

## Independent Assurance Report

**To the directors of GasNet Limited and to the Commerce Commission  
on the disclosure information  
for the disclosure year ended 30 June 2021  
as required by  
the Gas Distribution Information Disclosure Determination 2012  
(consolidated April 2018)**

GasNet Limited (the Company) is required to disclose certain information under the Gas Distribution Information Disclosure Determination 2012 (consolidated April 2018) (the Determination) and to procure an assurance report by an independent auditor in terms of section 2.8.1 of the Determination.

The Auditor-General is the auditor of the Company.

The Auditor-General has appointed me, Chris Webby, using the staff and resources of Audit New Zealand, to undertake a reasonable assurance engagement, on his behalf, on whether the information prepared by the Company for the disclosure year ended 30 June 2021 (the Disclosure Information) complies, in all material respects, with the Determination.

The Disclosure Information that falls within the scope of the assurance engagement are:

- Schedules 1 to 4, 5a to 5g, 6a and 6b, 7, 10a(ii) and 14 (limited to the explanatory notes in boxes 1 to 11) of the Determination.
- Clause 2.3.6 of the Determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the Gas Distribution Services Input Methodologies Determination 2012 ('the IM Determination'), in respect of the basis for valuation of related party transactions ('the Related Party Transaction Information').

### Opinion

In our opinion, in all material respects:

- as far as appears from an examination, proper records to enable the complete and accurate compilation of the Disclosure Information have been kept by the Company;
- as far as appears from an examination, the information used in the preparation of the Disclosure Information has been properly extracted from the Company's accounting and other records, sourced from the Company's financial and non-financial systems;
- the Disclosure Information complies, in all material respects, with the Determination; and

- the basis for valuation of related party transactions complies with the Determination and the IM Determination.

## Basis of opinion

We conducted our engagement in accordance with the Standard on Assurance Engagements (SAE) 3100 (Revised) *Assurance Engagements on Compliance*, issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE (NZ) 3100 (Revised) requires that we comply with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

We have obtained sufficient recorded evidence and explanations that we required to provide a basis for our opinion.

## Key assurance matters

Key assurance matters are those matters that, in our professional judgement, required significant attention when carrying out the assurance engagement during the current disclosure year. These matters were addressed in the context of our assurance engagement, and in forming our opinion. We do not provide a separate opinion on these matters.

Key assurance matter	How our procedures addressed the key assurance matter
<p><b>Accuracy of the number and duration of gas outages</b></p> <p>The Company has systems to identify outages and to record the duration of outages.</p> <p>This is a key assurance matter because information on the frequency and duration of outages is an important measure of the reliability of gas supply. Relatively small inaccuracies can have a significant impact on the reliability thresholds against which Company performance is assessed. There can also be significant consequences if the Company breaches the reliability thresholds.</p>	<p>We have obtained an understanding of the Company's methods by which gas outages and their duration are recorded.</p> <p>Our procedures to assess the adequacy of the Company's methods to identify and record gas outages and their duration included:</p> <ul style="list-style-type: none"> <li>• reviewing and testing the overall control environment;</li> <li>• obtaining external information, of interruptions to supply, including works orders for contractors, media reports, and requests for gas to be shut off, to gain assurance that all interruptions to supply were recorded;</li> </ul>

	<ul style="list-style-type: none"> <li>• testing a sample of interruptions to supply, to the computer database, and other internal and external information, including media reports, works orders for contractors, contractor invoices, and requests for gas to be shut off, including the allocation between planned and unplanned interruptions, and further classification of interruptions by cause, and the interruptions excluded from those reported;</li> <li>• checking the ratios were correctly calculated in accordance with the Information Disclosure Determination and the Input Methodologies Determination;</li> <li>• obtaining and corroborating explanations for all significant variances to forecast; and</li> <li>• testing the accuracy of the number of connections to the Gas Authority’s register.</li> </ul> <p>Having carried out these procedures, and in assessing the likelihood of reported gas outages and their duration being materially misstated in the Disclosure Information, we have no matters to report.</p>
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### **Directors’ responsibilities**

The directors of the Company are responsible in accordance with the Determination for:

- the preparation of the Disclosure Information; and
- the Related Party Transaction Information

The directors of the Company are also responsible for the identification of risks that may threaten compliance with the schedules and clauses identified above and controls which will mitigate those risks and monitor ongoing compliance.

### **Auditor’s responsibilities**

Our responsibilities in terms of clauses 2.8.1(1)(b)(vi) and (vii), 2.8.1(1)(c) and 2.8.1(1)(d) are to express an opinion on whether:

- As far as appears from an examination, the information used in the preparation of the audited Disclosure Information has been properly extracted from the Company’s accounting and other records, sourced from its financial and non-financial systems.
- As far as appears from an examination, proper records to enable the complete and accurate compilation of the audited Disclosure Information required by the Determination have been kept by the Company and, if not, the records not so kept.

- The Company complied, in all material respects, with the Determination in preparing the audited Disclosure Information.
- The Company's basis for valuation of related party transactions in the disclosure year has complied, in all material respects, with clause 2.3.6 of the Determination and clauses 2.2.11(1)(g) and 2.2.11(5) of the IM Determination.

To meet these responsibilities, we planned and performed procedures in accordance with SAE (NZ) 3100 (Revised), to obtain reasonable assurance about whether the Company has complied, in all material respects, with the Disclosure Information (which includes the Related Party Transaction Information) required to be audited by the Determination.

An assurance engagement to report on the Company's compliance with the Determination involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements. The procedures selected depend on our judgement, including the identification and assessment of the risks of material non-compliance with the requirements.

### **Inherent limitations**

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with the Determination may occur and not be detected. A reasonable assurance engagement throughout the disclosure year does not provide assurance on whether compliance with the Determination will continue in the future.

### **Restricted use**

This report has been prepared for use by the directors of the Company and the Commerce Commission in accordance with clause 2.8.1(1)(a) of the Determination and is provided solely for the purpose of establishing whether the compliance requirements have been met. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the Company and the Commerce Commission, or for any other purpose than that for which it was prepared.

### **Independence and quality control**

We complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

The Auditor-General, and his employees, and Audit New Zealand and its employees may deal with the Company on normal terms within the ordinary course of trading activities of the Company. Other

than any dealings on normal terms within the ordinary course of trading activities of the Company, this engagement, the assurance engagement on Default Price-Quality Path, and the annual audit of the Company's financial statements, we have no relationship with or interests in the Company.



Chris Webby  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand  
18 March 2022