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ELECTRICITY INVERCARGILL LIMITED

INFORMATION FOR DISCLOSURE

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

**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Prepared for the Purposes of the Electricity (Information Disclosure) Regulations 1999
and the Electricity (Information Disclosure) Amendment Regulations 2000

INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2003 Information Disclosure package issued by Electricity Invercargill Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

The Regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any other purposes than that intended under the Regulations.

The financial information presented is for the line business as described within the Electricity (Information Disclosure) Regulations 1999. There are also additional activities of the Company that are not required to be reported under the Regulations.

**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2003**

	Note	31 March 2003 \$000	31 March 2002 \$000
Operating Revenue	1	12,347	12,246
Operating Expenses	2	6,751	7,337
Net Surplus Before Taxation		5,596	4,909
Taxation Expense		(1,853)	(1,714)
Net Surplus After Taxation		3,743	3,195

The accompanying statement of accounting policies and notes on pages 6 to 15 form part of and should be read in conjunction with these financial statements.

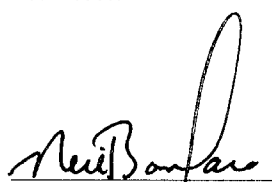
ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 31 MARCH 2003

	Note	31 March 2003 \$000	31 March 2002 \$000
Total Recognised Revenues and Expenses			
Net Surplus/(Deficit) for the Year		3,743	3,195
Revaluation of Assets		-	(217)
		3,743	2,978
Contributions from Shareholders			
- Capital Introduced		6	114
		6	114
Distributions to Shareholders			
- Dividend Proposed/Declared		-	-
- Dividend Paid		(2,200)	-
		(2,200)	-
Movements in Equity for the Period		1,549	3,092
Equity at Beginning of Period		40,368	37,276
Equity at End of Period	3	41,917	40,368

The accompanying statement of accounting policies and notes on pages 6 to 15 form part of and should be read in conjunction with these financial statements.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2003

	Note	31 March 2003 \$000	31 March 2002 \$000
Equity	3	41,917	40,368
<i>Represented By:</i>			
Current Assets			
Cash and Short Term Deposits	4	918	1,787
Receivables and Prepayments	5	1,029	1,044
Inventories		36	152
Total Current Assets		1,983	2,983
Non-Current Assets			
Property, Plant and Equipment	6	40,540	38,290
Capital Work in Progress		1,047	929
Total Non-Current Assets		41,587	39,219
Total Assets		43,570	42,202
Current Liabilities			
Accounts Payable and Provisions	7	1,653	1,834
Provision for Dividend		-	-
Total Current Liabilities		1,653	1,834
Total Liabilities		1,653	1,834
Net Assets		41,917	40,368


 N D Boniface
 Chairman of Directors


 P J Mulvey
 Director

For and on behalf of the
Board of Directors

24 July 2003

The accompanying statement of accounting policies and notes on pages 6 to 15 form part of and should be read in conjunction with these financial statements.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2003
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	Note	31 March 2003 \$000	31 March 2002 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Was Provided From:			
Receipts from Customers		12,173	11,071
Interest Received		129	102
Sundry Income		60	124
		12,362	11,297
Cash Was Applied To:			
Payments to Suppliers		4,837	4,443
Payments to Employees		363	552
Income Tax Paid		1,932	1,572
GST Paid		(11)	(30)
Interest Paid		-	10
		7,121	6,547
Net Cash Flows From Operating Activities	9	5,241	4,750
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Was Provided From:			
Sale of Property, Plant and Equipment		12	7
		12	7
Cash Was Applied To:			
Purchase of Property, Plant and Equipment		3,928	3,227
		3,928	3,227
Net Cash Flows Used in Investing Activities		(3,916)	(3,220)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Was Provided From:			
Sale of Shares		6	-
		6	-
Cash Was Applied To:			
Dividend		2,200	1,886
		2,200	1,886
Net Cash Flows Used in Financing Activities		(2,194)	(1,886)
Net Increase/(Decrease) in Cash Held		(869)	(356)
Add Opening Cash Brought Forward		1,787	2,143
Closing Cash Carried Forward		918	1,787

The accompanying statement of accounting policies and notes on pages 6 to 15 form part of and should be read in conjunction with these financial statements.

**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2003**

GENERAL ACCOUNTING POLICIES

Reporting Entity

Electricity Invercargill Limited is a company registered under the *Companies Act 1993*. The Company is a wholly-owned subsidiary of Invercargill City Holdings Limited.

The Line Business reports on the network assets of Electricity Invercargill Limited, along with the joint venture interests in PowerNet Limited.

Purpose of the Financial Statements

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999 ("the regulations") as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

These financial statements relate to the Company's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services in accordance with Section 6 of the Regulations.

Measurement Base

The measurement base adopted is that of historical cost except for the revaluation of certain items of property, plant and equipment as stated. Reliance is placed on the fact that Electricity Invercargill Limited is a going concern.

Specific Accounting Policies

(a) Principles of Consolidation

The interest in PowerNet Limited has been accounted for on a line by line consolidation of revenue and expenses after the elimination of all significant inter-company transactions.

(b) Avoidable Cost Allocation Methodology

The Avoidable Cost Allocation Methodology has been used to separate "Other" activities from Electricity Invercargill Limited and PowerNet Limited. Other activities or non Line Business activity has been excluded from these accounts.

(c) Receivables

Receivables are stated at their estimated realisable value after writing off bad debts for the period and making an allowance for doubtful debts. All known losses are written off in the period in which it becomes apparent the debts are not collectable.

(d) Inventories

Inventories are valued at the lower of cost or net realisable value on a weighted average cost basis.

(e) Property, Plant and Equipment

The network system assets were revalued as at 31 March 2002 to depreciated replacement cost (DRC) as assessed by independent valuers, KPMG. Subsequent additions have been recorded at cost.

All other assets are recorded at cost less accumulated depreciation.

Revaluation

The network system assets are revalued every five years or more regularly if necessary.

(f) Depreciation

Property, plant and equipment is depreciated on the basis of valuation cost price less estimated residual value over the period of their estimated useful life.

The Economic life ranges for the various classes of assets are:

Buildings	4.0%-10.0%	Straight line/diminishing value
Plant and Equipment	7.0%-39.6%	Straight line/diminishing value
Motor Vehicles	26.0%-31.2%	Straight line/diminishing value
Office Furniture & EDP Equipment	9.0%-60.0%	Straight line/diminishing value
Shared Assets	9.0%-48.0%	Diminishing value
Network Assets	15-70 years	Straight line

(g) Distinction Between Capital and Revenue Expenditure

Capital expenditure is defined as all expenditure on the creation of a new asset and any expenditure which results in a significant improvement to the original function of an existing asset.

Revenue expenditure is defined as expenditure which maintains an asset in working condition and expenditure incurred in maintaining the service performance and operation of the Company.

(h) Income Tax

The income tax expense charged against the profit for the year is the estimated liability calculated at 33 cents in the dollar in respect of that profit.

(i) Goods and Services Tax

All amounts in the financial statements have been shown exclusive of goods and services tax, with the exception of accounts receivable and accounts payable, which are shown inclusive of goods and services tax.

(j) Work in Progress

The cost of work in progress includes the cost of direct material and direct labour used in putting replacement and new systems in their present location and condition.

(k) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

(l) Employee Entitlements

Provision is made in respect of the Company's liability for annual and long service leave. Leave has been calculated on an actual entitlement basis at current rates of pay.

CHANGES IN ACCOUNTING POLICIES

Previously the network assets were disclosed at optimised depreciated replacement cost (ODRC), they are now shown at depreciated replacement cost (DRC). The effect of this change has increased the net book value of the network assets by \$302,629.

There were no other changes in accounting policies during the year ended 31 March 2003.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
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	31 March 2003 \$000	31 March 2002 \$000
1. Operating Revenue		
<i>Operating Revenue Comprises:</i>		
Line Charges	12,028	11,251
Interest on Investments	129	102
Transpower Rebate	130	825
Other Revenue	60	68
Total Operating Revenue	12,347	12,246
2. Operating Expenses		
<i>Operating Expenses Include:</i>		
Auditors Remuneration:		
- Statutory Audit	32	31
- Other	-	-
Bad Debts Written Off	7	1
Depreciation	1,546	1,694
Directors' Fees	86	85
Interest Expense	-	10
Lease Costs	-	-
Loss on Disposal of Fixed Assets	1	4
3. Equity		
Paid in Capital	13,006	13,000
General Reserve	547	547
Revaluation Reserve	15,749	15,749
Retained Earnings	12,615	11,072
Total Equity	41,917	40,368
4. Cash and Short Term Deposits		
Current Account	273	1,367
Short Term Deposits	645	420
Total Cash and Short Term Deposits	918	1,787
5. Receivables and Prepayments		
Trade Debtors	996	1,016
Accruals	6	3
Prepayments	27	25
Total Receivables and Prepayments	1,029	1,044

6. Property, Plant and Equipment	Cost or Valuation	Accumulated Depreciation \$000	31 March 2003 \$000	31 March 2002 \$000
System Fixed Assets	41,456	1,397	40,059	37,750
Customer Billing & Information Systems	591	440	151	154
Motor Vehicles	-	-	-	3
Office Equipment	138	95	43	44
Land & Buildings	208	72	136	150
Plant & Equipment	418	267	151	189
Total Property, Plant and Equipment	42,811	2,271	40,540	38,290
7. Accounts Payable and Provisions				
Trade Creditors and Accruals			1,536	1,647
GST Payable			52	30
Provision for Employee Entitlements			63	76
Provision for Taxation			2	81
Total Accounts Payable and Provisions			1,653	1,834
8. Commitments				
Operating Lease Commitments				
Operating Lease Commitments are payable as follows:				
- No later than one year			40	35
- Later than one year and not later than two years			19	3
- Later than two years and not later than five years			43	3
- Later than five years			-	-
Total Operating Lease Commitments			102	41
9. Reconciliation of Net Surplus After Taxation with Net Operating Cash Flows				
Net Surplus After Taxation			3,743	3,195
Plus/(Less) Non Cash Items:				
Depreciation			1,546	1,694
			1,546	1,694
Plus/(Less) Items Classified as Investing Activities				
Loss on Sale of Property, Plant and Equipment			1	4
Gain on Sale of Property, Plant and Equipment			-	-
			1	4
Plus/(Less) Movements in Working Capital Items:				
(Increase)/Decrease in Receivables			15	(948)
(Increase)/Decrease in Stock and Work in Progress			116	(66)
(Decrease)/Increase in Accounts Payable			(124)	699
(Decrease)/Increase in Other Current Liabilities			23	30
(Decrease)/Increase in Provision for Taxation			(79)	142
			(49)	(143)
Net Cash Flows from Operating Activities			5,241	4,750

10. Contingent Liabilities

There are no contingent liabilities as at 31 March 2003 (2002: Nil).

11. Financial Instruments***Interest Rate Risk***

The Company is subject to normal fluctuations in interest rates.

Credit Risk

Financial instruments which potentially subject the Company to a credit risk consist principally of bank deposits and receivables. Bank deposits are placed with high credit quality financial institutions. Concentrations of credit risk with respect to receivables relate to PowerNet Limited but are subject to normal terms of trade. Regular monitoring of receivables is undertaken.

Foreign Exchange Risk

The Company is not exposed to any foreign exchange risk.

Fair Values

All financial instruments shown in the Statement of Financial Position are recorded at fair value.

12. Related Parties

Electricity Invercargill Limited "Line Business" consists of line activities conducted in Electricity Invercargill Limited and its joint venture company PowerNet Limited. Electricity Invercargill Limited "Other Business" consists of other or non-line activities conducted in Electricity Invercargill Limited and its joint venture company PowerNet Limited.

All related party transactions between Electricity Invercargill Limited Line Business and PowerNet Limited Line Business have been eliminated in the preparation of the financial statements.

During the year related party transactions took place between Electricity Invercargill Limited Line Business and Electricity Invercargill Limited Other Business. All related party transactions have been conducted on a commercial and arms length basis.

The Line Business purchased goods and services at cost, including overheads where applicable, from the Other Business. The value of the transactions, parties involved, and description of goods or services purchased were as follows:

Electricity Invercargill Limited Line Business purchased from PowerNet Limited Other Business:

	31 March 2003 \$000	31 March 2002 \$000
Construction of:		
➤ Subtransmission assets	114	21
➤ Zone substations	763	37
➤ Distribution lines and cables	249	1,223
➤ Distribution switchgear	145	370
➤ Distribution transformers	503	113
➤ Distribution substations	41	98
➤ Low voltage lines and cables	1,091	660
➤ Other system fixed assets	101	-
Maintenance of assets	-	-
Customer connections and disconnections	17	12

These amounts represent the capital works programme undertaken by PowerNet Limited on behalf of Electricity Invercargill Limited.

The value of transactions owing at balance date were as follows:

- Electricity Invercargill Limited Line Business owes PowerNet Limited Other Business \$410,000 (2002: \$813,000).
- PowerNet Limited's Line Business owes Electricity Invercargill Limited Other Business Nil (2002: Nil).

No related party debts have been written off or forgiven during 2003 or 2002.

13. Annual Valuation Reconciliation Report	31 March 2003 \$000	31 March 2002 \$000
System fixed assets at ODV – end of previous financial year	37,750	36,437
<i>Less</i> recalibration of system fixed assets	-	(1,343)
Revised system fixed assets – end of previous financial year	37,750	35,094
<i>Add</i> system fixed assets acquired during year at ODV	1,611	2,622
<i>Less</i> system fixed assets disposed of during year at ODV	(131)	(547)
<i>Less</i> depreciation on system fixed assets at ODV	(1,470)	(1,372)
<i>Add</i> revaluations of system fixed assets	-	1,953
System fixed assets at ODV – end of the financial year	37,760	37,750

14. Disclosure of Information

Disclosure of information to be disclosed in the Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999, Schedule 1 Part 2 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

	31 March 2003 \$000	31 March 2002 \$000
Current Assets		
(a) Cash and bank balances	273	1,367
(b) Short-term investments	645	420
(c) Inventories	36	152
(d) Accounts receivable	1,029	1,044
(e) Other current assets not listed in (a) to (d)	-	-
Total Current Assets	1,983	2,983
Property, Plant and Equipment		
(a) System fixed assets	40,059	37,750
(b) Consumer billing and information system assets	151	154
(c) Motor vehicles	-	3
(d) Office equipment	43	44
(e) Land and buildings	136	150
(f) Capital works under construction	1,047	929
(g) Other fixed assets not listed in (a) to (f)	151	189
Total Property, Plant and Equipment	41,587	39,219
Other tangible assets not listed above	-	-
Total Tangible Assets	41,587	39,219
Intangible Assets		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
Total Intangible Assets	-	-
TOTAL ASSETS	43,570	42,202
Current Liabilities		
(a) Bank overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and accruals	1,651	1,753
(d) Provision for dividends payable	-	-
(e) Provision for income tax	2	81
(f) Other current liabilities not listed in (a) to (e) above	-	-
Total Current Liabilities	1,653	1,834
Non-Current Liabilities		
(a) Payables and accruals	-	-
(b) Borrowings	-	-
(c) Deferred tax	-	-
(d) Other non-current liabilities not listed in (a)-(c) above	-	-
Total Non-Current Liabilities	-	-
Equity		
(a) Shareholders' equity:		
(i) Share capital	13,006	13,000
(ii) Retained earnings	12,615	11,072
(iii) Reserves	16,296	16,296
Total Shareholders' equity	41,917	40,368
(b) Minority interests in subsidiaries	-	-
Total Equity	41,917	40,368
(c) Capital notes	-	-
Total Capital Funds	41,917	40,368
TOTAL EQUITY AND LIABILITIES	43,570	42,202

	31 March 2003 \$000	31 March 2002 \$000
Operating Revenue		
(a) Revenue from line/access charges.	12,028	11,251
(b) Revenue from "Other" business for services carried out by the line business (transfer payment)	-	-
(c) Interest on cash, bank balances and short-term investments	129	102
(d) AC loss-rental rebates	330	825
(e) Other revenue not listed in (a) to (d)	60	68
Total Operating Revenue	12,547	12,246
Operating Expenditure		
(a) Payment for transmission charges	3,146	3,231
(b) Transfer payments to the "Other" business for:	-	-
(i) Asset maintenance	-	-
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
(vi) Avoided transmission charges on account of own generation	-	-
(vii) Other goods and services not listed in (i) to (vi) above	-	-
Total transfer payment to the "Other" business	-	-
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	910	1,158
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
Total of specified expenses to non-related parties (sum of (i) to (v))	910	1,158
(d) Employee salaries, wages and redundancies	363	552
(e) Consumer billing and information system expense	54	63
(f) Depreciation on:		
(i) System fixed assets:	1,398	1,372
(ii) Other assets not listed in (i)	149	322
Total depreciation	1,547	1,694
(g) Amortisation of:		
(i) Goodwill:	-	-
(ii) Other intangibles:	-	-
Total Amortisation of Intangibles	-	-
(h) Corporate and administration:	276	112
(i) Human resource expenses:	34	40
(j) Marketing/advertising:	60	78
(k) Merger and acquisition expenses:	-	26
(l) Takeover defence expenses:	-	-
(m) Research and development expenses:	-	-

	31 March 2003 \$000	31 March 2002 \$000
(n) Consultancy and legal expenses:	69	59
(o) Donations:	-	-
(p) Directors' fees:	86	85
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors:	32	31
(ii) Audit fees paid to other auditors:	-	-
(iii) Fees paid for other services provided by principal and other auditors:	-	-
Total Auditors' fees:	32	31
(r) Costs of offering credit:		
(i) Bad debts written off:	7	1
(ii) Increase in estimated doubtful debts:	-	-
Total cost of offering credit:	7	1
(s) Local authority rates expense:	11	4
(t) AC loss-rentals (distribution to retailers/customers) expense:	200	-
(u) Rebates to consumers due to ownership interest:	-	-
(v) Subvention payments:	97	114
(w) Unusual expenses:	-	-
(x) Other expenditure not listed in (a) to (w)	59	79
Total operating expenditure	6951	7,327
Operating surplus before interest and income tax	5,596	4,919
Interest expense		
(a) Interest expense on borrowings	-	10
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
Total interest expense	-	10
Operating surplus before income tax	5,596	4,909
Income tax	1,853	1,714
Net surplus after tax	3,743	3,195

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REGULATION 15 OF THE ELECTRICITY (INFORMATION DISCLOSURE)
REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

Financial Measures

	2003	2002	2001	2000
Return on Funds	14.57%	13.54%	12.03%	9.98%
Return on Equity	9.56%	8.64%	8.16%	6.93%
Return on Investment	9.68%	8.20%	11.02%	5.68%
Return on Investment (excluding revaluation)		8.81%		

Efficiency Performance Measures

	2003	2002	2001	2000
Direct Line Costs per Kilometre	\$1,600	\$1,991	\$2,041	\$1,745
Indirect Line Costs per Electricity Customer	\$50	\$54	\$56	\$62

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

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	5,595,872				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	5,595,872				
Interest on cash, bank balances, and short-term investments (ISTI)	129,073				
OSBIIT minus ISTI	5,466,799	a	5,466,799		5,466,799
Net surplus after tax from financial statements	3,743,044				
Net surplus after tax adjusted pursuant to Regulation 18 (NSAT)	3,743,044	n		3,743,044	
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	add
Subvention payment	97,279	s	add	97,279	add
Depreciation of SFA at BV (x)	1,397,500				
Depreciation of SFA at ODV (y)	1,470,752				
ODV depreciation adjustment	-73,252	d	add	-73,252	add
Subvention payment tax adjustment	32,102	s*t	deduct	32,102	deduct
Interest tax shield	-42,594	q			deduct
Revaluations	0	r			add
Income tax	1,852,828	p			deduct
Numerator			OSBIIT ^{Adj} = a+g+s+d	NSAT ^{Adj} = n+g+s*t+d	OSBIIT ^{Adj} = a+g-q+r+p-s*t
Fixed assets at end of previous financial year (FA ₀)	39,218,791				
Fixed assets at end of current financial year (FA ₁)	41,586,851				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-557,421				
Adjusted net working capital at end of current financial year (ANWC ₁)	-586,152				
Average total funds employed (ATFE)	39,831,034	c	39,831,034		39,831,034
(or regulation 33 time-weighted average)					
Total equity at end of previous financial year (TE ₀)	40,367,937				
Total equity at end of current financial year (TE ₁)	41,917,597				
Average total equity	41,142,767	k		41,142,767	
(or regulation 33 time-weighted average)					
WUC at end of previous financial year (WUC ₀)	928,629				
WUC at end of current financial year (WUC ₁)	1,047,022				
Average total works under construction	987,826	e	deduct	987,826	deduct
(or regulation 33 time-weighted average)					
Revaluations	0	r			
Half of revaluations	0	r/2			deduct

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Intangible assets at end of previous financial year (IA ₀)	0				
Intangible assets at end of current financial year (IA _t)	0				
Average total intangible asset	0 (or regulation 33 time-weighted average)	m		add	0
Subvention payment at end of previous financial year (S ₀)	114,220				
Subvention payment at end of current financial year (S _t)	97,279				
Subvention payment tax adjustment at end of previous financial year	37,693				
Subvention payment tax adjustment at end of current financial year	32,102				
Average subvention payment and related tax adjustment	70,852	v		add	70,852
System fixed assets at end of previous financial year at BV (SFA _{bvo})	37,749,778				
System fixed assets at end of current financial year at BV (SFA _{bvt})	40,058,787				
Average value of system fixed assets at BV	38,904,282 (or regulation 33 time-weighted average)	f	deduct	deduct	38,904,282 deduct
System Fixed assets at year beginning at ODV value (SFA _{odvo})	37,749,778				
System Fixed assets at end of current financial year at ODV value (SFA _{odvt})	37,758,683				
Average value of system fixed assets at ODV value	37,754,231 (or regulation 33 time-weighted average)	h	add	add	37,754,231 add
Denominator			ATFE ^{ADJ} = c-e-ft-h	Ave TE ^{ADJ} = k-e-m+y-ft-h	37,693,157 ATFE ^{ADJ} = c-e-1/2t-ft-h
Financial Performance Measure			ROF=OSBIT ^{ODV} /ATFE ^{ADJ} x 100	ROE=NSAT ^{ADJ} /ATE ^{ADJ} x 100	ROI=OSBIT ^{ADJ} /ATFE ^{ADJ} x 100

t = maximum statutory income tax rate applying to corporate entities
 subscript '0' = end of the previous financial year
 ROI = return on investment
 BV = book value
 subscript '1' = end of the current financial year
 ave = average
 odv = optimised deprival valuation
 ROF = return on funds
 ROE = return on equity

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS ENERGY EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REGULATION 21 OF THE ELECTRICITY (INFORMATION DISCLOSURE)
REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

Energy Delivery Efficiency Performance Measures Years Ending 31 March 2000, 2001, 2002 and 2003

	2003	2002	2001	2000
(e) Load Factor (Percentage of electrical energy entering the transmission system over maximum demand times hours per year.)	54.4%	48.6%	51.6%	54.9%
(f) Loss Ratio (Transmission losses over energy entering the system)	9.7%	11.0%	4.5%	10.0%
(g) Capacity Utilisation (Maximum demand over total transformer capacity)	42.1%	44.1%	41.5%	38.5%

The loss ratio is derived from electricity supplied information provided by other parties. Electricity Invercargill Limited is unable to audit this information and is not confident with its accuracy and estimates the losses for 2002/2003 at 4.0%.

Statistics

		66kV	33kV	22kV	11kV	6.6kV	400V	Total
System Length (km's)	1999/00	-	17	-	181	-	497	695
	2000/01	-	20	-	180	-	486	686
	2001/02	-	23	-	180	-	485	688
	2002/03	-	23	-	181	-	489	694
Overhead Lines (km's)	1999/00	-	0.3	-	56	-	133	189
	2000/01	-	0.3	-	49	-	87	136
	2001/02	-	0.8	-	42	-	76	119
	2002/03	-	1	-	39	-	67	107
Underground Cables (km's)	1999/00	-	17	-	125	-	364	506
	2000/01	-	20	-	131	-	399	550
	2001/02	-	22	-	138	-	409	569
	2002/03	-	22	-	143	-	422	587

	TX Capacity	Maximum Demand	Electricity Supplied	Electricity Conveyed	Total Customers
1999/00	138,480	53,380	256,560,014	231,010,555	16,733
2000/01	139,483	57,871	261,653,800	249,898,517	16,701
2001/02	140,770	62,113	264,562,646	235,363,540	16,847
2002/03	141,915	59,686	284,541,935	257,047,355	16,961

Electricity Conveyed for Retailers and The Power Company Limited

	2003 KWh	2002 KWh
Contact Energy	186,623,868	175,477,077
Genesis	7,964,609	4,914,775
Meridian	34,605,351	22,741,371
Mighty River	1,597,380	3,486,775
The Power Company Limited OCB46	6,464,423	5,981,473
TransAlta NZ	-	7,284,490
TrustPower	19,791,724	15,477,579
	257,047,355	235,363,540

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS RELIABILITY PERFORMANCE MEASURES

PURSUANT TO REGULATION 22 OF THE ELECTRICITY (INFORMATION DISCLOSURE)
REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

Reliability Statistics For Years Ending 31 March 2000, 2001, 2002 and 2003

Class		A	B	C	D	E	F	G	H	I	TOTAL
Interruptions	1999/00	-	18	22	-	-	-	-	-	-	40
	2000/01	-	11	29	-	-	-	-	-	-	40
	2001/02	-	11	22	2	-	-	-	-	-	35
	2002/03	-	6	15	-	-	-	-	-	-	21
Predicted 2003/2004		-	8	16	-	-	-	-	-	-	24
5-Year Average Target		-	7	15	-	-	-	-	-	-	22
SAIDI	1999/00	-	4.7	29.0	-	-	-	-	-	-	33.7
	2000/01	-	4.0	31.0	-	-	-	-	-	-	35.0
	2001/02	-	4.0	32.0	59.8	-	-	-	-	-	95.8
	2002/03	-	2.0	19.4	-	-	-	-	-	-	21.4
Predicted 2003/2004		-	3.5	27.5	-	-	-	-	-	-	31.0
5-Year Average Target		-	3.0	26.0	-	-	-	-	-	-	29.0
SAIFI	1999/00	-	0.11	0.53	-	-	-	-	-	-	0.64
	2000/01	-	0.05	1.07	-	-	-	-	-	-	1.12
	2001/02	-	0.04	1.12	1.71	-	-	-	-	-	2.87
	2002/03	-	0.01	0.69	-	-	-	-	-	-	0.70
Predicted 2003/2004		-	0.03	0.97	-	-	-	-	-	-	1.00
5-Year Average Target		-	0.03	0.96	-	-	-	-	-	-	0.99
CAIDI	1999/00	-	42.5	54.8	-	-	-	-	-	-	52.7
	2000/01	-	80.4	28.9	-	-	-	-	-	-	31.2
	2001/02	-	98.8	28.5	35.0	-	-	-	-	-	33.3
	2002/03	-	180.9	28.2	-	-	-	-	-	-	30.6
Predicted 2003/2004		-	116.6	28.4	-	-	-	-	-	-	31.0
5-Year Average Target		-	100.0	27.0	-	-	-	-	-	-	29.3

Faults by Voltage		66kV	33kV	11kV	Total
OH per 100km	1999/00	-	-	17.9	17.9
	2000/01	-	-	38.8	38.6
	2001/02	-	-	37.6	36.9
	2002/03	-	-	33.4	32.29
UG per 100km	1999/00	-	-	4.8	4.2
	2000/01	-	-	5.4	4.7
	2001/02	-	-	4.4	3.8
	2002/03	-	-	0.7	0.6
Total per 100km	1999/00	-	-	4.8	4.2
	2000/01	-	-	5.4	4.7
	2001/02	-	-	12.2	10.8
	2002/03	-	-	7.7	6.8
Predicted 2003/2004		-	-	8.8	7.8
5-Year Average Target		-	-	8.3	7.3

Class C Interruptions Not Restored in	3 hours	Nil
Class C Interruptions Not Restored in	24 hours	Nil

**ELECTRICITY INVERCARGILL LIMITED
 CERTIFICATION OF FINANCIAL STATEMENTS
 PERFORMANCE MEASURES AND STATISTICS**

We, Neil Douglas Boniface and Philip James Mulvey, Directors of Electricity Invercargill Limited certify that, having made all reasonable inquiry, to the best of our knowledge:

- a) The attached audited financial statements of Electricity Invercargill Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- b) The attached information being the derivation table, financial measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Electricity Invercargill Limited and having been prepared for the purpose 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 2003.

Signed:

Neil Boniface

Philip Mulvey

Dated:

24/7/03

24/7/03

**STATUTORY DECLARATION IN RESPECT OF
 STATEMENTS AND INFORMATION SUPPLIED TO
 SECRETARY**

I, Neil Douglas Boniface of 502 Queens Drive, Invercargill, being a Director of Electricity Invercargill Limited, solemnly and sincerely declare that having made all reasonable inquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public under the Electricity (Information Disclosure) Regulations 1999.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

Signed:

Neil Boniface

Declared at Invercargill this 24th day of July 2003.

Signed:

[Solicitor]

Allyson



Audit New Zealand

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF ELECTRICITY INVERCARGILL LIMITED FOR THE YEAR ENDED 31 MARCH 2003

We have audited the financial statements of Electricity Invercargill Limited on pages 2 to 14. The financial statements provide information about the past financial performance of Electricity Invercargill Limited and its financial position as at 31 March 2003. This information is stated in accordance with the accounting policies set out on pages 6 and 7.

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 Electricity Invercargill Limited as at 31 March 2003, 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 Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Bede Kearney 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 Electricity Invercargill 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 auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Electricity Invercargill Limited.

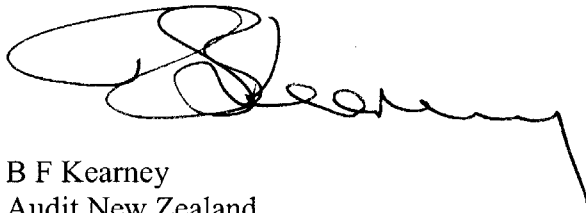
Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by Electricity Invercargill Limited as far as appears from our examination of those records; and
- the financial statements of Electricity Invercargill Limited on pages 2 to 14:
 - (a) comply with generally accepted accounting practice; and
 - (b) give a true and fair view of Electricity Invercargill Limited's financial position as at 31 March 2003 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 25 July 2003 and our unqualified opinion is expressed as at that date.



B F Kearney
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF
ELECTRICITY INVERCARGILL LIMITED**

I have examined the attached information on pages 11 and 15 to 17, being --

- (a) the derivation table in regulation 16;
- (b) the annual ODV reconciliation report in regulation 16A;
- (c) the financial performance measures 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 Schedule 1, -

that were prepared by Electricity Invercargill Limited and dated 24 July 2003 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

A handwritten signature in black ink, appearing to read "B F Kearney", with a long horizontal line extending to the right and a vertical line dropping down from the end.

B F Kearney
Audit New Zealand
On behalf of the Controller & Auditor-General
Christchurch, New Zealand
25 July 2003