

# New Zealand Gazette

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OF THURSDAY, 9 SEPTEMBER 1999

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WELLINGTON: MONDAY, 13 SEPTEMBER 1999 — ISSUE NO. 118

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## ORION NEW ZEALAND LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE GAS (INFORMATION  
DISCLOSURE) REGULATIONS 1997

# ORION NEW ZEALAND LIMITED

The following public disclosures are made by Orion New Zealand Limited ("Orion") in accordance with the Gas (Information Disclosure) Regulations 1997 (the "Regulations").

The disclosures cover the period from 1 April 1998 to 31 March 1999 and provide comparatives for prior years where required by the Regulations.

## Gas (Information Disclosure) Regulations 1997 Regulation 6 - Financial Statement disclosure by pipeline owners

### STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March	Distribution 1999 \$000's	Distribution 1998 \$000's	Retail 1999 \$000's	Retail 1998 \$000's
Revenue	<u>71,393</u>	<u>77,551</u>	<u>176,634</u>	<u>161,672</u>
Expenses	50,582	48,437	138,961	160,102
Surplus before taxation	20,811	29,114	37,673	1,570
Taxation expense	<u>23,279</u>	<u>11,619</u>	<u>938</u>	<u>518</u>
Net surplus after taxation attributable to Parent Company shareholders	<u>(2,468)</u>	<u>17,495</u>	<u>36,735</u>	<u>1,052</u>

**STATEMENT OF FINANCIAL POSITION**

<b>For the year ended 31 March</b>	<b>Distribution 1999 \$000's</b>	<b>Distribution 1998 \$000's</b>	<b>Retail 1999 \$000's</b>	<b>Retail 1998 \$000's</b>
<b>CURRENT ASSETS</b>				
Trade debtors	58,117	8,436	60,266	24,714
Inventories	872	3,091	-	-
Tax refund	-	7,052	-	379
<b>Total Current Assets</b>	<b>58,989</b>	<b>18,579</b>	<b>60,266</b>	<b>25,093</b>
<b>LONG TERM ASSETS</b>				
Long term debtors	800	4,496	106	9,355
Enerco Trustee Company and others	-	163	-	17
<b>Total long term assets</b>	<b>800</b>	<b>4,659</b>	<b>106</b>	<b>9,372</b>
<b>FIXED ASSETS</b>				
Land and Buildings	8,990	9,900	-	-
Distribution network and equipment	260,407	276,267	-	-
Fixtures and fittings	7,714	4,815	290	499
Motor vehicles	1,386	2,238	52	232
Work in progress	6,980	17,303	-	-
<b>Total fixed assets</b>	<b>285,477</b>	<b>310,523</b>	<b>342</b>	<b>731</b>
<b>Total assets</b>	<b>345,266</b>	<b>333,761</b>	<b>60,714</b>	<b>35,196</b>

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

<b>For the year ended 31 March</b>	<b>Distribution 1999 \$000's</b>	<b>Distribution 1998 \$000's</b>	<b>Retail 1999 \$000's</b>	<b>Retail 1998 \$000's</b>
<b>CURRENT LIABILITIES</b>				
Trade creditors	5,335	7,098	10,717	15,364
Employee entitlements	489	740	18	76
Provision for dividend	-	15,590	-	841
Bank overdrafts and short term debt	<u>83,058</u>	<u>42,813</u>	<u>1,496</u>	<u>-</u>
<b>Total current liabilities</b>	<b>88,882</b>	<b>66,241</b>	<b>12,231</b>	<b>16,281</b>
<b>NON CURRENT LIABILITIES</b>				
Deferred tax		4,000	-	2,237
Long term payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,496</u>
<b>Total non current liabilities</b>		<b>4,000</b>	<b>-</b>	<b>6,733</b>
<b>EQUITY</b>	<b>256,384</b>	<b>263,520</b>	<b>48,483</b>	<b>12,182</b>
<b>Total liabilities and equity</b>	<b><u>345,266</u></b>	<b><u>333,761</u></b>	<b><u>60,714</u></b>	<b><u>35,196</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. STATEMENT OF ACCOUNTING POLICIES

#### Reporting entity

Orion New Zealand Limited ("the Company") is a company registered under the Companies Act 1993.

The Company is a reporting entity for the purposes of the Financial Reporting Act 1993.

#### Special purpose financial statements

These financial statements have been prepared for the purpose of complying with the requirements of the Gas (Information Disclosure) Regulations 1997 ("*Regulations*"). These financial statements should be read in conjunction with the Company's annual report for the year ended 31 March 1999.

The avoidable cost methodology has been employed by the Company to determine the allocation of the assets, liabilities, revenues and costs.

The avoidable cost methodology defines the Company's distribution business as its core activity. An assessment has then been made as to what assets, liabilities, revenues and costs could be avoided by the distribution business.

Those costs that can be avoided are allocated to the other business activities of the Company and those costs that could not be avoided are allocated to the distribution business.

A full description of the avoidable cost methodology employed by the Company is publicly available as required by Regulation 21 of the Gas (Information Disclosure) Regulations 1997.

#### Measurement base

The measurement system adopted is that of historical cost except for the revaluation of certain fixed assets.

#### Specific accounting policies

The following specific accounting policies which materially affect the measurement of financial performance, cash flows and financial position are applied:

- (a) **Accounts receivable**  
Accounts receivable are valued at their expected realisable value. Any individual debt that is considered to be irrecoverable has been written-off during the financial year. Hire Purchase debtors exclude unearned interest calculated using the "rule of 78" method.
- (b) **Fixed assets**  
All fixed assets are revalued at least once every three years by independent valuers in accordance with SSAP 28. Any subsequent fixed asset additions are recorded at cost until the next revaluation.
- (c) **Depreciation**  
Depreciation is charged against all fixed assets, with the exception of freehold land on a straight line basis at rates which amortise the cost or revalued amount of each asset over their estimated economic lives.

The main bases are periods not exceeding:

Leasehold land and buildings	14 years
Buildings	20 years

Distribution Network and equipment	80 years
Motor vehicles	5 years
Fixtures and fittings	5 years

(d) **Taxation**

The income tax expense charged against the surplus for the year is the estimated liability in respect of that surplus and is calculated after allowance for permanent differences and timing differences which are not expected to reverse in the future periods. This is the partial basis for the calculation of deferred tax. Tax effect accounting is applied on a partial basis using the liability method. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

(e) **Valuation of inventories**

Inventories are valued at the lower of cost (FIFO or weighted average) or net realisable value on a basis consistent with the previous year. An allowance for obsolescence has been assessed on inventories where appropriate.

**Changes in accounting policies**

In the current year the Company adopted the partial basis for accounting for its deferred tax. Previously it accounted for deferred tax using the comprehensive method. This change was made to bring in line the Company's policies with those adopted by the Parent Company. This change in accounting policy decreased the net surplus after tax for the Distribution and Retail operations by \$22,345,366 and \$1,806,693 respectively.

**Internal sales**

Due to the separation of the distribution business from the other contestable business activities, internal transactions between business activities have not been eliminated.

## Regulation 15

### Disclosure by line owners of financial and efficiency performance measures

#### 1. Financial performance measures

	1999	1998	1997
(a) Accounting return on total assets	10.64%	12.22%	10.13%
The strict interpretation for accounting return on total assets from the regulations excludes non-current assets other than fixed assets.			
If these other non current assets were included in the total assets, this performance measure would be:			
	10.62%	12.00%	9.94%
(b) Accounting return on equity	-0.95%	6.62%	6.45%
(c) Accounting rate of profit	6.82%	9.51%	35.25%

#### 2. Efficiency performance measures

	1999 \$	1999 \$	1997 \$
(a) Direct line costs per km	2,565	2,328	4,207
(b) Indirect line costs per customer*	160	202	163

\* Due to one-off costs associated with restructuring, the actual indirect costs were higher. If the costs associated with restructuring were included, the indirect cost per km in 1999 would be \$181.

## Regulation 17

### Energy delivery efficiency performance measures and statistics

The following information is contained in the tables below:

Load factor	Load factor, as calculated by the formula: $a/(12 \times b)$ expressed as a percentage, where a is the amount of gas entering the system or systems during the financial year; and b is the maximum monthly amount of gas entering the system or systems.
UFG%	Unaccounted-for gas ratio, as calculated by the formula: $a/b$ expressed as a percentage, where a is the amount of unaccounted-for gas during the financial year; and b is the amount of gas entering the system or systems during the financial year.
System length	The system length of each system in kilometres (being the average of the length at the beginning and end of the financial year).
Max month	The maximum monthly amount of gas (in gigajoules) entering the system or systems during the financial year.
Total conveyed	The total amount of gas (in gigajoules) conveyed through the system or systems during the financial year.
Conveyed for others	The total amount of gas (in gigajoules) conveyed through the system or systems during the financial year on behalf of other persons who are gas wholesalers or gas retailers, or both, not being persons who are in a prescribed business relationship with the pipeline owner.
No of customers	The total number of customers being supplied by means of a system, (being the average of the number of customers supplied at the beginning and end of the financial year).



System	Load Factor			UFG *		
	96-97	97-98	98-99	96-97	97-98	98-99
	%	%	%	%	%	%
Alfriston	47.61	42.39	37.61	- 6.68	- 8.93	-13.95
Ashhurst	63.32	63.04	55.30	1.27	- 0.26	~ 1.97
Auckland Central	78.77	80.08	84.28	3.00	3.48	~ 2.51
Bruce McLaren	80.35	74.02	79.67	- 8.46	0.73	~ 0.31
Dannevirke	80.61	83.25	84.21	1.66	- 0.51	~ 0.78
Drury	62.21	61.66	66.03	- 3.89	- 1.49	- 2.21
Fielding	60.47	64.90	68.42	- 0.66	1.78	~ 2.10
Foxton	63.96	70.47	66.02	2.41	- 0.48	0.51
Hastings	80.10	84.46	70.70	2.01	1.41	~ 1.14
Hunua	68.19	63.86	79.11	- 3.09	- 3.01	- 1.30
Kakariki	69.99	66.22	76.48	- 0.10	0.06	- 0.28
Kairanga	26.15	27.84	12.30	- 2.76	-12.55	- 8.91
Kingseat	59.56	26.29	38.94	-12.78	- 6.84	-16.04
Levin	64.90	64.79	67.27	1.16	1.88	~ 1.29
Longburn	64.46	51.14	62.72	1.23	2.75	~ 2.07
Mangaroa	46.27	58.24	41.05	-1.10	0.00	0.91
Mangatainoka	89.20	77.78	82.96	1.17	3.08	6.23
Oroua Downs	16.90	13.96	14.38	1.74	- 7.51	8.07
Pahiatua	69.63	64.28	70.61	0.74	0.52	~ 0.95
Palmerston North	56.58	60.64	61.14	4.52	3.57	1.33
Pukekohe	77.38	75.33	73.24	- 2.27	- 0.47	~ 1.18
Ramarama	50.45	46.66	59.65	- 1.17	- 1.98	- 4.37
Takapau	77.36	68.95	80.47	1.13	- 1.39	0.77
Tuakau	63.12	72.73	72.39	0.32	2.30	1.14
Waimauku	38.05	52.26	63.74	- 4.53	- 5.02	- 3.24
Waiuku	87.28	78.32	79.29	3.30	0.79	2.15
Wellington	59.53	63.67	63.05	1.72	3.45	3.24

Estimated figures are indicated by ~, \*, ^ and #.

See Regulation 19: Use of estimated information in certain cases, for an explanation of how estimates have been calculated.

System	System Length			Max Month		
	96-97	97-98	98-99	96-97	97-98	98-99
	kms	kms	kms	GJ	GJ	GJ
Alfriston	0.254	0.254	0.254	2509	2463	2083
Ashhurst	16.157	16.157	16.157	1251	1343	1421
Auckland Central	2383.040	2546.634	2713.568	1074475	1062753	971608
Bruce McLaren	28.149	35.906	58.779	19880	20557	20014
Dannevirke	12.976	12.976	14.606	6985	6592	8001
Drury	7.496	7.496	7.662	6242	5796	5477
Fielding	94.672	94.672	94.672	42194	40026	37414
Foxton	32.708	32.708	32.708	6477	5919	6304
Hastings	309.386	320.707	324.065	159185	164082	179128
Hunua	1.244	1.515	1.785	6442	11510	19360
Kakariki	7.200	7.200	7.200	5336	4752	4976
Kairanga	1.480	1.480	1.480	1600	1004	768
Kingseat	6.278	6.278	6.278	1622	811	403
Levin	107.810	107.810	107.810	40227	41519	36735
Longburn	23.164	23.164	23.164	94700	49667	31189
Mangaroa	0.003	0.003	0.003	1808	1802	2994
Mangatainoka	1.133	1.133	1.133	4761	4650	3554
Oroua Downs	3.143	3.143	3.143	2076	3107	3038
Pahiatua	10.552	10.552	10.552	55789	55824	49155
Palmerston North	359.776	363.333	366.117	141075	128236	112879
Pukekohe	8.732	9.129	10.568	4301	4589	3858
Ramarama	0.400	0.400	1.063	1244	1546	1405
Takapau	4.000	4.000	4.000	10622	11269	9972
Tuakau	5.529	5.529	5.529	17191	15917	15141
Waimauku	0.353	0.353	0.353	537	1873	2210
Waiuku	0.562	0.562	0.562	393	351	200
Wellington	536.600	553.223	563.700	290603	270279	239105

Estimated figures are indicated by ~, \*, ^ and #.

See Regulation 19: Use of estimated information in certain cases, for an explanation of how estimates have been calculated.

System	Total Conveyed			Conveyed For Others		
	96-97	97-98	98-99	96-97	97-98	98-99
	GJ	GJ		GJ	GJ	GJ
Alfriston	14334	12530	9400	0	0	575
Ashhurst	9505	10159	9430	0	0	1820
Auckland Central	10156757	10212377	9826942	67449	106979	1494692
Bruce McLaren	191676	182590	191344	0	21504	82027
Dannevirke	67570	65854	80856	0	0	12168
Drury	46601	42888	43397	0	0	12768
Fielding	306196	311703	307182	0	0	29269
Foxton	49715	50053	49940	0	0	3728
Hastings	1530004	1663043	1519705	0	0	171658
Hunua	52715	88205	183799	17960	27511	47135
Kakariki	44815	37759	45665	0	0	0
Kairanga	5020	3354	1134	0	0	487
Kingseat	11592	2559	1883	0	0	208
Levin	313281	322779	296528	0	0	61238
Longburn	732567	304803	234747	0	0	26603
Mangaroa	10038	12593	14747	0	0	2113
Mangatainoka	50961	43401	35382	0	0	0
Oroua Downs	4211	5203	5242	0	0	1760
Pahiatua	466141	430589	416503	0	0	1080
Palmerston North	957819	933155	828236	0	0	147259
Pukekohe	39935	41483	33909	0	0	8405
Ramarama	7531	8656	10057	0	0	8203
Takapau	98605	93246	96293	0	0	0
Tuakau	130206	138920	131522	0	0	3976
Waimauku	2452	11747	16903	0	0	3316
Waiuku	4116	3299	1903	0	0	476
Wellington	2075970	2064929	1808982	0	0	279373

Estimated figures are indicated by ~, \*, ^ and #.

See Regulation 19: Use of estimated information in certain cases, for an explanation of how estimates have been calculated.

System	No. of Customers		
	96-97	97-98	98-99
Alfriston	1	1	1
Ashhurst	240	241	235
Auckland Central	48910	55987	58197
Bruce McLaren	106	128	207
Dannevirke	139	145	146
Drury	28	28	31
Fielding	2124	2132	2111
Foxton	455	457	455
Hastings	4188	4206	4385
Hunua	8	8	10
Kakariki	1	1	1
Kairanga	6	6	6
Kingseat	3	3	3
Levin	3862	3840	3862
Longburn	418	427	432
Mangaroa	1	1	1
Mangatainoka	2	2	2
Oroua Downs	4	4	4
Pahiatua	121	125	122
Palmerston North	15337	15597	15584
Pukekohe	93	93	105
Ramarama	2	2	3
Takapau	1	1	1
Tuakau	14	14	16
Waimauku	2	2	3
Waiuku	1	1	1
Wellington	24173	24925	25293

Estimated figures are indicated by ~, \*, ^ and #.

See Regulation 19: Use of estimated information in certain cases, for an explanation of how estimates have been calculated.

Notes:

- (a) There was a volume of gas previously disclosed in 96-97 as conveyed for others in Wellington. This was incorrect, and has been removed.
- (b) There were customer numbers previously disclosed in 96-97 for Auckland Central and Bruce McLaren, that were not the year average but were as at 31 March 1997. These have been corrected.
- (c) Contact Energy have been included under Gas Conveyed for Others, since 1 December 1998.
- (d) Previously disclosed system lengths have been amended to indicate average lengths as opposed to a snap shot system length at the end of each year.

## Regulation 18

### Reliability performance measures Unplanned interruptions in distribution system

The following information is contained in the table below:

Unplanned interruption measure (within Distribution System)	The measure of unplanned interruptions (other than those directly resulting from unplanned interruptions of a transmission system), calculated by the formula: $a/b$ where $a$ is the sum obtained by adding together the number of customer-hours lost during each interruption; and $b$ is the total number of customers being supplied by means of the system.
Unplanned interruption measure (resulting from Transmission interruptions)	The measure of unplanned interruptions directly resulting from unplanned interruptions of a transmission system, calculated by the formula: $a/b$ where $a$ is the sum obtained by adding together the number of customer-hours lost during each interruption; and $b$ is the total number of customers being supplied by means of the system.

System	Unplanned Interruption Measure (within Distribution System)			Unplanned Interruption Measure (resulting from Transmission interruptions)		
	96-97	97-98	98-99	96-97	97-98	98-99
Alfriston	0 #	0	0	0	0	0
Ashhurst	0 *	0	0	0	0	0
Auckland Central	0.0022 #	0.0022	0.0025 ^	0	0	0
Bruce McLaren	0 #	0	0	0	0	0
Dannevirke	0 *	0.0138 ^	0.0034 ^	0	0	0
Drury	0 #	0	0	0	0	0
Fielding	0.0179 *	0.0009 ^	0.0007 ^	0	0	0
Foxton	0.0286 *	0	0.0033 ^	0	0	0
Hastings	0.1830 *	0.2089 ^	0.0029 ^	0	0	0
Hunua	0 #	0	0	0	0	0
Kakariki	0 *	0	0	0	0	0
Kairanga	0 *	0	0	0	0	0
Kingseat	0 #	0	0	0	0	0
Levin	0.0109 *	0.0018 ^	0.0001 ^	0	24.0000 ^	0
Longburn	0 *	0	0.0023 ^	0	0	0
Mangaroa	0 *	0	0	0	0	0
Mangatainoka	0 *	0	0	0	0	0
Oroua Downs	0 *	0	0	0	0	0
Pahiatua	0 *	0.0240 ^	0.0041 ^	0	0	0
Palmerston North	0.0094 *	0.0031 ^	0.0010 ^	0	2.8852 ^	0
Pukekohe	0 #	0	0	0	0	0
Ramarama	0 #	0	0	0	0	0
Takapau	0 *	0	0	0	0	0
Tuakau	0 #	0	0	0	0	0
Waimauku	0 #	0	0	0	0	0
Waiuku	0 #	0	0	0	0	0
Wellington	0.0024 ^	0.0050 ^	0.0041 ^	0	0	0

Estimated figures are indicated by ~, \*, ^ and #.

See Regulation 19: Use of estimated information in certain cases, for an explanation of how estimates have been calculated.

## Regulation 19

### Use of estimated information in certain cases

If any information (for Regulation 17 or 18) is not available, the pipeline owner may use estimated information for that purpose and, in that case, (i) identify the information that has been compiled using estimated information; and (ii) state the methodology used to calculate the estimated information.

#### 1. UFG %:

In determining the unaccounted-for gas, the sales component includes a portion which is unbilled gas. This portion involves a small estimate for the number of days during the financial year where the billing reading dates do not correspond with the sales gate reading dates. This generally only affects domestic customers' sales, the estimate being based on the daily average usage of the preceding billing period. A computer program is run monthly to compute this unbilled gas, for the preceding three months' periods, such that the oldest period then contains the smallest error.

For 98-99, there have been problems in running this program, and some months have contained suspect results. These periods of suspect data have been excluded from the UFG% calculations.

This data has been shown by a ~.

#### 2. Unplanned Interruption Measure:

The customer-hours lost have been estimated in a number of ways:

- (i) On systems where the number of customers affected and the length of the interruption have been recorded, but are not available for the full financial year, this data has been extrapolated such that it would then cover the full 12 month period. As the specific system involved has not been recorded, the estimated customer-hours lost in total has been apportioned across system(s) indicated by the local engineer as being the contributing system(s), the apportionment being on a pro-rata basis by system length.

This data has been shown by a #.

- (ii) On systems where the number of customers affected has been recorded, but the length of each interruption has not been recorded, the local engineer has estimated the average length of the interruptions. The specific system involved is recorded.

This data has been shown by a ^.

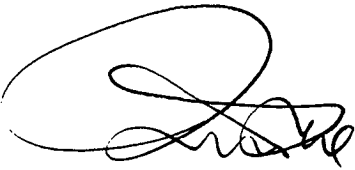

- (iii) On systems where the number of customers affected has been recorded, but the length of each interruption has not been recorded, the local engineer has estimated the average length of the interruptions. As the specific system involved has not been recorded, the estimated customer-hours lost in total has been apportioned across system(s) indicated by the local engineer as being the contributing system(s), the apportionment being on a pro-rata basis by system length.

This data has been shown by a \*.

**Regulation 32(2)**  
**Certification of Financial Statements, Performance Measures and statistics disclosed by pipeline owners other than the Corporation**

We, Peter Rae and Donald Sollitt, directors of Orion New Zealand Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) the attached audited financial statements of Orion New Zealand Limited prepared for the purposes of Regulation 6 of the Gas (Information Disclosure) Regulations 1997, comply with the requirements of that regulation; and
- (b) the attached information, being financial performance measures, efficiency performance measures, energy delivery performance measures and statistics, and reliability performance measures in relation to Orion New Zealand Limited and having been prepared for the purposes of Regulations 15 to 19 of the Gas (Information Disclosure) Regulations 1997, complies with the requirements of those regulations.

  
\_\_\_\_\_  
Peter Rae  
\_\_\_\_\_  
Donald Sollitt

19 August 1999





Audit New Zealand

**CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS**

I have examined the attached financial statements prepared by Orion New Zealand Limited and dated 19 August 1999 for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997.

I certify that, having made all reasonable enquiry, to the best of my knowledge, those financial statements have been prepared in accordance with the requirements of the Gas (Information Disclosure) Regulations 1997.

A handwritten signature in black ink, appearing to read 'J L Palmer', with a large, sweeping flourish at the end.

J L Palmer  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
27 August 1999



Audit New Zealand

### CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information being -

- (a) Financial performance measures specified in clause 1 of Part 2 of Schedule 1 of the Gas (Information Disclosure) Regulations 1997; and
- (b) Financial components of the efficiency performance measures specified in clause 2 of Part 2 of that Schedule, -

and having been prepared by Orion New Zealand Limited and dated 19 August 1999 for the purposes of regulation 15 and 16 of those regulations.

I certify that, having made all reasonable enquiry, to the best of my knowledge, that information has been prepared in accordance with the Gas (Information Disclosure) Regulations 1997.

J L Palmer  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
27 August 1999

