

14. **CHRISTCHURCH CITY HOLDINGS LTD - DRAFT STATEMENT OF INTENT FOR LYTTTELTON PORT COMPANY LTD**

General Manager responsible:	Bob Lineham, CEO, CCHL
Officer responsible:	As above
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PURPOSE OF REPORT

1. The purpose of this report is to seek the approval of the Council of the draft Statement of Intent of CCHL subsidiary company Lyttelton Port Company Ltd ('LPC'), and to briefly comment on its year to date results.

BACKGROUND

2. Unlike most other CCC/CCHL subsidiaries, LPC is not a "council-controlled trading organisation" for the purposes of the Local Government Act 2002 (port companies are instead subject to the Port Companies Act 1988), and hence is not statutorily required to deliver a Statement of Intent ('Sol') to its shareholders.
3. The constitution of LPC does, however, require LPC to produce an equivalent document, and this is attached. CCHL is required by the terms of its own constitution to forward the Sols of the trading companies to the Council for final approval.

LPC STATEMENT OF INTENT

4. The format and content of the attached Sol is very similar to the previous year's document. Other than for the updating of volume projections and shareholder value figures, the only change is the inclusion of a reference to the adoption of international financial reporting standards in the 2007 financial year
5. 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.
6. The company recently reported its half year result. Significant improvements in volumes in LPC's key trades resulted in a 19% improvement in revenue, although net profit after tax was adversely impacted by higher depreciation charges following a revaluation of the company's land, buildings and harbour structures at the last balance date, and higher maintenance costs.

RECOMMENDATION

It is recommended that the Council approve the draft Sol of Lyttelton Port Company Ltd.