



Media Release – Tuesday, 1 April 2014

Old Technology won't help a new Stadium make money

The initial stadium build specifications allowed for the installation of 94 televisions. When DVML took over the management of Forsyth Barr Stadium in August 2011, senior management recommended to the DVML Board to install the digital Cisco Stadium Vision platform which is considered an essential tool in any stadium. Digital Cisco Stadium Vision enables each individual screen to show different images and advertising throughout the Stadium and provide increased revenue opportunities. With the original outdated televisions being incompatible with the new system the recommendation to the DVML Board was that as well as the Cisco Stadium Vision software package, additional suitable televisions would have to be purchased. The DVML Board determined to accept management's recommendation. DVML purchased a further 165 televisions which were compatible with Stadium Vision. These televisions are still in use at the stadium.

The then CEO, David Davies realised that there could be a cost recovery opportunity to sell the outdated televisions. He did this on an 'as is, where is' basis and the outdated televisions were sold without warranties or instruction manuals. The CEO and then Operations Director, Darren Burden, initially consulted Trade Me to determine a sale price. The Board was informed this was to happen in February 2012. The Board and specifically the Chair, made mention of their disquiet around seeking a solely Trade Me value. The CEO was then instructed by the Board to get a further, independent valuation. The CEO instructed the Operations Director to do this. The CEO confirmed to the board at the time that this had been done and has subsequently confirmed this in writing following the LGOIMA request. The Operations Manager rechecked Trade Me at the time and spoke to a contact at Gen-i to confirm prices were fair market prices. An exhaustive search has been done to provide verification of this. Unfortunately no record has been found of these actions or conversations. The CEO confirmed in writing that a second valuation was secured to determine market value. To confirm, Directors' purchases were made nine and thirteen months respectively after the outdated televisions were available for sale.

This issue evidences the value of LGOIMA in identifying failures in process. There was a failure around recording board instructions and in ensuring purchases were noted in the publicly available accounts (even though they were included in the company's internal financial records).

Moving forward, Mr Terry Davies is reviewing all facets and processes of the business to ensure it delivers to the standards the rate payers expect. He looks forward to delivering plans for structure and process in due course.

For more information contact:

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