

8. REPORT FROM CHRISTCHURCH CITY HOLDINGS LIMITED

Officer responsible Company Secretary, Christchurch City Holdings Limited	Authors Bob Lineham, DDI 941-8411 Richard Simmonds, DDI 941-8817
---	---

The purpose of this report is to provide information to the Council on recent activities of Christchurch City Holdings Limited ('CCHL') and to recommend the approval of Statements of Corporate Intent for CCHL, Christchurch International Airport Limited ('CIAL'), Lyttelton Port Company Limited ('LPC'), City Care Limited ('CCL') and Christchurch City Facilities Ltd ('CCFL').

1. CHRISTCHURCH CITY HOLDINGS LIMITED – DIVIDENDS

On 1 July, CCHL paid to the Council a final dividend of \$5.63 million. This, combined with an earlier interim dividend and subvention payments, brings the total return to the Council for the 2002/03 year to its budgeted level of \$33 million.

Additionally, CCHL paid to the Council a special, fully-imputed dividend of \$18 million on 1 July, representing surplus capital from earlier capital repatriations.

2. CHRISTCHURCH CITY HOLDINGS LIMITED – STATEMENT OF CORPORATE INTENT

A draft Statement of Corporate Intent for the CCHL parent company has been approved by the Board for submission to the Council, and has been separately circulated to Councillors.

Its content is broadly similar to the previous year's. However, two new objectives have been added:

- To encourage and facilitate the subsidiary companies to increase shareholder value through growth and investment; and
- To consider, on behalf of the Council, investment opportunities arising that have the potential to enhance the economic well-being of the region, and provide an adequate return.

The SCI also makes provision for the payment of a special dividend to the Council of \$3.4 million in the 2002/03 year, subject to the receipt of special dividends expected from subsidiary companies.

Staff

Recommendation: That the Council approve the Christchurch City Holdings Limited SCI.

3. CHRISTCHURCH INTERNATIONAL AIRPORT LIMITED – STATEMENT OF CORPORATE INTENT

CIAL Board and management representatives recently met with CCHL to present their draft annual Statement of Corporate Intent ('SCI') for 2002/03, and to outline the strategic direction of the company. The SCI has been separately circulated to Councillors.

The SCI's format and content is fairly similar to last year's, although it has been refined in some areas. The revenue projections, while down on the forecasts made in last year's SCI, indicate that the company is making a solid recovery from the difficulties caused by Air New Zealand's financial crisis and the events of September 11.

A minor amendment, in respect of CIAL's role in the economic development of the region, was requested by CCHL, and this has been actioned by the company in the document.

Staff

Recommendation: That the Council approve the Christchurch International Airport Limited SCI.

4. LYTTELTON PORT COMPANY LIMITED – STATEMENT OF CORPORATE INTENT

LPC Board and management representatives recently met with CCHL to present their draft annual Statement of Corporate Intent ('SCI') for 2002/03, and to outline the strategic direction of the company. The SCI has been separately circulated to Councillors.

The SCI is similar in format and content to previous years, although there is an additional clause outlining the company's intention to "provide commentary on economic, environmental and social performance each year in its report to shareholders". Additionally, under "Value of Shareholders' Investment", the company has reported its market capitalisation rather than the book value of its shareholders' equity – the former figure is significantly higher and gives a much more accurate indication of the true value of the company.

While Stock Exchange Listing Rules and securities legislation effectively prevent the company from including forecast financial information in the SCI, it is considered that within these constraints, the document appropriately reflects the priorities of LPC and its shareholders.

Staff

Recommendation: That the Council approve the Lyttelton Port Company Limited SCI.

5. CITY CARE LIMITED – STATEMENT OF CORPORATE INTENT

CCL Board and management representatives recently met with CCHL to present their draft annual Statement of Corporate Intent ('SCI') for 2002/03, and to outline the strategic direction of the company. The SCI has been separately circulated to Councillors.

The financial projections show a healthy growth in revenues and profits, reflecting in part growth in the Auckland region, and significant gains in efficiency and productivity.

Staff

Recommendation: That the Council approve the City Care Limited SCI.

6. CHRISTCHURCH CITY FACILITIES LIMITED – STATEMENT OF CORPORATE INTENT

CCFL Board and management representatives recently met with CCHL to present their draft annual Statement of Corporate Intent ('SCI') for 2002/03, and to outline the strategic direction of the company. The SCI has been separately circulated to Councillors.

The financial projections indicate that the company will continue to make operating surpluses before depreciation, but still anticipate net deficits after depreciation of around \$3 million per annum. In the medium term, the company is forecast to become more profitable.

The diagram outlining the company structure and reporting lines has been amended to reflect the revised governance structure recently put into place.

Staff

Recommendation: That the Council approve the Christchurch City Facilities Limited SCI.

Chair's

Recommendation: That the above recommendations be adopted.