

5. REPORT FROM CHRISTCHURCH CITY HOLDINGS LIMITED

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Corporate Plan Output: Trade 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

1.1 Annual General Meeting

Following the practice of previous years, it is not intended to call an Annual General Meeting. Instead, it is requested that the Council, as the sole shareholder of CCHL, approve the attached shareholder's resolution, in accordance with Section 363(2) of the Companies Act 1993, for inclusion in the CCHL minute book.

2. ORION

2.1 Half yearly report to 30 September 2000

Orion recently presented their half yearly report for the six months ended 30 September 2000. The report indicates that the company is continuing to trade successfully. The company's cost-reflective pricing policies mean that most of the annual revenue is received over the winter months when energy usage is highest.

2.2 Government reforms

The Government has released its proposed reforms for the energy industry. The changes which are likely to have the most effect on Orion include:

- A new industry governance board will have responsibility for drawing up model (non-binding) network connection agreements and network pricing methodologies;
- The industry governance board will review Transpower's pricing methodology so that it is consistent with the Government's published objectives and principles. If there is disagreement, the issue will be referred to the Commerce Commission;
- Line services become subject to the Consumer Guarantees Act and to an industry ombudsman scheme;
- Industry oversight and enforcement is mostly transferred from the Ministry of Economic Development to the Commerce Commission;
- The Commerce Commission is now responsible for the content, design and enforcement of the disclosure regime;
- Individual lines companies and Transpower will be placed under price control if they breach thresholds or criteria set by the Commerce Commission. Rights of appeal are restricted to points of law;
- The Commerce Commission will undertake a recalculation of line and transmission asset valuations on a common and specific basis. It will also review whether ODVs are the best valuation methodology and mandate changes as appropriate.

Overall, Orion believe the reforms are reasonable and measured. However, the last two measures in particular have the potential to affect the value of CCHL's and the Council's investment in Orion.

3. SELWYN PLANTATION BOARD LIMITED ('SPBL')

3.1 Half yearly report to 30 September 2000

SPBL recently presented its half yearly report for the six months ended 30 September. Revenue is significantly higher than it was for the previous equivalent six month period, reflecting the increased harvesting that was signalled in the company's Statement of Corporate Intent.

4. **JADE STADIUM LIMITED ('JSL')**

4.1 **Statement of Corporate Intent 2000/01**

CCHL recently reviewed JSL's SCI for the year ending 30 June 2001, and met with representatives from the JSL board and management.

As has been recently publicised, the initial stage of the stadium redevelopment has been completed with the demolition of the embankment. Tenders for the construction phase are currently being evaluated.

The SCI forecasts gross revenues of some \$7 million by the 2002/03 year from the new facilities and operations, although net cash flows after debt repayment will be under \$1 million. CCHL has resolved to submit the draft SCI to the Council for approval.

The SCI has been separately circulated to Councillors.

Recommendation: That the Council approve Jade Stadium Limited's draft Statement of Corporate Intent for the year ending 30 June 2001.

4.2 **Annual report for the year ended 30 June 2000**

JSL recently presented their annual report for the year ended 30 June 2000. Its main source of income in the year was management fees from Victory Park Board, a statutory body, offset by various operational and facilities expenses. Overall, the company incurred a net deficit of \$157,000. At balance date, the Council had subscribed \$2.5 million of share capital, out of an agreed total equity funding package of \$4 million. The annual report has been separately circulated to Councillors.

(Note: Councillor Wright abstained from the discussion and voting on sub-clauses 4.1 and 4.2).

5. **CHRISTCHURCH CITY FACILITIES LIMITED ('CCFL')**

5.1 **Annual General Meeting**

It is not intended to call an Annual General Meeting for CCFL. Instead, it is requested that the Council, as the sole shareholder of CCFL, approve the attached shareholder's resolution, in accordance with Section 363(2) of the Companies Act 1993, for inclusion in the CCFL minute book.

Recommendation: That the common seal of Christchurch City Council be affixed to the attached minute book entry.