




COMPASS HOUSING SERVICES  
CO (NEW ZEALAND) LTD

**ANNUAL REPORT**  
**2016-2017**



compass  
housing services



*At Compass we  
believe community  
housing is about  
more than providing  
accommodation.*

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## WHO WE ARE

Compass Housing Services Co (New Zealand) Ltd is registered with the New Zealand Community Housing Regulatory Authority as a Class 1 Social Housing Landlord and is a registered charity in New Zealand with any generated surpluses reinvested straight back into additional social housing in the same area, or into community development programs for local tenants.

Our tenants live in mixed tenure complexes meaning they are part of close knit communities in which social housing tenants, private renters and private home owners live side by side.

## SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2017

Compass NZ manages a portfolio of 72 furnished one bedroom units in the South Auckland suburbs of Mangere and Papatoetoe and are working closely with partners on projects that will deliver additional social housing dwellings for vulnerable families over the coming years.

Compass NZ is currently engaging with the government on future large scale social housing projects that will benefit a number of communities.

## ENTITY INFORMATION

**LEGAL NAME** Compass Housing Services Co (New Zealand) Limited

**TYPE OF ENTITY AND LEGAL BASIS** New Zealand Limited Company registered 31 July 2015

**REGISTRATION NUMBER** 5753427

**STRUCTURE** 100% owned by Compass Housing Services Co Ltd.

**MAIN SOURCES OF CASH AND RESOURCES** Parent company, rental income and property management fees.

### CONTACT

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Ferrymead Christchurch NZ 8023  
NZBN 9429041837221

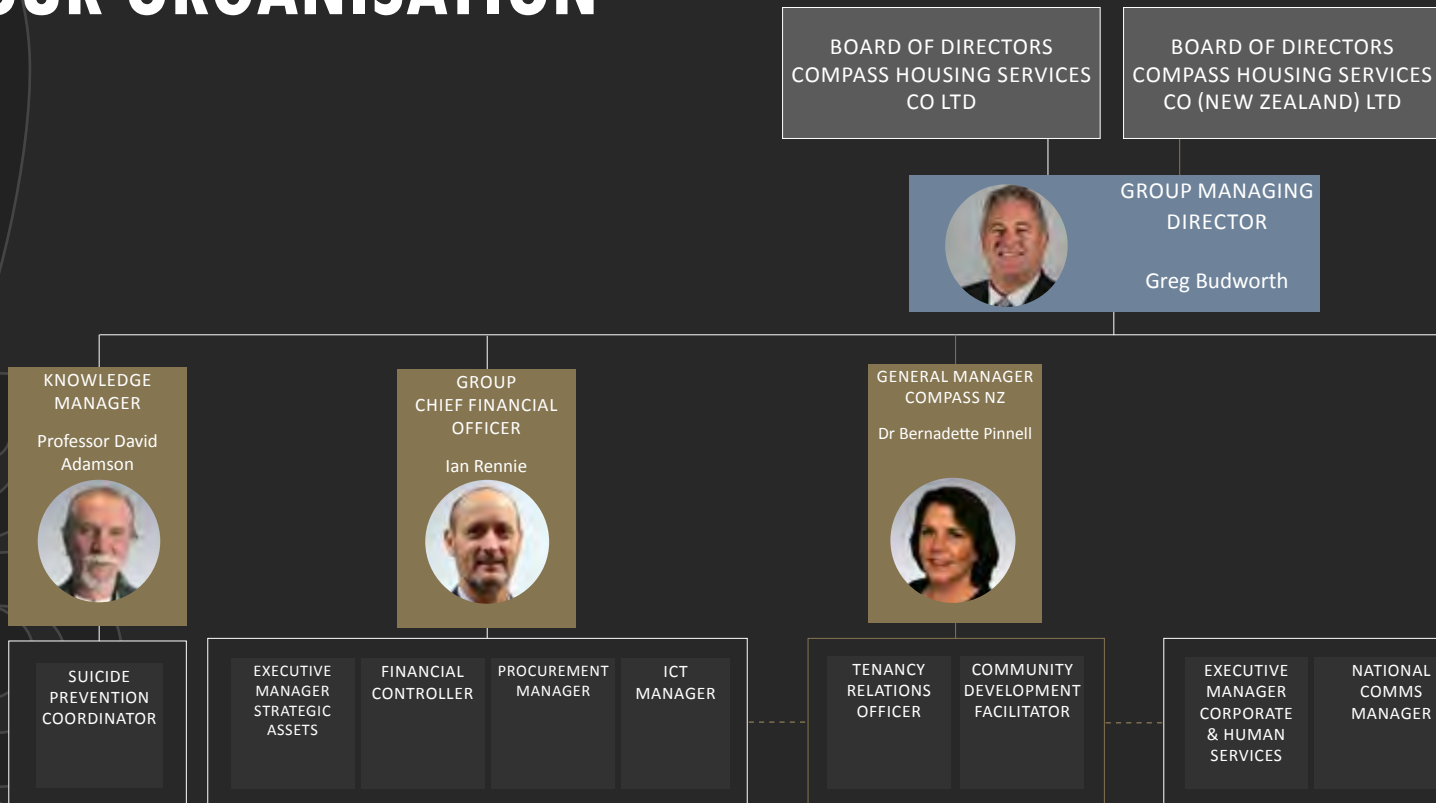
### TENANT ASSISTANCE

Compass NZ Operations  
Email: [newzealand@compasshousing.org](mailto:newzealand@compasshousing.org)

### PARTNERS & GENERAL ENQUIRIES

Compass NZ- General Manager  
Bernadette Pinnell  
Phone: +64 2136 6732

# OUR ORGANISATION



# OUR BOARD



## PAUL JOHNSON - CHAIR

Paul is a Certified Practising Accountant, Graduate Member of the Australian Institute of Company Directors- GAICD, Member of the Australian Computer Society- MACS. He holds a Diploma of Financial Services from the Australian College of Commerce and Management.

Paul has been Involved in the community housing sector as a Director since 2008. Paul is a retired chief executive of a financial institution with over 27 years' experience as a senior executive in the financial services and not-for-profit sectors in Australia.



## ANTHONY QUIRK - DEPUTY CHAIR

Anthony is a professional Director with over 31 years' senior executive experience in the investment and financial services industry.

He is currently the Chairman of New Zealand Water Polo, is a shareholder and a Non-Executive Director of Milford Asset Management and is on the Board of Evolve Education Group, the Local Government Funding Agency and the Graeme Dingle Foundation, Wellington.

Anthony is a Fellow of the Institute of Finance Professionals New Zealand (INFINZ) and is a former Chairman of that organisation. He is a member of the Institute of Directors.

He was previously Chair of the Asset Management Advisory Board of the New Zealand Exchange, Deputy Chair and Board member of the New Zealand Society of Investment Analysts and a previous member of the Financial Reporting Standards Board of the New Zealand Society of Accountants.

GROUP CHIEF  
CORPORATE SERVICES  
OFFICER

Lyndall Robertshaw



GENERAL MANAGER  
NSW OPERATIONS

Lisa Tierney



EXECUTIVE  
MANAGER  
GOVERNANCE,  
COMPLIANCE  
& RISK

MANAGER  
INTERNATIONAL  
STRATEGY &  
SPECIAL PROJECTS  
ADVISOR

SAHF PROJECT  
MANAGER

EXECUTIVE  
MANAGER  
OPERATIONS  
WESTERN

EXECUTIVE  
MANAGER  
OPERATIONS  
BRISBANE

EXECUTIVE  
MANAGER  
OPERATIONS  
HUNTER

EXECUTIVE  
MANAGER TENANT  
COMMUNICATION  
& ENGAGEMENT

EXECUTIVE  
MANAGER  
OPERATIONS  
CENTRAL  
COAST & UPPER  
HUNTER

EXECUTIVE  
MANAGER  
OPERATIONS  
COMPLIANCE

EXECUTIVE  
MANAGER  
SPECIALIST  
DISABILITY  
ACCOMMODATION



**KWESI ADDO - DIRECTOR**

Kwesi has 13 years' experience in community housing. He is a legal practitioner with over 10 years' experience primarily in the areas of commercial and construction law in private practice and in-house with global engineering consultancy firms with additional experience in commercial and civil litigation, debt recovery and insolvency, privacy, tax and employment law.

Kwesi has authored three editions of a NSW legal text on community housing and one edition of a QLD legal text on community housing. Kwesi holds a Bachelor of Laws, Master of Business Administration- International Business (Hons), Master of International Relations and Master of Construction Law and is a Fellow of the Australian Institute of Company Directors.



**GREG BUDWORTH - DIRECTOR**

Greg has been the GMD of Compass since 2004. In that time, he has managed the growth of Compass to become one of the leading community housing providers in Australia. Greg is a member of various sector committees and panels.

In 2016 he was elected Co-Chair of the United Nations Habitat General Assembly Partners and Chairs the External Relations Committee of the International Housing Partnership Network. Greg has a Master's Degree in Business from Newcastle University, and further tertiary qualifications in business management, project management, workplace safety and workplace training. Greg has held previous executive and senior management roles in human service organisations, and is currently completing a Doctorate in Business Administration.



**MICHAEL PAGE - DIRECTOR**

Michael has over 8 years' experience in community housing. Executive career for 35 years, includes executive director, regional manager and project director roles with ASX listed companies, in funds management, finance, development and construction. General manager, CEO and Board member of a variety of infrastructure, health and social infrastructure related PPPs and assets and not-for-profit organisations.

Michael holds a Bachelor of Engineering (Civil) from the University of Sydney and is a Member of the Australian Institute of Company Directors.

## FROM THE GENERAL MANAGER

This first full year of providing tenancy and asset management services has been an important milestone for Compass Housing Services Co (New Zealand) Ltd (Compass NZ). We have established strong foundations with our tenants, government agencies, our peers in the community housing sector and a number of strategic partners. We have a clear strategic plan of what we are seeking to achieve and an action plan of how we can make a difference for the people and the places in which we work and the sector more broadly in New Zealand.

Compass NZ is unique in the community housing sector, having a clearly defined approach to socially regenerative tenancy and property management which incorporates principles from social science and practical experience. Our 'People, Place, Performance' approach (PPP), is central to all areas of Compass operations and informs the value-add programmes we provide to improve tenant independence and create cohesive communities in which tenants are engaged as active citizens. Importantly, at Compass NZ we measure our goals, our achievements and the impact we have on tenants and their communities to ensure positive outcomes and continued improvement.

The PPP approach is implemented through:

- People-focused programmes, which help sustain tenancies and enable social regeneration and increase tenant social and economic participation;
- Place making initiatives, which strengthen people's sense of connection to their homes, neighbourhoods and communities; and
- Performance assessment, which ensures that we continuously assess what we do and whether it is making a difference for our tenants, the places we manage, our organisation and our sector.

### PEOPLE

Importantly we have the confidence and support of our board and colleagues in Compass and our tenants' endorsement. Compass NZ has established Tenant Advisory Groups to provide feedback and ensure accountability, recent feedback indicates our tenants are satisfied with the way we work collaboratively, and the quality of services provided.

In our modest operation we have a range of age, gender and ethnicities; with over thirteen countries represented. The tenants are encouraged to participate in their community and this is evidenced in projects and initiatives that they have taken ownership of, combining their collective skills and knowledge to achieve a common goal. Some of our tenants are the most vulnerable community members and require additional assistance. We have partnered with the Red Cross to provide homes to new migrants from Sudan, Kiribati, Iran, Syria, Thailand, Vietnam and Myanmar. We are pleased that with a secure home, they are now engaged in employment, skills training and apprenticeship programmes. In South Auckland, 51% of our tenants represent as Maori and 35% as Pacific People from Tonga, Samoa and Cook Islands. Working with tenants from different cultures has provided insight into the cultural importance of housing design and layout.

### PLACE

We have had a rewarding first year of operations. Leasing 72 brand new, high quality, well located studio apartments that are furnished and offer free electricity, water and WIFI to tenants in South Auckland. We have set a new benchmark in the provision of high quality community housing and have a number of other projects in the pipeline that will continue innovating and changing perceptions of community housing. An example of which, is our partnership with the Ted Manson Foundation. This partnership will see the delivery of mixed

tenure, mixed use developments in West Auckland and the Auckland CBD. These properties will encourage all tenants to participate in the social and economic life of their communities, irrespective of whether they rent or own their house. The properties will be tenure blind meaning they will be indistinguishable; they will include community hubs onsite and will be well located close to transport, retail and employment opportunities. This project, and others like it, will provide a social and economic catalyst for the areas in which they are located.

## PERFORMANCE

Compass NZ is utilising the Compass Outcome Assessment Tool (COAT™) to track changes in tenant outcomes and wellbeing. We are also working with The Southern Initiative and the Ministry of Social Development in tracking the role of housing in employment and training engagement for young people in South Auckland. By mid-2018 we hope to roll out a bespoke programme in other areas of New Zealand in collaboration with other strategic partners. A secondary outcome of monitoring our performance is to play a role in changing the discourse on community housing tenants which prevails in the media and which is focused on tenants' problems and not progression.

We have commenced the planning stage of a Deep Place™ community renewal partnership with a local government. The Deep Place™ approach was designed by Compass' Knowledge Manager, Professor David Adamson OBE, to address issues in locations where long-term economic inactivity has become normalised and where poverty and disadvantage have become entrenched. The Deep Place™ approach helps create employment potential by examining the sectors of the local economy where growth is possible and where there is potential to recruit unskilled people with low levels of personal confidence and experience. It also fosters business start-ups and supports existing small to medium businesses to grow and diversify.

## OPERATING ENVIRONMENT

As a third sector organisation we cannot operate in a political vacuum. We act within, and react to, government policies and agendas. Compass NZ actively participated in the previous Social Housing Reform Programme and at this stage await decisions and policies which will shape the next twelve months of community housing in New Zealand. We are actively engaged with peak body organisations in New Zealand and internationally through the UN Habitat III process and contributed to the submission made by Auckland University to UN Habitat III.

The New Zealand Government has signalled an ambitious plan for 100,000 new houses in New Zealand and acknowledges the importance of affordable housing. Compass NZ has the skills, knowledge and partnerships in place to become an active participant in assisting the Government. However more importantly we want to be active in ensuring that social inclusion, economic participation and environmental sustainability are embedded in this new housing agenda.

*Bernadette Pinnell*

PhD, MURP, MSc.

Compass Housing Services Co (New Zealand) Ltd



# FROM THE BOARD CHAIR

The 2016-17 financial year marks the first full financial year of operations for Compass Housing Services Co. (New Zealand) Ltd (Compass NZ) and as the Chair I am pleased to report that despite being a new organisation, we have nevertheless managed to achieve a great deal. I would like to thank my fellow directors for their efforts over the past year, and in particular acknowledge the contribution of Compass NZ's General Manager Bernadette Pinnell for her hard work and dedication to the expansion of Compass' operations in New Zealand. I also want to thank the Compass parent company for its guidance and continued support.

Compass' vision is for a world in which all people have access to adequate and affordable housing and are engaged in sustainable communities. The pursuit of this vision is not bound by national borders or geography, and it is this that spurred Compass to expand its service offering to New Zealand.

Adequate housing is both a human right and a fundamental human need and its absence has a deleterious effect on almost every part of a person's life. People who aren't appropriately housed experience worse health outcomes, struggle to obtain gainful employment, and can find it difficult to form and maintain healthy relationships. The benefits of a robust community housing sector therefore, extend far beyond satisfying the immediate human need for shelter.

Over the past year Compass NZ has established a strong platform on which to build future growth. We have formed strong and productive relationships with the Ministry of Social Development and other key government agencies, and established a number of key partnerships with other social service providers.

Our emerging operation currently provides homes to 72 households in South Auckland covering a diverse mix of ethnicities and age groups. In addition to affordable rent, Compass NZ tenants receive free electricity, water and internet access.

Despite being a new player, Compass NZ is setting the standard in terms of attracting private sector investment in the community housing sector. Our partnership with the Ted Manson Foundation will deliver an additional 153 units of social housing in mixed tenure developments across two sites in West Auckland and the CBD. The new complexes are located close to public transport and employment opportunities and, significantly, will include community hubs from which Compass and other organisations will be able to offer various community development programmes and services.



Compass NZ property - May Road Mangere Auckland



Compass NZ's commitment to community development is also realised through the deployment of the innovative Compass Outcomes Assessment Tool (COAT™). COAT™ enables managers to track the level of engagement that is occurring within the portfolio, allows Tenancy Relations Officers to see a more comprehensive tenant history and, ensures critical data about a tenancy is not lost through succession of staff.

Having accurate wellbeing data also allows Compass NZ to identify and focus attention on tenancies that may be in need of additional support, and to measure the effectiveness of various community development initiatives.

Over the past year Compass NZ has dedicated significant energy to the former government's Social Housing Reform Programme and is eager to participate in the new government's ambitious plans to create more affordable housing.

The Board looks forward to the continued development of Compass NZ in the next financial year.

*Paul Johnson*

Chair, Compass Housing Services Co. (New Zealand) Ltd.



## MORE THAN HOUSING

Our tenants have come to us with range of backgrounds and unique life stories. Compass NZ has provided them with stability and security and for some, a launching pad to the next stage in their life.



### *Les*

Les is an 84 year old man who was formerly homeless and was referred to Compass NZ from the Manukau Urban Maori Authority where he had been living on a Marae.

Les was very reluctant to leave the Marae but overcame his apprehension once he realised that his new home was furnished, warm, safe and perfect for his situation.

Les has received a lot of support from his neighbours. Recently when the other tenants realised that they had not seen Les for a few days, they notified Compass NZ. Les was eventually tracked down after a search of local hospitals. He had been injured in a bike accident but is now back home being supported by other tenants.



### *Murray*

Murray had worked hard all of his life but lost his business when ill-health forced him to stop working.

Not long after moving into the Compass NZ complex, Murray had a stroke. His quick thinking fellow-tenants called an ambulance and today, Murray is healthy and happy with a new spring in his step and a new love by his side.



### *Nukimai*

When asked about the moment he was offered a Compass NZ home Nukimai said,

“I was overwhelmed because it was all furnished, all I had to really do was take my blankets and clothing.

What else could you ask for? It was all done for me.

My daughter who I was living with was also overwhelmed for me.”

Nukimai has found a real sense of friendship and community in the Compass NZ complex.

“I feel so humble to be amongst a lot of good friends” he said.

“Even when I go away my mates miss me.”

## *Dal and Langh*

Dal and Langh arrived in New Zealand as refugees from Myanmar. They had fled their country, and everything they knew, in search of a safe home. The Red Cross took care of them in the early stages and connected them with Compass NZ. The couple were provided with a safe home and they are starting to rebuild their lives.

Dal had been a civil servant in Myanmar and is retraining so he can resume his career in his adopted country.

He is studying and has part-time work, assisting other refugees settle into Auckland.

## *Jack and Mary*

Jack and Mary came to New Zealand from the Cook Islands when Mary was diagnosed with cancer. Compass NZ provided the couple with a home and Mary received life-saving treatment.

Mary is now in remission and is very grateful for the healthcare and support she has received from her adopted country. The couple are now happily settled in New Zealand and Mary has returned to teaching.

## *Jane*

Jane had been living in a boarding house when a long-term relationship ended but the transient living was not a permanent solution and Jane soon found herself in a situation where she had no choice but to move back in with her ex-partner.

This was not an ideal scenario so the Compass NZ team found Jane a home and Jane took full advantage of her new security and freedom.

Jane has gone back to study and will be graduating in December. She is still friends with her ex-partner.

## *Richard*

Richard is Samoan and served in the defence force. Before being offered a home with Compass NZ, Richard had been staying with friends and family, moving every few months.

Once settled in his new home, Richard found a passion for energy futures and loved creating a community garden with his neighbours.

“Before I came here I had no fixed abode and no sense of belonging.” said Richard.

“The moment I received the call that Compass Housing was going to offer me a house I was elated. I was over the moon and I was grateful that it had finally come.

That was the moment that I felt great about myself and that somebody cares.”

*“I felt a sense of security, independence and freedom.”*

## *Richard*



## MORE THAN HOUSING

### *Debbie's story*

Debbie has lived most of her life in West Auckland, growing up in the very diverse community of Kelston. Debbie has two daughters and four grandchildren whom she loves dearly. One of her daughters lives in Australia on the Gold Coast and the other lives in West Auckland.

Debbie's move to Papatoetoe was met with some apprehension because she had to leave her family and the community that she had always known. However, when the opportunity arose to be one of the first people to move into a brand new furnished unit, Debbie jumped at the chance. It has now been 12 months since Debbie moved into the Compass NZ complex.

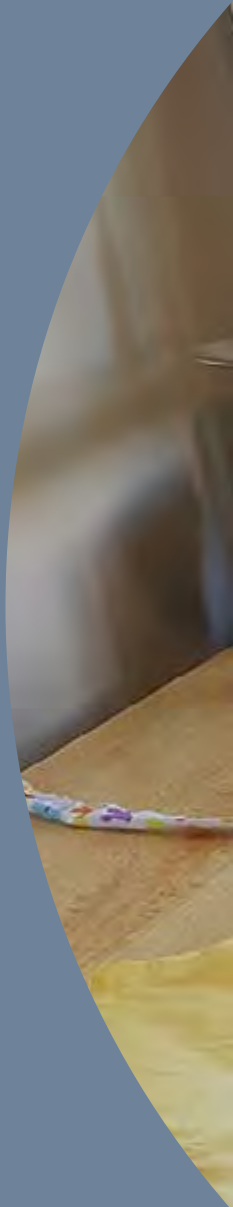
"I really like being here now, everything is within walking distance" said Debbie.

"People are friendly and I am involved in activities like the Green Dollar Exchange where I sew things for people who, in exchange, make or build things for me."

Debbie is a proud member of the Tenant Advisory Group through which she has met with ministers who have visited the properties and has had the opportunity to discuss and offer her opinion on matters related to living in the Compass NZ complex. Debbie loves being involved in the group because she gets to interact with, and support other tenants. Debbie feels that this support is reciprocated, not only by the other tenants but Compass NZ staff as well.

*“It makes me feel good about being here, knowing that people care.”*

Debbie is a seamstress by trade but is not well enough to work full-time. Debbie loves to make clothing, does craft work, cross-stitch and does alterations work to get a little extra income. She is currently making clothing for a wedding and really loves making clothes for her grandchildren.





*Debbie*

## MORE THAN HOUSING

### *Leonard's story*

Leonard had been a successful businessman, with two thriving enterprises on the go, before a devastating diagnosis changed his life forever. The diagnosis was vascular disease and the prognosis was dire. Leonard was suddenly facing the prospect of losing a limb to save his life.

*"It happened so fast, diagnosed on a Monday, limb removed on the approaching Friday"* said Leonard.

The impact of the experience was traumatic for Leonard to such an extent that he lost his home and businesses. Within six months of the operation, Leonard was living with depression, "couch hopping" and not doing anything positive with his life. He became homeless and a wanderer.

Leonard had been on the Ministry of Social Development Housing Register for 12 months when he got the call from Compass NZ to view a potential home at Central Avenue, Papatoetoe. The call was timely for Leonard as he finally had the opportunity to make some big and positive decisions about his life.

Compass offered him a home and support. The stability of having a safe, affordable apartment has enabled Leonard the opportunity to refocus and rebuild his life.

Leonard is seen as a role model and leader at the Central Avenue complex. He offers advice and support to the other tenants and is involved in the Tenant Advisory Group. He willingly shares his wealth of building knowledge with others and has made outdoor furniture and co-designed an outdoor BBQ and social area at the complex. He has worked with the other tenants to create a community garden.

Leonard is now back at work part-time as a construction supervisor. He is mentoring young people in the construction industry and is able to offer part-time work to some of the other tenants in the complex. Compass NZ staff report that they have seen a remarkable change in the men who have been given the opportunity to participate in part-time work, who would otherwise be keeping to themselves.

Leonard has worked tirelessly to empower himself and others. It will soon be time for him to move from the complex and continue his mission towards a self-sufficient, prosperous future.

*Compass NZ offered Leonard a home and support. The stability of having a safe, affordable apartment has enabled Leonard the opportunity to refocus and rebuild his life.*



*Leonard*

## BUILDING COMMUNITY

### *Taniela's Story*

Taniela loves his apartment and his neighbours. He says the Compass NZ complex in which he lives is close to everything he needs and there are no hills so he can freely walk around the area.

Recent surgery on both knees prevents Taniela from working but he loves to keep busy by helping Leonard and Hina with little projects around the complex.

Taniela is always looking for jobs to do and has already assisted with building the garden boxes and concreting small pathways. Taniela is looking forward to installing new clotheslines recently purchased for all of the tenants.



Building the community garden at the Papatoetoe complex  
PICTURED (L-R) Keith, Taniela, Hina, Compass Community Development Facilitator Dude TuiSamoa and Tessa



## BUILDING COMMUNITY



### *Hina's story*

Hina worked in construction for 25 years and as a truck driver, he held a heavy vehicle license. When Hina lost his license he became unemployed and could no longer afford the home he was living in. Compass NZ has been able to provide Hina with a home until he can get his life back on track.

Hina is now in the process of regaining his license. He is relearning the road code and attending classes. Once he regains his license, Hina intends to get back on the road into full time work and eventually move into his own home.

## THE FUTURE

The Ted Manson Foundation has partnered with Compass NZ to design, build and manage the \$60m mixed use and mixed tenure development in Waikumete Rd in Glen Eden, Auckland. Ted Manson formed the Ted Manson Foundation in 2014 to enable a more coordinated and larger scale contribution to the community and charities sector.

The Waikumete Development, currently under construction and due for completion in 2019 sets a new benchmark in community housing in New Zealand. It is within walking distance to shops, rail and bus transport and services including childcare, health and recreation.

The development will have onsite management as well as a community centre and retail shops on the ground floor. It will include private housing for sale and community housing rental properties which Compass NZ will manage.

“We are delighted to be working with Ted on this project, it will establish a new quality standard in community housing. Due to its location we will be able to link our tenants into local employment and training opportunities” said General Manager Bernadette Pinnell.

“As a new organisation in New Zealand we want to demonstrate our commitment to well designed and located community housing that we and our tenants can be proud of. Manson Construction is one of New Zealand’s most highly regarded construction companies and Ted is personally involved in ensuring that this building and the fitout are worthy of the Manson name.”

“

*I partnered with Compass New Zealand because we have shared values and believe that everyone has a right to a good home as a foundation for success in life.*



Ted Manson ONZM  
Founder, Ted Manson Foundation

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COMPASS HOUSING SERVICES CO (NEW ZEALAND) LTD

# INDEPENDENT AUDITOR'S REPORT



## *Independent auditor's report*

To the members of Compass Housing Services Co (New Zealand) Limited

The performance report comprises:

- the statement of financial position as at 30 June 2017
- the statement of financial performance for the year then ended;
- the statement of cash flows for the year then ended;
- the entity information;
- the statement of service performance; and
- the notes to the performance report, which include a statement accounting policies.

## *Our opinion*

In our opinion:

- a) the performance report of Compass Housing Services Co (New Zealand) Limited (the Company) on pages 1 to 14 present fairly, in all material respects, the entity information, the service performance and the financial position of the Company as at 30 June 2017, and its financial performance and cash flows for the year ended on that date in accordance with Public Benefit Entity Simple Format Reporting – Accrual(Not-For-Profit); and
- b) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable.

## *Basis for opinion*

We conducted our audit of the statement of financial position, the statement of financial performance, the statement of cash flows and the related notes to the performance report that include a statement of accounting policies and other explanatory information in accordance with International Standards on Auditing (New Zealand) (ISAs NZ). The audit of the entity information and the statement of service performance was conducted in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) (ISAE (NZ) 3000).

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the performance report* section of our report.

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

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for*

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Liability limited by a scheme approved under Professional Standards Legislation.

# INDEPENDENT AUDITOR'S REPORT



Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

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### *Information other than the performance report and auditor's report*

The Directors are responsible for the annual report. Our opinion on the performance report does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the performance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the performance report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the Directors for the performance report*

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the performance report in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit), and for such internal control as the Directors determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the performance report*

Our objectives are to obtain reasonable assurance about whether the performance report, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ or ISAE (NZ) 3000 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report, including performing procedures to obtain evidence about and evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

A further description of our responsibilities for the audit of the performance report is located at the External Reporting Board's website at:

<https://www.srb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

# INDEPENDENT AUDITOR'S REPORT



This description forms part of our auditor's report.

*Who we report to*

This report is made solely to the directors of the Company, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors of the Company, as a body, for our audit work, for this report or for the opinions we have formed.

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The engagement partner on the audit resulting in this independent auditor's report is Caroline Mara.

For and on behalf of:

*PricewaterhouseCoopers*

Chartered Accountants  
23 October 2017

Newcastle

