

REFERENDUM INFORMATION 2009

Sale of Energy Direct

Should the council sell Energy Direct, the retail trading arm of Wanganui Gas?

Energy Direct is the retail arm of Wanganui Gas and sells gas and electricity services to residents and businesses. There is no proposal to sell Wanganui Gas or GasNet, a profitable company in recent years. Energy Direct has lost considerable monies over the past two years and this has reduced Wanganui Gas' annual dividend to nil.

Proceeds from any sale would be used to reduce Wanganui Gas' debt and would also lead to estimated dividends of \$1.5M per year from Wanganui Gas and GasNet.

Advantages of selling Energy Direct

- Energy Direct is a small player in the energy market and there are commercial risks associated with continued ownership.
- The profitability of Wanganui Gas may be enhanced, potentially delivering a greater dividend to the Wanganui ratepayer.
- Avoid the potential for rates money to be spent on subsidising Wanganui Gas losses.

Disadvantages of selling Energy Direct

- Energy Direct currently employs people in Wanganui. A sale may result in job losses.
- Energy Direct delivers gas and electricity services to a large number of businesses and residents in Wanganui. The sale of the company may lead to less choice for gas and electricity supply in Wanganui.
- There is potential for Energy Direct to return to profitability.

Should the council sell Energy Direct, the retail trading arm of Wanganui Gas?		
Yes	5171	28.25%
No	12533	68.46%
Informal	64	0.35%
Blank	538	2.94%
	18306	100.00%