

Annual Report

Electricity Retailers' Association of New Zealand Incorporated
For the year ended 30 June 2019

Year in review

It's been a big 12 months for the electricity sector, and one that's been action-packed for ERANZ too as we've delivered a comprehensive response to the Government's Electricity Price Review, launched a key work programme supporting families in energy hardship, and farewelled outgoing members of the team while welcoming new ones.

Overview

New Zealanders can all take pride in the strength of our electricity system. Our energy supply was recently ranked 10th best in the world by the World Energy Council and we're the only non-European country in the top 10, which is a great result—and it's in no small part thanks to an electricity sector that's robust, innovative, reliable, and sustainable.

For consumers that manifests as decreasing power bills and better value. In the past five years the average household's yearly power bill has decreased by \$120 after inflation—in fact, the average bill is at its lowest in 10 years. That's driven by factors ERANZ works hard to promote, like competition in the market.

ERANZ's focus is driven by three core priorities: having a competitive retail electricity market that drives innovation and keeps prices low, ensuring families at highest risk of energy hardship are supported, and promoting electricity as a sustainable source of energy for the future. Advocating for these involves engaging regulators, government, and the public, but it also involves dedicating our resource and expertise to important workstreams like EnergyMate, and our cross-sector working groups, like the Vulnerable and Medically Dependent Consumers Working Group.

Electricity Price Review

The Electricity Price Review was a major focus for ERANZ, much as it was for the entire sector. Overall it was a positive process—it's always good to reflect on the work we're doing and assess our offerings to consumers. At the time of going to print we're awaiting the panel's final report to the Government, but the findings published so far have allowed us to identify areas for improvement along with areas where we're succeeding.

There have been many good things the review has shone a spotlight on—like how our strong, competitive retail market is driving low prices, is fostering innovation in the market, and is contributing to the absence of excessive profits.

We're supportive of the vast majority of the draft changes proposed by the review's panel, and it's heartening to see much of what's suggested reflecting work already undertaken by our sector and in some cases specifically by ERANZ—projects like ongoing collaboration with government agencies, local government, and community groups to better support vulnerable customers, along with programmes like EnergyMate.

EnergyMate

In April 2019 we were joined by Minister of Energy and Resources Megan Woods to launch EnergyMate, a free in-home energy coaching service for families at highest risk of energy hardship who are struggling to pay their power bill or keep their home warm. EnergyMate helps families get on the right plan, advises

them about heating their home and using their appliances efficiently, checks things like the hot water cylinder and shower flow to make sure they're running efficiently, and delivers LED lightbulbs.

EnergyMate is only possible due to support from a wide range of retailers, lines companies, and the Government. Partners include Contact, Genesis, Mercury, Meridian, Nova, Prime, Trustpower, Wellington Electricity, Unison, Vector, Bosco, ChargeNet, EnergyOnline, Globug, Powershop, Tiny Mighty Power, Wise Prepay, and EECA.

One of the things we're proudest of in EnergyMate is its strong connections to the community through partner organisations including FinCap, Beacon, Family Focus Rotorua, Manukau Urban Māori Authority, and Porirua Whānau Centre. ERANZ is very pleased to bring so many parts of the sector and the community together collaborating on the issue of energy hardship, and we'd like to thank all EnergyMate partners for their support.

Feedback from families suggests the programme is a valuable service that's helping whānau by improving energy literacy, getting them on the best plan, and connecting them with other services like the Ministry of Health's Healthy Homes Initiative. We're finding families are very receptive to the support and are keen to be energy efficient but often don't know what to do to achieve that—or simply aren't able to because of other challenges they're facing, like low incomes, debt, and substandard housing and heating, even in Housing New Zealand homes.

EnergyMate has been able to give families relief by supplying LED bulbs, helping make quick fixes to a home like getting hot water cylinders and pipes wrapped, and giving advice around using a heat pump and other types of heater efficiently.

We're looking forward to reporting back on EnergyMate's findings once the pilot has wrapped up.

Organisational change

Along with those two large pieces of work keeping us buzzing, it's also been a time of internal change for ERANZ. I'd like to thank both Jennie Langley, outgoing Chair, and Jenny Cameron, outgoing Chief Executive, for their contributions to ERANZ, building it from a newly founded organisation to an active and respected participant in the industry. We've had the pleasure of welcoming our new Chair Anna Kominik, who has brought with her decades of experience in communications, corporate governance, and senior management.

We want to thank our members for their contributions across our many workstreams. It's great to be supported by an engaged and supportive group of retailers that enable and strengthen the work we're doing to get great results for all Kiwis. We have a great team that's delivering on our priorities and we're excited about engaging in new and even more innovative projects in the near future. ■

Approval of financial report

Electricity Retailers' Association of New Zealand Incorporated
For the year ended 30 June 2019

The Board is pleased to present the approved financial report including the historical financial statements of Electricity Retailers' Association of New Zealand Incorporated for year ended 30 June 2019.

A handwritten signature in black ink, appearing to read 'Anna Kominik', written over a horizontal line.

Anna Kominik
Chairperson

A handwritten signature in black ink, appearing to read 'Kevin Angland', written over a horizontal line.

Kevin Angland
Chair of Finance subcommittee

Independent auditor's report

Electricity Retailers' Association of New Zealand Incorporated
For the year ended 30 June 2019

Opinion

We have audited the financial statements of the Electricity Retailers' Association of New Zealand Incorporated ("The Association") on pages 1 to 12, which comprise the statement of financial position as at 30th June 2019, the statement of financial performance, statement of movements in equity and statement of cash flows for the year then ended, the statement of accounting policies and other explanatory information.

In our opinion, the financial statements on pages 1 to 12 are prepared, in all material respects in accordance with the special purpose framework described in Note 1 to explain the Association's financial performance and financial position to the members of the Association based on accounting principles commonly used in New Zealand.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Special purpose framework

The financial statements are prepared in accordance with a special purpose framework for the purpose of reporting to members and, as a result, the financial statements may not be suitable for another purpose.

Restriction on responsibility

This report is made solely to the members, as a body, in accordance with the constitution and by-laws of the Association. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Board's responsibility for the financial statements

The Board is responsible for determining that the special purpose framework described in Note 1, based on accounting principles commonly used in New Zealand is acceptable in the Association's circumstances, for the preparation of the financial statements in accordance with the special purpose

framework chosen to explain the Association's financial performance and financial position to the members of the Association and for such internal control as the Board determines is necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association'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 Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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) 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 these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 Association's internal control
- conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control we identify during our audit.

DJ Turner & Associates

Chartered Accountants
Wellington, NZ
17th September 2019

Compilation report

Electricity Retailers' Association of New Zealand Incorporated
For the year ended 30 June 2019

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Electricity Retailers' Association of New Zealand Incorporated for the year ended 30 June 2018.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements. These statements comply with the requirements of the Companies Office, with the Electricity Retailers' Association of New Zealand as an Incorporated Society.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We have no involvement with Electricity Retailers' Association of New Zealand Incorporated other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

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Level 4
85 Ghuznee Street
Wellington

Statement of profit or loss

Electricity Retailers' Association of New Zealand Incorporated
For the year ended 30 June 2019

	NOTES	2019	2018
Trading income			
Subscriptions		644,926	673,804
Total trading income		644,926	673,804
Gross profit		644,926	673,804
Other income			
Other income		-	(44)
Project levies		400,437	164,700
Interest income		283	194
Rent received		3,332	-
Total other income		404,052	164,850
Expenses			
Accounting		12,494	6,975
Audit expenses		2,800	2,800
Board expenses		64,923	57,311
Consulting and project delivery		227,812	203,196
Depreciation		7,402	8,645
Events, sponsorship, and entertainment		21,399	15,793
Insurance		2,408	1,425
Interest expense		131	-
Legal expenses		29,051	18,021
Loss on disposal of asset		2,170	-
Other expenses		35,069	32,928
Overheads		22,700	13,810
Rent		18,659	18,000
Staff costs		482,091	433,014
Travel		20,224	11,939
Total expenses		949,332	823,858
Net profit (loss) before taxation		99,647	14,797
Taxation and adjustments			
Tax expense		-	54
Total taxation and adjustments		-	54
Net profit (loss) for the year		99,647	14,742

Statement of movements in capital

Electricity Retailers' Association of New Zealand Incorporated
For the year ended 30 June 2019

	2019	2018
Capital		
Opening balance	(18,763)	(33,506)
Increases		
Income for the period	99,647	14,742
Total increases	99,647	14,742
Total capital	80,883	(18,763)

Balance sheet

Electricity Retailers' Association of New Zealand Incorporated
For the year ended 30 June 2019

	NOTES	30 JUN 2019	30 JUN 2018
Assets			
Current assets			
Cash and bank			
Cheque account		467,266	306,396
Total cash and bank		467,266	306,396
Income tax receivable		92	10
Accounts receivable		253,201	273,154
Total current assets		720,560	579,559
Non-current assets			
Property, plant, and equipment	10	58,820	10,504
Total non-current assets		58,820	10,504
Total assets		779,380	590,063
Liabilities			
Current liabilities			
Fees in advance		544,565	443,266
GST payable		72,995	63,910
Accruals		27,007	32,434
Accounts payable		53,929	69,217
Total current liabilities		698,497	608,827
Total liabilities		698,497	608,827
Net assets		80,883	(18,763)
Equity			
Surplus for the year		80,883	(18,763)
Total equity		80,883	(18,763)

Notes to the financial statements

Electricity Retailers' Association of New Zealand Incorporated
For the year ended 30 June 2019

1. Statement of accounting policies

Reporting entity

The financial statements presented here are for the entity Electricity Retailers' Association of New Zealand Incorporated.

Nature of business

The nature of the Incorporated Society's business has not changed during the year under review.

Basis of preparation

The Board has chosen to prepare special purpose financial reports which may not necessarily comply with generally accepted accounting practice.

Historical cost

The financial statements have been prepared on a historical cost basis.

2. Changes in accounting policies

There have been no changes in accounting policies since the previous financial year. All policies have been applied on bases consistent with those used in previous years.

3. Fixed assets

All fixed assets are recorded at net cost less accumulated depreciation. Depreciation on assets has been calculated at the maximum rates permitted by the Income Tax Act 2007.

4. Goods and services tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

5. Income tax

The Incorporated Society is a mutual association as determined by Inland Revenue and is not required to pay income tax.

6. Accounts receivable

Receivables are stated at the estimated realisable value. Bad debts are written off in the year in which they are identified.

7. Audit

These financial statements have not been audited.

8. Contingent liabilities

There are no contingent liabilities at balance date (Last Year: \$Nil)

9. Subsequent events

No subsequent events have occurred after balance date (Last Year: \$Nil).

Property, plant and equipment and investment property

Property, plant and equipment and investment property are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Upon derecognition, the asset revaluation reserve relating to the asset disposed shall be transferred to retained earnings.

Depreciation

Account	Method	Rate
Website at cost	Diminishing Value (100%)	50%
Office equipment	Diminishing Value (100%)	13%
Computer equipment	Diminishing Value (100%)	50%

	2019	2018
10. Property, Plant and Equipment		
Office Equipment		
Office Equipment	47,709	2,435
Less Accumulated Depreciation on Office Equipment	(1473)	(358)
Total Office Equipment	46,236	2,078
Computer Equipment		
Computer Equipment	19,911	15,979
Less Accumulated Depreciation on Computer Equipment	(9416)	(11729)
Total Computer Equipment	10,495	4,250
Website		
Website at cost	12,532	12,532
Accumulated Depreciation on Website at cost	(10443)	(8354)
Total Website	2,089	4,177
Total Property, Plant and Equipment	58,820	10,504
	2019	2018
11. Income Tax Expense		
Net Profit (Loss) Before Tax		
Interest	283	194
Total Net Profit (Loss) Before Tax	283	194
Taxable Profit (Loss)	283	194
Tax Payable at 28%	79	54
Deductions from Tax Payable		
Resident withholding tax paid		
Withholding tax paid	272	190
Total Resident withholding tax paid	272	190
Income Tax Payable (Refund Due)	(193)	(135)
12. Equity		
Retained Earnings		
Opening Balance	(18763)	(33506)
Current Year Earnings	99,647	14,742
Total Retained Earnings	80,883	(18763)
Total Equity	80,883	(18763)

Directory

Electricity Retailers' Association of New Zealand Incorporated
For the year ended 30 June 2019

Address

Level 1, 166 Featherston St
Wellington 6011

PO Box 25596
Featherston St
Wellington 6146

Incorporated society number

2630555

IRD number

117-991-180

Accountants

Go Figure 2005 Limited
Level 4, 85 Ghuznee St
Wellington 6011

Bankers

Westpac

Solicitors

Minter Ellison Rudd Watts
18/125 The Terrace
Wellington 6011