



# Independent Reasonable Assurance Report to the Directors of Vector Limited and to the New Zealand Commerce Commission

## Conclusion

We concluded that, in all material respects, the Annual Compliance Statement of Vector Limited has been prepared in accordance with clause 11 of the *Gas Distribution Services Default Price – Quality Path Determination 2013 NZCC4* (“the Determination”) for the assessment period ended on 30 September 2017.

We also conclude that, from our examination, in all material respects, the information used in the preparation of the Annual Compliance Statement of Vector Limited has been properly extracted from Vector’s accounting and other records, sourced from its financial and non-financial systems.

## Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to Vector Limited’s Annual Compliance statement for the year ended 30 September 2017.

## Criteria

We have performed an engagement to provide reasonable assurance in relation to the attached statement, which is an Annual Compliance Statement in respect of the default price-quality path prepared by Vector Limited for the period ended on 30 September 2017 and dated 11 December 2017 for the purposes of clause 11 of the *Gas Distribution Services Default Price – Quality Path Determination 2013 NZCC4* (“the Determination”).

In relation to the price path set out in clause 8 of the Determination, our assurance engagement included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 5 to 8 and 12 to 25 of the Annual Compliance Statement.

In relation to the quality standard set out in clause 9 of the Determination, our assurance engagement included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 9 to 11 of the Annual Compliance Statement.

## Standards we followed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* (ISAE (NZ) 3000) and Standard on Assurance Engagements SAE 3100 *Compliance Engagements*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with those standards we have:

- used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the Compliance Statement is free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.



## How to interpret reasonable assurance and material misstatement

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

Misstatements, including omissions, within the Annual Compliance Statement are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the Annual Compliance Statement.

## Use of this assurance Report

Our report should not be regarded as suitable to be used or relied on by any party other than Vector Limited and the New Zealand Commerce Commission in relation to section 11.2(d) of the Determination for any purpose or in any context. Any party other than Vector Limited and the New Zealand Commerce Commission who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Vector Limited and the New Zealand Commerce Commission for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to Vector Limited and the New Zealand Commerce Commission on the basis that it shall not be copied, referred to or disclosed, in whole (except for Vector Limited's own internal purposes) or in part, without our prior written consent.

## Directors' responsibility for the schedules

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

## Our responsibility

Our responsibility is to express a conclusion to the directors on the preparation and presentation of the Annual Compliance Statement in accordance with the Determination.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance conclusion.

## Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided other services to Vector such as the annual audit and half-yearly review of the financial statements, regulatory assurance services, and other assurance services and have provided short-term corporate finance support. 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 assurance practitioners for this assurance engagement. The firm has no other relationship with, or interest in, Vector Limited.

A handwritten signature of the KPMG firm, written in blue ink.

KPMG  
Auckland  
7 December 2017