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ORION NEW ZEALAND LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

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") and amendments to those Regulations.

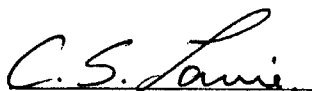
The disclosures cover the period from 1 April 2000 to 31 March 2001 and provide comparatives for prior years where required by the Regulations.

Regulation 6 - Financial Statement disclosure by line owners

For and on behalf of directors:



Director
24 July 2001



Director
24 July 2001

STATEMENT OF FINANCIAL PERFORMANCE

<u>For the year ended 31 March</u>	<u>Notes</u>	<u>2001 \$000's</u>	<u>2000 \$000's</u>
Operating revenues	2	<u>153,391</u>	<u>143,379</u>
Operating surplus before taxation	3	62,343	57,647
Taxation expense	4	<u>22,916</u>	<u>21,222</u>
Net surplus after taxation		<u>39,427</u>	<u>36,425</u>

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

STATEMENT OF MOVEMENTS IN EQUITY

<u>For the year ended 31 March</u>	<u>Notes</u>	<u>2001 \$000's</u>	<u>2000 \$000's</u>
Equity at the start of the period	10	426,042	473,296
Net surplus		39,427	36,425
Decrease in revaluation reserves		-	<u>(41,634)</u>
Total recognised revenues and expenses for the period		39,427	(5,209)
Amendment to equity to reflect changes required by the new regulations and amendments		-	(18,045)
Adjustment to assign cash to other businesses		(19,495)	-
Recognition of deferred tax		(29,829)	-
Distributions paid or provided to shareholders during the period		<u>(12,800)</u>	<u>(24,000)</u>
Equity at the end of the period	10	<u>403,345</u>	<u>426,042</u>

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	Notes	2001 \$000's	2000 \$000's
CURRENT ASSETS			
Bank		-	742
Short term deposits		-	-
Accounts receivable	5	17,419	17,404
Inventories	6	55	28
Intercompany balances		-	-
Total current assets		17,474	18,174
NON-CURRENT ASSETS			
Long term investments		-	-
Fixed assets	7	442,006	429,919
Other tangible assets		-	-
		442,006	429,919
Total tangible assets		459,480	448,093
INTANGIBLE ASSETS			
Goodwill		-	-
Other intangible assets		-	-
Total intangible assets		-	-
Total assets		459,480	448,093
CURRENT LIABILITIES			
Bank overdraft		-	-
Short term borrowings		-	-
Accounts payable and accruals	8	23,140	22,051
		23,140	22,051
NON-CURRENT LIABILITIES			
Deferred tax	9	32,995	-
SHAREHOLDERS' EQUITY			
Shareholders' equity	10	403,345	426,042
Total liabilities and equity		459,480	448,093

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	Notes	2001 \$000's	2000 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Cash receipts from customers		152,461	139,203
Interest received		-	10
		<u>152,461</u>	<u>139,213</u>
Cash was applied to:			
Non-capitalised payments to suppliers and employees		71,771	60,373
Income tax paid (net of refunds)		18,877	27,021
Interest paid		-	284
		<u>90,648</u>	<u>87,678</u>
Net cash inflow from operating activities	12	<u>61,813</u>	<u>51,535</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of fixed assets		399	1,217
Cash was applied to:			
Purchase of fixed assets		30,659	23,480
		<u>30,659</u>	<u>23,480</u>
Net cash outflow from investing activities		<u>(30,260)</u>	<u>(22,263)</u>

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	Notes	2001 \$000's	2000 \$000's
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Reclassifications as required by the new disclosure regulations and amendments		-	20,959
Decrease/(increase) in current accounts		-	(4,169)
Dividends paid		12,800	24,000
		<u>12,800</u>	<u>40,790</u>
Net cash outflow from financing activities		<u>(12,800)</u>	<u>(40,790)</u>
CASH FLOW SUMMARY AND RECONCILIATION			
Opening bank and short term investments		742	12,260
Inflow from operating activities		61,813	51,535
Outflow from investing activities		(30,260)	(22,263)
Outflow from financing activities		(12,800)	(40,790)
Adjustment to assign cash to other businesses		(19,495)	-
		<u>-</u>	<u>742</u>
Closing bank and short term investments		-	742
REPRESENTED BY:			
Cash at bank and short term investments		-	742
Bank overdraft		-	-
		<u>-</u>	<u>742</u>

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*"), and amendments to those Regulations.

Allocations of the costs, revenues, assets and liabilities of the Company have been made in accordance with the mandatory avoidable cost allocation methodology 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.

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 Company, with the exception that certain fixed assets 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) **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.
- (b) **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 Company.
- (c) **Accounts receivable**
Accounts receivable are valued at their expected realisable value. All known bad debts are written off during the financial year.
- (d) **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.

- (e) 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 Economic Development's revised ODV Handbook. The economic lives range from 15 - 70 years for the different components of the distribution system.

- (f) 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.
- (g) Income tax
The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effect of timing differences calculated using the liability method.
- Tax effect accounting is 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.
- (h) 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

Taxation

During the 2001 year the company changed its method of accounting for deferred tax from the partial basis to the comprehensive basis (liability method) and now accounts for deferred tax on all timing differences. The implementation of this change has resulted in the following impact on the financial statements for the current year: surplus after tax has decreased by \$3,166,000 and shareholders' equity has decreased by \$29,829,000.

There have been no other changes in accounting policies.

2. OPERATING REVENUES

Operating revenues include the following items:

	2001 \$000's	2000 \$000's
AC rental rebates	8,228	2,451
Bad debts recovered	13	25
Changes in bad debt provisions	135	-
Dividends	-	-
Interest	-	-
Line revenue	138,710	139,871
Profit on sale of fixed assets	42	-
Other	6,263	1,032
	<u>153,391</u>	<u>143,379</u>

3. OPERATING EXPENDITURE

Operating surplus before tax includes the following items:

Payment for transmission charges (prior to loss rental rebates)	43,450	44,489
AC loss-rental rebates (distribution to retailers) expense	8,228	2,451
Transfer payments to the "other" business for:		
- asset maintenance	5,902	5,352
- consumer disconnection/reconnection services	-	-
- meter data	14	-
- consumer-based load control services	-	-
- royalty and patent expenses	-	-
- avoided transmission charges on account of own generation	-	-
- other goods and services not listed	-	-
	<u>5,916</u>	<u>5,352</u>
Total	5,916	5,352

	2001 \$000's	2000 \$000's
Expense to entities that are not related parties for:		
- asset maintenance	3,091	2,316
- consumer disconnection/reconnection services	-	-
- meter data	4	5
- consumer-based load control services	14	11
- royalty and patent expenses	-	-
Total	3,109	2,332
Employee salaries, wages and redundancies	8,193	7,719
Consumer billing and information system expense	425	835
Depreciation on:		
- system fixed assets	14,425	15,345
- other assets	1,674	1,794
Total	16,099	17,139
Amortisation of:		
- goodwill	-	-
- other intangibles	-	-
Total	-	-
Corporate and administration	760	803
Human resource expenses	886	712
Leasing and rental	60	59
Loss on sale of fixed assets	-	357
Asset write-offs	2,116	-
Marketing/advertising	66	110
Merger and acquisition expenses	-	-
Takeover defence expenses	-	-
Research and development expenses	-	-
Consultancy and legal expenses	946	1,506
Donations	76	36
Directors fees	210	210
Auditors Fees:		
- audit fees paid to principal auditors	63	42
- audit fees paid to other auditors	-	-
- fees paid for other services provided by principal and other auditors	14	5
Total	77	47

	2001 \$000's	2000 \$000's
Cost of offering credit:		
- bad debts written off	48	47
- increase in estimated doubtful debts	-	141
	<hr/>	<hr/>
Total	48	188
Local authority rates expense	202	212
Rebates to consumers due to ownership interest	-	-
Subvention payments	-	-
Unusual expenses	-	-
Other expenditure not listed	181	1,175
	<hr/>	<hr/>
Total operating expenditure	91,048	85,732
	<hr/>	<hr/>
Operating surplus before interest and income tax	62,343	57,647
	<hr/>	<hr/>
Interest expense		
- interest expense on borrowings	-	-
- financing charges related to finance leases	-	-
- other interest expense	-	-
Total	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Operating surplus before income tax	62,343	57,647

4. TAXATION

The taxation provisions are subject to Inland Revenue Department assessment.

Surplus before taxation	62,343	57,647
	<hr/>	<hr/>
Prima facie taxation at 33%	20,573	19,023
	<hr/>	<hr/>
ADD/(LESS) taxation effect of :		
Timing differences	(516)	(460)
Permanent differences	3,495	2,641
Under/(over) provisions in prior years	(636)	18
	<hr/>	<hr/>
Taxation as per Statement of Financial Performance	22,916	21,222

5. ACCOUNTS RECEIVABLE

A summary of accounts receivable is as follows:

	2001 \$000's	2000 \$000's
Trade receivables	6,744	5,996
Other receivables	10,250	11,221
Prepayments	605	502
Interest receivable	-	-
	<u>17,599</u>	<u>17,719</u>
Unearned interest on hire purchase debtors	-	-
Provision for doubtful debts	<u>(180)</u>	<u>(315)</u>
	<u>17,419</u>	<u>17,404</u>

6. INVENTORIES

A summary of inventories is as follows:

Chargeable WIP	<u>55</u>	<u>28</u>
	<u>55</u>	<u>28</u>

7. FIXED ASSETS

	2001 \$000's	2000 \$000's
System fixed assets (at valuation)	398,500	397,913
System fixed assets (at cost) (includes works under construction)	37,319	9,759
Accumulated depreciation	(15,166)	-
	<u>420,653</u>	<u>407,672</u>
Land and buildings (at valuation)	17,733	18,154
Land and buildings (at cost)	868	212
Accumulated depreciation	(207)	-
	<u>18,394</u>	<u>18,366</u>
Consumer billing and information systems (at valuation)	1,029	1,226
Consumer billing and information systems (at cost)	556	-
Accumulated depreciation	(675)	-
	<u>910</u>	<u>1,226</u>
Office equipment (at valuation)	630	562
Office equipment (at cost)	75	-
Accumulated depreciation	(274)	-
	<u>431</u>	<u>562</u>
Motor vehicles and plant (at valuation)	1,038	1,164
Motor vehicles and plant (at cost)	468	-
Accumulated depreciation	(318)	-
	<u>1,188</u>	<u>1,164</u>
Other (at valuation)	362	929
Other (at cost)	172	-
Accumulated depreciation	(104)	-
	<u>430</u>	<u>929</u>
Total fixed assets	<u>442,006</u>	<u>429,919</u>

System fixed assets includes substation buildings of \$6,912,000 (2000: \$6,718,000). Land and buildings includes network land of \$8,222,000 (2000: \$7,633,000).

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

	2001 \$000's	2000 \$000's
Capital works under construction (part of system fixed assets)	14,014	9,759
Land and buildings	102	212
	<u>14,116</u>	<u>9,971</u>

Revaluation

The Company's electricity distribution system was revalued to net current value as at 31 March 2000. The valuation, on an optimised deprival value basis, was certified by independent valuers, Ernst and Young. Land, buildings and other equipment were revalued to net current value as at 31 March 2000 by the registered valuers, Ernst and Young.

Depreciation has been applied to the revalued assets for the year ended 31 March 2001 in accordance with the company's accounting policies.

The Company performed a revaluation of its electricity distribution system at 31 March 2001, in accordance with the revised ODV Handbook issued by the Ministry of Economic Development in 2000. This revaluation has not been incorporated in these financial statements, but has been used with the accompanying regulatory financial performance measures as required.

8. ACCOUNTS PAYABLE AND ACCRUALS

A summary of accounts payable and accruals is as follows:

Trade creditors	11,687	11,554
Accruals	10,286	9,323
Employee entitlements	1,167	1,174
Dividends payable	-	-
Income tax payable	-	-
	<u>23,140</u>	<u>22,051</u>

9. NON-CURRENT LIABILITIES

Non-current liabilities are as follows:

Payables and accruals	-	-
Borrowings	-	-
Deferred tax	32,995	-
Other	-	-
	<u>32,995</u>	<u>-</u>

10. EQUITY

Equity comprises:

	2001 \$000's	2000 \$000's
Share capital	120,000	120,000
Retained earnings	101,996	75,369
Reserves	181,349	230,673
	<hr/>	<hr/>
Total shareholders' equity	403,345	426,042
Minority interests	-	-
	<hr/>	<hr/>
Total equity	403,345	426,042
Capital notes	-	-
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Total capital funds	<u>403,345</u>	<u>426,042</u>

11. FINANCIAL INSTRUMENTS

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

	Carrying Amount 2001 \$000's	Fair Value 2001 \$000's	Carrying Amount 2000 \$000's	Fair Value 2000 \$000's
Cash and short term investments	-	-	742	742

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

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

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

	2001 \$000's	2000 \$000's
Net surplus from the Statement of Financial Performance	39,427	36,425
ADD/(LESS) non cash items:		
Depreciation	16,099	17,139
Deferred tax	3,166	-
Asset write offs	2,116	-
ADD/(LESS) movements in other working capital items:		
(Increase)/decrease in debtors	(888)	(9,975)
(Increase)/decrease in interest receivable		10
(Increase)/decrease in stocks	(27)	(16)
Increase/(decrease) in creditors	1,089	7,879
Increase/(decrease) in interest payable	-	(284)
(Increase)/decrease in tax asset	873	-
ADD/(LESS) items classified as an investing activity:		
(Profit)/Loss on sale of fixed assets	(42)	357
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>61,813</u>	<u>51,535</u>

13. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets or contingent liabilities as at 31 March 2001.

14. COMMITMENTS

At balance date, capital commitments were as follows:

Distribution system	18,908	2,484
Other	-	-
	<hr/>	<hr/>
	<u>18,908</u>	<u>2,484</u>

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

At balance date, lease commitments were as follows:

	2001 \$000's	2000 \$000's
2001	-	60
2002	48	56
2003	48	56
2004	48	56
2005 and beyond	48	473
2006 and beyond	484	-

Note: commitments which extend beyond the next 4 years have been assessed for a maximum period of 10 years.

15. 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, were entered into with such parties.

During the year no material transactions were entered into with any of the directors, except for the following transactions with a subsidiary of the Carter Group Limited, relating to subdivision power reticulation:

Purchase	\$137,000 (2000 \$32,000)
Liability at 31 March 2001	\$233,000 (2000 \$177,000)

These transactions are conducted on an arms length commercial basis.

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

	2001 \$000's	2000 \$000's
TRANSACTIONS DURING THE YEAR		
Purchases from CCC	303	325
Revenues from CCC	1,803	1,146
Dividend payments to CCHL	11,216	21,030
OUTSTANDING BALANCES AS AT 31 MARCH		
Accounts payable to CCC	1	35
Accounts receivable from CCC	645	380

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 its wholly-owned contracting subsidiary, Connetics Limited, during the years ending 31 March 2000 and 2001.

A small number of interactions with its wholly-owned subsidiary, Enersis Limited, took place in the period 1 April 1999 to 30 June 1999.

A description of the intercompany transactions, revenue amounts and balances at 31 March 2001 and 2000 follows. Note that estimated data has had to be used in the determination and apportionment of costs for Connetics into the required categories.

Connetics

Connetics has provided construction and maintenance services to the line business for the period 1 April 2000 to 31 March 2001, 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:

	2001 \$000's	2000 \$000's
Asset maintenance		
- asset storage	159	150
- emergency work	2,046	1,637
- other asset maintenance	3,697	3,565
	<hr/>	<hr/>
	5,902	5,352
Asset construction		
- subtransmission assets	616	153
- zone substations	673	217
- distribution lines and cables	2,955	2,820
- medium voltage switchgear	659	656
- distribution transformers	338	134
- distribution substations	1,388	976
- low voltage lines and cables	5,576	1,385
- other system fixed assets	292	141
	<hr/>	<hr/>
	12,497	6,482
Other services provided to line business		
- meter data	14	-
- consumer-based load control	-	-
- disconnection/reconnection services	-	-
- avoided transmission charges	-	-
- other goods and services	-	-
	<hr/>	<hr/>
	18,413	11,834
Balance outstanding at 31 March	3,767	2,285

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 were due the 20th of the month following date of invoice.

Payments received from Connetics for services	163	80
Payments received from Connetics for transformers	45	65
Balance outstanding at 31 March	22	7

Enersis

Enersis provided information systems, communication systems and SCADA support and development to the Company during the period 1 April 1997 to 30 June 1999, at which stage it ceased operations with staff transferring to Orion.

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 were written off or forgiven. Amounts were due the 20th of the month following date of invoice.

	2001 \$000's	2000 \$000's
Services provided by Enersis	-	200
Balance outstanding at 31 March	-	-

The Company provided property rental, vehicle and equipment leasing services to Enersis as well as some administrative support. These services ceased on 30 June 1999.

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

Services provided to Enersis	-	-
Balance outstanding at 31 March	-	-

Regulation 15

Disclosure by line owners of financial and efficiency performance measures

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

	2001 %	2000 %	1999 %	1998 %
(a) Return on funds	14.52	13.21	11.87	*
(b) Return on equity	9.54	8.18	8.03	*
(c) Return on investment (ROI)	14.49	(1.15)	7.57	*

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

Excluding the impact of revaluation, the ROI for 2001 was 9.42% and the ROI for 2000 was 7.96%.

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

	2001 %	2000 %	1999 %	1998 %
(a) Accounting return on total assets	*	*	*	9.0
(b) Accounting return on equity	*	*	*	5.9
(c) Accounting rate of profit	*	*	*	5.2

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

	2001 \$	2000 \$	1999 \$	1998 \$
(a) Direct line costs per kilometre:	1,122	1,057	1,007	1,158
(b) Indirect line costs per electricity customer:	50	58	37	138

Direct and indirect line costs exclude asset write offs.

* Disclosure not required

SCHEDULE 1 - PART 7
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	62,343				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	62,343				
Interest on cash, bank balances, and short-term investments (ISTI)	0				
OSBIT minus ISTI	62,343	a	62,343		62,343
Net surplus after tax from financial statements	39,427				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	39,427	n		39,427	
Amortisation of goodwill and amortisation of other intangibles	0	g	add 0	add 0	add 0
Subvention payment	0	s	add 0	add 0	add 0
Depreciation of SFA at BV (x)	14,425				
Depreciation of SFA at ODV (y)	14,425				
ODV depreciation adjustment	0	d	add 0	add 0	add 0
Subvention payment tax adjustment	0	s ¹		deduct 0	deduct 0
Interest tax shield	0	q			deduct 0
Revaluations	21,249	r			add 21,249
Income tax	22,916	p			deduct 22,916
Numerator			62,343 OSBIT ^{ROF} = a + g + s + d	39,427 NSAT ^{ROE} = n + g + s - s ¹ + d	60,676 OSBIT ^{ROI} = a + g - q + r + s + d - p - s ¹
Fixed assets at end of previous financial year (FA ₀)	429,919				
Fixed assets at end of current financial year (FA ₁)	442,006				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-4,619				
Adjusted net working capital at end of current financial year (ANWC ₁)	-5,666				
Average total funds employed (ATFE) (or regulation 33 time-weighted average)	430,820	c	430,820		430,820
Total equity at end of previous financial year (TE ₀)	426,042				
Total equity at end of current financial year (TE ₁)	403,344				
Average total equity (or regulation 33 time-weighted average)	414,693	k		414,693	
WUC at end of previous financial year (WUC ₀)	9,769				
WUC at end of current financial year (WUC ₁)	14,014				
Average total works under construction (or regulation 33 time-weighted average)	11,887	e	deduct 11,887	deduct 11,887	deduct 11,887
Revaluations	21,249	r			
Half of revaluations	10,625	r/2			deduct 10,625
Intangible assets at end of previous financial year (IA ₀)	0				
Intangible assets at end of current financial year (IA ₁)	0				
Average total intangible asset (or regulation 33 time-weighted average)	0	m		add 0	0
Subvention payment at end of previous financial year (S ₀)	0				
Subvention payment at end of current financial year (S ₁)	0				
Subvention payment tax adjustment at end of previous financial year	0				
Subvention payment tax adjustment at end of current financial year	0				
Average subvention payment & related tax adjustment	0	v		add 0	0
System fixed assets at end of previous financial year at book value (SFA _{0(bv)}) - incl land	405,978				
System fixed assets at end of current financial year at book value (SFA _{1(bv)}) - incl land	414,861				
Average value of system fixed assets at book value (or regulation 33 time-weighted average)	410,420	f	deduct 410,420	deduct 410,420	deduct 410,420
System Fixed assets at year beginning at ODV value (SFA _{0(odv)}) - incl land	405,978				
System Fixed assets at end of current financial year at ODV value (SFA _{1(odv)}) - incl land	435,510				
Average value of system fixed assets at ODV value (or regulation 33 time-weighted average)	420,744	h	add 420,744	add 420,744	add 420,744
Denominator			429,258 ATFE ^{ROF} = c - e - f + h	413,131 Ave TE ^{ROE} = k - e - m + v - f + h	418,634 ATFE ^{ROI} = c - e - 1/2r - f + h
Financial Performance Measure:			14.523 ROF = OSBIT ^{ROF} /ATFE ^{ROF} x 100	9.543 ROE = NSAT ^{ROE} /ATE ^{ROE} x 100	14.494 ROI = OSBIT ^{ROI} /ATFE ^{ROI} x 100

l = maximum statutory income tax rate applying to corporate entities bv = book value ave = average odv = optimised deprecial valuation subscript '0' = end of the previous financial year
subscript '1' = end of the current financial year ROF = return on funds ROE = return on equity ROI = return on investment

Regulation 16A**Annual ODV Reconciliation Report** (all figures in \$000's)

Year ending	1999	2000	2001
System fixed assets at ODV - end of previous year	477,987	448,457	405,978
Add system fixed assets acquired during the year at ODV	14,156	15,426	24,824
Less system fixed assets disposed of during the year at ODV	(30,215)	(551)	(2,116)
Less depreciation on system fixed assets at ODV	(15,405)	(15,404)	(14,425)
Add revaluations of system fixed assets	1,934	(50,015)	21,249
	<hr/>		
Equals system fixed assets at ODV - end of the financial year	<u>448,457</u>	<u>397,913</u>	<u>435,510</u>

The March 2000 ODV has been restated as follows:

	\$000's
System fixed asset ODV - 31 March 2000	397,913
Plus distribution system land	<u>8,065</u>
Restated 31 March 2000 ODV	<u>405,978</u>

Regulation 21

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

	2001 %	2000 %	1999 %	1998 %
1 (a) Load Factor	61.3	57.7	59.5	58.4
(b) Loss Ratio	4.9	4.9	4.9	4.7
(c) Capacity Utilisation	35.3	36.0	30.7	32.3

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

	2001 Average (km)	2000 Average (km)	1999 Average (km)	1998 Average (km)
66kV	116	115	115	115
33kV	321	323	323	324
11kV	5,057	5,063	5,092	4,962
230/400V	2,724	2,836	2,800	2,762
230V Outside Lighting	2,268	2,204	2,177	2,148
Communications	989	980	971	963
	11,475	11,521	11,478	11,274

(b) Overhead line circuit lengths:

66kV	57	57	57	57
33kV	302	306	307	308
11kV	3,180	3,163	3,215	3,135
230/400V	1,300	1,506	1,506	1,506
230V Outside Lighting	957	912	918	923
	5,796	5,944	6,003	5,929

(c) Underground line (cable) circuit lengths:

66kV	59	58	58	58
33kV	18	17	16	16
11kV	1,877	1,900	1,877	1,827
230/400V	1,424	1,331	1,294	1,256
230V Outside Lighting	1,311	1,292	1,260	1,225
Communications	989	980	971	963
	5,678	5,578	5,476	5,345

	2001	2000	1999	1998
(d) Transformer capacity at year end (kVA):	1,487,575	1,505,103	1,686,100	1,639,993
(e) Maximum demand (kW):	525,652	541,614	516,844	529,316
(f) Total electricity supplied from the system (kWh):	2,682,914,543	2,600,830,000	2,560,341,046	2,582,049,231
(g) Electricity conveyed on behalf of retailers/generators (kWh):				
Retailer A	2,061,130,028	2,346,344,539	1,744,974,597	*
Retailer B	289,753,848	109,939,646	756,238,810	*
Retailer C	255,174,692	82,134,705	52,879,656	*
Retailer D	112,139,109	72,682,725	32,897,023	*
Retailer E	70,699,467	42,738,828	28,504,294	*
Retailer F	19,432,772	34,182,383	24,776,951	*
Retailer G	11,513,753	20,186,567	19,682,224	*
Retailer H	1,024,417	20,079,757	13,189,456	*
Retailer I	727,900	7,064,732	7,959,007	*
Retailer J		65,134	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

Note that retailer ID's are not necessarily the same in each year.

(g) Total electricity from the system conveyed for independent retailers (kWh):	*	*	*	100,428,596
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Performance measures as defined by the Electricity (Information Disclosure) Regulations 1994

(h) Total number of consumers (average for the year)	166,556	162,543	*	*
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Performance measures as defined by the Electricity (Information Disclosure) Regulations 1999

(h) Total number of customers (average for the year): ie currently occupied metered installations.	*	*	158,673	156,878
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Performance measures as defined by the Electricity (Information Disclosure) Regulations 1994

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

Note: 2. From 2000 onwards, privately owned transformers have been removed from the disclosed information. This affects 1(c) and 2(d) 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	2001	2000	1999	1998
Orion	B	Planned Shutdowns	162	313	445	505
	C	Unplanned Cuts	499	545	484	553
Transpower	A	Planned Shutdowns	0	3	2	5
	D	Unplanned Cuts	3	1	0	-
			664	862	931	1,063

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

2 &

3 Interruption targets:

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	2002	Average 2002 - 2006
Orion	B	Planned Shutdowns	385	358
	C	Unplanned Cuts	555	546

4 Proportion of Class C interruptions not restored within:

(a) 3 hours	31%
(b) 24 hours	3%

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

	2001	2000	1999	1998
66kV	0.0	1.7	1.7	*
33kV	2.8	4.3	3.1	*
11kV	9.7	10.0	8.7	*
All	9.1	9.5	8.2	9.7

(b) &

(c) Target total number of faults per 100 circuit-km of prescribed voltage electric line:

	2002	Average 2002 - 2006
66kV	2.0	2.0
33kV	4.0	4.0
11kV	11.9	11.9
All	11.2	11.2

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

	2001	2000	1999	1998
66kV	0.0	0.0	-	-
33kV	0.0	0.0	-	-
11kV	3.0	2.9	2.0	2.3
All	2.9	2.8	1.9	2.2

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

	2001	2000	1999	1998
66kV	0.0	3.5	3.5	-
33kV	3.0	4.6	3.3	2.9
11kV	13.6	14.3	12.6	14.7
All	12.5	13.3	11.7	13.5

8, 11,

12, 15,

16, 19 SAIDI, SAIFI and CAIDI by interruption class and in total for 2001:

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	SAIDI (minutes per connected consumer)	SAIFI (interruptions per connected consumer)	CAIDI (minutes per consumer interrupted)
Orion	B	Planned Shutdowns	3.1	0.019	164.7
	C	Unplanned Cuts	59.1	0.581	101.7
			62.2	0.600	103.7
Transpower	A	Planned Shutdowns	0.0	0.000	
	D	Unplanned Cuts	0.0	0.004	9.4
			0.0	0.004	9.4
			62.3	0.604	103.1

8, 11,
12, 15,
16, 19

SAIDI, SAIFI and CAIDI by interruption class and in total for **2000**:

Orion	B	Planned Shutdowns	6.4	0.028	232.5
	C	Unplanned Cuts	45.4	0.803	56.5
			51.8	0.831	62.4
Transpower	A	Planned Shutdowns	0.5	0.002	194.7
	D	Unplanned Cuts	0.0	0.016	1.0
			0.5	0.019	25.0
			52.3	0.849	61.6

8, 11,
12, 15,
16, 19

SAIDI, SAIFI and CAIDI by interruption class and in total for **1999**:

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	50.2	0.745	67.3
			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
			1.7	0.087	19.3
			69.4	0.927	74.9

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 Annual Report for the results by urban and rural areas.

9, 13

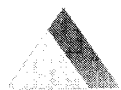
& 17 SAIDI, SAIFI and CAIDI targets for the next financial year:

Network Owner	Disclosure Regulation Class	Classification of Interruptions	SAIDI	SAIFI	CAIDI
			TARGET 2002	TARGET 2002	TARGET 2002
Orion	B	Planned Shutdowns	9.0	0.090	100.0
	C	Unplanned Cuts	60.0	0.900	66.7

10, 14

& 18 SAIDI, SAIFI and CAIDI targets for the next five financial years:

Network or Generation Owner	Disclosure Regulation Class	Classification of Interruptions	SAIDI	SAIFI	CAIDI
			AVERAGE TARGET 2002 - 2006	AVERAGE TARGET 2002 - 2006	AVERAGE TARGET 2002 - 2006
Orion	B	Planned Shutdowns	9.0	0.090	100.0
	C	Unplanned Cuts	60.0	0.900	66.7



Audit New Zealand

AUDITOR'S REPORT TO THE READERS OF THE FINANCIAL STATEMENTS OF ORION NEW ZEALAND LIMITED

We have audited the financial statements of Orion New Zealand Limited on pages 2 to 20. The financial statements provide information about the past financial performance of Orion New Zealand Limited and its financial position as at 31 March 2001. This information is stated in accordance with the accounting policies set out on pages 7 and 8.

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 2001 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 Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Orion New Zealand Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of 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:

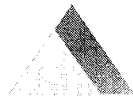
- proper accounting records have been kept by Orion New Zealand Limited as far as appears from our examination of those records; and
- the financial statements of Orion New Zealand Limited on pages 2 to 20:
 - comply with generally accepted accounting practice; and
 - give a true and fair view of the financial position of Orion New Zealand Limited as at 31 March 2001 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 26 July 2001 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





Audit New Zealand

AUDITOR'S OPINION OF PERFORMANCE MEASURES

We have examined the attached information on pages 21 to 23, being –

- (a) the derivation table specified in regulation 16; and
- (b) the annual ODV reconciliation report in regulation 16A; and
- (c) the financial performance measures specified in clause 1 of Part 3 of the Schedule 1;
and
- (d) the financial components of the efficiency performance measures specified in clause 2 of Part 3 of that schedule 1, -

that were prepared by Orion New Zealand Limited and dated 20 July 2001 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, to the best of our 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
26 July 2001

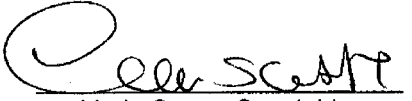
Regulation 32(2)

Certification of Financial Statements, Performance Measures and statistics disclosed by line owners other than Transpower

We, Linda Susan Constable and Christopher Stephen Laurie, 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 2001.


Linda Susan Constable


Christopher Stephen Laurie