



DUNEDIN CITY HOLDINGS LIMITED

Network review outcome announced

Dunedin, Monday 12 December, 2016 - Dunedin City Holdings Limited (DCHL) has announced DCHL and Aurora will move towards implementing all of the recommendations in the Deloitte review of the company's network maintenance processes.

The key findings and recommendations in Deloitte's review released today are:

- Health and safety systems to be enhanced due to the age of the network.
- Aurora and Delta should have different board members with no commonality of directors and separate CEOs
- Creation of competitive tension between Aurora and Delta for provision of services.
- Asset management planning needs to have a longer term horizon, i.e. 30 years
- Investment should be made in an asset management system that focuses on outcomes and performance.

DCHL Board chair Graham Crombie says in line with the Deloitte recommendation DCHL is committed to the separation of the governance teams of Aurora and Delta and will work with the companies to align this with the organisational separation.

"Both the boards of DCHL and Aurora accept the findings of the report in full and they have moved already to start to address the matters raised. Some changes will occur short term and others will take longer to further evaluate and implement."

The review was implemented when health and safety issues were raised by a former worker.

The Deloitte review found that the Board and management of Aurora need to adopt a more transparent approach with staff and public in relation to health and safety.

Both the chair Ian Parton and long term director Stuart McLauchlan have not sought reappointment which has enabled the changes to the Board which include Steve Thompson, a newly appointed director, being appointed Chairman.

Mr Crombie says Mr Thompson is Dunedin based and that will help to ensure the company's management has the required support to implement a wide range of changes.

Mr Thompson was previously a Tax Partner and Office Managing Partner with Deloitte in Dunedin but retired from the partnership in May 2015. He has held a number of governance roles since 1998 covering a range of businesses involved in the energy industry, contracting, property development and investment, manufacturing and professional services.

In addition Brian Wood (current Director of DCHL) has also been appointed to the board to align DCHL interests and to assist the transition. He has had experience in the civil engineering and energy sectors particularly in lines companies.

Mr Crombie says these governance changes will ensure the immediate operational enhancements are focused on along with the evaluation and implementation of the structural changes which will allow Aurora to focus solely on asset management.

"That will include implementing the adjusted pole replacement programme, investing in updated asset management systems and implementing any recommendations from both the pending WorkSafe New Zealand and Commerce Commission reviews. Health and safety of our workers and the public are important to us and we want to regain their confidence that our network is up to standard.

The Deloitte review report is available online at www.dunedin.govt.nz/dchl

For further information please contact DCHL Chair Graham Crombie on 0274 363 882, or Aurora Board chair Steve Thompson on 021 861 315.