

6. REPORT FROM CHRISTCHURCH CITY HOLDINGS LIMITED RR 11195

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Corporate Plan Output: Trading activities monitoring	

The purpose of this report is to provide information to the Council on recent activities of Christchurch City Holdings Limited ('CCHL'), and to make recommendations on any matters arising.

1. CCHL PARENT COMPANY

No specific matters to report.

2. ORION GROUP LIMITED

2.1 North Island Gas Assets

At a recent seminar, CCHL recommended to Councillors that a proposal from Orion to offer its North Island gas assets (excluding the exploration assets) for sale be accepted. Both Orion and CCHL have taken independent expert advice on this issue. The assets will not be sold unless a satisfactory price is received.

2.2 Orion Half Yearly Report

A recent report for the six months to 30 September 1999 reveals that Orion is trading successfully, and ahead of budget. With its transition to a network company and the introduction of cost reflective pricing, the seasonal nature of the business has increased, with the greater proportion of revenues being received over the winter months when peak demand occurs.

2.3 Capital Repatriation

In October 1999, Orion completed the next stage of its capital repatriation, with the repayment of \$76 million of mandatory convertible notes to its shareholders (Christchurch City Council's share \$66.6 million).

This sum will be held by CCHL pending receipt of the final stage of the repatriation (the repayment of \$69 million of optional convertible notes). This is expected to be in the current financial year, but is dependent on receiving favourable binding rulings from the IRD.

Once the full amount has been received, CCHL will make a return of capital to the Council of \$162 million (again subject to IRD rulings).

All of the above amounts have been budgeted for in the Council's Annual Plan.

3. **CHRISTCHURCH INTERNATIONAL AIRPORT LIMITED**

3.1 **Quarterly Report**

CIAL recently presented its quarterly report for the period to 30 September 1999 to CCHL. This indicated that the company was trading satisfactorily, and that international passenger numbers through the airport are continuing to grow.

3.2 **Special Dividend**

On 1 November 1999, CIAL paid a fully imputed special dividend of \$30 million to its shareholders (CCHL share \$22.5 million). This amount has been paid as a special dividend to the Council.

This amount was budgeted for in the Council's Annual Plan.

4. **LYTTELTON PORT COMPANY LIMITED**

4.1 **Quarterly Report**

LPC recently presented its quarterly report for the period to 30 September 1999 to CCHL. This indicated that the company was trading satisfactorily.

5. **RED BUS LIMITED**

5.1 **Quarterly Report**

Red Bus recently presented its quarterly report for the period to 30 September 1999 to CCHL. This indicated that the company was trading satisfactorily, although additional costs are being incurred in respect of fleet refurbishment and re-branding, and from higher depreciation following a revaluation of the bus fleet.

6. **SELWYN PLANTATION BOARD LIMITED**

6.1 **Half Yearly Report**

SPBL recently presented its half yearly report for the period to 30 September 1999 to CCHL. This indicated that the company was trading to budget, although international log prices have remained low.

7. CANROAD CONSTRUCTION LIMITED

7.1 Annual Report

In November, CCHL received the annual report of Canroad Construction Limited for the year ended 30 June 1999. The report is tabled.

This was the final annual report of the company in its current form, as its size and nature will be completely changed with the acquisition of the Works Operations and Plant and Buildings Services businesses from the Council in December 1999.

The CCHL Board acknowledged the contribution made by the three retiring directors, Messrs Anderson, Fox and Hadlee, who have served Canroad Construction Limited well during its first three years.

Recommendation: That the annual report be received and noted.

(Note: Councillor Wright abstained from the discussion and voting on sub-clause 7.)