



## Independent Assurance Report to the Directors of Northpower Fibre Limited and to the Commerce Commission on the Disclosure Information for the Disclosure Period 1 January 2022 to 31 March 2022 as required by the Fibre Information Disclosure Determination 2021 Nzcc 24 (Consolidated 28 July 2022)

Northpower Fibre Limited (the company) is required to disclose certain information under the Fibre Information Disclosure Determination 2021 NZCC 24 (consolidated 28 July 2022) (the Determination) and to procure an assurance report by an independent auditor in terms of section 2.7.1 of the Determination.

The Auditor-General is the auditor of the company. The Auditor-General has appointed me, Silvio Bruinsma, using the staff and resources of Deloitte Limited, to undertake a reasonable assurance engagement, on his behalf, on whether the information prepared by the company for the disclosure period ended 31 March 2022 (the Disclosure Information) complies, in all material respects, with the Determination.

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

- the reports required under clauses 2.4.2(1) to 2.4.2(11), 2.4.4(1), and the related party provisions in clauses 2.5.4 and 2.5.6 of the Determination.
- Clause 2.5.2 of the Determination and clauses 2.2.13(3)(g) and 2.2.15 of the Fibre Input Methodologies Determination 2020 [2020] NZCC 21 (including any amendments to that determination) (the IM Determination), in respect of the basis for valuation of related party transactions (the Related Party Transaction Information).

Further, we conducted a limited assurance engagement on whether anything has come to our attention that causes us to believe that the evidence and the audited disclosure information do not provide a reasonable basis for the information publicly disclosed in boxes 1 to 14 of Schedule 14a for the disclosure periods.

### 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, with the Determination; and
- the basis for valuation of related party transactions complies with clause 2.5.2 of the Determination and clauses 2.2.13(3)(g) and 2.2.15 the IM Determination.

### Conclusion

Based on the work we have performed to express the above opinions, nothing came to our attention that causes us to believe that the relevant audited disclosure information and the related audited information used in its preparation do not, in all material respects, provide a reasonable basis for the schedule of mandatory explanatory notes in Schedule 14a.

### Basis for opinion and conclusion

We conducted our engagement in accordance with the Standard on Assurance Engagements (SAE) 3100 (Revised) Compliance Engagements ("SAE 3100 (Revised)"), issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE 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 and conclusion.

**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 period. These matters were addressed in the context of our compliance 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>Valuation of related party transactions</b></p> <p>The valuation of transactions with related parties (\$0.9 million of purchases from related parties included in operating expenditures, and \$2.1 million of assets acquired from related parties included into capital expenditure in the period) is a key assurance matter due to:</p> <ul style="list-style-type: none"> <li>- the significant judgement in forming a view of related party pricing in the absence, or insufficiency, of publicly available information about pricing and terms of certain transactions.</li> </ul>	<p>To evaluate valuation of related party transactions, we have:</p> <ul style="list-style-type: none"> <li>• Obtained management’s methodology of how they determined the transactions were related party transactions and their assessment of these transactions at arm’s length;</li> <li>• Re-performed the calculations and agreed the disclosures within Schedule 9 to the accounting records, investigating any differences and determining whether such differences are justified; and</li> <li>• Made a selection of related party transaction samples and, where benchmarking or other market information was used as independent and objective measures, we agreed key inputs and assumptions to supporting documentation.</li> </ul>

**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**

Reasonable assurance

Our responsibilities in terms of clauses 2.7.1(1)(c)(vi) and (vii), 2.7.1(1)(d) and 2.7.1(1)(f) 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; and
- the company's basis for valuation of related party transactions in the disclosure period has complied, in all material respects, with clause 2.5.2 of the Determination and clauses 2.2.13(3)(g) and 2.2.15 of the IM Determination.

To meet these responsibilities, we planned and performed procedures in accordance with SAE 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.

#### Limited assurance

Our responsibility in terms of clause 2.7.1(1)(e) is to state whether:

- based on an examination of the evidence supporting the relevant audited disclosure information, anything has come to their attention that causes the independent auditor to believe that that evidence and the audited disclosure information do not provide a reasonable basis for the information publicly disclosed in boxes 1 to 14 of Schedule 14a.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with the Disclosure Information is likely to arise.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on compliance with the compliance 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.

An assurance engagement throughout the disclosure period 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 2.7.1(1)(b) 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 requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board; and
- quality management requirements, which incorporate Professional and Ethical Standard 3 Quality Management for Firms that perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The Auditor-General, and his employees, and Deloitte Limited and its partners and employees may deal with the company and its subsidiaries 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, and the annual audit of Northpower Limited's financial statements and performance information, we have no relationship with, or interests in, the company.



Silvio Bruinsma  
**Deloitte Limited**  
**On behalf of the Auditor-General**  
**Auckland, New Zealand**  
30 August 2023