Orion New Zealand Limited

Statement of intent

For FY14, FY15 and FY16

Approved by the board following consultation with shareholders
21 March 2013

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A Introduction

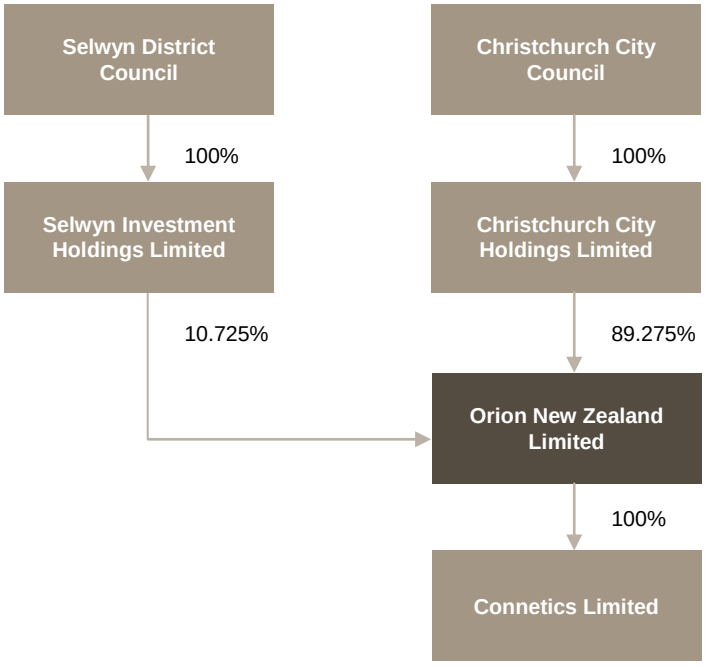
This statement of intent (SOI) sets out Orion New Zealand Limited's (Orion's) overall intentions and objectives. Our SOI sets out the nature and scope of our activities, our objectives, our key performance targets and other measures by which our performance may be judged in relation to our objectives and other requirements. This SOI also covers our wholly-owned subsidiary companies, Connetics Limited and Orion New Zealand Ventures Limited.

This document covers three financial years ending 31 March 2014, 2015 and 2016. Our financial years end on 31 March and are denoted with the "FY" prefix – for example FY14 means the year ended 31 March 2014.

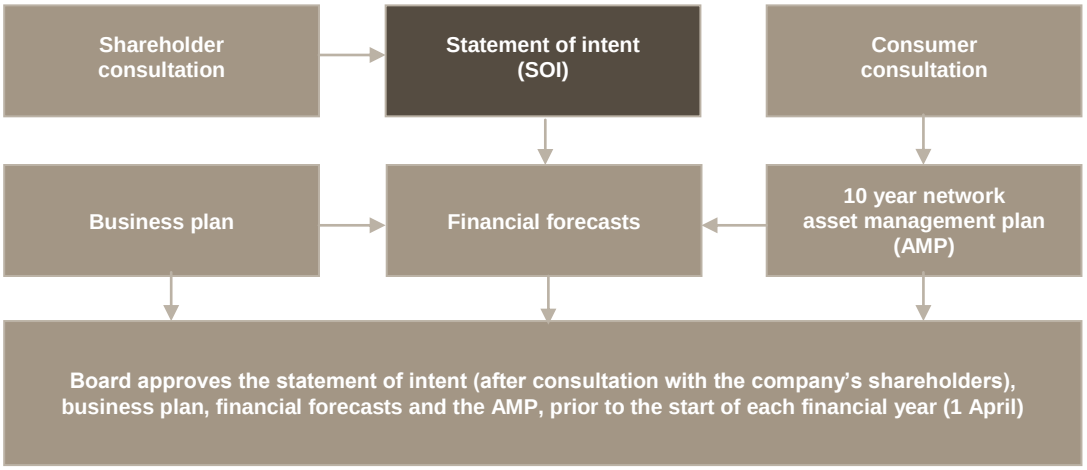
This SOI has been prepared in accordance with section 39 of the Energy Companies Act 1992 and Orion's constitution. Orion New Zealand Limited is an energy company pursuant to the Energy Companies Act 1992.

Our SOI is a public expression of the accountability relationship between Orion and its shareholders – Christchurch City Holdings Limited and Selwyn Investment Holdings Limited. Our SOI is reviewed and updated at least annually in consultation with our shareholders.

Our group structure is as follows:



The following diagram shows how this SOI sits within Orion's planning and governance framework:



We will seek to:

- achieve our objectives, both commercial and non-commercial, as specified in this SOI
- be a good employer
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which we operate
- conduct our affairs in accordance with sound business practice.

Our top priority is the efficient and effective management of our electricity distribution network. We aim to provide customers with a safe, resilient and efficient electricity delivery service and competitive prices.

Section 36 of the Energy Companies Act 1992 requires Orion, as its principal objective, to operate as a successful business. So we aim to recover our efficient costs and provide our shareholders with an attractive risk adjusted return on their investment. We believe that this is what a sustainably successful business does.

We believe that these objectives and priorities are in the long term interests of electricity consumers, our shareholders and our community.

B Nature and scope of activities to be undertaken

We will undertake activities to:

- plan, construct and maintain a safe, resilient and reliable electricity distribution network in the Christchurch and central Canterbury region
- recover our efficient and prudent costs
- provide efficient processes that support competition among electricity retailers and generators
- seek investment/acquisition opportunities in the infrastructure and energy sectors
- manage, grow and if appropriate, realise our other subsidiary and associate company interests.

C Impact of recent earthquakes

The Canterbury earthquakes have caused damage to significant parts of our electricity distribution network. The most extensive damage was to our underground cables in the north eastern suburbs of Christchurch. The 22 February 2011 earthquake caused around 10 times more damage to our network than that caused by the 4 September 2010 earthquake.

Some damage to our electricity distribution network may not become apparent for some time.

Our CBD office buildings were badly damaged and it was not economic to repair them. Our former offices have now been demolished, following a negotiated cash settlement agreement with our insurers. We are currently operating from temporary accommodation on our CBD site and we have commenced building new ‘lifelines standard’ office accommodation at 565 Wairakei Road. We plan to move to our new site by July 2013.

The New Zealand Government has announced that it will purchase the majority of our CBD site so that the site can become part of the ‘eastern frame’ for the CBD blueprint. We will retain ownership of a small portion of our CBD site for our Armagh zone substation.

The majority of our network repair and enhancement responses to the earthquakes are completed or underway. Our priority is to continue our work to restore our electricity distribution network to an acceptable level of capacity, resiliency and reliability. It’s also important that we support the wider rebuild and the move of some businesses and households to new areas.

Our costs have increased and our revenues have reduced – so this is a challenge for us.

The earthquakes have shaped many of our intentions, objectives and targets in this SOI.

Appendix 1 has our key specific targets related to our earthquake recovery.

D Objectives of the group

Network resilience and reliability

A resilient and reliable supply of energy is critical to our customers and our community.

We will seek to maintain, upgrade and expand our electricity distribution network as appropriate to comply with our network security of supply standard and our network resilience and reliability objectives and targets – as published in our annual 10 year network asset management plans (AMPs).

Where appropriate, we will aim to meet our network security of supply standard and our resiliency objectives through innovative demand side initiatives such as smart pricing signals and load interruptibility agreements with our customers. These initiatives aim to reduce system peak demands in the long term interests of Orion, Christchurch and Canterbury.

We reviewed our network security of supply standard in FY08 and, after customer consultation, implemented relatively minor changes to that standard.

In FY13, we reviewed our network 'architecture' (by architecture we particularly mean how much of our urban high voltage network should be interlinked, or 'meshed', and how much should be radial). Our review largely reconfirmed our existing settings, we made only minor modifications.

Our approach to the planning, management and operation of our electricity distribution network is included in our 10 year network AMP. We review and update our AMP every year and then we publish it on our website – usually in late March. Our 10 year network AMP is also publicly available on request.

Our AMPs include our initiatives to significantly mitigate the impacts of any major outages due to major events. We aim to ensure that our contingency plans and practices are relevant and robust.

We aim to ensure that we add new network capacity to match actual and forecast market demand as prudently as possible.

We aim to ensure that Transpower continues to provide our region with cost effective transmission services – including the provision of adequate, ongoing and planned capacity and resiliency, consistent with good industry practice and the long-term interests of consumers.

Earthquake recovery

The 4 September 2010 and 22 February 2011 earthquakes, and the many aftershocks, have tested our security of supply standards, our policies, our investments and our procedures. We believe that the relative lack of earthquake-related damage to our key substations, and our effective responses to the earthquakes, have confirmed our asset management practices.

During FY13 independent specialist consultancy, Kestrel Group, reviewed our preparedness for earthquakes. Kestrel endorsed our approach and made a few relatively minor recommendations for improvement. A full copy of Kestrel's report is available on our website.

A June 2012 New Zealand Lifelines report has also endorsed our preparedness and approach. This report is also available on our website. The report states that the main elements that contribute most strongly to network resilience are:

- asset awareness and risk reduction – identifying points of particular vulnerability
- readiness – taking steps to improve organisational performance in emergencies
- perseverance – maintaining the effort over time while communicating realistic expectations.

We will aim to continue to perform consistent with the New Zealand Lifelines findings. The full report is available at civildefence.govt.nz.

A local infrastructure lifelines risk analysis was carried out in the mid 1990s. This study provided the impetus for us to reinforce and strengthen key components of our electricity network – in particular our major substations. Following a subsequent 15 year reinforcement programme very few of our major substations suffered severe damage in the earthquakes and so supply was able to be restored in good time to the majority of our customers. Our reinforcement programme cost us around $6m over that 15 years, but we estimate that it saved us over $65m in substation repair costs. More importantly it saved local consumers and our community further months of delays in restoring power to the city.

The significant power interruptions after the 22 February 2011 earthquake were primarily due to severe damage to our high voltage (mainly 11kV) underground cable network, particularly in the eastern suburbs of Christchurch, due to ground movement. We had a decade's worth of cable faults from this one quake alone.

We're proud that power was on to 95% of our customers within 10 days of the quake.

Our preparation for, and response to, earthquakes and other natural hazards is subject to ongoing review, with a focus on where we can improve. We will continue with our prudent risk-based approach to network planning, management and operation.

Our responses to the earthquake damage include:

- urgent restoration where practicable and safe
- repairs where economic
- replacement where repairs are not economic or where repairs cannot occur quickly. For example in FY12 and under emergency powers, we built a new substation in Rawhiti Domain to replace our damaged and now decommissioned Brighton zone substation
- temporary alternatives where repairs or replacements cannot occur quickly. For example, we built a number of temporary 66kV overhead lines in the east of Christchurch to replace our severely damaged 66kV underground cables that previously supplied the area
- planned projects brought forward to restore network capacity, resiliency and reliability to areas where our network has been damaged
- 6 relocatable diesel generator sets (3.3MW) at our head office site
- 5 relocatable diesel generator sets(2.7MW) located at Transdiesel
- purchase of 4MW of diesel generators located at the QEII site to provide backup power supply to the north-east area
- purchase or rental of a number of other mobile standby diesel generators.

Many of our repair and enhancement projects are already underway or even completed, and they are highlighted in our 10 year network AMP.

For the decade prior to the earthquakes, we had a resilient, reliable and cost effective electricity distribution network.

Inevitably, our network reliability performance has been adversely affected in FY11, FY12 and FY13 due to the damaged state of our network.

Assuming no further major earthquakes or other disasters, the resilience and reliability of our electricity distribution network will improve over time due to our ongoing repair and investment programme.

Our long term aim is to restore the resiliency and reliability of our network back to near pre earthquake levels by the end of FY19.

Our earthquake recovery targets are highlighted in Appendix 1 of this SOI.

Our network reliability targets are in Appendix 2.

Our role in the wider recovery and rebuild

Our principal roles for the city and wider region recovery, rebuild and growth phases will continue to be to:

- protect and enhance our electricity network, restore network resiliency and reliability and support future electricity load growth
- co-operate with property developers, local authorities and other agencies to ensure timely provision of network services
- make it easy for consumers to connect and reconnect to our network
- support growth and the provision of on-site and distributed electricity generation such as solar power and wind generation where this is economically justifiable.

Our targets related to this are shown in Appendices 1, 2 and 4.

Our interaction with various authorities' planning documents

There are several key regional and city planning documents developed and administered by regulatory agencies.

Key planning documents include:

Regulatory agency	Document
The Christchurch City Council (CCC)	The City Plan
	The Greater Christchurch Urban Development Strategy
	The Christchurch Economic Development Strategy
	The Christchurch Economic Recovery Strategy
	The Safer Christchurch Strategy
	The Road Safety Strategy
	The Christchurch Transport Strategic Plan
	The Sustainable Energy Strategy
The Selwyn District Council (SDC)	The Selwyn District Plan
Environment Canterbury (Ecan)	The Regional Policy Statement
	The Canterbury Water Management Strategy
	The Canterbury Regional Transport Strategy
	Land and Water Regional Plan
The Canterbury Earthquake Recovery Authority (CERA) including the Christchurch City Development Unit (CCDU)	The Recovery Strategy for Greater Christchurch
	The Christchurch Central Recovery Plan
	An Accessible City
Civil Defence	Guidelines for Lifelines Utilities
The Treasury	The National Infrastructure Plan

Our key role is to provide an electricity distribution network delivery service that meets the long term interests of consumers and our community. One that is:

- safe
- resilient
- reliable
- cost effective and
- meets the objectives, policies and strategies of regulatory agencies where practicable.

We aim to co-operate with all regulatory agencies so that their objectives can be facilitated.

Customised price-quality path (CPP) proposal

Our electricity distribution prices and our network reliability targets are controlled by the Commerce Commission under Part 4 of the Commerce Act. The Commission set those prices and reliability targets for us prior to the earthquakes under its default price-quality (DPP) framework.

Under the Act, we may apply to the Commission for a CPP to reset our prices and reliability targets if we believe that the Commission's settings do not reflect our circumstances. The earthquakes have materially changed our circumstances and therefore our DPP settings do not reflect our circumstances.

In February 2013, following consumer and stakeholder consultation on our draft CPP proposals in December 2012, we applied to the Commerce Commission for a CPP. If our CPP proposals are approved by the Commission (following the Commission's own public consultation processes):

- our regulated network reliability targets would be reset to lower (less reliable) levels initially to reflect the damaged state of our network but our targets would improve over several years in response to our ongoing work and investments to restore network resilience and reliability
- our regulated distribution network prices would be reset to higher levels to reflect our costs, including our uninsurable costs and revenue losses caused by the earthquakes. Our costs include a regulated fair rate of return on our network assets, our network repair costs and our lost revenues from depopulation effects
- the above changes would start to take effect from 1 April 2014.

We believe that our proposals are in the long term interests of consumers and consistent with our obligations to operate as a successful business pursuant to the Energy Companies Act. We believe that our proposals are also consistent with the purpose statement in Part 4 of the Commerce Act (which focuses on the long term interests of electricity consumers) and the Commerce Commission's input methodologies (which govern how CPP proposals must be presented to the Commission).

We have prudently insured our network assets, however most of our assets are not economically insurable (especially our overhead lines and underground cables) and our revenue losses from general depopulation are also uninsurable. We are not aware of any electricity distribution business in Australasia who has this sort of insurance cover. We believe that we should recover our uninsurable costs and revenue losses from catastrophic events such as the earthquakes because this retains our commercial incentives to continue to invest in our electricity distribution network for the long term benefit of consumers.

The Commission will decide whether to approve, amend or reject our CPP proposals. The Commission's final decisions on our proposals are not likely to occur until late 2013 or early 2014.

A copy of our CPP proposal is available on the Commerce Commission's website.

Our electricity distribution network reliability targets in Appendix 2 of this SOI are consistent with our targets in our CPP proposals.

Our financial performance targets in Appendix 5 of this SOI are not consistent with our CPP price proposals. Due to the uncertainty around the Commission's ultimate decisions on our CPP pricing proposals, for the purposes of our financial targets in this SOI we have assumed that none of our network price proposals are approved by the Commission – in full or in part.

In effect, this SOI assumes that our future distribution network prices will continue to be restricted to annual increases of general (CPI) inflation, with no one-off price increases to recover our earthquake related costs and losses.

Commercial

We aim to operate as a successful business and we also aim to provide our shareholders with appropriate returns on their investment. We will pursue strategies that aim to ensure Orion's long-term success as a business.

To achieve this, we will seek to:

- achieve our specific financial, operational, environmental, community and employment performance targets referred to in section F
- understand and meet consumers' needs in terms of network resiliency and reliability
- improve the efficiency and effectiveness of our operations, including efficient ongoing investment in the network and the effective and prudent management of risk
- ensure our network delivery service contracts with our customers meet the requirements and objectives of relevant industry legislation and regulation

- recover our prudent and efficient costs, including a fair and regulated return on investment
- undertake new investments in the infrastructure and energy sectors which (taken as a whole) over their life 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
- if appropriate, realise investments over time.

Profitability and return on investment

Our revenues are a function of our prices and customer demand.

The 22 February 2011 earthquake caused a significant reduction in load demand and the timing and extent of economic recovery in Christchurch and therefore our future network revenues are uncertain. The earthquake has also caused us to incur additional operating costs and capital expenditure, some of which will be offset by insurance proceeds.

In our CPP price application to the Commerce Commission we propose to fully recover our uninsurable earthquake related costs and losses from consumers and to recover those costs over 10 years, commencing on 1 April 2014.

Our network line prices are subject to price control administered by the Commerce Commission under Part 4 of the Commerce Act 1986. Without our CPP price proposals, we may only increase our network line prices each year up to the rate of consumer price index inflation (this is known as CPI minus 0%). As we have noted above, we have made a CPP application to the Commerce Commission to address the adverse effects of the earthquakes on our business.

Our CPP proposals aim to ensure that our network pricing is adequate, so we can continue to invest in our network in a way that meets consumers' long term interests in terms of network resilience and reliability, and is appropriate for our shareholders.

We will continue to seek innovative ways to reduce our costs. For example we are a national leader in signalling the long-term economic costs of providing our network services to our customers – this signalling aims to stimulate consumer load shedding at peak times, which in turn reduces the need for us to invest in expensive network capacity. We also carefully plan our network capital and operating expenditures and, where appropriate, competitively tender all substantive work and procurement.

We are responsible for a key community infrastructure asset – the local electricity distribution network. As such, we will continue our policy, as stated in section A of this SOI, to provide our customers with a high level of service, a resilient and reliable network delivery service and competitive prices. This policy inevitably restricts the size of possible ongoing cost savings, but we believe that the wider and long term economic costs of lower levels of network resilience and reliability outweigh the short term benefits of related cost savings. Our ability to continue with this policy in the next few years will depend on regulatory decisions regarding our pricing – in particular whether we can be confident that we can recover our efficient and prudent costs and losses.

We will also seek new business opportunities and investments that meet our investment criteria – consistent with our overriding objective to operate as a successful business.

Our financial performance targets are shown in Appendix 5.

Pricing

Our electricity distribution charges make up around a quarter of the average household and business power bill in Christchurch and Canterbury.

For the purposes of our financial targets in this SOI, we have assumed that our future distribution network price increases continue to be restricted to general (CPI) inflation, consistent with our current default price path (DPP).

In February 2013, we applied to the Commerce Commission to increase our distribution network prices to higher levels to recover our earthquake related costs and losses. Our application proposes a CPP price path, consistent with the Commission's approved CPP input methodologies. If approved, our cost recovery would be spread over 10 years, commencing on 1 April 2014.

Any changes in Transpower's pricing for electricity transmission will be passed on to our network customers (principally electricity retailers).

Our price structures are relatively simple and low-cost to operate.

Our prices aim to ensure a fair rate of return on the assets employed and to reflect our economic costs. We aim to recover the full economic and efficient costs of our services. We believe that full cost recovery is in the long term

interests of consumers because cost recovery retains our incentive to continue to invest to restore capacity, resilience and reliability to the network.

Social responsibility and community interest

Our key role in our community is to ensure that our electricity distribution network capacity continues to match actual and forecast demand and consumers' expectations for network resilience and reliability as prudently as possible.

Orion is charged with being a successful business. The benefits to the public of community ownership result from the dividends paid by the company to our shareholders. Our shareholders and their respective shareholding councils then use those dividends in the manner specified in their respective plans and budgets. As a provider of monopoly network delivery services, we consider that achieving a fair return on capital for our business is socially responsible and we have adopted such a policy.

In making our commercial decisions, we act in a socially responsible way and as a good corporate citizen – with empathy for the communities of interest which we serve. In some of our key decisions we actively consult with customers and key stakeholders.

We are continuing to waive connection fees for buildings damaged in the earthquakes that require reconnection to our network.

Our social responsibility and community targets are shown in Appendix 4.

Our people

We aim to be a good, socially responsible employer. Our ability to recruit and retain competent, motivated and committed employees and contractors is essential to our efficiency and effectiveness. We are an equal opportunity employer.

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 are skilled to do their jobs effectively. An ageing workforce and an industry shortage of skilled employees together with attraction and retention of employees in post earthquake Christchurch are issues for us. To ensure that we are not left short of skilled employees in the future, we will continue with our initiatives that focus on recruitment, training, retention and succession.

We will continue to aim for high levels of motivation, engagement and productivity from our employees.

Our employee wellness programme supports our employees to remain safe and healthy and we believe that it is important, especially given our current working environment.

A key component of our earthquake recovery and ongoing performance is our ability to attract and retain our people. We will continue to maintain and improve our staff engagement levels where this is appropriate.

Our target to build a new office building in Appendix 1 is also an important element of our aim to be an employer of choice.

Our employment targets are shown in Appendix 4.

Health and safety

We aim to provide a safe network and a safe and healthy work environment for all employees, contractors, visitors and the public. This commitment extends to taking all practicable steps to ensure that our operations do not place the community at undue risk of injury or illness.

Our health and safety targets are shown in Appendix 4.

Environmental commitment

We are committed to working towards a sustainable environment. To that end we have adopted and published environmental sustainability policies under the following headings:

- stakeholder consultation
- protection of the biosphere
- sustainable use of natural resources
- reduction and disposal of waste
- wise use of energy

- risk reduction
- restoration of the environment
- disclosure
- commitment of management resources
- review.

Our environmental sustainability policies are publicly available on our website. We formally review our policies annually.

In FY08 and FY09 we engaged an independent environmental expert, MWH, to estimate our impact on the environment and identify where we could materially improve our environmental performance. MWH's study included but went beyond the factors normally considered in carbon footprint exercises.

MWH could not identify any other network company in the world that had undertaken a similarly comprehensive environmental study. As a result of MWH's report on our environmental performance, we set six targets in addition to other environmental targets. Five of these targets were subsequently successfully met and the other, relating to our demand side management initiatives, is ongoing in nature – see Appendix 3.

Other aspects of our operations that support our environmental commitment include:

- we facilitate the easy connection of renewable and low-carbon electricity generation (for example wind power) to our network
- we signal load peaks in our network pricing to encourage efficient use of our network
- we maintain and operate an efficient water cylinder load control system so that significant loads can be shifted away from peak times to less expensive off peak times, at minimal inconvenience to our customers.

The impact of deep-well irrigation pumping for dairy farm conversions has required large investment in rural network upgrades in recent years. Further load growth and therefore investment by us in the rural area is dependent on issues such as commodity prices, and the continuing availability of water supplies to support increased dairying, horticulture and lifestyle residential land use.

We will actively contribute to the local debate on plains irrigation developments by ensuring that decision making parties and interested groups have an appreciation of the likely impacts of any major proposals on Orion's and Transpower's electricity network costs and prices.

Our environmental targets are shown in Appendix 3.

Undergrounding

Our council shareholders have agreed that it is their responsibility to determine the priority 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 both shareholders and Orion.

Virtually all urban extensions to our network are underground, in compliance with the City Plan. In rural areas it is often up to the developer to decide whether reticulation is underground or overhead.

A portion of our system reinforcement, safety and improvement projects will continue to include undergrounding of overhead reticulation.

Compliance

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

E Governance

Role of the board

Our directors are appointed by the shareholders pursuant to the company's constitution. The board is the overall and final body responsible for the proper direction and control of the company's activities. The board's responsibility includes areas of stewardship such as:

- commercial performance

- business plans and budgets
- company policies
- financial and dividend policies
- management oversight and development
- delegations of authority
- identification and management of business risks
    - identification and management of business opportunities
    - internal control systems
    - integrity of management information systems
    - relationships with stakeholders and external parties
    - compliance with relevant law
    - reports to shareholders.

In accordance with section 36 of the Energy Companies Act 1992, the company's principal objective is to operate as a successful business.

Statement of intent

In accordance with section 39 of the Energy Companies Act 1992 and the company's constitution, in February each year the board submits a draft statement of intent (SOI) to its shareholders for the coming financial year. This SOI sets out the company's overall objectives and intentions, as well as financial, earthquake recovery, network reliability, environmental, community, employment and health and safety performance targets.

After due consultation with the company's shareholders and after considering any comments from those shareholders, the final SOI is approved by the board, delivered to the company's shareholders and placed on the company's publicly available website.

The board also aims to ensure that shareholders are informed of all major developments affecting the company's state of affairs.

Board membership

The board currently consists of five non-executive directors. Pursuant to the company's constitution:

- four have been appointed by the company's majority shareholder, Christchurch City Holdings Limited
- one has been appointed by the company's minority shareholder, Selwyn Investment Holdings Limited.

Board operation

The operation of the board is governed by the company's constitution and the board's code of conduct.

The board chairman is elected by the board and has a leadership role in the conduct of the board and its relationship with shareholders and the company's other major stakeholders. The chairman maintains a close professional relationship with the company's chief executive officer, and through him, the company's management team.

All new directors undertake an induction process at the time of their appointment to familiarise them with matters related to the company.

Board meetings

The board meets approximately 10 times per year. Additional meetings are convened as and when required and the board's planned annual programme is set by the board a few months in advance of the start of each calendar year.

Directors receive 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 gain information and expert advice in relation to the company and its operations.

Board committees

While the board may delegate some responsibilities and tasks to a board committee, it cannot avoid ultimate responsibility and accountability for any committee's actions or inactions. During the year, the board continued with its two standing committees as follows:

- the audit committee liaises with the company's external independent auditor and provides additional assurance regarding the quality and reliability of internal controls and financial information used by and issued by the board
- the remuneration committee assists the board to establish remuneration policies and practices to set and review remuneration of the company's chief executive officer and senior management team.

Legislative compliance

We have a comprehensive approach to compliance with relevant law. Compliance manuals and training are made available to all employees. Where appropriate, we engage external experts to advise us on appropriate policies and practices to ensure compliance. The board receives regular updates from management on compliance. Areas of relevant law include corporate, taxation, financial and regulatory reporting, commercial, environmental, human resources, health and safety and privacy.

Investments in other companies

The board receives regular updates on, and monitors the performance of, each investee company. Our most significant trading investment is Connetics Limited and this company has two non-executive Orion New Zealand Limited directors on its board.

Policies

The board formally reviews the company's key policies and any recommendations for changes from management at least annually.

F Performance targets

Our earthquake recovery targets are shown in Appendix 1.

Our network reliability targets are shown in Appendix 2.

Our environmental targets are shown in Appendix 3.

Our community, employment and health and safety targets are shown in Appendix 4.

Our financial performance targets are shown in Appendix 5.

Our key assumptions used in our financial performance targets are shown in Appendix 6.

G Dividends

We will pay dividends to our shareholders after taking into account the company's financial position, profitability and future investment requirements. Our dividends will be determined by the board after consideration of the company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

Our dividends are forecast to be paid in two equal instalments in June and December of each financial year.

Our forecast dividends are close to the maximum that we forecast can be paid as fully imputed dividends for tax purposes.

To assist the shareholders with budgeting, our ordinary fully imputed dividend forecasts are shown in Appendix 5.

H Capital structure

In seeking new investments, we plan to ensure that explicitly or implicitly the company retains a rating agency credit rating of at least "strong capacity to pay". Although no material acquisitions, other than the purchase of local spur grid assets from Transpower, have been included in our financial forecasts and targets, we may undertake new investments as long as they are consistent with our objectives (see Section D).

Orion is a key 'lifelines' infrastructure provider to our local community. It is very important that the capital structure of the company is managed prudently so that the company has sufficient financial flexibility to cope with any future civil defence emergencies – such as further significant earthquakes. We believe that consumers and our community need to have confidence that we can cope with any future shocks in an efficient and effective manner. Our ability to get on and restore power and our network's resilience quickly in such emergencies is vital to the community's health, safety and welfare, and also the region's recovery.

There is still a material risk of another local earthquake above magnitude 6 within the next 12 months and beyond.

We currently insure our corporate buildings and our key network substations. It has not been economic to insure our network underground cables and overhead lines (or the sudden drop in network revenues due to depopulation effects) and there is no certainty as to whether the insurances we currently have (including for our key substations) will remain economically sustainable in the future.

We therefore believe that the company should be conservatively geared with debt and that the company's capital structure should be managed in a prudent manner. We forecast that our debt levels will continue to rise for the foreseeable future due to relatively high levels of network investment, our dividend policy and reduced profitability post-earthquakes.

We will continue to review the company's capital structure on an ongoing basis and we will formally do so in FY15 after the Commerce Commission makes its final decisions on our CPP proposals.

Our debt and equity forecasts are shown in Appendix 5.

I Accounting policies

We will continue to adopt accounting policies consistent with the Financial Reporting Act 1993 and the policies adopted by the Christchurch City Council group.

Our accounting policies are based on NZ IFRS standards and interpretations applicable at the date of this SOI.

Accounting standards and interpretations are subject to change and therefore our accounting policies are also subject to change during the three year period of this SOI.

Our key accounting policies (our draft policies for FY13) are shown in Appendix 7.

J Information to be reported to shareholders

We will submit our draft SOI to our shareholders for consultation annually, as required under the Energy Companies Act 1992 and the Orion constitution.

Where appropriate, we will submit a revised SOI to our shareholders.

We will submit an annual report to our shareholders. Our annual report will include our audited financial statements and such other details as are necessary to permit an informed assessment of the company's performance and financial position during the reporting period.

We will also provide half-yearly reports to our shareholders. These reports will contain unaudited information similar in content to the annual report and will comply with accounting standard NZ IAS 34.

Our reports will outline our objectives and performance in terms of:

- financial
- earthquake recovery
- network reliability
- environment, and
- community and employment.

We will also publish an annual (10 year) network asset management plan.

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

We will provide information requested by the shareholders in accordance with the requirements of the Energy Companies Act 1992. The books, records and accounts maintained by, or on behalf of, the company will be made available in accordance with the Companies Act 1993 and the Energy Companies Act 1992.

K Acquisitions/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 long-term commercial objectives. When our subscription, acquisition or divestment is considered by directors to be significant to the company's business operations, we will consult with our shareholders.

Major transactions as defined in section 129(2) of the Companies Act 1993, will be subject to shareholders' approval by special resolution. Notwithstanding the above, 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.

L Intercompany transactions

No material intercompany transactions are forecast to take place during the three years covered by this SOI, except:

- payment of dividends on our ordinary shares
- provision of services, such as street lighting maintenance for local authorities, on an arms length commercial basis, and services received from our shareholders, such as services covered by local authority rates and chargeable services, on an arms length commercial basis. It is impracticable to quantify the extent of most of these transactions
- dividends and intercompany interest on current accounts to be received from our subsidiary companies.

M Compensation sought from local authorities

At the request of our shareholders, or their respective shareholders, we may undertake activities that are not consistent with our normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, the only such material activities undertaken involve discretionary conversions of overhead network reticulation to underground as described in section D above.

Due to the discretionary nature of these projects it is difficult to forecast the extent of these transactions over the next three years but the extent of such charges to councils is likely to be less than $0.5m per annum.

N Commercial relationships within the CCC group

Orion is an 89.275% subsidiary of Christchurch City Holdings Limited (CCHL) which is itself a wholly-owned subsidiary of the Christchurch City Council (CCC). It may be possible to develop commercial opportunities with other group companies to benefit Orion, the CCC group and the Canterbury region. We will continue to work with other group companies to explore such opportunities and develop new business opportunities as appropriate.

O Growth in the regional economy

Orion owns and manages a key local and regional infrastructure asset – the Christchurch and central Canterbury electricity network distribution system.

Our group of companies is also a significant employer, with over 400 employees.

We have annual operating and capital expenditures of over $200m.

Orion is one of the leading electricity distribution companies in New Zealand in the promotion of energy efficiency and we will continue to develop that activity.

Our key role is to prudently manage our electricity distribution network in the long-term interests of our shareholders and consumers. Success in doing so means that local individuals and businesses can continue to invest for growth with confidence that the “lights will go on when the switch is flicked”.

We may also be able to assist to leverage the value of the Christchurch City Holdings Limited group of companies to further enhance regional growth. This is an initiative from Christchurch City Holdings Limited. We will liaise with those group companies as appropriate and seek and pursue material and worthwhile opportunities – consistent with our principal objective to operate as a successful business.

We will continue to support energy efficiency initiatives, especially those with the extra benefit of driving economic efficiency and growth.

P Commercial value of the 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 latest available audited financial statements. This value is reassessed annually as part of the preparation of our audited financial statements. Our estimate is subject to:

- any adverse impacts of further earthquakes
- any impacts (adverse or otherwise) from regulatory decisions
- any impacts (adverse or otherwise) from our CPP proposal to the Commerce Commission.

Appendix 1 Earthquake recovery targets

The earthquakes, particularly the 22 February 2011 earthquake, caused significant damage to our electricity distribution network.

Our first three targets in this appendix are ongoing from the eight earthquake recovery targets we set in our SOI two years ago. The other two targets in this appendix are new.

1. Repair our damaged underground cables

Target date: Ongoing

Our 11kV and low voltage underground cable network was extensively damaged in the earthquakes, especially in the eastern suburbs. All known 11kV underground cable faults have been repaired, however it will likely be three to five years before all underground cable damage is found and repaired. Much of the actual damage to the cables will only be found when cable faults occur in the future.

2. Lay and commission a permanent 66kV high voltage feed from Transpower's Bromley grid exit point to the Dallington and Rawhiti Domain zone substations. Then remove the temporary 66kV overhead lines we installed after the February 2011 earthquake

Target date: 31 March 2014

In the days after the 22 February 2011 earthquake, we urgently built new temporary 66kV overhead lines from Transpower's Bromley grid exit point to our Dallington substation and our new Rawhiti Domain substation. These overhead lines replaced our severely damaged 66kV underground cables that previously supplied the eastern suburbs.

The new overheard lines are temporary and they were authorised and installed under emergency powers to provide power to the eastern suburbs of Christchurch. Our long term solution needs to ensure that there is sufficient network capacity to this area. This project involves 66kV underground cables.

There is a risk that part of this project could be delayed due to a possible delay in the CCC deciding on the fate of a bridge on Gayhurst Road in Dallington. Our current project plan has our 66KV cables using this bridge for a necessary Avon River crossing, however if the CCC decides not to repair it and perhaps build another bridge elsewhere, then that part of our project would need to be reassessed. In the meantime, we have reprioritised other stages of this project.

3. Work with the Canterbury Earthquake Recovery Authority (CERA) and the Christchurch City Council to re-establish power and network resiliency to the central business district (CBD) according to agreed priorities and timeframes

Target date: Ongoing

We are working with CERA, SCIRT and property developers on an ongoing basis. Our main involvement so far has been to decommission and reliven connection points as necessary and provide comprehensive information about the process to connect to our network so that developers know what to expect. It is not yet certain how the CBD will be repopulated/redeveloped or how quickly.

Our CBD assets sustained relatively little damage in the earthquakes and we expect to provide a resilient and reliable network to CBD businesses and residents in the years ahead.

Many of our substations in the CBD are, and were, housed in damaged buildings that belong to third parties. As buildings are demolished, we face challenges maintaining continuous power supply. We are working with the authorities, building owners and demolition contractors to minimise outages and to protect and recover our network assets as appropriate.

4. Construct and move into a new head office building built to level 4 standard (lifelines) and develop a backup 'hotsite' emergency location

Target date: 30 June 2013

The 22 February 2011 earthquake badly damaged our Manchester Street office, so our employees relocated to other buildings on our office site in the CBD (200 Armagh Street). A new (lifelines-standard) office building is currently under construction at 565 Wairakei Road.

As a lifeline utility we are required under the Civil Defence Emergency Management Act 2002 to "ensure that we are able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency". Our operations are therefore required to be in a 'lifelines standard' building.

We will also develop an emergency backup site. This *'hotsite'* will include a separate SCADA management and data centre.

Our preference is to eventually return to the CBD.

5. Continue to support the key regional earthquake recovery planning documents

Target date: Ongoing

Our key role here is to restore resilience and reliability to our electricity distribution network and to anticipate and plan for future customer load growth and new connections in our network area. Our key network planning and accountability document is our 10 year network asset management plan (AMP) and we will continue to ensure that our AMP remains up to date and consistent with good industry practice while taking approved regional recovery documents fully into account.

Appendix 2 Network reliability targets

	Approx no of customer connections 31 March 2013	Affected by earthquakes						Unaffected by earthquakes	
		Target FY16	Target FY15	Target FY14	Latest forecast FY13	Actual FY12	Actual FY11	Actual 5 year average to FY10	Gazetted NZ weighted average FY11
Orion network interruptions: Duration of supply interruptions in minutes per year per connected customer (SAIDI)									
- urban	170,000	81	95	99	39	208	4,155	18	
- rural	23,000	415	415	415	450	389	1,442	493	
- overall	193,000	95	104	106	88	231	3,812	75	166
Number of supply interruptions per year per connected customer (SAIFI)									
- urban	170,000	1.4	1.6	1.6	0.7	2.0	2.8	0.3	
- rural	23,000	3.6	3.6	3.6	4.3	3.6	4.5	3.4	
- overall	193,000	1.2	1.4	1.4	1.1	2.2	3.0	0.6	1.8

Important notes:

1. The Canterbury earthquakes and aftershocks have had a significant adverse impact on the company's electricity distribution network reliability.
2. All figures in the *"affected by earthquakes"* columns above exclude *"major event day"* adjustments allowed under the Commerce Commission's regulatory information disclosure requirements.
3. For SAIDI the company has assumed that all outages caused by the 22 February 2011 earthquake were successfully resolved by 31 March 2011. The only ongoing outages as at that date were due to circumstances beyond the company's control – this especially applied to the cordoned off CBD area (around 2,000 mainly business customer connections).
4. The gazetted NZ weighted average figures above exclude Orion's so as not to 'skew' the wider industry comparative data. Industry figures for FY12 have not been published yet, but they are unlikely to be materially different from the FY11 figures above.
5. The company's targets above assume that there are no further major earthquakes or other natural disasters.
6. SAIDI and SAIFI measures are international industry standards which enable assessment of network performance. The gazetted industry averages noted above are for all New Zealand electricity distribution networks and include rural and urban networks. Our network includes a significant rural component.
7. SAIDI: system average interruption duration index – an international index which measures the average duration of interruptions to supply that consumers experience on average in a given period.

$$\text{SAIDI} = \frac{\text{Sum of (number of interrupted consumers x interruption duration)}}{\text{Average number of connected consumers}}$$

SAIFI: system average interruption frequency index – an international index which measures the average number of interruptions that consumers experience on average in a given period.

$$\text{SAIFI} = \frac{\text{Sum of (number of interrupted consumers)}}{\text{Average number of connected consumers}}$$

Appendix 3 Environmental targets

1. Continue to undertake and encourage demand side management

Target date: Ongoing

Environmental consulting firm, MWH, completed a report for us on our overall carbon impact in 2009. MWH's report found that over 90% of our annual carbon footprint came from electrical losses, a natural phenomenon that is caused by the heating of equipment as electricity passes through it, and from carbon embedded in our physical electricity distribution network assets. MWH found that we can do little to significantly reduce our carbon footprint from either of the above two sources.

MWH concluded that carbon savings can be achieved through demand side management (DSM) and that we already achieve significant carbon savings through our existing DSM initiatives. However, further savings through increased DSM may be possible. Carbon savings include one-off embedded asset savings and electricity generation savings. MWH found that peak load lopping through the use of local diesel generation can result in net carbon savings despite the use of diesel.

We will continue with our current DSM initiatives and encourage greater consumer response to our cost reflective peak pricing, both by businesses and electricity retailers. We will also work with local businesses to assist them to install peak load lopping diesel generation.

We will continue to promote and enable DSM through the following initiatives:

- continue to co-operate with other upper South Island electricity distributors on the upper South Island centralised load management control system. This system enables the benefits of co-ordinated control to be quantified and provides a platform for future DSM initiatives. In FY13 Transpower agreed to fully fund the direct costs of this project over three years to 31 March 2015.
- investigate the trialling of smart meters in the company's substations to better understand the performance and constraints of our distribution network. It may be that some peak demand savings are possible if the company's low voltage network can be further optimised
- develop the local system operator concept. We will continue to pursue this opportunity which we believe could lead to better coordination of New Zealand's DSM resources.

2. Continue our support for and sponsorship of Community Energy Action (CEA)

Target date: Ongoing

We have sponsored CEA since its inception in 1994. As well as providing financial sponsorship we assist CEA with information technology and other issues that arise in its day-to-day operations. From 1994 CEA resided rent-free at our head office premises. Due to significant increases in demand for its services, CEA relocated to new premises during FY11.

We will continue to offer financial and administrative support to CEA. Over 15,000 local homes have already benefited from CEA's services. We view CEA's services as very important for our local community.

3. Support the Christchurch City Council's sustainable energy strategy

Target date: Ongoing

Our specific targets are to:

- continue to seek ways to reduce peak loads on our network and increase our network load factor
- obtain better, more accurate real-time data of our network loadings. This allows for more efficient network planning so that our spending to meet load growth is efficient.

Our policies for the connection of distributed generation to our network enable the safe and efficient connection of a range of local generation. Our policies and procedures in this area are rated very highly in terms of ease of connection relative to the rest of the industry and we will continue to lead the industry in this regard. Our policies therefore promote economic renewable energy sources.

Appendix 4 Community and employment targets

1. Zero work related lost time accidents for our employees and contractors

Target date: Ongoing

This target covers both Orion New Zealand Limited and its contractors (including Connetics) and is an extremely challenging one due to the physical nature of the work required on our electricity distribution network. Care is needed with this target as we do not want to create a climate where accidents are not reported and/or harm is compounded through inappropriate policies to force people back to work too early.

2. Zero number of injury accidents (excluding car versus pole traffic accidents) involving members of the public

Target date: Ongoing

Recent amendments to the Electricity Act 1993 mean that electricity network companies now have greater responsibilities in this area. We have excluded car versus pole accidents from this target as it is very difficult to be sure of the completeness and accuracy of any data we gather in this area.

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

Target date: Ongoing

Our programme covers issues such as tree owner responsibilities near lines, close approach to lines with irrigators and other operators of plant, scaffolding near lines, householder maintenance near lines, digging near underground cables and safety and security near electricity equipment.

Our messages are delivered through a series of community shows, presentations to targeted groups and through regular media outlets such as local newspapers and radio.

With the large amount of demolition and repair work in Christchurch following the earthquakes, there are now many additional contractors working close to our electricity distribution network. We're concentrating on educating contractors and their principals because they are exposed to significant risk of harm.

Over recent months we have:

- developed and grown constructive and mutually beneficial relationships with contractor companies and established relationships with Stronger Christchurch Infrastructure Rebuild Team (SCIRT), surveyors and Enable Networks to promote safety around our electricity network assets
- maintained a working relationship and rapport with managers at the Fletchers Building and Hawkins Construction "hubs" – these companies are the main contractors to the Earthquake Commission for house repairs in the $10,000 to $100,000 range
- run process and safety briefings for over 2,000 contractor employees, during and outside of normal working hours
- developed and run further safety advertising radio and print messages
- developed our capability and capacity to process the expected increase in minimum safe approach consent applications.

4. Undertake our annual formal employee survey and follow up on the results

Target date: Ongoing

Approximately 79% of the company's employees participated in this year's survey (FY11: 76%).

Employees rated their overall satisfaction at an average of 75% (FY11: 77%).

Employees rated communication and cooperation, wellbeing and performance management slightly lower than in 2011. Some employees want more learning and development and career opportunities, and some want more focus on managing performance and interactions across teams.

Disengagement levels were at 5.2% (FY11: 4.5%) and high engagement levels were at 41% (FY11: 46%).

We plan to move to more customised survey questions in future years, which we hope will produce more targeted issues for follow up and action.

5. Achieve voluntary annual staff turnover of less than 5% for Orion and less than 10% for Connetics

Target date: Ongoing

These targets exclude the impacts of employees leaving for reasons of retirement, redundancy or on completion of a fixed term (or casual) employment contract or disciplinary related.

Employee turnover was:

- 1.7% in FY11 and 5.6% in FY12 for Orion (latest forecast 4.3% in FY13)
- 4.6% in FY11 and 8.1% in FY12 for Connetics (latest forecast 15% in FY13).

6. Continue with our Orion engineering development programme

Target date: Ongoing

Our engineering development programme has been very successful in placing talented individuals into key positions within our business. Several employees are placed on this programme annually and are developed into areas where we consider there may be existing or future skill shortages over a number of years.

We recognise the need to develop talent internally - this is a key strategy for us to ensure we adequately plan to manage turnover and to ensure replacement of our ageing workforce. As at 31 December 2012, we had six employees on this programme. We will continue to appoint new employees each year into this programme.

7. Continue to develop our Connetics apprentice scheme

Target date: Ongoing

We continue with this scheme to ensure our key contracting subsidiary sustainably develops and improves its overall competencies. As at 31 December 2012, Connetics employed 28 apprentices.

8. Continue to support the CPIT Trades Innovation Centre

Target date: Ongoing

In 2003, the Christchurch Polytechnic Institute of Technology (CPIT) set up an advisory board to align trades training with industry needs. An Orion manager is a member of this board and was instrumental in proposing the development of a simulated subdivision where trades trainees can be trained in real life situations. Electricity distribution is a significant part of the simulated subdivision. The subdivision and the training facility as a whole at the Sullivan Avenue site provides training facilities to contractors to help ensure a sustainable contracting work force into the future.

Orion is the major sponsor for this project, while the Government has also supported this initiative on a dollar for dollar basis. Orion and Connetics will also maintain their respective memberships of the Electricity Supply Industry Training Organisation (ESITO) and will endeavour to influence ESITO's direction for the long-term benefit of the industry.

Appendix 5 Financial performance targets

	FY14	FY15	FY16
Profit after tax ($m)	37.0	33.6	37.4
Profit after tax to average shareholders' equity (%)	5.8	5.2	5.8
Fully imputed dividends ($m)	34.0	28.5	28.5
Debt (%)	17	24	27
Equity (%)	83	76	73

Notes:

"Profit after tax" above is as defined under NZ IAS1.

"Profit after tax to average shareholders' equity" represents the return on the shareholders' equity of our business as a whole and not just our electricity distribution network.

"Debt" is defined as interest bearing debt (including bank debt and debt associated with new investment agreements with Transpower) and after deduction of cash/short-term investments.

"Equity" is defined as all shareholders' equity.

"Total assets" is defined as the total book value of all assets of the parent company, excluding investments in technology companies.

Our financial performance targets above are subject to:

- our key assumptions – see Appendix 6
- our key accounting policies – see Appendix 7.

Appendix 6 Key assumptions used in our financial targets

The major assumptions we have used in calculating our financial targets for the company are as follows:

- our targets are for financial years ending 31 March
- our targets are for the consolidated results of Orion New Zealand Limited and its subsidiaries
- all figures are in nominal terms, reflecting estimated forecast inflation – including localised cost inflation as a result of an increased demand for contacting resources as a result of the Christchurch post earthquake rebuild
- our accounting policies are based on NZ IFRS and are consistent with those shown in Appendix 7
- our ongoing line price increases are forecast to comply with the Commerce Commission's current default price-path (DPP) regime settings. No significant one-off line price adjustments (up or down) are forecast
- no decisions by the Government, Commerce Commission or Electricity Authority that will materially adversely affect our future cash flows or
- all price changes from Transpower will be 'passed through' to customers
- expenditures and practices in line with our current approved and published 10-year electricity distribution network asset management plan
- no significant revaluations (upwards or downwards) of our:
  - electricity distribution network
  - investment properties
  - financial instruments (for example our interest rate swaps) and other investments
- no major investments/divestments
- no cash distributions to shareholders other than our forecast fully imputed dividends noted in Appendix 5
- no major earthquake recovery cash contributions from the Government
- no cash contributions from industry wide levies
- no further major earthquakes or natural disasters.

Appendix 7 Key accounting policies

Statement of compliance

Orion New Zealand Limited (the company) is a profit-oriented company incorporated in New Zealand under the Companies Act 1993 and the Energy Companies Act 1992. The group consists of Orion New Zealand Limited and its subsidiaries (refer also to note XX). The company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act and section 44 of the Energy Companies Act 1992.

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-oriented entities.

The parent and group financial statements comply with International Financial Reporting Standards (IFRS).

Basis of financial statement preparation

These financial statements are presented in New Zealand dollars, rounded to the nearest thousand.

These financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments as outlined in note 1(e), property, plant and equipment as outlined in note 1(k), and investment property as outlined in note 1(l). Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies have been selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below were applied in preparing these financial statements for the year ended 31 March 2013 and the comparative information presented in these financial statements for the year ended 31 March 2012.

Critical judgements, estimates and assumptions in applying the entity's accounting policies

Preparing financial statements to conform with NZ IFRS requires the company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The company's estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the year if the change affects only that year, or into future years if it also affects future years. In the process of applying the company's and group's accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements.

The company invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for later (more accurate) data available from the electricity wholesale market and certain metering data from electricity retailers. The company has made an allowance in revenue and in current assets/liabilities for any amounts which are estimated to be under/over charged during the reporting period. However, as final metering data is not available for up to 12 months, it is possible that the final amounts payable or receivable may vary from that calculated.

The company operates an extensive integrated electricity distribution network comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/refurbishment programme, consistent with the company's approved network asset management plan. The costs associated with recording and tracking all individual components replaced and removed from the network substantially outweigh the benefits of doing so. The company has estimated the quantities and the carrying values of components removed from the network in each reporting period and also the value of the 66kV underground cables decommissioned as a result of the 22 February 2011 earthquake. Any errors in the estimates of such removals are corrected at the next asset revaluation and are not considered to be material on either an annual or a cumulative basis with respect to either reported net profits or carrying values of the electricity distribution network. Refer also to note 1(k) regarding revaluations of property, plant and equipment.

The company has included the estimated impacts of the Canterbury earthquakes on its estimates of the future cash flows of the business. The company's estimates contain some uncertainty because the company is still assessing the impacts and not all data is to hand. The company's estimates have been relied upon in the review of the carrying value of the company's electricity distribution network (refer to note XX – property, plant and equipment).

The company has adopted certain key assumptions and made certain key estimates in its discounted cash flow valuation of its electricity distribution network. These include the relevant discount rate and the amounts and timing of future cash flows. These assumptions and estimates are described in note XX.

In February 2013 the company applied to the Commerce Commission for a customised price-quality path (CPP). The company's CPP application proposes that, in light of the impacts of the earthquakes on the company's operations and cash flows, that the Commission:

- resets the company's distribution network reliability targets
- allows the company to increase its distribution network prices above current default price-quality path (DPP) levels, starting on 1 April 2014.

The Commission will not make its decisions on the company's CPP proposals until late 2013 at the earliest. Due to the considerable uncertainty around the Commission's decisions, the company has not assumed any future revenue uplifts will arise from the company's CPP application. Instead, in forecasting future cash flows, the company has assumed that its distribution network price increases will continue to be restricted to the level of ongoing consumer price index (CPI) inflation.

The company assesses whether individual assets or a grouping of related assets (which generate cash flows independently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flow are required. Following the Canterbury earthquakes these assumptions are of a higher degree of sensitivity than would normally be the case.

On initial recognition of items of property, plant and equipment and intangible assets with finite lives, the group makes judgements about whether costs incurred relate to bringing an asset to working condition for its intended use, and therefore are appropriate for capitalisation as part of the asset cost, or whether they should be expensed as incurred. Thereafter, the group's judgement is required to assess whether subsequent expenditure increases the future economic benefits to be obtained from that asset and is therefore also appropriate for capitalisation or whether such expenditure should be treated as maintenance and expensed.

The group has determined appropriate useful lives for particular assets. The group has exercised judgements over the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company and group ceasing to use the asset in its business operations.

The company enters into arrangements with customers to purchase new network assets at below current replacement costs. The company has estimated the difference between the cash costs and the replacement costs of these assets and the differences are reported within revenue as non-cash vested assets. Any errors in estimating the carrying values of these assets are corrected at the next asset revaluation and are not considered to be material on either an annual or a cumulative basis with respect to either reported net profits or carrying values of the network.

The company has estimated, for income tax purposes, the depreciation recovered on the disposal of assets arising from the receipt of insurance proceeds. For income tax purposes this depreciation recovered may be deferred for offset against the acquisition cost of new replacement assets and this creates a deferred tax liability. Considerable detailed analysis will be required to allocate the relevant insurance proceeds against the relevant tax assets and the final depreciation recovered calculated may differ from the company's initial estimate in these financial statements.

Other areas where judgement has been exercised in preparing these financial statements are in relation to calculating provisions for doubtful debts, assessing the level of any unrecoverable work in progress, calculating provisions for employee benefits and in the determination of SAIDI/SAIFI measures in the statement of electricity network reliability performance.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of these financial statements:

(a) Basis of consolidation

Subsidiaries

A subsidiary is an entity where the group is able to direct the relevant activities of the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power to affect the amount of investors' returns from the investee.

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the difference is credited to the statement of comprehensive income in the year of acquisition. The consolidated financial statements include the information and results of each subsidiary from the date on which the group obtains control until such time as the group ceases to control the subsidiary. In preparing the consolidated financial statements, all intra-group balances and transactions, and unrealised profits arising within the group, are eliminated in full.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of changes in equity.

Parent company

Investments in associates are accounted for in the parent's financial statements at cost less impairment.

Investments in subsidiaries held by the parent are accounted for at cost less any impairment charges in the separate financial statements of the parent entity. Dividends received from subsidiaries are recorded as a component of other revenues and do not impact the recorded cost of the investment in the separate balance sheet of the parent entity. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised. Details of the impairment tests performed are disclosed in note 1(j).

(b) Goods and services tax

Revenues, expenses, cash flows and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. Cash flows in respect of payments to and receipts from the Inland Revenue Department are shown net in the statement of cash flows.

(c) Foreign currency

The functional and presentation currency is New Zealand dollars. Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates ruling at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the year in which they arise.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks (including bank overdrafts) and investments in money market instruments with maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(e) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under contractual terms that require delivery of the investment within the timeframe established by the market concerned.

The classification into the following categories depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

The group has certain derivatives which are stated at fair value and the movements are recognised in profit or loss (refer to note 1(i)).

Available-for-sale financial assets

Certain shares and convertible notes held by the group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve (except for impairment losses that are recognised in profit or loss), until the investment is disposed of or is determined to be impaired. At this time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the year.

Loans and receivables

Accounts receivable are stated at cost less an allowance for impairment. All known bad debts are written off during the financial year. Hire purchase debtors exclude unearned interest (calculated using the effective interest rate method).

Intra-group balances due from subsidiaries and associates are stated at cost less impairment losses.

Details of the impairment tests performed are disclosed in note 1(j).

(f) Inventories and work in progress

Inventories are valued at the lower of cost (first in first out (FIFO) or weighted average) and net realisable value, with additional allowances for obsolescence where necessary. The cost of finished goods comprises direct materials and where applicable, direct labour and other direct variable costs incurred in order to bring inventories to their present location and condition. Costs are assigned to individual items of inventory on a weighted average cost basis. The cost of chargeable work in progress includes direct materials and labour and an allocation of overheads that directly relate to the work performed. Net realisable value is the estimated amount the inventories are expected to realise in the ordinary course of business less an estimate of any costs to completion and applicable variable selling expenses.

(g) Income tax

Income tax expense in relation to the profit or loss for the year comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in these financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

For investment property measured at fair value, there is a rebuttable presumption that any deferred tax will be recovered through the sale of the asset and therefore the carrying value of the asset is used to calculate any deferred tax balance.

Current tax and deferred tax are charged or credited to profit or loss. When deferred tax relates to items charged or credited to other comprehensive income then deferred tax is also recognised in other comprehensive income.

(h) Leased assets and lease liabilities

Leases are classified as finance leases whenever the lease terms transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the group will obtain ownership by the end of the lease term.

(i) Derivative financial instruments

The group enters into swaps, foreign currency forward rate agreements and foreign currency options transactions. Such transactions are undertaken within board-approved policies and limits for the primary purpose of managing exposure to fluctuations in interest rates and foreign exchange rates arising from operational, financing and investing activities. While these financial instruments are subject to the risk that market rates may change subsequent to the acquisition of the financial instrument, such changes would generally be offset by opposite effects on the items being hedged. For the forward rate agreements, the differential to be paid or received is accrued as rates change and is recognised over the life of the agreements. The group does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

The group has not designated any derivatives as hedges for financial reporting purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivatives are revalued to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative and they are offset against each other if the company has a legal right of offset.

The fair value of interest rate swaps is the estimated amount the group would receive or pay to terminate the swap at balance date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward rate agreements is their quoted market price at balance date, being the present value of the quoted forward price.

(j) Impairment of assets

The carrying amounts of the group's assets, other than inventory, investment property and deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent of other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amounts are the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is tested for impairment annually, and whenever there is an indication that it may be impaired. An impairment of goodwill is not subsequently reversed.

If a revalued asset is determined to be impaired, then the impairment is firstly applied against the revaluation reserve related to that asset, with any remaining impairment loss expensed in profit or loss. If the impairment loss is subsequently reversed, the reversal is firstly applied to profit or loss to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the revaluation reserve.

For assets which are not revalued, an impairment loss is expensed immediately in profit or loss. If an impairment loss is subsequently reversed, the carrying value of the asset is stated at not more than what its carrying value would have been had the earlier impairment not occurred.

Equity instruments are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

(k) Property, plant and equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of a periodic independent market valuation prepared by external valuers, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in these financial statements of the group, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from fair value.

The electricity distribution network is measured at fair value. Fair value has previously been determined on the basis of a periodic independent valuation prepared by external valuers, based on a depreciated replacement cost methodology. The fair values have been recognised in the financial statements of the group and have been reviewed at the end of each reporting period to assess whether the carrying value of the electricity distribution network is not materially

different from fair value. Consideration has been given to whether the electricity distribution network is impaired as detailed in note 1(j). From 31 March 2011 onwards fair value has been determined on the basis of an independent valuation prepared by expert valuers using a discounted cash flow methodology (DCF).

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets.

Revenue expenditure is defined as expenditure that does not meet the definition of capital expenditure.

Constructed assets are included in property, plant and equipment as each becomes operational and available for use.

Any revaluation increase arising on the revaluation of land and buildings and the electricity distribution network is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings and the electricity distribution network is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation on revalued buildings and the electricity distribution network is charged to profit or loss.

On the subsequent sale or retirement of a revalued item, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Other plant and equipment and leasehold improvements are recognised at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. The cost of self-constructed assets includes the cost of materials and direct labour and an allowance for overheads.

Depreciation is calculated on a straight-line basis to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The main bases for the calculation of depreciation are periods not exceeding:

	Years
Electricity distribution network	60
Building structures	70
Building services	30
Building fit-out	20
Cars and vans	5
Trucks	10
Plant and equipment	10
Computer equipment	3

The carrying amount for an item of property, plant and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve in respect of those assets are transferred to retained earnings.

(l) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property held for a currently undetermined future use), is measured at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the year in which those gains or losses arise.

(m) Intangible assets

Internally generated intangible assets with a finite life are stated at cost less accumulated amortisation and impairment and are amortised on a straight-line basis over their useful lives.

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. This period does not usually exceed three years – however for some significant projects, estimated useful lives may be assessed as up to five years.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred. Costs directly associated with the production of identifiable and unique software products controlled by the group, are recognised as intangible assets if the completion of the product is technically feasible, the company has the intention to complete and ability to use the asset, the asset will generate probable future economic benefits, the company has adequate resources available to complete the development of the asset and the company has the ability to reliably measure the expenditure attributable to the asset during development.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives. Usually this period does not exceed three years – however for some significant projects, estimated useful lives may be assessed as up to five years.

Patents, trademarks and licences

Patents, trademarks and licences are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives of 20 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

(n) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and is not amortised, but it is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Refer also to note 1(j).

(o) Payables

Trade payables and other accounts payable are recognised when the group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are recognised at cost.

(p) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method.

(q) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(r) Employee benefits

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months, such as long service leave, are measured as the present value of the estimated future cash outflows to be made by the group in respect of services provided by employees up to the reporting date, taking into account years of service, years to entitlement and the likelihood that staff will reach the point of entitlement.

Contributions to multi-employer defined benefit schemes are expensed when incurred.

(s) Financial instruments issued by the group

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Interest and dividends are classified as expenses or as distributions of profit consistent with

the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(t) Revenue recognition

Revenue from the sale of goods is recognised when the group has transferred to the buyer the significant risks and rewards of ownership of the goods. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance date, as measured by progress invoices raised to customers in conjunction with an assessment of costs incurred to date.

Earthquake insurance proceeds are recognised as revenues in these financial statements when they are received or when it is virtually certain that they will be received under the company's insurance contracts and the amounts can be reliably measured or estimated. If insurance cash receipts relate partially to business interruption and partially to property, plant and equipment, the cash flows are allocated between cash flows from operating activities (for example for the business interruption portion of the claim) and cash flows from investing activities (for example for the property, plant and equipment portion of the claim). Insurance cash receipts that relate to property, plant and equipment claims are classified as cash flows from investing activities. Insurance cash receipts that do not relate to property, plant and equipment (for example for increased operating cost or loss of revenue claims) are classified as operating activities.

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised in profit or loss as it accrues, using the effective interest rate method.

(u) Capital contributions and grants

Capital contributions that are refundable to customers are treated as current liabilities until refunded. Non-refundable cash contributions from customers, relating to assets, are credited directly to income when the asset is connected to the network.

The group acquires certain distribution assets for less than their replacement cost. Such assets are capitalised at their replacement cost to the group, and the difference between the cash cost and the replacement cost is recognised as revenue in the year of acquisition.

(v) Borrowing costs

Borrowing costs are expensed using the effective interest rate method. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (an asset that takes a substantial period of time to get ready for intended sale or use) are capitalised as part of the cost of that asset.

Changes in accounting policies and disclosures

The accounting policies detailed above have been applied in the preparation of these financial statements and have been consistently applied throughout the year.

There have been no changes in accounting policies in comparison with the prior year, except for the following new and amended New Zealand equivalents to International Financial Reporting Standards as of 1 April 2012:

- Amendments to NZ IAS 12

  The amendment includes a rebuttable presumption that deferred tax on investment property measured at fair value in NZ IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

- Amendments to NZ IFRS 7

  Amendments have been made to NZ IFRS 7 to improve the level of transparency of disclosures in respect of the transfer of financial assets

- FRS 44: New Zealand Additional Disclosures and Harmonisation Amendments

  FRS 44: New Zealand Additional Disclosures and the Harmonisation Amendments are a consequence of the joint-Trans-Tasman Convergence project of the Australian Accounting Standards Board ("AASB") and Financial Reporting Standards Board ("FRSB").

  FRS 44 and the Harmonisation Adjustments relocates New Zealand specific disclosures from other standards to one place and revises certain disclosures.

NZ IFRS Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 31 March 2013 are listed below:

• NZ IAS 1 Presentation of Items of Other Comprehensive Income – Amendment to NZ IAS 1	FY14
• NZ IAS 19 Employee Benefits (Revised)	FY14
• NZ IAS 28 Investments in Associates and Joint Ventures	FY14
• Amendments to NZ IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	FY14
• NZ IFRS 10 Consolidated Financial Statements	FY14
• NZ IFRS 11 Joint Arrangements	FY14
• NZ IFRS 12 Disclosure of Interests in Other Entities	FY14
• NZ IFRS 13 Fair Value Measurement	FY14
• Annual Improvements NZ IFRS (2009-2011) Cycle	FY14
• Amendments to NZ IAS 32: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	FY15
• NZ IFRS 9 Financial Instruments – Classification and Measurement	FY16