

CHRISTCHURCH CITY HOLDINGS LIMITED

Cost of Service

1997/98 BUDGET		1998/99 BUDGET
\$		\$
(29,700,720)	Revenue*	(29,380,000)
10,864,400	Financing and Interest Costs	11,416,000
466,000	Other Costs	995,000
11,330,400	Total Expenditure	12,411,000
(18,370,320)	Net Profit before Taxation	(16,969,000)
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Net Profit Before Taxation

Projected Net Profit Before Taxation 1999/00	(22,496,000)
Projected Net Profit Before Taxation 2000/01	(25,410,000)

* Revenue is net of imputation credits.

Capital Expenditure

There are no major items of capital works/fixed assets scheduled.

Relationship to the Council

Christchurch City Holdings Limited is a local authority trading enterprise, 100% owned by the Christchurch City Council. The Company was incorporated in May 1993. The Council retains control over the activities of the Company through approval of the Company's Annual Statement of Corporate Intent. The Council's interest in this Company is in accordance with its Strategic Objective: D8 (see Volume 1).

This Company holds the Council's shareholding in Southpower Limited, Christchurch International Airport Limited, Lyttelton Port Company Limited and Christchurch Transport Limited.

Planned Services

This enterprise is a company established to group the Council's interest in its trading activities under one umbrella. The security provided by this ownership enables the Council to efficiently borrow in commercial markets.

The Company has received advice from Southpower and Christchurch Transport Limited that special dividends/capital repayments will be received totalling \$134M. These sums will be repatriated to Christchurch City Council during 1998/99.

The Company employs no staff directly but sub-contracts its total workload out, employing services as required.

The Company has an 'AA' credit rating from the international credit rating agency Standard and Poor's.

The Company's revenue is in the form of dividends and interest from its subsidiary companies. Its expenditure is largely debt servicing.

Overall Service Objective

1. To enable the efficient management of the trading activity investments and term liabilities of the Council.

Objectives for 1998/99

2. Achieve projected financial performance, including planned capital restructuring of Southpower Ltd and Christchurch Transport Limited..
3. Make provision for ongoing debt repayment.

Performance Indicators

- 2.1 Pay dividends to the Council totalling \$17.0M.
- 2.2 Return capital/pay special dividends of \$134M to the Council.
- 3.1 Reduce existing debt by \$3.9M.

Sources of Funding

