



Year in Review

HOW THIS REPORT IS STRUCTURED

The next 32 pages provide examples and measures of Meridian's achievements in the 2001-2002 year, and outline our aspirations for the future. They contain information that would have been in either our Annual Report or Sustainability Report in previous years.

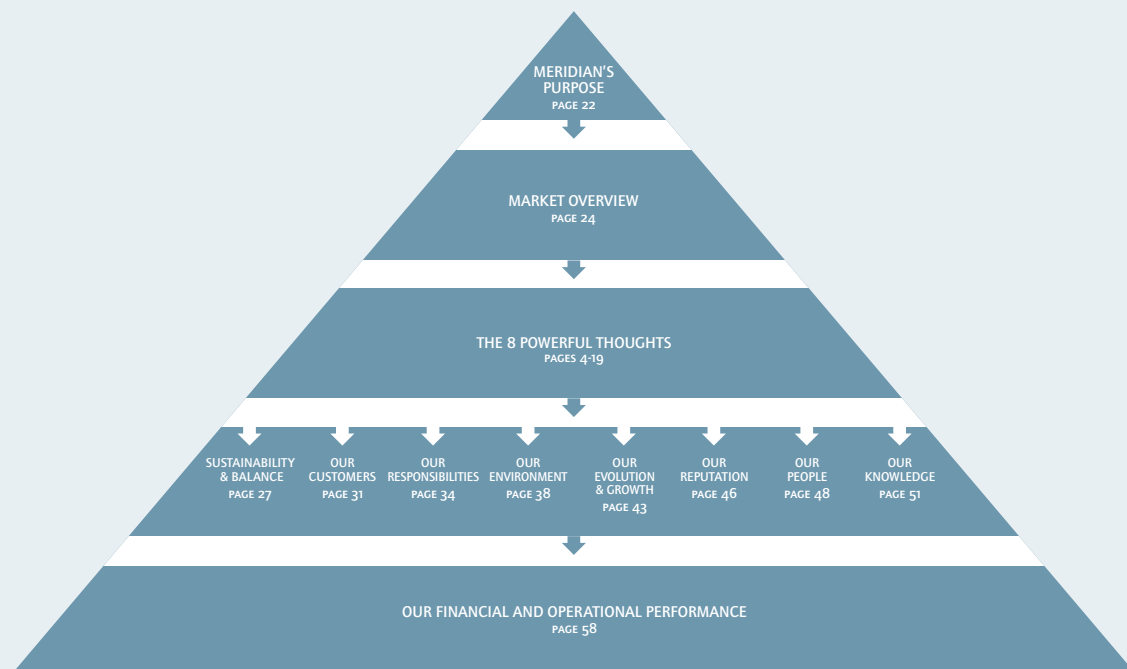
In combining the two reports we have chosen not to use a triple bottom line framework. We want to demonstrate how sustainable initiatives and practices cover all aspects of Meridian's business. We didn't want to have to decide whether a piece of information should go into the social, environmental or economic box.

Instead we have presented this report according to the themes covered in our 8 powerful thoughts, and added as many signposts as possible along the way to help readers.

To ensure consistency with other sustainable development reports, we have added a Global Reporting Initiative (GRI) index table on page 96 that indicates the GRI components that we have covered.

The diagram below shows how we have structured the following pages.

In previous years we have translated our Sustainability Report into te reo Maori. This year we have not translated the full combined report, but have versions available that contain the introduction and 8 powerful thoughts in te reo Maori.



MERIDIAN'S PURPOSE

"We've set ourselves up to be an organisation that is fit for the future."

KEITH TURNER CHIEF EXECUTIVE.

We express our vision according to the Peak Performing Organisations (PPO) framework (more details about PPO are on page 46). We call our strategic direction and intent our Purpose. It has three facets:



INSPIRATIONAL DREAM

Like any great team, we have determined what inspires us and lifts us to greater levels of performance. We call this our inspirational dream. For the past two years our inspirational dream has been to achieve *Creative Solutions with the Power of Nature*.

GREATEST IMAGINABLE CHALLENGE

What does a company with this aspiration aim for? This is expressed in our greatest imaginable challenge – to be *The Number One Sustainable Energy Company in Australasia*.

FOCUS

How do we do this? By focusing on growing the value of the company and making sure that our customers and stakeholders are treated with respect, receive the service they deserve and therefore become loyal and satisfied.

CORE BUSINESS

Meridian Energy's core business is the generation, trading and retailing of energy and wider complementary products and solutions within and outside New Zealand. These activities are supported by functions for growing the business and delivering corporate and technology requirements.

ORGANISATIONAL DESIGN

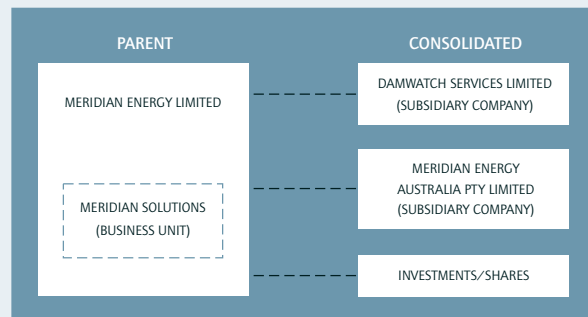
Meridian Energy was formed on 1 April 1999 following the break-up of ECNZ into three separate state-owned generator/retailer companies. Meridian remains wholly owned by the New Zealand Government.

Right from establishment we were determined to break the traditional utility company mould – to grow value by being a company based on relationships and creativity.

This is reflected in our organisational design. We have as little 'hierarchy' as possible and everyone works in an open plan office environment. We encourage our people to work across functional teams in a way we call 'hot wiring'. We have key strategic outsourcing relationships for significant parts of our operations to maximise business efficiency. These strategic alliances and partnerships are an integral part of our business framework.

OUR OPERATIONS

Meridian Energy Limited is a limited liability company with the following operating subsidiaries and business units.



The financial and operational performance section (page 58) reports on the consolidated group, as well as the parent (Meridian Energy Limited). The commentary pages and resource consumption figures in Appendix 1 are focused on the activities and resources of the parent.



OUR ASSETS

AUSTRALIA

NEW ZEALAND

- A** Pindari
- B** Copeton
- C** Glenbawn
- D** Burrendong
- E** Yarrowonga

- F** Wind Turbine
- G** Tekapo A
- H** Tekapo B
- I** Ohau A
- J** Ohau B

- K** Ohau C
- L** Benmore
- M** Aviemore
- N** Waitaki
- O** Manapouri

- P** Blue Mountain Lumber
- Q** Dunedin Energy Centre

● Meridian Offices

MARKET OVERVIEW

MACROECONOMIC ENVIRONMENT

NEW ZEALAND'S ENERGY NEEDS

New Zealand's electricity supply system is coming under increasing pressure. The dry winter of 2001 was a real test.

New Zealand's energy demands are growing strongly, particularly as a result of our recent surge in economic growth. Based on expected demand growth, the current generation system may be unlikely to be able to meet demand, requiring additional generation capacity by 2005¹. Without new, low-cost production coming on-stream at about that time, New Zealand may not be able to maintain its low electricity costs as a core competitive advantage.

At the same time the Maui gas field is depleting faster than had been predicted. The uncertainty of long-term gas supply is a concern for proposed new gas-fired generation projects.

If we are to be able to meet the predicted demands, decisions for new generation will need to be made soon. This has thrown a challenge to the electricity industry, and we find ourselves once again turning to technologies that use renewable resources – wind and water.

New Zealand has great potential for wind generation, and that could provide a stop-gap. Wind farms are relatively fast to construct, but our remoteness from major equipment suppliers and the long permitting time involved could be barriers to this solution. Meridian is actively investigating wind generation possibilities.

We have continued our investigations into the Project Aqua hydro generation development proposal for the lower Waitaki River. We believe that as well as meeting our growing electricity needs, this project would deliver direct benefits to the local community, through irrigation and other recreational facilities.

Like many other New Zealand producers, weather variability is a fact of life for us. If we experience wet conditions over the next few years, the need will not be as urgent. But just because our electricity supply issues are not always visible does not mean they are not there.

We must also be conscious that increased demand not only tests our existing generation capacity, it also puts strain on our transmission systems. As we seek to find solutions to increases in energy demand, we must be mindful that transmission issues have the potential to limit the efficient flow of electricity.

DEMAND-SIDE INITIATIVES

The 2001 winter made New Zealand's electricity supply risks abundantly clear to the whole economy. For the first time in recent history many businesses faced the realisation that we do not have an endless supply of low-cost electricity.

Since then, many businesses and industries have re-evaluated their electricity use. The motivation for some came last winter when we all faced the very real threat of blackouts and some businesses were receiving incentives to not use electricity. For others the motivation came when fixed price contracts came up for renewal and market risks were reflected in higher prices and changing contracts.

For its part, Meridian now has many industrial customers on combined fixed and spot pricing arrangements (see page 52 for the full story) and we are keen to expand this demand-side interaction.

COMPETITIVE ENVIRONMENT

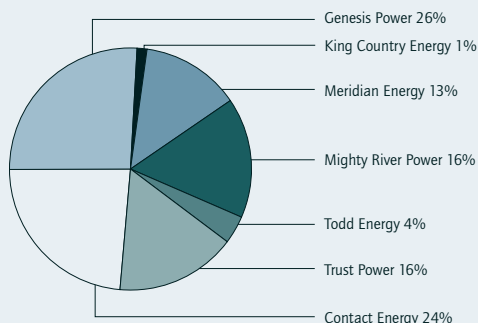
Meridian Energy's retail operations have grown considerably in the past year. In July 2001 we purchased the South Island customer base of On energy, and we now supply electricity to over 230,000 commercial, industrial and residential customers. We also supply the Bluff Aluminium Smelter on long-term contracts with power equivalent to supplying 625,000 households. We are the only national retailer².

¹Electricity Supply and Demand to 2015 discussion document. Sinclair Knight Merz and the Centre for Advanced Engineering. Sixth edition, October 2002.

²Based on Ministry of Economic Development – Domestic electricity prices available up to 15 May 2002. Meridian Energy is the only retailer with tariffs in each network area.

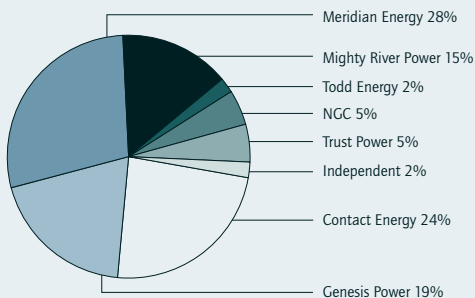
The charts below show our customer base and our generation capacity relative to those of others in the industry.

MARKET SHARE – CUSTOMER BASE



Figures from NZEM Market Report January 2001-December 2001

MARKET SHARE – GENERATION



Figures from NZEM Market Report January 2001-December 2001

Actual industry-wide production figures from last year are likely to be quite different. The low inflows of last winter led to very difficult production conditions for Meridian as we carefully managed our lake storage to ensure that blackouts did not occur. For further details of how we managed the dry year, turn to page 27.

REGULATORY ENVIRONMENT

INDUSTRY

Over the last year Meridian has been heavily involved in the industry reform process. We have expressed concern at the potential overarching impacts of the proposed industry rulebook on our long-term and pre-existing Comalco arrangements. We also want transmission arrangements to be fair and non-discriminatory and facilitate efficient investment

decisions. We are concerned that fast and efficient transmission development may not be possible, to the detriment of all New Zealanders.

In January 2002 the Electricity Complaints Commission was established through a voluntary industry initiative to provide electricity consumers with assistance in resolving complaints about electricity lines and retail companies. We were closely involved in this development and are pleased that the appointment of the Electricity Complaints Commissioner will provide additional support for electricity customers.

Our water reserves are precious. In an ideal world we would like to be able to generate electricity using every drop, but unfortunately a very small amount of hydro spill is unavoidable and necessary if we are to meet our lake level or recreational obligations. To provide more transparency for spill information we are voluntarily reporting hydro spill as part of an industry-wide initiative to make this information more widely available.

We now feature weekly, monthly, and quarterly reports of spill quantities and reasons for the spill on our website, along with information on the levels of our lakes. A summary of hydro spill amounts and reasons for the occurrence is provided in Appendix 1 on page 95.

We are also contributing information to support publication of a hedge price index that aims to assist purchasers in planning and decision making.

We look forward to further work on developing Financial Transmission Rights and processes to devise and confirm an appropriate transmission pricing methodology.

POST WINTER REVIEW

In September 2001 the Government undertook a Post Winter Review of the way New Zealand's electricity system functioned over the winter of 2001. It found that in the most severe winter on record, the market worked and that generators worked appropriately given the hydrology circumstances.

This resulted in a refinement of the Government Policy Statement on further development of the electricity industry, outlining a timetable and lead organisations for each initiative.

We have actively participated in developments throughout the year to ensure ongoing improvement in the electricity sector.

ENERGY EFFICIENCY AND CLIMATE CHANGE

There are a number of Government initiatives that we believe provide future opportunities for Meridian to grow, particularly given our current generation portfolio.

- We believe that the target outlined in the National Energy Efficiency and Conservation Strategy of a 20% improvement in economy-wide energy efficiency by 2012 is positive and appropriate.
- We support the National Energy Efficiency and Conservation Strategy's intention to incentivise the development of renewable energy generation.
- We support changes to the Resource Management Act to explicitly recognise the importance of developing renewable energy generation for our country.
- We are identifying business opportunities that will arise from the Government's ratification of the Kyoto Protocol.

The existing climate change initiatives in New Zealand and internationally will not completely resolve the climate change issue. These initiatives will need to be carefully monitored and if necessary further policy and mechanisms developed to ensure New Zealand reaches its emission reduction, renewable energy and energy efficiency targets.

MEMBERSHIP OF INDEPENDENT ORGANISATIONS

We continue to participate as a member of the New Zealand Business Council for Sustainable Development (NZBCSD), with Chief Executive Keith Turner sitting on the executive committee. As part of our involvement this year we have participated in the Climate Change Project which has analysed potential climate change business opportunities and produced a practical New Zealand guide to greenhouse gas emissions accounting and reporting.

Meridian Energy is a corporate member of the Institute for the Study of Competition and Regulation (ISCR). We are represented on the ISCR Board and our staff benefit from seminars from the Institute on research that is relevant to Meridian's business.



1. SUSTAINABILITY AND BALANCE

OUR THOUGHT: **If you take something out, you've got to put something back. Balance is a life necessity.**

- HIGHLIGHTS:**
- Second Manapouri tailrace tunnel commissioned
 - Generation and risk managed carefully during a period of record low inflows
 - Slight reduction in EBEX21 CO₂ footprint

- FUTURE:**
- Further integration of sustainable business practice into everything that we do
 - Update Meridian's sustainability policy to reflect the full integration of sustainability throughout our business practices

SUSTAINABILITY

This year, more than ever in Meridian's three-year history, we have demonstrated our commitment to integrating sustainability in everything we do.

We have given this broad concept meaning through much of our activity this year, such as through:

- Our management in a year that combined lowest inflows on record in the Waitaki catchment and well-below-average inflows in the Waiau catchment
- Our sharper focus on customers and stakeholder relations
- The consolidation of our interests in Australia
- Our plans for the future of the country's power generation.

When developing these initiatives we have asked some tough questions along the way.

Is it the best we can do environmentally?

How will it affect the people involved?

Is it good for the company?

The challenge in the coming year is to ensure that more people ask these questions for more projects throughout the company.

Our sustainability policy was developed in June 2000 and, like much of the sustainability thinking at the time, had a

strong environmental focus. We recognise that even in the past year we have grown beyond the scope of that policy.

"Sustainability is about striking a balance between economic, social and environmental considerations. Our management of lake levels last winter demonstrates how we have been able to achieve that balance."

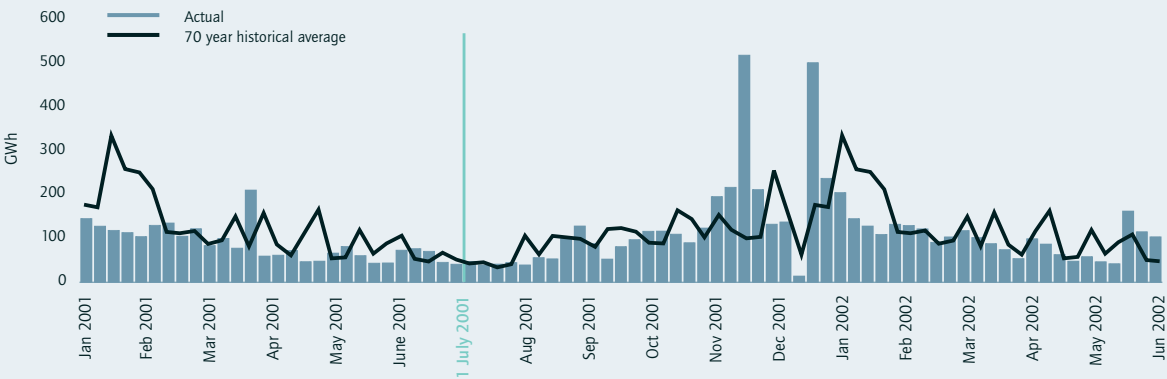
KEITH TURNER CHIEF EXECUTIVE

MANAGING A DRY YEAR

Last winter and spring saw the lowest inflows on record in the Waitaki catchment area and well-below-average inflows in the Waiau catchment area. We found ourselves having to balance potentially conflicting environmental, economic and social considerations.

- The low water levels meant we were unable to generate to our capacity. This, when combined with the demands of a cold winter, threatened the security of electricity supply in New Zealand. During the 2001-2002 year Meridian generated 11,105 GWh, significantly below the mean average production of 12,500 GWh per annum.

WEEKLY PUKAKI AND TEKAPO INFLOWS
JAN 2001-JUNE 2002



- We had to manage what water we did have very wisely to ensure we did not breach our resource consent restrictions.
- At the same time our financial performance was suffering as we were unable to generate our required levels, and we had to purchase some energy at high prices to meet our contracted supply obligations. When we purchased On energy's South Island customer base we agreed to meet its fixed price obligations despite the financial risk.

Across the industry all available power plant came into supply and spot prices peaked when winter demand arrived.

"While the country as a whole got through last winter with only minimal impact, it was an expensive exercise for Meridian. At times we were buying power in excess of \$250 per MWh from the spot market in order to deliver on contract obligations at \$50 per MWh or lower."

KEITH TURNER CHIEF EXECUTIVE

Meridian acted responsibly, and at significant cost helped to minimise the impact of the hydro shortage on all consumers. We worked with the Minister of Energy, the Energy Efficiency and Conservation Authority (EECA) and the rest of the industry on nationwide initiatives as well as directly with our customers to reduce their peak demand for electricity. These initiatives included:

- Helping our commercial customers audit their energy use to find areas for demand savings
- Identifying customers with back-up generators and providing incentives for them to use this alternative energy source by buying energy from them
- Providing energy efficiency information to our retail customers and offering an incentive if the national target of a 10% reduction was attained. We added daily updates of the national progress towards the savings target to the Meridian-sponsored One Weather Update on national television at 8.00pm each evening. The actual national savings achieved was about 7%
- Undertaking an internal energy savings drive at Meridian, achieving a 17% saving and making changes to our operations so we continue to be more energy efficient on an ongoing basis.



SECOND MANAPOURI TAILRACE TUNNEL

The commissioning of the second tailrace tunnel at Manapouri was a highlight for Meridian during the past year.

As well as significantly improving the efficiency of the Manapouri power station, the project has set a new benchmark for responsible management of a project in a World Heritage Area.

The first water came through the tunnel on 5 May 2002 and it was officially opened by Prime Minister Helen Clark on 25 May. At the opening ceremony she paid tribute to the successful completion of a major construction project in a highly sensitive natural environment with an excellent safety record.

Our construction partner Fletcher Dillingham Ilbau (FDI) completed the tunnel with an outstanding safety record. There was no loss of life or serious injury on the job during the five and a quarter years of construction, which is in stark contrast to the first tunnel and power station project, which cost 16 men their lives.

The second tailrace tunnel enables the Manapouri power station to generate 16% more electricity without using any more water to generate each GWh. That's an extra 640 GWh of electricity a year, enough to power an additional 64,000 homes.

MANAPOURI POWER STATION

Previous maximum output: 585 MW

New maximum output: 710 MW

GREENHOUSE GAS EMISSIONS

The additional 640 GWh produced by the second tailrace tunnel at Manapouri will avoid the emission of up to 376,000 tonnes of CO₂ each year that otherwise would have been produced by thermal power stations³. This has a significant impact on New Zealand's CO₂ footprint.

Meridian continues to explore other renewable projects to reduce greenhouse gas emissions in New Zealand that will assist New Zealand to meet its Kyoto Protocol and renewable energy targets.

Meridian is working on several greenhouse gas initiatives.

- We have participated in a project with the NZBCSD to assess our carbon footprint using the internationally recognised GHG Protocol. The GHG Protocol is an effective tool for assisting companies in quantifying their greenhouse gas emissions, however in its present form it is not easily applied to renewable energy organisations. The World Business Council for Sustainable Development has recognised this issue, and Meridian Energy and the NZBCSD are working towards finalising the best approach to take to this situation. A new projects chapter of the GHG Protocol is being developed that will assist with this.
- We are involved in an industry group developing a consistent approach to managing sulphur hexafluoride (SF₆), a high-intensity greenhouse gas used in high-voltage gas circuit breakers that, if released, has a high greenhouse gas impact. Initial estimates suggest Meridian's SF₆ emissions may be in the order of 70 tonnes CO₂ equivalent per annum.
- We are participating in the joint industry and Ministry for the Environment research into Methodologies for Projects to Reduce Greenhouse Gas Emissions.

The most significant issue to be resolved in the future is the electricity emission factor used to assess the greenhouse gas impact of new renewable energy and energy efficiency projects.

³ Based on the 1995 Voluntary Agreement to reduce CO₂ emissions between ECNZ and the Government. It states that each additional GWh of electricity generated by South Island renewable energy stations mitigates 587 tonnes of CO₂ emissions. Government officials are presently considering how to assess the emission reduction benefits of such projects in light of changes in the electricity sector.

CO₂ FOOTPRINT

Meridian's CO₂ footprint has been calculated using the same methodology as last year, Landcare's EBEX21 model. It shows a slight reduction on last year's CO₂ levels.

Next year we will be reviewing systems and reassessing which is the most appropriate model for Meridian Energy's business.

It is interesting to note that the impact of Meridian's CO₂ footprint for 2001-2002 was offset in just over one day's operation of the second tailrace tunnel at Manapouri⁴.

⁴376,000 tonnes per annum avoided CO₂ emissions from the second tailrace tunnel = 1030 tonnes of avoided CO₂ emissions per day.

"Sustainability is a concept that we want to build into everything we do. It encompasses things like being a responsible guardian of our assets and environment through to having sound infrastructure and processes that support our ongoing future and delivery of results. We are here for the long term not just tomorrow."

COMMENT ON SUSTAINABILITY FROM EMPLOYEE

SATISFACTION SURVEY, AUGUST 2001

CO₂ FOOTPRINT

ENERGY TYPE	2001	TCO ₂		
		(USING EBEX21 EMISSION FACTOR OF 149.3 G CO ₂ PER KWH)	(USING EBEX21 EMISSION FACTOR OF 168.9 G CO ₂ PER KWH)	
Electricity	2,365,068 kWh	353.1	2,465,000 kWh	416.3
Air – international	1,454,116 km	160.0	1,363,000 km	149.9
Air – domestic	1,942,499 km	349.7	1,795,000 km	323.1
Petrol	100,923 l	231.9	70,619 l	162.3
Diesel	15,869 l	41.5	12,086 l	31.6
Total		1136.1		1083.3

Assumptions:

- Electricity carbon emissions are based on the average CO₂ emissions per kWh of electricity generated in New Zealand. EBEX21 emission factors are sourced from the Ministry of Economic Development. The electricity consumption figures above do not include energy consumed at our generation facilities. As these are predominantly self-supply and they are generated from renewable resources the emission factor is zero.
- Energy usage is based on core Meridian activities and operations only. Information does not include activities associated with Australian assets, or those CO₂ related activities associated with the company's strategic partners.
- Petrol consumption for rental vehicles is extrapolated based on fuel consumption rates for Meridian-owned vehicles.



2.

OUR CUSTOMERS

OUR THOUGHT: We won't just mind our own business. We'll mind our customers' too.

- HIGHLIGHTS:**
- Integration of 116,000 former South Island customers of On energy
 - Customer satisfaction (rating as excellent, very good and good) increases from 73% to 81%
 - Calls answered within 20 seconds increase from 56% to 78%

- FUTURE:**
- Further increases in customer service indicators
 - Enhanced offers in all customer segments

"We have an account manager now who we can go straight to if we have any problems which makes things easier for our business."

BUSINESS CUSTOMER COMMENT
CUSTOMER SATISFACTION SURVEY, JULY 2002

INTEGRATION OF ON ENERGY CUSTOMERS

The first six months of this year saw a large team of Meridian people focused on integrating the newly acquired 116,000 South Island customers of On energy into our operations and systems. This project involved migrating customer information to our systems, and expanding our operations to service the new customers, which included employing and training 49 new customer service representatives and operations staff and moving our call centre to new, larger premises in Christchurch.

The project was completed on 17 December 2001, under budget and only one week over the project time line. In doing so we wanted to be absolutely sure that there was no disruption to customer service when the switchover was made. We are proud of this project, which was a finalist in the most successful project implementation category at this year's *Computerworld* Excellence Awards.

The acquisition of the On energy customers gave Meridian an increased share in the retail market previously expected to be achieved only after several years of acquisition campaigns. We continue to be open for business throughout New Zealand and are focused on making sure that our offers and customer service are competitive and meet our customers' needs.

CUSTOMER SERVICE

Customer service is an area of our operations that must be done right the first time. We recognise there has been considerable concern with our service delivery in the past and are pleased to report that during the past year our performance in key areas of customer service continued to rise. However we are aware further improvement is still required.

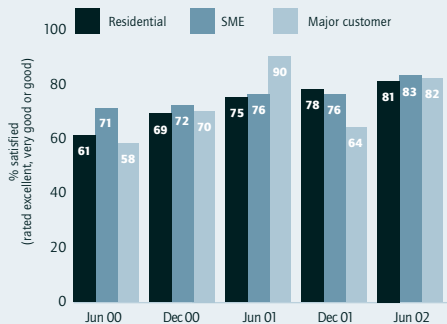
We know that corporate customers were unhappy when we put them on spot tariffs early in the year after their previous contracts expired. We have addressed this issue with a range of contract options and continue to work with them to develop other options to meet their needs. Read more about this issue on page 52.

We regularly monitor customer satisfaction levels across our three customer categories. The most recent survey found that for residential customers Meridian is starting to outperform competitors on key drivers such as responsiveness and resolving issues efficiently. But we realise that overall impressions of service in the energy industry are still low, and we are committed to further improvements.

CUSTOMER SERVICE PERFORMANCE

PERFORMANCE MEASURE	LAST YEAR	THIS YEAR ACTUAL	NEXT YEAR TARGET
Calls answered within 20 sec (%)	56	78	80
Customer satisfaction excellent, very good, good (%)	73	81	80
Switchouts that are compliant with industry standards (%)	N/A	98.5	100

CUSTOMER SATISFACTION IN KEY MARKETS



CUSTOMER INITIATIVES

During the winter of 2001 we piloted a web-based demand-exchange system that enabled customers to receive alerts from traders advising electricity market prices. This allowed customers to participate in a market so that when prices were high, they could choose to reduce electricity consumption and sell it back to us.

The successful trial was the first time this product has been used outside the United States. It continues to be used by some customers, although the lower prices of the 2002 winter have reduced demand.

We have listened to major customers and tailored a tariff structure to meet their needs (see the full story on page 52).

We continue to provide energy efficiency advice to all types of customer. This ranges from energy audits for large customers to energy saving tips in our residential newsletter *Currents*. We continue to offer the energy efficiency booklet we produced last winter to help all our customers do their bit to achieve the national electricity consumption savings targets.

Over the year we have introduced a low-user tariff in all network areas. This fulfils an obligation in last year's Government Power Package, where retailers are required to have a pricing option available where the fixed electricity charges make-up is no more than 10% of the total bill for customers consuming up to 8000 KWh per annum.



ENHANCED OFFERINGS

We have now re-organised our retail team so that we can be more responsive to customers' needs.

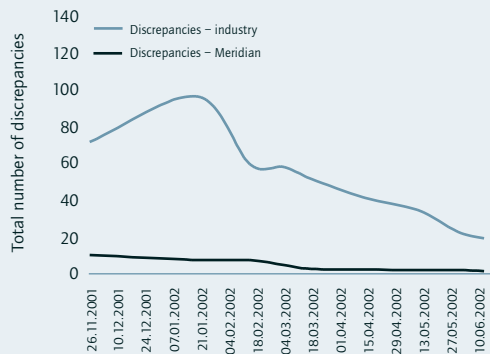
Over the next 12 months, we will be looking to enhance our offering to business customers to make sure we can offer service options to meet their requirements.

For our residential customers, we will make dealing with Meridian more convenient and efficient. We will also explore e-business solutions to improve customer consumption awareness and make it easier for customers to pay their bills.

We are also helping to address problems that have dogged the electricity industry since full deregulation, particularly in the customer switching area. We have been part of an industry initiative to eliminate discrepancies in the National Electricity Registry. As part of this project, we have modified our customer database and linked this directly to the Registry to ensure no further discrepancies develop. This will improve the customer switching process and ensure more accurate billing.

The graph below shows the number of industry discrepancies that have been identified and the proportion that are specific to Meridian.

DISCREPANCIES IDENTIFIED



MERIDIAN SOLUTIONS

Our energy and utility services business unit Meridian Solutions is getting very close to customers. It partners with large industrial customers to provide total energy solutions. This means putting our energy assets on their sites or releasing capital for core business expansion by purchasing their assets from them, and operating them for the long term. Our projects supply end-use energy such as steam, while also helping customers to reduce energy consumption.

Meridian Solutions has had a successful year developing projects and entering into agreements with large industrial customers in the food, forestry, health and manufacturing industries. See page 43 for more details.

“With Meridian Solutions, we’re putting our assets on their sites and locking into a business partnership for 15 years. We’re becoming their total energy supplier, and we’re doing what we know well. That means they’re able to use their own capital to do what they do well.”

KEITH TURNER CHIEF EXECUTIVE

3.

OUR RESPONSIBILITIES

OUR THOUGHT: We answer to you. Because ultimately, we work for you.

- HIGHLIGHTS:**
- After-tax profit of \$84 million
 - Payment of \$173 million in ordinary and special dividends
 - Direct contribution of over \$56 million into the local economies through outsourced services and salaries, and in doing so, developing the skills and talents of New Zealanders
 - Continued our strong sponsorship portfolio, including sponsorship of the Australasian premiere of *The Lord of the Rings: The Fellowship of the Ring*

- FUTURE:**
- Further development of sponsorship portfolio to reflect brand and sustainability objectives

OUR PROFIT

We take our responsibility as an SOE very seriously.

The State-Owned Enterprises Act 1986 requires us to be "as profitable as comparable businesses not owned by the Crown".

Our after-tax profit of \$84 million is less than last year's but was severely impacted by the events of last winter:

- Our generation capacity was reduced owing to record low inflows into our storage lakes
- We faced an increased cost of winter energy purchases to meet contracted supply that could not be met by our own generation output.

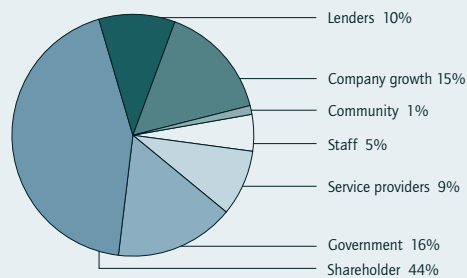
During the year we paid dividends of \$173 million, which included a \$100 million special dividend as we move towards our desired gearing of 35% debt to debt-plus-equity ratio (for more details, refer to note seven on page 74).

Meridian's contribution to New Zealand's economy is significant. We have an asset base of \$2.6 billion, and our revenue was \$1.1 billion this financial year (for more details see the Statement of Financial Performance on page 65).

The graph (right) shows the major areas where cash was distributed. After taxes, return to lenders and a return to

shareholders, over \$56 million went directly into the New Zealand economy through outsourced services and salaries. By outsourcing significant parts of our business we are giving contractors in Twizel and Manapouri an opportunity to develop their businesses beyond Meridian.

DISTRIBUTION OF CASH VALUE-ADDED AMONGST STAKEHOLDERS



"My own values come in quite strongly. I'm a passionate New Zealander and I feel strongly about New Zealand being a great country to live in, having the environment that it wants and the economic wealth it aspires to."

KEITH TURNER CHIEF EXECUTIVE



COMMUNITY RESPONSIBILITIES

As an SOE we are also required to be “an organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage those interests when able to do so” (State-Owned Enterprises Act 1986).

We are committed to the people of New Zealand and get behind them through a number of national, regional and local sponsorships, and by forging strong relationships in the communities where we operate.

SPONSORSHIPS

We see sponsorship as a way of developing and supporting our brand and forging ongoing relationships with a diverse range of organisations, individuals and communities, a cross-section that we think represents the best of New Zealand and New Zealanders. We concentrate on developing strong relationships to support our financial contributions.

In the past year there were some innovative and memorable activities.

We seized the opportunity to sponsor the Australasian premiere of *The Lord of the Rings: The Fellowship of the Ring*, the Academy Award-winning film that put parts of New Zealand where we are based on screens all over the world.

We won the Edge Pathway Award for the best partnership between a business and the arts at the *National Business Review* Sponsorship of the Arts awards. This was for our partnership with the Royal New Zealand Ballet and its groundbreaking production of *Ihi FrENZY*, which combined the talents of the Ballet and Maori performance group Te Matarea I Orehu.

“It has been the most spectacular opening and when I spoke at the dinner last night I gave Meridian a plug for many things. One I didn’t mention was its role as a sponsor of the arts.”

RT HON HELEN CLARK PRIME MINISTER

AT THE OPENING OF THE SECOND MANAPOURI TAILRACE TUNNEL, 25 MAY 2002

SOME OF OUR SPONSORSHIP ACTIVITIES

ORGANISATION

NATURE OF SPONSORSHIP

Arts

Royal New Zealand Ballet	Principal sponsor and naming sponsor of the Meridian Energy season of <i>The Hunchback of Notre Dame</i> .
Katherine Mansfield Memorial Fellowship	New Zealand’s leading literary award. Wellington poet Jenny Bornholdt spent six months during 2002 in Menton, France where Katherine Mansfield lived and worked.
Wellington Sculpture Trust: Meridian Energy Wind Sculpture Project	Capturing Wellington’s wind and building on the iconic status of the Wellington wind turbine. Awarded in 2002 to Phil Price’s entry, <i>Zephyr</i> .
New Zealand String Quartet	Chair Sponsor of the viola. The NZSQ is gaining a leading reputation on the world stage.

Community

Wellington Kiwi Can Trust	Funding and support for this self-esteem programme run in Wellington primary schools.
Oamaru Victorian Heritage Festival	Celebrating the uniqueness, history and magnificent Victorian era architecture of Oamaru.
Community Sponsorship Programme	Based in communities around our generating assets, Meridian works with communities on initiatives to create ongoing value for both parties.
Plunket Society	The bastion of Kiwi culture helping keep our kids healthy.

Sport

Canterbury Rugby	Meridian is proud to support Canterbury Rugby, from school rugby to the NPC team.
South Island Rowing	Support for all levels of rowing from the Regional Coach visiting schools to the educational scholarships at the Christchurch rowing academy, and the rowing complex at the back door of our generating assets, Lake Ruataniwha.
Sporting individuals	World champion mountain runner and Sportswoman of the Year Melissa Moon, swimmer Helen Norfolk, skier Alana Gould, fencer James Tabak and runner Erin Montgomery.

CASE STUDY: KIWI CAN

We support the Kiwi Can self-esteem programme that runs in Wellington primary schools. It is a great illustration of our approach to sponsorship relationships.

We chose to get behind the programme because we recognise that while we are the caretakers of New Zealanders' assets now, today's school children are the caretakers of tomorrow. The Kiwi Can programme equips them with the values and self-respect they'll need to undertake that job.

As well as providing funding and fundraising support for the programme, Meridian staff get involved and visit a 'buddy school' several times during the year as mentors and role models.

The programme ran at 10 schools in the Porirua and Hutt Valley areas during the 2001-2002 year and further significant growth is expected in the coming year.

Special Kiwi Can classrooms and curriculum time put aside for Kiwi Can team leaders to reinforce positive values gives children increased self-respect and helps the schools reduce bullying, vandalism, and truancy. The results are now being shown in the schools' Education Review Office reports, with Kiwi Can being mentioned specifically as a contributor to the well-being of students and whanau⁵.

"The children who have experienced Kiwi Can for a length of time have made fundamental shifts in their thinking and behaviour... We have been encouraged by the increasing ability of our children to treat each other with greater consideration and deal with conflict situations in a more appropriate and non-violent manner."

BARBARA HAY PRINCIPAL, STOKES VALLEY SCHOOL

COMMUNITY RELATIONS

As a large regional employer and through the scale of our operations, Meridian Energy is a prominent member of the Mackenzie, Waitaki Valley and Southland communities. This is a role not taken lightly. We make a point of talking about our business activities with the communities within which we operate, and work with them in developing and supporting initiatives that invest in their futures.

Meridian also benefits from these activities by being an active member in communities and from the ongoing communication with community members, who are not only stakeholders but often employees or associated with us through our business activities.

In addition to providing funding for initiatives, we are often able to add value by providing ideas or non-financial resources. We also run a sponsorship programme that primarily supports long-term initiatives but are also involved in new initiatives that reflect our interest in education, culture and tourism.

Initiatives that we sponsor annually include the Kayak Challenge on the Ohau hydro canals, the Aviemore Classic Yacht Race, the Waimate Christmas Lights, That Dam Run in Otematata, the Te Anau Flower Show, A&P shows and education scholarships in Twizel, Kurow and Fiordland secondary schools.

Over the last 12 months, some of the new initiatives in which we have been involved include:

- Uniforms for the Twizel Junior Netball Club
- Waitangi celebrations at Elephant Rocks, Duntroon
- The Great Moa Hunt, Waitaki Valley
- The Fairlie community website – photo competition
- Community newsletters
- Southland Conservation Awards
- A watercooler and gumboots for Twizel Kindergarten.

⁵Education Review Office Report, Stokes Valley School, July 2002.



We've also been in the position to distribute funds donated to us by organisations using our hydro canal roads for filming. These funds have been distributed to initiatives such as:

- An educational trip for Mt Cook school students
- A sun-sail for the Tekapo School
- Educational equipment for Twizel Area School Creche
- Mobile cooking facilities for Lake Tekapo Lions Club.

In addition to the sponsorship work, Meridian Energy owns and operates visitor centres located at the Benmore and Manapouri power stations that display historical and current information and offer onsite tours of the power station. The Manapouri visitor centre alone receives around 40,000 visitors each year.

CASE STUDY: TWIZEL PROMOTIONS AMBASSADORS

Meridian's Community Relations Advisor attended a community meeting that was discussing the upcoming Maadi Cup rowing regatta, which brings around 10,000 people to Twizel biannually. One of the challenges that the community faced was disseminating information regarding entertainment, attractions, dining and other information to the visitors. Through discussions, the suggestion was made that a group of easily identifiable volunteer 'ambassadors' would provide a solution.

The community agreed and the Twizel Promotions Ambassadors were formed, complete with bright new uniforms provided by Meridian. Their first engagement was the 2002 Maadi Cup rowing regatta and their presence was very successful. Their future engagements include the opening of the Twizel Community Centre in September and the 'Hard Labour Weekend' scheduled for Labour Weekend 2002.

SPECIAL RELATIONSHIPS

We have particularly strong relationships with Ngai Tahu, the Guardians of Lakes Manapouri, Monowai and Te Anau, the Waiiau Working Party in Southland, the Department of Conservation and Fish and Game. We approach them as partners and seek to work collectively to ensure that all environmental issues are adequately addressed.

Our work with Ngai Tahu has been formalised through a relationship agreement that outlines a framework for working together. This ranges from the annual meeting of our leaders to consultation and working directly with local runanga on local projects and issues.

We have formal meetings with the Guardians of Lakes Manapouri, Monowai and Te Anau twice a year, and we report on the operational management of our lakes on a weekly basis. This year we worked with the Guardians on a review of the high range for Lake Te Anau, which we have submitted to the Ministry of Economic Development in application to re-gazette the lake operating guidelines.

"Out of all the companies we deal with, Meridian have treated us better than anyone. They have been very sensitive and have gone out of their way to help us."

NGAI TAHU REPRESENTATIVE

ENVIRONMENTAL STAKEHOLDER SURVEY, AUGUST 2001

4.

OUR ENVIRONMENT

OUR THOUGHT: **Our power comes from nature. And we're making it work for us.**

HIGHLIGHTS:

- Second tailrace tunnel project at Manapouri completed to extremely high environmental standards
- No major non-compliance events

FUTURE:

- Continue to maintain and enhance our excellent environmental performance

OUR TRACK RECORD

We believe that good environmental management is good business. At the core of our operations is our aim to harness energy provided by nature for all New Zealanders. Our engineers work on the best and most efficient ways of doing this, and our environmental team manages the environmental footprint of our operations.

We are proud of our track record as a responsible operator. For the past three years our environmental stakeholders (including government agencies, local government, environmental groups, iwi and community groups) have provided positive feedback regarding our working relationship with them and our association with the unique environment within which we are privileged to operate.

"Meridian's long-term view is like a farmer turning the land for his son."

ENVIRONMENTAL STAKEHOLDER SURVEY, JULY 2002

This comment reflects our long-term commitment to achieve the optimum sustainable outcome for New Zealanders, the environment, the communities within which we operate, and of course our business.

ENHANCING THE ENVIRONMENT

We acknowledge that the hydro developments we operate have modified the local environment, so we work to ensure that native flora and fauna are protected as much as possible and resources are made available to carry out research in these areas.

Project River Recovery continues to protect and enhance the braided river habitat in the Upper Waitaki Basin by controlling weed in seven major rivers as well as conducting research around the predator threat to the native black-fronted terns and banded dotterels.

Project River Recovery is funded by Meridian and managed by the Department of Conservation. A highlight of the year was the publication of a five-year study of predation on river birds in the prestigious international journal, *Biological Conservation*. This research has attracted significant attention, and has put Project River Recovery at the forefront of research-based conservation. This year also saw the production and distribution of the highly popular *Braided River Field Guide*. The Department of Conservation and Meridian Energy worked together to produce and distribute this free book that covers a diverse range of riverine plants and animals. The high demand for the *Braided River Field Guide* has necessitated a second printing, and demonstrates New Zealanders' strong interest in these unique rivers and wetlands.



We also work closely with representatives of the Waitaki Native Fish Committee to ensure that native fish life and the aquatic ecosystems around our operations are protected and nurtured. The Committee was established in 2000 as part of an agreement between Meridian and Ngai Tahu, and is made up of representatives from Te Runanga o Arowhenua, Te Runanga o Waihao and Te Runanga o Moeraki.

In 2002 we assisted the Committee with initial research into the downstream transfer of migrating eels. To date, the focus has been on trapping young eels – elver – at Waitaki power station and transferring them upstream to Lake Benmore. Enhancing knowledge and assisting with downstream transfers will contribute towards enhancing the future sustainable lifecycle of eels in the catchment.

We continue to assist with upstream elver transfer at Manapouri, where they are affected by the Manapouri Lake Control (MLC) structure at the confluence of the Mararoa and Waiau Rivers. We also support Te Waiau Mahika Kai Trust with downstream transfer of eels and we are working with the Waiau Working Party to trial modified hydrological conditions in the vertical slot fish pass at the MLC to test its suitability for native fish passage.

The vertical slot fish pass continues to work successfully for trout passage, and Fish and Game continues to track trout to establish their migration patterns after they have used the pass. The results of the survey are expected to be complete by September 2002.

We also use our best endeavours to aid the spawning of rainbow trout on the Upper Waiau River between July and August. During this time, flows in the river are managed at a slightly lower level than normal, and kept as steady as possible. Meridian works with Fish and Game to monitor the flow and create conducive conditions for spawning. Managed flow conditions help ensure the holes within which eggs are laid (redds) remain oxygenated and do not dry out before juvenile trout swim free.

“It’s a difficult balancing act and they do it very well.”

ENVIRONMENTAL STAKEHOLDER SURVEY, JULY 2002

MONITORING

Meridian undertakes ongoing monitoring of the environment in areas where there is a potential impact from both our day-to-day and long-term management of rivers and lakes within both the Waitaki and Manapouri catchments.

Our consent compliance programme is the most significant component of Meridian’s environmental management system. Meridian holds approximately 60 consents for the direct operation of the nine power stations. All consents set limits on hydrological activity such as lake levels and river flows, and these conditions are fully embedded within the automated generation control systems. This continual hydrological management is part of our ongoing operational monitoring, and in addition to this, we undertake extensive effects-based monitoring.

Effects-based monitoring is also designed into the resource consents, and concentrates on specific aspects of the environmental system within which Meridian operates. We monitor these areas and impacts to ensure we are managing our operations effectively. Meridian also funds additional environmental projects (ie outside resource consent requirements) to address any concerns and initiatives that may be raised by our stakeholders.

The following surveys were undertaken during the last year as part of our effects-based monitoring programme:

- Geomorphological surveys
- Beach stability assessments
- Native fish and bird surveys
- Various studies on periphyton (algae), macroinvertebrates (insects) and aquatic macrophytes (plant life).

Our freshwater discharge into Deep Cove necessitates the ongoing monitoring of rock wall communities and black coral in the Doubtful Sound area, as well as the behaviour of the low salinity layer in the Sound. Meridian communicates the results of these studies with interested stakeholders.

CASE STUDY: BEACH CHANGES IN LAKES MANAPOURI AND TE ANAU

Beach behaviour and stability are assessed every five years to determine the effects of the lake level management regime on the stability of the lakes. The surveys and observations from the June 2002 survey indicate beaches are in good health and therefore operation of the Manapouri power station, in accordance with the operating guidelines, is effective in maintaining beach stability. In particular, the behaviour of beaches is consistent with those not subject to hydro operation management.

CASE STUDY: LITTORAL MACROPHYTES IN LAKES MANAPOURI, TE ANAU AND HAUROKO

In April 2002 NIWA undertook a five-yearly survey of the submerged aquatic plant community at 15 sites in both Lakes Te Anau and Manapouri, and at 13 sites in the control Lake Hauroko. Management of the water levels in Lakes Te Anau and Manapouri has the potential to impact on the aquatic flora in these lakes, especially in the littoral zone (ie lake edge). The result of the study complements the findings of earlier surveys completed in 1993 and 1997, with no adverse impact on the flora identified. The distributions and abundances of species have been stable over time and are in keeping with the expectations of unmanaged lakes in this area of New Zealand.

CASE STUDY: BLACK CORAL AT DEEP COVE

Meridian monitors the health of black coral and rock wall communities in the Doubtful Sound ecosystem, as part of the consent conditions to discharge fresh water into Deep Cove from the operation of the Manapouri power station.

When the second Manapouri tailrace tunnel was connected to the first tailrace channel, Meridian had to excavate material in-water. As black coral is regarded as the most sensitive species in the ecosystem, one of the key environmental impacts identified was the potential effect of sediment settling on the coral. To ensure their protection, a stringent monitoring programme was put in place which assessed the behaviour of sediment in Doubtful Sound and its resultant effects on these communities.

Twenty black coral colonies were assessed daily at four sites within Doubtful Sound over the period of excavation, including a reference site that was located away from the possible impacts of the sediment discharge.

Work was halted twice during excavation owing to potential impacts on the coral. However during the course of the excavation activities and following the completion of the project, all coral remained in a healthy state.

Through monitoring, Meridian and the Otago University marine science team gained significant knowledge of sediment behaviour in the fiord environment, and its impact on black coral and rock wall communities.

“The Lake Manapouri power station began its life as this country’s greatest environmental disaster. It taught the nation to protest and brought down a government... thirty years on, it is being celebrated as a model of eco-kindliness.”

AT THE END OF THE TUNNEL

BRUCE ANSLEY, NZ LISTENER, 15 JUNE 2002



RESPONSIBLE OPERATOR

We have again maintained a high level of environmental performance this year from our generation activities, and we continue our track record of no major non-compliance events and therefore no prosecutions. This level of performance is imperative for us to maintain our reputation as a trusted caretaker of a large portion of New Zealand's natural resources. Any incidents that have occurred are recorded in the table (right) and were all minor, with no resulting environmental effects.

When we began the second Manapouri tailrace tunnel project we wanted to leave Fiordland National Park in a better condition than when we found it. Through our environmental efforts and working with key stakeholders, we believe we achieved this goal. This was reinforced when this project was recognised internationally when it made the finals of the *Financial Times* Global Energy Awards in 2001.

As reported last year, in 2001 we completed the conversion of two of our gate control structures (Pukaki and Ohau canal inlet gates) from mineral oil to synthetic ester-based oil to reduce the environmental effects from any unexpected leakage. These gates were converted as they are the most frequently used gates in the scheme. We have been evaluating the performance of the new oil to determine its suitability for rolling out to other parts of our operations, and are currently assessing the opportunity to change the Tekapo canal intake gates below Lake George Scott from mineral to synthetic ester-based oil.

MANAPOURI	
TOTAL NON-COMPLIANCE INCIDENTS 2001-2002: 9 (LAST YEAR: 9)	
8	Events of minor turbidity/flow issues associated with releasing of flows at Manapouri Lake Control structure during turbid (ie discoloured water) events. In all cases, no turbid waters reached Lake Manapouri, as actions were taken to flush turbid water back through the gates.
1	Breach corresponds to requirement that flows shall not be increased and decreased during the same day. Minor event lasted one hour only when flow temporarily increased by 22 cumecs over a 1 hour period after decreasing previously.

WAITAKI	
TOTAL NON-COMPLIANCE INCIDENTS 2001-2002: 7 (LAST YEAR: 7)	
1	Minor non-compliance associated with ramping down rules associated with spilling at weir during high flow event. Ramping down rules require flow of 2 cumecs for 2 days. Actual flow over the weirs was slightly higher over this period.
3	Continuing minor issue with flow ratings for canal gates when releasing maximum flow into canal during periods when the lake level exceeds the maximum control limit.
1	Incident whereby maximum flows from station were in excess of consented limits. Represents only 0.3% of the time.
1	For a small duration, load changes exceeded the consented maximum during periods of spill flow events.
1	Minor oil spill while pumping down an interceptor pump. Oil response team activated however discharge too insignificant to recover.

Note that breaches are based on hydrological data available at 30 June 2002. Hydrological data may be subject to change following rating changes which can modify measurements in hindsight. Any changes are seldom material.

CASE STUDY: SPOIL DISPOSAL AND REVEGETATION

When construction on the second tailrace tunnel began at Deep Cove, existing vegetation was removed within the boundary-fenced area. The vegetation was then mulched and stored with recovered topsoil, and this material was used as a growing medium for the revegetation work.

The 1.5 million cubic metres of spoil generated from the tunnel excavation were distributed around the banks of the existing tailrace and shaped to blend into the natural contours of the surrounding landforms and glaciated valley floor.

During the project, seeds were collected from within the Fiordland National Park and around 250,000 plants were propagated for the revegetation project by a local nursery in Te Anau.

The seedling plants were then returned to the National Park and were planted in the spoil disposal areas. Mineral-rich growing material, relative warmth and high rainfall in the park mean plants thrive in Deep Cove. To date, the revegetation programme has achieved excellent results and Meridian is now working with the Department of Conservation to carry out the remaining revegetation work around the site.

This work was endorsed in a recent stakeholder audit, when it was commented that Meridian had left the Deep Cove area in "better [condition] than when they found it".
Environmental Stakeholder Survey, July 2002.

"They seem to recognise that good environmental management is good business."

RESPONSE WHEN ASKED ABOUT MERIDIAN'S ENVIRONMENTAL COMMITMENT.

ENVIRONMENTAL STAKEHOLDER SURVEY, JULY 2002



OUR THOUGHT: **We are growing. That means getting better, not just bigger.**

- HIGHLIGHTS:
- Acquisition of South Island customers of On energy and integration into Meridian operations
 - Purchase and operation of Otago District Health Board energy centre
 - Further progress on Project Aqua proposal
 - Full and final settlement of Transpower litigation

- FUTURE:
- Additional 16.5 MW capacity per machine through Manapouri refurbishment
 - Additional growth in Australia
 - Consenting of Project Aqua

"Working with nature is still at the core of our generation business, but the leap we've made in the past 12 months is getting much closer to the people who use our power."

GRENVILLE GASKELL RETAIL DIRECTOR

CUSTOMER FOCUS

We now have over 230,000 customers, providing a good balance for our generation business. Now our focus is on getting much closer to them. For more on customer initiatives see page 32.

MERIDIAN SOLUTIONS

Our business unit Meridian Solutions is getting closer to customers by forming long-term business partnerships with industrial customers, investing in green-field projects and acquiring existing energy centres.

In June 2002 Meridian Solutions entered into an agreement with the Otago District Health Board to purchase and operate its energy centre. The energy centre contains four coal-fired boilers and supplies steam and hot water to the hospital, the University of Otago, NZTS and the Cadbury's factory.

This initiative required us to balance all aspects of sustainability before we made a decision to go ahead. The boilers use a non-renewable fuel source, but our involvement has ensured a better outcome for the city of Dunedin for social and economic reasons. The energy centre provides the most cost-effective source of energy for many of the city's large employers. Alternative fuels were too expensive but the particulate discharges to atmosphere from the coal boilers were high. We decided that we would put a bag house on the boiler stacks to reduce the amount of harmful particulate emissions to the environment by about seven times. Tenders are currently being sought for this work. Other investments in the plant will increase efficiency and security of supply.

PROJECT AQUA

Meridian is taking a fresh approach to energy generation with Project Aqua, a major irrigation and hydro-generation project proposed for the lower Waitaki River.

Project Aqua is an innovative engineering solution that will ensure more electricity can be generated from the water that falls in the Waitaki catchment area. In addition to generating over 3000 GWh of electricity each year to meet growing demands locally and nationally, it will have a direct positive impact on the local community by enabling irrigation for up to 39,000 hectares of land.

Once it is proved to be an economic investment we plan to invest \$1.1 billion bringing it to life – a 40% increase in value for the company in one project – and demonstrate how companies can work with communities and the environment within the framework of the Resource Management Act.

The project investigation was announced in April 2001, and in the past year we have:

- Undertaken a low flow trial in July 2001 to assess the effects of the proposed residual flow in the Waitaki River
- Commissioned studies by independent experts on in-river, out-of-river and overall effects on the community
- Publicly released more than 50 environmental assessment reports. Executive summaries are available on our website and hard copies are available from all Meridian Energy offices including the Oamaru retail shop, the Christchurch, Timaru, Oamaru and Dunedin public libraries, and the Kurow, Twizel, Oamaru and Waimate information centres.

We intend to apply for resource consents later this year.

“We are very excited about the proposals for irrigation. We have indicated substantial investment that we believe will be the catalyst to get the North Otago schemes underway and deliver unique value for the region.”

KEITH TURNER CHIEF EXECUTIVE

GENERATION EFFICIENCIES

While we want to grow our generation capacity through new projects like Project Aqua, we are also making sure that our existing generation facilities are as efficient as possible. Now that the second tailrace tunnel at Manapouri has been commissioned (see page 29) we are undertaking a half-life refurbishment project on the seven generator units at the station. This project is expected to increase the capability of each generator by 16.5 MW in addition to the 125 MW that have been gained by the second tailrace tunnel alone.

“We’re not sitting on our laurels. We are looking for growth in existing assets. We’re improving the efficiency of the turbines at Manapouri. Now we’ve got a big efficiency gain from the tunnel, we’re pushing that further.”

KEN SMALES GENERATION DIRECTOR

STRATEGIC INVESTMENTS

We have a venture capital investment with WhisperTech which is continuing its research and development work into technical and business models developed around WhisperGen, a small combined heat- and power-generating unit aimed at residential and marine markets.

WhisperGen has domestic applications and important energy efficiency implications, particularly for Northern Hemisphere markets.

We continue to invest in Nth Power, a United States-based venture capital investment fund that is building a portfolio of investments in energy technology, including distributed generation and storage, information and communication technologies, and smart energy efficiency products.

This provides us with a window on developments in the energy sector as well as a return on investment.



AUSTRALIAN INVESTMENTS AND WIND GENERATION

During the year we have consolidated our strategic investments in Australia. Our experience in that market is helping us to create new ideas for our New Zealand operations.

Our hydro-generating assets in Victoria and New South Wales are built on irrigation dams and have helped to shape the irrigation plans for Project Aqua. In October 2001 the Pindari station in New South Wales was commissioned and won a Green Globe award from the NSW Government for sustainable energy production.

There are also exciting developments in wind technology in Australia where the regulatory and market environment strongly favours growth of wind generation.

In the past 12 months we have secured options on land rights in Victoria and South Australia. We now have several hundred megawatts of potential wind generation under appraisal, and we see opportunities to capture value in this market for Meridian.

We are using the knowledge we gain in Australia to investigate wind technologies in New Zealand. While the same wind generation incentives don't exist here, the wind energy yield is high which could make a development in New Zealand commercially viable.

INTERNAL INNOVATION PROCESS

It is the ideas of our people that will help us to continue on our growth path. In the past we have been a small, agile company and it has been easy for people to share their ideas amongst each other. As we grow we want this innovation to continue, so we are implementing an innovation strategy in the next 12 months to ensure that innovative ideas are captured and investigated.

TRANSPOWER SETTLEMENT

Meridian successfully defended the Transpower court action taken against us and entered into a full and final financial settlement with Transpower. We are pleased that the matter is now behind us and we have been able to negotiate a new basis for developing a relationship as part of the settlement. With our Transpower relationship moving to a new footing, we are now actively and co-operatively working on a range of issues of common interest.

The financial benefits of the settlement have also boosted our 2001-2002 financial results.



6.

OUR REPUTATION

OUR THOUGHT: We have a name to live up to. Meridian means the peak of achievement.

HIGHLIGHTS:

- \$920 million raised in New Zealand and Australia
- Growth in unprompted awareness of Meridian Energy's brand

FUTURE:

- That unprompted awareness of Meridian name exceeds 80%

Our name goes to the core of our organisational design. We want to be the best, and be a reference point for the industry.

To help us get there we have embraced the Peak Performing Organisations (PPO) framework to ensure that we achieve sustained peak performance over time.

This framework was developed through a study, by Mike Pratt and Clive Gilson from the University of Waikato, of the world's greatest sporting organisations to determine what drives long-term organisational improvements. We believe that the team behind the organisation is paramount. During the past year Meridian has worked with the PPO founders as an incubator company in the development of the PPO framework and ideas that have then been taken to the world.

In December 2001 we received an HR Initiative of the Year award from the Human Resources Institute of New Zealand for the link between organisational strategy and HR practice, and how it is communicated throughout the company.

A RECOGNISED BRAND

Meridian Energy was a new name and brand in the energy market three years ago. Since then there has been increasing recognition of Meridian as an energy brand. Nationwide unprompted awareness of Meridian's name is growing and was 66% at the end of June 2002⁶.

We have built our brand through our profile in the media, sponsorships and through the personal contact New Zealanders have with Meridian people every day. But we also know that we have a long way to go.

"A brand has to touch people's hearts and now we want to tell people a lot more about us – about what makes us tick, and about our commitment to New Zealand."

KEITH TURNER CHIEF EXECUTIVE

Read more about our approach to our people on page 48 and our thoughts on knowledge sharing on page 51.

⁶NFO New Zealand. Meridian Energy Sponsorship Monitor.



FINANCIAL CREDIBILITY

In the financial community Meridian Energy is seen as a good credit risk owing to our business profile and strategy, financial structure, assets, management structure, options securing and potential developments.

This has enabled us to implement a comprehensive funding programme over the past 12 months.

- In 2001 we secured committed facilities with a range of major banks to a value of \$550 million.
- We also successfully implemented a \$200 million commercial paper programme.
- At the beginning of 2002 we raised \$173 million in credit-wrapped bonds in New Zealand (\$50 million) and Australia (A\$100 million or NZ\$123 million). Both programmes were oversubscribed and required scaling back.

Our credit rating from Standard & Poor's has remained at BBB+/Stable/A-2 during the year, this despite the hydrology year being the most extreme on record.

MANAGING RISK

An integral part of Meridian's development as an organisation is the ability to challenge our own preconceptions, to learn from our mistakes, and to hunt out opportunities wherever they arise.

To embed this ability we promote risk management not only as a strategic discipline, but also as a means of learning and growth.

To continue to achieve and exceed our stakeholders' expectations we have to take risks; our risk management focus ensures we make educated choices and find smarter solutions.

This doesn't mean we will always 'get it right'. But we will learn by doing as well as by thinking.

OUR REPUTATION IN THE INDUSTRY

We stand up for what we believe in and are proactive in industry developments.

By being part of industry reform groups such as the Electricity Governance Establishment Committee (EGEC), New Zealand Electricity Market (NZEM), Metering and Reconciliation Information Agreement (MARIA), the Grid Security Committee (GSC) and the Winter Steering Committee we have an opportunity to contribute experience and expertise to industry-wide initiatives.

As a retailer, the Fair Trading and Privacy Acts are very important. To ensure that we comply at all times, the company provides training for all new retail operations staff, and offers regular updates for the whole team.

We received one Fair Trading Act fine in the past year, for incorrect billing for the Comalco Friends and Family offer in 1999. Once the error had been discovered, it was corrected and full refunds were sent to the 65 affected customers. Unfortunately this took too long. Our new retail operations centre has been designed to prevent repeat incidents.



OUR THOUGHT: **People make our world go round. And give us competitive advantage.**

- HIGHLIGHTS:
- Staff satisfaction (rating as excellent, very good and good) remains at 97%
 - 100% of staff assessed as compliant with the health and safety requirements of their jobs
 - ACC Workplace Safety Management Practices – secondary level status
 - Implementation of improved intranet leading to high internal communications satisfaction

- FUTURE:
- Continued ACC Workplace Safety Management Practices – secondary level status

Our internal philosophy is summed up in a set of values and behaviours we call the Meridian Way. It is used in the recruitment, selection and performance evaluation of our staff and our contractors.

THE MERIDIAN WAY

Through the Meridian Way we aim to deliver a team capacity to which other organisations will aspire.

What does this look like?

- It's about people being empowered and given credit where credit's due.
- It's focusing on business outcomes and working with whoever you need to, to get the job done.
- It's everyone having accountability for their actions.
- It's about building relationships with people based on openness and trust.

And this is not just lip service. The Meridian Way values of building rapport, being agile, imaginative, commercially driven, hot-wired and working like you own the company are referred to and demonstrated daily at Meridian.

STAFF SATISFACTION

At Meridian we have always gone out of our way for our employees. We put time and effort into selecting the best people for the job, and getting them up to speed not just about the task at hand, but about Meridian as a company – our purpose and the Meridian Way. We realise that if we are to be successful, then our staff must feel special and empowered and know what we are striving for.

As a result of this effort, we have enjoyed consistently high staff satisfaction ratings since inception. This year was no exception although we have noticed that the number of people who say they are extremely satisfied has dropped slightly. This is usual for start-up companies as they move into a more mature phase. We also believe that significant reviews of both the retail and generation parts of our business may have contributed to this result. But we do not want this trend to continue; our challenge now is to continue to build the passion for what we do and why we are here.



EMPLOYEE SATISFACTION



RETENTION AND TRAINING

We are a young company and to ensure that we preserve the company values and drivers, we need to retain staff by allowing them to grow within Meridian. As we have a flat structure we have achieved this through:

- Secondments to other parts of the business, giving staff a greater understanding of Meridian as a whole
- Work on large projects such as the integration of the On energy customers and new generation opportunities
- Encouraging all staff to set training and development initiatives with their team leader or manager each year, and reviewing progress towards them
- Leadership development initiatives
- Offering the opportunity to be involved in community activities through work such as the Kiwi Can programme in Wellington and community relations activities
- Active promotion of internal candidates for new roles or opportunities.

INTERNAL COMMUNICATIONS

While our numbers are comparatively small, we have diverse locations. Our staff and contractors are located in Sydney, Wellington, Twizel, Christchurch, Dunedin and Manapouri, and are often travelling between them. Our intranet (called *Wired*) helps keep people up to date with company happenings and foster the sense of community.

In June a refreshed intranet was launched, making it easier for many more people to add and share information, and to structure the ever-expanding information into more logical areas.

This project has received great feedback from staff, and contributed to the communications element in the June 2002 staff satisfaction survey rising from 92% to 94%. The challenge now is to ensure that personal and two-way communication remains high and positive.

HEALTH AND SAFETY



At Meridian we call our health and safety obligations 'Being Healthy and Safe'. In the past year we implemented a range of initiatives throughout Meridian to ensure that all staff and onsite contractors are aware of our obligations.

In December we set ourselves a target of having all staff assessed as healthy and safe in their job by 31 March. By that date we fell just short with 94% tested, but have now reached the 100% mark.

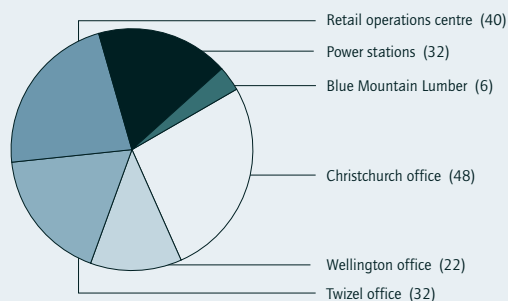
The success can be attributed to:

- Our launch of a dedicated intranet site *Healthy and Safe*
- Clearer accountability for health and safety amongst all our staff
- Our Wellworkers, part-time onsite occupational health nurses who are part of the team and have assessed everyone's knowledge after they have completed intranet learning modules.

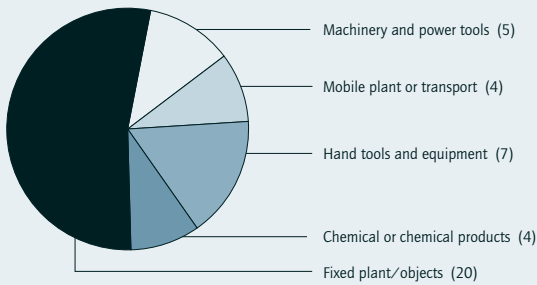
We are proud to have achieved secondary level status as part of the ACC Workplace Safety Management Practices programme.

We have also set up and promoted an employee assistance programme, with anonymous counselling services available to all staff to talk about work issues, or personal problems that have an impact on work.

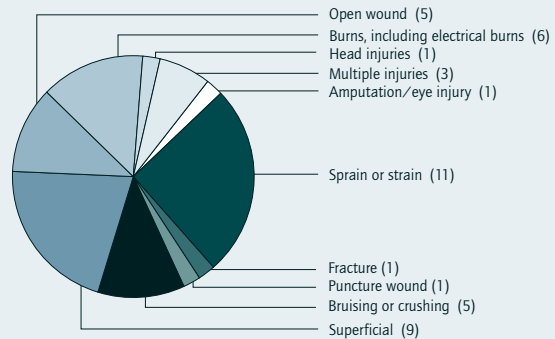
PROPORTION OF TOTAL HAZARDS IDENTIFIED BY LOCATION



CAUSES OF INJURY YEAR TO DATE



SUMMARY OF INJURY YEAR TO DATE



SOURCING STRATEGY

While we have a small team of full-time employees relative to our turnover, the wider Meridian family extends a lot further. We seek alliance partners and preferred suppliers who approach business the same way that we do.

Significant parts of our operations are outsourced through strategic alliances and relationships. We seek alliance partners and preferred suppliers who are aligned with our business direction and values.

Our key alliance partners are:

- Alstom – generation asset maintenance and operational support
- KPMG – accounting and financial services
- HP (formerly Compaq) – information systems
- Teletech – contact centre operations.

Just as we do when we recruit staff, when seeking registrations of interest we share information about the Meridian Way as it is the attitude we expect to see adopted by a partnering service provider, and our commitment to sustainability.

For major contracts, alignment with the Meridian Way is an important selection criterion.

Q. "How can Meridian become a hero brand?"

A. "Make the customers feel as special as Meridian makes the staff feel."

INTERNAL BRAND SURVEY APRIL 2002

	APPROXIMATE NUMBER OF PEOPLE WORKING FULL-TIME FOR MERIDIAN AT 30 JUNE 2002						TOTAL
	WELLINGTON	CHRISTCHURCH	CHRISTCHURCH OFFICE	TWIZEL	MANAPOURI	DUNEDIN/TAPANUI	
Meridian staff	87	59	34	39	5	8	232
Contractors	13	15	6	17	6	-	57
HP/Compaq	5	-	1	1	-	-	7
Alstom	-	-	-	40	10	-	50
KPMG	-	-	6	-	-	-	6
Teletech	-	90	-	-	-	-	90
Total at 30 June 2002	105	164	47	97	21	8	442
FTE at 2000-2001							298
Average FTE for 2001-2002 year							370

The table above has been developed for use in the full-time equivalent (FTE) calculations for Appendix 1. It does not include other contractors who work predominantly off-site or who do not work in our office environments. As such Zelko Facilities Management, our grounds maintenance partner, has not been included, but it has about 40 full-time and part-time staff working on Meridian operations.

8.

OUR KNOWLEDGE

OUR THOUGHT: **Knowledge equals power. When it is equally shared.**

HIGHLIGHTS:

- Education campaign during the 2001 winter energy shortage
- Established ongoing dialogue with customer groups and wider New Zealand public
- Developed internal Knowledge Management Strategy

FUTURE:

- Continued conversations with all stakeholders

The key to making knowledge work for you is to share it. In the three and a half years since Meridian's establishment we have focused a lot on developing our knowledge and expanding our capabilities. In the early years we concentrated so hard on this that we did not share enough.

During the past year, as we have become more focused and settled, this has changed. We have learned from our great relationships and applied those lessons to those that we know need attention. Next year we are committed to doing more.

Internally we have also taken stock of the knowledge we have developed since our start-up. We have developed a Knowledge Management Strategy to ensure that our intellectual resources (our people and processes) are aligned to help us achieve our challenges and create value.

In the past 12 months we have:

- Raised the issue of the impending water shortage in the winter of 2001, and worked with industry to provide up-to-the-minute information to the media and officials, and energy efficiency advice to customers
- Listened to and taken into account the views of the community and people interested in Project Aqua
- Worked with customer advocate groups to keep them informed on relevant issues and in some cases, provide an avenue for formal assistance

- Listened to the concerns of major customers and redesigned offers according to their feedback
- Contributed to industry developments with the end goal of getting better results for customers and the economy
- Established a customer relations team that is actively engaged in understanding our customers' needs and perspectives
- Continued to monitor and raise awareness of the country's future energy issues
- Developed the Meridian Knowledge Management Strategy.

"Organisations traditionally viewed knowledge and information as sources of power – a concept that impeded transparency within and between companies. We believe good stakeholder relationships are much more powerful. By sharing the information that we have and actively engaging with stakeholders we can achieve a lot more."

MICHAEL SLEIGH DIRECTOR – PROJECT AQUA COMMERCIALISATION

LEARNING FROM OUR ENVIRONMENTAL RELATIONSHIPS

We receive consistently high praise about the work the environmental team does in our communities. They build relationships based on trust and respect by being open to suggestions and sharing what they know. They operate with a 'no surprises' approach.

We are now taking the lessons learned from these successful relationships and applying them to the part of our business that has undergone the steepest learning curve over the past three years, our retail operations.

CORPORATE CUSTOMERS

Early in 2002 we upset some of our large Canterbury corporate customers. We advised them by mail that we were offering supply at spot market rates, expecting this to be a better option than the high fixed prices they were likely to be quoted for new time-of-use contracts.

They told us they didn't like it, and we started talking with them. In hindsight we should have done this from the start. We found out how important price certainty was for them and developed a range of new contract offers, from fully fixed to fixed price with a spot component.

This gave them the choice they wanted and, for customers electing the spot component, encouraged demand-side participation in the energy market.

With the new contracts now behind us, we continue to talk. As this document went to print, we launched a pilot Regional Electricity Group, a partnership between Meridian Energy and Canterbury businesses, to consider joint responses to major electricity issues in the short, medium and long term.

We have also taken what we have learned from Canterbury businesses and begun talking to business leaders in other parts of New Zealand to find out their issues and concerns and to explain more about the energy industry and reasons for our actions.

"We went to Invercargill and spoke to business leaders about the electricity industry, pricing and options for the future. Whilst what we had to tell them they didn't necessarily want to hear, they did appreciate being better informed on the changes in the energy markets. The feedback we received has also helped us better understand how we can balance energy needs of businesses with the most cost-effective supply options. It's given us a good basis to move forward with the business community."

GRANT SMITH RETAIL STRATEGY MANAGER

RESIDENTIAL CUSTOMERS

We're also getting closer to our residential customers. When we merged the former South Island On energy customers into Meridian, we commissioned surveys to test the effectiveness of the communications material that we were sending, and to monitor customer satisfaction and brand loyalty. Surveys continued after these customers were amalgamated into our national operations on 17 December 2001 and the results showed that we managed the transition without any reduction in customer satisfaction.



We also hold a monthly meeting with a group of community organisations called the Christchurch Consumers' Advocacy Panel. In this forum we consider issues affecting power consumers at the smaller end of the customer scale and keep them up to date with our developments. Issues raised have ranged from ways of assisting customers who are having difficulty paying electricity bills, to helping hearing-impaired customers deal with our call centre, or improvements in services to pre-pay customers.

Again, this forum in Christchurch (where our contact centre and our largest customer base are located) provides regular insights for us, so we can improve service for our customers throughout New Zealand.

STAKEHOLDER RESEARCH

Since Meridian was established we have been monitoring our performance through regular stakeholder research. With a three-year research history now, the findings are valuable benchmarks for our performance. We are able to track our performance (in most cases it's improving), identify areas for improvement, and track the results of our actions.

STAKEHOLDERS SURVEYED	RESEARCH COMPANY	PERIOD	NATURE OF RESEARCH	DISCUSSED ON PAGE
Environmental	NFO New Zealand	Yearly	Qualitative	38-42
Employees	NFO New Zealand	Six monthly	Qual & Quant	48-50
Residential – customers and non-customers	NFO New Zealand	Six monthly	Quantitative	31-33
Business – customers and non-customers	NFO New Zealand	Six monthly	Quantitative	31-33
Government and financial	NFO New Zealand	Yearly	Qualitative	34-37
Sponsorship partners	NFO New Zealand	Yearly	Qualitative	34-37
Sponsorship awareness monitor	NFO New Zealand	Ongoing	Quantitative	46-47
Christchurch residential customers	BRC Marketing and Social Research	Fortnightly from July 2001-April 2002	Quantitative	52-53
New Zealanders in Meridian's key operations areas	Colmar Brunton	Yearly	Quantitative	N/A
Customers, non-customers, business and environmental stakeholders	State of Mind Research	One-off	Qualitative brand research	46-47
Brand monitor (future)	TBC	Yearly	Quantitative	N/A



MANAGEMENT TEAM

Keith Turner is Chief Executive of Meridian Energy and leads a senior management team of six directors. The organisation is grouped into six functionally based directorates:

Keith Turner has held a number of senior executive positions in the New Zealand electricity sector during the past 15 years. A former energy consultant, Keith has advised the Government and major corporate clients on a wide range of energy matters. He was project manager of the establishment team that designed and developed Meridian Energy in its interim development group stages. Keith was one of the industry specialists appointed to establish Contact Energy in 1995-1996 and was previously General Manager of ECNZ Generation and held several other executive corporate and operational roles with ECNZ.

Corporate Delivery

The team is responsible for Governance, Business Planning, Legal, Human Resources, Communications, Finance, Taxation, Treasury Services and Outsourcing.

Neil Cochrane, Corporate Delivery Director, has extensive experience in establishing new corporate entities and in companies undergoing major organisational change in the energy, telecommunications and health sectors. Before joining Meridian Neil was the Chief Financial Officer for a gas company created out of the Victoria gas industry reform, with initial responsibility for the establishment of all its business, treasury and financial systems. He then led the company through the privatisation sales process. Prior to that Neil held a number of general management and senior financial executive positions across a wide range of industry sectors.

Strategic Growth

The team is responsible for identifying and implementing new investment opportunities and entering into strategic alliances.

Carsten Thomsen, Strategic Growth Director, has a global background in strategy and business development with the energy and chemical sectors. Prior to joining Meridian Energy, Carsten was the Business Manager of Midstream Energy, part of the Fletcher Challenge Energy group. Prior to this Carsten held a range of senior roles within the BP group in which he developed green-field gas projects and new business ventures throughout the world.

Knowledge and Innovation

The team is responsible for optimising company resources by using state-of-the-art information management systems and processes and providing project resourcing.

Helen Bremner, Knowledge and Innovation Director, has extensive experience in establishing business strategies and implementing major change initiatives for organisations. Before joining Meridian, Helen was GM HR and Change Programme for TransAlta NZ. Prior to that she was a strategy management consultant for Andersen Consulting in Australia, and Booz, Allen & Hamilton in the USA, where she focused on clients in the energy, transportation and healthcare industries.



Generation

The team is responsible for applying innovative and responsible management of assets, ensuring environmental respect and trusted guardianship of natural resources and fostering community relationships.

Ken Smales, Generation Director, was formerly ECNZ's Group Manager, Northern Generation, following a three-year group management role with Southern Generation in which he set up the group office at Twizel. Starting work as an engineering cadet with NZED, Ken has more than 30 years' experience in the New Zealand electricity generation industry including design, construction/commissioning and operations/maintenance.

Risk Portfolio

The team is responsible for maximising the market value of the company through the trading of a portfolio of financial instruments.

Ari Sargent, Risk Portfolio Director, has extensive experience in the New Zealand electricity industry. Prior to taking up this role in July 2000, Ari was Meridian Energy's Risk Manager. Before joining Meridian Ari was ECNZ's Wholesale Market Manager, combining operational responsibilities relating to the management of ECNZ's participation in the electricity markets with transitional duties relating to the split of ECNZ and identifying potential risk to the new companies formed from the split.

Retail

The team is responsible for partnering with customers and service providers, and using innovative solutions and new products to exceed market expectations.

Grenville Gaskell, Retail Director, joined Meridian in January 2002 from the National Bank of New Zealand, where he was General Manager Retail Markets responsible for retail customer strategy and core banking products. Grenville has considerable experience in developing and implementing customer and product strategies including the launch of a number of new products and the management of major change programmes.

Above (left to right)

Neil Cochrane
Carsten Thomsen
Helen Bremner
Keith Turner
Ken Smales
Ari Sargent
Grenville Gaskell



BOARD OF DIRECTORS

Dr Francis Small (Chairman) CNZM

Francis Small is a professional company director and consultant. He recently retired as Managing Director of Tranz Rail Ltd where he played a major role in the restructuring and privatisation of that company and its subsequent float. He held senior management positions in Tranz Rail and the former New Zealand Railways from 1983 and was Managing Director from 1990 to 2000. He is also a director of Australian Transport Network Ltd, the Standards Authority of New Zealand Ltd and Antarctica New Zealand Ltd. He has been a director of a number of transportation companies including Wisconsin Central Transportation Ltd. Francis is a Past President of the Institution of Professional Engineers of New Zealand and Chairman of the Centre for Advanced Engineering at the University of Canterbury. He has recently retired as National President of Scouting New Zealand.

Susan Sheldon (Deputy Chairman)

Sue Sheldon is a chartered accountant and consults from her Christchurch practice, Sue Sheldon Advisory. She is Deputy Chair of Christchurch International Airport Ltd, a member of the Board of Trustees of the National Provident Fund and holds other directorship positions. Sue is a former President of the Institute of Chartered Accountants of New Zealand, and is a Board member of Guides New Zealand.

Steven Gentry

Steven Gentry retired from the Executive Chairmanship of Kingston Morrison Ltd on 31 March 1999 and from the directorships of PT Kingston Morrison Indonesia and Business Continuance Planning Ltd. He is a Past President of the International Federation of Consulting Engineers and the Association of Consulting Engineers New Zealand as well as a former director of ECNZ and Energy Direct Ltd.



Philip Lough

Phil Lough is Chief Executive of Sealord Group Ltd and has had an international career with substantial businesses including the New Zealand Dairy Board and the Glaxo Group. In his current role he has managed the growth of the Sealord Group into a global seafood enterprise. He has extensive experience as a director both in New Zealand and with various overseas-based companies, is a director of Port Nelson Ltd and was previously a director of ECNZ.

Sir Tipene O'Regan

Sir Tipene O'Regan is a professional company director and a well known figure in Maori economic development. He is a past long-serving Chairman of the Ngai Tahu Maori Trust Board and served as the foundation Chairman of the Ngai Tahu Holdings Corporation and as a director of a number of Ngai Tahu companies until he retired from the Ngai Tahu Group in 2000. From 1989 until 2000 he was Chairman of the Treaty of Waitangi Fisheries Commission and, from 1992 until 2002, Chairman of the Sealord Group Ltd. He is a past director of TVNZ. He currently chairs the Escorial Company Ltd, serves as Deputy Chair of Transit New Zealand and is a director of Whale Watch Kaikoura Ltd, Clifford Bay Marine Farms Ltd, Kutai Investments Ltd, Aoraki Salmon Ltd, and Te Tapuae o Rehua Ltd. He is a Senior Research Fellow at the University of Canterbury and a Distinguished Fellow of the Institute of Directors.

Joan Withers

Joan Withers is a professional company director and a former Chief Executive of The Radio Network of New Zealand Ltd. She is a director of The Warehouse Group Ltd, Auckland International Airport Ltd, Tourism Holdings Ltd and the Auckland Trotting Club Inc, Chair of the Clinical Research and Effective Practice Foundation, and a Trustee of the Royal New Zealand Ballet.

Charles Chauvel

Charles Chauvel is a partner with Minter Ellison Rudd Watts, specialising in the areas of commercial/regulatory litigation, public and administrative law and employment law. Charles's clients include some of Australasia's leading pharmaceutical, airline and financial sector corporates. Charles is a member of a number of editorial boards of legal publications, the author of the Public Safety title in the *Laws of New Zealand* compilation, a member of the Employment Law Committee of the New Zealand Law Society, and Deputy Chair of the New Zealand Lotteries Commission.