



Independent auditor's reasonable assurance report

To the Commissioners of the New Zealand Commerce Commission and the Directors of Vector Limited

**Report on the Gas Distribution Compliance Statement dated 4 December 2014
(comprising Pricing and Quality)**

We have audited the attached statement, which is a Compliance Statement in respect of the default price-quality path prepared by Vector Limited for the assessment period ended on 30 September 2014 and dated 4 December 2014 for the purposes of clause 11 of the *Gas Distribution Services Default Price-Quality Path Determination 2013* ("the Determination").

In relation to the price path set out in clause 8 of the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 5 to 8 and 11 to 39 of the Compliance Statement.

In relation to the quality standard set out in clause 9 of the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 8 to 10 of the Compliance Statement.

Our audit also included assessment of the significant estimates and judgments, if any, made by Vector Limited in the preparation of the Compliance Statement and assessment of whether the basis of preparation has been adequately disclosed.

Directors' Responsibilities

The Directors of Vector Limited are responsible for the preparation of the Compliance Statement in accordance with the Determination and for such internal control as the Directors determine is necessary to enable the preparation of a Compliance Statement that is free from material misstatement, whether due to fraud or error.

Auditor's qualifications

We are qualified as an auditor as defined in the Determination.

Auditor's Responsibilities

Our responsibility is to express an opinion on the Compliance Statement based on our audit. We conducted our audit in accordance with International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 *Compliance Engagements*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Compliance Statement is free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Compliance Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Compliance Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Compliance Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the Compliance Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

Our firm has also provided other services to Vector Limited such as the annual audit and half-yearly review of the financial statements, audit of the electricity distribution and gas transmission price and quality statements reported to the Commerce Commission and audit of the electricity distribution and gas transmission and distribution respective regulatory information disclosure statements reported to the Commerce Commission. Partners and employees of our firm may also deal with Vector Limited on normal terms within the ordinary course of trading activities of the business of Vector Limited. These matters have not impaired our independence as auditors of Vector Limited for this engagement. The firm has no other relationship with, or interest in, Vector Limited.

Opinion

In our opinion, the Compliance Statement of Vector Limited for the Assessment Period ended on 30 September 2014, has been prepared, in all material respects, in accordance with the Determination.

Our audit was completed on the 4 December 2014 and our opinion is expressed as at that date.

A handwritten signature in blue ink that reads 'KPMG'.

Auckland

4 December 2014