow the adoption of a similar policy. The Council has therefore decided that, particularly in the initial stages of the subsidy scheme, it would have regard to the financial position of a Supply Authority submitting applications for subsidies.