



New Zealand Gazette

OF THURSDAY, 23 NOVEMBER 2000

WELLINGTON: TUESDAY, 28 NOVEMBER 2000 — ISSUE NO. 159

NATURAL GAS CORPORATION OF NEW ZEALAND LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE GAS (INFORMATION
DISCLOSURE) REGULATIONS 1997

NATURAL GAS CORPORATION OF NEW ZEALAND LIMITED**INFORMATION FOR DISCLOSURE FOR THE YEAR ENDED 30 JUNE 2000**

Pursuant to the Gas (Information Disclosure) Regulations 1997

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The financial information presented has been prepared to comply with the requirements of the Gas (Information Disclosure) Regulations 1997 and should not be used for any purposes other than that required under those regulations.

Natural Gas Corporation – Gas Distribution Activities
Statement of Financial Performance
For the year ended 30 June 2000
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	June 2000	June 1999
Revenue	2	39,764	23,929
Surplus before Taxation	3	18,854	15,521
Income Tax Expense	4	6,080	5,122
Net Surplus for the Year		12,774	10,399

Natural Gas Corporation – Gas Distribution Activities
Statement of Financial Position
As at 30 June 2000
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	2000	1999
Fixed and Long Term Assets			
Fixed Assets	5	221,252	97,972
Deferred Expenditure	6	1,118	1,183
Total Non Current Assets		222,370	99,155
Current Assets			
Cash and Short Term Deposits		498	-
Accounts Receivable		5,011	3,043
Current tax		2,820	1,973
Inventories – Consumable Spares		438	557
Total Current Assets		8,767	5,573
Total Assets		231,137	104,728
Equity			
Notional Reserves	7	107,880	87,341
Total Equity		107,880	87,341
Non Current Liabilities			
Deferred Income	8	17	4,908
Related Party Advance		101,436	
Deferred Taxation		17,665	9,876
Total Non Current Liabilities		119,118	14,784
Current Liabilities			
Accounts Payable and Accruals		4,139	2,603
Total Current Liabilities		4,139	2,603
Total Liabilities and Equity		231,137	104,728

**Natural Gas Corporation – Gas Distribution Activities
Notes to the Financial Statements
For the year ended 30 June 2000**

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are presented by Natural Gas Corporation of New Zealand Limited. They represent the aggregated Gas Distribution Activities of NGCNZ and AGL NZ Energy Limited (AGLNZE) is a subsidiary of the Australian Gas Light Company (AGL). NGCNZ is a subsidiary of AGL and the two entities are therefore in a prescribed relationship, as defined in the Gas (information Disclosure) Regulations 1997.

As required by the Regulations, these financial statements represent the aggregated Gas Distribution Activities of NGCNZ and AGL NZ Energy Limited (AGLNZE). They have been compiled by aggregating the balances of each entity on a line by line basis for the period from 1 July 1999 to 30 June 2000, being the period in which a prescribed relationship has existed.

Comparative balances are prepared for NGC's Gas Distribution Activities only.

b) General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and the financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements. This includes the going concern concept and the matching of revenue and expenses under the accrual concept.

d) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been adopted:

i) Revenues and Expenses

Revenues and expenses are stated exclusive of Goods and Services Tax (GST).

ii) Valuation of Fixed Assets

Pipelines, compressors and gate stations are recorded at the most recent valuation, adjusted by subsequent additions, disposals and depreciation. Valuations are carried out regularly and reviewed by independent experts, using the optimised deprival valuation methodology.

All fixed assets other than pipelines, compressors and gate stations, are included at cost less accumulated depreciation.

Under the modified historical cost method, the revaluation, reflecting the difference between the net carrying value of the assets and the valuation (net of the deferred tax), is recorded in the asset revaluation reserve. In arriving at the net carrying value any accumulated depreciation is written back against the asset value.

The revaluation increase or decrease is transferred from the revaluation reserve to retained earnings on the disposal of an asset.

Construction in progress is recorded at cost. For projects having a cost in excess of \$500,000 and a construction period of not less than three months, finance costs relating to that project are capitalised. The finance costs capitalised are based on the actual cost directly attributable to the construction of the asset. Where this is not clearly identifiable, NGC's cost of debt is used.

Assets constructed by NGC are commissioned and transferred from construction in progress to fixed assets as each facility or operating unit within a facility becomes operational and available for use.

iii) Intangible Assets

The identifiable intangible asset recognises the purchase price for the gas network acquired over and above the certified ODV valuation.

The identifiable intangible assets are amortised over the expected average remaining life of the network assets of 42 years, a straight-line basis.

iv) Current Assets

Accounts receivables are valued at their estimated realisable value.

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

All other current assets are valued at their estimated realisable value.

v) Depreciation

The rates of depreciation vary according to the nature and economic lives of the assets and fall within the following ranges (on a straight line basis):

Low Pressure Pipelines	25 to 65 years	Motor Vehicles	5 years
Meters and Stations	20 to 50 years	Plant and Equipment	5-15 years
Buildings	40-100 years	Capital Spares	5-15 years

Depreciation of pipelines commences when the pipeline is physically complete and flowing gas.

vi) Deferred Income

Contributions received from gas utilities and other parties towards the capital expenditure on pipelines are accounted for initially in a deferred income account. Amortisation to income of the deferred income account takes place only after the obligations in connection with the contributions are performed. The deferred income account is amortised to the statement of financial performance over the life of the pipelines to which they relate or over the life of the gas supply contract whichever is the shorter.

vii) Taxation

NGC recognises deferred taxation using the liability method and on a comprehensive basis. Income tax expense is recognised on the surplus before taxation. It is then adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the statement of financial position as a future tax benefit or as deferred tax. The future tax benefit or deferred tax is stated at the income tax rates prevailing at balance date.

Future tax benefits are not recognised unless realisation of the asset is virtually certain. Future tax benefits and deferred tax is offset.

viii) *Deferred Expenditure*

Deferred expenditure is expenditure which provides benefits beyond the current accounting period and is written off over periods up to ten years. These expenditures relate to the connection of new customers to the gas system and the conversion of existing customers' appliances to the use of natural gas.

ix) *Changes in Accounting Policy and Comparatives*

There have been no changes in accounting policies. The presentation of certain comparatives has been restated to ensure consistency with current year disclosures.

2 Revenue

Revenue includes \$4,891,000 of Deferred Income. Refer Note 8.

3 Surplus before Taxation

	\$ Thousands	
	2000	1999
Surplus before Taxation is stated after charging/(crediting):		
Audit fees and expenses	35	32
Fees for other services paid to the Auditors	-	30
Depreciation	6,025	4,645
Amortisation	1,267	-
Leasing Costs	223	515
Deferred Income	(4,891)	(656)
Profit on Sale of Network Assets	-	(3,965)

4 Income Tax

	\$ Thousands	
	2000	1999
The Income Tax Expense has been calculated as follows:		
Surplus before Taxation	18,854	15,521
Income Tax at 33%	6,222	5,122
Adjusted for:		
Permanent Differences	(37)	
Prior Period Adjustments	(105)	
	<u>6,080</u>	<u>5,122</u>

5 Fixed Assets

	\$Thousands			\$ Thousands		
		2000			1999	
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Cost/ Valuation	Accumulated Depreciation	Net Book Value
Pipeline Compressors & Gas Stations	167,144	2,211	164,933	98,908	2,826	96,082
Machinery, Equipment & vehicles	5,056	2,526	2,530	3,867	2,020	1,847
Identifiable Intangible	53,315	1,584	51,731			
Work in Progress	925	-	925			
Freehold Land & Buildings	1,141	8	1,133	49	6	43
	227,581	6,329	221,252	102,824	4,852	97,972

Pipelines, compressors and gate stations were revalued using the optimised deprival valuation methodology as at 30 June 2000. The valuation was reviewed and certified by Cap Gemini Ernst and Young. Based on the latest Government valuations the Directors estimate that the fair valuation of land and buildings is approximately equivalent to their net book value as at 30 June 2000.

6 Deferred Expenditure

	\$Thousands	
	2000	1999
Balance as at 1 July	1,183	1,376
Plus amounts capitalised	151	
Less amounts amortised to expenses	(216)	(193)
	1,118	1,183

7 Notional Reserves

NGC's Gas Distribution Activity is not a company and therefore has no share capital. Notional reserves are determined on the basis that Gas Distribution is fully equity funded by Natural Gas Corporation of New Zealand Limited. Notional reserves therefore represent all funding provided to Gas Distribution by the Natural Gas Corporation Group.

8 Deferred Income

	\$Thousands	
	2000	1999
Balance as at 1 July	4,908	5,564
Less amount amortised to earnings	(4,891)	(656)
	17	4,908

Deferred income represents contributions from customers as explained in Note 1(d)(v).

9 Capital Commitments

Amounts committed but not recorded in these financial statements total \$0.9 million (1999 \$1.3 million).

Operating Lease Commitments	\$ Thousands	
	2000	1999
Non cancellable operating lease rentals are payable as follows:		
Not later than one year	276	584
Between one and two years	220	530
Between two and five years	298	415
Later than five years	159	102
	953	1,631

10 Contingent Liabilities

There are no contingent liabilities, which would have a material adverse affect on the financial statements.

Natural Gas Corporation – Gas Distribution Activities
Statement of Performance Measures
For the year ended 30 June 2000
For the purposes of the Gas (Information Disclosure) Regulations 1997

	2000 NGC/ AGLNZE	1999 NGC Only	1998 NGC Only	1997 NGC Only
1. Financial Performance Measures				
a) Accounting Return on Total Assets	14.44%	15.35%	10.14%	10.3%
Accounting Return on Equity	39.24%	12.00%	8.42%	8.6%
Accounting Rate of Profit	17.83%	10.95%	7.62%	6.7%
b) <i>The accounting rate of profit for 2000 includes a revaluation increase of \$9.9 million in respect of the NGC network. Excluding this amount, the accounting rate of profit would be reduced from 17.83% to 11.68%.</i>				
c) <i>The above ratios are calculated inclusive of abnormal items which amounted to \$2.8 million (net of tax (1999: \$2.6 million). In addition, they are calculated after adding back to earnings, the amortisation of identifiable intangible asset (pre-tax \$1.2 million), and ODV write-downs through earnings of AGL NZE (pre-tax \$4.0 million), and after deducting from funds employed and shareholders funds the value of the identifiable intangible asset of AGL NZE (\$51 million).</i>				
d) <i>Measures Adjusted to exclude abnormal items (see Notes 2 and 3 to the financial statements)</i>				
Accounting Return on Total Assets	11.91%	11.43%	10.14%	10.3%
Accounting Return on Equity	33.08%	9.07%	8.42%	8.6%
Accounting Rate of Profit	15.22%	7.03%	7.62%	6.7%
e) <i>Measures Adjusted to exclude abnormal items and earnings adjustments described above</i>				
Accounting Return on Total Assets	6.66%	11.43%	10.14%	10.3%
Accounting Return on Equity	10.10%	9.07%	8.42%	8.6%
Accounting Rate of Profit	9.04%	7.03%	7.62%	6.7%
2. Efficiency Performance Measures				
Direct Line Costs per Kilometre	\$2,079	\$1,854	\$1,731	\$1,444
Indirect Line Costs per Gas Customer	\$30	\$65	\$90	\$132

NGC ONLY	2000	1999	1998	1997
3. Energy Delivery Efficiency Performance Measures				
Load Factor	85.33%	83.66%	78.12%	85.75%
Unaccounted for Gas Ratio	0.31% Loss	0.01% gain	0.38% loss	0.08% gain
4. Statistics				
System Length (km)	2,479	2,267	2,428	2,338
Maximum Monthly Amount of Gas Entering System	856,362 GJ	812,703GJ	908,776GJ	879,772GJ
Total Annual Amount of Gas Conveyed through System	8,769,123 GJ	8,192,334GJ	8,518,965GJ	9,052,762 GJ
Total Annual Amount of Gas Conveyed through System for persons not in a prescribed business relationship	805,395 GJ	75,120 GJ	2,788,000GJ	0
Total Number of Customers	48,270	47,727	45,834	43,342
5. Reliability Performance Measures				
Unplanned Transmission System Interruptions (hours)	n.a	n.a.	n.a.	n.a.
Unplanned Distribution System Interruptions not related to Transmission System Interruptions (hours/customer)	.4564	.00103	0.0211	0.0268
Interruptions attributable to third party interference	.01679	.000356	0.0087	0.0228
Unplanned Distribution System Interruptions related to Transmission System Interruptions (hours/customer)	.7513	0	0	0

AGL NZE ONLY	2000	1999
3. Energy Delivery Efficiency Performance Measures		
Load Factor	65.23%	79.39%
Unaccounted for Gas Ratio	0.5% loss	0.5% loss
4. Statistics		
System Length (km)	1,030	954
Maximum Monthly Amount of Gas Entering System	240,099 GJ	214,139 GJ
Total Annual Amount of Gas Conveyed through System	1,879,423 GJ	510,044 GJ

AGL NZE ONLY	2000	1999
Total Annual Amount of Gas Conveyed through System for persons not in a prescribed business relationship	1,367,372 GJ	nil
Total Number of Customers	27,068	26,697
5. Reliability Performance Measures		
Unplanned Transmission System Interruptions (hours)	n.a	n.a.
Unplanned Distribution System Interruptions not related to Transmission System Interruptions (hours/customer)	Nil	Nil
Interruptions attributable to third party interference	0.1219	Nil
Unplanned Distribution System Interruptions related to Transmission System Interruptions (hours/customer)	Nil	Nil



NATURAL GAS CORPORATION

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GAS DISTRIBUTION ACTIVITIES

CERTIFICATE OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY DIRECTORS OF THE CORPORATION

We, Richard John Bentley and Thomas William Blennerhassett, directors of Natural Gas Corporation of New Zealand Limited (the 'Corporation'), certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (c) the attached audited financial statements of the Corporation, prepared for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997, comply with the requirements of that regulation; and
- (d) the attached information, being financial performance measures, efficiency performance measures, energy delivery performance measures and statistics, and reliability performance measures in relation to the Corporation, 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.

Richard John Bentley

Thomas William Blennerhassett

21 November 2000



PricewaterhouseCoopers
113-119 The Terrace
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Wellington, New Zealand
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Facsimile +64 4 462 7001

Certification by Auditor in Relation to Financial Statements

Natural Gas Corporation - Distribution

We have examined the attached financial statements prepared by Natural Gas Corporation - Distribution and dated 21 November 2000 for the purposes of Regulation 6 of the Gas (Information Disclosure) Regulations 1997.

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

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
23 November 2000



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Natural Gas Corporation - Distribution

Certification of Performance Measures by Auditor

We have examined the attached information, being:

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

and having been prepared by Natural Gas Corporation - Distribution and dated 21 November 2000 for the purposes of Regulations 15 and 16 of those Regulations.

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

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
23 November 2000

Natural Gas Corporation – Gas Retailing Activities
Statement of Financial Performance
For the year ended 30 June 2000
For the purposes of the Gas (Information Disclosure) Regulations 1997

	Note	\$Thousands	
		2000	1999
Gas Sales		<u>182,178</u>	<u>144,512</u>
Surplus before Taxation	2	1,624	3,342
Income Tax Expense	3	<u>536</u>	<u>1,102</u>
Net Surplus for the Year		<u>1,088</u>	<u>2,240</u>

Natural Gas Corporation – Gas Retailing Activities
Statement of Financial Position
As at 30 June 2000
For the purposes of the Gas (Information Disclosure) Regulations 1997

	Note	\$Thousands	
		2000	1999
Non Current Assets			
Fixed Assets	4	5,644	3,800
Goodwill		4,646	4,896
Deferred Expenditure	5	1,118	1,275
Total Non Current Assets		11,408	9,971
Current Assets			
Trade Debtors		35,617	22,234
Current Tax		69	199
Inventories – Consumable Spares		419	402
Total Current Assets		36,105	22,835
Total Assets		47,513	32,806
Equity			
Notional Reserves	6	26,121	18,684
Total Equity		26,121	18,684
Non Current Liabilities			
Deferred Taxation		1,972	1,088
Total Non Current Liabilities		1,972	1,088
Current Liabilities			
Bank Overdraft		891	273
Accounts Payable and Accruals		18,529	12,761
Total Current Liabilities		19,420	13,034
Total Liabilities and Equity		47,513	32,806

Natural Gas Corporation – Gas Retailing Activities
Notes to the Financial Statements
For the year ended 30 June 2000

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of Natural Gas Corporation – Gas Retailing Activities (NGC). Gas Retailing Activities involves the supply of gas to a consumer.

b) Special Purpose Financial Statements

The financial statements have been prepared in accordance with the Gas (Information Disclosure) Regulations 1997 and generally accepted accounting principles.

c) General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and the financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements. This includes the going concern concept and the matching of revenue and expenses under the accrual concept.

d) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been adopted:

i) Revenues and Expenses

Revenues and expenses are stated exclusive of Goods and Services Tax (GST).

ii) Valuation of Fixed Assets

All fixed assets are included at cost less accumulated depreciation.

iii) Current Assets

Accounts receivables are valued at their estimated realisable value.
Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.
All other current assets are valued at their estimated realisable value.

iv) Depreciation

The rates of depreciation vary according to the nature and economic lives of the assets and fall within the following ranges (on a straight line basis):

Plant and Equipment	5-15 years
Motor Vehicles	5 years

v) Taxation

NGC recognises deferred taxation using the liability method and on a comprehensive basis. Income tax expense is recognised on the surplus before taxation. It is then adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the statement of financial position as a future tax benefit or as deferred tax. The future tax benefit or deferred tax is stated at the income tax rates prevailing at balance date. Future tax benefits are not recognised unless realisation of the asset is virtually certain. Future tax benefits and deferred tax is offset.

vi) Deferred Expenditure

Deferred expenditure is expenditure which provides benefits beyond the current accounting period and is written off over periods up to ten years. These expenditures relate to the connection of new customers to the gas system and the conversion of existing customers' appliances to the use of natural gas.

vii) Goodwill

The excess of cost over the fair value of businesses acquired is recognised as goodwill and is amortised to the Statement of Financial Performance over periods of up to 20 years.

viii) Changes in Accounting Policies and Comparatives

There have been no changes in accounting policies.

2. Surplus before Taxation

	\$Thousands	
	2000	1999
Surplus before Taxation is stated after charging:		
Audit fees and expenses	28	28
Fees for other services paid to the Auditors	25	25
Depreciation	1,578	441
Leasing Costs	192	413
Goodwill Amortisation	250	104

3. Taxation

	\$Thousands	
	2000	1999
The Income Tax Expense has been calculated as follows:		
Surplus before Taxation	1,624	3,342
Income Tax at 33%	536	1,102

4. Fixed Assets

	2000			1999		
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Cost/ Valuation	Accumulated Depreciation	Net Book Value
Equipment	9,684	4,977	4,707	7,717	4,107	3,610
Motor Vehicles	1,707	770	937	332	142	190
	11,391	5,747	5,644	8,049	4,249	3,800

5. Deferred Expenditure

	\$Thousands	
	2000	1999
Balance as at 1 July	1,275	1,376
Plus amount capitalised	59	92
Less amounts amortised to expenses	(216)	(193)
	<u>1,118</u>	<u>1,275</u>

6. Notional Reserves

Gas Retailing is not a company and therefore has no share capital. Notional Reserves are determined on the basis that Gas Retailing is fully equity funded by Natural Gas Corporation of New Zealand Limited. Notional Reserves therefore represent all funding provided to Gas Retailing by the Natural Gas Corporation.

7. Capital Commitments

Amounts committed but not recorded in these financial statements total \$Nil (1999: \$Nil).

Operating Lease Commitments

	\$Thousands	
	2000	1999
Non cancelable operating lease rentals are payable as follows:		
Not later than one year	402	260
Between on and two years	7	235
Between two and five years	-	185
Later than five years	-	45
	<u>409</u>	<u>725</u>

8. Contingent Liabilities

There are no material contingent liabilities, which would have a material adverse affect on these financial statements.



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GAS RETAILING ACTIVITIES

CERTIFICATE OF FINANCIAL STATEMENTS DISCLOSED BY DIRECTORS OF THE CORPORATION

We, Richard John Bentley and Thomas William Blennerhassett, directors of Natural Gas Corporation of New Zealand Limited (the 'Corporation'), certify that, having made all reasonable enquiry, to the best of our knowledge, the attached audited financial statements of the Corporation, prepared for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997, comply with the requirements of that regulation.

Richard John Bentley

Thomas William Blennerhassett

21 November 2000



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Certification by Auditor in Relation to Financial Statements

Natural Gas Corporation - Retail

We have examined the attached financial statements prepared by Natural Gas Corporation - Retail and dated 21 November 2000 for the purposes of Regulation 6 of the Gas (Information Disclosure) Regulations 1997.

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

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
23 November 2000

Natural Gas Corporation – Gas Transmission Activities
Statement of Financial Performance
For the Year Ended 30 June 2000
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	2000	1999
Revenue		76,247	71,990
Surplus before Taxation	2	46,881	38,370
Income Tax Expense	3	16,642	13,915
Net Surplus for the Year		30,329	24,455

Natural Gas Corporation – Gas Transmission Activities
Statement of Financial Position
As at 30 June 2000
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	2000	1999
Fixed and Long Term Assets			
Fixed Assets	4	387,154	389,865
Deferred Expenditure	5	7,455	8,541
Total Non Current Assets		394,609	398,406
Current Assets			
Cash and Short Term Deposits		-	18
Accounts Receivable	6	9,226	9,254
Inventories – Consumable Spares		1,168	980
Current Taxation		37	-
Total Current Assets		10,431	10,252
Total Assets		405,040	408,658
Equity			
Notional Reserves	7	345,072	348,850
Total Equity		345,072	348,850
Non Current Liabilities			
Deferred Income	8	1,307	3,619
Deferred Taxation		53,562	51,446
Total Non Current Liabilities		54,869	55,065
Current Liabilities			
Bank Overdraft		6	-
Accounts Payable and Accruals		5,093	3,650
Current Taxation		-	1,093
Total Current Liabilities		5,099	4,743
Total Liabilities and Equity		405,040	408,658

**Natural Gas Corporation – Gas Transmission Activities
Notes to the Financial Statements
For the Year Ended 30 June 2000**

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of Natural Gas Corporation – Gas Transmission Activities (NGC). Gas Transmission Activities involves the ownership and the supply of line function services for the transportation of gas.

b) Special Purpose Financial Statements

The financial statements have been prepared in accordance with the Gas (Information Disclosure) Regulations 1997 and generally accepted accounting principles.

c) General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and the financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements. This includes the going concern concept and the matching of revenue and expenses under the accrual concept.

d) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been adopted:

i) Revenue and Expenses

Revenue and expenses are stated exclusive of Goods and Services Tax (GST).

ii) Valuation of Fixed Assets

Pipelines, compressors and gate stations are recorded at the most recent valuation, adjusted by subsequent additions, disposals and depreciation. Valuations are carried out regularly and reviewed by independent experts, using the optimised deprival valuation methodology. All fixed assets other than pipelines, compressors and gate stations, are included at cost less accumulated depreciation.

Construction in progress is recorded at cost. For projects having a cost in excess of \$500,000 and a construction period of not less than three months, finance costs relating to that project are capitalised. The finance costs capitalised are based on the actual cost directly attributable to the construction of the asset. Where this is not clearly identifiable, NGC's cost of debt is used. Assets constructed by NGC are commissioned and transferred from construction in progress to fixed assets as each facility or operating unit within a facility becomes operational and available for use.

iii) Current Assets

Accounts receivables are valued at their estimated realisable value. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. All other current assets are valued at their estimated realisable value.

iv)

Depreciation

The rates of depreciation vary according to the nature and economic lives of the assets and fall within the following ranges (on a straight line basis):

High Pressure Pipelines	65 years	Plant and Equipment	5-15 years
Compressors and Gate Stations	65 years	Capital Spares	5-15 years
Buildings	40-100 years	Motor Vehicles	5 years

Depreciation of pipelines commences when the pipeline is physically complete and flowing gas.

v)

Deferred Income

Contributions received from gas utilities and other parties towards the capital expenditure on pipelines are accounted for initially in a deferred income account. Amortisation to income of the deferred income account takes place only after the obligations in connection with the contributions are performed. The deferred income account is amortised to the statement of financial performance over the life of the pipelines to which they relate or over the life of the gas supply contract whichever is the shorter.

vi)

Taxation

Deferred taxation is recognised using the liability method and on a comprehensive basis. Income tax expense is recognised on the surplus before taxation. It is then adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the statement of financial position as a future tax benefit or as deferred tax. The future tax benefit or deferred tax is stated at the income tax rates prevailing at balance date. Future tax benefits are not recognised unless realisation of the asset is virtually certain. Future tax benefits and deferred tax is offset.

vii)

Deferred Expenditure

Deferred expenditure is expenditure which provides benefits beyond the current accounting period and is written off over periods up to ten years. These expenditures relate to the connection of customers to the gas system and the conversion of existing customers' appliances to the use of natural gas.

viii)

Changes in Accounting Policy and Comparatives

There have been no changes in accounting policies. The presentation of certain comparatives has been restated to ensure consistency with current year disclosures.

2. Surplus before Taxation

	\$Thousands	
	2000	1999
Surplus before Taxation is stated after charging:		
Audit fees and expenses	30	30
Depreciation	9,817	13,268

3. Income Tax

		\$Thousands	
		2000	1999
a)	The Income Tax Expense has been calculated as follows:		
	Surplus before Taxation	46,881	38,370
	Income Tax at 33%	15,471	12,662
	Adjustments to tax for:		
	Non-deductible expenditure	1,171	1,253
	Tax Charge	16,642	13,915

4. Fixed Assets

		\$Thousands				
		2000		1999		
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Cost/ Valuation	Accumulated Depreciation	Net Book Value
Pipelines, Compressors and Gate Stations	376,905	-	376,905	401,148	23,236	377,912
Machinery and Equipment	13,347	10,658	2,689	12,647	9,920	2,727
Motor Vehicles	1,850	904	946	1,849	873	976
Freehold Land and Buildings	4,102	697	3,405	3,903	573	3,330
Construction in Progress	3,209	-	3,209	4,920	-	4,920
	399,413	12,259	387,154	424,467	34,602	389,865

Pipelines, compressors and gate stations were revalued as at 30 June 2000 using the optimised deprival valuation methodology. The valuation was reviewed and certified by Cap Gemini Ernst and Young. Based on the latest Government valuations the Directors estimate that the fair valuation of land and buildings is approximately equivalent to their net book value as at 30 June 2000.

5. Deferred Expenditure

		\$Thousands	
		2000	1999
Balance as at 1 July		8,541	9,866
Less Amounts Amortised to Expenses		(1,086)	(1,325)
		7,455	8,541

6. Accounts Receivable

	\$Thousands	
	2000	1999
Trade Debtors	3,964	3,649
Prepayments and Sundry Receivables	5,262	5,605
	9,226	9,254

7. Notional Reserves

Gas Transmission is not a company and therefore has no share capital. Notional reserves are determined on the basis that Gas Transmission is fully equity funded by Natural Gas Corporation of New Zealand Limited. Notional reserves therefore represent all funding provided to Gas Transmission by the Natural Gas Corporation Group.

8. Deferred Income

	\$Thousands	
	2000	1999
Balance as at 1 July	3,619	5,529
Less amount amortised to earnings	(2,312)	(1,910)
	1,307	3,619

Deferred income represents contributions from customers as explained in Note 1(d)(v).

9. Capital Commitments

Capital amounts committed but not recorded in these financial statements total \$1.88 million (1999, \$2.99 million).

10. Contingent Liabilities

There are no contingent liabilities, which would have a material adverse effect on these financial statements (1999, Nil).

Natural Gas Corporation – Gas Transmission Activities
Statement of Performance Measures
For the year ended 30 June 2000
For the purposes of the Gas (Information Disclosure) Regulations 1997

	2000	1999	1998	1997
1. Financial Performance Measures				
Accounting Return on Total Assets	11.9%	9.7%	10.6%	10.4%
Accounting Return on Equity	8.7%	7.0%	7.8%	8.6%
Accounting Rate of Profit	8.4%	6.7%	7.3%	6.5%
2. Efficiency Performance Measures				
Direct Line Costs per Kilometre	\$5,114	\$6,133	\$4,374	\$4,049
Indirect Line Costs per Gas Customer	\$929,333	\$589,083	\$675,545	\$340,857

The increase in indirect line costs per customer is partly attributable to customers reducing from 12 to 9 following restructuring in the sector.

3. Other Performance Measures and Statistics

3.1 Load factor

System	2000			1999		
	Gas Into System, a (GJ p.a.)	Max. Monthly Quantity, b (GJ/mth)	Load Factor, $\frac{a \times 100}{12 \times b}$	Gas Into System, a (GJ p.a.)	Max. Monthly Quantity, b (GJ/mth)	Load Factor, $\frac{a \times 100}{12 \times b}$
North & Central				27,565,731	2,519,007	91.2
North	41,869,514	4,842,133	72.1			
Central	9,318,902	1,110,835	69.9			
Bay of Plenty	11,852,566	1,204,496	82.0	11,605,971	1,165,652	83.0
Frankley Rd - Kapuni	25,934,596	2,946,459	73.3	30,528,389	3,360,884	75.7
South	10,862,614	1,212,350	74.7	9,998,616	1,218,760	68.4

NB: Gas entering the North System includes gas delivered into Central System.

Gas entering the Central System includes gas delivered into the Bay of Plenty System.

Gas entering the Frankley Rd – Kapuni System includes gas delivered into the South System.

No statistics are shown for North and Central for 1999 as these two areas were combined in that year.

1998				1997		
System	Gas Into System, a (GJ p.a.)	Max. Monthly Quantity, b (GJ/mth)	Load Factor, $\frac{a \times 100}{12 \times b}$	Gas Into System, a (GJ p.a.)	Max. Monthly Quantity, b (GJ/mth)	Load Factor, $\frac{a \times 100}{12 \times b}$
North & Central	22,687,600	2,262,940	83.6			
North				21,082,652	2,069,360	84.9
Central	8,765,941	825,083	88.5	5,740,248	625,900	76.43
Bay of Plenty	11,283,386	1,224,947	76.8	10,810,824	1,016,123	88.7
Frankley Rd - Kapuni	14,744,666	2,013,880	61.0	12,004,052	1,527,554	65.5
South	10,593,321	1,204,330	73.3	11,634,630	1,300,580	74.6

3.2 Unaccounted-for gas ratio

2000				1999		
System	Unaccounted For Gas a (GJ p.a.)	Gas Into System b (GJ p.a.)	UFG % $\frac{a \times 100}{b}$	Unaccounted For Gas a (GJ p.a.)	Gas Into System b (GJ p.a.)	UFG % $\frac{a \times 100}{b}$
North & Central				(407,463)	27,565,731	(1.48)
North	(288,671)	41,869,514	(0.69)			
Central	323,637	9,318,902	3.47			
Bay of Plenty	32,853	11,852,566	0.28	(180,121)	11,605,971	(1.55)
Frankley Rd - Kapuni	(251,633)	25,934,596	(0.97)	280,691	30,528,389	0.92
South	144,283	10,862,614	1.33	(115,148)	9,998,616	(1.15)

NB: UFG = Receipts + (Initial Linepack - Final Linepack) - Deliveries - Gas Used in Transmission.

The unexpectedly high UFG figure for the Central System is believed to be due to problems with check metering, particularly at the new interconnection to the Bay of Plenty System, rather than with custody-transfer metering.

Under measurement may also have contributed to the Bay of Plenty UFG appearing so favourable.

No statistics are shown for North and Central for 1999 as these two areas were combined in that year

1998				1997		
System	Unaccounted For Gas a (GJ p.a.)	Gas Into System b (GJ p.a.)	UFG % $\frac{a \times 100}{b}$	Unaccounted For Gas a (GJ p.a.)	Gas Into System b (GJ p.a.)	UFG % $\frac{a \times 100}{b}$
North & Central	(217,574)	22,687,600	(0.96)			
North				31,624	21,082,652	0.15
Central	(87,037)	8,765,941	(0.99)	33,267	5,740,248	.58
Bay of Plenty	(116,384)	11,283,386	(1.04)	96,656	10,810,824	.89
Frankley Rd - Kapuni	(159,773)	14,744,666	(1.08)	46,104	12,004,052	.38
South	(156,420)	10,593,321	(1.48)	100,808	11,634,630	.87

3.3 Statistics

System	2000			Non-NGC Gas Conveyed (GJ p.a.)	1999			
	Length (km)	Max. Monthly Quantity Entering the System (GJ/mth)	Total Gas Conveyed (GJ p.a.)		Length (km)	Gas Into System (GJ p.a.)	Max. Monthly Quantity (GJ/mth)	Non-NGC Gas Conveyed (GJ p.a.)
North & Central					811.7	27,565,731	2,519,007	
North	426.5	4,842,133	41,850,642					
Central	384.2	1,110,835	8,974,118					
Bay of Plenty	608.3	1,204,496	11,748,141		594.8	11,605,971	1,165,652	
Frankley Rd - Kapuni	72.3	2,946,459	26,170,977		62.4	30,528,389	3,360,884	
South	696.1	1,212,350	10,660,602		697.4	9,998,616	1,218,760	
Total	2,187.4			58,932,727	2,166.3			45,618,141

NB: The order of the columns has been changed this year to match the order in the Regulations Schedule 1 Part 3 2(a)-(c).

“Maximum monthly quantity entering the system” instead of “Maximum Monthly Quantity” is used this year to avoid confusion between gas conveyed and gas entering the system.

The term “Total Gas Conveyed” is used this year instead of “Gas Into System”. “Total Gas Conveyed” is the wording in the Regulations Schedule 1 Part 3 2 (c).

No statistics are shown for North and Central for 1999 as these two areas were combined in that year

System	1998				Non-NGC Gas Conveyed (GJ p.a.)	1997			
	Length (km)	Max. Monthly Quantity Entering the System (GJ/mth)	Total Gas Conveyed (GJ p.a.)	Length (km)		Gas Into System (GJ p.a.)	Max. Monthly Quantity (GJ/mth)	Non-NGC Gas Conveyed (GJ p.a.)	
North & Central	425.7	2,262,940	22,687,600		17,187,703				
North						420.1	21,082,652	2,069,360	5,083,494
Central	384.3	825,083	8,765,941	1,306,673	384.3	5,740,248	625,900	304,610	
Bay of Plenty	594.8	1,224,947	11,283,386	0	594.8	10,810,824	1,016,123	0	
Frankley Rd - Kapuni	72.1	2,013,880	14,744,666	6,519,971	72.1	12,004,052	1,527,554	167,966	
South	697.4	1,204,330	10,593,321	2,703,337	697.4	11,634,630	1,300,580	1,088,403	
Total	2,174.3			27,717,684	2,168.7			6,644,473	

	2000	1999	1998	1997
Number of transmission customers	9	12	11	7
Unplanned interruptions in transmission systems (Number of unplanned interruptions)	2	1	3	0



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GAS TRANSMISSION ACTIVITIES

CERTIFICATE OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY DIRECTORS OF THE CORPORATION

We, Richard John Bentley and Thomas William Blennerhassett, directors of Natural Gas Corporation of New Zealand Limited (the 'Corporation'), certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) the attached audited financial statements of the Corporation, 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 the Corporation, 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.

Richard John Bentley

Thomas William Blennerhassett

21 November 2000



PricewaterhouseCoopers
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Certification by Auditor in Relation to Financial Statements

Natural Gas Corporation - Transmission

We have examined the attached financial statements prepared by Natural Gas Corporation - Transmission and dated 21 November 2000 for the purposes of Regulation 6 of the Gas (Information Disclosure) Regulations 1997.

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

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
23 November 2000



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Natural Gas Corporation - Transmission

Certification of Performance Measures by Auditor

We have examined the attached information, being:

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

and having been prepared by Natural Gas Corporation - Transmission and dated 21 November 2000 for the purposes of Regulations 15 and 16 of those Regulations.

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

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
23 November 2000

Natural Gas Corporation – Gas Wholesaling Activities
Statement of Financial Performance
For the Year Ended 30 June 2000
For the purposes of the Gas (Information Disclosure) Regulations 1997

	Note	\$Thousands	
		2000	1999
Gas Sales		<u>125,164</u>	<u>125,438</u>
Surplus before Taxation		28,271	26,236
Income Tax Expense	2	<u>9,329</u>	<u>8,658</u>
Net Surplus for the Year		<u>18,942</u>	<u>17,578</u>

Natural Gas Corporation – Gas Wholesaling Activities
Statement of Financial Position
As at 30 June 2000
For the purposes of the Gas (Information Disclosure) Regulations 1997

	Note	\$Thousands	
		2000	1999
Non Current Assets			
Gas Entitlements	3	196,008	194,174
Future Tax Benefit		<u>774</u>	<u>663</u>
Total Non Current Assets		196,782	194,837
Current Assets			
Cash at bank		335	1
Accounts Receivable	4	7,897	8,350
Inventories – trading stock		764	616
Tax refund		<u>-</u>	<u>1,914</u>
Total Current Assets		<u>8,996</u>	<u>10,881</u>
Total Assets		<u>205,778</u>	<u>205,718</u>
Equity			
Notional Reserves	5	<u>186,424</u>	<u>176,043</u>
Total Equity		186,424	176,043
Current Liabilities			
Accounts Payable and Accruals	6	<u>19,354</u>	<u>29,675</u>
Total Current Liabilities		<u>19,354</u>	<u>29,675</u>
Total Liabilities and Equity		<u>205,778</u>	<u>205,718</u>

Natural Gas Corporation – Gas Wholesaling Activities
Notes to the Financial Statements
For the Year Ended 30 June 2000

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of Natural Gas Corporation – Gas Wholesaling Activities (NGC). Gas Wholesaling comprise those activities relating to the sale of gas to persons for the purpose of resupply by the other person (other than those wholesaling activities involving the supply of gas to refuellers).

b) Special Purpose Financial Statements

The financial statements have been prepared in accordance with the Gas (Information Disclosure) Regulations 1997 and generally accepted accounting principles.

c) General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and the financial position under the historical cost method have been followed in the preparation of these financial statements. This includes the going concern concept and the matching of revenue and expenses under the accrual concept.

d) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been adopted:

i) Revenue and Expenses

Revenue and expenses are stated exclusive of Goods and Services Tax (GST).

ii) Current Assets

Accounts receivables are valued at their estimated realisable value.

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis.

All other current assets are valued at their estimated realisable value.

iii) Gas Entitlements

Under the terms of the gas supply contracts, NGC is required to pay for a minimum quantity of gas in each contract year whether or not delivery has been made. Prepayments for undelivered gas entitle NGC to delivery of gas in subsequent years without further payment. The prepayments are capitalised as a long-term asset and will be amortised to earnings as the prepaid gas is utilised.

iv) Taxation

NGC recognises deferred taxation using the liability method and on a comprehensive basis. Income tax expense is recognised on the surplus before taxation. It is then adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the statement of financial position as a future tax benefit or as deferred tax. The future tax benefit or deferred tax is stated at the income tax rates prevailing at balance date. Future tax benefits are not recognised unless realisation of the asset is virtually certain. Future tax benefits and deferred tax is offset.

v) Changes in Accounting Policy and Comparatives

There have been no changes in accounting policies. The presentation of certain comparatives has been restated to ensure consistency with current year disclosures.

2. Taxation

	\$Thousands	
	2000	1999
The Income Tax Expense has been calculated as follows:		
Surplus before Taxation	<u>28,271</u>	<u>26,236</u>
Income Tax at 33%	<u>9,329</u>	<u>8,658</u>

3. Gas Entitlements

	\$Thousands	
	2000	1999
Advance Paid and Prepaid Gas Entitlements	<u>196,008</u>	<u>194,174</u>

NGC's entitlements to gas are:

a) Take or Pay Gas Contract

NGC has contracts with the Crown, whereby it has committed to purchase gas in annual contract quantities. The remaining commitments from 1 July 2000 to 27 June 2009 are 213 petajoules (1999, 244 petajoules).

b) Advance Paid Gas

NGC purchased, from the Crown, 262.5 petajoules of Maui gas to be delivered in annual scheduled entitlements up to 2009 for a single advance payment. This gas is referred to as Advance Paid Gas and requires no further payment to the Crown when delivery is taken except for payment of the energy resource levy. NGC takes approximately one unit of Advance Paid Gas for every two units purchased under its take or pay contract with the Crown.

At the same time NGC obtained access an additional 94.1 petajoules of gas paid for but not taken by the Crown under its contract with Maui Mining Companies (refer 3(d) below).

The 262.5 petajoules and the 94.1 petajoules were purchased for a single payment of \$235 million. As at 30 June 2000 NGC had 123 petajoules (1999, 135 petajoules) of the Advance Paid Gas remaining.

c) Gasbank I

NGC has entered into an agreement with Fletcher Challenge, whereby Fletcher Challenge undertook to purchase from NGC, if requested, all of NGC's Maui gas paid for but not taken in each contract year up to the year 30 September 1996. NGC, at its option, was able to repurchase all or any of these gas entitlements at the original selling price plus holding costs. This arrangement has now concluded and NGC has given notice that it will repurchase the 12.3 petajoules of gas under this arrangement. Final payment for the remaining 4 petajoules of this gas must be made by 20 October 2000.

d) Gasbank II

In 1992 NGC sold its entitlements to the 79.8 petajoules of the 94.1 petajoules referred to above to Fletcher Challenge for \$22 million. NGC retains the right at all times to uplift all or any part of the 79.8 petajoules for the original price of \$22 million plus holding costs. In the event of any redetermination of the Maui field resulting in a reduction in NGC's annual contract quantities, Fletcher Challenge will transfer back at no cost to NGC, the Gasbank II entitlements equivalent to the amount by which NGC's annual contract quantities are reduced up to a maximum of 79.8 petajoules.

e) Kapuni Indemnity Gas

NGC has exercised an option to purchase up to 70 petajoules of gas from Fletcher Challenge Energy starting in 2005.

4. Accounts Receivable

	\$Thousands	
	2000	1999
Trade Debtors	2,241	2,627
Prepayments and Sundry Receivables	131	233
Amounts Owing from NGC Group Companies	<u>5,525</u>	<u>5,490</u>
Accounts Receivable	<u>7,897</u>	<u>8,350</u>

5. Notional Reserves

Gas Wholesaling is not a company and therefore has no share capital. Notional Reserves are determined on the basis that Gas Wholesaling is fully equity funded by Natural Gas Corporation of New Zealand Limited. Notional Reserves therefore represent all funding provided to Gas Wholesaling by the Natural Gas Corporation.

6. Accounts Payable and Accruals

	\$Thousands	
	2000	1999
Accounts Payable and Accrued Expenses	17,942	17,610
Amounts Owing to Other Natural Gas Corporation Group Companies	1,577	4,178
Utilities Accrued Take or Pay Liability	<u>(165)</u>	<u>7,887</u>
	<u>19,354</u>	<u>29,675</u>

7. Capital Commitments

Amounts committed but not recorded in these financial statements total \$nil (1999, \$nil).

8. Contingent Liabilities

NGC has transferred 25 petajoules of prepaid Maui gas to Methanex, which must be uplifted by 2006. In the unlikely event that the Crown is unable to deliver these gas entitlements to Methanex, because of the failure of the Maui field, NGC must make its best endeavour to deliver gas or refund part or all of the monies to Methanex.

There are no other material contingent liabilities or legal proceedings outstanding.



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GAS WHOLESALING ACTIVITIES

CERTIFICATE OF FINANCIAL STATEMENTS DISCLOSED BY DIRECTORS OF THE CORPORATION

We, Richard John Bentley and Thomas William Blennerhassett, directors of Natural Gas Corporation of New Zealand Limited (the 'Corporation'), certify that, having made all reasonable enquiry, to the best of our knowledge, the attached audited financial statements of the Corporation, prepared for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997, comply with the requirements of that regulation.

Richard John Bentley

Thomas William Blennerhassett

21 November 2000



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Certification by Auditor in Relation to Financial Statements

Natural Gas Corporation - Wholesale

We have examined the attached financial statements prepared by Natural Gas Corporation - Wholesale and dated 21 November 2000 for the purposes of Regulation 6 of the Gas (Information Disclosure) Regulations 1997.

We certify that, having made all reasonable enquiry, to the best of our 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 that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
23 November 2000