

5. REPORT FROM CHRISTCHURCH CITY HOLDINGS LIMITED RR 10090

Officer responsible Chairman, Christchurch City Holdings Ltd	Author Bob Lineham, Richard Simmonds
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 certain matters arising.

1. CCHL PARENT COMPANY

The Council has previously approved the review of all Councillor director appointments to subsidiary trading company boards in the February following the triennial election. However, this has raised some questions from the companies as to when the terms of these appointments commence and conclude and how they should fit into the normal rotational pattern with other director appointments which would normally take place at the annual general meetings of the companies in July, October or November. The CCHL board is in the process of reviewing the composition of the Boards of Council-owned companies for the purpose of making recommendations to the Council on orderly succession planning. This issue has been highlighted as part of that review.

It has concluded that there would be advantages in adopting a general principle that Councillors appointed to the Boards of LATEs are appointed for a three year term, from the February immediately following the triennial elections to the February following the succeeding election. This would help to clarify any anomalies arising in the normal rotation of directors for those companies. The constitutions of each company will be reviewed to ensure that this is permissible.

Recommendation: That the Council approve the general principle that Councillor directors of LATEs are appointed for a three year term, from the February immediately following the triennial elections to the February following the succeeding election.

2. ORION

Statement of Corporate Intent

The draft Orion Statement of Corporate Intent ('SCI') was initially considered by the Strategy & Resources Committee at its May meeting and held over until June to enable clarification from Orion on a number of issues.

Since the May meeting, Orion have announced a three year price freeze. This has had the effect of reducing the forecast ARP for the 2000 and 2001 financial years to 7.2% and 6.9% respectively. Dividends have also reduced. Orion have presented a revised SCI, reflecting these changes.

The SCI has been separately circulated to Councillors.

Recommendation: That the Orion SCI be approved by the Council.

3. CHRISTCHURCH INTERNATIONAL AIRPORT LIMITED

3.1 Statement of Corporate Intent

A detailed CIAL business plan and draft Statement of Corporate Intent were presented by CIAL directors and management to the CCHL Board on 17 May 1999.

The SCI confirms CIAL's intention to pay a special \$30 million dividend to its shareholders, subject to receiving satisfactory binding rulings from the Inland Revenue Department.

Following detailed discussion and some minor agreed changes, the CCHL Board resolved to recommend that the Council approve the SCI.

The SCI has been separately circulated to Councillors.

Recommendation: That the SCI for CIAL be approved by the Council.

3.2 Quarterly Report

CIAL recently forwarded their quarterly report for the 9 month period ended 31 March 1999. It indicated a sound financial performance, derived primarily from stronger than expected growth in international passenger numbers.

4. LYTTTELTON PORT COMPANY LIMITED

Quarterly Report

The Chairman and Managing Director of LPC met with the CCHL Board, and presented quarterly financial statements for the nine month period ended 31 March 1999 – the first interim financial reporting to be made to CCHL under the terms of a recently-signed confidentiality agreement.

The Board were satisfied with the results reported.

5. **REDBUS LIMITED**

No specific matters arising

Recommendation: That the above recommendation be adopted.