Negative Submission on proposed sale of Aurora Energy

I am mightily impresssed by the way the Dunedin City Council is consulting us South Dunedin residents about the issues involved in climate change and sea level rise. I was also glad to be invited to submit on a proposal to sell the Council owned Aurora Energy.

1. Aurora too valuable to sell.

The DCC (DCHL) report was focused on why we should sell the company (getting rid of debt and developing a fund for investment). There was little or nothing about the cons of the proposal. Yet clearly the value of the business and the investor interest shows that the exact opposite conclusion arises from the discussion.

Aurora's current problems (debt/lowdividends)are arguably not because it is useless but because it was used as a cash cow to fund the stadium white elephant ? Clearly before a crisis led to a need to remedy neglected maintenance it was a great earner and will be again. A fire sale will be a mistake.

2. We need to distinguish between bad and worthwhile debt.

Clearly debt can be useful and valuable. It gives us power and control over our lives and leads to intergenerational saving. For local government it spreads costs over time and generations , and is much cheaper than private debt, as security is a 'sure thing' {High scores from rating agencies) .

A committee of mayors of the major growing cities is currently seeking to lift the local body debt limits [Treasury imposed} as they see that debt is the best way to meet their current challenges. Private debt costs more, even public/private partnerships, sometimes suggested, pay over 2.5 times the interest rates of public bodies), (Newsroom 4 April 2024).

3. LGNZ must pressure central government for tax sharing.

Council funding problems are nation-wide and need structural solutions. Selling assets is a short term and temporary fix only. The real problem for local bodies is that they have lots of costs from central government and only rates/fees income. In all other advanced nations local bodies get tax income as well. Most councils seem to have more problems than Dunedin - as a group local bodies need to pressure central government to share tax receipts. This is evidenced in the call for so-called "city deals' seeking taxation support.(McManus:"Council Funding is a Disaster"-Spinoff 15/4/2024).

4. Sales of strategic assets we all depend on - natural monopolies like Aurora-- lead to major cost increases.

I am old enough to remember the 80's - public enterprises sold off to the great profit of our local oligarchs. We had to buy back the railways, at considerable loss, after they were run down!

Even worse, the lessons from overseas demonstrate the pitfalls. England privatised its water, leading to 360% price increases and super profits to the shareholders (pension funds via Macquarrie). Now Thames Water, after polluting the Thames river with sewerage (Oxford/Cambridge boat race!), is going bust and the shareholders will not put more money in , so who is left to carry the can -the public! (Adam Almeida :'England's Ludicrous Experiment '-Guardian 28/3/2024).

5. Government Monitoring is ineffective.

The council discussion document suggests these risks will be controlled by the Electricity Authority and the Commerce Commission.

For the Electricity Authority, look at our experience with the power companies. The big gentailers (generation and retailing) have greatly increased power prices since partial privatisation (150%?) and mothballed urgently needed , already consented, solar and wind power farms because extra capacity lessens their profits.

As far as the Commerce Commission is concerned , think the big four overseas banks' profits! Think supermarkets! (profits twice? what they are in Oz.) Wii the monitoring be improved by!0%job cuts at Commerce Commission (RNZ9/4/2024). What if Seymour becomes minister responsible?

6. Investor Interest shows Aurora's value.

If private enterprise is willing to pay enough for Aurora to get rid of its considerable debt and provide a big surplus investment fund and also make a big profit -someone is going to have to carry the can - **guess who? We will have no alternatives -electricity is our future. I hate to think of our mokopuna.**

What about other (non-strategic) assets if the DCC wants an investment fund? I am unsure what they own - maybe sell the stadium (no, because no profit seeker will buy it.) What about some golf courses - great valuable real estate?? Any other ideas?

I would love to be corrected. Can the councillors in favour of the sale guarantee these risks will not be realised? Are they willing to resign/reimburse us if they are?

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