

12. REPORT FROM CHRISTCHURCH CITY HOLDINGS LIMITED

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| Officer responsible Chairperson, Christchurch City Holdings Ltd | Authors Bob Lineham, DDI 3711-411, Richard Simmonds, DDI 3711-817 |
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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.

CCHL

Financial Statements for the six months ended 31 December 2001

The CCHL half year report and financial statements for the six months ended 31 December 2001 have been circulated to Councillors, and an explanation of the results and operations for the year is contained therein.

The group net profit for the six months ended 31 December 2001 was \$42.5 million, compared with \$215.0 million in the previous period. The previous period's result included a \$182 million surplus on the sale of Orion's interests in its North Island gas network. The results and financial position of the most recent six month period are therefore not directly comparable. Further details regarding the sale of the North Island gas activities are provided in CCHL's annual report for the year ended 30 June 2001, and Orion's annual report for the year ended 31 March 2001.

On 7 March 2002, Orion completed its awaited \$200 million capital repatriation to shareholders, of which CCHL's share is \$175 million. CCHL has today paid a special dividend to the Council of \$135.8 million, and will shortly execute a sale and purchase agreement with the Council to acquire the Council's shares in Selwyn Plantation Board Limited and City Care Limited for a combined market value of \$39.4 million to complete the repatriation process to the Council.

ORION GROUP LIMITED ('ORION')

Statement of Corporate Intent ('SCI') for the three years to 31 March 2005

Orion have presented their draft SCI (circulated separately) for shareholder approval. CCHL has considered the SCI, and met with Orion directors to discuss it and various underlying issues. CCHL has requested that Orion make a minor amendment in the wording in Section D, Natural Environment, to clarify that, provided clean air initiatives are phased in by Environment Canterbury in a progressive way, there should be no adverse impacts on the electricity network. The detail of the change will be available for the Council meeting. CCHL recommends that the SCI be approved by the Council with this minor amendment.

Recommendation: That the Orion SCI be approved by the Council with the requested amendment.

Chairman's

Recommendation: That the above recommendation be adopted.