



# New Zealand Gazette

OF THURSDAY, 25 MAY 2000

---

WELLINGTON: MONDAY, 29 MAY 2000 — ISSUE NO. 57

---

## TRANSALTA NEW ZEALAND LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE GAS (INFORMATION  
DISCLOSURE) REGULATIONS 1997



**TRANSALTA NEW ZEALAND LIMITED**  
**DISCLOSURE OF INFORMATION PURSUANT TO GAS (INFORMATION  
DISCLOSURE) REGULATIONS 1997**

**CONTENTS**

- Part One      Financial Statements for the year ended 31 March 1999**
- Part Two      Performance Measures and Statistics for the year ended 31 March 1999**
- Part Three    Certification**

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*



## **PART ONE**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999**

**Pursuant To Regulation 6 of the  
Gas (Information Disclosure) Regulations 1997**

**TRANSALTA NEW ZEALAND LIMITED****Statement of Financial Performance  
For the Year Ended 31 March 1999**

|   | Notes | Distribution |              | Retail         |              |
|---|-------|--------------|--------------|----------------|--------------|
|   |       | 31-Mar-99    | 31-Mar-98    | 31-Mar-99      | 31-Mar-98    |
|   |       | \$000        | \$000        | \$000          | \$000        |
| <b>Revenue</b>  |       |              |              |                |              |
| Operating revenue   |       | 12,448       | 13,397       | 9,983          | 11,303       |
| Other income  | 3     | 264          | 180          | 163            | 181          |
|   |       | 12,712       | 13,577       | 10,146         | 11,484       |
| <b>Expenses</b>   |       |              |              |                |              |
| Purchases and transmission                                  |       | -            | -            | 8,757          | 10,027       |
| Operating   | 4     | 1,818        | 3,224        | 2,154          | 1,753        |
| Depreciation  |       | 1,437        | 1,890        | 400            | 93           |
|   |       | 3,255        | 5,114        | 11,311         | 11,873       |
| <b>Operating earnings</b>                                   |       | <b>9,457</b> | <b>8,463</b> | <b>(1,165)</b> | <b>(389)</b> |
| Less net funding costs                                      | 4     | 1,188        | 2,109        | -              | (16)         |
| <b>Earnings before income tax and capital note interest</b> |       | <b>8,269</b> | <b>6,354</b> | <b>(1,165)</b> | <b>(373)</b> |
| Income tax  | 5     | 3,204        | 2,299        | (436)          | (138)        |
| <b>Earnings before capital notes interest</b>               |       | <b>5,065</b> | <b>4,055</b> | <b>(729)</b>   | <b>(235)</b> |
| Capital note interest distribution net of income tax        |       | 877          | 877          | -              | -            |
| <b>Earnings for the period</b>                              |       | <b>4,188</b> | <b>3,178</b> | <b>(729)</b>   | <b>(235)</b> |

*The attached notes form an integral part of, and should be read in conjunction with, these financial statements.*

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*

## TRANSALTA NEW ZEALAND LIMITED

Statement of Movements in Equity  
For the Year Ended 31 March 1999

|   | Notes | Distribution       |                    | Retail             |                    |
|---|-------|--------------------|--------------------|--------------------|--------------------|
|   |       | 31-Mar-99<br>\$000 | 31-Mar-98<br>\$000 | 31-Mar-99<br>\$000 | 31-Mar-98<br>\$000 |
| Shareholders' funds at beginning of period                    |       | 18,788             | 17,542             | 514                | 442                |
| Issuance/Reallocation of share capital                        |       | (17,199)           | 645                | -                  | 588                |
| Increase in revaluation reserve                               | 7     | -                  | -                  | 317                | -                  |
| Earnings before capital note interest                         |       | 5,065              | 4,055              | (729)              | (235)              |
| Capital notes interest distribution net of income tax         |       | (877)              | (877)              | -                  | -                  |
| Dividend paid   |       | (5,777)            | (2,577)            | -                  | (281)              |
| <b>Shareholders' funds at end of period</b>                   |       | <b>-</b>           | <b>18,788</b>      | <b>102</b>         | <b>514</b>         |
| Capital notes at beginning of period                          |       | 13,301             | 13,267             | -                  | 34                 |
| (Repayment)/reallocation of capital notes                     |       | (13,301)           | 34                 | -                  | (34)               |
| <b>Capital notes at end of period</b>                         |       | <b>-</b>           | <b>13,301</b>      | <b>-</b>           | <b>-</b>           |
| <b>Shareholders' funds and capital notes at end of period</b> |       | <b>-</b>           | <b>32,089</b>      | <b>102</b>         | <b>514</b>         |

*The attached notes form an integral part of, and should be read in conjunction with, these financial statements.*


*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*


*The information should not be used for any other purpose than that intended under the regulations.*

## TRANSALTA NEW ZEALAND LIMITED

Statement of Financial Position  
As at 31 March 1999

|   | Notes | Distribution       |                    | Retail             |                    |
|---|-------|--------------------|--------------------|--------------------|--------------------|
|   |       | 31-Mar-99<br>\$000 | 31-Mar-98<br>\$000 | 31-Mar-99<br>\$000 | 31-Mar-98<br>\$000 |
| <b>Capital Funds</b>                        |       |                    |                    |                    |                    |
| Share capital                               | 6     | -                  | 17,199             | 631                | 631                |
| Asset revaluation reserve                   |       | -                  | -                  | 317                | -                  |
| Retained earnings                           |       | -                  | 1,589              | (846)              | (117)              |
| Shareholders' funds                         |       | -                  | 18,788             | 102                | 514                |
| Capital notes                               | 6     | -                  | 13,301             | -                  | -                  |
| Total shareholders' funds and capital notes |       | -                  | 32,089             | 102                | 514                |
| <b>Non-current Liabilities</b>              |       |                    |                    |                    |                    |
| Bonds                                       | 15    | -                  | 25,826             | -                  | -                  |
| <b>Current Liabilities</b>                  | 9     | -                  | 2,727              | 7,085              | 1,478              |
| <b>Total Capital Funds and Liabilities</b>  |       | -                  | 60,642             | 7,187              | 1,992              |
| <b>Fixed and Long Term Assets</b>           | 10    |                    |                    |                    |                    |
| Network                                     |       | -                  | 54,898             | -                  | -                  |
| Meters                                      |       | -                  | -                  | 4,397              | -                  |
| Other                                       |       | -                  | 727                | 1,421              | 510                |
|   |       | -                  | 55,625             | 5,818              | 510                |
| <b>Deferred Taxation Asset</b>              | 5     | -                  | 106                | 64                 | 64                 |
| <b>Current Assets</b>                       | 8     | -                  | 4,911              | 1,305              | 1,418              |
| <b>Total Assets</b>                         |       | -                  | 60,642             | 7,187              | 1,992              |

  
Ian Bourne Director  
17 March 2000

  
Murray Nelson Director  
17 March 2000

*The attached notes form an integral part of, and should be read in conjunction with, these financial statements.*

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*

**TRANSALTA NEW ZEALAND LIMITED**

**Notes to and forming part of the Financial  
Statements  
For the Year Ended 31 March 1999**

**Note 1: Statement of Accounting Policies****Reporting Entity**

TransAlta New Zealand Limited is a public company registered under the Companies Act 1993 and is listed on the New Zealand Stock Exchange. The Company is an issuer for the purposes of the Financial Reporting Act 1993

The financial statements have been prepared in accordance with the methodology required by the Gas (Information Disclosure) Regulations 1997, the Companies Act 1993, the Financial Reporting Act 1993, and in accordance with generally accepted accounting practice.

The Financial Statements have been extracted from the audited Financial Statements of TransAlta New Zealand Limited parent company.

**Gas (Information Disclosure) Regulations 1997**

Where practical, all costs, revenues, assets and liabilities have been directly allocated to the appropriate Distribution or Retail businesses. Other costs, revenues, assets and liabilities are allocated using the allocation bases in accordance with the guidelines, with the exception of cash and short term investments. These have been allocated on the basis of cash required to adequately fund the business units.

**Measurement Base**

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain assets as detailed below in the specific accounting policies.

**Specific Accounting Policies****a) Income Recognition**

Gas sales represent customer usage during the financial period. Allowance is made for unbilled sales being unread meters and unbilled line charges as at balance date.

**b) Valuation of Fixed and Long Term Assets**

The fixed and long term assets of the Company, other than gas network distribution assets, are stated at cost.

Gas network distribution assets are stated at their current value. The current value approximates Optimised Deprival Value (ODV), which is the lower of a network's Optimised Depreciated Replacement Cost (ODRC) or its Economic Value (EV). The ODRC of an asset represents the cost of the most efficient asset capable of performing the same functions, depreciated for the age of the asset being valued. The EV of an asset is the greater of the net realisable value of that asset or the net present value of the future earnings from that asset.

Fixed and Long Term Assets are depreciated on a straight line basis. Depreciation is provided on all fixed assets at rates calculated to allocate the cost of acquisition, less estimated residual value, over their estimated useful lives. Fixed and long term asset depreciation periods are:

| <b>Depreciation Period</b>                 |             |
|--|-------------|
| Gas Distribution Assets                    | 30-80 years |
| Leasehold Improvements                     | 11 years    |
| Motor Vehicles, Plant, Tools and Equipment | 5 years     |
| Office Equipment                           | 5 years     |
| Computer Equipment                         | 3 years     |

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*

**TRANSALTA NEW ZEALAND LIMITED****Notes to and forming part of the Financial  
Statements (Continued)  
For the Year Ended 31 March 1999*****c) Accounts Receivable***

Accounts receivable are stated at their estimated net realisable value.

***d) Inventories***

Inventories are valued at the lower of cost (determined on a weighted average basis) and net realisable value. Allowance is made for damaged and obsolete inventory.

***e) Other Investments***

Marketable securities and investments held for resale are stated at market value. Other investments are stated at cost with due allowance for any permanent reduction in value.

***f) Taxation***

Income tax expense is calculated for on the comprehensive basis using the liability method. Deferred tax assets are recognised only to the extent that there is virtual certainty of recovery.

***g) Operating Lease Payments***

Operating lease payments are expensed in the period in which they are incurred.

***h) Interest Capitalised During Construction***

Interest expense related to fixed assets under construction is included in the capital cost of the related asset.

***i) Deferred Costs***

Costs incurred by the Company to develop potential investments are deferred until an investment has been completed, at which time the costs are included with the investment. When it has been determined that an investment will not proceed, the related development costs are included in operating expenses.

Financing costs are amortised to earnings over the remaining life of the relevant lending facility.

***j) Financial Instruments***

The Company has entered into various financial instruments with off-balance sheet risk for the primary purpose of managing its exposure to fluctuations in interest rates and foreign currency exchange rates. While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged. These instruments are designated as, and are considered effective as, hedges. Any realised gains and losses on interest rate hedges are recognised as a component of interest expense in the statement of financial performance over the life of the hedge. Gains and losses on foreign exchange contracts are recognised as a component of the related transaction in the period the transaction is completed.

***k) Changes in Accounting Policies***

The basis accounting for deferred income tax has changed from the partial to the comprehensive liability method. This change has an immaterial effect due to the disposal of network assets. There have been no other changes in accounting policies during the period.

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*

**TRANSALTA NEW ZEALAND LIMITED**

**Notes to and forming part of the Financial  
Statements (Continued)  
For the Year Ended 31 March 1999**

**Note: 2 Continuing and Discontinuing Activities**

|   | <b>Distribution</b> |                  | <b>Retail</b>    |                  |
|---|---------------------|------------------|------------------|------------------|
|   | <b>31-Mar-99</b>    | <b>31-Mar-98</b> | <b>31-Mar-99</b> | <b>31-Mar-98</b> |
|   | <b>\$000</b>        | <b>\$000</b>     | <b>\$000</b>     | <b>\$000</b>     |
| <b>Continuing Activities</b>              |                     |                  |                  |                  |
| Operating revenue                         | -                   | 13,397           | 9,983            | 11,303           |
| Net earnings attributable to shareholders | -                   | 3,178            | (729)            | (235)            |
| <b>Discontinuing Activities</b>           |                     |                  |                  |                  |
| Operating revenue                         | 12,448              | -                | -                | -                |
| Net earnings attributable to shareholders | 4,188               | -                | -                | -                |
| <b>Total Activities</b>                   |                     |                  |                  |                  |
| Operating revenue                         | 12,448              | 13,397           | 9,983            | 11,303           |
| Net earnings attributable to shareholders | 4,188               | 3,178            | (729)            | (235)            |

**Note: 3 Other Income**

|                              | <b>Distribution</b> |                  | <b>Retail</b>    |                  |
|------------------------------|---------------------|------------------|------------------|------------------|
|                              | <b>31-Mar-99</b>    | <b>31-Mar-98</b> | <b>31-Mar-99</b> | <b>31-Mar-98</b> |
|                              | <b>\$000</b>        | <b>\$000</b>     | <b>\$000</b>     | <b>\$000</b>     |
| Application fees             | -                   | -                | 137              | 134              |
| Customer contributions       | 157                 | 133              | -                | -                |
| Gain on sale of fixed assets | 39                  | 33               | 10               | -                |
| Other                        | 68                  | 14               | 16               | 47               |
| <b>Total Other Income</b>    | <b>264</b>          | <b>180</b>       | <b>163</b>       | <b>181</b>       |

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*

**TRANSALTA NEW ZEALAND LIMITED**

**Notes to and forming part of the Financial  
Statements (Continued)  
For the Year Ended 31 March 1999**

**Note: 4 Expenses**

|   | <b>Distribution</b> |                  | <b>Retail</b>    |                  |
|---|---------------------|------------------|------------------|------------------|
|   | <b>31-Mar-99</b>    | <b>31-Mar-98</b> | <b>31-Mar-99</b> | <b>31-Mar-98</b> |
|   | <b>\$000</b>        | <b>\$000</b>     | <b>\$000</b>     | <b>\$000</b>     |
| <b>Operating Expenses</b>                   |                     |                  |                  |                  |
| Operating                                   | 1,626               | 2,862            | 2,057            | 1,629            |
| Amounts paid to auditors for audit fees     | 6                   | 4                | 3                | 3                |
| Amounts paid to auditors for other services | 30                  | 204              | 13               | -                |
| Bad debts                                   | 28                  | 43               | 28               | 36               |
| Provision for doubtful debts                | 5                   | 7                | 5                | 6                |
| Donations                                   | 16                  | 16               | 7                | 13               |
| Directors' fees and expenses                | 22                  | 15               | 10               | 13               |
| Rental and operating lease costs            | 85                  | 73               | 31               | 53               |
| <b>Total Operating Expenses</b>             | <b>1,818</b>        | <b>3,224</b>     | <b>2,154</b>     | <b>1,753</b>     |
| <b>Net Funding Costs</b>                    |                     |                  |                  |                  |
| Interest expense                            | 1,840               | 2,313            | -                | -                |
| Less interest income                        | (652)               | (204)            | -                | (16)             |
| <b>Total Net Funding Costs</b>              | <b>1,188</b>        | <b>2,109</b>     | <b>-</b>         | <b>(16)</b>      |

**Note: 5 Taxation**

|  | <b>Distribution</b> |                  | <b>Retail</b>    |                  |
|--|---------------------|------------------|------------------|------------------|
|  | <b>31-Mar-99</b>    | <b>31-Mar-98</b> | <b>31-Mar-99</b> | <b>31-Mar-98</b> |
|  | <b>\$000</b>        | <b>\$000</b>     | <b>\$000</b>     | <b>\$000</b>     |
| <b>Current Period Tax Expense</b>              |                     |                  |                  |                  |
| Earnings before tax and capital notes interest | 8,269               | 6,354            | (1,165)          | (373)            |
| Prima facie taxation at 33 %                   | 2,729               | 2,097            | (384)            | (123)            |
| Plus tax effect of permanent differences       | 475                 | 202              | (52)             | (15)             |
| <b>Tax expense</b>                             | <b>3,204</b>        | <b>2,299</b>     | <b>(436)</b>     | <b>(138)</b>     |

The tax expense is represented by:

|              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|
| Current tax  | 3,098        | 2,254        | (436)        | (135)        |
| Deferred tax | 106          | 45           | -            | (3)          |
|              | <b>3,204</b> | <b>2,299</b> | <b>(436)</b> | <b>(138)</b> |

**Deferred Tax Reconciliation**

|                                 |          |            |           |           |
|---------------------------------|----------|------------|-----------|-----------|
| Balance at beginning of period  | 106      | 151        | 64        | 61        |
| Movements during the period     | (106)    | (45)       | -         | 3         |
| <b>Balance at end of period</b> | <b>-</b> | <b>106</b> | <b>64</b> | <b>64</b> |

All deferred tax liabilities are provided for as a consequence of the change in accounting policy.

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*

**TRANSALTA NEW ZEALAND LIMITED**

**Notes to and forming part of the Financial  
Statements (Continued)  
For the Year Ended 31 March 1999**

**Note: 6 Share Capital and Capital Notes**

|               | <b>Distribution</b> |                  | <b>Retail</b>    |                  |
|---------------|---------------------|------------------|------------------|------------------|
|               | <b>31-Mar-99</b>    | <b>31-Mar-98</b> | <b>31-Mar-99</b> | <b>31-Mar-98</b> |
|               | <b>\$000</b>        | <b>\$000</b>     | <b>\$000</b>     | <b>\$000</b>     |
| Share capital | -                   | 17,199           | 631              | 631              |
| Capital notes | -                   | 13,301           | -                | -                |

**Capital Notes**

The Capital Notes were issued under a Trust Deed between the parent company and The New Zealand Guardian Trust Company Limited as trustee. The Capital Notes are unsecured, subordinated, fixed interest securities of the parent company issued at a face value of \$1.00 (the "Principal Value"). The Notes are subject to early redemption or conversion at the option of the parent company on 1 October each year prior to 1 October 2001 (the "Maturity Date"). Noteholders may be required to convert their Capital Notes into ordinary shares of the parent company on the "Maturity Date" at a value equal to the Principal Value plus accrued and unpaid interest on the Capital Notes. For this purpose, ordinary shares will be valued at 98% of the average sell price quoted on the New Zealand Stock Exchange at the close of trading for the 10 business days prior to conversion.

Alternatively, the parent company may elect to purchase, redeem, or extend the terms of the Capital Notes on the Maturity Date. Noteholders can trade their Capital Notes on the New Zealand Stock Exchange. The interest rate on the Capital Notes is 9.84% per annum, payable semi-annually in arrears on 1 April and 1 October each year, beginning 1 April 1997.

**Note: 7 Asset Revaluation Reserve**

|                                | <b>Distribution</b> |                  | <b>Retail</b>    |                  |
|--------------------------------|---------------------|------------------|------------------|------------------|
|                                | <b>31-Mar-99</b>    | <b>31-Mar-98</b> | <b>31-Mar-99</b> | <b>31-Mar-98</b> |
|                                | <b>\$000</b>        | <b>\$000</b>     | <b>\$000</b>     | <b>\$000</b>     |
| Balance at beginning of period | -                   | -                | -                | -                |
| Revaluation of metering assets | -                   | -                | 317              | -                |
| <b>Total Current Assets</b>    | -                   | -                | 317              | -                |

**Note: 8 Current Assets**

|                                       | <b>Distribution</b> |                  | <b>Retail</b>    |                  |
|---------------------------------------|---------------------|------------------|------------------|------------------|
|                                       | <b>31-Mar-99</b>    | <b>31-Mar-98</b> | <b>31-Mar-99</b> | <b>31-Mar-98</b> |
|                                       | <b>\$000</b>        | <b>\$000</b>     | <b>\$000</b>     | <b>\$000</b>     |
| Cash and short term investments       | -                   | 3,373            | -                | (92)             |
| Accounts receivable                   | -                   | 1,346            | 1,230            | 1,494            |
| Inventories                           | -                   | 192              | 75               | 6                |
| Assets intended for sale <sup>1</sup> | -                   | -                | -                | 10               |
| <b>Total Current Assets</b>           | -                   | 4,911            | 1,305            | 1,418            |

<sup>1</sup> This amount reflects the estimated net realisable value of assets of the Company which have been identified as being surplus to its requirements.

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*

## TRANSALTA NEW ZEALAND LIMITED

Notes to and forming part of the Financial  
Statements (Continued)  
For the Year Ended 31 March 1999

## Note: 9 Current Liabilities

|                                     | Distribution |              | Retail       |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
|                                     | 31-Mar-99    | 31-Mar-98    | 31-Mar-99    | 31-Mar-98    |
|                                     | \$000        | \$000        | \$000        | \$000        |
| Bank overdraft                      | -            | -            | 5,925        | -            |
| Creditors                           | -            | 824          | 1,118        | 1,422        |
| Accrued interest                    | -            | 1,784        | -            | -            |
| Provision for employee entitlements | -            | 119          | 42           | 56           |
| <b>Total Current Liabilities</b>    | <b>-</b>     | <b>2,727</b> | <b>7,085</b> | <b>1,478</b> |

## Note: 10 Fixed and Long Term Assets

| Distribution                            | Cost /<br>Current<br>Value | 31-Mar-99<br>Accumulated<br>depreciation<br>and<br>amortisation | Net Book<br>Value | Cost /<br>Current<br>Value | 31-Mar-98<br>Accumulated<br>depreciation<br>and<br>amortisation | Net Book<br>Value |
|---|----------------------------|---|-------------------|----------------------------|---|-------------------|
|   | \$000                      | \$000   | \$000             | \$000                      | \$000   | \$000             |
| <b>Network assets at valuation</b>      |                            |   |                   |                            |   |                   |
| Gas distribution                        | -                          | -   | -                 | 54,925                     | 1,199   | 53,726            |
| Capital work in progress                | -                          | -   | -                 | 1,172                      | -   | 1,172             |
|   | -                          | -   | -                 | 56,097                     | 1,199   | 54,898            |
| <b>Other assets at cost</b>             |                            |   |                   |                            |   |                   |
| Other fixed assets                      | -                          | -   | -                 | 1,057                      | 330   | 727               |
|   | -                          | -   | -                 | 1,057                      | 330   | 727               |
| <b>Total Fixed and long Term Assets</b> | <b>-</b>                   | <b>-</b>  | <b>-</b>          | <b>57,154</b>              | <b>1,529</b>  | <b>55,625</b>     |

The last independent valuation of Network assets was completed effective 1 April 1997. Price Waterhouse certified the valuation of the gas network as appropriate for inclusion in the financial statements. All subsequent additions are at cost.

| Retail                                  | Cost /<br>Current<br>Value | 31-Mar-99<br>Accumulated<br>depreciation<br>and<br>amortisation | Net Book<br>Value | Cost /<br>Current<br>Value | 31-Mar-98<br>Accumulated<br>depreciation<br>and<br>amortisation | Net Book<br>Value |
|---|----------------------------|---|-------------------|----------------------------|---|-------------------|
|   | \$000                      | \$000   | \$000             | \$000                      | \$000   | \$000             |
| <b>Assets at valuation</b>              |                            |   |                   |                            |   |                   |
| Meters                                  | 4,572                      | 175   | 4,397             | -                          | -   | -                 |
|   | 4,572                      | 175   | 4,397             | -                          | -   | -                 |
| <b>Assets at cost</b>                   |                            |   |                   |                            |   |                   |
| Other fixed assets                      | 1,924                      | 571   | 1,353             | 616                        | 163   | 453               |
| Capital work in progress                | 68                         | -   | 68                | 57                         | -   | 57                |
|   | 1,992                      | 571   | 1,421             | 673                        | 163   | 510               |
| <b>Total Fixed and long Term Assets</b> | <b>6,564</b>               | <b>746</b>  | <b>5,818</b>      | <b>673</b>                 | <b>163</b>  | <b>510</b>        |

The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.

The information should not be used for any other purpose than that intended under the regulations.

**TRANSALTA NEW ZEALAND LIMITED****Notes to and forming part of the Financial  
Statements (Continued)*****For the Year Ended 31 March 1999*****Note: 11 Financial Instruments**

The Company has a Treasury Management Policy to manage the risk associated with treasury financial instruments that is set by the Board of directors and monitored by a committee of the Board.

**Credit Risk**

Other financial instruments that potentially subject the Company to credit risk principally consist of accounts receivable, bank balances, short-term investments and treasury derivatives.

The Company completes credit evaluations on customers where possible and requires a bond to be paid when customers cannot demonstrate an adequate credit history.

The Company monitors the credit quality of the counterparties to its off-balance sheet financial instruments and does not anticipate non-performance by the counterparties.

Short term investments are made with counter parties with a minimum credit rating of A- long term and A-2 short term from Standards & Poors (or equivalent rating) subject to certain limits set by the Treasury Management Policy. The Company also has a limit on concentration of investments with any one institution or organisation.

Maximum exposures to credit risk included in the statement of financial position are:

|                                 | <b>Distribution</b> |                  | <b>Retail</b>    |                  |
|---------------------------------|---------------------|------------------|------------------|------------------|
|                                 | <b>31-Mar-99</b>    | <b>31-Mar-98</b> | <b>31-Mar-99</b> | <b>31-Mar-98</b> |
|                                 | <b>\$000</b>        | <b>\$000</b>     | <b>\$000</b>     | <b>\$000</b>     |
| Cash and short term investments | -                   | 3,373            | (5,925)          | (92)             |
| Accounts receivable             | -                   | 1,346            | 1,230            | 1,494            |

The above maximum exposures are net of any recognised provision for losses on these financial instruments. The Company is not exposed to any significant concentrations of credit risk.

**Interest Rate Risk**

The Company is exposed to interest rate risk on its short-term investments and on its borrowings.

The risk with respect to short-term investments is managed by diversification of investments and within exposure limits in accordance with the Treasury Management Policy.

The Company enters into financial instruments to manage the interest rate risk in relation to its borrowings in accordance with the Treasury Management Policy.

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*

**TRANSALTA NEW ZEALAND LIMITED****Notes to and forming part of the Financial  
Statements (Continued)  
For the Year Ended 31 March 1999****Fair Values****Distribution**

|                                 | 31-Mar-99  |            |                | 31-Mar-98  |            |                |
|---------------------------------|------------|------------|----------------|------------|------------|----------------|
|                                 | Face Value | Fair Value | Carrying Value | Face Value | Fair Value | Carrying Value |
|                                 | \$000      | \$000      | \$000          | \$000      | \$000      | \$000          |
| Cash and short term investments | -          | -          | -              | 3,390      | 3,381      | 3,373          |
| Capital notes                   | -          | -          | -              | 13,301     | 13,719     | 13,301         |
| Bonds                           | -          | -          | -              | 25,826     | 26,700     | 25,826         |
| Interest rate swaps             | -          | -          | -              | 18,555     | (80)       | (18)           |

**Retail**

|                                 | 31-Mar-99  |            |                | 31-Mar-98  |            |                |
|---------------------------------|------------|------------|----------------|------------|------------|----------------|
|                                 | Face Value | Fair Value | Carrying Value | Face Value | Fair Value | Carrying Value |
|                                 | \$000      | \$000      | \$000          | \$000      | \$000      | \$000          |
| Cash and short term investments | (5,925)    | (5,925)    | (5,925)        | (92)       | (92)       | (92)           |

The carrying value of accounts receivable and accounts payable are equal to their fair value.

**Currency Risk**

The Company has no significant exposure to currency risk at 31 March 1999.

**Note: 12 Commitments**

|  | 31-Mar-99 | 31-Mar-98 | 31-Mar-99 | 31-Mar-98 |
|--|-----------|-----------|-----------|-----------|
|  | \$000     | \$000     | \$000     | \$000     |
| <b>Capital Expenditure Contracted for at<br/>Balance Date</b>            | -         | -         | -         | -         |
| <i>Lease commitments under non-cancellable<br/>operating leases are:</i> |           |           |           |           |
| Not later than one year  | -         | 73        | 122       | 53        |
| Later than one year and not later than two years                         | -         | 67        | 119       | 49        |
| Later than two years and not later than five<br>years                    | -         | 156       | 171       | 114       |
| Later than five years  | -         | -         | 6         | -         |
| <b>Total Lease Commitments</b>   | -         | 296       | 418       | 216       |

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*

**TRANSALTA NEW ZEALAND LIMITED****Notes to and forming part of the Financial  
Statements (Continued)***For the Year Ended 31 March 1999***Note: 13 Disposal of Network Assets**

|                                 | <b>Distribution<br/>31-Mar-99<br/>\$000</b> |
|---------------------------------|---|
| Net assets sold                 |   |
| Network assets                  | 54,518                                      |
| Other fixed assets              | 257   |
| Current assets                  | 326   |
| Current Liabilities             | (111)                                       |
| Gain on sale of network         | 56,330                                      |
| Add back Sale costs             | 680   |
| <b>Cash received for assets</b> | <b>112,000</b>                              |

The gain on sale of network has not been included in the Statement of Financial Performance, as it does not relate to the on-going nature of the distribution business.

**Note: 14 Related Party Transactions**

The Company had the following transactions with related parties during the period:

|  | <b>Distribution<br/>31-Mar-99<br/>\$000</b> | <b>Distribution<br/>31-Mar-98<br/>\$000</b> | <b>Retail<br/>31-Mar-99<br/>\$000</b> | <b>Retail<br/>31-Mar-98<br/>\$000</b> |
|--|---|---|---------------------------------------|---------------------------------------|
| <b>TEC Group</b>                           |   |   |                                       |                                       |
| Purchase of bonds                          | 28,482                                      | -   | -                                     | -                                     |
| Interest paid and accrued on capital notes | 821   | 821   | -                                     | -                                     |
| Management fees paid                       | 11  | 37  | 9                                     | 31                                    |

No related party debts have been written off or forgiven during the year.

**Note: 15 Non-Current Liabilities****Bonds**

Subsequent to the sale of the electricity lines business the company redeemed all bonds on issue at 31 December 1998. A premium was also paid to compensate bondholders for the early redemption.

**Note: 16 Events After balance Date**

There were no significant events after balance date.

*The information disclosed in the 1999 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*



## **PART TWO**

### **PERFORMANCE MEASURES AND STATISTICS FOR THE YEAR ENDED 31 MARCH 1999**

**Pursuant To Regulations 15,16, 17 and 18 of the  
Gas (Information Disclosure) Regulations 1997**

**TRANSALTA NEW ZEALAND LIMITED****Performance Measures and Statistics  
For the Year Ended 31 March 1999****Regulations 15 and 16****1. Financial Performance Measures**

|  | <b>31-Mar-99</b> | <b>31-Mar-98</b> | <b>31-Mar-97</b> |
|--|------------------|------------------|------------------|
|  | <b>%</b>         | <b>%</b>         | <b>%</b>         |
| Accounting Return on Total Assets        | 16.9             | 14.9             | 14.9             |
| Accounting Return on Equity <sup>1</sup> | 11.5             | 17.9             | 24.7             |
| Accounting Rate of Profit <sup>2</sup>   | 9.9              | 8.4              | 9.8              |

<sup>1</sup> Debt and Capital Notes have been repaid.<sup>2</sup> ODV was assumed to be the same as the previous year.**2. Efficiency Performance Measures**

|  | <b>31-Mar-99</b> | <b>31-Mar-98</b> | <b>31-Mar-97</b> |
|--|------------------|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        | <b>\$</b>        |
| Direct Distribution Cost per Kilometre       | 623.31           | 1,087.31         | 3,191.90         |
| Indirect Distribution Costs per Gas Customer | 49.41            | 86.93            | 69.35            |

**Regulation 17****3. Energy Delivery Efficiency Performance Measures And Statistics**

|  | <b>31-Mar-99</b> | <b>31-Mar-98</b> | <b>31-Mar-97</b> |
|--|------------------|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        | <b>\$</b>        |
| Load Factor  | 60.1%            | 62.87%           | 60.9%            |
| Unaccounted-for gas ratio  | 0.5%             | 2.0%             | 2.0%             |
| System length (km)   | 960.2            | 928.9            | 906.2            |
| Maximum monthly amount of gas entering the system (gigajoules)   | 275,778          | 314,071          | 340,920          |
| Total amount of gas conveyed through the system during the year (gigajoules)   | 1,995,253        | 2,322,158        | 2,443,550        |
| Total amount of gas conveyed through the system during the year for persons not in a prescribed business relationship (gigajoules) | 102,942          | Nil              | Nil              |
| Total number of customers  | 26,148           | 25,468           | 23,576           |

*The information disclosed in the 1998 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.*

*The information should not be used for any other purpose than that intended under the regulations.*

**TRANSALTA NEW ZEALAND LIMITED****Performance Measures and Statistics (Continued)**  
***For the Year Ended 31 March 1999******Regulation 18*****4. Reliability Performance Measures**

|  | <b>31-Mar-99</b> | <b>31-Mar-98</b> | <b>31-Mar-97</b> |
|--|------------------|------------------|------------------|
| Unplanned interruptions in transmission system   | <b>N/A</b>       | <b>N/A</b>       | <b>N/A</b>       |
| Unplanned interruptions in distribution system<br>(other than as below)                                | <b>0.44</b>      | <b>0.16</b>      | <b>Nil</b>       |
| Unplanned interruptions in distribution system<br>(resulting from interruption of transmission system) | <b>Nil</b>       | <b>Nil</b>       | <b>Nil</b>       |

***The information disclosed in the 1998 Information Disclosure package issued by TransAlta New Zealand Limited has been prepared solely for the purposes of the Gas (Information Disclosure) Regulations 1997.***

***The information should not be used for any other purpose than that intended under the regulations.***



## **PART THREE**

**CERTIFICATION  
FOR THE YEAR ENDED 31 MARCH 1999**

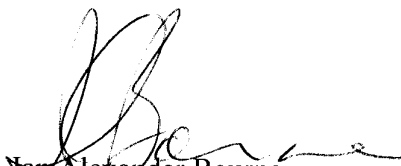
**Pursuant To Regulations 31 and 32 of the  
Gas (Information Disclosure) Regulations 1997**




**CERTIFICATION OF FINANCIAL STATEMENT,  
PERFORMANCE MEASURES, AND STATISTICS  
DISCLOSED BY PIPELINE OWNERS**

We, Ian Alexander Bourne and Murray Alec Nelson, directors of TransAlta New Zealand Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- (c) The attached audited financial statements of TransAlta New Zealand Limited, prepared for the purposes of regulation 6 of the Gas (Information Disclosure) regulations 1997 and comply with the requirements of that regulation; and
- (d) The attached information, being financial performance measure, efficiency performance measures, energy delivery performance measure, and statistics, and reliability performance measures in relation to TransAlta New Zealand Limited, and having been prepared for the purposes of regulations 15 to 19 of the Gas (Information Disclosure) Regulations 1997, complies with the requirements of those regulations.



Ian Alexander Bourne  
Director  
17 March 2000



Murray Alec Nelson  
Director  
17 March 2000

**Deloitte Touche  
Tohmatsu****CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS**

We have examined the attached financial statements prepared by TransAlta New Zealand Limited and dated 17 March 2000 for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, those financial statements give a true and fair view of the matters to which they relate and have been prepared in accordance with the requirements of the Gas (Information Disclosure) Regulations 1997.

*Deloitte Touche Tohmatsu.*

Deloitte Touche Tohmatsu  
Chartered Accountants  
Wellington  
New Zealand

17 March 2000

**Deloitte Touche  
Tohmatsu****CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS**

We have examined the attached information, being

- (a) Financial performance measures specified in clause 1 of Part 2 of Schedule 1 of the Gas (Information Disclosure) Regulations 1997; and
- (b) Financial components of the efficiency performance measures specified in clause 2 of Part 2 of that Schedule, and having been prepared by TransAlta New Zealand Limited and dated 17 March 2000 for the purposes of regulations 15 and 16 of those regulations.

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

Deloitte Touche Tohmatsu  
Chartered Accountants  
Wellington  
New Zealand

17 March 2000