

Aurora Public Meeting 24 Nov 2020

Historically, Aurora has not had the cheapest line charges compared to other companies operating in similar areas.

Aurora's area has the advantage of a major city providing some high density area which is cheaper per consumer to service.

Interestingly, other areas with similar line charges are not in the run down state which Aurora finds its self in.

Why? Firstly, historically poor management (I acknowledge that management has now changed. The benefits of this may take some time to appear.)

2. Considerable dividend syphoning by Auroras owners the DCC via Dunedin City Holdings Ltd, at the expense of necessary re-investment in the network.

The result is a very run down network. None of this is the fault of the customers.

The simple fact is that with revenue similar to other network owners with similar geographical spread and customer density, Aurora have failed to properly maintain their network while other companies have done so.

I note that in section 1.3.3 of your executive summary para. 62 you state that as a response to what customers have told you during consultations, you are lobbying Central Govt. to have quality breach fines returned for re-investment for the benefit of your customers. Good. So it should be.

This brings me to the other very important part of this unbelievable mess we find ourselves in which requires a brief explanation.

The Commerce Commission is a fully Government (meaning taxpayer) funded organisation who in this instance has the role of watchdog over monopoly companies, in this case Aurora.

In 2014 the commerce commission issued a formal warning to Aurora regarding the inadequate level of maintenance it was carrying out on the network. What was the result? Aurora were required to report each year to the Commission. Each year from 2016 to 2019 Aurora reported that it had breached its quality standards.

Finally, in 2020 the Commission, through the high court, fined Aurora almost 5million dollars. You may or may not be surprised to learn that this revenue goes straight to central govt. coffers.

The cost of this ultimately falls on the customers. This is the money that Aurora is lobbying the Govt. to be returned for investment. I agree, it should be.

I also believe this: For 6 years at least that I can substantiate, the Commerce Commission allowed Aurora to continue to dig themselves (and us with them) into an ever deepening hole. They also must take some responsibility for the current situation. They failed to ensure that Aurora, operating in a total monopoly situation, maintained the network which it owns.

I have no appetite for a legal battle with the DCC for a direct contribution, although Aurora were at times put in the position of borrowing in order to pay dividends. The citizens of Dunedin were the beneficiaries of this. It is interesting to note that as at August 2020 only 3 of 13 zone sub stations in Central Otago had back up transformers. All in Dunedin had backup.

The variation in proposed increases in line charges between Queenstown, Central Otago and Dunedin should be smoothed. Yes, this would mean that Dunedin customers would pay more and the rest would pay less of the cost of the catch up investment now required to bring the network back to reliable and safe condition.

What about some accountability. Central Govt. should now contribute on behalf of their failed agency, and at the very least we should expect an acknowledgement from the Commerce Commission that their performance was less than satisfactory.