

## WATER SUPPLY LOAN APPLICATION BILL 1966.

### EXPLANATORY MEMORANDUM.

This Bill is to give Parliamentary authority for the expenditure of loan moneys to the extent of \$30,600,000 for carrying out works of country water supply, drainage, sewerage, flood protection and river improvement, as set out in the Schedule to the Bill.

Expenditure authorized in previous Acts and actual expenditure in recent years are set out hereunder :—

<i>Water Supply Loan Application Act.</i>				<i>Actual Expenditure.</i>	
\$				\$	
1962	..	No. 6934	.. 22,600,000	Financial Year 1962-63	.. 16,930,000
1963	..	No. 7056	.. 26,800,000	Financial Year 1963-64	.. 17,798,000
1964	..	No. 7218	.. 30,250,000	Financial Year 1964-65	.. 18,634,000
1965	..	No. 7326	.. 30,250,000	Financial Year 1965-66	.. 18,679,000
1966	..	Present Bill	.. 30,600,000	Amount Allotted 1966-67	.. 18,738,000

The full amount of the provision for which authority is sought in the Bill will not be expended during the current financial year, but Parliamentary authority is required so that investigations may proceed, plans may be prepared for improvements to town water supplies controlled by local authorities, and works already authorized continued or commenced after the close of the financial year prior to the enactment of the next Loan Act.

### CAPITAL LIABILITY.

The net capital liability debited to country water supply works and related works as at 30th June, 1966, was \$324,817,000. Of this amount, \$253,161,000 is borne by the State of Victoria. The remainder (\$71,656,000), is made up as follows :—

Capital liability borne directly by water-users in districts other than irrigation districts :—		\$
(a) administered by Waterworks Trusts and Local Governing Bodies	..	29,849,000
(b) under the jurisdiction and control of the State Rivers and Water Supply Commission	.. .. .	26,265,000
Irrigation Districts—Bacchus Marsh	.. .. .	375,000
Proportion of capital liability borne by ratepayers in areas administered by River Improvements Trusts	.. .. .	766,000
Capital liability incurred in respect of Latrobe Valley Water Supply Works	.. .. .	10,920,000
Plant and machinery, plant depots, workshops, &c.	.. .. .	3,481,000
		71,656,000

The net capital liability of works of country sewerage authorities as at 30th June, 1966, was \$12,767,000, of which \$3,837,000 is borne by the State. The remainder, \$8,930,000, is debited to the sewerage authorities.

Pursuant to the *Water Act* 1937, No. 4513, the capital liability was adjusted by transferring from the direct debit of water-users to the "Capital Expenditure Borne by the State Account" such amounts of the capital liability for waterworks as could not be borne by water-users on the basis of the existing rates and charges. In 1944, legislation was enacted consequent upon which a further portion of the capital liability was transferred to the State. It has since been the practice to charge all expenditure, as incurred on country water supply works under the jurisdiction of the Commission, to the State. Authority, however, is contained in the Water Acts for the Governor in Council on the recommendation of the Minister of Water Supply to transfer such portion of the capital liability from the State to the district as is commensurate with local development. An amount of \$1,571,000, representing capital liability in respect of thirty-five urban districts and Carrum Drainage District was so transferred during the financial year ended 30th June, 1966. The clauses contained in the *Water Supply Loan Application Bill* 1966 are in accord with this procedure.

### SCHEDULE OF WORKS.

The Schedule to the Bill is divided into Thirteen Parts. The First and Second Parts authorize expenditure for the construction of works, as set out under the respective items, under the direct control of the State Rivers and Water Supply Commission ; the Third Part contains provision for the procurement of plant and machinery ; the Fourth to Eighth Parts inclusive deal with loans to local water authorities ; the Ninth Part provides for loans to country sewerage authorities ; the Tenth Part provides for advances to authorities for river improvement and land drainage works ; the Eleventh Part deals with advances to the Dandenong Valley Authority ; the Twelfth Part deals with water supply and sewerage works in the Latrobe Valley ; the Thirteenth Part represents the contribution of the State of Victoria towards the cost of works being constructed under the River Murray Waters Acts.

#### FIRST AND SECOND PARTS.

The amount of \$18,800,000 set down in the First and Second Parts of the Bill is to meet commitments, commence construction on approved major projects, and provide for a continuation of works in hand under the direction and control of the State Rivers and Water Supply Commission.

The amounts for planned expenditure on works during the 1966-67 financial year are indicated below.

The provisions outlined in the Schedule to the Bill will give authority for expenditure on works from approximately November, 1966, until November, 1967, whereas the amounts shown in the Explanatory Memorandum allotted from the Loan Fund for 1966-67 are the amounts available for expenditure in the present financial year between 1st July, 1966, and 30th June, 1967.

## BRIEF DESCRIPTION OF STATE WORKS.

Item.	Description of Works.	1966 Loan Bill Provision.	1966-67 Loan Fund Allocation.
	FIRST PART—STORAGES AND HEADWORKS.	\$	\$
1	Eppalock Project .. .. . The provision of \$600,000 is required mainly to continue channel construction work in the Campaspe Irrigation District	600,000	420,000
2	Lake Merrimu Project .. .. . Commencement of construction of a new storage of 40,000 acre feet capacity on Coimadai Creek near Bacchus Marsh to safeguard supply to existing irrigators and provide for increased urban and industrial requirements	1,250,000	70,000
3	Buffalo Reservoir Project .. .. . This provision is mainly to meet the cost of land acquisition for the second stage dam on the Buffalo River	800,000	435,000
4	Tarago Reservoir Project .. .. . To continue construction of a storage about three miles north of Neerim South, with a capacity of about 20,000 acre feet, to meet anticipated development in the Mornington Peninsula System	2,600,000	2,070,000
5	Nillahcootie Reservoir Project .. .. . To continue construction of a storage of 35,000 acre feet at Nillahcootie on the Broken River near Mansfield. Water from this reservoir will be available to private diverters from the Broken River and for the industrial and urban development of Benalla	2,300,000	1,800,000
6	Lake Corangamite .. .. . To provide for the continuation of minor works at Lake Corangamite and for the purchase of land as recommended by the Parliamentary Public Works Committee	500,000	290,000
7	Other Storages and Headworks .. .. . Provision is made under this item to meet the cost of advance payments for land compensation and improvements to be carried out on storages, headworks, and main channels, including camping, picnic, and recreational facilities and conveniences at storages. Continuation of construction of the Corop Lakes Project near Rochester is also provided for in this item	1,250,000	915,000
	Total .. .. .	9,300,000	6,000,000

BRIEF DESCRIPTION OF STATE WORKS—*continued.*

Item.	Description of Works.	1966 Loan Bill Provision.	1966-67 Loan Fund Allocation.
SECOND PART—OTHER STATE WORKS.		\$	\$
1	Irrigation Districts .. .. .	4,800,000	3,550,000
	(a) <i>Goulburn-Murray Works</i> .. .. .	(3,000,000)	(2,500,000)
	Continuation of the programme of substantial enlargement of main channels and other distributory works within the Goulburn System is necessary to enable full use to be made of additional water available for irrigation following completion of the Eildon Dam and other major storages This provision will include the cost of a further stage of the enlargement of main irrigation and drainage channels in the East and Central Goulburn, Rochester and Torrumbarry areas. Drainage work in Murray Valley and Tragowel Plains areas will be continued. Land resumption payments will also be met from this provision		
	(b) <i>Irrigation and Water Supply Districts</i> .. .. .	(1,800,000)	(1,050,000)
	Provision is made in this item for construction of water supply and drainage works to serve Irrigation Districts, including Urban Districts. Further drainage works in Central Gippsland are provided for, also continuation of drainage works in Swan Hill Irrigation Area and conversion of channels to pipelines in Red Cliffs and Merbein		
2	Coliban System .. .. .	600,000	400,000
	This item provides for improvements, enlargements, and extensions of water reticulation and distribution and the continuation of concrete lining of channels		
3	Mornington Peninsula System .. .. .	1,600,000	1,140,000
	Required for the installation, enlargement and extension of main supply works, pipelines and reticulation to meet rapid urban and industrial development within the Mornington Peninsula area		
4	Bellarine Peninsula System .. .. .	550,000	400,000
	This provision meets the cost of enlarging and extending the existing distribution and reticulation systems, and also to continue work on the Bellarine pipeline enlargement		
5	Otway System .. .. .	500,000	250,000
	Required mainly for reticulation of the Choclyn-Gnotuk-Boorcan area (North Camperdown)		
6	Waterworks Districts—Generally .. .. .	400,000	305,000
	Provision is made for the extension and enlargement of channels and pipelines, also the construction of storages and improvements to urban and rural water supply works within Waterworks Districts, principally the extensive Wimmera-Mallee system		

BRIEF DESCRIPTION OF STATE WORKS—*continued.*

Item.	Description of Works.	1966 Loan Bill Provision.	1966-67 Loan Fund Allocation.
	SECOND PART—OTHER STATE WORKS— <i>continued.</i>	\$	\$
7	Flood Protection Districts .. .. . Required mainly for replacement of bridges in the Koo-wee-rup Flood Protection District	200,000	135,000
8	Surveys, Investigations and Designs .. .. . For surveys, designs, investigations, and hydrological studies in connexion with further projects ; the compilation of data in respect of the water resources of the State of Victoria ; for engineering research generally	550,000	450,000
9	Works Generally—Workshops, Storesheds, Administrative and Other Buildings .. .. . For the purchase, acquisition, erection, enlargement, extension, remodelling, alteration, and improvement of and additions to administrative buildings, workshops, storesheds, buildings for testing and research purposes, and other buildings, including the equipping, fitting and furnishing thereof, and for all other expenses incidental to the transfer to and establishment of buildings at new locations	300,000	245,000
	Total .. .. .	9,500,000	6,875,000

## THIRD PART.

The amount of \$400,000 set down in the Third Part of the Bill is required to cover the cost of purchase of movable plant and machinery by the State Rivers and Water Supply Commission for use on construction and maintenance works. \$200,000 has been allocated for expenditure in 1966-67.

Item.	Description of Works.	1966 Loan Bill Provision.	1966-67 Loan Fund Allocation.
		\$	\$
1	Purchase or Acquisition of Movable Plant and Machinery .. .. . Plant purchased under this provision would be operated on works at hire rates sufficient to provide for interest on capital account, redemption, maintenance, and adequate depreciation to renew the plant when necessary	400,000	200,000

## FOURTH TO EIGHTH PARTS.

The amount of \$6,000,000 included in the Fourth to Eighth Parts inclusive of the Schedule to the Bill, represents provision for expenditure in approximately 155 locally-controlled centres on investigations, improvements, and extensions of the respective town water supply systems. The provision does not necessarily represent the total cost of each scheme. Advances of less than \$10,000 to each waterworks trust or local governing body will be made by way of loan, pursuant to the provisions of Sections 7 (1) (b), 9 (1) (b) and 10 (1) (b) of the Bill, to existing or proposed authorities, including—

*Waterworks Trusts—*

Alexandra	Kowree, Shire of	Riddell's Creek
Apollo Bay	Lindenow	Romsey
Ararat, Shire of	Linton	Rutherglen
Avenel	Lismore	St. Arnaud, Borough of
Balmoral	Lorne	Stawell, Shire of
Beaufort	Macedon	Thornton
Boolarra	Malmsbury	Thorpdale
Broadford	Marysville	Trentham
Bungaree and Wallace	Metung	Tungamah, Shire of
Buninyong	Miner's Rest	Tyers and Glengarry
Euroa	Mooroopna	Wahgunyah
Foster	Mortlake	Warburton
Gisborne	Murchison	Warracknabeal
Goornong	Nagambie	Winchelsea
Hepburn	Nathalia, Shire of	Woodend
Katamatite	Numurkah, Shire of	Yallourn North
Kiewa	Peterborough	Yarragon
Koroit	Plenty-Yarrambat	

*Local Governing Bodies—*

Bacchus Marsh Shire Council	Talbot and Clunes Shire Council
Kyabram Borough Council	

The estimated total cost of the proposed works itemized in the Fourth to Eighth Parts, inclusive, will involve an expenditure of \$7,300,000.

The amount for actual expenditure on planned works during 1966-67 by these authorities is \$2,695,000.

In no case does the Treasurer of Victoria advance a loan to a waterworks trust or local governing body until the proposal has been examined by the Commission. There are 189 local authorities in operation, representing a capital outlay of \$47,059,000.

With the object of assisting local urban authorities to establish and extend local water supply works, the Governor in Council is authorized, on the recommendation of the Minister of Water Supply, to determine what part of the amount advanced shall be transferred from the debit of the respective authorities to the State, and the amount as transferred is determined in accordance with a formula applying generally to country town supplies.

The thirteen authorities listed in the Seventh Part are those with new water supplies where construction has commenced or has been authorized to commence, and where, in addition to the assistance provided by way of interest subsidies and capital grants under the Formula already mentioned, special additional assistance will be provided to ensure that the rate in each case need not be greater than 17.5 cents in the dollar of net annual valuation. This additional assistance will be provided by deferring portion of an authority's loan liability. The amount of liability to be charged to the "Capital Expenditure Borne by the State Account" in each case will be determined by the Governor in Council on the recommendation of the Minister of Water Supply. The amounts of deferred liability will be reviewed each year and adjusted by the Governor in Council for each authority as development occurs and enables the authority to carry a larger proportion of its loan liability with the maximum rate.

Provision is also made in the Seventh Part for other new town supplies which might be approved during the 1966-67 financial year.

#### NINTH PART.

The amount of \$1,500,000 included in the Ninth Part of the Schedule to the Bill represents provision for advances towards the cost of sewerage works of approximately twenty-three authorities in country centres. The amount for actual expenditure during 1966-67 on planned works by these authorities is \$750,000.

With the object of assisting sewerage authorities to establish and extend country sewerage works, the Governor in Council is authorized on the recommendation of the Minister to determine what part of the amount advanced shall be transferred from the debit of the respective sewerage authorities to the State, and in these cases also, the amount so transferred is determined in accordance with a formula having general application throughout the State.

#### TENTH PART.

The amount of \$800,000 included in the Tenth Part of the Schedule to the Bill is required to implement the provisions of the *River Improvement Act 1958* which empowers the Treasurer of Victoria to make advances by way of loan to river improvement and drainage trusts for the purpose of undertaking river improvement and land drainage works. Twenty-five Trusts are now operating, another has just been constituted for the lower Avoca River and others are proposed. No advance is made for the purpose of river improvement until each proposal has been examined by the Commission. The allocation of funds for reimbursement of actual expenditure during 1966-67 on planned works by these authorities is \$440,000.

In view of the national importance of these works, the Governor in Council is authorized on the recommendation of the Minister of Water Supply to determine what part of the amounts advanced shall be transferred from the debit of any local authority to the State.

#### ELEVENTH PART.

The amount of \$300,000 included in the Eleventh Part represents the provision for grants to the Dandenong Valley Authority in respect of river improvement and drainage works.

The authority proposes to carry out works estimated to cost \$915,000 up to 30th September, 1967, which is the end of its financial year. Such works are to be financed by private borrowings and grants, the Government having agreed to provide \$160,000 in 1966-67. The basis of subsidies towards river improvement and drainage works and towards the purchase of land required for flood retention basins has been approved by the Government.

#### TWELFTH PART.

The amount of \$800,000 included in the Twelfth Part of the Schedule to the Bill represents provision for expenditure by the Latrobe Valley Water and Sewerage Board on works pursuant to the provisions of the *Latrobe Valley Act 1958*.

The amount of \$150,000 under Item 1 is required for water resources investigations and improvements in catchment areas. Under Item 2, a further \$150,000 is provided to continue works for the treatment and disposal of waste and sewage.

Provision is made under Items 3 and 4 for works of water supply and sewerage for the new township of Churchill which is being developed by the Housing Commission for an ultimate population of some 40,000 people who will require housing in this area in connexion with power development by the State Electricity Commission. The provision is \$250,000 for water supply and \$250,000 for sewerage.

After the first few years when a local population of some 4,000 to 5,000 has been established, it is proposed that these works shall be transferred to local water and sewerage authorities constituted for the purpose of managing and expanding these services.

A proportion of the capital liability will be transferred to the "Capital Expenditure Borne by the State Account", and this amount will be adjusted by the Governor in Council each year in such a way that, despite the abnormally great allowances which will have to be made for large and rapid future expansion, the locally borne liability will not exceed that which would be carried under the water and sewerage assistance formula by a growing township in which only normal provision is made for future expansion.

#### THIRTEENTH PART.

The amount of \$2,000,000 included in the Thirteenth Part of the Schedule to the Bill represents provision for the contribution by the State of Victoria towards the cost of works constructed under agreements ratified by the River Murray Waters Acts. It allows for work to proceed on construction of Chowilla Reservoir on the lower part of the River Murray.

The River Murray Agreement prescribes that the contracting Governments shall each contribute one-fourth of the total aggregate capital expenditure.

As the River Murray Works are national works, the amount of the State contribution will be charged to the "Capital Expenditure Borne by the State Account".

The amount of \$1,115,000 has been allotted for contribution by the State of Victoria during 1966-67 towards the cost of works constructed under the River Murray Waters Acts.