

Mya Nguyen
Commerce Commission
Wellington

FROM **Torrin Crowther / Penny Pasley**
DDI +64 9 916 8621 / +64 9 916 8715
MOBILE +64 21 867 746 / -
EMAIL torrin.crowther@bellgully.com
EMAIL penny.pasley@bellgully.com
MATTER NO. 400-4888
DATE 13 July 2015

Dear Mya

Response to Commission query regarding redundancy

- 1.1 The Commission has requested the “previous reports” referred to in the 8 January 2015 letter by David McLeod, Employment Relations (HB) Ltd, as well as the underlying calculations / spread-sheets for the figures used in that letter.
- 1.2 CWH has attached Mr McLeod’s previous 8 June 2012 report (as **Attachment A**) which sets out the considerations which led to the determination of the maximum redundancy exposure of \$ [REDACTED], which the Applicant employed in the current application for authorisation in the absence of further information.
- 1.3 That report of 8 June 2012 also refers to a report dated 28 June 2011. This is a reference to a series of spread-sheets CWH was provided on that date, rather than any written report. These spread-sheets are attached (as **Attachment B**) and cover Whakatu and Kaputone, as well as an assessment of Head Office / Trading staff. The redundancy calculation for the Head Office / Trading staff was not included in the current application for authorisation as CWH is no longer seeking to acquire the NZWSI trading entity and [REDACTED].
- 1.4 Mr McLeod has drafted a report (dated 30 June 2015 and attached as **Attachment C**) setting out why the current redundancy exposure figure differs from the [REDACTED] calculated in 2012. CWH has also provided the Commission with the spreadsheets created by Mr McLeod which underpin the updated calculation of redundancy exposure at [REDACTED] (**Attachment D**).
- 1.5 By way of further explanation as the Commission reviews these spreadsheets, the Whakatu redundancy exposure was calculated by [REDACTED].
[REDACTED] Note, the attached spreadsheet records the redundancy cost for Whakatu to be [REDACTED] whereas the number in the 8 January 2015 report was [REDACTED]. Mr McLeod has explained that this difference relates to [REDACTED].
[REDACTED] CWH has also attached the spreadsheet as it was in January showing the total of [REDACTED] (**Attachment E**).
- 1.6 In Kaputone, however, [REDACTED]. CWH has

therefore conservatively [REDACTED]

- 1.7 In the course of providing this information to the Commission it has become clear that [REDACTED] have not been included in the redundancy cost assessment. However, CWH has allowed for a contingency sum of [REDACTED] in its merger model, which [REDACTED]. No other costs have been identified which were not individually accounted for in the merger model and would need to rely on the contingency allowance. CWH believes it is now at a stage where additional costs would have been identified, and therefore that contingency sum still looks to be overstated by some [REDACTED].