Orion New Zealand Limited

Statement of intent

For FY20, FY21 and FY22

Approved by the Orion board
1 April 2019

Contents

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A Introduction

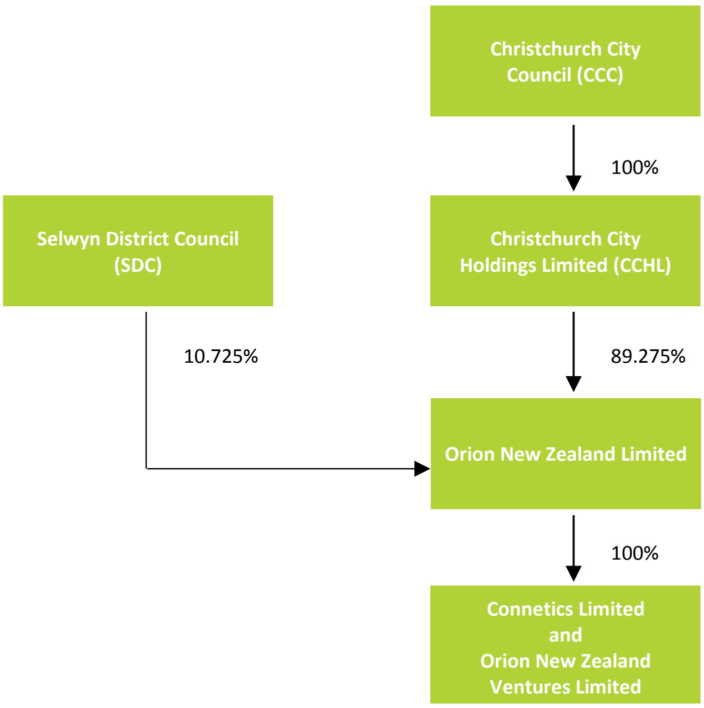
Our customers rely on the electricity we deliver in Christchurch and central Canterbury. Keeping this vital 'lifelines' infrastructure operating safely and sustainably is our top priority.

This statement of intent (SOI) sets out Orion New Zealand Limited's (Orion's) overall intentions and objectives. This SOI also covers our wholly-owned subsidiary companies, Connetics Limited and Orion New Zealand Ventures Limited.

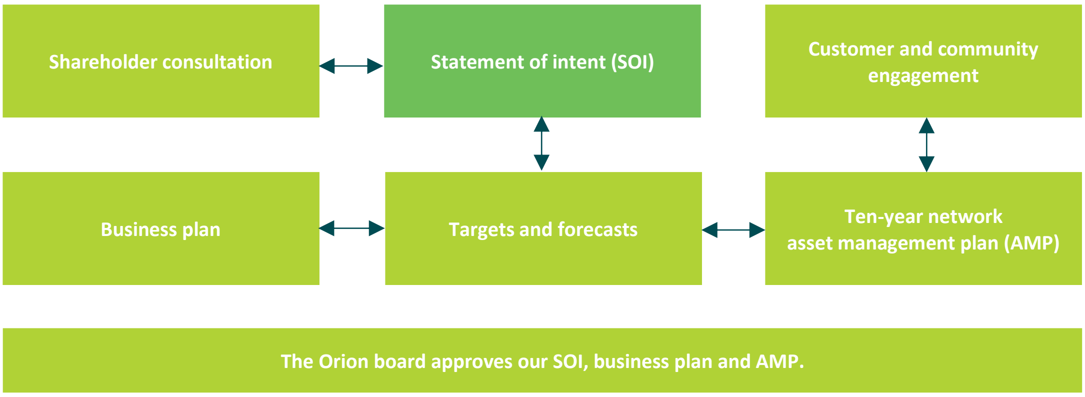
Orion and its subsidiaries are energy companies, pursuant to the Energy Companies Act 1992. This SOI has been prepared in accordance with section 39 of the Act and clause 11 of Orion's constitution. Pursuant to section 36 of the Act, our principal objective is to operate as a successful business.

We review and update our SOI annually, in consultation with our shareholders. This SOI covers FY20, FY21 and FY22.[1]

Our group structure is as follows:



The following diagram shows how this SOI sits within our governance framework:



[1] Financial years are denoted with the "FY" prefix. For example, FY20 represents the year ended 31 March 2020.

B Our key roles and our objectives

Our key roles

We have an important role in meeting our community's aspirations for:

- a 'liveable' region – with strong, connected communities
- a healthy environment and a prosperous economy.

In support of our community's aspirations, our key roles are to:

- connect our customers with New Zealand's, largely renewable electricity generation – mostly hydro, geothermal and wind
- ensure that our electricity delivery service matches our customers' and our community's expectations for network capacity, safety, resilience and reliability – prudently, efficiently and sustainably
- ensure that our electricity delivery service enables the efficient connection of distributed electricity generation
- act in the long-term interests of our customers, our community and our shareholders.

Delivering on our key roles enables local individuals and businesses to invest for growth, confident that their electricity will go on and stay on when they 'flick the switch'.

We will aim to:

- provide a safe, resilient, reliable, efficient and sustainable electricity distribution service in the long-term interests of our customers and community in the Christchurch and central Canterbury region – consistent with good industry practice
- use reasonable endeavours in our negotiations with Transpower to ensure that its transmission services are provided cost-effectively to our region – consistent with good industry practice
- provide commercial services that are ancillary to our electricity distribution service – this includes Connetics providing contracting services to its external customers
- support competition and innovation among electricity retailers and generators
- explore investment/acquisition opportunities in the infrastructure and energy sectors
- manage, grow and if appropriate, realise our other subsidiary and associate company interests.

Our customers and stakeholders

We will aim to engage with, collaborate with and provide good customer service to:

- our connected customers – including those who want to adopt new technologies
- those who want to connect to our network or upgrade their existing connection
- property developers
- regulatory agencies
- electricity retailers and generators
- electrical contractors and engineering consultants
- external customers who receive contracting services from Connetics.

Our network resilience

As a key 'lifelines utility', we need to be ready if high impact, low probability (HILP) events occur and for the long-term impacts of climate change. We will aim to ensure that our emergency readiness plans and practices are prudent, robust and fit for purpose.

Our commercial objectives

We will aim to operate as a successful and sustainable business and provide our shareholders with appropriate returns on their investment.

To achieve this, we will aim to:

- achieve our performance targets as set out in this SOI
- understand and meet our customers' needs

- continually improve our customer engagement and our customer service
- be agile in adapting to and adopting emerging technologies
- innovate and continually improve the efficiency and effectiveness of our operations
- prudently and efficiently invest in our electricity distribution network
- recover our prudent and efficient costs, including an appropriate return on investment
- prudently and efficiently identify and manage our key risks
- comply with relevant legislation, regulation and planning requirements
- co-operate with and meet the objectives of relevant regulatory agencies
- undertake new investments in the infrastructure and energy sectors which are expected to:
    - yield a return at least equal to those investments' risk-adjusted weighted average cost of capital, and
    - increase the commercial value of the business
- provide services that are ancillary to our electricity delivery service on a commercial basis
- if appropriate, sell investments over time.

Our costs

We will seek innovative ways to be efficient and effective. For example, we signal the long-term economic costs of providing our network delivery service to our customers in our network delivery prices. These signals aim to incentivise our customers to reduce load at peak times, which in turn reduces the need for us to invest in expensive network capacity to meet peak loads that occur for relatively short periods.

We will carefully plan our network capital and operating expenditures and we will competitively tender our substantive network works and procurement.

Our network delivery prices

Our electricity distribution charges make up around a quarter of a typical power bill in our region.

We will aim to ensure that our network prices reflect our prudent and efficient costs. Full economic cost recovery retains our incentive to continue to invest in our network and our service, in the long-term interests of our customers, our community and our shareholders. We will comply with the network delivery price limits that the Commerce Commission sets for us. We will pass on Transpower's charges for electricity transmission to our customers.

Our response to emerging technologies

Emerging technologies and innovations are an increasing focus for our industry. These innovations will lead to more choice for customers, changing customer needs and opportunities for further efficiencies and business growth. In light of these issues, we will:

- assess and adopt emerging technologies and innovations as appropriate to our business
- assess and respond to emerging technologies and innovations that affect our customers. For example, current discussion especially centres on electric vehicles (EVs), photovoltaics (PV), battery storage systems and energy management systems – but there will be many more new technologies and innovations.

Our risk management

We will aim to identify and manage our key risks, consistent with good industry practice and the risk management standard AS/NZS 31000. Our risk appetite is 'cautious' (relatively risk averse), consistent with our key lifelines role and our context – including:

- virtually everything depends on electricity in the modern world – and this will continue for the long-term
- our customers and community especially depend on us following high impact low probability (HILP) events – especially natural disasters such as major earthquakes and storms
- our region is in a significant risk earthquake zone, has cold winters, has limited heating alternatives due to clean air restrictions and covers 8,000 sq km of diverse terrain that has changeable environments
- we are a lifelines utility, and other lifelines utilities depend on us
- electricity distribution networks have inherent hazards and risks by their very nature

- we must comply with the Health and Safety at Work Act, the Electricity Act and the Electricity (Safety) Regulations
- we are publicly accountable to our customers, our community, our shareholders and industry regulators
- our shareholders are public entities that are accountable to our community.

We have more information about our key risks, and our risk management processes and plans, in our ten-year network AMP.

Our commitment to social responsibility

Our ultimate council shareholders use our dividends in the manner specified in their respective plans and budgets. We consider that achieving an appropriate risk-adjusted return on capital invested is in our customers' and our community's long-term interests.

We will act in a socially responsible way and as a good corporate citizen – with empathy for our community. In some of our key decisions, we will actively consult with key stakeholders as appropriate.

Our commitment to sustainability

Sustainability encompasses a broad range of environmental, social, economic and governance issues that are meaningful to our shareholders, employees, customers and other stakeholders in our business. Achieving sustainability means creating long-term value for Orion and our wider communities by integrating the principles of sustainability deeply into our strategy. Our sustainability objectives are to:

- provide a fit-for-purpose and sustainable electricity delivery service in the long-term interests of our community
- set meaningful sustainability targets and report on our performance against those targets
- focus on initiatives where we will have the greatest sustainability impacts
- adapt our approach as we better understand our impact and our role in our social, economic and physical environment
- be open to using innovative ways to achieve sustainable outcomes.

Our sustainability priorities for FY20 are to (supported by our targets in Appendix 4):

- obtain independent certification of our carbon emissions
- identify and cost our options to reduce carbon emissions – our own and in the community
- understand our resources footprint for our electricity distribution network – and identify options to reduce it
- improve our community's access to electricity and encourage its wise and efficient use
- encourage the uptake of EVs in our region
- report on our key sustainability issues and progress.

Our people

We will aim to attract, retain, develop and motivate high calibre employees at all levels – to support our principal objective, to operate as a successful business. We are a socially responsible and equal opportunities employer.

We are especially conscious of our public responsibilities in the setting of remuneration for senior executives, which is closely managed by the board and made publicly available via the annual report. We regularly compare our employee remuneration against relevant market data. In general, we aim to meet the market, subject to employee performance.

All individual employment agreement terms and conditions are subject to *one-up* approval. For example, the board approves the chief executive's (CEO) employment terms and conditions and the board remuneration committee approves those of the direct reports to the CEO. Three collective employment agreements cover around 45% of the group's employees. The board negotiates the CEO's remuneration, after taking independent expert advice on relevant market data. The board reviews the CEO's remuneration annually.

We aim to provide a work environment that enables professional and personal growth for our employees and we recognise our responsibility to ensure our people can do their jobs effectively. To ensure that we have skilled employees, we will continue with our initiatives that focus on recruitment, training, retention and succession.

Diversity refers to characteristics that make people different from each other – including gender, gender identity, age, ethnicity, disability, beliefs, sexual orientation, family responsibilities, work style and experience, socio-economic background, thinking style and personality type. Diversity exists within our current and potential employees and in our customers, partners, suppliers and other stakeholders. *Inclusion* means providing a work environment where everyone feels they are able to fully participate at work and where each person is valued for their unique perspectives, skills and experiences.

We will develop and foster an inclusive environment where we all value and embrace diversity. Our objectives are to:

- ensure that our processes and practices are free from bias
- treat people with fairness and respect
- foster a culture where discrimination is unacceptable
- hire and promote the best person for the job, regardless of their background
- nurture and develop the relevant skills, diverse experience and attributes of our people.

Our commitment to health and safety

Health and safety (including wellbeing) is everyone's responsibility. We will aim to have safe worksites and a safe network – for our employees, contractors, visitors, our customers and the public. We will take a risk-based approach to health and safety. We will aim to have a fit-for-purpose health and safety management system, one with effective and robust:

- objectives and performance targets
- board and management reporting
- incident investigation, applying any lessons learnt
- identification and risk management of critical safety risks
- investment to achieve our health and safety objectives
- continuous improvement
- compliance with legislation.

Our compliance with relevant legislation

We will continue our comprehensive legislative compliance programmes and we will aim to ensure we meet our obligations under relevant legislation and regulations.

C Our governance

The board

The company's shareholders appoint the directors to govern and direct the company's activities. The board is the overall and final body responsible for the proper direction and control of the company's activities and decision-making. The board's responsibilities include the overall objectives, strategy, stewardship, performance and reporting of the company.

Statement of intent (SOI)

In accordance with section 39 of the Energy Companies Act 1992 and the company's constitution, the board submits a draft SOI to the company's shareholders in February each year. After due consultation with the shareholders and after considering their comments, the board approves the final SOI and delivers it to the shareholders. A copy is also placed on our website.

Board operation

The board is committed to best practice governance, as is appropriate for a community-owned lifelines utility. The board's operation is subject to the company's constitution and the board charter. The charter sets out how the board and directors shall undertake their responsibilities.

The board chair leads the board and its relationship with shareholders and other major stakeholders. The chair maintains a close professional relationship with the company's CEO, and through the CEO, the senior leadership team (SLT).

New directors undertake an induction process to familiarise them with matters related to the company.

Conflicts of interest policy and Matatika – code of ethics

These documents require all directors and employees to:

- act with integrity, honesty, transparency, openness and in good faith
- comply with the law, apply good judgment and proactively identify, disclose and manage conflicts of interest
- promptly disclose or report any significant potential or perceived conflict or wrongdoing.

The company maintains an Interests Register that is reviewed at the start of every scheduled board meeting.

Policies

The board reviews the company's key policies at regular intervals.

Board performance and review

The board regularly reviews its performance and the performance of the CEO. The reviews aim to identify opportunities and set plans for performance development and improvement.

Board meetings and committees

The board meets approximately ten times per year. Additional meetings are convened as and when required. The board's annual work programme is set by the board before the start of each calendar year. The board receives formal agenda papers and regular reports, generally a week in advance of meetings. Senior managers are regularly involved in board discussions. Directors also have other opportunities to obtain information and may seek independent expert advice.

The board delegates some responsibilities and tasks to board committees, but the board retains the ultimate responsibility and accountability for any committee's actions or inactions. Subject to any conflict issues, all directors receive agenda papers for committee meetings and all directors may attend committee meetings.

The board's two standing committees are:

- the audit committee – which liaises with the company's independent external auditor and independent internal auditor, and reviews the quality and reliability of internal controls and financial and regulatory information used by and issued by the board
- the remuneration committee – which reviews the company's remuneration policies and practices, and reviews and sets the remuneration of the company's CEO and SLT respectively.

Liability insurance and indemnity

The company arranges comprehensive liability insurance policies for the company, directors and officers within the limits and requirements as set out in the Companies Act 1993 and the company's constitution. The company also indemnifies directors and employees within the limits and requirements set out in the Act.

Loans to directors

The company and group do not make loans to directors.

Legislative compliance

The board receives regular updates and representations from management on legislative compliance. Areas of relevant law include industry-specific regulation, health and safety, corporate, taxation, financial reporting, commercial, environmental, human resources and privacy. Compliance manuals and training are made available to all employees and the company engages independent experts for advice on some issues.

Auditor

Audit New Zealand on behalf of the Auditor-General is the auditor of the company.

D Our capital structure and our dividends

We will aim to manage our capital structure so that we have sufficient financial flexibility to cope with and recover from future catastrophic events. Cost-effective insurance for underground cables and overhead lines (or a significant drop in network revenues following a catastrophic event) is not available. Because of this, we should have relatively conservative debt gearing. We will aim to ensure that we retain at least a strong capacity to pay our debts when they fall due – this implies retaining an implicit Standard and Poor's credit rating of at least A-minus.

We forecast that we will retain prudent financial flexibility, even if another catastrophic event similar to the 2011 earthquake occurs.

We will pay dividends to our shareholders after taking into account the company's current and forecast financial position and performance, the company's current and forecast investment and funding requirements, and the solvency test, pursuant to section 53 of the Companies Act 1993.

Our forecast dividends are close to the maximum that we forecast can be paid as fully-imputed dividends. We will pay our ordinary imputed dividends in two equal instalments – in June and December.

E Acquisitions and divestments

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business, will only be considered where it is consistent with our objectives. When the board considers a transaction to be significant to the company's business operations, we will consult with our shareholders.

Major transactions as defined by the Companies Act 1993, will be subject to shareholders' approval by special resolution. However, when we are considering a significant acquisition or disposal of assets or securities, we will consult with our shareholders with as much lead-time as is commercially practicable in the prevailing circumstances. Where we decide to incorporate or subscribe for shares in subsidiaries to undertake our commercial activities, we will ensure effective management.

Board control of any subsidiary is exercised by our directors and management.

F Our relationships with our shareholders and with the wider CCC/SDC group

We will operate on a 'no surprises' basis with shareholders in respect of significant matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

It may be possible to develop commercial opportunities with the wider CCC/SDC group to benefit Orion. We will aim to collaborate with the wider group to explore such opportunities and develop new business opportunities as appropriate. Local authorities sometimes ask us to undertake projects that are inconsistent with our normal commercial objectives. We will seek to recover the full cost of these projects from the local authorities who request them. It is difficult to forecast the extent of these transactions over the next three years.

Our council shareholders have agreed that it is their responsibility to determine the priorities for discretionary undergrounding projects and to pay for such work on an agreed basis. This is a commercially sound arrangement which puts the correct incentives on the parties and is appropriate for shareholders and Orion.

If a shareholder decides to sell shares in Orion, we will co-operate and work with that shareholder and its advisors, subject to our obligations at law.

No material intercompany transactions are forecast to take place with our shareholders, or the wider CCC/SDC group, during the three years covered by this SOI, except the payment of dividends, services provided or received on an arms length commercial basis and services received that are covered by local authority rates.

We will support the CCC's and SDC's community outcome objectives, as expressed in their respective long-term plans – which we summarise as:

- active, healthy, informed and connected communities
- a vibrant, prosperous, accessible and sustainable region
- climate change leadership
- informed and proactive approaches to natural hazard risks.

G How we will report to our shareholders

We submit our draft SOI to our shareholders for consultation annually, as required under the Energy Companies Act 1992 and the company's constitution. Where appropriate, we will submit a revised SOI to our shareholders. Our performance targets are in the appendices of this SOI.

We will submit an annual report to our shareholders. Our annual report will include:

- our audited financial statements
- our performance relative to the targets we set in our SOI

- our governance relative to the Financial Market Authority's eight principles of good governance[2]
- our key issues and progress with sustainability
- other information to enable an informed assessment of the group's performance and financial position.

We submit interim reports to our shareholders. These reports will contain unaudited information similar in content to our annual report and they will comply with financial reporting standard NZ IAS 34 – Interim Financial Reporting.

Our accounting policies comply with applicable NZ IFRS standards and interpretations and will be consistent with the accounting policies adopted by the CCC group. We have applied the same accounting policies when preparing our financial forecasts in this SOI that we applied for our audited financial statements for the year ended 31 March 2018. Our actual accounting policies during the three year period of this SOI may change as a result of changes to NZ IFRS standards and interpretations.

We will update and publish our ten-year network asset management plan before 1 April each year.

H The commercial value of our shareholders' investment

We estimate that the commercial value of our shareholders' investment in the group is at least that which is stated as shareholders' equity in our audited financial statements. We reassess this value annually when we prepare our audited financial statements.

[2] The FMA's eight principles cover: ethical standards, board composition and performance, board committees, reporting and disclosure, remuneration, risk management, auditors, and shareholder relations and stakeholder interests.

Appendix 1 Our financial targets

		FY20	FY21	FY22
Network delivery revenue	$m	244	255	258
Profit after tax	$m	42	39	35
Fully imputed dividends	$m	47	41	38
Profit after tax to average equity	%	6.3	5.8	5.2
Debt to debt plus equity	%	33	35	36
Equity to total assets	%	55	53	53

In late 2019, the Commerce Commission will reset our delivery revenue limits for FY21 and FY22 by way of a 'building blocks' methodology, including an allowance for an appropriate cost of capital. Market rates can change, so the Commission's cost of capital allowance for our delivery revenue reset may differ from what we have assumed for our forecasts above.

The following are the NZ IFRS definitions for the above terms:

Profit after tax	As defined under NZ IAS1
Debt	Net interest bearing debt
Equity	Shareholders' equity, including accumulated reserves
Total assets	The carrying value of all assets.

Our key assumptions for our financial performance targets above are:

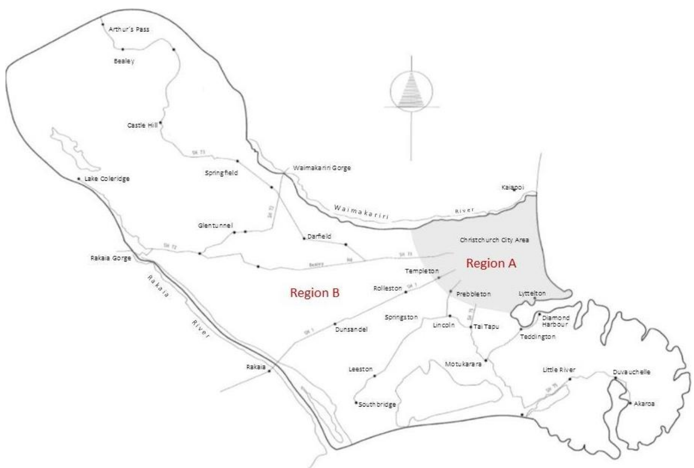
- our targets are for the consolidated group
- our targets are in nominal terms and include forecast inflation
- our future network prices will comply with the Commerce Commission's price limits
- transmission charges from Transpower will be 'passed through' to customers
- our future opex and capex will be in line with our approved network AMP, effective from 1 April 2019
- no major investments/divestments
- no future natural disasters, material adverse events or materially adverse decisions by regulatory agencies
- no future asset revaluations.

Appendix 2 Our network reliability targets

	Approximate customer connections 31 March 2019	Actual FY18	Latest forecast FY19	Targets FY20	Targets FY21/22	Industry weighted average FY18
Orion network:		*	*			*
Minutes of supply interruptions per customer – SAIDI						
- region A	172,000	29	22	22	25	
- region B	32,000	354	357	357	402	
- overall	204,000	79	73	73	84	280
Number of supply interruptions per customer – SAIFI						
- region A	172,000	0.6	0.6	0.6	0.8	
- region B	32,000	3.1	2.3	2.3	2.8	
- overall	204,000	1.0	0.9	0.9	1.1	2.3

Notes:

1. Natural disasters and other major events can cause significant numbers and/or durations of network supply interruptions. The future occurrence and severity of these major events cannot be predicted with any certainty. Accordingly, our network reliability targets above do not allow for future natural disasters or other major events.
2. The Commerce Commission sets performance limits for our overall network reliability as part of the price-quality control regime. The Commission assesses our performance against our limits after 'normalising' for the impacts of major events.
3. Our FY20 targets reflect the limits that the Commerce Commission has set for us for FY20. The Commission has yet to set our performance limits for FY21/FY22 and our targets for those years reflect what we believe is reasonably practicable and in the long-term interests of our customers and community – given the state of our network, our customer engagement and our wider context.
4. The three columns above marked with an asterisk (*) are stated gross – before normalising for major events.
5. SAIDI and SAIFI are standard industry measures for network reliability – they exclude interruptions that are caused by electricity generators or Transpower, or are caused by the low voltage (400V) network, or last for less than one minute.
6. As Christchurch has 'spread west' post-2011, it has become difficult to define a split between urban and rural, so we now refer to two network regions which largely supplied from Transpower's grid exit points as follows:
   - *Region A* – from Islington and Bromley
   - *Region B* – from the other grid exit points.



Appendix 3 Our network development targets

1. Work with the CCC, government agencies and property developers to support the CBD rebuild

Target date: Ongoing

We work with these parties on an ongoing basis. Each development needs to be individually assessed. Our aims are to provide great customer service, to minimise network outages and to protect the integrity of our network.

2. Upgrade our Highfield zone substation from 33kV to 66kV

Target date: 31 March 2020

This project is necessary to support ongoing customer and load growth to the west of Christchurch, including in the Lincoln, West Melton and Rolleston areas.

3. Upgrade our Dunsandel zone substation to restore 'N minus 1' firm capacity

Target date: 31 March 2020

This upgrade is necessary to support Synlait's rapid expansion of its milk processing. This follows our initial upgrades to this substation in FY19. Synlait and other large industrial heat users will increasingly choose electricity for their heat requirements over the coming decades, and we expect to see continuing load growth and network investment to support this.

4. Build and commission a new zone substation at Belfast and interconnect it with our existing 66kV sub-transmission network and a new switching station to be built and commissioned at Marshland

Target date: 31 March 2021

This is a major two-year project to support significant customer and demand growth in the north and north-east of Christchurch. Belfast is a growth priority area for the CCC. We are also forecasting a separate two-year follow-on project to interconnect Belfast with our McFaddens zone substation by 31 March 2022.

5. Install at least 100 low voltage monitoring devices around our electricity distribution network

Target date: 31 March 2020

This is the start of a multi-year project to understand the changing needs of our customers so that we ensure that our ongoing operating and capital expenditure is efficient and in the long-term interests of our customers. Customer needs are changing and will continue to change due to a variety of factors – including emerging technologies and innovations such as electric vehicles, solar PV, battery storage systems and more two-way power flows with the grid.

Appendix 4 Our sustainability targets

1. Cost options to reduce or offset our carbon footprint and choose an initial reduction/offset strategy

Target date: 31 March 2020

We will commission an independent audit of our group carbon emissions measurement during FY20. As part of this, we will analyse the costs and trade-offs of our main options to reduce or offset our footprint.

2. Measure our electricity distribution network resource consumption footprint

Target date: Ongoing

Our aim here is to understand the main resource impacts, from cradle to grave. We install, maintain, operate and decommission many network assets each year – such as poles, cables, substation equipment and network monitoring and control systems. In FY20, our target is to measure one of our largest footprint categories – for example poles or cables. Once we understand our main resource footprints, we can start to identify and implement sustainable options to reduce them.

3. Comply with applicable environmental legislation

Target date: Ongoing

Our aim is continue to improve our environmental management procedures, and to keep any significant Resource Management Act breaches to nil.

4. Keep annual SF_6 gas losses below 0.8% per year

Target date: Ongoing

Our agreement with the Ministry for the Environment requires us to keep our SF_6 losses below 1% each year, as this gas is recognised as a greenhouse gas. We continue to search for safe, reliable and cost efficient alternatives to SF_6 as an interruption medium for our 66kV switchgear. In FY20 we will engage an independent expert to verify that we are measuring our SF_6 gas losses accurately.

5. Support initiatives that are good for our community's sustainability

Target date: 31 March 2020

We support initiatives that align with our community's aspirations and with our electricity delivery service. In FY20, our target is to:

- continue to sponsor Community Energy Action
- identify at least three other sustainability initiatives in our region to support.

6. Encourage the adoption of electric vehicles around our region

Target date: 31 March 2020

New Zealand's electricity generation is largely renewable, so it makes sense to encourage EVs in our region. We have already installed 18 public chargers at our head office and a further 26 around our region to help reduce the risk of EV range anxiety[3]. In FY20, our target is to:

- install at least a further six public chargers around our region, to bring our total to at least 50
- implement at least one initiative for businesses in our region to trial EVs
- continue to investigate the impact of EV charging on our network.

[3] The Plugshare app shows the locations of our public chargers.

Appendix 5 Our health and safety targets

1. No serious safety events involving our employees or our contractors

Target date: Ongoing

This target covers Orion and Connetics. A serious event is defined as a notifiable event, as per section 25 of the Health and Safety at Work Act 2015. We are focused on continuous improvement of our safety management systems, especially preventing serious safety events.

2. No serious events involving members of the public

Target date: Ongoing

This target excludes car versus pole accidents, because it is not possible to ensure the completeness and accuracy of car versus pole accident data.

3. Promote our local public safety education and awareness programme in the safe use of electricity

Target date: Ongoing

Our public safety programme covers issues such as tree owner responsibilities near overhead lines, close approach to lines with irrigators and other operators of plant, scaffolding near lines, householder maintenance near lines, digging near underground cables, moving high loads such as houses or large boats and safety and security near electrical equipment. We especially target contractors and their principals who through their varied work activities are exposed to significant hazards in the field.

We deliver our messages through our website, community shows and presentations to targeted groups and through regular media outlets such as local newspapers and radio.

WorkSafe has a mandatory code of practice for working within four metres of overhead networks and there are industry best practice guides for working near underground networks and transport of high loads. Our written consent is required to allow such work to be undertaken near our network.

4. Review and improve how we manage our critical health and safety risks

Target date: 31 March 2020

We regularly review our health and safety risks and our risk treatments. New issues and risks can and do arise from numerous causes – for example, due to changes to our operating environment. We also review all significant health and safety events to assess our risk management effectiveness and to identify how we can improve.

In this review we will seek to:

- identify significant improvements to how we identify, assess and treat our critical health and safety risks
- implement as many of those improvements as is reasonably practicable by 31 March 2020.

Appendix 6 Our community and employment targets

1. Ensure sustainable network asset management competence via our Orion engineering development programme

Target date: Ongoing

Our programme continues to successfully develop and place talented and motivated people into key positions in our business. We advertise internally and externally for candidates. Successful candidates are selected on merit.

Engineering trainees are trained and gain work experience in the business, with a view to placing them in areas where there are current or forecast skill shortages and/or succession opportunities. Trainees usually complete the programme in three to four years, and are then offered roles in the company.

As at 31 December 2018, we had seven employees in the Orion engineering development programme.

2. Ensure that Connetics has sustainable industry competence via its apprentice and electrical training schemes

Target date: Ongoing

Electricity distribution networks are complex (and increasingly so given technological change), so having relevant employee competence is vital for Orion, Connetics and the wider industry. As at 31 December 2018, Connetics employed:

- 32 apprentices
- 42 other employees in training to gain an industry qualification/operating licence.

3. Establish a formal programme for secondary and tertiary students to gain work experience at Orion

Target date: 30 Nov 2019

Our objectives for this programme will be to help local students (mostly during their holidays):

- learn about our industry, business and career options
- gain valuable work experience
- consider Orion as a future employer.

4. Support the wellbeing of employees

Target date: Ongoing

This target covers Orion and Connetics employees. Each company aims to have a wellbeing support programme that's appropriate to that company's context. An important component is employee engagement on design and improvement. Another important component is that each employee is primarily responsible for their wellbeing – however we will endeavour to support that wellbeing in reasonably practicable and creative ways.