



meridian

# *Powering today, protecting tomorrow*



## Dear Investor

Our results for the year ended 30 June 2016 are now available.

## 2016 HIGHLIGHTS

<p><b><i>Delivering returns to shareholders</i></b></p> <p><b>33%</b></p> <p>TOTAL SHAREHOLDER RETURN<sup>1</sup></p>	<p><b><i>EBITDAF<sup>2</sup> GROWTH</i></b></p> <p><b>5%</b></p>	<p><b><i>Building on our reputation</i></b></p> <p><b>Dow Jones Sustainability Indices</b></p>
<p><b><i>Caring for our communities</i></b></p> <p><b>\$1.5M</b></p> <p>GRANTED TOWARDS COMMUNITY PROJECTS AND SPONSORSHIP PARTNERS</p>	<p><b><i>New markets</i></b></p> <p><b>Powershop launched in NSW</b></p>	<p><b><i>Enhancing our digital capability</i></b></p> <p><b>58%</b></p> <p>INCREASE IN CUSTOMERS USING MyMeridian, OUR ONLINE ENERGY MANAGEMENT TOOL</p>

<sup>1</sup> Movement in share price plus total dividends declared.

<sup>2</sup> Earnings before interest, tax, depreciation, amortisation, changes in fair value of hedges and other significant items.

# Report from our Chair and Chief Executive

2015/16 HAS PROVED TO BE A VERY GOOD YEAR, WITH MERIDIAN GENERATING A RECORD LEVEL OF OPERATING CASH. EBITDAF AND UNDERLYING NET PROFIT BOTH IMPROVED FOR THE FOURTH YEAR IN A ROW. THIS RESULT IS DUE TO A NUMBER OF OPERATIONAL IMPROVEMENTS THAT STRENGTHENED OUR WHOLESALE TRADING POSITION, A WETTER, LATE SUMMER AND AUTUMN IN OUR HYDRO CATCHMENTS, AND IMPROVED PERFORMANCE FROM OUR RETAIL OPERATION



**CHRIS MOLLER**  
Chair

Overall, demand for electricity in New Zealand increased by 0.3% during the year with a very mild early winter, and Meridian produced around 32% of New Zealand's total electricity needs.

While overall market demand levels remained virtually static, supply reduced, with competitors closing thermal plants in the upper North Island, with an aggregate capacity of more than 800MW over the last year. Furthermore, Genesis Energy signalled its intention to close its remaining Rankine units at Huntly in December 2018. This additional reduction in capacity would have had a significant impact on the market during periods of peak demand and low lake levels. However, following an extensive period of negotiations Genesis was able to secure extended bilateral contracts with Meridian and other market participants to provide dry and peak period back-up to the market through to December 2022. In Meridian's view this is positive for Meridian, Genesis, the industry and consumers as a whole.

New Zealand is the envy of many countries, having the fourth-highest level of renewable generation in the OECD, yet access to additional capacity to meet any shortfall in supply, resulting from drought or peak winter demand remains essential. At this stage the need for occasional thermal back-up clearly

remains the most economical option for our electricity system.

There are 31 retail brands in New Zealand. Competition is intense and we do not see the retail landscape changing. Customers have significant choice and Meridian will continue to focus on winning and retaining customers with fair pricing and excellent service.

The Electricity Authority's (EA's) review of transmission pricing moved one stage closer to completion with the issue of its final options paper in May this year. The direction in which the EA is heading looks to provide a far more equitable basis for allocating transmission costs. If the final determination maintains this course, Meridian will be able to contemplate a fairer transmission charging regime before 2020, with an associated reduction in the disproportionate level of transmission costs it currently has to absorb.

## Financial performance and shareholder returns

Operating earnings for the year measured by EBITDAF were up 5% on the previous year. Retail contracted sales were higher in both New Zealand and Australia this year. Higher levels of water storage allowed Meridian to sell more generation and meant it cost the

company less to purchase hedge cover to supplement its generation.

Net cash flow from operating activities at \$452 million was up largely as a result of a better operating performance.

It was again pleasing to see a total shareholder return for the year of 33%, exceeding the NZX 50 average of 20%. The total shareholder return since listing has been 118%, and this is based on the assumption that the full \$1.50 issue price was paid up front at the time of the Initial Public Offering.

## Dividends and capital management

The Board has declared a final ordinary dividend of 8.40 cents per share (cps), which brings the total ordinary dividend declared for this financial year to 13.50 cps. This is nearly a 5% uplift on last year. Ordinary dividends declared in the three financial years since listing have increased by 2.49 cps or 23%.

Pursuant to Meridian's capital management programme, the Board again has considered the financial position of the company, trading prospects and alternative uses of any excess capital in determining whether to continue the programme. Meridian's strong financial position has allowed the Board to declare a final special dividend of 2.44 cps,

bringing the amount paid via special dividends to \$125 million for this financial year. In making this decision the Board did consider the possibility of a share buyback, the parameters within which a buyback could be executed, and fairness to shareholders wishing to sell or to hold shares.

Meridian has distributed \$187.5 million since it began its capital management programme in August 2015. The balance sheet remains strong, with net borrowings after payment of the dividends in October projected to be \$1.2 billion. This leaves the company with sufficient headroom to absorb any period of poor hydrology or pursue any growth opportunity should it arise.

## Working safely

Meridian continues to build on its safety foundation with a strong focus on people and attitudes. Actively engaging staff to identify opportunities to enhance our safety processes and culture has been a continued commitment.

To ensure that senior management and the Board have a clear understanding of safety, the information we capture and report on has been adapted to ensure a focus on the lead indicators of and triggers for risk. This means the Board now has greater visibility of risks and mitigations in place and can provide strong governance to ensure the safety of all.

Owing to an increase in contractor engagement in our Retail business to support smart meter deployment, a dedicated safety support person has been embedded into the business unit to ensure health and safety is considered for all stakeholders involved in the process. This has resulted in improved reporting from our supply chain, with team members identifying incidents that have not always been previously captured and investigated. Sharing this information across all major electricity retailers will help make for a stronger industry safety performance.

Staylive, a generation-retailer safety forum, continues to work on a number of sector initiatives aiming to support consistency in high-risk areas such as work controls and confined spaces and in the training and competence of contractors.

Building and maintaining a safe culture is ongoing and requires

attention. This year's staff engagement survey results for the safety, health and wellbeing questions noted 91.8% of staff agreeing that Meridian takes safety and health seriously. This is an increase from the previous year's score.

## Tiwai Point smelter

In last year's report we provided a history of negotiations with the smelter owner, New Zealand Aluminium Smelters Limited (NZAS). In the past year we have had numerous discussions with NZAS on the ongoing challenges the smelter faces with continued low aluminium prices and a persistently high New Zealand dollar. The next milestone of significance will be 1 January 2017, when NZAS obtains a perpetual right to provide 12 months' notice to terminate its Electricity Supply Agreement with Meridian. A price increase also becomes effective from this date. One area that may positively affect NZAS's cost base is the outcome of the Transmission Pricing Review by the EA. As noted, this long-running review moved a stage closer to conclusion this year. If the EA's decision is finalised by the end of the year it will provide NZAS with a path to lower transmission costs. However, until such time as we see a sustained recovery in aluminium prices and a reduction in the NZD/USD exchange rate, it is difficult to assume with confidence that the smelter's long-term future is secure.

Continued uncertainty around this agreement is something that the industry has come to manage.

## Customers

The year saw aggregate customer load in New Zealand flat with higher mass market sales offset by a reduction in commercial and industrial sales. While load was flat, actual customer numbers measured by connection points declined by 1% to 274,920.

This decline in customer numbers was principally in the residential segment as competition became even more intense, with more electricity brands in the market and aggressive pricing by major players. Meridian's residential position was partially compensated for by an improvement in the small and medium business (SMB), segment where customer numbers grew by 13%. It is also relevant to note that SMB customer connections tend to have an average annual usage two to three times that of residential customer connections.

A key focus has been the rollout of smart meters to our customers, with the goal of having 90% of customers on smart meters by March 2017. This infrastructure will both improve the customer experience and reduce cost. In conjunction with our online services, customers will be able to monitor usage patterns and amounts spent at daily and hourly levels and be alerted to changing consumption patterns. Meridian's internal processes will also be made more efficient with fewer bill estimations required, providing a more accurate service and allowing us to address customer issues remotely.

Meridian has launched a new online self-service tool that will help corporate customers better manage their electricity and access data from one place. We have 64,380 customers registered with MyMeridian and provide e-billing for 70% of customers.

During the year we announced a partnership with accounting software company Xero, allowing business customers to receive invoices directly into their Xero accounting systems.

New technologies continue to interest a number of customers and we have continued to see solar customers increase, to 3,856 at the end of the year, up 17% on last year. While the economics of household solar at this point are not compelling in New Zealand, we recognise and support customers who want to adopt this technology. Meridian's buyback offer for surplus energy produced by solar customers remains very competitive. The emergence of new battery solutions also provides longer-term opportunities for customers, but again New Zealand's industry structure and high rate of renewable electricity, combined with large-scale energy storage, mean that residential and commercial customers looking to adopt the technology will face challenging economics until battery prices reduce significantly. This reduction in cost will occur over time and we anticipate that network companies will be the first to make use of large-scale batteries to avoid costly capital expenditure to meet peak demand requirements.

Electric vehicles (EVs) will prove to be a very positive initiative in New Zealand. With over 80% of our electricity coming from renewable resources there is a real opportunity to help decarbonise the transport sector, which currently contributes approximately 20%<sup>3</sup> of New Zealand's carbon emissions. Meridian welcomed the Minister of Energy and Resources, Simon Bridges package of initiatives in April this year to aid the growth of EV market penetration. In Canterbury we are working closely with the Christchurch EV Forum to deploy public EV charging stations and, among other things, have partnered with Kiwi Property to deploy charging stations in four shopping malls around the country.



## People

In June we received the results of the annual employee engagement survey, and it was exceptionally pleasing to see the results improve for the second year in a row to an overall score of 82%, significantly ahead of the energy sector benchmark of 74%, but with still some way to go to get to a top-10% rating. Another improving metric is the percentage of staff participating in the company's share ownership scheme, known as MyShare. This year over 48% of all eligible employees were enrolled in the scheme, which applies an elected amount from each employees' monthly salary to purchase Meridian shares. Having nearly half your employees as owners of the business, no matter how small that ownership may be, is very gratifying. Share ownership encourages Meridian staff to think like shareholders and supports us in increasing engagement.

During the year we had a number of movements in the Executive team, with the Chief Executive of Meridian Energy Australia, the General Manager, Information and Communications Technology (ICT) and the General Manager, Retail resigning. It is gratifying that two of these roles were replaced by executives from within the organisation who had been identified as potential replacements through Meridian's succession planning process.

Neal Barclay, Meridian's General Manager, Markets and Production, was appointed to the role of General Manager, Retail. Guy Waipara, Meridian's General Manager, External Relations, was appointed to the role of General Manager, Markets and Production. Ed McManus joined the Executive

team as Chief Executive of Powershop Australia. It is satisfying that investment in our own people has given us the bench strength to fill these roles.

The only external appointment was Sandra Pickering, who assumed the General Manager, ICT role in July 2016. Sandra comes to us with a long career at Vodafone and her depth of experience will add considerable value to not only our ICT operations but to the wider team.

Ensuring that our people have a pleasant, healthy and safe working environment is important. In May we opened a new office building in Twizel. This building is significantly more user friendly than its predecessor, aiming to be approximately 40% more energy efficient with state-of-the-art heating and cooling systems. In Christchurch we are within weeks of moving to our new premises in Durham Street, back inside the CBD – some six years after the first Canterbury earthquakes. This move will mark a significant step up in space efficiency and layout compared with our existing Christchurch premises in Moorhouse Avenue, which provided a temporary base after the earthquakes. The resilience and adaptability of our Christchurch workforce in this post-earthquake journey needs to be acknowledged.

Staff turnover remains at a very low level and the total number of permanent employees in the Group at the end of June 2016 was 866.

Efforts to make gains in the area of diversity and inclusion (D&I) in our workforce have led to our achieving a steady shift towards some key goals to increase the number of senior women in our organisation and the ethnic diversity of our customer-facing roles. It is pleasing to see a sustained effort in this space, which is culmination of a number of activities across the organisation. See Our People section later in this report for more information on the work we are doing to improve our focus on D&I.

## Sustainability

Meridian's commitment to generating electricity from only renewable resources is at the core of what makes us a sustainable business. As the largest electricity generator in New Zealand, Meridian is the most significant contributor

to the Government's target of 90% renewable electricity generation by 2025. This year New Zealand has generated 82%<sup>4</sup> of its electricity through renewable sources.

Our business strategy identifies areas critical to our success and reflects a wide range of factors, including shareholder expectations, iwi and community interests in water rights and allocation, and our customers' energy needs. The sustainability framework we use helps us to measure and monitor our performance in this range of economic, environmental and social goals.

A continual focus on measuring and reducing emissions also remains a priority for Meridian. We measure emissions from our corporate activities (including car and air travel, waste and office electricity). We are on track to meet our target of reducing greenhouse gas emissions by 10% per full-time employee by 2018. This year our corporate emissions were 2,664 tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e).

This year we became one of two New Zealand companies on the Dow Jones Sustainability Asia Pacific Index. The Dow Jones Sustainability Indices (DJSI) are considered to be among the most credible of the sustainability indices internationally. Joining the DJSI shows us that our sustainability framework has the right components across economic, environmental and social dimensions and provides customers, shareholders and communities with confidence that Meridian operates responsibly and consistently with our aim of being a high-performing and resilient business.

In Australia, Powershop customer numbers were almost 78,000, which is more than those of Powershop in New Zealand. Powershop Australia is carbon neutral (National Carbon Offset Standard Australia) and has earned the honour of most satisfied customers in Victoria (Canstar Blue) and Best Energy Company for Service (ServiceRage), and for the second year in a row was ranked by Greenpeace as Australia's greenest power company.

The external recognition we receive reflects our use of internationally agreed standards and reporting mechanisms consistent with good sustainability practice. This includes our continued use of the Global Reporting Initiative.

## Growth and technology

Growth is a word that has been missing from the lexicon of most mainstream companies since the onset of the global financial crisis in 2008, as aggregate demand growth for most products and services has stalled, if not declined, exposing significant overcapacity in some industries and economies. The electricity industry in New Zealand has been no exception, but with demand growth averaging 1.4% in the past two years and the retirement of 825MW of thermal plants, the possibility of further generation being required earlier than previously thought has arisen. Our current forecasts are that, on the assumption the Tiwai Point smelter maintains production at current levels, new generation may be required by somewhere between 2019 and 2023. We believe this requirement will be met by incremental geothermal upgrades to existing plant, new wind farms and potentially some new gas peaking plant. The overhang from a potential Tiwai Point exit may discourage a major investment because of the high capital costs. Meridian expects at least one of its wind options to be close to the top of the merit order to meet New Zealand's new generation needs.

In Australia, the past year has seen lots of talk but little new renewable generation actually committed to. The ability of the industry to meet the Renewable Energy Target (RET) of 33,000GWh by 2020 hangs in the balance, with many now believing the reluctance to commit to projects will see a shortfall. Continued political uncertainty during the year has not helped, but hopefully it is clear to all, that if Australia is to make meaningful progress towards reducing carbon intensity in the electricity sector, bipartisan support must be maintained for the RET. That said, the results of the Australian federal election in July have not delivered a clear mandate to the Turnbull Government and further encouragement of the renewable industry through positive change to the RET scheme looks difficult at this point. This will be required if Australia is to meet COP21 commitments made in Paris.



During the year Meridian investigated an opportunity to participate in a utility-scale solar project that was part of the current round of ARENA (Australian Renewable Energy Agency) funding. This provided considerable learnings associated with solar opportunities in Australia, but the numbers did not justify our continued involvement. That said, the proposition for utility-scale solar in Australia is improving with the continued reduction in capital costs.

We are constantly reviewing how Meridian could participate directly in new technologies such as solar, energy storage and EVs, and we monitor overseas companies that are taking positions in these industries. With rapid changes in technology no overseas company seems to have established a sustainable business model at this point, other than some of the equipment manufacturers, and each country, including New Zealand, presents a unique set of market, regulatory and political dynamics that need to be taken into account when evaluating opportunities. To date we have not identified a significant opportunity that would warrant the commitment of shareholders' funds. We believe the better approach is to assist those customers who wish to adopt new technologies and to watch and wait for opportunities as they develop. We have promised to be judicious with shareholders' money and intend to maintain this discipline. We do not believe that we are suffering a competitive disadvantage as a result of this stance.

In November 2015 Meridian made the decision to franchise its Powershop systems and brand in the UK with npower, one of the UK's largest electricity retailers. While the opportunity was not without risk, it provided us with the right balance of potential benefit, relative to risk, to warrant investment. The team has already proved it can adapt the platform for a new country entry with the commencement of Powershop in Australia in 2013, and the UK provides an opportunity of greater scale, with a partner that understands and will assume energy market risk. A market launch is anticipated in early 2017.

## Environment

### Water

Water is central to Meridian's generation business, and it is crucial to New Zealand's wellbeing now and in the future. Progress on better water management has been made across New Zealand, in part due to the National Policy Statement for Freshwater Management. Having now been in place since 2011, it was modified significantly in 2014 and is currently under an 'implementation review'. The establishment of water quality limits in catchments is a positive step towards better water quality and water management. There is still important work to be done to improve allocation and address iwi rights and interests in fresh water. These issues are linked and it will be important to New Zealand, Meridian and our partners to have a strong track record of working collaboratively.

In June Environment Canterbury released its decision on the changes to the Waitaki Catchment Water Allocation Regional Plan, which was a victory for a collaborative approach to allocation in one of New Zealand's most economically important catchments. Meridian, Genesis Energy, Ngāi Tahu and irrigators agreed amendments to allocations and flow rates that provide a sustainable way forward in the catchment and an easier path through the re-consenting of our power stations in 2025, when consents come up for renewal.

### Communities

This year we spent a total of \$1.5 million on sponsorships and community projects. Our major sponsorship is KidsCan, a charity that provides targeted support to help children succeed at school in the form of food, clothing and health programmes. This remains an important partnership and it's pleasing to see the association with this charity being well supported on the ground by staff and through donations from our customers. This year we worked with KidsCan and schools close to our wind farms and hydro stations to provide a unique opportunity for children at the Meridian Tamariki Surf Camp. You can discover more about this project later in this report.

Meridian has been searching for an environmental sponsorship, reflecting our commitment to



sustainability. So it was with great satisfaction that in June this year we announced Meridian would become the principal sponsor of the Kākāpō Recovery Programme in partnership with the Department of Conservation. This partnership importantly provides another opportunity to work closely with Ngāi Tahu. Kākāpō are taonga and Ngāi Tahu plays a key role in the success of this important collaboration. Given Meridian is a guardian of some of New Zealand's most iconic assets, it makes sense that we put our efforts behind the ongoing conservation of this critically endangered species.

## Outlook

Good inflows into our southern catchments during late summer and autumn meant that we commenced the new financial year in a strong hydro position, and at the end of July Waitaki catchment storage was 155% of average for that time of the year. Accordingly our average market share of generation was strong through to the end of July at over 35%.

Retail markets on both sides of the Tasman will remain competitive, but we are anticipating retaining overall market share in mass market segments of residential and SMBs. We expect to see a continuing focus on our costs in New Zealand, countering any further price pressure.

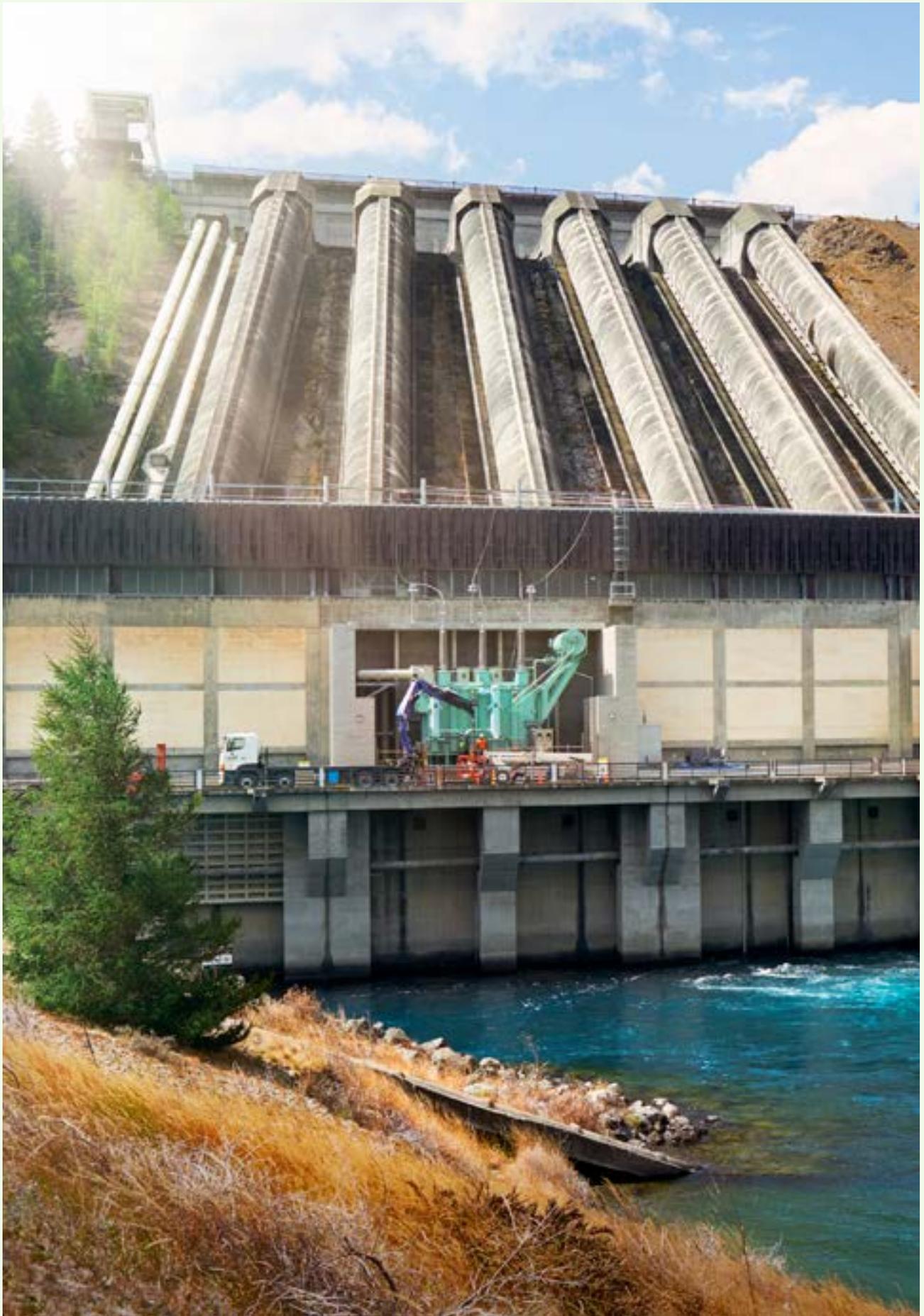
As noted earlier, NZAS will, from 1 January 2017, have a perpetual right of termination that will be exercisable on 12 months' notice. It is impossible to predict with any certainty how this will play out, but our working assumption is that NZAS will not terminate the Electricity Agreement in the current financial year.

As noted in our introduction, the supply side of the industry has been in focus. The recent withdrawal of 825MW of gas thermal plants, some 8% of total capacity, will almost certainly lead to greater volatility in wholesale prices during periods of peak demand (usually winter) and periods of drought. In fact recently we have seen trading periods where a combination of factors have led to periods of high wholesale prices.

Most consumers are immune to spot market fluctuations as they have fixed-price plans with their retailers, but those who choose to buy directly from the market do so, accepting that this volatility can occur. Large generators, such as Meridian, have an obligation to operate responsibly and within the rules established by the market regulator. We accept that market volatility, which is a normal feature of a well functioning wholesale market, is going to occur on a more regular basis than has occurred in the recent past.

While having the EA reach a final decision on its Transmission Pricing Review will not have any impact on the 2016/17 results, the resolution of this long-running issue should provide certainty on future transmission costs for Meridian, which if the current direction of travel is maintained will have significant benefits for the company and, we hope, NZAS, our largest customer.

Again, in the past year our people have delivered a highly creditable result in two demanding markets. To our customers, suppliers and shareholders, thank you for your ongoing support.



# Water: our most important natural resource

## THE CAREFUL MANAGEMENT OF WATER IS ESSENTIAL TO THE SMOOTH OPERATION OF MERIDIAN'S HYDRO STATIONS

Twenty four hours a day, seven days a week, our hydro stations are working to produce electricity for New Zealand. Using water from the South Island's lakes and rivers, we operate seven hydro stations generating enough electricity to power around 1.4 million homes each year.

As the guardian of these assets, Meridian is responsible for managing the water that flows through them. Local communities, iwi, councils and other stakeholders are also committed to ensuring our waterways are protected. While our individual interests in water may be unique, collectively we are committed to achieving the best outcome for New Zealand.

Meridian's hydro stations produce around 90% of our New Zealand generation, which means it's fair to say water is of critical importance to us. Lakes Te Ānau and Manapōuri in the Waiau catchment feed our largest hydro station – Manapōuri – which is located in Fiordland National Park.

Our six stations across the Waitaki catchment deliver more than half of our total generation and are fed from Lake Pūkaki, New Zealand's largest storage lake. We are fortunate that additional emergency storage can be accessed from the lake.

Meridian's Environmental Strategy Manager Jeff Page says a recent change to the Waitaki Catchment Water Allocation Regional Plan has allowed Meridian to apply for consent to manage Lake Pūkaki down to 515 metres when

New Zealanders need it most. "This will significantly reduce New Zealand's exposure to renewable generation shortages in dry years," says Jeff.

Other changes to the water allocation regime have seen Lower Waitaki River flows agreed in the local plan ahead of Meridian renewing its resource consents in 2025. "We negotiated these flows in partnership with Ngāi Tahu, local irrigators, Environment Canterbury and other stakeholders, with an agreement that we will implement the changes prior to our re-consent taking place. A significant outcome is the provision of water for mahinga kai purposes, which Meridian actively supported during the plan change process."

In recognition of the cultural importance of careful water management to iwi, Meridian has resource consent conditions and stakeholder agreements in place to protect and enhance the populations of eels that live in the Waiau and Waitaki catchments – including the native longfin. Meridian's dams and lake control structures in these areas affect the migratory habits of the eels, but through a trap and transfer programme, involving tangata whenua, we can help ensure the safe passage of the eels through the catchments.

Meridian's Sustainability and Environment Manager Hamish Cuthbert says "In the Waiau, the adult longfin eel programme involves trapping female migrating longfin eels in Lake Manapōuri and

transferring them to below the Manapōuri Lake Control structure – from there they have open travel downstream, enabling them to migrate successfully out to sea to the Tonga Trench for spawning".

Ngāi Tahu consider eels an important mahinga kai resource. Meridian works with Bubba Thompson's whānau to trap and then transfer the young elvers from the Manapōuri Lake Control structure into the lakes and rivers upstream in the National Park. The whānau consider this active kaitiakitanga of a taonga species.

Bubba says "It's important to us that the tikanga is right, that we do everything possible to uphold tikanga and add to the knowledge our tipuna left us. The whakatauki 'Ko au te awa, ko te awa ko au' ('I am the river, the river is me') helps explain what I mean. If the river is healthy then I am healthy. These cultural values are intertwined in our mahinga kai resources and are paramount for us.

Having our whānau involved in this kaupapa is important to us because we believe in what we are doing; enhancing this taonga on behalf of our iwi whānau whānui, Ngāi Tahu, and having up to date knowledge of the data collected. I am proud to have my whānau involved in this work and look forward to more successful seasons."

This year over 13 tonnes (an estimated 7,000 individuals) of adult migrating eels and approximately 380 kilograms (an estimated 85,000 elvers) were

transferred. As with any fishing, catches vary from year to year. This year the adult migrant transfer has increased on last year and the elver transfer has reduced. Trends from the past seven years' data show increases in transfers of migrants and elvers.

Within the Waitaki catchment the programme operates in a similar way. We work with Arowhenua, Moeraki and Waihao rūnanga, which facilitate the movement of migrant adult longfin eels and oversee the annual elver trap and transfer activities. Numbers in this catchment are significantly lower than those in the Waiau, reflecting the general state of the eel population on the east coast of the South Island.

The adult female longfin migrant transfer programme in Manapōuri is being used as part of a study by Dr Mark Lokman from the University of Otago. Mark is carrying out research into the life history of the eels, specifically the stage at which they change from non-migrant to migrant eels. Mark says these changes typically occur in autumn, but migratory eels are being found in the catchments throughout the transfer season. He says determining the scenarios that may explain the presence of out-of-season migrants is important to understanding eel biology.

Ensuring the ongoing, sustainable management of our waterways is of critical importance to Meridian and we are committed to working with others who value water in order to achieve this.

# Surf's up!

## TWELVE KIDS + ONE WEEK IN RAGLAN = AN INSPIRING EXPERIENCE AT THE MERIDIAN TAMARIKI SURF CAMP 2016

This year we hosted the Meridian Tamariki Surf Camp 2016 in Raglan, home to our Te Uku wind farm. The camp gave a group of lucky children the chance to learn to surf while also learning about environmental sustainability. It was Meridian's way of saying thank you to the communities where our wind and hydro assets are located and showing our support for KidsCan at the same time.

Getting the camp off the ground required a lot of work from dedicated Meridian staff. The first step was to select 12 children from schools near our wind and hydro assets and schools supported by KidsCan, and let them know we were giving them an experience of a lifetime: learning to surf with champion New Zealand surfer Daniel Kereopa (DK).

Each year we invest around \$700,000 into our asset communities through our Community Funds programme. We also have a corporate sponsorship in place with KidsCan, which allows Meridian to support tamariki in need across New Zealand.

The tamariki who took part in the camp were all chosen because of their future leadership potential. Close collaboration with the Raglan community was integral to the success of the camp. Karioi Lodge in Whale Bay was home-base for the week, with a group of Meridian buddies on hand to provide support to the tamariki and ensure that everything ran smoothly.



Each day was centred on surf lessons led by DK. Recognised as one of the best surfers New Zealand has ever produced, DK is an inspiration to everyone; showing how through hard work and self-belief anyone can achieve their dreams.

Patrick Tuilumu from Finlayson School in Auckland was one of the children who took part in the camp. He says he was very excited when he found out about the camp as he had never been surfing before. He certainly enjoyed his chance to learn to surf, saying surfing feels like you're flying on water.

Joining Patrick was Ariana Murphy from Naena School in Lower Hutt. She says the surf camp was not really like other school camps as it makes you be more confident around people. Ariana says catching a big wave meant she gained confidence in herself and she was really proud.

As well as learning to surf, the tamariki engaged in a series of activities centred on environmental and cultural awareness. They visited our Te Uku wind farm, the Xtreme Waste community recycling centre and a local organic vegetable garden. They also learnt to fish, tried their hands at weaving and learned about the area's cultural history.

We captured the tamariki's journeys through a series of short films. In total the videos were viewed more than a million times.

"Surfing was the glue that bound it all together. The camp itself was about community, whānau and sustainability and teaching the kids a few life skills. It was an amazing experience for us and for them", says Meridian's General Manager, Markets and Production, Guy Waipara.

Feedback from whānau was resoundingly positive. One parent said seeing the relationships their son formed with other boys from different walks of life in such a short space of time, was really special. The camp put a human face to Meridian, and the company's interest in community development was a surprise. They said, "Meridian has a connectedness to New Zealand that we weren't expecting from a corporate."

The Meridian Tamariki Surf Camp 2016 allowed us to connect with our communities in a way we've never done before. Strong relationships with those located near our wind farms and hydro stations are essential to Meridian's continued operation. It was great to be able to recognise these communities and do something unique to thank them. The camp was an inspiring experience for all involved.