

New Zealand Gazette

OF THURSDAY, 7 OCTOBER 1999

WELLINGTON: FRIDAY, 8 OCTOBER 1999 — ISSUE NO. 143

NETWORK TASMAN LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999

NetworkTasman

Network Tasman Limited

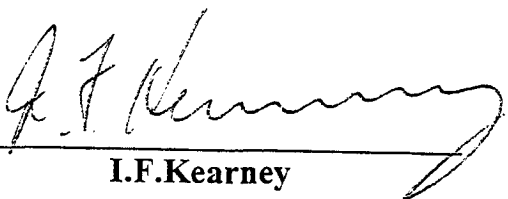
281 Queen Street
PO Box 3005
Richmond 7031
Nelson, New ZealandTel: 64-3-544 8098
Toll-free: 0800 508 098
Fax: 64-3-544 6066**IN ACCORDANCE WITH THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999****Reg. 32 (2)**

CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANS POWER FOR THE YEAR ENDING 31 MARCH 1999.

We, Ian Francis Kearney and Christopher Ian Menzies Turner, directors of Network Tasman Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

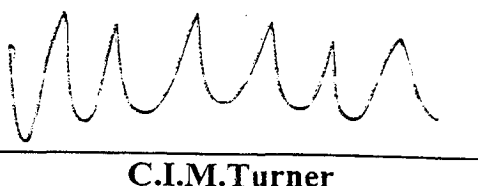
- (a) The attached audited financial statements of Network Tasman Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Network Tasman Limited, and having been prepared for the purposes of regulations 15, 16, 21, and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 1998.

SIGNATURES OF DIRECTORS:


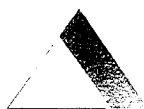
I.F. Kearney

27/8/99
Date



C.I.M. Turner

27/8/99
Date



Audit New Zealand

AUDITOR'S REPORT TO THE READERS OF THE FINANCIAL STATEMENTS OF NETWORK TASMAN LIMITED

We have audited the accompanying financial statements of Network Tasman Limited. The financial statements provide information about the past financial performance of Network Tasman Limited and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out on pages 7 to 9.

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 Network Tasman 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 K J Boddy, 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 Network Tasman 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 Network Tasman Limited.

Qualified Opinion – Comparative Figures Omitted

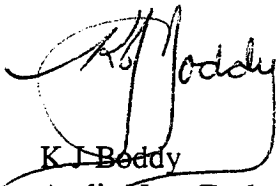
Paragraph 2.18 of the Electricity Information Disclosure Handbook issued by the Ministry of Commerce permits energy companies to exclude comparative figures where disclosures are made for the first time for the current disclosure year. Network Tasman Limited has taken advantage of this exemption and has not disclosed comparative figures in these circumstances. To this extent, the financial statements of Network Tasman Limited do not comply with Financial Reporting Standard No. 2, *Presentation of Financial Reports*, or the Electricity (Information Disclosure) Regulations 1999.

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

In our opinion:

- proper accounting records have been kept by Network Tasman Limited as far as appears from our examination of those records; and
- except for the omission of comparative figures referred to above, the financial statements referred to above;
 - comply with generally accepted accounting practice; and
 - give a true and fair view of the financial position of Network Tasman 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 2 Septmeber 1999 and our opinion is expressed as at that date.



K. J. Boddy

Audit New Zealand

On behalf of the Controller and Auditor-General

Christchurch, New Zealand

INFORMATION DISCLOSURE DISCLAIMER

These financial statements have been prepared in accordance with and for the specific use intended in the Electricity Act and information disclosure regulations. No responsibility will be accepted for any third party that may use or rely on this report or any part thereof without the express written permission of Network Tasman Limited.

Except as allowed for by the Electricity Act 1992 and information disclosure regulations promulgated by the Act, neither the whole or any part of these financial statements or any reference thereto may be included in any published document, circular or statement or published in any way without Network Tasman's written approval of the form and context in which it may appear.

NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDING 31 MARCH 1999

	Note	Line Business	
		1999 \$000	1998 \$000
TOTAL REVENUE	2	25,808	24,300
EARNINGS BEFORE INTEREST & TAXATION		7,164	2,568
Loan interest		3	146
SURPLUS BEFORE TAXATION	3	7,161	2,422
Provision for taxation	5,12	3,044	(130)
SURPLUS AFTER TAXATION		4,117	2,552
Retained earnings at beginning of year		16,003	13,651
Total available for appropriation		20,120	16,203
Dividends paid	6	(250)	(200)
RETAINED EARNINGS AT END OF YEAR		19,870	16,003

NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
STATEMENT OF MOVEMENTS IN EQUITY
 FOR THE YEAR ENDING 31 MARCH 1999

	Line Business
Note	1999 \$000
EQUITY AT BEGINNING OF YEAR	81,970
Surplus and Revaluations	
Net surplus for the year	4,117
Total recognised revenues and expenses	4,117
Other Movements	
Distributions to owners	(250)
Transfer of asset revaluation reserve portion of assets sold	(1,848)
	(2,098)
EQUITY AT END OF YEAR	83,989

NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1999

		Line Business	
	Note	1999 \$000	1998 \$000
<i>Assets Employed</i>			
CURRENT ASSETS			
Bank and cash		604	(70)
Short term deposits		9,918	3,255
Accounts receivable	9	1,251	3,066
TOTAL CURRENT ASSETS		11,773	6,251
NON-CURRENT ASSETS			
Fixed assets	11	74,397	81,960
Assets under construction		0	177
Deferred tax	12	81	1,288
TOTAL NON-CURRENT ASSETS		74,478	83,425
TOTAL TANGIBLE ASSETS		86,251	89,676
INTANGIBLE ASSETS			
Goodwill		0	0
TOTAL INTANGIBLE ASSETS		0	0
TOTAL ASSETS		86,251	89,676
<i>Funds Employed</i>			
CURRENT LIABILITIES			
Creditors and accruals	10	2,262	7,654
Term loans - current portion	13	0	52
TOTAL CURRENT LIABILITIES		2,262	7,706
NON-CURRENT LIABILITIES			
Term liabilities	13	0	0
Deferred income		0	0
TOTAL NON-CURRENT LIABILITIES		0	0
EQUITY			
Share capital	7	14,280	14,280
Reserves	8	49,839	51,687
Retained earnings		19,870	16,003
TOTAL EQUITY		83,989	81,970
TOTAL EQUITY & LIABILITIES		86,251	89,676

NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDING 31 MARCH 1999

	Line Business
Note	1999 \$000
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash was provided from:	
Receipts from customers	25,052
Dividends received	0
Interest, rent and sundry receipts	219
Taxation refunded	0
Capital contributions from customers	0
	<u>25,271</u>
Cash was applied to:	
Payments to suppliers and employees	19,572
Interest paid	3
Taxation paid	385
	<u>19,960</u>
Net cash inflow from operating activities	14 <u><u>5,311</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash was provided from:	
Sale of fixed assets	4,584
Sale of investments	0
	<u>4,584</u>
Cash was applied to:	
Purchase of investments	0
Increase in share capital of subsidiaries	0
Purchase and construction of fixed assets	2,256
	<u>2,256</u>
Net cash outflow from investing activities	<u><u>2,328</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash was provided from:	
Loan finance raised	0
Funding of subsidiaries	0
	<u>0</u>
Cash was applied to:	
Dividends paid	250
Repayment of term loans	52
	<u>302</u>
Net cash outflow from financing activities	<u><u>(302)</u></u>
Net increase (decrease) in cash held	7,337
Opening cash	3,185
Cash at end of year	<u><u>10,522</u></u>
Cash Balances in Statement of Financial Position	
Bank and cash	604
Short term deposits	9,918
	<u><u>10,522</u></u>

**NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 1999

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Network Tasman Limited is a company registered under the Companies Act 1993.

Network Tasman Limited is a reporting entity for the purposes of the Financial Reporting Act 1993.

The Line Business financial statements have been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999, in particular regulation 6 – *“Financial statements disclosure by other line owners (other than Transpower)”*.

MEASUREMENT BASE

The financial statements have been prepared on the historical cost basis with the exception of certain items for which specific accounting policies are disclosed.

The assets and liabilities of Network Tasman Limited were vested from the Tasman Electric Power Board on 1 May 1993 in accordance with the Establishment Plan approved by the Governor General by Order of Council on 26 April 1993.

ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied.

(a) Basis of Consolidation

No inter business transactions between the Line and Other Businesses have been eliminated.

(b) Recognition of Revenue

Electricity meters are read on the basis of constant cycles each year. Line revenues include an estimated amount for accrued sales as at 31 March 1999.

(c) Goods and Services Tax (GST)

The Statement of Financial Performance and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST with the exception of receivables and payables which include GST invoiced.

(d) Fixed Assets

All fixed assets are initially recorded at cost.

Land and buildings are revalued on a cyclical basis every three years. Freehold land and buildings were subsequently revalued as at 31 March 1999 to net current value by an independent valuer.

Distribution system assets were revalued in 1997 to a carrying value which equated to 80% of Optimised Deprival Value (ODV).

Plant and equipment, computer equipment and motor vehicles are valued at cost less depreciation.

(e) Depreciation

Fixed assets have been depreciated in order to write off cost less estimated residual value over their estimated useful life on the following basis:

Distribution System	depreciated based on assessed residual life	
Buildings (revalued)	2%	SL
Plant and Equipment	20%	DV
Motor Vehicles	20%	DV
Computer Equipment	48%	DV

(f) Taxation

The income tax expense charged to the Statement of Financial Performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting has been applied on a comprehensive basis to all timing differences. 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.

(g) Vested Assets

Vested assets from customers are credited to the Statement of Financial Performance.

(h) Receivables

Receivables are stated at their estimated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

(i) Inventories

Inventories have been stated at the lower of cost and net realisable value. Inventory has been valued on the basis of weighted average cost during the year.

The reticulation inventory held for the purpose of supporting the existing distribution network is accounted for as a fixed asset.

(j) Financial Instruments

Pursuant to FRS 31 the company estimates that in respect of the reported financial instruments, being cash, short-term investments and debtors, fair value is equivalent to the carrying amount as stated in the Statement of Financial Position.

The company holds cash in minimal quantities and places short term investments with only registered banks and limits the amount of credit exposure to any one registered bank. Short term investments mature within the range of on call to 90 days. The interest rates on these investments range from 3.94% to 4.66%.

Network Tasman Limited has one major debtor being an electricity retailer. The credit risk is not considered to be high. The group does not have any other significant concentrations of credit risk.

(k) Changes In Accounting Policies

The following changes to the accounting policies have taken place during the current year:

- (i) the basis for providing for sales discounts in the financial year prior to payment has been reversed. Sales discounts are provided for in the year that they are paid. The effect of this change is to reduce the sales discount provision in creditors and accruals by \$3.88 million.

All other policies have been applied on bases consistent with those used in the previous year.

**NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS**

	Line Business	
	1999 \$000	1998 \$000
2. OPERATING REVENUE		
Continuing Activities		
Line/access revenue from direct billing (net of sales discounts)	17,035	22,610
Line/access revenue from retailer billing (net of sales discounts)	6,720	
AC rental rebates	939	
Goods & services to "Other"	0	
Interest received	219	217
Other income	895	1,473
Discontinued Activities	0	0
Total Operating Revenue	25,808	24,300

NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

	Line Business	
	1999 \$000	1998 \$000
3. SURPLUS BEFORE TAXATION WAS ARRIVED AT AFTER CHARGING THE FOLLOWING EXPENSES:		
Depreciation		
System fixed assets	2,255	
Assets under construction	0	
Other fixed assets	289	
Total Depreciation	2,544	3,015
Payment by Line Business to "Other"		
Meter data	0	
Consumer-based load control	0	
Disconnection/reconnection services	0	
Asset maintenance services	0	
Avoided transmission charges on account of own generation	0	
Other goods & services	0	
Total Payment by Line Business to "Other"	0	
Expenses to non-related entities for		
Meter data	0	
Consumer-based load control	0	
Disconnection/reconnection services	26	
Asset maintenance services	1,769	
Avoided transmission charges on account of own generation	0	
Other goods & services	0	
Total Expenses to non-related entities	1,795	
Other Expenses		
Bad debts written off	35	49
Increase (decrease) in estimated doubtful debts	(46)	0
Donations	1	21
Lease of buildings	0	0
Write-down of buildings	1,365	0
Consulting & legal costs	207	
Corporate & administration costs	399	
Consumer billing costs	285	
Employee costs	1,338	
Human resource expenses	273	
Marketing & advertising costs	87	
Merger and acquisition costs	0	
Research & development costs	0	
Takeover defence costs	0	
Transmission charges	10,139	
Total Other Expenses	14,083	
Other costs not detailed above	225	
TOTAL EXPENDITURE	18,647	

NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

	Line Business	
	1999 \$000	1998 \$000
4. NON-RECURRING ITEMS		
Surplus before taxation includes the following non-recurring items		
Restructuring costs	121	930
5. TAXATION		
Surplus before taxation	7,161	2,422
Taxation at 33%	2,364	799
(Over) under provision from prior years	(67)	170
Plus (less) taxation effect of permanent and timing differences		
Deferred income reversal	(282)	(392)
Depreciation	574	373
Other permanent differences	455	(19)
Timing differences	0	0
Reinstatement of deferred tax (1997 reversal)	0	(1,061)
Taxation Expense to Statement of Financial Performance	3,044	(130)
The taxation charge is represented by:		
Current taxation	1,837	1,158
Deferred taxation	1,207	(1,288)
	3,044	(130)

NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

6. DIVIDENDS	1999 \$000	1998 \$000
Distributions during the year		
Interim dividend paid	150	100
Final dividend provided for	100	100
	<u>250</u>	<u>200</u>

7. SHARE CAPITAL		
Authorised and Issued Capital	<u>14,280</u>	14,280

8. RESERVES		
Asset Revaluation Reserve	47,901	49,749
Share Premium Reserve	1,938	1,938
	<u>49,839</u>	<u>51,687</u>

The electricity distribution system assets have been revalued as at 31 March 1997 to a carrying value which equates to 80% of Optimised Deprival Value (ODV). The 31 March 1997 ODV valuation and a carrying value opinion were prepared by Catherall Taylor Associates. The valuation report is dated 23 April 1997. The valuation was undertaken in accordance with the methodology detailed in Handbook for Optimised Deprival Valuation of Electricity Lines Businesses authorised by the Ministry of Commerce (Energy Policy Group) dated 23 June 1994.

The share premium reserve was created on 1/5/93, recognising the difference between the share capital issued and the closing value of corporate ownership of the Tasman Electric Power Board at 30/4/93.

9. ACCOUNTS RECEIVABLE		
Trade debtors	2,711	3,164
Less doubtful debts	0	43
	<u>2,711</u>	<u>3,121</u>
Hire purchase debtors	1	0
Prepayments	103	58
Tax refund / (due)	(1,564)	(113)
	<u>1,251</u>	<u>3,066</u>

NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

	1998 \$000	1998 \$000
10. CREDITORS AND ACCRUALS		
Trade creditors	1,731	2,277
Leave provisions	183	311
Restructuring provisions	0	931
Sales discount provision	0	3,882
Dividend provision	100	100
Sundry provisions	248	153
	<u>2,262</u>	<u>7,654</u>
11. FIXED ASSETS		
Land (at valuation)*	1,697	1,765
Buildings (at valuation)*	1,522	5,681
Accumulated depreciation	21	789
	<u>1,501</u>	<u>4,892</u>
Distribution system (at valuation)	73,659	73,296
Accumulated depreciation	4,099	2,169
	<u>69,560</u>	<u>71,127</u>
Load Control Plant (at valuation)	863	3,216
Accumulated depreciation	213	275
	<u>650</u>	<u>2,941</u>
Plant and equipment	1,387	1,356
Accumulated depreciation	727	704
	<u>660</u>	<u>652</u>
Computer equipment (at cost)	1,561	1,700
Accumulated depreciation	1,323	1,274
	<u>238</u>	<u>426</u>
Motor vehicles (at cost)	205	299
Accumulated depreciation	114	142
	<u>91</u>	<u>157</u>
Total Fixed Assets	<u>74,397</u>	<u>81,960</u>

* Registered valuers, Duke & Cooke Limited, were commissioned to value the land and buildings of the group as at 31 March 1999. Net current value techniques were used for valuation purposes in accordance with the New Zealand Asset Valuation Standards of the New Zealand Institute of Valuers.

NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAXATION

Opening Balance	1,288	0
Under (over) provision in prior years	0	(210)
Deferred tax on timing differences	(1,207)	437
Reinstate deferred tax	0	1,061
	<u>81</u>	<u>1,288</u>

13. TERM LIABILITIES

Reserve Bank loans (interest rates 9.5% to 16.75%)	0	52
Other	0	0
	<u>0</u>	<u>52</u>
Less current portion	0	52
	<u>0</u>	<u>0</u>
Repayable as follows :		
1 to 2 years	0	0
2 to 3 years	0	0
	<u>0</u>	<u>0</u>

14. RECONCILIATION OF NET SURPLUS AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

SURPLUS AFTER TAXATION	4,117
Add (less) non-cash items	
Depreciation & asset write-downs (net of depr'n recovered)	3,908
Movement in deferred taxation	1,207
Amortisation of capital contributions	0
Writedown of investments	0
Group non-cash transfers	0
	<u>5,115</u>
Add items classified in investing activity	
Movement in capital expenditure in accounts payable	(346)
	<u>(346)</u>
Movement in working capital	
Increase (decrease) in creditors and provisions	(5,392)
Increase (decrease) in deferred income	
Decrease (increase) in receivables	366
Decrease in inventory	0
Increase (decrease) in taxation	1,451
	<u>(3,575)</u>
Net cash inflow from operating activities	<u>5,311</u>

NETWORK TASMAN LIMITED
LINE BUSINESS FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS

Network Tasman Limited contracted with Tasman Electrical Limited, an associate company, for operational, maintenance and capital extension work on its distribution network. The services were charged on normal terms and conditions.

The work carried out by Tasman Electrical Limited was for the twelve month period commencing 1 April 1998.

Total goods and services provided by Tasman Electrical amounted to \$2.733 million.

The goods and services provided by Tasman Electrical in relation to asset construction activities can be grouped into the following categories:

Construction of distribution lines and cables	\$194,076
Construction of medium voltage switchgear	\$212,372
Construction of distribution transformers	\$118,181
Construction of distribution substations	\$33,113
Construction of low voltage reticulation	\$35,102
Maintenance of assets	\$1,769,137
Consumer connections and disconnections	\$26,009

As at the 31 March 1999, the balance outstanding to Tasman Electrical Limited was \$206,365. The terms of settlement are the 20th of the month following invoicing.

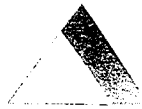
No related party transactions have been written off or forgiven during the year.

16. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 1999 the group has no material commitments or contingent liabilities in relation to the line business that are not included in these financial statements.

17. EVENTS SUBSEQUENT TO BALANCE DATE

In May 1999 the government proposed an amendment to the Commerce Act 1986 which, if passed into law, will see all line companies subjected to price or revenue controls. The proposal requires the Commerce Commission to design, implement and operate the price control process. Network Tasman will become subject to these controls on or before 31 March 2000, however the financial impact of these controls cannot be assessed until such time as the Commerce Commission has completed and disclosed details of its proposed control regime.



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 Network Tasman Limited and dated 27 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.

K J Boddy
Audit New Zealand

On behalf of the Controller & Auditor-General
Christchurch, New Zealand
2 September 1999

Derivation Table	Symbol in formula	Input Column	Calculations	ROF	ROE	ROI	
Earnings before interest and tax (EBIT)	a	8,003,061		8,003,061	N/A	8,003,061	
Net profit after tax (NPAT)	n	5,177,784		N/A	5,177,784	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	2,255,186		add 2,255,186	add 2,255,186	add 2,255,186	
Depreciation of SFA at ODV		2,611,230		deduct 2,611,230	deduct 2,611,230	deduct 2,611,230	
ODV Depreciation tax adjustment	b	-117,494		N/A	deduct -117,494	deduct -117,494	
Subvention Payment tax adjustment		0	s't	N/A	deduct 0	deduct 0	
Interest Tax Shield	q	899		N/A	N/A	deduct 899	
Revaluations	r	0		N/A	N/A	add 0	
Income tax	p	3,044,039		N/A	N/A	deduct 3,044,039	
Numerator (as adjusted)		No entry		= a + g + s + d	= n + g + s - s't + d - b	= a + g - q + r + s + d - p - s't - b	
Fixed Assets at year beginning (FA ₀)		93,417,000		7,647,017	4,939,235	4,719,574	
Fixed Assets at year end (FA ₁)		74,335,499		93,417,000	N/A	93,417,000	
Net Working Capital at year beginning (NWC ₀)		-1,359,399		add 74,335,499	N/A	add 74,335,499	
Net Working Capital at year end (NWC ₁)		9,509,872		add -1,359,399	N/A	add -1,359,399	
Average total funds employed (ATFE)	c	No entry	= (FA ₀ + FA ₁ + NWC ₀ + NWC ₁)/2	divide by 2	87,981,986	N/A	divide by 2
Total Equity at year beginning (TE ₀)		81,969,466		N/A	81,969,466	N/A	
Total Equity at year end (TE ₁)		83,987,864		N/A	add 83,987,864	N/A	
Average total equity	k	No entry	= (TE ₀ + TE ₁)/2		divide by 2	82,978,665	N/A
WUC at year beginning (WUC ₀)		176,934		176,934	176,934	176,934	
WUC at year end (WUC ₁)		0		add 0	add 0	add 0	
Average total Works under Construction	e	No entry	= (WUC ₀ + WUC ₁)/2	divide by 2	88,467	88,467	
Revaluations	r	-1,364,647		N/A	N/A	-1,364,647	
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		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		divide by 2	0	N/A
System Fixed assets at year beginning at book value (SFA _{0,bv})		74,067,931		74,067,931	74,067,931	74,067,931	
System Fixed assets at year end at book value (SFA _{1,bv})		70,210,000		add 70,210,000	add 70,210,000	add 70,210,000	
Average value of system fixed assets at book value	f	No entry	= (SFA _{0,bv} + SFA _{1,bv})/2	divide by 2	72,138,966	72,138,966	
System Fixed assets at year beginning at ODV value (SFA _{0,odv})		86,917,000		add 86,917,000	add 86,917,000	add 86,917,000	
System Fixed assets at year end at ODV value (SFA _{1,odv})		86,917,000		add 86,917,000	add 86,917,000	add 86,917,000	
Average value of system fixed assets at ODV value	h	No entry	= (SFA _{0,odv} + SFA _{1,odv})/2	divide by 2	86,917,000	86,917,000	
Denominator (as adjusted)				= c - e - f + h	= k - e - m + v - f + h	= c - e - 1/2 * r - f + h	
				102,871,554	97,888,232	103,353,877	
				EBIT ^{ADJ} /ATFE ^{ADJ} x 100/1 =	NPAT ^{ADJ} /ATE ^{ADJ} x 100/1 =	EBIT ^{ADJ} /ATFE ^{ADJ} x 100/1 =	
				7.45%	5.06%	4.57%	

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

Note: Per a MOC recommendation, the revaluation of Land & Buildings has been omitted from the nominator for the purposes of calculating the performance measures.

NETWORK TASMAN LIMITED
STATEMENT OF PERFORMANCE MEASURES

FOR THE YEAR ENDING 31 MARCH 1999

	1999	1998	1997	1996
1. FINANCIAL PERFORMANCE MEASURES				
Return on Funds (ROF)	7.45%	4.91%	10.08%	7.53%
Return on Equity (ROE)	5.06%	5.09%	7.63%	5.55%
Return on Investment (ROI)	4.57%	-8.46%	27.96%	4.78%
Performance measures restated, excluding ODV revaluation and non recurring items				
Return on Total Assets			5.33%	
Return on Equity			3.92%	
Return on Investment			3.75%	
2. EFFICIENCY PERFORMANCE MEASURES				
Direct Line Costs per Kilometre	\$1,092	\$1,443	\$1,629	\$1,660
Indirect Line Costs per Electricity Customer	\$86	\$107	\$130	\$64
3. ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES				
Load Factor	63.91%	63.26%	66.26%	61.55%
Loss Ratio	5.04%	6.05%	5.07%	6.49%
Capacity Utilisation	34.62%	37.56%	38.44%	42.76%
4. STATISTICS : (km)				
a. System Length				
33 kV system	125	124	124	124
11 kV system	1,970	1,957	1,942	1,926
6.6 kV system	34	34	34	34
400 V system	972	964	954	948
Total Kilometers	3,101	3,079	3,054	3,032
b. Overhead Line Length				
33 kV system	121	121	121	121
11 kV system	1,860	1,855	1,842	1,829
6.6 kV system	33	33	33	33
400 V system	644	651	653	656
Total Kilometers	2,658	2,660	2,649	2,639

NETWORK TASMAN LIMITED
STATEMENT OF PERFORMANCE MEASURES

FOR THE YEAR ENDING 31 MARCH 1999

	1999	1998	1997	1996
b. Underground Cable Length				
33 kV system	3	3	3	3
11 kV system	110	102	100	97
6.6 kV system	1	1	1	1
400 V system	328	313	301	292
Total Kilometers	443	419	405	393
Transformer Capacity (kVA)	314,717	296,476	277,849	256,279
Maximum Demand (kW)	108,944	111,370	106,804	109,597
Total Electricity Supplied (kWh)	586,496,577	580,688,970	566,924,039	554,962,010
Electricity Conveyed for Others (kWh)	278,365,612	158,085,189	157,340,504	155,471,693
Total Consumers	29,750	29,272	28,982	28,806

5. RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY LINE OWNERS

Total number of Interruptions

Class A TransPower Planned	6	0	0	3
Class B Line Owner Planned	162	182	161	129
Class C Line Owner Unplanned	140	140	115	121
Class D TransPower Unplanned	6	6	1	6
Class E Unplanned ECNZ	0	0	0	0
Class F Unplanned Other Generator	0	0	0	0
Class G Other	0	0	0	0
TOTAL	314	328	277	259

Interruption Targets

Planned Interruptions	172
Unplanned Interruptions	108

Average Interruption Targets (5 years) 1999/2004

Planned Interruptions	130
Unplanned Interruptions	90

Fault Restoration Times (Class C)	Within 3 hrs	Within 24 hrs
Percentage not restored	20%	0%

NETWORK TASMAN LIMITED
STATEMENT OF PERFORMANCE MEASURES

FOR THE YEAR ENDING 31 MARCH 1999

	1999	1998	1997	1996
Number of faults per 100km of prescribed voltage line				
Total number of faults	7	7	5	6
	1999/2000	avg.1999/2004		
Total number of faults targeted	5	4		
Number of faults	1999	1999/2000	avg.1999/2004	
33 kV system	10	7	6	
11 kV system	7	5	4	
6.6 kV system	0	0	0	
Number of faults per 100km of prescribed voltage underground line				
33 kV system	29	0	0	0
11 kV system	11	6	5	4
6.6 kV system	0	0	0	0
TOTAL	11	6	5	4
Number of faults per 100km of prescribed voltage overhead line				
33 kV system	9	2	2	1
11 kV system	6	7	6	6
6.6 kV system	0	6	3	0
TOTAL	6	7	6	6

CLASSIFICATION OF INTERRUPTIONS	SAIDI	SAIDI	SAIDI	SAIDI
	Min/Con-Cust	Min/Con-Cust	Min/Con-Cust	Min/Con-Cust
Class A TransPower Planned	56	0	0	65
Class B Line Owner Planned	81	100	78	101
Class C Line Owner Unplanned	189	148	152	127
Class D TransPower Unplanned	15	44	1	26
Class E Unplanned ECNZ	0	0	0	0
Class F Unplanned Other Generator	0	0	0	0
Class G Other	0	0	0	0
TOTAL	340	292	231	319

SAIDI Targets	1999/2000	1999/2004
Planned Interruptions	86	65
Unplanned Interruptions	146	122

CLASSIFICATION OF INTERRUPTIONS	SAIFI	SAIFI	SAIFI	SAIFI
	Int/Con-Cust	Int/Con-Cust	Int/Con-Cust	Int/Con-Cust
Class A TransPower Planned	0	0	0	0
Class B Line Owner Planned	1	1	1	1
Class C Line Owner Unplanned	3	2	2	1
Class D TransPower Unplanned	1	2	0	1

NETWORK TASMAN LIMITED
STATEMENT OF PERFORMANCE MEASURES

FOR THE YEAR ENDING 31 MARCH 1999

	1999	1998	1997	1996
Class E Unplanned ECNZ	0	0	0	0
Class F Unplanned Other Generator	0	0	0	0
Class G Other	0	0	0	0
TOTAL	5	4	3	3

SAIFI Targets	1999/2000	1999/2004
Planned Interruptions	1	0
Unplanned Interruptions	2	2

CLASSIFICATION OF INTERRUPTIONS	CAIDI	CAIDI	CAIDI	CAIDI
	Min/Cust-Int	Min/Cust-Int	Min/Cust-Int	Min/Cust-Int
Class A TransPower Planned	260	0	0	319
Class B Line Owner Planned	141	132	122	151
Class C Line Owner Unplanned	59	73	75	93
Class D TransPower Unplanned	29	29	37	31
Class E Unplanned ECNZ	0	0	0	0
Class F Unplanned Other Generator	0	0	0	0
Class G Other	0	0	0	0
TOTAL	75	68	86	104

CAIDI Targets	1999/2000	1999/2004
Planned Interruptions	140	140
Unplanned Interruptions	60	60

NetworkTasman

Network Tasman Limited
 281 Queen Street
 PO Box 3005
 Richmond 7031
 Nelson, New Zealand

Tel: 64-3-544 8098
 Toll-free: 0800 508 098
 Fax: 64-3-544 6066

**IN ACCORDANCE WITH THE ELECTRICITY (INFORMATION
 DISCLOSURE) REGULATIONS 1999**

Reg. 32 (6)

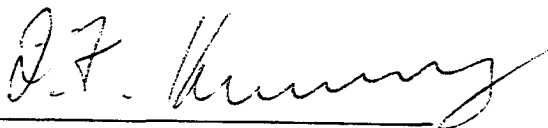
CERTIFICATION OF VALUATION REPORT OF LINE OWNERS

We, Ian Francis Kearney and Christopher Ian Menzies Turner, directors of Network Tasman Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached valuation report of Network Tasman Limited, prepared for the purposes of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and
- (b) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Network Tasman Limited is \$86,917 million; and
- (c) The Optimised Deprival Valuation of the line business system fixed assets of Network Tasman Limited is \$86,917 million; and
- (d) The valuation of the line business assets of Network Tasman Limited, including system and non-system fixed assets and net working capital, is \$93,417 million; and
- (e) The values in (b) and (c) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 1998.

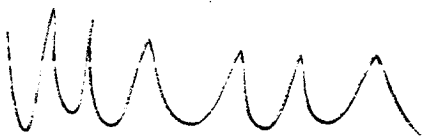
SIGNATURES OF DIRECTORS:



I.F. Kearney

Date

27/8/99



C.I.M. Turner

Date

27/8/99

*Tasman Energy Network ODV**31 March 1998*

Certification By Auditor In Relation To ODV Valuation

Second Schedule to The Electricity (Information Disclosure) Regulations 1994

Form 3

I have examined the valuation report prepared by Neil F Catherall of Catherall Taylor Associates and dated 31 March 1998, which report contains valuations as at 31 March 1998.

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

Signature:



Name:

D Gorman B Com; ACA; ACIS

Date:

31/3/98



