

Aurora Submission

From [REDACTED]

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The future of lines company Aurora and its subsidiaries cannot be predicated on the singular ability to rely on the Commerce Commission for price increases. All the proposed monthly line charge increases are completely unacceptable, especially with the covid 19 pandemic likely to hold back any economic recovery into the foreseeable future. The ability for consumers to pay these increases is ignored in discussion documents

The commercial reality is that Aurora is bankrupt were it not for the shareholder's (DCC) continuing support. The Dunedin City Council use their status as an absolute monopoly with a captive audience (ratepayer /consumer) to prop up their investment in this lines company which is also a monopoly. I suggest it matters little to the DCC that this company continues to trade at the expense of the consumer who has nowhere else to go for service. Aurora therefore must be sold at a price that is attractive for industry to buy into and bring up to standard. It is well understood the DCC , as the shareholder, paid far too much for this lines company and now must face the capital loss. Anything less than a sale of this liability -not an asset, will simply perpetuate an untenable situation for the consumer.

A clear signal must be sent to council owned companies that sanctions will be applied where council make bad decisions. That is why Aurora must be sold and the DCC held to account for their incompetence / oversight of this company

We the consumer have been subjected to the worst example of Local Government incompetence through this commercial disaster. The Local government 2002 gave local Government – “the power of general competence” which has shown to be a tragic mistake -especially in this situation. Will that change? No -I don't think so.

I voted as a select Committee member against allocating this power to councils.

This debacle cannot be laid at the feet of the electricity consumer so what logic should be applied to require the consumer to pay even more.

Under investment has been a tradition within local Government in order to keep rates low and council popularity high. That is indisputable. There is also -for the most part ,a complete lack of commercial and Governance expertise around council tables so it is not surprising that situations such as the Aurora one, is somewhat commonplace.

I further suggest that one of the other assets of the DCC or DCHL should be sold at the appropriate time to offset any cost to the ratepayer as a result of the Aurora situation.

I accept that at long last the governance of Aurora is acceptable yet their parent company DCHL is far from under acceptable governance. Are not DCHL directors appointed by the DCC? It seems like a merry-go-round to me. A very closed circle which offers little confidence for the future.

It also seems to me that at least two independent consumer advocates with knowledge of the industry must be appointed to the board of Aurora should the company continue to trade which is a likely but -to me – an unacceptable outcome.

I further suggest a full public inquiry into Aurora must be held as a show of good faith that all aspects of this company are open to public scrutiny. Commercial sensitivity cannot be used to keep information out of the public domain.

I understand by way of an example that their (Aurora's) pole replacement cost is far in excess of other lines companies. Why are some other lines companies successful when Aurora is demonstrably not?

There are so many questions that have not been asked and therefore not answered.

- A public inquiry must be held into Aurora
- Aurora must be sold even at a fire sale price
- Another DCC asset should be sold to offset the losses from Aurora
- Aurora's pricing structure must be compared to say the Marlborough lines company. The cost of the Aurora pole replacement program needs immediate comparison with other line companies
- Where are the replaced (rotted) poles now residing?