

24. 8. 2000

**REPORT BY THE CHAIRMAN OF THE
STRATEGY AND RESOURCES COMMITTEE**

1. REPORT FROM CHRISTCHURCH CITY HOLDINGS LIMITED

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| Officer responsible Company Secretary, Christchurch City Holdings Ltd | Author Bob Lineham, Richard Simmonds |
| Corporate Plan Output: Trading activities monitoring | |

The purpose of this report is to provide a brief update to the Council on the recently-announced result of Lyttelton Port Company Limited ('LPC') for the year ended 30 June 2000.

LPC recorded a net profit after tax of \$14.9 million, up 13% from last year's \$13.2 million. The result reflected continued strong volume growth in key cargos:

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| Total containers | Up 3% |
| Containers through the Lyttelton Container Terminal | Up 9% |
| Coal (tonnes) | Up 30% |
| Bulk fuel | Up 7% |
| Cars | Up 22% |
| Other tonnes | Up 3% |

This volume growth is indicative of positive trends in exports from the local primary sectors of farming, fishing and forestry (stemming from a low exchange rate, favourable weather conditions and improved prices). The prospects for the coal trade also appear promising, and negotiations are continuing with Solid Energy for an appropriate long- term contract. Imports are also well up, with improvements in bulk fuel and motor vehicle volumes indicating solid demand in the local economy.

In response to this continued growth, LPC has announced that it will be seeking new staff, and changing the staff structure to provide coverage for the port's 24 hour, seven day business. The company has also issued 500 shares to each full time employee, in recognition of their contribution to the company's performance.

LPC has announced an ordinary dividend for the year of \$10.4 million, of which CCHL's share is \$6.8 million (previously budgeted for by CCHL at \$4.2 million). Additionally, reflecting the strength of its balance sheet, LPC has declared a special dividend (not budgeted for by CCHL) of \$10.1 million (CCHL's share \$6.6 million). The CCHL Board will take these additional sums into account when considering the amount of its final dividend.

Recommendation: That the information be received.

CONSIDERED THIS 24TH DAY OF AUGUST 2000

MAYOR