

## 9. REPORT FROM CHRISTCHURCH CITY HOLDINGS LIMITED

<b>Officer responsible</b> Company Secretary, Christchurch City Holdings Ltd	<b>Author</b> Bob Lineham, DDI 371-1411 Richard Simmonds, DDI 371-1817
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.

### ORION

#### Statement of Corporate Intent

Orion have submitted their final draft Statement of Corporate Intent ('SCI') for the year ending 31 March 2002. The SCI has been separately circulated to Councillors. CCHL reviewed the earlier first draft and, after a number of changes, recommends that the revised version now be approved by the Council. As part of the consultation process, Orion held a detailed briefing and discussion session with shareholder representatives.

Changes from the previous year include:

- Page 2: Updated section on Government industry reforms.
- Page 3: Reference to seeking new investment/acquisition opportunities in the infrastructure, energy and technology sectors.
- Page 3/4: Reference to price reductions and elimination of fixed charges for general connections (including residential).
- Page 4: New environmental objective to facilitate the distribution of electricity generated from natural and renewable resources across its network.
- Page 5: The return on investment ('ROI') targets from the electricity network are a little higher than in previous years. A contributing factor to this increase is the inclusion of one-off capital expenditure contributions from Telstra Saturn in the calculation of ROI to comply with accounting requirements.
- Page 6: The forecast capital structure reflects Orion's very low current financial gearing. It also includes reference to the proposed capital repatriation to shareholders in July (subject to a favourable binding ruling from the IRD), to be effected primarily by the repayment of optional convertible notes and also by a special dividend.
- Page 9: The forecast reliability targets have been revised, in line with a review of the asset management plan, to make them more demanding

Additionally, Orion have announced their intention to implement full "triple bottom line" reporting in their annual report from the 2001/02 financial year onwards (not the current year). This is regarded as a very positive step in measuring the company's performance in terms of economic viability, environmental soundness and social responsibility.

**Recommendation:** That the Council approve Orion's Statement of Corporate Intent for the year ending 31 March 2002.

**Chairman's Recommendation:** That the above recommendation be adopted.