



# New Zealand Gazette

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## NETWORK TASMAN LIMITED

### INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1999

## **NETWORK TASMAN LIMITED INFORMATION DISCLOSURE**

### **Information Disclosure Disclaimer**

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

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

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

**NetworkTasman**

Network Tasman Limited

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

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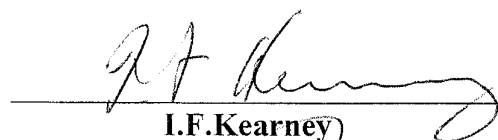
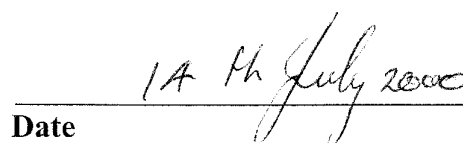
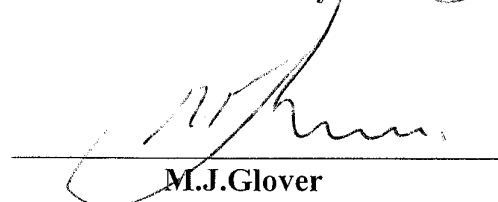
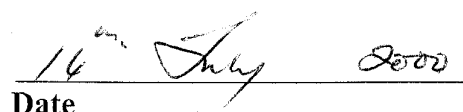
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CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANS POWER FOR THE YEAR ENDING 31 MARCH 2000.

We, Ian Francis Kearney and Michael John Glover, directors of Network Tasman Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

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

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

**SIGNATURES OF DIRECTORS:**  
I.F. Kearney  
Date 14<sup>th</sup> July 2000  
M.J. Glover  
Date 16<sup>th</sup> July 2000

**NETWORK TASMAN LIMITED**  
**LINE BUSINESS FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL PERFORMANCE**  
 FOR THE YEAR ENDED 31 MARCH 2000

	<b>Note</b>	<b>2000</b> <b>\$000</b>	1999 \$000
Operating revenue	<b>2</b>	<b>23,613</b>	25,808
<b>OPERATING SURPLUS BEFORE TAXATION</b>	<b>3</b>	<b>5,688</b>	7,161
Income tax expense	<b>4</b>	<b>(1,808)</b>	(3,044)
<b>OPERATING SURPLUS AFTER TAXATION</b>	<b>2</b>	<b>3,880</b>	4,117

*The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.*

**NETWORK TASMAN LIMITED**  
**LINE BUSINESS FINANCIAL STATEMENTS**

**STATEMENT OF MOVEMENTS IN EQUITY**  
 FOR THE YEAR ENDED 31 MARCH 2000

	Note	2000 \$000	1999 \$000
<b>EQUITY AT BEGINNING OF THE YEAR</b>		<b>83,989</b>	81,970
Operating surplus after taxation		<b>3,880</b>	4,117
<b>Total recognised revenues and expenses for the year</b>		<b>3,880</b>	4,117
<b>Other movements</b>			
Distributions to owners during the year	5	(6,330)	(250)
Transfer of asset revaluation reserve		0	(1,848)
Transfer of land & buildings to "Other" business		(1,510)	0
<b>EQUITY AT END OF THE YEAR</b>		<b>80,029</b>	83,989

**NETWORK TASMAN LIMITED**  
**LINE BUSINESS FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2000

	<b>Note</b>	<b>2000</b> <b>\$000</b>	<b>1999</b> <b>\$000</b>
<b>Equity</b>			
Share capital	<b>6</b>	<b>14,280</b>	14,280
Reserves	<b>7</b>	<b>49,833</b>	49,839
Retained earnings	<b>8</b>	<b>15,916</b>	19,870
<b>Total Equity</b>		<b>80,029</b>	83,989
 <b>Current liabilities</b>			
Payables and provisions	<b>9</b>	<b>2,927</b>	3,826
<b>Total current liabilities</b>		<b>2,927</b>	3,826
 <b>TOTAL EQUITY AND LIABILITIES</b>		<b>82,956</b>	87,815
 <b>Current assets</b>			
Cash and short-term deposits		<b>6,844</b>	10,522
Receivables and prepayments	<b>10</b>	<b>2,819</b>	2,815
<b>Total current assets</b>		<b>9,663</b>	13,337
 <b>Non-current assets</b>			
Fixed assets	<b>11</b>	<b>73,180</b>	74,397
Assets under construction		<b>0</b>	0
Deferred taxation	<b>12</b>	<b>113</b>	81
<b>Total non-current assets</b>		<b>73,293</b>	74,478
 <b>TOTAL ASSETS</b>		<b>82,956</b>	87,815

*The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.*

# **NETWORK TASMAN LIMITED** **LINE BUSINESS FINANCIAL STATEMENTS**

## **STATEMENT OF CASH FLOWS** **FOR THE YEAR ENDED 31 MARCH 2000**

	Note	2000 \$000	1999 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Receipts from customers		21,354	25,052
Interest received		412	219
Capital contributions from customers		0	0
		<u>21,766</u>	<u>25,271</u>
<b>Cash was disbursed to:</b>			
Payments to suppliers and employees		14,573	19,572
Interest paid		22	3
Taxation paid		2,840	385
		<u>17,435</u>	<u>19,960</u>
<b>Net cash flows from operating activities</b>	13	<u>4,331</u>	<u>5,311</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Proceeds from sale of fixed assets		44	4,584
		<u>44</u>	<u>4,584</u>
<b>Cash was applied to:</b>			
Purchase of fixed assets		1,623	2,256
		<u>1,623</u>	<u>2,256</u>
<b>Net cash flows from investing activities</b>		<u>(1,579)</u>	<u>2,328</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was applied to:</b>			
Dividends paid		6,430	250
Repayment of term loans		0	52
		<u>6,430</u>	<u>302</u>
<b>Net cash flows from financing activities</b>		<u>(6,430)</u>	<u>(302)</u>
<b>Net increase (decrease) in cash held</b>		<u>(3,678)</u>	<u>7,337</u>
Cash at the beginning of the year		10,522	3,185
<b>Cash at the end of the year</b>		<u>6,844</u>	<u>10,522</u>
<b>Cash balances in Statement of Financial Position</b>			
Cash and short-term deposits		<u>6,844</u>	<u>10,522</u>

*The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.*

## **NETWORK TASMAN LIMITED LINE BUSINESS FINANCIAL STATEMENTS**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000**

#### **1. STATEMENT OF ACCOUNTING POLICIES**

##### **GENERAL ACCOUNTING POLICIES**

Network Tasman Limited is a company registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993.

The financial statements have been prepared in accordance with, and for the purposes of, complying with the requirements of the Electricity (Information Disclosure) Regulations 1999.

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

##### **SPECIFIC ACCOUNTING POLICIES**

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

###### **(a) Recognition of Line Revenue**

Retailer-owned electricity meters are read on the basis of constant cycles each year. Line revenues include an estimated amount for accrued sales as at 31 March 2000.

###### **(b) Goods and Services Tax (GST)**

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

###### **(c) Fixed Assets**

The company has six classes of fixed assets:

- Freehold Land
- Freehold Buildings
- Distribution Assets
- Plant and Equipment
- Computer Equipment
- Motor Vehicles

All fixed assets are initially recorded at cost.

Freehold land and buildings are subsequently revalued on a cyclical basis every three years. Valuations are at net current value as determined by an independent valuer.

Distribution system assets were last revalued as at 31 March 1997 to a carrying value which equated to 80% of Optimised Deprival Value (ODV).

The directors are of the opinion that the carrying value as at 31 March 2000 would not be significantly different if a revaluation in accordance with generally accepted accounting principles was undertaken as at 31 March 2000. For that reason, a revaluation of the distribution system assets for financial reporting purposes has not been carried out this year.

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

**(d) Depreciation**

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

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

**(e) Taxation**

The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method. Tax effect accounting has been applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is recognised only if there is virtual certainty of realisation.

**(f) Vested Assets**

Vested assets from consumers are credited to the statement of financial performance.

**(g) Receivables**

Receivables are stated at their estimated realisable value. Bad debts are written off during the period in which they are identified.

**(h) Financial Instruments**

Pursuant to FRS 31: *Disclosure of Information about Financial Instruments*, the company estimates that in respect of the reported financial instruments, being cash, short-term investments and debtors, fair value is equivalent to the carrying amount as stated in the statement of financial position.

*Credit Risk*

The company places short term investments with only registered banks. The company has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on the amount of surplus funds placed with any one banking institution have been set and approved by the Board of Directors.

*Concentrations of Credit Risk*

Network Tasman's customers are major electricity retailers. The credit risk is not considered to be high. The group does not have any other significant concentrations of credit risk.

*Interest Rate Risk*

Short-term investments mature within the range of on call to 90 days. The interest rates on these investments range from 5.73% to 6.38%.

**(i) Cash Flows**

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held at call with banks and investments in money market instruments.

**(j) Employee Entitlements**

A liability for annual leave and long service leave is accrued and recognised in the statement of financial position. The liability is equal to the present value of the estimated future cash flows as a result of employee services provided at balance date.

**(k) Changes In Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the prior year.

# **NETWORK TASMAN LIMITED** **LINE BUSINESS FINANCIAL STATEMENTS**

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2000

	2000 \$000	1999 \$000
<b>2. CONTINUING AND DISCONTINUED ACTIVITIES</b>		
<b>Continuing Activities</b>		
Operating revenue	23,613	25,808
Operating surplus after taxation	3,880	4,117
<b>Discontinued Activities</b>		
Operating revenue	0	0
Operating surplus after taxation	0	0
<b>Total Activities</b>		
Operating revenue	23,613	25,808
Operating surplus after taxation	3,880	4,117

## **3. OPERATING SURPLUS BEFORE TAXATION**

*After charging:*

Audit fees	26	23
Bad debts written off	9	35
Depreciation	2,500	2,544
Directors' fees	124	74
Donations	1	1
Change in provision for doubtful debts	4	(46)
Interest	22	3
Other remuneration paid to auditor	4	4
Rental and operating lease costs	1	0
Write-down of buildings	0	1,365

## **4. INCOME TAX EXPENSE**

Operating surplus before taxation	5,688	7,161
Prima facie taxation	1,877	2,364
(Over) under provision from prior years	0	(67)
Plus (less) tax effect of permanent differences:		
Vested asset income reversal	(405)	(282)
Depreciation	340	574
Other permanent differences	(4)	455
<b>Income Tax Expense to Statement of Financial Performance</b>	<b>1,808</b>	<b>3,044</b>

The income tax expense is represented by:

Current taxation	1,840	1,837
Deferred taxation	(32)	1,207
	<b>1,808</b>	<b>3,044</b>

## **5. DIVIDENDS**

Distributions during the year:		
Interim dividends paid	6,330	150
Final dividend provided for	0	100
<b>Total distributions paid or payable</b>	<b>6,330</b>	<b>250</b>

# **NETWORK TASMAN LIMITED** **LINE BUSINESS FINANCIAL STATEMENTS**

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2000

2000	1999
\$000	\$000

### **6. SHARE CAPITAL**

Authorised, issued and fully paid capital	<b>14,280</b>	14,280
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### **7. RESERVES**

Asset Revaluation Reserve	<b>47,895</b>	47,901
Share Premium Reserve	<b>1,938</b>	1,938
	<b>49,833</b>	49,839

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

The share premium reserve was created on 1 May 1993, recognising the difference between the share capital issued and the closing value of corporate ownership of the Tasman Electric Power Board at 30 April 1993.

### **8. RETAINED EARNINGS**

Retained earnings at beginning of the year	<b>19,870</b>	16,003
Net surplus attributable to the shareholders of the company	<b>3,880</b>	4,117
<b>Total available for appropriation</b>	<b>23,750</b>	20,120
Dividends paid	<b>5 (6,330)</b>	(250)
Transfer of asset revaluation reserve	<b>6</b>	0
Transfer of land & buildings to "Other" business	<b>(1,510)</b>	0
<b>Retained earnings at end of the year</b>	<b>15,916</b>	19,870

### **9. PAYABLES AND PROVISIONS**

Trade payables and accruals	<b>1,879</b>	1,731
Taxation payable	<b>563</b>	1,564
Employee provisions	<b>311</b>	183
Dividend provision	<b>0</b>	100
Sundry provisions	<b>174</b>	248
<b>Total payables and provisions</b>	<b>2,927</b>	3,826

# **NETWORK TASMAN LIMITED** **LINE BUSINESS FINANCIAL STATEMENTS**

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2000

	2000 \$000	1999 \$000
<b>10. RECEIVABLES AND PREPAYMENTS</b>		
Trade receivables	2,748	2,711
Less doubtful debts	4	0
	<u>2,744</u>	<u>2,711</u>
Hire purchase receivables	0	1
Prepayments	75	103
<b>Total receivables and prepayments</b>	<u>2,819</u>	<u>2,815</u>
<b>11. FIXED ASSETS</b>		
Freehold land (at valuation)	<u>572</u>	<u>1,697</u>
Freehold buildings (at valuation)	1,154	1,522
Accumulated depreciation	33	21
Net book value	<u>1,121</u>	<u>1,501</u>
System fixed assets (at valuation)	76,485	73,659
Accumulated depreciation	6,257	4,099
Net book value	<u>70,228</u>	<u>69,560</u>
Load control plant (at valuation)	864	863
Accumulated depreciation	307	213
Net book value	<u>557</u>	<u>650</u>
Plant and equipment (at cost)	1,290	1,387
Accumulated depreciation	788	727
Net book value	<u>502</u>	<u>660</u>
Computer equipment (at cost)	1,559	1,561
Accumulated depreciation	1,410	1,323
Net book value	<u>149</u>	<u>238</u>
Motor vehicles (at cost)	143	205
Accumulated depreciation	92	114
Net book value	<u>51</u>	<u>91</u>
<b>Total fixed assets</b>	<u>73,180</u>	<u>74,397</u>

### **Valuation**

Revalued land and buildings at balance date are stated at net current value as determined by independent registered valuer Duke & Cooke Limited on 31 March 1999.

# **NETWORK TASMAN LIMITED** **LINE BUSINESS FINANCIAL STATEMENTS**

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 MARCH 2000**

	2000 \$000	1999 \$000
<b>12. DEFERRED TAXATION ASSET</b>		
Balance at beginning of the year	81	1,288
Under (over) provision in prior years	0	0
Deferred tax on timing differences	32	(1,207)
Other movements during the year	0	0
<b>Balance at end of the year</b>	<b>113</b>	<b>81</b>
<b>13. RECONCILIATION OF NET OPERATING SURPLUS AFTER TAXATION WITH NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating surplus after taxation	3,880	4,117
<b>Add (less) non-cash items and non-operating items:</b>		
Depreciation and revaluations	2,500	3,908
Movement in deferred taxation	(32)	1,207
Vested assets	(1,228)	0
Bad debts written-off	9	0
Change in provision for doubtful debts	4	0
Movement in capital expenditure in creditors	101	(346)
	<b>1,354</b>	<b>4,769</b>
<b>Movement in working capital:</b>		
Increase (decrease) in payables and provisions	102	(5,392)
(Increase) decrease in receivables	(4)	366
Increase (decrease) in taxation payable	(1,001)	1,451
	<b>(903)</b>	<b>(3,575)</b>
<b>Net cash flows from operating activities</b>	<b>4,331</b>	<b>5,311</b>

## **14. RELATED PARTY TRANSACTIONS**

Network Tasman Limited contracted with Tasman Electrical Limited (now MainPower Contracting Limited), an associate company, for operational, maintenance and capital extension work on its distribution network. The related party relationship ceased on 1 October 1999 with the sale of Network Tasman's remaining 40% shareholding.

The total consideration for line business services up to 1 October 1999 was \$1,150,000 (1999: \$2,733,000) and was charged on normal terms and conditions.

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

Construction of subtransmission assets	0
Construction of zone substations	0
Construction of distribution lines and cables	73
Construction of medium voltage switchgear	0
Construction of distribution transformers	53
Construction of distribution substations	6
Construction of low voltage reticulation	58
Construction of other system fixed assets	0
Maintenance of assets	900
Consumer connections and disconnections	57

Network Tasman Limited provided management and administrative services to Nelson Electricity Limited, an associate company, for nominal consideration.

There were no outstanding related party balances as at 31 March 2000 (1999: \$206,365). No related party debts have been written off or forgiven during the year.

## **NETWORK TASMAN LIMITED LINE BUSINESS FINANCIAL STATEMENTS**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **STATEMENT OF MOVEMENTS IN EQUITY**

#### **15. SEGMENT INFORMATION**

The operations of Network Tasman Limited are in one geographical area, being the wider Nelson and Tasman regions, excluding Nelson city. Therefore, there is no segmental information.

#### **16. COMMITMENTS**

Network Tasman Limited has entered into a New Investment Contract with Transpower New Zealand Limited to upgrade Transpower's Grid to ensure a greater security of supply to the Network Tasman network.

The commitment is estimated at \$248,000 per annum for a period of 15 years, subject to notification by Transpower of the actual charge on commissioning of the project.

Network Tasman Limited has contracted with Tasman Electrical Limited (now MainPower Contracting Limited) for the installation of two new 33kV underground feeder cables. The total commitment is \$560,000.

#### **17. CONTINGENCIES**

Network Tasman Limited has issued court proceedings against Transpower New Zealand Limited in respect of the Output Connection Contract.

There is no adverse financial exposure to Network Tasman Limited except for associated legal costs.

As at 31 March 2000 there were no material contingent liabilities that are not included in these financial statements.

# **NETWORK TASMAN LIMITED** **LINE BUSINESS FINANCIAL STATEMENTS**

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2000

### **18. MANDATORY SPECIFIC DISCLOSURES**

Items required to be separately listed in the financial statements as required under regulation 6 (1) of the Electricity (Information Disclosure) Regulations 1999 are as follows:

	2000 \$000	1999 \$000
<b>1. Current assets</b>		
(a) Cash & bank balances	4	604
(b) Short-term investments	6,840	9,918
(c) Inventories	0	0
(d) Accounts receivable	2,744	2,711
(e) Other receivables	0	1
(f) Prepayments	75	103
(g) Other current assets not listed in (a) to (f)	0	0
<b>(h) Total current assets</b>	<b>9,663</b>	<b>13,337</b>
<b>2. Fixed assets</b>		
(a) System fixed assets	70,228	69,560
(b) Centralised load control equipment	557	650
(c) Consumer billing and information system assets	149	238
(d) Motor vehicles	51	91
(e) Office equipment	271	369
(f) Land and buildings	1,693	3,198
(g) Capital works under construction	0	0
(h) Other fixed assets not listed in (a) to (g)	231	291
<b>(i) Total fixed assets</b>	<b>73,180</b>	<b>74,397</b>
<b>3. Other tangible assets not listed above</b>	<b>113</b>	<b>81</b>
<b>4. Total tangible assets</b>	<b>82,956</b>	<b>87,815</b>
<b>5. Intangible assets</b>		
(a) Goodwill	0	0
(b) Other intangibles not listed in (a) above	0	0
<b>(c) Total intangible assets</b>	<b>0</b>	<b>0</b>
<b>6. Total assets</b>	<b>82,956</b>	<b>87,815</b>
<b>7. Current liabilities</b>		
(a) Bank overdraft	0	0
(b) Short-term borrowings	0	0
(c) Payables & accruals	2,053	1,979
(d) Accrued payroll	311	183
(e) Provision for dividend payable	0	100
(f) Provision for income tax	563	1,564
(g) Other current liabilities not listed in (a) to (f)	0	0
<b>(h) Total current liabilities</b>	<b>2,927</b>	<b>3,826</b>
<b>8. Non-current Liabilities</b>		
(a) Payables & accruals	0	0
(b) Borrowings	0	0
(c) Deferred tax	0	0
(d) Other non-current liabilities not listed in (a) to (c) above	0	0
<b>(e) Total non-current liabilities</b>	<b>0</b>	<b>0</b>

# **NETWORK TASMAN LIMITED** **LINE BUSINESS FINANCIAL STATEMENTS**

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2000

	2000 \$000	1999 \$000
<b>9. Equity</b>		
(a) Shareholders' equity		
(i) Share capital	14,280	14,280
(ii) Retained earnings	15,916	19,870
(iii) Reserves	49,833	49,839
(iv) Total shareholders equity	80,029	83,989
(b) Minority interests in subsidiaries	0	0
(c) Total equity	80,029	83,989
(d) Capital notes	0	0
<b>(e) Total capital funds</b>	80,029	83,989
<b>10. Total equity and liabilities</b>	82,956	87,815
<b>11. Operating revenue</b>		
(a) Revenue from line/access charges	14,677	13,863
(b) Revenue from transmission charges	10,932	9,998
(c) Line charge discounts to consumers	(4,270)	(106)
(d) Revenue from "other" business for services carried out by the line business	0	0
(e) Interest on cash, bank balances and short-term investments	412	219
(f) AC loss rental rebates	615	939
(g) Other revenue not listed in (a) to (f)	1,247	895
<b>(h) Total operating revenue</b>	23,613	25,808
<b>12. Operating expenditure</b>		
(a) Payment for transmission charges	11,071	10,139
(b) Transfer payments to the "other" business for:		
(i) Asset maintenance	900	0
(ii) Consumer disconnections/reconnection services	57	0
(iii) Meter data	0	0
(iv) Consumer-based load control services	0	0
(v) Royalty and patent expenses	0	0
(vi) Avoided transmission charges on account of own generation	0	0
(vii) Other goods and services not listed in (i) to (vi) above	3	0
<b>(viii) Total transfer payment to the "Other" business</b>	960	0
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	1,169	1,769
(ii) Consumer disconnections/reconnection services	46	26
(iii) Meter data	0	0
(iv) Consumer-based load control services	0	0
(v) Royalty and patent expenses	0	0
(vi) Total of specified expenses to non-related parties	1,215	1,795
(d) Employee salaries, wages and redundancies	1,205	1,338
(e) Consumer billing and information system expense	56	285
(f) Depreciation on:		
(i) System fixed assets	2,252	2,255
(ii) Other assets not listed in (i)	248	289
<b>(iii) Total depreciation</b>	2,500	2,544
(g) Amortisation of:		
(i) Goodwill	0	0
(ii) Other intangibles	0	0
<b>(iii) Total amortisation of intangibles</b>	0	0
(h) Corporate and administration	212	399
(i) Human resource expenses	35	273
(j) Marketing/advertising	32	87
(k) Merger and acquisition expenses	0	0
(l) Takeover defence expenses	0	0
(m) Research and development expenses	0	0
(n) Consultancy and legal expenses	257	207

# **NETWORK TASMAN LIMITED** **LINE BUSINESS FINANCIAL STATEMENTS**

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2000

	2000 \$000	1999 \$000
(o) Donations	1	1
(p) Directors' fees	124	74
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors	26	23
(ii) Audit fees paid to other auditors	0	0
(iii) Fees paid for other services provided by principal and other auditors	4	4
<b>(iv) Total auditors' fees</b>	<b>30</b>	<b>27</b>
(r) Costs of offering credit:		
(i) Bad debts written off	9	35
(ii) Increase in estimated doubtful debts	4	(46)
<b>(iii) Total cost of offering credit</b>	<b>13</b>	<b>(11)</b>
(s) Local authority rates expense	4	4
(t) AC loss-rentals rebates expense	0	0
(u) Rebates to consumers due to ownership interest	0	0
(v) Subvention payments	0	0
(w) Unusual expenses	0	1,365
(x) Other expenditure not listed in (a) to (w)	188	117
<b>13. Total operating expenditure</b>	<b>17,903</b>	<b>18,644</b>
<b>14. Operating surplus before interest and income tax</b>	<b>5,710</b>	<b>7,164</b>
<b>15. Interest expense</b>		
(a) Interest expense on borrowings	0	3
(b) Financing charges related to finance leases	0	0
(c) Other interest expense	22	0
<b>(d) Total interest expense</b>	<b>22</b>	<b>3</b>
<b>16. Operating surplus before income tax</b>	<b>5,688</b>	<b>7,161</b>
<b>17. Income tax</b>	<b>1,808</b>	<b>3,044</b>
<b>18. Net surplus after tax</b>	<b>3,880</b>	<b>4,117</b>

## **19. COMPARATIVE INFORMATION**

Certain comparative information in the financial statements has been reclassified in order to provide a more appropriate basis for comparison.

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	5,709,930				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	5,709,930				
Interest on cash, bank balances, and short-term investments (ISTI)	412,270				
OSBIIT minus ISTI	5,297,661	a	5,297,661		5,297,661
Net surplus after tax from financial statements	3,880,493				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	3,880,493	n		3,880,493	
Amortisation of goodwill and amortisation of other intangibles	0	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	2,251,844				
Depreciation of SFA at ODV (y)	2,581,884				
ODV depreciation adjustment	-330,040	d	add	-330,040	-330,040
Subvention payment tax adjustment	0	s <sup>†</sup>	deduct	0	deduct
Interest tax shield	-128,823	q			-128,823
Revaluations	0	r			0
Income tax	1,807,542	p			1,807,542
<b>Numerator</b>			OSBIIT <sup>ADJ</sup> = a + g + s + d	NSAT <sup>ADJ</sup> = n + g + s - s <sup>†</sup> + d	OSBIIT <sup>ADJ</sup> = a + g - q + r + s + d - p - s <sup>†</sup>
			4,967,621	3,650,453	3,288,903
Fixed assets at end of previous financial year (FA <sub>0</sub> )	74,396,499				
Fixed assets at end of current financial year (FA <sub>1</sub> )	73,180,754				
Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )	651,490				
Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )	454,820				
Average total funds employed (ATFE)	74,341,781 (or regulation 33 time-weighted average)	c	74,341,781		74,341,781
Total equity at end of previous financial year (TE <sub>0</sub> )	83,987,864				
Total equity at end of current financial year (TE <sub>1</sub> )	80,029,017				
Average total equity	82,008,441 (or regulation 33 time-weighted average)	k		82,008,441	
WUC at end of previous financial year (WUC <sub>0</sub> )	0				
WUC at end of current financial year (WUC <sub>1</sub> )	0				
Average total works under construction	0 (or regulation 33 time-weighted average)	e	deduct	0	deduct
					0

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
Revaluations		$r$			
Half of revaluations		$r/2$			
Intangible assets at end of previous financial year ( $IA_0$ )					
Intangible assets at end of current financial year ( $IA_1$ )					
Average total intangible asset	(or regulation 33 time-weighted average)	$m$		add	deduct
Subvention payment at end of previous financial year ( $S_0$ )					
Subvention payment at end of current financial year ( $S_1$ )					
Subvention payment tax adjustment at end of previous financial year					
Subvention payment tax adjustment at end of current financial year					
Average subvention payment & related tax adjustment		$v$		add	
System fixed assets at end of previous financial year at book value ( $SFA_{bvo}$ )	70,210,000				
System fixed assets at end of current financial year at book value ( $SFA_{bt1}$ )	70,784,872				
Average value of system fixed assets at book value	(or regulation 33 time-weighted average)	$f$	deduct	deduct	deduct
System Fixed assets at year beginning at ODV value ( $SFA_{odv0}$ )	86,917,000				
System Fixed assets at end of current financial year at ODV value ( $SFA_{odv1}$ )	86,987,912				
Average value of system fixed assets at ODV value	(or regulation 33 time-weighted average)	$h$	add	add	add
Denominator			$ATFE^{adj} = c - e - f + h$	$Ave TE^{adj} = k - e - m + v - f + h$	$ATFE^{adj} = c - e - \frac{1}{2}f - f + h$
Financial Performance Measure:			$ROF = OSBIT^{adj}/ATFE^{adj} \times 100$	$ROE = NSAT^{adj}/ATFE^{adj} \times 100$	$ROI = OSBIT^{adj}/ATFE^{adj} \times 100$

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

**NETWORK TASMAN LIMITED  
LINE BUSINESS****ANNUAL VALUATION RECONCILIATION REPORT**

FOR THE YEAR ENDED 31 MARCH 2000

System fixed assets at ODV - end of the previous financial year	86,917,000
Add system fixed assets acquired during the year at ODV	2,816,877
Less system fixed assets disposed of during the year at ODV	0
Less depreciation on system fixed assets at ODV	-2,581,884
Add revaluations of system fixed assets	0
Adjustment for variance between certified ODV and ODV accounted for per the ODV method set out in the ODV Handbook	-164,082
<b>System fixed assets at ODV - end of the financial year</b>	<b>86,987,912</b>

## NETWORK TASMAN LIMITED

### LINE BUSINESS PERFORMANCE MEASURES

#### FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES FOR THE YEAR ENDED 31 MARCH 2000

	2000	1999	1998	1997
<b>1. FINANCIAL PERFORMANCE MEASURES</b>				
(a) Return on Funds	5.47%	7.45%	4.91%	10.08%
(b) Return on Equity	3.61%	5.06%	5.09%	7.63%
(c) Return on Investment	3.62%	4.57%	-8.46%	27.96%
<b>Performance measures restated, excluding ODV revaluation and non recurring items</b>				
Return on Total Assets				5.33%
Return on Equity				3.92%
Return on Investment				3.75%
<b>2. EFFICIENCY PERFORMANCE MEASURES</b>				
(a) Direct Line Costs per Kilometre	\$993	\$1,092	\$1,443	\$1,629
(b) Indirect Line Costs per Electricity Customer	\$41	\$86	\$107	\$130

#### ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

##### 1. ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES

(a) Load Factor	63.65%	63.91%	63.26%	66.26%
(b) Loss Ratio	5.01%	5.04%	6.05%	5.07%
(c) Capacity Utilisation	42.95%	34.62%	37.56%	38.44%

##### 2. STATISTICS

<b>(a) System Length</b>				
33 kV system	124.89	124.67	124.00	123.63
11 kV system	1977.04	1970.14	1957.00	1942.00
6.6 kV system	34.37	34.37	34.00	34.37
400 V system	977.46	972.02	964.00	954.00
Total Kilometres	3113.76	3101.20	3079.00	3054.00
<b>(b) System Length - Overhead</b>				
33 kV system	121.13	121.18	121.00	121.07
11 kV system	1863.08	1859.69	1855.00	1842.00
6.6 kV system	33.03	33.03	33.00	33.03
400 V system	638.21	643.90	651.00	653.00
Total Kilometres	2655.45	2657.80	2660.00	2649.10
<b>(c) System Length - Underground</b>				
33 kV system	3.76	3.49	3.00	2.56
11 kV system	113.96	110.45	102.00	100.00
6.6 kV system	1.34	1.34	1.00	1.34
400 V system	339.25	328.12	313.00	301.00
Total Kilometres	458.31	443.40	419.00	404.90
<b>(d) Transformer Capacity (kVA)</b>	271,270	314,717	296,476	277,849
<b>(e) Maximum Demand (kW)</b>	116,520	108,944	111,370	106,804
<b>(f) Total Electricity Supplied from the system (kWh)</b>	624,462,165	586,496,577	580,688,970	566,924,039

	2000	1999	1998	1997
<b>(g) Total amount of electricity conveyed through the system on behalf of each person (kWh):</b>				
Retailer A	18,489,649	15,032,189		
Retailer B	9,503,102	103,261,877		
Retailer C	53,538,368	293,098,776		
Retailer D	389,318,020	174,863,015		
Retailer E	151,458,083	59,350		
Retailer F	2,154,944	181,370		
Generator 1	1,947,361			

<b>(h) Total Consumers</b>	30,246	29,750	29,272	28,982
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## RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY LINE OWNERS

### 1. Total number of Interruptions

Class A Transpower Planned	2.00	6.00	0.00	0.00
Class B Line Owner Planned	185.00	162.00	182.00	161.00
Class C Line Owner Unplanned	124.00	140.00	140.00	115.00
Class D Transpower Unplanned	1.00	6.00	6.00	1.00

### 2. Interruption Targets

<b>(a) Planned Interruptions by Line Owner</b>	180.00	172.00		
<b>(b) Unplanned Interruptions by Line Owner</b>	125.00	108.00		

### 3. Average Interruption Targets (5 years)

	2000/05	1999/2004		
<b>(a) Planned Interruptions by Line Owner</b>	140.00	130.00		
<b>(b) Unplanned Interruptions by Line Owner</b>	121.00	90.00		

### 4. Fault Restoration Times (Class C) not restored within

3 hours	24%	20%		
24 hours	0%	0%		

### 5. Number of faults per 100km of prescribed voltage line

<b>(a) Total number of faults</b>	5.80	6.57	6.71	5.48
<b>(b) Number of faults targeted (next year)</b>	6.00	5.00		
<b>(c) Average number of faults targeted (5 years)</b>	6.00	4.00		

### (d) Number of faults per nominal line voltages

Total number of faults				
33 kV system	3.20	9.60		
11 kV system	6.07	6.50		
6.6 kV system	0.00	0.00		
Number of faults targeted (next year)				
33 kV system	1.50	7.00		
11 kV system	6.30	5.00		
6.6 kV system	0.00	0.00		
Average number of faults targeted (5 years)				
33 kV system	1.50	6.00		
11 kV system	6.30	4.00		
6.6 kV system	0.00	0.00		

### 6. Number of faults per 100km of prescribed voltage underground line

33 kV system	52.63	28.65	0.00	0.00
11 kV system	3.51	10.86	5.88	5.02
6.6 kV system	0.00	0.00	0.00	0.00

### 7. Number of faults per 100km of prescribed voltage overhead line

33 kV system	1.65	9.08	2.48	2.48
11 kV system	6.23	6.24	7.06	5.75
6.6 kV system	0.00	0.00	6.06	3.03

	2000	1999	1998	1997
<b>8. SAIDI for the total number of interruptions</b>	215.00	340.20	292.22	231.48
<b>9. SAIDI targets (next year)</b>				
(a) Planned Interruptions	75.00	86.00		
(b) Unplanned Interruptions	134.00	146.00		
<b>10. Average SAIDI targets (5 years)</b>				
(a) Planned Interruptions	56.00	65.00		
(b) Unplanned Interruptions	111.80	122.00		
<b>11. Classification of interruptions</b>				
Class A Transpower Planned	19.00	56.27	0.00	0.00
Class B Line Owner Planned	62.00	80.59	100.27	78.25
Class C Line Owner Unplanned	122.00	188.72	147.62	152.13
Class D Transpower Unplanned	12.00	14.62	44.33	1.10
<b>12. SAIFI for the total number of interruptions</b>	2.94	4.51	4.31	2.70
<b>13. SAIFI targets (next year)</b>				
(a) Planned Interruptions	0.54	0.61		
(b) Unplanned Interruptions	2.23	2.43		
<b>14. Average SAIFI targets (5 years)</b>				
(a) Planned Interruptions	0.40	0.00		
(b) Unplanned Interruptions	1.86	2.00		
<b>15. Classification of interruptions</b>				
Class A Transpower Planned	0.05	0.22	0.00	0.00
Class B Line Owner Planned	0.65	0.57	0.76	0.64
Class C Line Owner Unplanned	2.01	3.22	2.02	2.03
Class D Transpower Unplanned	0.23	0.50	1.53	0.03
<b>16. CAIDI for the total number of interruptions</b>	73.00	75.43	67.80	85.73
<b>17. CAIDI Targets (next year)</b>				
(a) Planned Interruptions	140.00	140.00		
(b) Unplanned Interruptions	60.09	60.00		
<b>18. Average CAIDI targets (5 years)</b>				
(a) Planned Interruptions	140.00	140.00		
(b) Unplanned Interruptions	59.97	60.00		
<b>19. CLASSIFICATION OF INTERRUPTIONS</b>				
Class A Transpower Planned	391.00	260.05	0.00	0.00
Class B Line Owner Planned	95.00	140.89	131.93	122.27
Class C Line Owner Unplanned	60.00	58.56	73.08	74.94
Class D Transpower Unplanned	54.00	29.27	28.97	36.67



## Audit New Zealand

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

We have audited the accompanying financial statements of Network Tasman Limited on pages 5 to 18. The financial statements provide information about the past financial performance of Network Tasman Limited and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out on pages 9 and 10.

#### **Directors' Responsibilities**

The Electricity (Information Disclosure) Regulations 2000 require the Directors to prepare financial statements which give a true and fair view of the financial position of Network Tasman Limited as at 31 March 2000 and the results of its operations and cash flows for the year then ended.

#### **Auditor's Responsibilities**

It is the responsibility of the Audit Office to express an independent opinion on the financial statements presented by the Directors and report its opinion to you.

The Controller and Auditor-General has appointed K J Boddy, of Audit New Zealand, to undertake the audit.

#### **Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements and performance information. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Network Tasman Limited circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor, acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Network Tasman Limited.

**Unqualified Opinion**

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

In our opinion:

- proper accounting records have been kept by Network Tasman Limited as far as appears from our examination of those records; and
- the financial statements of Network Tasman Limited on pages 5 to 18:
  - comply with generally accepted accounting practice; and
  - give a true and fair view of the financial position of Network Tasman Limited as at 31 March 2000 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 14 July 2000 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

I 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 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 Network Tasman Limited and dated 14 July 2000 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

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

K J Boddy

Audit New Zealand

On behalf of the Controller & Auditor-General

Christchurch, New Zealand

14 July 2000