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ORION NEW ZEALAND LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

ORION NEW ZEALAND LIMITED

The following public disclosures are made by Orion New Zealand Limited ("Orion") in accordance with the Electricity (Information Disclosure) Regulations 1999 (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.

Regulation 6 - Financial Statement disclosure by line owners

For and on behalf of directors:

Director
18 August 1999

Director
18 August 1999

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March	Notes	1999 $000's	1998 $000's
Operating revenues	2	137,223	136,585
Operating surplus before taxation	3	51,510	37,119
Taxation expense	4	19,044	13,700
Operating surplus after taxation		32,466	23,419

The accompanying notes form part of and are to be read in conjunction with these financial statements

STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 31 March	Notes	1999 $000's	1998 $000's
Equity at the start of the period		498,461	491,951
Amendment to opening equity to reflect changes required by the new regulations		(51,470)	-
Total recognised revenues and expenses for the period		32,466	23,419
Distributions paid or provided to shareholders during the period		(6,161)	(16,909)
Equity at the end of the period		**473,296**	**498,461**

The accompanying notes form part of and are to be read in conjunction with these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 March 1999	Notes	1999 $000's	1998 $000's
CURRENT ASSETS			
Bank and short term deposits		12,301	22,548
Accounts receivable	5	2,115	10,380
Inventories		12	360
Income tax		5,324	5,237
Intercompany balances		4,169	-
		23,921	38,525
NON-CURRENT ASSETS			
Long term investments		-	204
Goodwill and intangible assets		-	-
Fixed assets	6	463,872	483,717
		463,872	483,921
Total assets		**487,793**	**522,446**

The accompanying notes form part of and are to be read in conjunction with these financial statements

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 1999	Notes	1999 $000's	1998 $000's
CURRENT LIABILITIES			
Bank overdraft		41	-
Accounts payable and accruals	7	14,456	23,985
		14,497	23,985
LONG TERM DEBT		-	-
SHAREHOLDERS' EQUITY			
Mandatory subordinated convertible notes	8 & 9	76,000	76,000
Shareholders' equity		397,296	422,461
		473,296	498,461
Total liabilities and equity		**487,793**	**522,446**

The accompanying notes form part of and are to be read in conjunction with these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 March 1999	Notes	1999 $000's	1998 $000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Cash receipts from customers		143,113	134,853
Interest received		2,386	2,726
		145,499	137,579
Cash was applied to:			
Non capitalised payments to suppliers and employees		72,215	73,915
Income tax paid (net of refunds)		19,131	16,836
Interest paid		5,926	6,101
		97,272	96,852
Net cash inflow from operating activities	10	**48,227**	**40,727**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of fixed assets		202	-
Cash was applied to:			
Purchase of fixed assets		14,043	12,602
Reclassifications as required by new Regulations		27,527	-
		41,570	12,602
Net cash outflow from investing activities		**(41,368)**	**(12,602)**

The accompanying notes form part of and are to be read in conjunction with these financial statements

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 1999	Notes	1999 $000's	1998 $000's
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Decrease/(increase) in current accounts		4,169	-
Dividends paid		12,978	17,219
		17,147	17,219
Net cash outflow from financing activities		**(17,147)**	**(17,219)**
CASH FLOW SUMMARY AND RECONCILIATION			
Opening bank and short term investments		22,548	11,642
Inflow from operating activities		48,227	40,727
Outflow from investing activities		(41,368)	(12,602)
Outflow from financing activities		(17,147)	(17,219)
Closing bank and short term investments		**12,260**	**22,548**
REPRESENTED BY:			
Cash at bank and short term investments		12,301	22,548
Bank overdraft		(41)	-
		12,260	**22,548**

The accompanying notes form part of and are to be read in conjunction with these financial statements

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 Electricity (Information Disclosure) Regulations 1999 *("Regulations")*.

Allocations of the costs, revenues, assets and liabilities of the Company have been made in accordance with the avoided cost principle as required by the Regulations.

This approach defines the line business as the Company's core business, and makes an assessment of the costs, revenues, assets and liabilities that would be avoided by the line business if all non-core businesses were to cease operation. The costs, revenues, assets and liabilities that would be avoided are allocated to those non-core businesses. Costs, revenues, assets and liabilities that would not be avoided are allocated to the line business.

As many disclosures are being made for the first time under the Regulations, no comparatives have been required. These have been marked with an asterisk in the appropriate place.

Amalgamations

On 31 March 1999 the following companies were amalgamated into the Company (formerly Southpower Limited):

- Cogenerated Heat & Power Limited
- Combined Heat & Power Systems Limited
- East Power Limited
- Enerco Limited
- HSP NZ Limited
- Orca Limited
- Qest Investments Limited
- Qest New Zealand Limited (formerly Enerco New Zealand Limited)
- Qest Resources Development Limited
- Qest Trustee Company Limited
- Southpower Energy Purchases Limited
- USL Holdings Limited

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance, cash flows and financial position on an historical cost basis are followed by the group, with the exception that certain fixed assets and investments have been revalued.

Specific accounting policies

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

(a) Line services sales
Sales recognise actual amounts billed during the financial year, together with an adjustment for the value of unread meters at the beginning of the financial year.

(b) Capital contributions

Capital contributions which are refundable to customers are treated as current liabilities until refunded. Non-refundable contributions are credited to income when received.

(c) Research and development costs

Research and development costs are expensed in the period incurred. Development costs are deferred where future benefits are expected to exceed those costs, otherwise such costs are expensed in the period incurred. Deferred development costs are amortised over future periods in relation to expected future revenue.
Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable and any amounts, so identified, are expensed.

(d) Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure which results in a significant restoration or increased service potential for existing assets. Constructed assets are included in fixed assets as each becomes operational and available for use. Revenue expenditure is defined as expenditure which is incurred in the maintenance and operation of the fixed assets of the group.

(e) Accounts receivable

Accounts receivable are valued at their expected realisable value. All known bad debts are written off during the financial year.

(f) Inventories

Stocks and inventories are valued at the lower of cost (FIFO or weighted average) and net realisable value, with additional allowances for obsolescence where necessary. Chargeable work in progress includes direct materials and labour and an allocation of overheads that directly relate to the contract.

(g) Investments

Investments are shown at cost. In the parent company financial statements, investments in subsidiaries are stated at cost plus share of post acquisition increases/(decreases) in net assets less goodwill write-offs.

(h) Depreciation

Depreciation has been provided on fixed assets using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

The main bases are periods not exceeding:

Electricity distribution system	70 years
Buildings	50 years
Cars and vans	5 years
Trucks	7 years
Plant and equipment	10 years
Computer equipment and software	3 years

The electricity distribution system economic lives have been set consistent with the Ministry of Commerce's revised ODV Handbook. The economic lives range from 15 - 70 years for the different components of the distribution system.

(i) Fixed assets

The group's fixed assets are revalued on a cyclic basis at least once every three years by independent valuers to net current value. Any subsequent fixed asset additions are initially recorded at cost until the next revaluation.

(j) Income tax
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 not expected to reverse in 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.

(k) Financial instruments
The Company has entered into swaps transactions for the primary purpose of reducing exposure to fluctuations in interest rates. While these financial instruments are subject to the risk that market rates may change subsequent to the acquisition of the financial instrument, such changes would generally be offset by opposite effects on the items being hedged. For the swap agreements, the differential to be paid or received is accrued as interest rates change and is recognised as a component of interest expense over the life of the agreement.

(l) Employee entitlements
Provision is made in respect of the company's liability for annual and long service leave. The annual leave liability has been calculated on an actual entitlement basis at current rates of pay. The long service leave liability has been assessed on an actuarial basis.

Changes in Accounting Policies

There have been no changes in accounting policies. The policies have been applied on bases consistent with those used in previous years.

2. OPERATING REVENUES

Operating revenues include the following items:

	1999 $000's	**1998 $000's**
AC rental rebates	4,460	2,943
Bad debts recovered	18	95
Changes in bad debt provisions	66	-
Dividends	-	-
Interest	2,386	2,800
Line revenue invoiced by retailers	39,784	-
Line revenue invoiced to final consumers	93,425	129,855
Metering revenue reallocated	(4,714)	(6,734)
Other	1,798	7,626
	137,223	**136,585**

3. OPERATING SURPLUS BEFORE TAX

Operating surplus before tax includes the following items:

	1999 $000's	1998 $000's
Amortised goodwill	-	-
Asset maintenance services		
- related parties	4,605	4,896
- non-related parties	4,174	3,883
Audit fees - parent company auditor	55	45
Avoided transmission charges	-	-
Other fees - parent company auditor	5	-
Bad debts written off	39	50
Consultancy and legal expenses	938	2,268
Consumer-based load control	6	2
Corporate and administration	569	555
Customer billing/information services	2,352	2,600
Depreciation - capital works under construction	-	-
Depreciation - system fixed assets	15,034	14,642
Depreciation - other assets	1,719	1,755
Directors' fees	196	196
Disconnection/reconnection services	-	-
Donations	13	15
Earnings before interest and tax	57,420	43,220
Human resources	587	612
Interest expense - MCN's	5,910	6,101
Loss on sale of fixed assets	11	-
Leasing and rental	58	57
Marketing and advertising	185	127
Merger and acquisition expenses	-	-
Meter data		
- related parties	12	5
- non-related parties	10	4
Research and development	-	25
Salaries and redundancies	6,282	6,475
Takeover defence expenses	-	-
Total depreciation	16,753	16,397
Total expenditure	85,713	99,466
Transmission charges	43,087	39,454

4. TAXATION

The taxation provisions are subject to Inland Revenue Department assessment.

	1999 $000's	1998 $000's
Surplus before taxation	51,510	37,119
Prima facie taxation at 33%	16,998	12,249
ADD/(LESS) taxation effect of :		
Timing differences not expected to reverse with virtual certainty of realisation	1,703	(1,320)
Permanent differences	12	3,110
Timing differences expected to reverse with virtual certainty of realisation	(253)	101
Under/(over) provisions in prior years	584	(440)
Taxation as per Statement of Financial Performance	19,044	13,700

5. ACCOUNTS RECEIVABLE

A summary of accounts receivable is as follows:

	1999 $000's	1998 $000's
Trade receivables	1,985	9,852
Other receivables	93	16
Prepayments	204	265
Interest receivable	10	486
	2,292	10,619
Unearned interest on hire purchase debtors	(3)	(11)
Provision for doubtful debts	(174)	(228)
	2,115	**10,380**

6. FIXED ASSETS

	1999 $000's	1998 $000's
System fixed assets (at valuation)	431,512	468,074
System fixed assets (at cost)	23,496	13,625
Accumulated depreciation	(28,655)	(17,747)
	426,353	463,952
Load control equipment (at valuation)	3,258	-
Load control equipment (at cost)	38	-
Accumulated depreciation (NB - included in system fixed assets in 1998)	(331)	-
	2,965	-
Information systems (at valuation)	1,397	-
Information systems (at cost)	1,368	-
Accumulated depreciation	(1,534)	-
	1,231	-
Land and buildings (at valuation)	31,521	19,491
Land (at cost)	737	631
Accumulated depreciation	(1,171)	(357)
	31,087	19,765
Motor vehicles and plant (at valuation)	930	-
Motor vehicles and plant (at cost)	703	-
Accumulated depreciation	(576)	-
	1,057	-
Other (at valuation)	1,542	-
Other (at cost)	483	-
Accumulated depreciation	(846)	-
	1,179	-
Total fixed assets	**463,872**	**483,717**

Capital work in progress included in fixed assets at balance date is as follows:

Comprising	$000's	$000's
Subtransmission	25	19
Zone substations	282	215
Distribution lines and cables	888	676
Distribution substations	255	194
Low voltage lines and cables	179	136
SCADA	680	519
Standby generators	731	-
Total system fixed asset work in progress	3,040	1,759
Plus		
Information systems	135	-
Land and buildings	50	-
Total work in progress at balance date	3,225	1,759

Revaluation

The company's electricity distribution system was revalued to net current value as at 31 March 1997. The valuations, on an optimised deprival value basis, were certified by independent valuers, Ernst and Young. Land, buildings and other equipment were revalued to net current value as at 31 March 1997 by the registered valuers, Ernst and Young.

Depreciation has been applied to the revalued assets for the year ended 31 March 1999 in accordance with the group's accounting policies.

Fixed assets purchased since the above valuations have been recorded at cost less accumulated depreciation.

7. ACCOUNTS PAYABLE AND ACCRUALS

A summary of accounts payable and accruals is as follows:

	1999 $000's	1998 $000's
Trade creditors	8,102	9,057
Accruals	5,030	6,389
Employee entitlements	1,040	1,722
Interest accrued on term liabilities	284	-
Dividends payable	-	6,817
	14,456	23,985

8. FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial instruments are as follows:

	Carrying Amount 1999 $000's	Fair Value 1999 $000's	Carrying Amount 1998 $000's	Fair Value 1998 $000's
Cash and short term investments	12,301	12,301	22,548	22,548
Bank overdraft	(41)	(41)	-	-
Interest rate swaps	-	(2,018)	-	808

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash, short term investments, bank overdraft and short term debt. The carrying amounts of these balances are equivalent to their fair value.

Interest rate swaps, forward rate agreements (FRA's) and options. The fair value of interest rate swaps, FRA's and options, is estimated based on quoted market prices of those instruments and apportioned between the mandatory convertible notes (assigned to line business) and other debt (not assigned to line business).

Off-Balance Sheet Risk

Interest Rate Hedge Contracts

Fluctuations in interest rates give rise to market risk.

The company has short term investments which are subject to interest rate variations in the market.

Interest rate swaps, FRA's and options, are employed to manage interest rate exposure on long term borrowings.

Contracts have been entered into with various counterparties having such credit ratings and in accordance with such dollar limits as set by the Board of Directors. The company does not require collateral or other security to support financial instruments with credit risk. While the company may be subject to credit losses up to the notional principal or contract amounts in the event of non performance by its counterparties, it does not expect such losses to occur.

The notional principal or contract amounts outstanding at 31 March were as follows:

	1999 $000's	1998 $000's
Interest rate swaps and FRA's	50,000	76,000

For interest rate swaps, FRA's and options contracts, the cash requirements are limited to interest payable or receivable which was a net payable amount of $284,389 as at 31 March 1999 ($333,515 receivable in 1998) and was included as part of net current liabilities as at that date.

Concentration of Credit Risk

Financial instruments which potentially subject the company to concentrations of credit risk consist principally of cash and short term investments, trade and notes receivable and various off-balance sheet instruments. The company places its cash and short term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with its treasury policy. Due to the sale of the electricity retail business, there is a large concentration of credit risk to TransAlta NZ. At 31 March 1999 there was no material trade account receivable from that party.

9. MANDATORY SUBORDINATED CONVERTIBLE NOTES

The notes were issued on the same terms as contained in the Company's approved 1993 Establishment Plan. The notes are subordinated and so rank behind all secured and unsecured creditors. Interest on the notes is payable quarterly in arrears at 1.0% above the 90 day bank bill rate applicable at the commencement of that quarter. The notes are convertible into either ordinary shares or redeemable preference shares under the terms of the Convertible Note Deed dated 30 April 1993. The notes were held in the following proportions as at 31 March 1998 and 1999:

Christchurch City Holdings Limited	87.625%
Selwyn Council Trading Enterprises Limited	10.725%
Banks Peninsula District Council	1.650%
	100.000%

10. RECONCILIATION OF SURPLUS AFTER TAXATION WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	1999 $000's	1998 $000's
Net surplus from the Statement of Financial Performance	32,466	23,419
ADD/(LESS) non cash items:		
Depreciation	16,753	18,241
ADD/(LESS) movements in other working capital items:		
(Increase)/decrease in debtors	8,265	1,068
(Increase)/decrease in interest receivable	-	(74)
(Increase)/decrease in stocks	348	(116)
Increase/(decrease) in creditors	(9,513)	1,325
Increase/(decrease) in interest payable	(16)	-
Increase/(decrease) in taxation payable	(87)	(3,136)
ADD/(LESS) items classified as an investing activity:		
Profit on sale of fixed assets	11	-
Net cash inflow from operating activities	48,227	40,727

11. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets or contingent liabilities as at 31 March 1999.

12. CAPITAL REVIEW

The company's planned $76 million capital repatriation of mandatory convertible notes is awaiting an Inland Revenue Department binding ruling. Also, in principle, a further $70 million will also be repatriated. The $76 million and $70 million repatriations are forecast to be completed during the year ended 31 March 2000.

13. COMMITMENTS

At balance date, capital commitments were as follows:

	1999 $000's	**1998 $000's**
Distribution system	847	630
Other	-	-
	847	630

All of the above capital commitments are due to be met in the next financial year.

At balance date, lease commitments were as follows:

	1999 $000's	**1998 $000's**
2000	50	49
2001	50	49
2002	50	49
2003	50	49
2004 and beyond	498	490

Note: commitments which extend beyond the next four years have been assessed for a maximum period of 10 years.

14. RELATED PARTIES

Transactions with owners and directors

Christchurch City Holdings Limited (CCHL) is an 87.625% shareholder in the holding company. CCHL is 100% owned by the Christchurch City Council (CCC).

Selwyn Council Trading Enterprises Limited (SCTEL) is a 10.725% shareholder in the holding company. SCTEL is 100% owned by the Selwyn District Council (SDC).

Banks Peninsula District Council (BPDC) is a 1.650% shareholder in the holding company.

The company has been 100% owned by Orion Group Limited (the holding company) since 23 October 1998. Prior to that date its shares were owned in the above proportions by CCHL, SCTEL and BPDC.

The company undertakes many transactions with the shareholders and their related parties, all of which are carried out on a commercial and arms length basis.

During the year no material transactions, other than the payment of dividends and interest were entered into with such parties.

All of the company's directors are electricity customers of the company on a commercial and arms length basis. During the year no material transactions were entered into with any of the directors.

A summary of the related party transactions with the CCC is as follows:

	1999 $000's	**1998 $000's**
TRANSACTIONS DURING THE YEAR		
Purchases from CCC	270	270
Revenues from CCC	1,226	1,200
Dividend payments	11,372	14,816
MCN interest payments	5,179	5,930
OUTSTANDING BALANCES AS AT 31 MARCH		
Accounts payable to CCC	-	20
Accounts receivable from CCC	15	12
Dividends payable to CCHL	-	5,973

Transactions with "other" businesses

For the purposes of Regulation 9 of the Regulations, transactions taking place between the line business and "other" businesses must be identified.

The company had considerable numbers of interactions with two wholly-owned subsidiaries during the year - Connetics Limited (a contracting company) and Enersis Limited (an information technology company).

A description of the intercompany transactions, revenue amounts and balances at 31 March 1999 and 1998 follows. Note that estimated data has had to be used in the determination and apportionment of costs for both Connetics and Enersis into the required categories.

Connetics

Connetics has provided construction and maintenance services to the line business for the period 1 April 1998 to 31 March 1999, and for a number of prior years.

These services follow the awarding of a contract based on a contested lowest-price conforming tender.

In virtually every case multiple parties were invited to tender for such work.

In the case of emergency maintenance, a contract comprising a negotiated schedule of rates has been agreed. A contract has also been negotiated for the management of system spares.

Contract variations and adjustments have been negotiated between the parties. No debts have been written off or forgiven during the year. Amounts are due the 20th of the month following date of invoice.

Services provided by Connetics:

	1999 $000's	1998 $000's
Asset maintenance		
- asset storage	99	105
- emergency work	1,599	1,700
- other asset maintenance	2,907	3,091
	4,605	4,896
Asset construction		
- subtransmission assets	72	88
- zone substations	151	186
- distribution lines and cables	3,117	3,830
- medium voltage switchgear	979	1,203
- distribution transformers	-	-
- distribution substations	450	553
- low voltage lines and cables	1,053	1,294
- other system fixed assets	369	453
	6,191	7,607
Other services provided to line business		
- meter data	-	-
- consumer-based load control	-	-
- disconnection/reconnection services	-	-
- avoided transmission charges	-	-
- other goods and services	-	-
	10,796	12,503
Balance outstanding at 31 March	1,757	2,005

The Company has provided directors and some specialised administrative support to Connetics. These have been charged on a commercial arms-length basis.

Some spare transformers have been sold to Connetics. These have been on a negotiated basis.

No debts have been written off or forgiven during the year. Amounts are due the 20th of the month following date of invoice.

Payments received from Connetics for services	52	50
Payments received from Connetics for transformers	68	15
Balance outstanding at 31 March	29	15

Enersis

Enersis has provided information systems, communication systems and SCADA support and development to the company during the period 1 April 1997 to 31 March 1999.

This includes a facilities management agreement as well as various projects where staff time was charged to projects at rates varying between $55 and $100 per hour.

No debts have been written off or forgiven. Amounts are due the 20th of the month following date of invoice.

	1999 $000's	1998 $000's
Services provided by Enersis	780	800
Balance outstanding at 31 March	130	150

The Company has provided property rental, vehicle and equipment leasing services to Enersis as well as some administrative support.

No debts have been written off or forgiven. Amounts are due the 20th of the month following date of invoice.

Services provided to Enersis	69	70
Balance outstanding at 31 March	60	12

Regulation 15

Disclosure by line owners of financial and efficiency performance measures

* ***Financial performance measures as defined by the Electricity (Information Disclosure) Regulations 1999***

		1999
(a)	Return on funds	11.87%
(b)	Return on equity	8.03%
(c)	Return on investment	7.57%

Refer to Orion's Regulation 16 Disclosure for the derivation of these measures.

* ***Financial and efficiency performance measures as defined by the Electricity (Information Disclosure) Regulations 1994***

			1998	1997	1996
1	(a)	Accounting return on total assets	9.0%	7.0%	6.0%
	(b)	Accounting return on equity	5.9%	4.6%	3.0%
	(c)	Accounting rate of profit	5.2%	30.6%	3.0%

Note: The measures for 1997 incorporate the impact of a revaluation as at 31 March 1997.

If this revaluation had not been performed, the returns for 1997 would have been as follows:

Accounting return on total assets	8.0%
Accounting return on equity	5.3%
Accounting rate of profit	4.9%

* ***Financial performance measures as defined by the Electricity (Information Disclosure) Regulations 1999***

			1999 $	1998 $	1997 $	1996 $
2	(a)	Direct line costs per kilometre:	1,007	1,158	1,082	1,028
	(b)	Indirect line costs per electricity customer:	37	138	127	138

The sum of "direct" and "indirect" line costs reconciles to the "Total Expenses" disclosed in Note 3 of the Regulation 6 Financial Statements after adjusting for:

- depreciation, transmission and interest expenses (as required by Regulation 17)
- renewal accounting adjustments (as required by Regulation 18, details of which are disclosed in Regulation 16), and
- revenue items earned other than from line revenue and interest.

Regulation 16

Derivation of financial and efficiency performance measures from financial statements

The earnings before interest and tax (EBIT) and the operating surplus after taxation have been adjusted to reflect differences between the company's accounting policies and the requirements of Regulation 17 and 18. The reconciliations are as follows:

	1999 $000's
EBIT from the Statement of Financial Performance (Regulation 6)	57,420
Capital expenditure which replicates existing fixed assets	(782)
Replaced assets written off	(670)
Maintenance expenditure which enhances fixed assets	2,085
EBIT as used in the calculation of performance measures	58,053

Operating surplus after tax from the Statement of Financial Performance (Regulation 6)	32,466
Capital expenditure which replicates existing fixed assets	(782)
Replaced assets written off	(670)
Maintenance expenditure which enhances fixed assets	2,085
Operating surplus as used in the calculation of performance measures	33,099

Derivation Table	Symbol in formula	Input Column	Calculations	ROF		ROE		ROI	
Earnings before interest and tax (EBIT)	a	58,053			58,053		N/A		58,053
Net profit after tax (NPAT)	n	33,099			N/A		33,099		N/A
Amortised Goodwill	g	0		add	0	add	0	add	0
Subvention Payment	s	0		add	0	add	0	add	0
Depreciation of SFA at BV	d	15,034		add	15,034	add	15,034	add	15,034
Depreciation of SFA at ODV		15,405		deduct	15,405	deduct	15,405	deduct	15,405
ODV Depreciation tax adjustment	b	-122			N/A	deduct	-122	deduct	-122
Subvention Payment tax adjustment		0	s*t		N/A	deduct	0	deduct	0
Interest Tax Shield	q	1,950			N/A		N/A	deduct	1,950
Revaluations	r	0			N/A		N/A	add	0
Income tax	p	19,044			N/A		N/A	deduct	19,044
Numerator (as adjusted)		No entry		= a + g + s + d	57,682	= n + g + s - s*t + d - b	32,850	= a + g - q + r + s + d - p - s*t - b	36,810
Fixed Assets at year beginning (FA_0)		483,717			483,717		N/A		483,717
Fixed Assets at year end (FA_1)		463,872		add	463,872		N/A	add	463,872
Net Working Capital at year beginning (NWC_0)		15,044		add	15,044		N/A	add	15,044
Net Working Capital at year end (NWC_1)		10,951		add	10,951		N/A	add	10,951
Average total funds employed (ATFE)	c	No entry	$= (FA_0 + FA_1 + NWC_0 + NWC_1)/2$	divide by 2	486,792		N/A	divide by 2	486,792
Total Equity at year beginning (TE_0) (Excludes MCN's)		422,461			N/A		422,461		N/A
Total Equity at year end (TE_1) (Excludes MCN's)		397,296			N/A	add	397,296		N/A
Average total equity	k	No entry	$= (TE_0 + TE_1)/2$		N/A	divide by 2	409,879		N/A
WUC at year beginning (WUC_0)		1,759			1,759		1,759		1,759
WUC at year end (WUC_1)		3,040		add	3,040	add	3,040	add	3,040
Average total Works under Construction	e	No entry	$= (WUC_0 + WUC_1)/2$	divide by 2	2,400	divide by 2	2,400	divide by 2	2,400
Revaluations	r	0			N/A		N/A		0
Goodwill asset at year beginning (GW_0)		0			N/A		0		N/A
Goodwill asset at year end (GW_1)		0			N/A	add	0		N/A
Average Goodwill asset	m	No entry	$= (GW_0 + GW_1)/2$		N/A	divide by 2	0		N/A
Subvention payment at year beginning (S_0)		0			N/A		0		N/A
Subvention payment at year end (S_1)		0			N/A	add	0		N/A
Subvention payment tax adjustment at year beginning		0	$= s_0 t$		N/A	deduct	0		N/A
Subvention payment tax adjustment at year end		0	$= s_1 t$		N/A	deduct	0		N/A
Average subvention payment & related tax adjustment	v	No entry	$= (s_0 + s_1 + s_0 t + s_1 t)/2$		N/A	divide by 2	0		N/A
System Fixed assets at year beginning at book value (SFA_{bv0})		474,919			474,919		474,919		474,919
System Fixed assets at year end at book value (SFA_{bv1})		439,315		add	439,315	add	439,315	add	439,315
Average value of system fixed assets at book value	f	No entry	$= (SFA_{bv0} + SFA_{bv1})/2$	divide by 2	457,117	divide by 2	457,117	divide by 2	457,117
System Fixed assets at year beginning at ODV value (SFA_{odv0})		476,505		add	476,505	add	476,505		476,505
System Fixed assets at year end at ODV value (SFA_{odv1})		441,062		add	441,062	add	441,062	add	441,062
Average value of system fixed assets at ODV value	h	No entry	$= (SFA_{odv0} + SFA_{odv1})/2$	divide by 2	458,784	divide by 2	458,784	divide by 2	458,784
Denominator (as adjusted)				= c - e - f + h	486,059	= k - e - m + v - f + h	409,146	= c - e - ½r - f + h	486,059
Financial Performance Measure:				$EBIT^{ADJ}/ATFE^{ADJ}$ x 100/1 =	11.87%	PAT^{ADJ}/ATE^{ADJ} x 100/1	8.03%	$EBIT^{ADJ}/ATFE^{ADJ}$ x 100/1 =	7.57%

Key:
t = standard entity tax rate
bv = book value
ave = average
ADJ = as adjusted
odv = optimised deprival valuation
subscript '0' = beginning of the financial year
subscript '1' = end of the financial year

Regulation 21

Disclosure by line owners of energy delivery efficiency performance measures and statistics

	1999	1998	1997	1996
1 (a) Load Factor	59.5%	58.4%	56.3%	56.4%
(b) Loss Ratio	4.9%	4.7%	5.5%	4.8%
(c) Capacity Utilisation	30.7%	32.3%	33.9%	34.2%

2 (a) Sum of overhead and underground line circuit lengths:

Description	1999 Average (km)	1998 Average (km)	1997 Average (km)	1996 Average (km)
66kV	115	115	115	115
33kV	323	324	323	322
11kV	5,092	4,962	4,760	4,711
230/400V	2,800	2,762	2,723	2,696
230V Outside Lighting	2,177	2,148	2,115	2,076
Communications	971	963	962	960
Totals	11,478	11,274	10,998	10,880

(b) Overhead line circuit lengths:

Description	1999 Average (km)	1998 Average (km)	1997 Average (km)	1996 Average (km)
66kV	57	57	57	57
33kV	307	308	309	309
11kV	3,215	3,135	2,986	2,964
230/400V	1,506	1,506	1,507	1,523
230V Outside Lighting	918	923	927	928
Totals	6,003	5,929	5,786	5,781

(c) Underground line (cable) circuit lengths:

Description	1999 Average (km)	1998 Average (km)	1997 Average (km)	1996 Average (km)
66kV	58	58	58	58
33kV	16	16	15	13
11kV	1,877	1,827	1,774	1,747
230/400V	1,294	1,256	1,216	1,173
230V Outside Lighting	1,260	1,225	1,189	1,148
Communications	971	963	962	960
Totals	5,476	5,345	5,214	5,099

		1999	1998	1997	1996
(d)	Transformer capacity at year end (kVA):	1,686,100	1,639,993	1,603,053	1,559,043
(e)	Maximum demand (kW):	516,844	529,316	542,768	533,270
(f)	Total electricity supplied from the system (kWh):	2,560,341,046	2,582,049,231	2,529,519,393	2,506,690,102
(g)	Electricity conveyed on behalf of retailers/generators (kWh):				
	Retailer A	1,744,974,597			
	Retailer B	756,238,810			
	Retailer C	52,879,656			
	Retailer D	32,897,023			
	Retailer E	28,504,294			
	Retailer F	24,776,951			
	Retailer G	19,682,224			
	Retailer H	13,189,456			
	Retailer I	7,959,007			
	Retailer J	4,966,687			
	Retailer K	3,369,241			
	Retailer L	2,941,050			
	Retailer M	319,033			

* *Performance measures as defined by the Electricity (Information Disclosure) Regulations 1999*

		1999	1998	1997	1996
(g)	Total electricity from the system conveyed for independent retailers (kWh):	*	100,428,596	64,303,879	18,948,755

* *Performance measures as defined by the Electricity (Information Disclosure) Regulations 1994*

		1999	1998	1997	1996
(h)	Total number of customers (average for the year): ie currently occupied metered installations.	158,673	156,878	154,678	152,553

Note: For 1999 no adjustment has been able to be made for the impact of changes in the level of unbilled units during the year. This may affect disclosures 1(b) and 2(f) above.

**Disclosure not required*

Regulation 22

Disclosure by line owners (other than Transpower) of reliability performance measures

1 Total number of interruptions:

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	1999	1998	1997	1996
Orion	B	Planned Shutdowns	445	505	530	507
	C	Unplanned Cuts	484	553	611	488
Transpower	A	Planned Shutdowns	2	5	4	10
	D	Unplanned Cuts	0	-	31	10
TOTAL			931	1,063	1,176	1,015

Disclosure Regulation classes E, F and G do not apply to Orion and consequently results are all zero.

2 Target number of interruptions for the following financial year:

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	2000
Orion	B	Planned Shutdowns	480
	C	Unplanned Cuts	560

3 Average interruption targets for the following financial year and the subsequent four financial years:

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	2000 - 2004
Orion	B	Planned Shutdowns	440
	C	Unplanned Cuts	550

4 Proportion of Class C interruptions not restored within:

(a) 3 hours 30%

(b) 24 hours 1%

5(a) Total number of faults per 100 circuit-km of prescribed voltage electric line:

Line or Cable Voltage	1999	1998	1997	1996
66kV	1.7	*	*	*
33kV	3.1	*	*	*
11kV	8.7	*	*	*
All	8.2	9.7	11.2	9.7

(b) Total number of faults targeted for the following financial year per 100 circuit-km of prescribed voltage electric line:

Line or Cable Voltage	2000
66kV	2.0
33kV	4.0
11kV	13.0
All	12.2

(c) Average total number of faults targeted for the following financial year and the subsequent four financial years per 100 circuit-km of prescribed voltage electric line:

Line or Cable Voltage	2000 - 2004
66kV	2.0
33kV	4.0
11kV	12.0
All	11.3

6 Total number of faults per 100 circuit-km of underground prescribed voltage electric line:

Cable Voltage	1999	1998	1997	1996
66kV	-	-	-	-
33kV	-	-	-	-
11kV	2.0	2.3	2.4	1.6
All	1.9	2.2	2.3	1.5

7 Total number of faults per 100 circuit-km of overhead prescribed voltage electric line:

Line Voltage	1999	1998	1997	1996
66kV	3.5	-	-	-
33kV	3.3	2.9	1.0	3.6
11kV	12.6	14.7	18.1	14.2
All	11.7	13.5	16.2	13.0

** Disclosure not required*

8, 11,
12, 15,
16, 19 SAIDI, SAIFI and CAIDI by interruption class and in total for **1998/99:**

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	SAIDI (minutes per connected customer)	SAIFI (interruptions per connected customer)	CAIDI (minutes per customer interrupted)
Orion	B	Planned Shutdowns	17.5	0.095	185.6
	C	Unplanned Cuts	50.17	0.745	67.3
		Subtotal	67.7	0.840	80.6
Transpower	A	Planned Shutdowns	0.5	0.001	475.2
	D	Unplanned Cuts	1.2	0.086	14.0
		Subtotal	1.7	0.087	19.3
		TOTAL	**69.4**	**0.927**	**74.9**

8, 11,
12, 15,
16, 19 SAIDI, SAIFI and CAIDI by interruption class and in total for **1997/98**:

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	SAIDI (minutes per connected customer)	SAIFI (interruptions per connected customer)	CAIDI (minutes per customer interrupted)
Orion	B	Planned Shutdowns	28.8	0.172	167.5
	C	Unplanned Cuts	52.8	0.838	63.0
		Subtotal	81.6	1.010	80.7
Transpower	A	Planned Shutdowns	0.7	0.004	187.2
	D	Unplanned Cuts	-	-	-
		Subtotal	0.7	0.004	187.2
		TOTAL	**82.3**	**1.014**	**81.1**

8, 11,
12, 15,
16, 19 SAIDI, SAIFI and CAIDI by interruption class and in total for **1996/97**:

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	SAIDI (Minutes per Connected Customer)	SAIFI (Interruptions per Connected Customer)	CAIDI (Minutes per Customer Interrupted)
Orion	B	Planned Shutdowns	39.0	0.204	190.9
	C	Unplanned Cuts	74.5	1.138	65.4
		Subtotal	113.5	1.343	84.5
Transpower	A	Planned Shutdowns	0.5	0.002	251.2
	D	Unplanned Cuts	16.5	0.351	47.0
		Subtotal	17.0	0.353	48.0
		TOTAL	130.4	1.696	76.9

Disclosure Regulation classes E, F and G do not apply to Orion and consequently the results are all zero.

Note that these are Orion's overall reliability performance indices. Refer to Orion's 1999 Annual Report for the results by urban and rural areas.

9, 13
& 17 SAIDI, SAIFI and CAIDI targets for the following financial year:

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	SAIDI Target 2000	SAIFI Target 2000	CAIDI Target 2000
Orion	B	Planned Shutdowns	30.0	0.150	200.0
	C	Unplanned Cuts	70.0	1.100	63.6

10, 14
& 18 SAIDI, SAIFI and CAIDI targets:

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	SAIDI Average Target 2000 - 2004	SAIFI Average Target 2000 - 2004	CAIDI Average Target 2000 - 2004
Orion	B	Planned Shutdowns	25.0	0.125	200.0
	C	Unplanned Cuts	65.0	1.000	65.1

Regulation 32(2)
Certification of Financial Statements, Performance Measures and statistics disclosed by line owners other than Transpower

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 Electricity (Information Disclosure) Regulations 1999, comply with the requirements of that regulation; and

(b) the attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Orion New Zealand Limited and having been prepared for the purposes of Regulations 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 1997.

Peter Rae

Donald Sollitt

19 August 1999

Audit New Zealand

AUDITOR'S REPORT

TO THE READERS OF THE FINANCIAL STATEMENTS OF ORION NEW ZEALAND LIMITED

We have audited the accompanying financial statements of Orion New Zealand Limited. The financial statements provide information about the past financial performance of Orion New Zealand Limited and it financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out on pages 8 to 10.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Orion New Zealand Limited as at 31 March 1999 and the results of its operations and cash flows for the year then ended.

Auditor's Responsibilities

It is the responsibility of the Audit Office to express an independent opinion on the financial statements presented by the Directors and report its opinion to you.

The Controller and Auditor-General has appointed J L Palmer, of Audit New Zealand, to undertake the audit.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements and performance information. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Orion New Zealand Limited circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor, acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Orion New Zealand Limited.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by Orion New Zealand Limited as far as appears from our examination of those records; and

- the financial statements referred to above:

  - comply with generally accepted accounting practice; and

  - give a true and fair view of the financial position of Orion New Zealand Limited as at 31 March 1999 and the results of its operations and cash flows for the year then ended; and

  - comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 27 August 1999 and our opinion is expressed as at that date.

J L Palmer
Audit New Zealand
On behalf of the Controller and Auditor-General
Christchurch, New Zealand

Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being –

(a) The derivation table specified in regulation 16; and
(b) Financial performance measures specified in clause 1 of Part 3 of the Schedule 1 of the Electricity (Information Disclosure) Regulations 1999; and
(c) Financial components of the efficiency performance measures specified in clause 2 of Part 3 of that schedule, -

and having been prepared by Orion New Zealand Limited and dated 18 August 1999 for the purposes of regulation 15 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 Electricity (Information Disclosure) Regulations 1999.

J L Palmer
Audit New Zealand
On behalf of the Controller & Auditor-General
Christchurch, New Zealand

27 August 1999

ERNST & YOUNG ■ Chartered Accountants

Auditor's Report

To the Directors Southpower Limited

Certification by Auditor in Relation to ODV Valuation

We have examined the attached valuation report prepared by N Ross of Southpower Limited and dated 1 May 1997, which contains systems fixed asset valuations, excluding land, as at 31 March 1997.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report in our opinion, have been made in accordance with the ODV Handbook.

This report is issued for the purposes of the Electricity (Information Disclosure) Regulations 1994 and is not to be used for any other purpose without our prior written consent.

Ernst & Young

Wellington

1 May 1997

Southpower Network Asset Valuation

OVERALL SUMMARY

For year ending March 1997

RV-Replacement Value		$864,682,536
	Reduction for Optimisation	($3,432,028)
ORV-Optimised Replacement Value		$861,250,508
DRV-Depreciated Replacement Value		$480,805,784
	Reduction for Optimisation	($1,664,846)
ODRV-Optimised Depreciated Replacement Value		$479,140,938
	Economic Value Adjustment	($1,574,081)
ODV-Optimised Deprival Value		$477,566,857

DEPARTMENT OF INTERNAL AFFAIRS
TE TARI TAIWHENUA

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