



New Zealand Gazette

OF THURSDAY, 29 AUGUST 2002

WELLINGTON: FRIDAY, 30 AUGUST 2002 — ISSUE NO. 127

MARLBOROUGH LINES LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000 AND 2001

MARLBOROUGH LINES LIMITED - LINES BUSINESS

Financial Statements Prepared in Accord with The Electricity (Information Disclosure) Regulations 1999 and Amendment Regulations 2000 and 2001

STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended 31 March 2002

	Notes	2002 \$000	2001 \$000
Operating Revenue			
Revenue from line/access charges		13,952	18,477
Revenue from "Other" business for services carried out by the line business (transfer payment)		446	458
Interest on cash, bank balances and short term investments		310	430
AC loss-rental rebates		821	677
Other operating revenue		104	44
Total Operating Revenue		15,633	20,086
Operating Expenditure			
Payment for transmission charges		3,075	3,264
Transfer payments to the "Other" business for:			
Asset maintenance		1,411	998
Consumer disconnection/reconnection services		-	-
Meter data		-	-
Consumer-based load control services		28	11
Royalty and patent expenses		-	-
Avoided transmission charges on account of own generation		-	-
Other goods and services		556	447
Total transfer payment to the "Other" business		1,995	1,456
Expense to entities that are not related parties for:			
Asset maintenance		517	424
Consumer disconnection/reconnection services		-	-
Meter data		-	-
Consumer-based load control services		-	-
Royalty and patent expenses		-	-
Total of specified expenses to non-related parties		517	424
Employee salaries, wages and redundancies		1,466	1,497
Consumer billing and information system expense		136	163
Depreciation on:			
System fixed assets		1,178	1,000
Other assets		282	292
Total depreciation		1,460	1,292
Amortisation of:			
Goodwill		-	-
Other intangibles		-	-
Total amortisation of intangibles		-	-
Corporate and administration		465	437
Human resource expenses		210	187
Marketing/advertising		180	189
Merger and acquisition expenses		-	-
Takeover defence expenses		-	-
Research and development expenses		-	-
Consultancy and legal expenses		95	169
Donations		17	17
Directors' fees		100	97

STATEMENT OF FINANCIAL PERFORMANCE (continued)		Notes	2002	2001
For the Year Ended 31 March 2002			\$000	\$000
Auditors' fees:				
	Audit fees paid to principal auditors		26	39
	Audit fees paid to other auditors		-	-
	Fees paid for other services provided by principal and other auditors		9	9
	Total auditors' fees		35	48
Costs of offering credit:				
	Bad debts written off		26	34
	Increase in estimated doubtful debts		-	-
	Total cost of offering credit		26	34
	Local authority rates expense		57	59
	AC loss-rentals rebates expense		-	-
	Discount to consumers		4,999	6,000
	Subvention payments		-	-
	Unusual expenses		-	-
	Other expenditure		1,281	1,095
	Total Operating Expenditure		16,114	16,428
	Operating Surplus (Deficit) Before Interest and Income Tax		(481)	3,658
Interest Expense				
	Interest expense on borrowings		-	-
	Financing charges related to finance leases		-	-
	Other interest expense		24	51
	Total Interest Expense		24	51
	Operating Surplus (Deficit) Before Income Tax		(505)	3,607
	Income Tax Expense (Benefit)		(161)	1,219
	Net Surplus (Deficit) After Tax		(344)	2,388

STATEMENT OF MOVEMENTS IN EQUITY		Notes	2002	2001
For the Year Ended 31 March 2002			\$000	\$000
	Equity At Beginning Of Year		23,364	21,648
	Net Surplus (Deficit) For Year		(344)	2,388
	Less Dividend			(100)
	Total Recognised Revenues And Expenses For The Period		(344)	2,288
	Removal Of Non Lines Assets		(74)	(572)
	Equity At End Of Year		22,946	23,364

STATEMENT OF FINANCIAL POSITION
as at 31 March 2002

	Notes	2002 \$000	2001 \$000
Current Assets			
Cash and bank balances		4,641	5,658
Short-term investments		-	
Inventories	5	1,582	1,431
Accounts receivable	4	1,378	2,740
Other current assets		-	-
		Total Current Assets	7,601
Fixed Assets			
System fixed assets		12,933	11,655
Consumer billing and information system assets		169	125
Motor vehicles		89	123
Office equipment		175	185
Land and buildings		2,602	2,634
Capital works under construction		372	158
Other fixed assets		150	16
	7	Total Fixed Assets	16,490
Other Tangible Assets			
		-	-
		Total Tangible Assets	24,091
Intangible Assets			
Goodwill		-	-
Other intangibles		-	-
		Total Intangible Assets	-
		Total Assets	24,091
Current Liabilities			
Bank overdraft		-	-
Short-term borrowings		-	-
Payables and accruals	6	1,317	1,271
Provision for dividends payable		-	100
Provision for income tax		(144)	18
Other current liabilities		-	-
		Total Current Liabilities	1,173
Non-current Liabilities			
Payables and accruals	6	52	42
Borrowings		-	-
Deferred tax		(80)	(70)
Other non-current liabilities		-	-
		Total Non-current Liabilities	(28)
Equity			
Shareholders' equity			
Share capital	3	8,736	8,736
Retained earnings		14,210	14,628
Reserves		-	-
		Total Shareholders' Equity	22,946
Minority interests in subsidiaries		-	-
		Total Equity	22,946
Capital notes		-	-
		Total Capital Funds	22,946
		Total Equity and Liabilities	24,091

STATEMENT OF CASH FLOWS
For the Year Ended 31 March 2002

	Notes	2002 \$000	2001 \$000
Cash Flows from Operating Activities			
Cash Was Provided From:			
Receipts from customers		16,685	18,507
Interest Received		310	430
		16,995	18,937
Cash was applied to:			
Payments to Suppliers, Employees and Customers		(14,726)	(16,617)
Income Tax Paid		(12)	(1,020)
Interest Paid		(24)	(51)
		(14,762)	(17,688)
		2,233	1,249
Cash Flows from Investing Activities			
Cash was provided from:			
Proceeds From Sale of Fixed Assets		3	7
		3	7
Cash was Applied To:			
Purchase of Fixed Assets		(3,153)	(1,848)
		(3,150)	(1,841)
		(3,150)	(1,841)
Cash Flows from Financing Activities			
Cash Was Applied to:			
Payment of Dividend		(100)	(100)
		(100)	(100)
		(100)	(100)
		(1,017)	(692)
		5,658	6,350
		4,641	5,658
Reconciliation of Operating Surplus after Taxation with Cash Flows from Operating Activities			
Operating Surplus (Deficit) after Taxation		(344)	2,388
Non Cash Items			
Depreciation		1,460	1,292
Change in Future Income Tax Benefits		(10)	(7)
Change in Non Current Employee Entitlements		10	(1)
(Profit) / Loss on Sale of Fixed Assets		22	(4)
		1,138	3,668
Movements in Working Capital Items			
(Increase) / Decrease in Accounts Receivable		1,362	(1,146)
(Increase) / Decrease in Inventories		(151)	(140)
Increase / (Decrease) in Accounts Payable		46	(1,339)
Increase / (Decrease) in Taxation Payable		(162)	206
		1,095	(2,419)
		2,233	1,249

The accompanying notes form an integral part of these financial statements.

MARLBOROUGH LINES LTD - LINES BUSINESS**NOTES TO THE FINANCIAL STATEMENTS****For the Year Ended 31 March 2002****1. STATEMENT OF ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with, and for the sole purpose of, the requirements of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 and amendments to those regulations. Accordingly these financial statements are for the Line Business Activities of Marlborough Lines Limited. Contracting, investments, etc, with their associated revenue and costs, have been removed from these Financial Statements in accordance with the Regulations.

These accounts are not comparable with the consolidated financial statements prepared and published with the Company's Annual Report. These accounts cannot and should not be used to assess the actual performance of the Company as they are prepared for the sole purpose of meeting the requirements of the regulations. The contracting and other business activities which are removed from these accounts are required to function separately and produce commercial rates of return but will continue to be a core part of Marlborough Lines' activities.

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

1.1 Goods And Services Tax (GST)

The statements of financial performance and cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST with the exception of receivables and payables which include GST.

1.2 Income Tax

Income tax expense recognises the current obligations and all amounts arising from differences between the accounting results and assessable income for the period. This is the liability method applied on a comprehensive basis.

1.3 Receivables

Receivables are stated at the amount they are expected to realise. An estimate for doubtful debts is made and bad debts are written off during the year in which they are identified.

1.4 Inventories

Inventories are valued on the basis of the lower of cost and net realisable value. Cost is determined on the basis of weighted average of purchase costs. Due allowance is made for damaged and obsolete inventory. Work in progress comprises the cost of direct materials and labour together with chargeable overheads.

1.5 Fixed Assets And Depreciation

All fixed assets are recorded at cost. The cost of assets constructed by the company includes all materials used in construction, direct labour and direct overheads. Capital contributions are credited against the cost of the reticulation assets. Where commitments arise offshore for capital purchases the exchange rates are fixed forward to minimise foreign currency risk. All costs and exchange variations are included in the capitalised cost of the asset.

Depreciation rates used are in accord with the determinations issued from time to time by the Inland Revenue Department.

These rates are as follows:

Buildings (concrete)	1 % on cost price
Buildings (wooden)	2 - 3.6 % on cost price
Reticulation system (global)	5 % on cost price
Reticulation system (from 1.4.87)	5 - 18 % on diminishing value
Substation equipment	7.5 - 39.6 % on diminishing value
Metering and control equipment	10 - 14.4 % on diminishing value
Plant	10 - 62.5 % on diminishing value
Motor vehicles, office, communications	18 - 31.2 % on diminishing value

1.6 Employee Entitlements

Employee entitlements to salaries and wages, annual and long service leave and other benefits are recognised when they accrue to employees. Allowance is made for the present value of future staff retirement gratuity benefits. The calculations provide also for the probability of the employees completing the appropriate period of service.

1.7 Changes in Accounting Policies

All policies have been applied on a basis consistent with previous years.

	2002 \$000	2001 \$000
1.8 Financial Instruments		
Financial instruments carried in the statement of financial position include cash and bank balances, receivables and trade creditors. These instruments are generally carried at their estimated fair value. For example receivables are carried net of estimated doubtful receivables.		
2. INCOME TAX EXPENSE		
Net Profit (Deficit) before Tax as per Accounts	(505)	3,606
Non deductible costs	52	40
Taxable Income	(453)	3,646
Taxation charge @ 33 %	(149)	1,197
Adjusted Deferred tax provision 31 March 2001	68	26
Deferred tax provision 31 March 2002	(80)	(4)
Tax Expense (Benefit)	(161)	1,219
3. SHARE CAPITAL		
3.1 Marlborough Lines shares are held by the trustees to the Marlborough Electric Power Trust.		
3.2 Share Capital		
Issued and Paid up Capital ordinary \$1.00 shares	8,736	8,736
4. ACCOUNTS RECEIVABLE		
The balance of Accounts Receivable comprises:		
Network and other trade debtors, inc GST	1,378	2,740
5. INVENTORIES		
Reticulation stock (some inventories are subject to retention of title clauses)	1,582	1,431
6. CREDITORS AND ACCRUALS		
6.1 In current liabilities the balance of payables and accruals comprises:		
Trade Creditors and Accruals	1,127	1,157
Employee Entitlements	190	114
6.2 In non-current liabilities payables and accruals represent the Company's liability for retirement gratuities.		
7. FIXED ASSETS		
7.1 Valuation		
The latest Government valuations for land and improvements dated September 1999 show the following values.		
Land	1,587	1,587
Improvements	3,417	3,417
7.2 Schedule 1 Part 8		
Annual Valuation Reconciliation Report Year ending 31 March 2002		
System fixed assets at ODV at 31 March 2001	69,786	69,291
Add system fixed assets acquired during the Year at ODV	6,166	2,342
Less system fixed assets disposed of during the year at ODV	(1,233)	-
Less depreciation on system fixed assets at ODV	(2,569)	(2,662)
Add revaluations of system fixed assets	(1,322)	815
Equals system fixed assets at ODV at 31 March 2002	70,828	69,786

7.3 Table Of Fixed Assets as at 31 March 2002	cost	accumulated depreciation	2002	2001
			\$000	\$000
			net book value	
Land	442	-	442	
Buildings	2,948	(789)	2,159	
Reticulation System	24,541	(11,608)	12,933	
Plant and Equipment	2,014	(1,520)	494	
Motor Vehicles	308	(218)	90	
Capital Works under Construction	372	-	372	
Totals	30,625	(14,135)	16,490	
as at 31 March 2001				
Land	377			377
Buildings	2,954	(697)		2,257
Reticulation System	22,143	(10,488)		11,655
Plant and Equipment	1,882	(1,556)		326
Motor Vehicles	302	(179)		123
Capital Works under Construction	158	-		158
Totals	27,816	(12,920)		14,896

Capital work under construction includes transfer payments and purchases from outside organisations as well as from "Other".

8. PROVISIONS

The following movements were recorded in provision held by the business during the 2001/2002 financial year:

	opening balance	movement	closing balance
Provision for dividend	100	(100)	-
Provision for doubtful debts	12	-	12
Provision for staff leave	114	76	190
Provision for retirement gratuities	42	10	52

9. CAPITAL COMMITMENTS

9.1 Capital Commitments

Capital expenditure committed to but not recognised in the financial statements. 473 248

9.2 Lease Commitments

Commitments under present lease agreements over the next five years are as follows:

2003 - \$12,714; 2004 - \$12,714; 2005 - \$12,714; 2006 - \$3,372; 2007 - \$3,372

The Company will continue to incur lease costs for a number of substation and repeater sites beyond 2007. The lease costs for these sites can not be quantified at the present time.

10. CONTINGENCIES

The company has no contingent assets or liabilities as at 31 March 2002. (2001 Nil)

11. FINANCIAL INSTRUMENTS

11.1 Credit Risk

Credit risk is the risk that an outside party will not be able to meet its obligations to the company. Financial instruments which potentially subject the company to concentrations of credit risk consist principally of cash deposits, short-term deposits and trade receivables. The maximum credit risk is the book value of these financial instruments however, the company considers the risk of non-recovery of these amounts to be minimal. The Company places its cash deposits with high credit quality financial institutions. Credit risk exists in respect of accounts receivable. The Company is able to impose bond requirements on retailers trading across its network in accord with the use of systems agreements held with the retailers.

	2002 \$000	2001 \$000
11.2 Interest Rate Risk		
Interest Rate risk is the risk that interest rates will change, increasing or decreasing the cost of borrowing or lending. The company's short-term deposits are at fixed interest rates and mature within one year.		
11.3 Currency Risk		
Currency risk is the risk that amounts payable in foreign currencies will change due to movements in exchange rates. The company enters into foreign currency forward exchange contracts in order to manage its exposure to fluctuations in foreign currency exchange rates on the purchase of specific plant and equipment items from overseas suppliers.		
Total cover under forward exchange contracts	nil	nil
11.4 Fair Values		
The carrying amount of cash, short-term deposits and trade receivables reflect their fair values.		
12. RELATED PARTIES		
Transactions with these related parties are for the period 1 April 2001 to 31 March 2002. No related party debt has been written off or forgiven.		
12.1 Parties Associated With Directors		
The company contracted with parties associated with certain directors of Marlborough Lines Limited. These transactions involve the provision of legal and consulting services. All transactions were at commercial rates.		
PJ Radich (Radich Dwyer Hardy-Jones Clark)	31	26
Owed by the company as at 31 March - to be paid as a normal monthly account	4	-
12.2 Contracting Division Of Marlborough Lines		
The contracting division of Marlborough Lines Limited has provided the following services at commercial rates:		
Construction of subtransmission assets	18	20
Construction of zone substations	163	40
Construction of distribution lines and cables	77	81
Construction of medium voltage switchgear	22	35
Construction of distribution substations	10	12
Construction of low voltage reticulation	262	90
Maintenance of assets	1,411	998
Consumer Connections & Disconnections	-	-
Other services	593	461
The Contracting Division of Marlborough Lines Limited has paid for the following:		
Other services	446	458
At year end there were no outstanding balances		
12.3 Shareholders		
The Trustees of the Marlborough Electric Power Trust hold all of the Company's shares. The company may from time to time advance funds of a short-term nature to the Trust. The previous arrangement to provide secretarial and administrative services ended as at 31 March 2001.		
Dividends paid to the trust	Nil	100
Secretarial costs charged to the trust	Nil	7
Amounts owed by the trust to the company as at 31 March	Nil	Nil
13. SUBSEQUENT EVENTS		
Effective 1 July 2002 the Marlborough Lines parent company, together with Invercargill City Council and PowerNet, purchased the assets of Otago Net - a Lines Business based in Balclutha.		

MARLBOROUGH LINES LIMITED - LINES BUSINESS
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	-481				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	-481				
Interest on cash, bank balances, and short-term investments (ISTI)	310				
OSBIT minus ISTI	-791	a	-791		-791
Net surplus after tax from financial statements	-344				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	-344	n		-344	
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)	1,178				
Depreciation of SFA at ODV (y)	2,569				
ODV depreciation adjustment	-1,391	d	add -1,391	add -1,391	add -1,391
Subvention payment tax adjustment	0	s*t		deduct 0	deduct 0
Interest tax shield	-94	q			deduct -94
Revaluations	-1,322	r			add -1,322
Income tax	-161	p			deduct -161
Numerator			-2,182	-1,735	-3,249
			$OSBIT^{ADJ} - a + g + s + d$	$NSAT^{ADJ} - n + g + s + d$	$OSBIT^{ADJ} - a + g + q + r + s + d - p + t$
Fixed assets at end of previous financial year (FA ₀)	14,896				
Fixed assets at end of current financial year (FA ₁)	16,490				
Adjusted net working capital at end of previous financial year (ANWC ₀)	2,901				
Adjusted net working capital at end of current financial year (ANWC ₁)	1,643				
Average total funds employed (ATFE)	17,965	c	17,965		17,965
<small>(or regulation 33 time-weighted average)</small>					
Total equity at end of previous financial year (TE ₀)	23,364				
Total equity at end of current financial year (TE ₁)	22,946				
Average total equity	23,155	k		23,155	
<small>(or regulation 33 time-weighted average)</small>					
WUC at end of previous financial year (WUC ₀)	158				
WUC at end of current financial year (WUC ₁)	372				
Average total works under construction	265	e	deduct 265	deduct 265	deduct 265
<small>(or regulation 33 time-weighted average)</small>					
Revaluations	-1,322	r			
Half of revaluations	-661	r/2			deduct -661
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	0	m		add 0	
<small>(or regulation 33 time-weighted average)</small>					
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	
System fixed assets at end of previous financial year at book value (SFA _{bv,0})	13,135				
System fixed assets at end of current financial year at book value (SFA _{bv,1})	14,413				
Average value of system fixed assets at book value	13,774	f	deduct 13,774	deduct 13,774	deduct 13,774
<small>(or regulation 33 time-weighted average)</small>					
System Fixed assets at year beginning at ODV value (SFA _{odv,0})	69,786				
System Fixed assets at end of current financial year at ODV value (SFA _{odv,1})	70,828				
Average value of system fixed assets at ODV value	70,307	h	add 70,307	add 70,307	add 70,307
<small>(or regulation 33 time-weighted average)</small>					
Denominator			74,232	79,422	74,893
			$ATFE^{ADJ} - c + e + f + h$	$AveTE^{ADJ} - k + e + m + v + f + h$	$ATFE^{ADJ} - c + e - \frac{1}{2}r + f + h$
Financial Performance Measure:			-2.94	-2.19	-4.34
			$ROF = OSBIT^{ADJ} / ATFE^{ADJ} \times 100$	$ROE = NSAT^{ADJ} / ATE^{ADJ} \times 100$	$ROI = OSBIT^{ADJ} / ATFE^{ADJ} \times 100$

1 - maximum statutory income tax rate applying to corporate entities bv - book value ave - average edr - optimised deprival 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

MARLBOROUGH LINES LIMITED - LINES BUSINESS
PERFORMANCE MEASURES Prepared in Accordance with The Electricity (Information Disclosure)
Regulations 1999 and Amendment Regulations 2000 and 2001

In these pages ^e denotes data which is, or is based on, an estimate. The methodology by which the estimate is calculated is publicly available.

REGULATION 15 FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES

	2002	2001	2000	1999
1. Financial Performance Measures				
(a) Return on Funds	-2.94%	2.12%	2.28%	0.33%
(b) Return on Equity	-2.19%	0.91%	0.90%	-0.08%
(c) Return on Investment	-4.34%	1.75%	0.69%	0.23%
2. Efficiency Performance Measures				
(a) Direct Line Costs per Kilometre	\$1,016	\$1,039	\$964	\$910
(b) Indirect Line costs per Consumer	\$101	\$91	\$104	\$86

REGULATION 21 ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES

	2002	2001	2000	1999
1. Energy Delivery Efficiency Performance Measures				
(a) Load Factor	62.3%	62.6%	58.2%	57%
(b) Loss Ratio	5.7%	5.9%	6.8%	5.9%
(c) Capacity Utilisation	25.0%	26.5%	26.0%	26.8%
2. Statistics				
(a) System Length Break Down in Kilometres				kms
33kV	262	259	259	259
11kV	2,075	2,052	2,110	2,089
6.6kV	51	51	51	51
LV	663	654	492	479
Total	3,050	3,015	2,911	2,877
(b) Circuit length of overhead system in kilometres				kms
33kV	258	257	257	257
11kV	2,010	1,997	2,040	2,022
6.6kV	51	51	51	51
LV	527	530	401	399
Total	2,845	2,835	2,748	2,730
(c) Circuit Length of Underground System in Kilometres				kms
33kV	4	2	2	2
11kV	65	55	70	66
6.6kV	-	-	0	0
LV	136	124	91	80
Total	205	180	163	147
(d) Transformer Capacity in kVA	222,362	211,863	204,045	200,560
(e) Maximum demand in kW	55,609	56,224	52,976	53,685
(f) Total Electricity entering the System in kWh (before losses - comparative figures are after losses)	303,561,295	290,043,148	270,664,287	285,581,525
(g) Total Electricity supplied from the System on behalf of each generator and retailer in kWh (after losses - comparative figures are before losses)				
Retailer A	-	-	-	272,138,278
Retailer B	216,073,128	245,998,574	251,171,415	-
Retailer C	57,955,341	39,939,715	20,388,502	-
Retailer D	2,482,763	9,794,061	9,201,115	-
Retailer E	2,928,427	10,392,034	5,812,149	583,706
Retailer F	2,640,299	1,966,857	792,451	-
Retailer G	4,280,802	-	3,113,634	1,683,757
Retailer H	-	-	-	2,154,135
Retailer I	-	-	-	9,021,740
Total	286,360,760	308,091,241	290,479,266	285,581,616
note	the above energy volumes have been provided by energy retailers; Marlborough Lines cannot assure readers as to the accuracy of this information			
(h) Total Consumers ⁸	21,038	20,805	20,572	20,025

REGULATION 22 RELIABILITY PERFORMANCE MEASURES

		targets					
		2004-07	2003	2002	2001	2000	1999
1.- 3.	Number of interruptions and interruption Targets by class						
	Class A - Transpower Planned	-	-	-	-	-	-
(a)	Class B - ML Ltd Planned	145	157	159	145	117	156
(b)	Class C - ML Ltd Unplanned	223	208	283	302	125	133
	Class D - Transpower Unplanned	-	-	1	-	-	1
	Class E - ECNZ Unplanned	-	-	-	-	-	-
	Class F - Other Generation	-	-	-	-	-	-
	Class G - Other	-	-	-	-	-	-
	Total	-	-	443	447	242	290
4.	Percentage of Class C interruptions not restored within -						
(a)	Three hours			29.3%	29.5%	22.4%	23.3%
(b)	24 hours			2.8%	1.6%	2.4%	1.5%
	Faults (Class C) per 100 kilometres						
5.	Total number of faults per 100 km					faults/100 km	
	33 kV	2.6	3.0	3.8	3.9	0.8	2.7
	11kV	9.8	7.6	13.2	14.2	5.8	6.0
	6.6kV	-	-	-	-	2.0	-
	Total	8.8	6.9	11.9	12.8	5.2	5.5
6.	Faults (Class C) per 100 kilometres underground					faults/100 km	
	33 kV			-	-	-	-
	11kV			-	-	4.3	3.0
	Total			-	-	4.2	2.9
7.	Faults (Class C) per 100 km overhead					faults/100 km	
	33 kV			3.9	3.9	0.8	2.7
	11kV			13.6	14.6	5.8	6.1
	6.6kV			-	-	2.0	-
	Total			12.2	13.1	5.2	5.6

		targets					
		2004-07	2003	2002	2001	2000	1999
8.	SAIDI - total customer minutes			208.2	177.7	171.6	246.0
9.- 11.	SAIDI per interruption class						customer minutes
	Class A - Transpower Planned			-	-	-	-
(a)	Class B - ML Ltd Planned	65.0	81.0	37.7	57.4	69.1	72.0
(b)	Class C - ML Ltd Unplanned	128.1	126.3	147.2	120.4	102.5	172.0
	Class D - Transpower Unplanned			23.3	-	-	2.0
	Class E - ECNZ Unplanned			-	-	-	-
	Class F - Other Generation			-	-	-	-
	Class G - Other			-	-	-	-
12.	SAIFI - total interruptions^e			2.8	2.2	1.5	2.3
13.- 15.	SAIFI per interruption class						customer minutes
	Class A - Transpower Planned			-	-	-	-
(a)	Class B - ML Ltd Planned	0.4	0.5	0.2	0.4	0.3	0.4
(b)	Class C - ML Ltd Unplanned	1.7	2.5	1.6	1.8	1.2	1.8
	Class D - Transpower Unplanned			1.0	-	-	-
	Class E - ECNZ Unplanned			-	-	-	-
	Class F - Other Generation			-	-	-	-
	Class G - Other			-	-	-	-
16.	CAIDI - customer minutes^f			73.6	82.2	113.6	109.0
17.- 19.	CAIDI per interruption class						customer minutes
	Class A - Transpower Planned			-	-	-	-
	Class B - ML Ltd Planned	170.0	179.4	158.4	163.6	227.7	174.2
	Class C - ML Ltd Unplanned	74.0	49.8	90.9	66.5	84.9	93.4
	Class D - Transpower Unplanned			24.0	-	-	320.0
	Class E - ECNZ Unplanned			-	-	-	-
	Class F - Other Generation			-	-	-	-
	Class G - Other			-	-	-	-

REPORT OF THE AUDITOR-GENERAL**TO THE READERS OF THE FINANCIAL STATEMENTS OF MARLBOROUGH LINES LIMITED FOR THE YEAR ENDED 31 MARCH 2002**

We have audited the attached financial statements of Marlborough Lines Limited. The financial statements provide information about the past financial performance of Marlborough Lines Limited and its financial position as at 31 March 2002. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements that give a true and fair view of the financial position of Marlborough Lines Limited as at 31 March 2002 and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and Regulation 31 of the Electricity (Information Disclosure) Regulations 1999 require the Auditor-General to audit the financial statements. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed G R Mitchell of Deloitte Touche Tohmatsu 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. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements and performance information; and
- whether the accounting policies are appropriate to Marlborough Lines Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate 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 in order to provide us with 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 auditors, acting on behalf of the Auditor-General, we have no relationship with or interests in Marlborough Lines Limited.

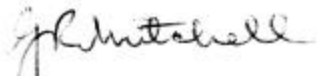
**Deloitte
Touche
Tohmatsu****Unqualified Opinion**

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

In our opinion:

- proper accounting records have been kept by Marlborough Lines Limited as far as appears from our examination of those records;
- the attached financial statements of Marlborough Lines Limited:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Marlborough Lines Limited's financial position as at 31 March 2002 and the results of its operations and cash flows for the year ended on that date; and
 - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 23 August 2002 and our unqualified opinion is expressed as at that date.



G. B. Mitchell
Deloitte Touche Tohmatsu
On behalf of the Controller and Auditor-General
Wellington, New Zealand

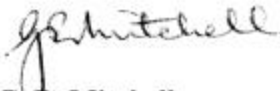
AUDITOR'S OPINION OF PERFORMANCE MEASURES

We have examined the attached information, 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 Schedule 1; and
- (d) the financial components of the efficiency performance measures specified in clause 2 of Part 3 of Schedule 1,

that were prepared by Marlborough Lines Limited and dated 31 March 2002 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.



G. R. Mitchell
Deloitte Touche Tohmatsu
On behalf of the Controller and Auditor General
Wellington, New Zealand
23 August 2002

Certification of Financial Statements, Performance Measures, and Statistics Disclosed by Line Owners Other Than Transpower

We, Kenneth John Forrest and Geoffrey John Hoare, principals of Marlborough Lines Ltd certify that, having made all reasonable enquiry, to the best of our knowledge,—

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

The valuations on which those financial performance measures are based are as at 31 March 2002.



Kenneth John Forrest
Managing Director

23 August 2002



Geoffrey John Hoare
Company Secretary