

Christchurch City Council

General and technical information**Council Controlled
Organisations****Christchurch City Holdings Limited (Parent)**

Christchurch City Holdings Limited (CCHL) is the wholly owned investment arm of Council, holding shares in various trading companies and monitoring other trading companies and their subsidiaries on Council's behalf.

Subsidiary companies

- Orion New Zealand Ltd
- Christchurch International Airport Ltd
- Lyttelton Port Company Ltd
- Christchurch City Networks Limited
- Red Bus Ltd
- City Care Ltd

Associate Companies

- Selwyn Plantation Board Ltd

Nature and scope of activities

CCHL manages the Council's portfolio of shares in key regional infrastructural trading companies. Its activities include:

- Advising the Council on strategic issues relating to its investments;
- Monitoring the governance and performance procedures of its subsidiary companies and other council-controlled trading organizations owned by the Council; and
- Encouraging subsidiary companies to increase shareholder value through growth and investment

Policies and objectives relating to ownership and control

This company was established to group the Council's interest in its trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its council-controlled trading organisations.

Key performance targets

- Pay ordinary dividends to the Council totalling \$38.0 million for the 2009/10 fiscal year

Statement of financial performance targets	2010	2011	2012
Net profit after tax (\$ m)	37.1	47.8	43.0
Dividend (\$ m)	38.0	38.0	38.0
Equity (\$ m)	1,378	1,388	1,393
Net debt (\$ m)	171	161	156
Net debt/net debt plus equity	11.0%	10.4%	10.1%
Interest cover (EBIT/ Interest)	3.1	4.4	4.5

Christchurch City Council

General and technical information



Christchurch City Networks Limited (Trading as Enable Networks)

This company is a council controlled trading enterprise, 100% owned by Christchurch City Holdings Limited.

Nature and scope of activities

Christchurch City Networks was established to make investment in fibre optic networks and ducting in Christchurch.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company, subject to the bid to become a partner in the Crown's Ultra-fast Broadband Initiative discussed below.

- (a) make an investment in telecommunications infrastructure through an open access urban fibre network in metropolitan Christchurch,
- (b) encourage and support the development of policy and design standards for making telecommunications ducting mandatory for new building and subdivision consents granted by the Council,
- (c) sponsor the aggregation of demand for telecommunications infrastructure in sectors where a collective approach can bring substantial benefits to consumers, and
- (d) actively encourage private investment in telecommunications infrastructure in Christchurch.

Bid to become a partner in the Crown's Ultra-fast Broadband Initiative

Christchurch City Networks Ltd (trading as Enable Networks) has made a bid to become a partner with the Crown in the Crown's Ultra-fast Broadband Initiative in Christchurch and surrounding urban areas. Under the proposal Crown Fibre Holdings Limited would fund the extension of the existing network to all streets and in exchange be issued shares. If successful with this bid Crown Fibre Holdings Limited could become the major shareholder in Christchurch City Networks Limited for a period of several years.

Although Council could technically lose control for several years under this scenario the shares would all be held through publicly owned enterprise and the community would benefit from access to a more comprehensive network.

If Christchurch City Networks Ltd is unsuccessful in partnering with Crown Fibre Holdings Limited, then an option would be for the company and/or its assets to be sold in order to optimise the value of the current investment. As the company was established originally to ensure that ultra-fast broad band was available to Christchurch as sale, if pursued, would ensure the existing network remains in use in the future."

Key performance targets

- Telecommunications ducting totalling 140 Km installed in 2009/10
- Network reliability of 99.9 % being achieved

Statement of financial performance targets	2010	2011	2012
	\$000's	\$000's	\$000's
Operating revenue	2,539	3,698	4,985
Net Profit after tax	(51)	117	565
Debt	6,500	14,500	16,000
Equity	16,290	16,407	16,972
Shareholders ratios (Shareholders Funds in Total assets)	70%	52%	50%

Christchurch City Council

General and technical information**Christchurch International Airport Limited**

AA company jointly owned by Christchurch City Holdings Limited (75%) and the New Zealand Government (25%). The primary activity of the company is to own and operate Christchurch International Airport efficiently and on sound business principles.

Nature and scope of activities

Christchurch International Airport Limited operates the airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence.

The company arranges for the design, provision and maintenance of runways, taxiways, turnouts and aprons in co-operation with the Airways Corporation of New Zealand and other airport users. It also seeks to earn revenue by providing services and facilities meeting the needs of air travellers.

In addition to its primary business of serving the aviation industry and its customers, the company will actively market Christchurch, Canterbury and the South Island as a major destination for overseas visitors.

Policies and objectives relating to ownership and control

Christchurch International Airport Limited is considered a regional strategic asset, and as such the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

- Deliver sustainable growth in revenue and earnings
- Handle 4.3 million domestic and 1.6 million international passengers in the 2009/10 fiscal year

Statement of financial performance targets	2010	2011	2012
	\$000's	\$000's	\$000's
Net profit after tax	19,507	27,515	27,665
Equity	572,957	590,653	604,399
Net debt	198,397	308,399	391,152
Net debt / net debt plus equity	25.70%	34.30%	39.30%
Interest cover (EBIT/Interest)	4.86	3.81	3.17

Christchurch City Council

General and technical information



City Care Limited

City Care Limited is a council controlled trading organisation, 100% owned by Christchurch City Council through Christchurch City Holdings Limited.

Nature and scope of activities

City Care Limited is in the business of management, construction and maintenance of New Zealand's infrastructure and amenity assets. The company operates in four key market segments – parks, underground services, roading and facilities management.

City Care Limited operates a profitable, sustainable and innovative business. It maintains a strong market presence in all areas of construction and maintenance of the infrastructure and amenity assets owned by its shareholder, the Council.

City Care ensures that there is capacity in the market to meet the Council's emergency obligations. It is therefore an important contractor to the Council.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. It has no current plans to sell down or relinquish control of this company. The company has an important role in the city as a quality contractor. Through the negotiation of an annual Statement of Intent, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

- Achieve a net after tax profit of \$3.38 million for the 2009/10 fiscal year
- Provide a quality service as attested by maintaining accreditation to quality standards such as ISO 4001, ISO 9001 and NZS 4801

Statement of financial performance targets	2010	2011	2012
	\$000's	\$000's	\$000's
Revenue	134,142	137,557	162,460
Net profit after tax	3,384	3,891	4,759
Equity	30,906	32,852	36,913
Net debt	10,186	11,752	14,470
Net debt/net debt plus equity	24.8%	26.3%	28.2%

Christchurch City Council

General and technical information**Civic Building limited**

This company is a council-controlled trading enterprise, 100% owned by Christchurch City Council. The company was incorporated on 12 October 2007 and amalgamated with its wholly owned subsidiary Tuam 2 Limited on 30 June 2009.

Nature and scope of activities

The company manages the Council's 50% interest in the joint venture with Ngai Tahu Property Limited. The JV is charged with expanding and refurbishing the existing building on Worcester Street that will become the new Civic offices.

The project is expected to be completed in time for the Council to occupy the premises in October 2010.

Subsidiary company

Tuam 2 Limited (prior to 30 June 2009)

Policies and objectives relating to ownership and control

Through a Statement of Intent, the Council established broad parameters around the design and refurbishment milestones, and management of the financial targets.

Key performance targets

- To achieve key milestones in the timetable to design and build the new Civic Building
- Post completion manage the investment in a commercially astute and prudent manner

Statement of financial performance targets	2010	2011	2012
	\$000's	\$000's	\$000's
Operating revenue	–	4,034	4,034
Operating and other expenses	4,489	8,099	8,109
Operating deficit after tax	(3,142)	(2,845)	(2,850)
Forecast capital structure			
Equity	7,100	7,100	7,100
Debt	61,100	61,100	61,100
Total assets	63,100	74,600	71,900
Shareholders ratios (Shareholders funds to total assets)	3%	18%	15%

Christchurch City Council

General and technical information



Central Plains Water Trust

The Central Plains Water Trust was established by the Christchurch City and Selwyn District Councils to facilitate sustainable development of Central Canterbury's water resource.

It continues the work of the Central Plains Water Enhancement Steering Committee to develop proposals for a large scale community water enhancement scheme providing water for irrigation between the Rakaia and the Waimakariri Rivers.

Trustees of the Central Plains Water Trust were appointed by the two Councils to reflect a broad range of skills and experience in areas such as governance, agriculture, engineering, commerce and resource management. Some Trustee appointments were made following recommendations from the Parliamentary Commissioner for the Environment and Te Runanga O Ngai Tahu.

Nature and scope of activities

To seek resource consents for the proposed Canterbury Plains Water Enhancement Scheme, and to hold these consents for the use of Central Plains Water Limited.

Policies and objectives relating to ownership and control

The Council recognises a major regional economic benefit in managing the water resource in the Central Canterbury Plains, including significant employment creation. The Council, through its involvement with the Trust, hopes to mitigate the adverse effects of any proposed scheme on its own water supply.

Key performance targets

- Obtain resource consents for water use and irrigation

Christchurch City Council

General and technical information**Lyttelton Port Company Limited**

This company was established under the Port Companies Act 1988 operating the Port of Lyttelton. Through Christchurch City Holdings Limited, the Christchurch City Council has a 78.6% shareholding in this company.

Nature and scope of activities

This company provides the land, facilities, plant and labour for the operation of the port in Lyttelton Harbour. Its activities also include providing facilities associated with the repair and servicing of vessels.

Policies and objectives relating to ownership and control

Lyttelton Port Company is considered a regional strategic asset and as such the Council wants it to be operated in commercial manner, but also in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

- To pay a minimum of 50% of tax paid profit by way of a dividend

Christchurch City Council

General and technical information



Orion New Zealand Limited

Orion New Zealand Limited is an energy network management company in which the Christchurch City Council has an 89.3% shareholding through Christchurch City Holdings Limited.

Subsidiary companies

- Connetics Ltd

Associate companies

- 4RF Communications Ltd

Nature and scope of activities

Orion plans, constructs and maintains a reliable and secure electricity distribution network in the Christchurch and Central Canterbury region. The network's capacity is matched as closely as possible to actual and forecast market demand for electricity.

Orion's network consists of approximately: 175,000 connections, 12,000 km of lines and cables, and 9,500 distribution substations and pole-mounted transformers.

Policies and objectives relating to ownership and control

As Orion is considered a regional strategic asset, the Council wants it to be operated in commercial manner, but also in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of Orion New Zealand without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

Achieve the following reliability measures for the Orion network overall :

- Duration of supply interruptions per connected customer (SAIDI) : 64 minutes in any one year
- Number of supply interruptions per year per connected customer (SAIFI) : 0.8 interruptions in any one year

(The above performance measures are based on averages for a five year period . Actual performance for an individual year may vary)

Statement of financial performance targets	2010	2011	2012
Net profit after tax (\$ m)	42.7	41.7	42.2
Dividend forecast (\$ m)	37.0	37.0	37.0
Profit after tax / average shareholders funds	6.1%	5.9%	5.9%
Shareholders equity / total assets	73%	72%	71%

Christchurch City Council

General and technical information**Riccarton Bush Trust**

Riccarton Bush Trust manages a 6.4 hectare native bush remnant gifted to the people of Canterbury in 1914. The trust manages Riccarton House and its 5.4 hectares of grounds including Deans Cottage, the first house built on the Canterbury Plains. Incorporated under a 1914 Act of Parliament, the Riccarton Bush Trust has powers to levy the Council for funding which contributes towards the maintenance and operation of Riccarton Bush, Riccarton House and its grounds. The Christchurch City Council appoints six of the nine members on the Trust Board.

Nature and scope of activities

The Trust maintains and operates Riccarton Bush, Riccarton House and its grounds

Key performance targets

- To ensure a breakeven financial position for the Trust
- Achieve resource consent for the Integrated Development project

Statement of financial performance targets	2009	2010	2011
	\$000's	\$000's	\$000's
Operating revenue	402	412	419
Net surplus for the year	(5)	10	18
Forecast capital structure			
Equity	6,267	6,517	6,767
Debt	–	–	–
Shareholders ratios (Shareholders funds to total assets)	100%	100%	100%

Christchurch City Council

General and technical information



Red Bus Limited

This company is a council controlled trading enterprise, 100% owned by Christchurch City Holdings Limited. It provides public passenger transport, freighting and ancillary services to domestic and commercial users, including the tourist market.

Nature and scope of activities

Red Bus Limited provides scheduled urban public passenger transport services in Christchurch. It also operates bus charter and leasing services.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. It has no plans to sell down or relinquish control of this company. The company has an important role in the city as a provider of quality bus services. Through the negotiation of an annual Statement of Intent, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

- Provide economic contributions to the community through taxes paid, dividends and payments to suppliers and employees
- At least 85% of the bus fleet have Euro 2, Euro 3 or Euro 4 emission compliant engines

Statement of financial performance targets	2010	2011	2012
Operating revenue (\$ m)	37.7	37.0	37.3
Dividend payable (\$ m)	1.30	0.55	0.55
Equity (\$ m)	32.4	33.2	34.0
Debt (\$ m)	16.8	22.8	18.3
Ratio of shareholders funds to total assets	56.7%	52.5%	57.0%
Interest coverage ratio	>1.5 times	>1.5 times	>1.5 times

Christchurch City Council

General and technical information**Selwyn Plantation Board Limited**

This company is engaged in forestry and farming activities, and is jointly owned by Selwyn District Council (60.7%) and Christchurch City Holdings Limited (39.3%). Land area is 14,058 ha.

Nature and scope of activities

The core business of the company is (a) to manage its forests and lands on a commercial basis using environmentally and commercially sustainable methods, and (b) to convert plains and forests to higher value alternate uses.

Policies and objectives relating to ownership and control

The Council, through CCHL, has a minority interest in this company and holds it for investment purposes. It does not regard it as a strategic asset.

Key performance targets

Statement of performance targets	2010	2011	2012
Harvesting (tonnes)	150,000	150,000	150,000
Replanting (hectares)	160	150	100
Pruning/thinning (hectares)	200	220	220
Shareholders ratios (Shareholders funds to total assets)	95%	95%	95%
Return before interest and tax to total assets	1.5%	2.0%	2.5%
Return after tax to equity	1.1%	1.4%	1.7%

Christchurch City Council

General and technical information



Transwaste Canterbury Limited

Transwaste Canterbury Limited was incorporated on 31 March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury. The landfill was opened on 8 June 2005. The company is a joint venture between local authorities in the region and two private companies. The Council's share of the ownership of the company is 38.9%.

Nature and scope of activities

Transwaste is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities.

The company enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents.

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

Policies and objectives relating to ownership and control

It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore the Council has a policy of maintaining a controlling interest in partnership with other local authorities in this trading activity.

Key performance targets

- Operate the landfill with no breaches of its Resource Management Act consents

Statement of performance targets	2010	2011	2012
	\$000's	\$000's	\$000's
Operating revenue	25,920	28,723	31,266
EBIT	9,895	12,014	13,809
Total Indicative dividends	3,728	6,968	8,326
Shareholders ratios (shareholders Funds to Total assets)	36%	37%	37%

Christchurch City Council

General and technical information**Tuam Limited**

This company is a council-controlled trading enterprise, 100% owned by Christchurch City Council. On 30 June 2006 the company purchased the existing Civic offices and associated property from the Council. Tuam Limited leases the Civic offices to the Council.

Nature and scope of activities

This company owns and manages the existing Civic building and related Tuam Street properties, and leases them to Council.

Policies and objectives relating to ownership and control

This company owns former Council property and manages it on a commercial and co-ordinated basis. Through a Statement of Intent, the Council established broad parameters reflecting the public nature of this company without inhibiting commercial management. To continue to do this the Council maintains a controlling interest in this company.

Key performance targets

- To own the current Council Civic Buildings and adjacent Tuam Street car park and lease these to the Christchurch City Council until a new Civic Building is developed
- To manage the Tuam St property in consultation with council staff to ensure that any maintenance expenditure is consistent with future use context

Key financial indicators

Statement of financial performance targets	2010
	\$000's
Operating revenue	1,324
Operating and other expenses	1,573
Net deficit after tax	(167)
Forecast capital structure	
Equity	9,135
Retained earnings	(7,333)
Debt	13,750
Total assets	15,552
Shareholders ratios (Shareholders funds to total assets)	12%

(Tuam Limited ceases to trade once Christchurch City Council move to the new Civic offices in August 2010)

Christchurch City Council

General and technical information



Vbase Limited

Vbase Limited is 100% owned by Christchurch City Council. On 30 April 2008 Christchurch City Facilities Limited, of which at that time Vbase Limited was a subsidiary, and Vbase No. 2 Limited, a wholly owned subsidiary of the Council were amalgamated into Vbase Limited. All three companies were part of the Vbase group, with the same directors and management. The amalgamation reflected the group's operations and was made both because of that and because of the resulting efficiencies.

Subsidiary company

Jet Engine Facility Limited

Nature and scope of activities

Vbase is a property holding and operating company for certain specialist properties or companies that the Council owns. Its responsibilities include:

- The Westpac Trust Centre
- The Christchurch Town Hall
- The Christchurch Convention Centre
- AMI Stadium
- Overseeing the contracted management of the above facilities
- Jet Engine Facility Limited

Policies and objectives relating to ownership and control

The Christchurch Convention Centre, the Christchurch Town Hall, the Westpac Trust Centre and AMI Stadium are all managed by Vbase Limited. These facilities are important to the region in terms of economic development, culture and sport. The Council wants them to be managed on a commercial and co-ordinated basis, and to build profitability while maintaining affordable community access.

Vbase may also undertake other property-related projects that have a commercial focus and/or a regional development impact (e.g. Jet Engine Facility Ltd).

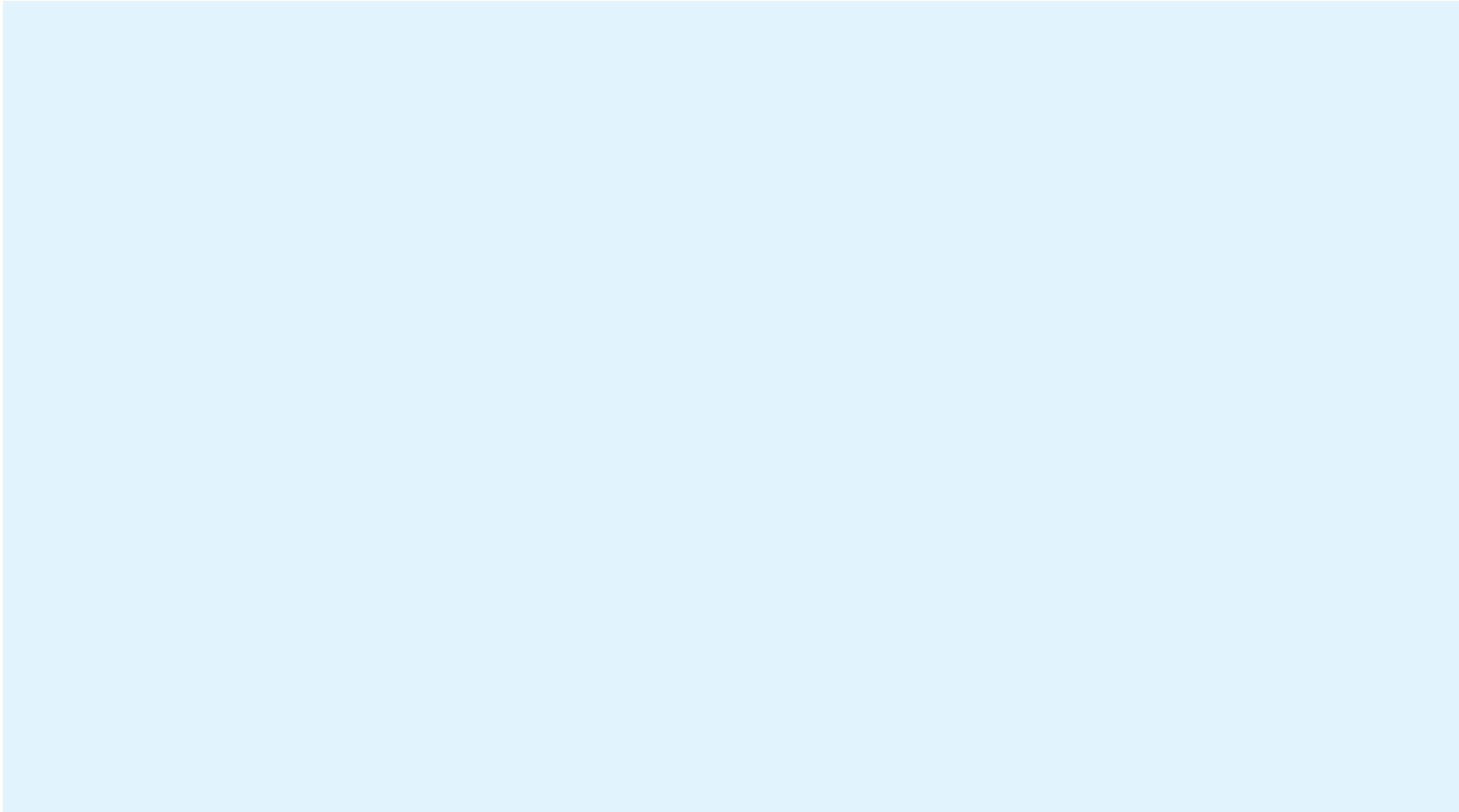
Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of Vbase, without inhibiting its proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

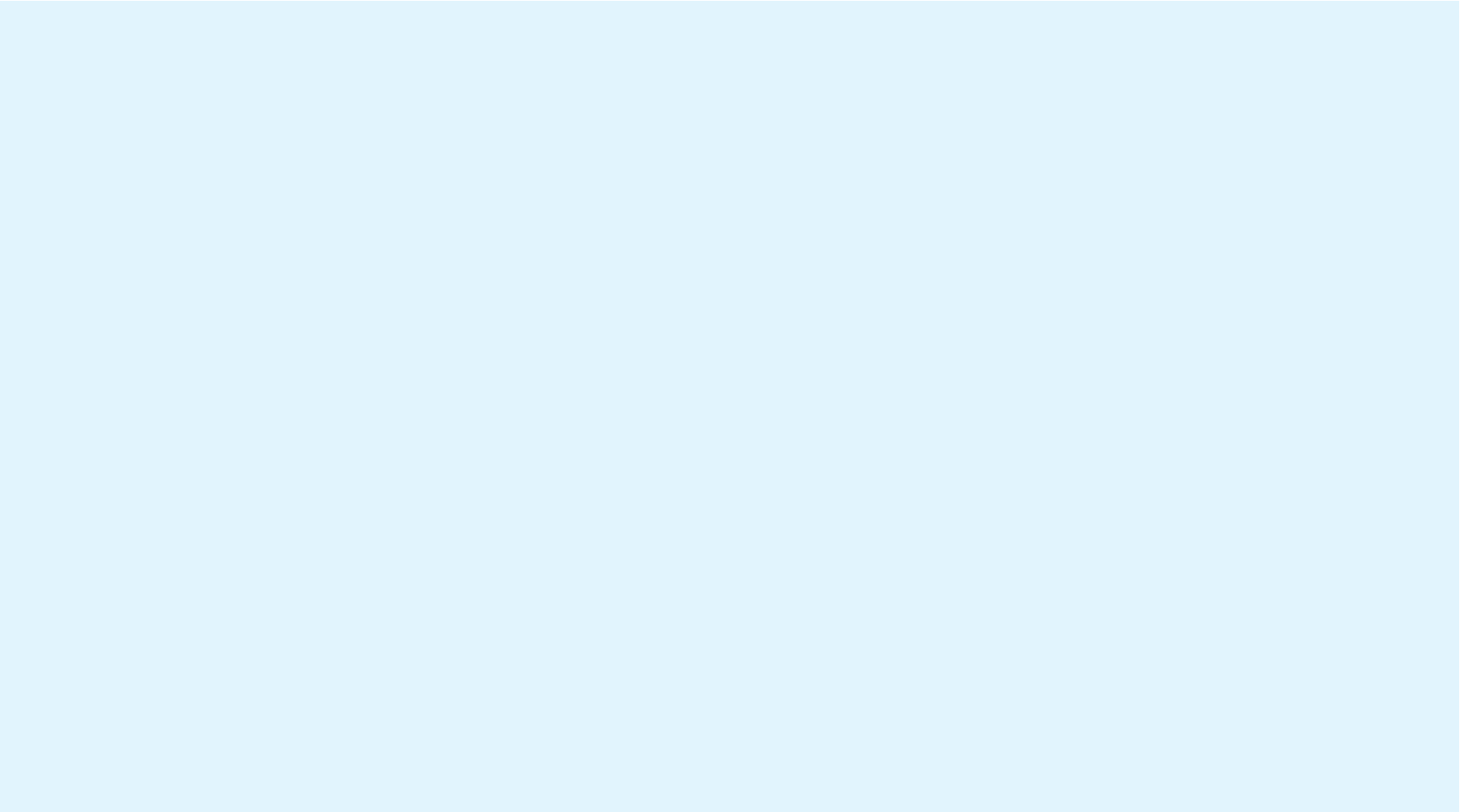
- Maximise event days at all venues
- Secure events that will attract national and international visitors to Christchurch and generate positive economic impact

Statement of financial performance targets	2010	2011	2012
	\$000's	\$000's	\$000's
Operating revenue	28,293	32,501	33,368
Operating and other expenses	36,612	39,762	40,284
Net deficit for the year	(6,010)	(5,165)	(4,691)
Forecast capital structure			
Equity	121,000	116,000	112,000
Debt	83,000	82,000	81,000
Total assets	238,000	232,000	224,000
Shareholders ratios (Shareholders Funds to Total assets)	51%	50%	50%

Notes



Notes



Notes

