



1967.

PARLIAMENT OF TASMANIA.

**REPORT OF
STANDING COMMITTEE ON PUBLIC ACCOUNTS
RIVERS AND WATER SUPPLY COMMISSION:
EXCESS EXPENDITURE ON SUBSIDY TO
NEW NORFOLK MUNICIPALITY 1965-66.**

Brought up by Mr. Fraser on Thursday, November 30, 1967, and ordered by the House of Assembly to be printed.

REPORT.

1. The Public Accounts Committee have the honour to report having inquired into the excess expenditure by the Rivers and Water Supply Commission on subsidy to the New Norfolk Municipality in 1965-66.

2. The Auditor-General's Report for 1966 points out on page 36 that for this item, the estimate was \$15,860 and expenditure \$28,816. There was thus an excess of over 80%. Your Committee heard evidence from the Chairman of the Rivers and Water Supply Commission and the Metropolitan Water Board and the Secretary of the Metropolitan Water Board. Your Committee accept that the estimate was reasonable and the excess unavoidable, and set out for the information of Members the circumstances.

3. The Southern Regional Water Act 1950 authorizes a special agreement with the New Norfolk Municipality:—

22—(1) Notwithstanding any other provision of this Act, the Commission may enter into an agreement with the municipality of New Norfolk to supply water to that municipality on such terms, as to payment therefor and otherwise, as may be specified in the agreement.

(2) Where in any financial year the Commission expects to spend more in carrying out the agreement than it expects to receive under it, the Treasurer may, out of moneys to be provided by Parliament, pay the Commission a subsidy equal to the excess, as estimated by it and approved by the Minister.

Under the agreement, the municipality is entitled to take up to one million gallons per day, on what virtually amounts to a free supply. Consumption from this source in recent years has been—

1957-58	29 million gallons
1958-59	48 million gallons
1959-60	85 million gallons
1960-61	103 million gallons
1961-62	101 million gallons
1962-63	97 million gallons
1963-64	66 million gallons
1964-65	54 million gallons
1965-66	93 million gallons

4. The decline in consumption over the four years preceding 1965-66 was explained to the Committee as being partly due to the improvement of New Norfolk's other source of supply, the Illabrook Dam. This scheme is owned by the Council and is regarded as the town's basic supply, to which the Southern Regional Supply is a supplement. The normal pattern of operation is that the Illabrook system is adequate during the winter months, with the Southern Regional being used during summer. The demand on any supplementary supply used in this manner to meet peak demand will necessarily show considerable fluctuations from year to year, according to the severity of the summer conditions experienced. This is particularly noticeable in the case of New Norfolk, because the Illabrook system is based on a relatively small storage and depends essentially on inflow. In a dry summer, there may be little or no inflow for a long period and the whole of the town's requirements must be met from the Southern Regional Water Supply. In these circumstances New Norfolk's demand on the Southern Regional Water Supply, and the subsidy required, will inevitably vary greatly from year to year. It would only be possible to avoid the occurrence of excess expenditure with certainty by persistently estimating on the basis of a dry year. This would inevitably lead to substantial under-expenditure if a wet or normal year were to eventuate. The estimate of \$15,860 provided for a consumption in 1965-66 comparable with that of 1964-65. In the event, the consumption rose from 54 million gallons in 1964-65 to 93 million gallons in 1965-66 and the subsidy rose accordingly.

5. In providing the information set out above, the Chairman of the Rivers and Water Supply Commission said that he felt "that this consumption could not have been considered in advance as reasonably probable and the incurring of excess expenditure must therefore be regarded as justified", and your Committee endorse this view.

Ministerial Party Room,
House of Assembly,
November 28, 1967.

W. H. FRASER, Chairman.