

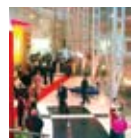


Christchurch City Holdings



Christchurch City Holdings Limited
is a wholly-owned subsidiary of Christchurch City Council

annual report 09





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The directors are pleased to present the financial statements of Christchurch City Holdings Ltd and the consolidated financial statements of the Group for the year ended 30 June 2009

audited financial statements

For and on behalf of the Board of the Directors:



Bruce Irvine
Chairman

16 September 2009



Sarah Astor
Director

16 September 2009

Income Statement

For the year ended 30 June 2009	Note	Group 2009 \$'000	Group 2009 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Operating and other revenue	2	583,700	526,206	57,355	59,279
Finance income	3	8,495	9,544	6,821	8,812
Other gains	4(a)	107	8,034	–	–
Total income		592,302	543,784	64,176	68,091
Depreciation and amortisation	5	77,846	71,087	–	–
Finance costs	6	27,009	29,038	13,200	15,192
Personnel costs	7	148,509	134,852	507	445
Other expenses	8	219,644	181,101	1,126	933
Other losses	4(b)	8,252	309	2,573	43
Total operating expenses		481,260	416,387	17,406	16,613
Share of profits/(losses) of associates	19	2,276	(2,136)	–	–
Profit before income tax expense		113,318	125,261	46,770	51,478
Income tax expense/(credit)	11(a)	34,730	33,910	47	(23)
Profit for the period		78,588	91,351	46,723	51,501
Attributable to:					
Minority interest		11,267	14,012	–	–
Parent entity		67,321	77,339	46,723	51,501
		78,588	91,351	46,723	51,501

Balance Sheet

As at 30 June 2009	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Current assets					
Cash and cash equivalents	12	17,123	35,333	19,112	29,216
Debtors and other receivables	13(a)	43,907	40,330	1,064	18,064
Derivative financial instruments	15(a)	22	565	20	45
Other financial assets	16(a)	46,052	16,687	44,663	4,900
Prepayments		4,366	2,419	93	37
Inventories	17(a)	9,855	8,241	–	–
Current tax assets	11(b)	–	2,587	–	–
Other	18(a)	183	107	40	136
Total current assets		121,508	106,269	64,992	52,398
Non-current assets					
Debtors and other receivables	13(b)	85	102	–	–
Inventories	17(b)	–	784	–	–
Investments in associates	19	30,543	29,514	26,412	29,200
Derivative financial instruments	15(b)	1,143	8,211	1,143	4,532
Other financial assets	16(b)	42,703	86,878	1,503,818	1,523,454
Prepayments		–	574	–	–
Property, plant and equipment	21	1,884,369	1,871,218	–	–
Investment property	22	83,110	81,219	–	–
Intangible assets	23	8,230	6,848	–	–
Deferred tax assets	11(e)	11,435	4,861	–	68
Goodwill	24	27,191	22,163	–	–
Other	18(b)	278	322	–	–
Total non-current assets		2,089,087	2,112,694	1,531,373	1,557,254
Total assets		2,210,595	2,218,963	1,596,365	1,609,652
Current liabilities					
Creditors and other payables	25	49,685	57,778	1,788	8,740
Borrowings	26(a)	47,325	140,197	47,000	75,000
Derivative financial instruments	15(c)	1,940	228	18	–
Employee entitlements	28(a)	20,931	19,450	38	33
Current tax liabilities	11(b)	7,224	–	–	–
Other	29(a)	1,034	1,006	–	–
Total current liabilities		128,139	218,659	48,844	83,773
Non-current liabilities					
Borrowings	26(b)	368,961	307,243	150,000	144,000
Derivative financial instruments	15(d)	16,637	194	6,479	194
Employee entitlements	28(b)	1,065	1,055	–	–
Deferred tax liabilities	11(e)	274,149	280,138	–	1,373
Other	29(b)	7,504	7,219	–	–
Total non-current liabilities		668,316	595,849	156,479	145,567
Total liabilities		796,455	814,508	205,323	229,340
Net assets		1,414,140	1,404,455	1,391,042	1,380,312
Equity					
Capital and other equity instruments	30	71,435	71,435	71,435	71,435
Reserves	35	338,918	355,472	956,549	955,811
Retained earnings		761,081	729,960	363,058	353,066
Parent entity interest		1,171,434	1,156,867	1,391,042	1,380,312
Minority interest		242,706	247,588	–	–
Total equity		1,414,140	1,404,455	1,391,042	1,380,312

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of Changes in Equity – Group

For the year ended 30 June 2009	Note	Share capital \$'000	Retained earnings \$'000	Other reserves* \$'000	Minority interest \$'000	Total equity \$'000
Balance at 1 July 2007		71,435	684,787	366,780	244,723	1,367,725
Impairment losses	35	–	–	(220)	(26)	(246)
Impact of change in corporate tax rate on deferred tax liability	35	–	–	(6,967)	–	(6,967)
Available-for-sale investments valuation gain/(loss)	35	–	–	(2,334)	(280)	(2,614)
Cash flow hedges gain/(loss) taken to equity	35	–	–	(4,669)	(845)	(5,514)
Translation of foreign exchange differences taken to equity	35	–	–	(193)	(64)	(257)
Income tax on items taken directly to equity	11(e)	–	–	1,834	320	2,154
Realised gain on disposals	35	–	435	(435)	–	–
Transfers and other	35	–	–	192	(214)	(22)
Share of increment in reserves attributable to associates	35	–	–	1,484	–	1,484
Net income recognised directly in equity		–	435	(11,308)	(1,109)	(11,982)
Profit for the period		–	77,339	–	14,012	91,351
Total recognised income and expense for the period		–	77,774	(11,308)	12,903	79,369
Dividends	30	–	(32,601)	–	(8,672)	(41,273)
Adjustment from share acquisitions		–	–	–	(1,366)	(1,366)
Balance at 30 June 2008		71,435	729,960	355,472	247,588	1,404,455
Revaluation	35	–	–	(6,208)	(1,228)	(7,436)
Cash flow hedges gain/(loss) taken to equity	35	–	–	(17,694)	(3,555)	(21,249)
Translation of foreign exchange differences taken to equity	35	–	–	2,565	855	3,420
Income tax on items taken directly to equity	11(e)	–	(71)	7,192	1,579	8,700
Realised gain on disposals	35	–	1,054	(941)	(113)	–
Hedging reserve transferred to income statement	35	–	–	(568)	–	(568)
Transfers and other	35	–	(452)	347	105	–
Share of increment in reserves attributable to associates	35	–	–	(1,247)	–	(1,247)
Net income recognised directly in equity		–	531	(16,554)	(2,357)	(18,380)
Profit for the period		–	67,321	–	11,267	78,588
Total recognised income and expense for the period		–	67,852	(16,554)	8,910	60,208
Dividends	30	–	(36,731)	–	(9,117)	(45,848)
Adjustment from share acquisitions		–	–	–	(4,675)	(4,675)
Balance at 30 June 2009		71,435	761,081	338,918	242,706	1,414,140

* Other reserves are analysed in Note 35.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of Changes in Equity – Parent Company

For the year ended 30 June 2009	Note	Share capital \$'000	Retained earnings \$'000	Other reserves* \$'000	Total equity \$'000
Balance at 1 July 2007		71,435	334,166	753,140	1,158,741
Revaluation	35	–	–	204,183	204,183
Cash flow hedges gain/(loss) taken to equity	35	–	–	(2,157)	(2,157)
Income tax on items taken directly to equity	11(e)	–	–	645	645
Net income recognised directly in equity		–	–	202,671	202,671
Profit for the period		–	51,501	–	51,501
Total recognised income and expense for the period		–	51,501	202,671	254,172
Dividends	30	–	(32,601)	–	(32,601)
Balance at 30 June 2008		71,435	353,066	955,811	1,380,312
Revaluation	35	–	–	6,531	6,531
Cash flow hedges gain/(loss) taken to equity	35	–	–	(6,577)	(6,577)
Hedging reserve transferred to income statement	35	–	–	(568)	(568)
Income tax on items taken directly to equity	11(e)	–	–	1,352	1,352
Net income recognised directly in equity		–	–	738	738
Profit for the period		–	46,723	–	46,723
Total recognised income and expense for the period		–	46,723	738	47,461
Dividends	30	–	(36,731)	–	(36,731)
Balance at 30 June 2009		71,435	363,058	956,549	1,391,042

* Other reserves are analysed in Note 35.

Cash Flow Statement

For the year ended 30 June 2009	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Cash flows from operating activities					
Receipts from customers and other sources		572,006	515,189	392	2,901
Interest received		8,846	9,404	7,154	8,710
Dividends received		–	623	72,201	39,080
Subvention receipts		–	–	1,268	1,231
Payments to suppliers and employees		(373,935)	(314,008)	(1,893)	(1,401)
Interest and other finance costs paid		(27,872)	(28,137)	(14,203)	(14,965)
Income tax paid		(23,855)	(31,985)	–	(141)
Subvention payments		(3,859)	(3,950)	–	–
Net cash provided by/(used in) operating activities	31	151,331	147,136	64,919	35,415
Cash flows from investing activities					
Payment for investment securities		–	(259)	(15,706)	(11,731)
Proceeds from sale of investment securities		–	6,216	–	–
Proceeds from repayment of related party loans		1,900	1,823	1,900	1,823
Payment for property, plant and equipment		(93,465)	(100,198)	–	–
Proceeds from sale of property, plant and equipment		3,853	2,191	–	–
Payment for intangible assets		(3,444)	(3,747)	–	–
Payment for goodwill		(5,028)	(1,332)	–	–
Payment for investment properties		(4,952)	–	–	–
Proceeds from realisation of foreign exchange		15,316	–	–	–
Other		3,000	(7,849)	3,000	8,041
Net cash (used in)/provided by investing activities		(82,820)	(103,155)	(10,806)	(1,867)
Cash flows from financing activities					
Proceeds from borrowing		33,800	22,700	30,000	–
Repayment of borrowings		(68,711)	(7,226)	(51,885)	(1,700)
Repayment of finance leases		(361)	(297)	–	–
Dividends paid		(42,332)	(27,000)	(42,332)	(27,000)
Dividends paid – minority interests		(9,117)	(8,649)	–	–
Net cash provided by/(used in) financing activities		(86,721)	(20,472)	(64,217)	(28,700)
Net increase in cash and cash equivalents		(18,210)	23,509	(10,104)	4,848
Cash and cash equivalents at beginning of year		35,333	11,824	29,216	24,368
Cash and cash equivalents at end of year	12	17,123	35,333	19,112	29,216

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Notes to the Financial Statements

1. Statement of accounting policies

Reporting entity

Christchurch City Holdings Limited ('CCHL') is a wholly owned subsidiary of Christchurch City Council formed for the purpose of holding investments in subsidiary organisations. The company was incorporated on 12 May 1993 and commenced trading operations on 14 May 1993.

The financial statements of CCHL are for the year ended 30 June 2009. The financial statements were authorised for issue by the CCHL board of directors on 16 September 2009.

Basis of preparation

The financial statements of CCHL have been prepared in accordance with generally accepted accounting practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

The reporting currency used in the preparation of these financial statements is New Zealand dollars, rounded to the nearest thousand.

New standards and interpretations issued and not yet adopted.

The following new standards, interpretations and amendments may have an impact on CCHL's future financial statements, but are not yet effective for the year ended 30 June 2009, and have not been applied in preparing these consolidated financial statements:

Reference	Title	Summary	Application date of standard*	Application date for Group*
NZ IFRIC 18	Transfers of Assets from Customers	This Interpretation provides guidance on the transfer of assets such as items of property, plant and equipment or transfers of cash received from customers. It requires a transferred asset (which is controlled by the entity) to be recognised at fair value. It also requires revenue from ongoing access to goods/services to be recognised over the period that access is provided and revenue from connection to a network to be recognised when the connection to the network is completed.	Applies prospectively to transfer of assets from customers received on or after 1 July 2009	1 July 2009
NZ IAS 23 (Revised)	Borrowing Costs and consequential amendments to other New Zealand Accounting Standards	The amendments to NZ IAS 23 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	1 July 2009
NZ IAS 1 (Revised)	Presentation of Financial Statements and consequential amendments to other New Zealand Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	1 July 2009
NZ IFRS 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into, to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	1 July 2009

Reference	Title	Summary	Application date of standard*	Application date for Group*
NZ IFRS 8	Operating Segments and consequential amendments to other New Zealand Accounting Standards	New standard replacing NZ IAS 14 Segment Reporting, which adopts a management reporting approach to segment reporting. The group is awaiting the outcome of a proposed change in the standard by the Financial Reporting Standards Review Board that may result in the group being outside its scope before assessing the impact.	1 January 2009	1 July 2009
NZ IAS 27 (Revised)	Consolidated and Separate Financial Statements (Revised)	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	1 July 2009
Amendments to NZ IFRS	Amendments to NZ IFRS arising from the Annual Improvements Project	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to New Zealand entities is that made to NZ IAS 17 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined.	1 January 2010 except for the amendments to NZ IFRS 3, NZ IFRIC 9, NZ IFRIC 16 and NZ IAS 38 which are effective from 1 July 2009	1 July 2010
NZ IAS 27 and NZ IFRS 1	Amendments to NZ IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to New Zealand entities are those made to NZ IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. NZ IAS 27 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	1 July 2009
Amendments to International Financial Reporting Standards**	Amendments to IFRS 7	The amended IFRS 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: <ul style="list-style-type: none"> ▶ Quoted prices in active markets for identical assets or liabilities (Level 1); ▶ Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and ▶ Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). 	1 January 2009	1 July 2009

* designates the beginning of the applicable annual reporting period unless otherwise stated

** pronouncements that have been issued by the IASB and IFRIC but have not yet been issued by the FRSB.

Other than for the general descriptions provided above, the group has not yet determined the potential impact of the new standards, interpretations and amendments.

Notes to the Financial Statements

Principles of consolidation

(i) Subsidiaries

Subsidiaries are those over which CCHL has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to CCHL and de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the consolidation of subsidiaries.

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by CCHL.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet.

(ii) Associates

Associates are entities over which CCHL has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for in the parent's financial statements at fair value in accordance with NZ IAS 39 and in the consolidated financial statements using the equity method, after initially being recognised at cost.

CCHL's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When CCHL's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, CCHL does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between CCHL and its associates are eliminated to the extent of CCHL's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the

asset transferred. Accounting policies of associates are either changed where necessary to ensure consistency with the policies adopted by CCHL, or appropriate adjustments made in the consolidation.

(iii) Joint ventures

Joint ventures are those entities over whose activities the group has joint control, established by contractual agreement. The group's share of the assets, liabilities, revenues and expenses of any joint venture is incorporated into the group's financial statements on a line-by-line basis using the proportionate method.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

Foreign currency monetary assets and liabilities at the balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZ dollars at rates ruling at the dates the fair value was determined.

Derivative financial instruments

CCHL uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective group entities, the CCHL group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially and carried at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see Hedging policy).

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Hedging

Derivatives are first recognised at fair value on the date a contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. CCHL designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

CCHL documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. CCHL also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or cancelled, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Property, plant and equipment

The following assets (except for investment properties – refer to note 22) are shown at fair value by all group companies other than Lyttelton Port Company Ltd, based on valuations by external independent valuers, less subsequent depreciation:

- Land
- Buildings
- Electricity distribution network
- Airport sealed surfaces
- Car parking building
- Infrastructure assets

Airport sealed surfaces, car parking building, car parks, harbour structures, telecommunications infrastructure and other infrastructure assets are aggregated and disclosed as specialised assets in Note 21.

Valuations are performed with sufficient regularity to ensure that the fair value of the assets does not vary materially from their carrying value.

Any revaluation increase arising on the revaluation of these assets is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of these assets is charged as an expense in the income statement to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Additions are recorded at historical cost less depreciation until the next revaluation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

All other property, plant and equipment is stated at historical cost less depreciation.

Notes to the Financial Statements

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the CCHL group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Assets to be depreciated include:

Buildings	1–100 yrs
Car park	50 yrs
Office and computer equipment	1–10 yrs
Mobile plant including vehicles	2–30 yrs
Buses	17–26 yrs
Sealed surfaces (other than roads)	9–100 yrs
Container cranes	30 yrs
Harbour structures	3–50 yrs
Electricity distribution system	60 yrs
Telecommunications infrastructure	12–50 yrs
Leasehold land improvements	5–100 yrs
Vessels	5–25 yrs
Seawalls	100 yrs

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Capital work in progress is not depreciated until commissioned.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the group.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

In respect of acquisitions prior to the transition to NZ IFRS on 1 July 2005, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see Impairment policy). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by CCHL, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (see (v) below).

(iii) Other intangible assets

Other intangible assets that are acquired by CCHL are stated at cost less accumulated amortisation (see below) and impairment losses (see Impairment policy).

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

(v) Amortisation

An intangible asset with a finite useful life is amortised over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses. Estimated useful lives are:

Software	1–10 years
Resource consents	5–10 years
Patents, trademarks and licences	10–20 years

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.

Investments

CCHL classifies its investments in the following categories:

(a) Financial assets at fair value through income statement

This category has two sub-categories: financial assets held for trading, and those designated at fair value through income statement at inception. A financial asset is classified at fair value through income statement if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

(d) Fair value assets through equity

Fair value assets through equity are non-derivatives that are either designated in this category or not classified in any of the other categories. This category also includes available-for-sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Investments in debt and equity securities

For the purposes of the parent company financial statements, CCHL's equity investments in its subsidiaries are classified as fair value assets through equity. They are measured at fair value, with valuations performed by an independent, external valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value. The valuation changes are held in a revaluation reserve until the subsidiary is sold.

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.

Financial instruments classified as held-for-trading or available-for-sale investments are recognised / derecognised by CCHL on the date it commits to purchase / sell the investments. Securities held to maturity are recognised / derecognised on the day they are transferred to / by CCHL.

(ii) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties generate cashflow largely independent of other assets held by the group.

Properties leased to third parties under operating leases are generally classified as investment property unless:

- The occupants provide services that are integral to the operation of the group's business and/or these services could not be provided efficiently and effectively by the lessee in another location;

Notes to the Financial Statements

- The property is being held for future delivery of services;
- The lessee uses services of the group and those services are integral to the reasons for the lessee's occupancy of the property.

Properties that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

The classification of properties is done at the lowest possible level. Thus, where part of a property is occupied by a party other than the group, consideration is given to whether that portion of the building could be classified as an investment property. Classification as an investment property will be indicated if the section of the building could be separately sold or leased under a finance lease. If the section of the property occupied by a party other than the group is unable to be sold or leased separately from the rest of the building, the building is assessed as a whole and will usually only be classified as an investment property if the group occupies an insignificant portion of the total building.

Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognised in the income statement.

Rental income from investment property is accounted for as described in the Revenue policy below.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal, the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the income statement.

Trade and other receivables

(i) Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date (see Revenue policy) less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in CCHL's contract activities based on normal operating capacity.

(ii) Other trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment (see Impairment policy).

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of CCHL's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and in current liabilities on the balance sheet.

Impairment

The carrying amounts of CCHL's assets, other than investment property (see Investments policy), inventories (see Inventories policy) and deferred tax assets (see Income Tax policy), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, other intangible assets that have an indefinite useful life and assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses on revalued assets offset any balance in the asset revaluation reserve, with any remaining impairment loss being posted to the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of CCHL's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their market value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through the income statement. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss shall be reversed, with the amount of the reversal recognised in the income statement.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Share capital

(i) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it provides for mandatory redemption by the issuer for a specific amount at a specific date (or gives the holder the right to require such redemption from the issuer), or if it gives the holder the right to put it back to the issuer for cash or another financial asset. Dividends thereon are recognised in the income statement as interest expense.

(iii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a decrease in equity.

Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

(iv) Dividends

Dividends are recognised as a liability in the period in which they are declared.

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Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee entitlements

The group's employee compensation policy is generally based on Total Cash Remuneration: a single cash payment in compensation for work, where the employee is responsible for and able to individually decide how best to use their remuneration to meet their needs over time in the mix and type of benefits purchased.

Provision is made in respect of CCHL's liability for the following short and long-term employee entitlements.

(i) Short-term entitlements

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately prior to the balance sheet date.

Liabilities for accumulating short-term compensated absences (e.g., sick leave) are measured as the amount of unused entitlement accumulated at the pay period ending immediately prior to the balance sheet date, that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

(ii) Long-term entitlements

Provisions made in respect of employee benefits that are not expected to be settled within 12 months, such as long service leave, are measured as the present value of the estimated future cash flows to be made by the group in respect of services provided by employees up to reporting date taking into account years of service, years to entitlement and the likelihood of staff reaching the point of entitlement.

Leases

(i) As lessee

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the balance sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

(ii) As lessor

Leases in which substantially all of the risks and rewards of ownership transfer to the lessor are classified as finance leases. Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

(ii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed.

An expected loss on a contract is recognised immediately in the income statement.

(iii) Finance income

Finance income comprises interest receivable on funds invested and on loans advanced. Finance income is recognised in the income statement as it accrues, using the effective interest method.

(iv) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(v) Government grants

Grants from the Government are recognised as income at their fair value where there is a reasonable assurance that the grant will be received and CCHL will comply with all attached conditions.

(vi) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(vii) Finance lease income

Finance lease income is allocated over the lease term on a systematic basis. This income allocation is based on a pattern reflecting a constant periodic return on CCHL's net investment in the finance lease.

(viii) Other gains

Other gains include revaluations of investment properties (see Investment Property policy), gains from the sale of property, plant and equipment and investments and gains arising from derivative financial instruments (see Hedging policy).

Expenses**(i) Operating lease payments**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method. Interest payable on borrowings is recognised as an expense in the income statement as it accrues or, provided specific criteria relating to the size and duration of the project are met, capitalised to property, plant and equipment.

(iv) Other losses

Other losses include revaluation decrements relating to investment properties (see Investment Property policy), losses on the sale of property, plant and equipment and investments and losses arising from derivative financial instruments (see Hedging policy).

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Critical judgements, estimates and assumptions in applying CCHL's accounting policies

Preparing financial statements to conform with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

In the process of applying the group's accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements:

- Management of the subsidiary companies determine useful lives for particular assets. In making this assessment, they make judgements about the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company ceasing to use the asset in its business operations.
 - Management of the subsidiary companies assess whether individual assets or groupings of related assets (which generate cash flows co-dependently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows are required.
- In addition to the above factors, the following areas requiring critical judgements, estimates and assumptions that are specific to individual companies within the group are as follows:
- Orion New Zealand Ltd's electricity distribution network comprises large numbers of relatively minor individual network asset components, which are replaced on a regular basis. The costs of recording and tracking such components substantially outweigh the benefits of doing so. Management use estimates of the quantities and carrying values of these components. Any errors in the estimates of such removals are corrected at the next asset revaluation and are not considered to be material.
 - Orion New Zealand Ltd invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for later, more accurate data available from the electricity wholesale market and certain metering data from electricity retailers. Management makes an allowance in revenue and in current assets/liabilities for any amounts which are estimated to be under/over charged during the reporting period. However, as final wash-up metering data is not available for in excess of twelve months, it is possible that the final amounts payable or receivable may vary from that calculated.
 - Orion New Zealand Ltd enters into arrangements with customers to purchase new network assets at below current replacement costs. Management estimate the difference between the cash costs and the replacement costs of these assets, and the differences are reported within revenue. Any errors in estimating the carrying values of these assets are corrected at the next asset valuation date.
 - The identification by Christchurch International Airport Ltd of which components of property, plant and equipment are to be reclassified to investment property involves the use of judgement. The main deciding factor for this classification is that the property is not used for aircraft-related activities.
 - Christchurch International Airport Ltd has had to estimate an impairment charge in respect of the ongoing value of capitalised expenditure on the integrated terminal project, due to the evolving nature of the design. Reviews by quantity surveyors and project managers were used in making the impairment assessment.

- Lyttelton Port Company Ltd has identified areas of estimation uncertainty in relation to the carrying value of land, building and harbour structures, amortisation of intangible assets such as resource consents, easement and software, and the quantification of contingent liabilities.
- Christchurch City Holdings Ltd values its investments in subsidiary and associated companies at fair value. This has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value. In intervening years, valuations are reviewed to determine whether there are any factors present that would indicate the possibility of a significant value change. If such factors are present, a full valuation is performed and reflected in the financial statements.
- Other areas where judgement has been exercised in preparing these financial statements are in relation to calculating provisions for doubtful debts, assessing the level of any unrecoverable work in progress and calculating provisions for employee benefits.

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
2. Operating and other revenue					
Sale of goods		13,404	4,441	–	–
Rendering of services		467,606	420,950	2	–
Construction contract revenue		24,942	29,835	–	–
Donated and subsidised assets		7,108	8,696	–	–
Capital contributions		4,833	4,088	–	–
Electricity transmission rental rebates		13,378	4,217	–	–
Rental income from investment properties		7,147	6,401	–	–
Other rental revenue		37,798	38,128	–	–
Dividends from subsidiaries		–	–	55,685	54,951
Dividends from associates		–	–	–	197
Government grants received		539	3,039	400	2,900
Net foreign exchange gains		52	10	–	–
Subvention receipts		–	–	1,268	1,231
Other		6,893	6,401	–	–
		583,700	526,206	57,355	59,279

Government grants

Grants received by the CCHL parent company from the Ministry of Economic Development of \$0.4 million (2008: \$2.9 million) were recorded as revenue. The grants were received to support Christchurch City Networks Limited in the development of telecommunications infrastructure in Christchurch, and were used by CCHL to purchase ordinary shares in Christchurch City Networks Ltd. The amount recognised represents what was received during the year. There are no unfulfilled conditions or other contingencies related to this revenue.

3. Finance income

Interest income – bank deposits	2,100	3,294	1,022	2,822
Interest income – related party loans	5,714	5,804	5,798	5,990
Interest income – finance lease	11	12	–	–
Interest income – other	670	434	1	–
	8,495	9,544	6,821	8,812

Notes to the Financial Statements

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
4. Other gains and losses					
4(a) Other gains					
Non-financial instruments					
Gains/(losses) on disposal of property, plant and equipment		107	574	–	–
Gains/(losses) on disposal of investments		–	786	–	–
Gains/(losses) on revaluation of investment property		–	3,530	–	–
		107	4,890	–	–
Financial instruments					
Ineffectiveness on fair value hedges – gain/(loss)		–	364	–	–
Ineffectiveness on cash flow hedges – gain/(loss)		–	–	–	–
Fair value through equity investments gains/(losses) on disposal		–	2,780	–	–
		–	3,144	–	–
Other gains total		107	8,034	–	–
4(b) Other losses					
Non-financial instruments					
Gains/(losses) on revaluation of investment property		4,426	–	–	–
		4,426	–	–	–
Financial instruments					
Ineffectiveness on fair value hedges – gain/(loss)		–	–	–	43
Ineffectiveness on cash flow hedges – gain/(loss)		–	128	–	–
Fair value through income statement financial assets					
fair value change		3,826	30	2,573	–
Other		–	151	–	–
		3,826	309	2,573	43
Other losses total		8,252	309	2,573	43
5. Depreciation, amortisation and impairment					
Depreciation of non-current assets	21	69,196	66,438	–	–
Amortisation of intangible assets	23	2,705	2,396	–	–
Impairment of property, plant and equipment	21	4,554	–	–	–
Impairment of other assets		684	1,452	–	–
Reversals of impairment losses	21	–	(14)	–	–
Replaced assets written off		707	815	–	–
		77,846	71,087	–	–

The impairment of property, plant and equipment arose from a review by Christchurch International Airport Ltd of capitalised work in progress relating to the integrated terminal project. Due to the evolving nature of the design, certain expenditure was found not to have ongoing value and hence was impaired.

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
6. Finance costs					
Interest on bank borrowings		15,074	13,517	1,811	–
Interest on debt instruments		11,389	15,192	11,389	15,192
Interest on finance leases		172	195	–	–
Other interest expense		374	134	–	–
		27,009	29,038	13,200	15,192
Interest capitalised					
Balance brought forward		5,655	3,856	–	–
Capitalised during year		1,511	1,799	–	–
Closing balance		7,166	5,655	–	–
7. Personnel costs					
Salaries and wages		144,476	130,958	507	445
Defined contribution plan employer contributions		1,823	1,563	–	–
Defined benefit plan employer contributions		251	213	–	–
Increase/(decrease) in employee entitlements/liabilities		74	343	–	–
Other		1,885	1,775	–	–
		148,509	134,852	507	445
8. Other expenses					
Audit fees	10	611	596	49	69
Directors' fees		1,576	1,459	285	270
Donations		36	53	2	–
Net foreign exchange losses		12	–	–	–
Provision expenses		–	(280)	–	–
Minimum lease payments under operating leases		4,902	4,402	–	–
Electricity network maintenance and transmission expenses		66,509	60,544	–	–
Raw materials and consumables used		34,945	29,459	–	–
Other operating expenses		111,053	84,868	790	594
		219,644	181,101	1,126	933
9. Key management personnel compensation					
The compensation of the directors and executives, being the key management personnel of CCHL is set out below:					
Short term benefits		536	489	536	489
Other benefits		–	–	–	–
		536	489	536	489

Notes to the Financial Statements

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
10. Remuneration of auditors					
Audit New Zealand					
Audit of the financial statements		461	390	41	33
Audit of the NZ IFRS transition		–	86	–	29
Other audit-related services		69	40	8	7
		530	516	49	69
Other auditor					
Audit of the financial statements		57	56	–	–
Other audit-related services		24	24	–	–
		81	80	–	–
Total	8	611	596	49	69

The auditor of Christchurch City Holdings Limited and all of the rest of the group excluding Lyttelton Port Company Ltd, is Audit New Zealand, on behalf of the Auditor-General. The auditor of Lyttelton Port Company Ltd is KPMG, on behalf of the Auditor-General.

Other audit-related services principally comprised reviews of regulatory disclosures by Orion New Zealand Ltd and Christchurch International Airport Ltd, as well as a review of the parent company's and Lyttelton Port Company Ltd's interim financial statements for the six months ended 31 December 2008.

11. Income taxes

11(a) Components of tax expense

Current tax expense/(income)	38,656	37,451	–	–
Adjustments to current tax of prior years	(105)	(336)	–	–
Deferred tax expense/(income)	(3,863)	1,194	47	(23)
Benefit arising from previously unrecognised tax losses	–	(324)	–	–
Deferred tax expense/(income) from change in tax rates	–	(6,967)	–	–
Deferred tax expense relating to use of prior year losses	42	2,892	–	–
Total tax expense/(income)	34,730	33,910	47	(23)

Reconciliation of prima facie income tax:

(Profit)/loss before tax	113,318	125,261	46,770	51,478
Income tax expense calculated at 30% (2008: 33%)	33,995	41,336	14,031	16,988
Non-deductible expenses	655	1,050	2	15
Non-assessable income and deductible items	(385)	(2,641)	(16,861)	(19,253)
Effect on deferred tax balances of change in tax rate	–	(6,967)	–	–
Tax loss not recognised	(59)	91	2,875	2,086
Previously unrecognised and unused tax losses now recognised as deferred tax assets	42	(242)	–	–
(Over)/under provision of income tax in previous year	482	(551)	–	141
Other	–	1,834	–	–
	34,730	33,910	47	(23)

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2008: 33%) payable by New Zealand companies on taxable profits under New Zealand tax law.

Last year's parent company losses were subsequently utilised through subvention payments and loss offsets within the Christchurch City Council group. Similarly, the current year losses will be used to reduce group tax payments in the 2009/10 year.

A deferred tax asset has not been recognised in the parent company for temporary differences of \$5.8 million (tax effect \$1.7 million) (2008: Nil).

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
11(b) Current tax assets and liabilities					
Current tax assets					
Tax refund receivable		–	2,587	–	–
		–	2,587	–	–
Current tax payables					
Income tax payable		7,224	–	–	–
		7,224	–	–	–
11(c) Unrecognised tax losses					
The following tax losses have not been brought to account as assets:					
Tax losses		–	276	9,584	6,318
Tax effect		–	91	2,875	2,085
11(d) Imputation credit account balances					
Balance at beginning of period				34,289	29,535
Attached to dividends received				30,432	18,052
Attached to dividends paid				(18,142)	(13,298)
				46,579	34,289
Available to shareholders of CCHL					
Through direct shareholding in the company				46,579	34,289
Indirectly through interests in subsidiaries				29,572	33,558
				76,151	67,847

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A deferred tax liability has not been recognised on taxable temporary differences relating to undistributed profits of subsidiaries and associates.

Taxable and deductible temporary difference arising from the following:

11(e) Group deferred tax balances Year ended 30 June 2009	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
Deferred tax liabilities:				
Cash flow hedges	2,451	(1,131)	(972)	348
Fair value hedges	–	–	–	–
Property, plant and equipment	273,501	(1,972)	(3,144)	268,385
Intangible assets	176	304	–	480
Other	4,010	926	–	4,936
	280,138	(1,873)	(4,116)	274,149
Deferred tax assets:				
Cash flow hedges	–	39	4,584	4,623
Fair value hedges	–	1,028	–	1,028
Provisions and employee entitlements	2,841	2,372	–	5,213
Doubtful debts and impairment losses	45	47	–	92
Tax losses	220	(42)	–	178
Other	1,755	(1,454)	–	301
	4,861	1,990	4,584	11,435
Net deferred tax liability/(asset)	275,277	(3,863)	(8,700)	262,714

Notes to the Financial Statements

Group deferred tax balances
Year ended 30 June 2008**11. Income taxes** CONTD.**Deferred tax liabilities:**

	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance \$'000
Cash flow hedges	3,438	754	(1,741)	2,451
Fair value hedges	–	–	–	–
Property, plant and equipment	273,263	273	(35)	273,501
Intangible assets	223	(47)	–	176
Available-for-sale financial assets	378	–	(378)	–
Other	3,360	650	–	4,010
	280,662	1,630	(2,154)	280,138

Deferred tax assets:

Cash flow hedges	–	–	–	–
Fair value hedges	–	–	–	–
Provisions and employee entitlements	2,524	317	–	2,841
Doubtful debts and impairment losses	50	(5)	–	45
Tax losses	2,810	(2,590)	–	220
Other	1,933	(178)	–	1,755
	7,317	(2,456)	–	4,861
Net deferred tax liability/(asset)	273,345	4,086	(2,154)	275,277

Parent company deferred tax balances
Year ended 30 June 2009**Deferred tax liabilities:**

Cash flow hedges	1,282	70	(1,352)	–
Fair value hedges	91	(91)	–	–
	1,373	(21)	(1,352)	–

Deferred tax assets:

Fair value hedges	58	(58)	–	–
Provisions and employee entitlements	10	(10)	–	–
	68	(68)	–	–
Net deferred tax liability/(asset)	1,305	47	(1,352)	–

Parent company deferred tax balances
Year ended 30 June 2008**Deferred tax liabilities:**

Cash flow hedges	1,927	–	(645)	1,282
Fair value hedges	264	(173)	–	91
	2,191	(173)	(645)	1,373

Deferred tax assets:

Fair value hedges	218	(160)	–	58
Provisions and employee entitlements	–	10	–	10
	218	(150)	–	68
Net deferred tax liability/(asset)	1,973	(23)	(645)	1,305

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
12. Cash and cash equivalents					
Cash and cash equivalents denominated in:					
New Zealand dollars		16,244	34,973	19,112	29,216
Australian dollars		55	–	–	–
American dollars		325	–	–	–
Euros		499	360	–	–
Other		17,123	35,333	19,112	29,216
13. Debtors and other receivables					
13(a) Current asset portion					
Trade receivables (before impairment)	13(c)	36,333	33,344	–	–
Related party receivables:					
Subsidiaries		–	–	–	16,657
Associates		–	–	–	–
Other related parties		96	–	–	–
Construction contract receivables		377	–	–	–
Chargeable work in progress		5,016	4,400	–	–
Contract retentions		958	957	–	–
Finance lease receivable – current portion	14	17	15	–	–
GST receivable		233	526	21	31
Other		1,082	1,356	1,043	1,376
		44,112	40,598	1,064	18,064
Provision for impairment – trade receivables	13(c)	(205)	(268)	–	–
		43,907	40,330	1,064	18,064
13(b) Non-current asset portion					
Finance lease receivable – non-current portion	14	85	102	–	–
		85	102	–	–
Provision for impairment		–	–	–	–
		85	102	–	–
Total debtors and other receivables		43,992	40,432	1,064	18,064

An allowance has been made for estimated irrecoverable amounts from sales, determined by reference to past default experience. The net movement in the allowance was recognised in the profit or loss for the current financial year.

Notes to the Financial Statements

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
13. Debtors and other receivables CONTD.					
13(c) Credit risk – aging of receivables					
Gross receivables					
Not past due		29,986	27,181	–	–
Past due 0–30 days		3,453	4,220	–	–
Past due 31–60 days		1,722	953	–	–
Past due more than 60 days		1,172	990	–	–
	13(a)	36,333	33,344	–	–
Impairment					
Not past due		–	–	–	–
Past due 0–30 days		–	–	–	–
Past due 31–60 days		–	–	–	–
Past due more than 60 days		(205)	(268)	–	–
		(205)	(268)	–	–
Gross trade receivables	13(a)	36,333	33,344	–	–
Individual impairment		(205)	(268)	–	–
Collective impairment		–	–	–	–
Trade receivables (net)		36,128	33,076	–	–

Included in the above receivables are City Care Ltd debtors with a carrying value of \$1.9 million (2008: \$2.3 million) which were past due at the reporting date and for which no provision has been made as the company considers that the amounts are still recoverable and there has not been a significant change in credit quality. The company does not hold any collateral over these balances. The average age of these receivables is 39 days (2008: 42 days).

13(d) Movements in provision for impairment of receivables

Balance at start of year		268	505	–	–
Provisions made during year		38	43	–	–
Provisions reversed during year		(4)	(29)	–	–
Receivables written off during year		(97)	(251)	–	–
Balance at end of year		205	268	–	–

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
14. Analysis of finance lease receivables					
No later than one year		26	26	–	–
Later than one year and not later than five years		104	104	–	–
Later than five years		–	26	–	–
Minimum lease payments*		130	156	–	–
Less future finance charges		(28)	(39)	–	–
Present value of minimum lease payments		102	117	–	–
Present value of future minimum lease receivables					
No later than one year		17	15	–	–
Later than one year and not later than five years		85	77	–	–
Later than five years		–	25	–	–
		102	117	–	–
Represented by					
Current portion		17	15	–	–
Non-current portion		85	102	–	–
		102	117	–	–

The finance lease receivable above relates to equipment leased by Orion for a total term of 10 years, whereby the purchaser owns the equipment at the end of the term. The residual value at the end of the lease is nil.

15. Derivative financial instruments

15(a) Current asset portion

Interest rate swaps – fair value hedges	20	45	20	45
Interest rate swaps – cash flow hedges	–	513	–	–
Forward foreign exchange contracts	2	7	–	–
	22	565	20	45

15(b) Non-current asset portion

Interest rate swaps – fair value hedges	–	258	–	258
Interest rate swaps – cash flow hedges	1,143	7,953	1,143	4,274
Forward foreign exchange contracts	–	–	–	–
	1,143	8,211	1,143	4,532
Total derivative financial instrument assets	1,165	8,776	1,163	4,577

15(c) Current liability portion

Interest rate swaps – fair value hedges	272	–	18	–
Interest rate swaps – cash flow hedges	1,274	–	–	–
Forward foreign exchange contracts	394	228	–	–
	1,940	228	18	–

15(d) Non-current liability portion

Interest rate swaps – fair value hedges	2,692	194	2,091	194
Interest rate swaps – cash flow hedges	13,945	–	4,388	–
Forward foreign exchange contracts	–	–	–	–
	16,637	194	6,479	194
Total derivative financial instrument liabilities	18,577	422	6,497	194

Notes to the Financial Statements

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
16. Other financial assets					
16(a) Current portion					
Interest-bearing loans advanced to:					
Christchurch City Council	(i)	44,663	1,900	44,663	1,900
Other related parties	(ii)	–	–	–	–
Other loans and advances		1,389	–	–	–
Foreign currency		–	11,787	–	–
Available-for-sale shares		–	–	–	–
Short term deposits with maturities of 4 to 12 months		–	3,000	–	3,000
Other		–	–	–	–
		46,052	16,687	44,663	4,900
16(b) Non-current portion					
Interest-bearing loans advanced to:					
Christchurch City Council	(i)	38,531	83,194	38,531	83,194
Other related parties	(ii)	–	–	5,000	5,000
Other loans and advances		1,172	–	–	–
Shares in subsidiary companies	(iii)	–	–	1,460,287	1,435,260
Investment in EnerTech Capital partners 11 LP	(iv)	3,000	3,684	–	–
		42,703	86,878	1,503,818	1,523,454
Total other financial assets		88,755	103,565	1,548,481	1,528,354

(i) CCHL parent company advances to Christchurch City Council

Until 2007, the CCHL parent company made advances to Christchurch City Council to fund the Council's ongoing borrowing requirements. Further details are provided in Note 36.

(ii) Red Bus Ltd optional convertible notes

CCHL holds a \$5 million investment in convertible notes issued by Red Bus Ltd with an effective interest rate of 6.87 per cent. The notes were issued between 22 May 2001 and 27 May 2002 and mature in 15 years, unless converted into preference shares at the option of the noteholder on the basis of one preference share for every one unit of convertible notes. Interest is charged at CCHL's borrowing cost plus a small margin.

(iii) Shares in subsidiary companies

CCHL's subsidiary and associate investments, all of which were incorporated in New Zealand, as at 30 June were as follows:

Entity name	Effective ownership		Principal activity	Year end
	2009	2008		
Orion New Zealand Ltd	89.3%	89.3%	Electricity network	31 Mar
Christchurch International Airport Ltd	75.0%	75.0%	Airport	30 Jun
Lyttelton Port Company Ltd	78.8%	75.1%	Port	30 Jun
Christchurch City Networks Ltd	100%	100%	Broadband infrastructure	30 Jun
Red Bus Ltd	100%	100%	Passenger transport	30 Jun
City Care Ltd	100%	100%	Contracting	30 Jun
Enable Networks Ltd	100%	100%	Dormant	30 Jun
CCHL 4 Ltd	100%	N/A	Dormant	30 Jun
CCHL 5 Ltd	100%	N/A	Dormant	30 Jun
CCHL 6 Ltd	100%	N/A	Dormant	30 Jun
CCHL 7 Ltd	100%	N/A	Dormant	30 Jun

On 31 March 2009 Orion Group Ltd amalgamated with Orion New Zealand Ltd, and hence CCHL now has a direct investment in Orion New Zealand Ltd (previously Orion Group Ltd).

Orion New Zealand Ltd's balance date of 31 March differs from the group balance date of 30 June. The principal reason for this is that the electricity industry, including the regulatory regime, in New Zealand is based on a universal 31 March balance date. Additionally, seasonal factors make it more appropriate for Orion to report at 31 March rather than 30 June. The costs and disadvantages associated with changing Orion's balance date would outweigh any benefits arising.

CCHL's investments in its subsidiary and associated companies are stated at fair value in the parent company's balance sheet. Fair value is determined by independent valuation, with valuations performed by an independent, external valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value.

The following table summarises the valuation dates and methodology for each subsidiary and associated company:

Company	Last full valuation	Prime valuation methodology	Parent company carrying value 2009 \$'000	Parent company carrying value 2008 \$'000
Orion New Zealand Ltd	June 2008	Discounted cash flow	719,000	719,000
Christchurch International Airport Ltd	June 2008	Capitalisation of earnings Separate property portfolio valuation	486,000	498,800
Lyttelton Port Company Ltd	June 2009	Listed share price	185,338	171,147
Christchurch City Networks Ltd	June 2009	Discounted cash flow	15,436	9,500
Red Bus Ltd	June 2009	Capitalisation of earnings Separate valuation of Ferry Rd site	28,283	13,313
City Care Ltd	June 2009	Discounted cash flow Separate valuation of Springs Rd site	26,229	23,500
Selwyn Plantation Board Ltd	June 2009	Net asset value based on independent property valuations	26,412	29,200

Full valuations of all companies, other than Orion New Zealand Ltd and Christchurch International Airport Ltd, were performed as at 30 June 2009.

The investments in Orion New Zealand Ltd and Christchurch International Airport Ltd were reviewed by Ernst & Young as at 30 June 2009 to determine whether there were any significant indicators of value change since their last full valuations as June 2008. It was concluded that there were no such indicators in respect of Orion New Zealand Ltd or the aeronautical operations of Christchurch International Airport Ltd. A downward adjustment of \$12.8 million was made to the value of Christchurch International Airport Ltd's property portfolio to reflect movements in market value and impairment write-downs.

The following section provides more detail about the valuation methodology for each company:

Orion New Zealand Ltd

The investment in Orion New Zealand Ltd was valued in 2008 (and reviewed in 2009) using the discounted cash flow methodology. The company's forecast cash flows for the next five years were assessed, and discounted back to the valuation date, using a discount rate that reflected not only the time value of money but also risk associated with the business's future operations. A terminal cash flow, to allow for cash flows beyond the explicit forecast period, was also assessed and discounted back to the valuation date. In assessing the terminal value, allowance was made for a conservative price adjustment to enable Orion to maintain a market return on its assets and maintain its investment in the network. Orion's weighted average cost of capital, assessed at 6.5% post-tax, was used to discount its future cash flows.

Christchurch International Airport Ltd

The investment in Christchurch International Airport Ltd was valued in 2008 (and reviewed in 2009) using a combination of methods – a capitalisation of earnings approach for the core airport operations (comprising the aeronautical land, sealed surfaces and infrastructure, and the terminal facilities) and a net asset value approach for the airport's property portfolio assets. In respect of:

- the core airport operations, the EBITDA for the 2009 financial year was considered representative of the future earnings, with no significant adjustments required. The earnings multiple applied to EBITDA of 11 to 12 was determined on the basis of external evidence, market conditions and the airport's own characteristics.
- the property portfolio, property revaluations performed by Opus and Seagar & Partners as at 30 June 2007, and an impairment analysis carried out by Opus as at 30 June 2009 were considered. A revaluation of the company's investment properties as at 30 June 2009 by Seagar & Partners, which resulted in a revaluation decrement of \$3.9 million, was also taken into account, as was a review as at 30 June 2009 of earlier design costs relating to the terminal redevelopment which resulted in an impairment charge of \$4.5 million.

Notes to the Financial Statements

16. Other financial assets CONTD.

Lyttelton Port Company Ltd

The value of CCHL's investment in Lyttelton Port Company Ltd was based on the quoted price on the New Zealand Stock Exchange as at 30 June 2009 for shares in the company.

Christchurch City Networks Ltd

The investment in Christchurch City Networks Ltd was valued using the discounted cash flow methodology. The company's forecast cash flows for the next five years were assessed, and discounted back to the valuation date, using a discount rate that reflected not only the time value of money but also risk associated with the business's future operations. A terminal cash flow, to allow for cash flows beyond the explicit forecast period, was also assessed and discounted back to the valuation date. The company's weighted average cost of capital, assessed at 9.8% post-tax, was used to discount its future cash flows.

Red Bus Ltd

The investment in Red Bus Ltd was based on a capitalisation of earnings methodology rather than a discounted cash flow basis, as it was considered that the uncertainty regarding future tender rounds and the need for further capital expenditure made the latter method less reliable. The average EBITDA for the last five financial years was considered representative of the company's future earnings, with no significant adjustments required. The earnings multiple applied to EBITDA of 3.0 to 3.5 was determined on the basis of comparable companies, with an appropriate discount for the smaller size of Red Bus Ltd.

The company's land at the Ferry Road site was separately valued, based on an independent property valuation in 2007, but using an updated capitalisation rate appropriate to current market conditions.

City Care Ltd

The investment in City Care Ltd was valued using the discounted cash flow methodology. The company's forecast cash flows for the next seven years were assessed, and discounted back to the valuation date, using a discount rate that reflected not only the time value of money but also risk associated with the business's future operations. A terminal cash flow, to allow for cash flows beyond the explicit forecast period, was also assessed and discounted back to the valuation date. The company's weighted average cost of capital, assessed at 11.8% post-tax, was used to discount its future cash flows.

The company's land at the Springs Road site was separately valued, based on an independent property valuation in 2007. It was considered that any subsequent changes in capitalisation rates since then would not have a material impact on the valuation.

(iv) Investment in Enertech Capital Partners

Orion New Zealand's Ltd's investment in Enertech Capital Partners (an offshore venture capital limited liability partnership) has a carrying value of \$3.0 million (2008: \$3.7 million). The partnership invests in individual high technology and start-up type entities. Individual investments remain in the name of the venture capital partnership. The investment held is not publicly traded and is recorded at the directors' estimate of fair value and is revalued annually. The value is based on the group's share of the partnership's net assets.

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
17. Inventory					
17(a) Current portion					
Inventory – raw materials and maintenance items		8,192	6,817	–	–
Inventory – work in progress		465	377	–	–
Inventory – finished goods		1,341	1,099	–	–
Biological assets		174	101	–	–
		10,172	8,394	–	–
Inventory – allowance for impairment		(317)	(153)	–	–
		9,855	8,241	–	–
17(b) Non-current portion					
Inventory – raw materials and maintenance items		–	784	–	–
		–	784	–	–
Inventory – allowance for impairment		–	–	–	–
		–	784	–	–
Total inventory		9,855	9,025	–	–

Certain inventories are subject to security interests created by retention of title clauses.

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
18. Other assets					
18(a) Current portion					
Capitalised contract set up costs		143	107	–	–
Other		40	–	40	136
		183	107	40	136
18(b) Non-current portion					
Capitalised contract set up costs		278	322	–	–
		278	322	–	–

19. Associated companies

Consolidated					
Balance at start of year		29,514	30,810	29,200	29,200
Parent company revaluations		–	–	(2,788)	–
Share of total recognised revenues and expenses		2,276	(2,136)	–	–
Dividends from associates		–	(644)	–	–
Share of revaluations		(1,247)	1,484	–	–
		30,543	29,514	26,412	29,200
Summarised financial statements of associates					
Assets		93,912	90,082	–	–
Liabilities		16,689	18,356	–	–
Revenue		45,243	35,048	–	–
Net profit/(loss)		8,736	(4,908)	–	–

There is no goodwill included in the carrying value of equity-accounted investees (2008: Nil).

The following entities are equity-accounted by the CCHL group:

Entity name	Effective ownership		Principal activity	Year end
	2009	2008		
Selwyn Plantation Board Ltd	39.3%	39.3%	Forestry and farming	30 Jun
4RF Communications Ltd	26.0%	26.0%	Communications devices	30 Jun

Selwyn Plantation Board Ltd changed its balance date from 31 March to 30 June last year, and hence reported a 15 month period to 30 June 2008.

The group has not recognised its 26% share of the accumulated losses relating to 4RF Communications Ltd amounting to \$8.0 million (2008: \$8.8 million). The group has no obligations or rights in respect of these losses. This total includes the associate's \$0.8 million profit for 2009 (2008: \$0.1 million). The group's carrying value for this investment is nil (2008: nil).

20. Construction contracts

For contracts in progress at balance date				
Contract costs incurred		38,899	23,893	–
Progress billings		36,253	20,807	–
Gross amounts due from customers		2,646	3,086	–
Gross amounts due to customers		–	–	–
Retentions included in progress billings		–	42	–

Notes to the Financial Statements

Group	Freehold land \$'000	Buildings \$'000	Plant & equipment \$'000	Electricity distribution system \$'000	Specialised assets \$'000	Work in progress \$'000	Total \$'000
21. Property, plant and equipment							
Gross carrying amount							
Cost/valuation at 1 July 2007	401,532	183,014	231,114	852,462	236,712	31,841	1,936,675
Additions	6,124	5,941	24,695	43,875	18,034	11,467	110,136
Disposals	(220)	(31)	(7,918)	(839)	–	–	(9,008)
Net revaluation increments/(decrements)	(140)	(106)	–	–	–	–	(246)
Transfers	–	11	200	–	144	(145)	210
Cost/valuation at 30 June 2008	407,296	188,829	248,091	895,498	254,890	43,163	2,037,767
Additions	9,863	1,997	18,536	40,626	23,970	7,589	102,581
Disposals	(1,716)	(153)	(9,809)	(1,110)	–	–	(12,788)
Movement in work in progress	–	–	–	–	–	(3,123)	(3,123)
Net revaluation increments/(decrements)	(4,360)	(61)	–	–	(5,970)	–	(10,391)
Impairment losses charged to profit	–	(49)	–	–	–	(4,505)	(4,554)
Transfers and other	(1,365)	(7)	(106)	–	–	–	(1,478)
Cost/valuation at 30 June 2009	409,718	190,556	256,712	935,014	272,890	43,124	2,108,014
Accumulated depreciation							
Accumulated at 1 July 2007	(10)	(836)	(96,625)	(46)	(8,973)	–	(106,490)
Disposals	–	–	6,348	17	–	–	6,365
Reversal of impairment losses charged to profit	–	–	14	–	–	–	14
Depreciation expense	–	(9,846)	(17,231)	(29,496)	(9,865)	–	(66,438)
Accumulated at 30 June 2008	(10)	(10,682)	(107,494)	(29,525)	(18,838)	–	(166,549)
Disposals	–	145	8,832	48	–	–	9,025
Net revaluation increments/(decrements)	–	–	–	–	2,958	–	2,958
Depreciation expense	–	(9,929)	(18,145)	(30,426)	(10,696)	–	(69,196)
Other	–	–	117	–	–	–	117
Accumulated at 30 June 2009	(10)	(20,466)	(116,690)	(59,903)	(26,576)	–	(223,645)
Carrying amount at 30 June 2008	407,286	178,147	140,597	865,973	236,052	43,163	1,871,218
Carrying amount at 30 June 2009	409,708	170,090	140,022	875,111	246,314	43,124	1,884,369

The parent company has no property, plant and equipment.

Orion New Zealand Ltd

The electricity distribution network and substation buildings were revalued to \$854m as at 31 March 2007 by Ms Lynne Taylor and Mr Craig Rice of PricewaterhouseCoopers. The valuations were performed to assess fair value in accordance with NZ IAS 16 and were undertaken on an optimised depreciated replacement cost basis. Additions since that valuation date have been added at cost, depreciation applied to the assets and disposals removed.

Most of the company's land and non-substation building assets were revalued to fair value in accordance with NZ IAS 16 of \$51.5m as at 31 March 2007 by independent registered valuer Mr Marius Ogg of CB Richard Ellis Ltd. Additions since 1 April 2007 have been added at cost, depreciation applied and disposals removed. Various valuation approaches were undertaken relating closely to appropriate market evidence.

Mr Ogg reviewed the carrying value of the company's network land as at 31 March 2009 and determined that the carrying value was above fair value by \$3.8 million, and the carrying value of this land has consequently been written down by this amount against accumulated prior revaluations in the revaluation reserve. A similar review was performed by Mr Ogg as at 31 March 2009 and 31 March 2008 of certain other land and building assets, resulting in write-downs of land assets of \$0.5 million (2008: \$0.1 million) and building assets of \$0.1 million (2008: \$0.1 million).

Christchurch International Airport Ltd

On 30 June 2007 land, terminal facilities, buildings, sealed surfaces, infrastructure and car parking assets were revalued by independent valuers Seagar & Partners (land, buildings and car park) and Opus International Limited (terminal facilities, sealed surfaces and infrastructure assets). The car park was revalued by Seagar and Partners as at 30 June 2009, and the other assets were reviewed for impairment as at 30 June 2009 by the independent valuers. No adjustment for impairment was considered necessary (2008: Nil).

The company also reviewed the carrying value of capital work in progress relating to the integrated terminal project, and as a result made a \$4.5 million impairment charge (see Note 5) to the income statement (2008: Nil).

Lyttelton Port Company Ltd

During the course of the 2009 year the company reviewed the useful economic lives of its major items of property, plant and equipment. As a consequence of this review, the useful lives of a number of these assets were reduced, resulting in the following estimated changes in current and future depreciation expense:

	2009	2010	2011	2012	2013	Later
Increase in depreciation expense	20	250	(30)	19	(26)	(232)

City Care Ltd

City Care Ltd's freehold land was valued at \$7.3 million by independent registered valuer Gary Sellars of Fright Aubrey, Christchurch as at 30 June 2007 at fair value. In the intervening period, the market value is considered to have risen and then fallen again by a similar amount, to be materially similar as at 30 June 2009.

Red Bus Ltd

The board of directors reviewed the valuation of the company's land and buildings (which had a carrying value of \$13.1 million as at 30 June 2009) and concluded that the fair value at the reporting date was unlikely to vary materially from the valuation undertaken on 25 July 2007 by Mr W Blake (ANZIV/SNZPI) of Simes Ltd. The valuation is therefore considered to be the fair value.

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
22. Investment property					
Balance at beginning of financial year		81,219	77,689	–	–
Transfer from property, plant & equipment	21	1,365	–	–	–
Additional capitalised expenditure		4,952	–	–	–
Net gain/(loss) from fair value adjustments		(4,426)	3,530	–	–
Balance at end of financial year		83,110	81,219	–	–

Of the above investment property, \$77.4 million (2008: \$75.4 million) is held by Christchurch International Airport Ltd. The balance is owned Orion New Zealand Ltd.

Orion New Zealand Ltd

The company's investment property was valued by independent registered valuer Mr Marius Ogg of CB Richard Ellis Limited as at 31 March 2009. The valuations were performed to assess fair value in accordance with NZ IAS 40. Various valuation approaches were undertaken relating closely to appropriate market evidence.

Christchurch International Airport Ltd

The valuation as at 30 June 2009 completed by Seagar and Partners, registered valuers and member of the New Zealand Property Institute. The basis of valuation is fair value being the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Notes to the Financial Statements

Group	Easements & resource consents \$'000	Software \$'000	Other \$'000	Total \$'000
23. Intangible assets				
Gross carrying amount				
Gross carrying amount at 1 July 2007	512	16,118	2,114	18,744
Additions	344	3,392	–	3,736
Additions from internal developments	–	148	–	148
Disposals	–	(1,485)	–	(1,485)
Gross carrying amount at 30 June 2008	856	18,173	2,114	21,143
Additions	392	3,485	–	3,877
Additions from internal developments	–	212	–	212
Disposals	–	(62)	–	(62)
Gross carrying amount at 30 June 2009	1,248	21,808	2,114	25,170
Accumulated amortisation and impairment				
Accumulated at 1 July 2007	(435)	(11,627)	(1,260)	(13,322)
Amortisation expense	(2)	(2,178)	(216)	(2,396)
Disposals	–	1,423	–	1,423
Accumulated at 30 June 2008	(437)	(12,382)	(1,476)	(14,295)
Amortisation expense	–	(2,493)	(212)	(2,705)
Disposals	–	60	–	60
Accumulated at 30 June 2009	(437)	(14,815)	(1,688)	(16,940)
Carrying amount				
Carrying amount at 30 June 2008	419	5,791	638	6,848
Carrying amount at 30 June 2009	811	6,993	426	8,230

The parent company has no intangible assets.

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
24. Goodwill					
Gross carrying amount					
Balance at beginning of financial year		22,720	21,357	–	–
Additional amounts recognised from business combinations		5,028	1,363	–	–
Balance at end of financial year		27,748	22,720	–	–
Accumulated impairment losses					
Balance at beginning of financial year		(557)	(480)	–	–
Reassessment of goodwill		–	(77)	–	–
Balance at end of financial year		(557)	(557)	–	–
Carrying amount					
At beginning of financial year		22,163	20,877	–	–
At end of financial year		27,191	22,163	–	–
Amount of goodwill allocated to cash-generating units:					
Orion New Zealand Ltd		2,398	2,398	–	–
Lyttelton Port Company Ltd		21,749	16,721	–	–
City Care Ltd		3,044	3,044	–	–
		27,191	22,163	–	–

During the year, the CCHL group assessed the recoverable amount of goodwill which arises from consolidation of the group's results and position, and determined that there had been no impairment of goodwill.

Goodwill on consolidation in respect of the above companies is not considered to be impaired for the following reasons:

- The investment in City Care Ltd was revalued by independent valuers Ernst & Young as at 30 June 2009, resulting in the value changes shown in Note 16.
- A report was commissioned from independent valuers, Ernst & Young, confirmed that there were no factors indicating any material impairment in the carrying value of Orion New Zealand Ltd, which is based on an independent valuation by Ernst & Young as at 30 June 2008 (see Note 16).
- The investment in Lyttelton Port Company Ltd was revalued at 30 June 2009 on the basis of its quoted NZX price. The market capitalisation of this company significantly exceeds its original acquisition value.

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
25. Creditors and other payables					
Trade payables and accrued expenses		44,109	45,243	167	229
Amounts due to related parties		108	185	–	–
GST payable		2,581	2,222	–	–
Interest payable		2,181	3,706	1,621	2,910
Dividend payable		–	5,601	–	5,601
Deposits held		534	794	–	–
Retentions		43	26	–	–
Income in advance		129	1	–	–
		49,685	57,778	1,788	8,740

26. Borrowings

26(a) Current portion

Unsecured:

Commercial paper		23,000	25,000	23,000	25,000
Bonds and other fixed rate instruments		17,000	50,000	17,000	50,000
Floating rate notes		7,000	–	7,000	–
Loans		–	64,802	–	–
Finance lease liabilities	27	61	33	–	–
		47,061	139,835	47,000	75,000

Secured:

Finance lease liabilities	27	264	362	–	–
Total current portion of borrowings		47,325	140,197	47,000	75,000

Notes to the Financial Statements

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
26. Borrowings CONTD.					
26(b) Non-current portion					
Unsecured:					
Bonds and other fixed rate instruments		70,000	87,000	70,000	87,000
Floating rate notes		50,000	57,000	50,000	57,000
Loans		238,936	154,769	30,000	–
Finance lease liabilities	27	4,677	562	–	–
		363,613	299,331	150,000	144,000
Secured:					
Loans		4,400	6,700	–	–
Finance lease liabilities	27	948	1,212	–	–
		5,348	7,912	–	–
Total non-current portion of borrowings		368,961	307,243	150,000	144,000
Total borrowings		416,286	447,440	197,000	219,000

CCHL parent company

CCHL's borrowings at 30 June 2009 comprised bonds and floating rate notes in five tranches ranging from \$7 million to \$70 million, and a loan facility of \$30 million. These borrowings mature at various intervals until November 2018. Bond coupon rates are between 6.21% and 6.87%. The borrowings were put in place under a \$350 million debt issuance programme. The company also has an undrawn \$20 million standby facility. The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations (refer Note 35).

The borrowings are unsecured, but the loan documentation imposes certain covenants and restrictions on CCHL.

Orion New Zealand Ltd

The company's bank debt of \$46.8 million (2008: \$43.0 million) is unsecured against the company, however a deed of negative pledge and guarantee requires the company to comply with certain covenants. This facility matures 30 September 2010 (2008: 25 August 2008) and may be extended for further periods as agreed by the lenders.

Interest rates for all borrowings are floating rate based on bank bill rates plus a margin. As at 31 March 2009 this rate averaged 3.83% (2008: 8.95%). The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations (refer Note 35).

Christchurch International Airport Ltd

The company has a \$250 million funding facility with four banks to fund the ongoing business and the proposed terminal development. In addition, the company has an overdraft facility of \$1 million (2008: \$250 million funding facility and \$1 million overdraft facility).

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. Interest rates paid during the year, including offsetting interest rate swaps, ranged from 7.08% to 8.55% (2008: 7.07% to 7.84%).

During the year the company negotiated new facilities to replace those that matured during the year. Additionally, subsequent to balance date, the company negotiated a new \$50 million facility with CCHL to fund future development initiatives.

Lyttelton Port Company Ltd

Current and term advances of \$57.1 million (2008: \$58.6 million) have been raised pursuant to a multi-currency facility agreement with Westpac Banking Corporation. Those funds have been lent against a negative pledge deed where Westpac ranks equally with other creditors. The facility is in two tranches of \$95 million and \$55 million respectively with renewal dates of 1 July 2011 and 1 July 2012 respectively. There was no difference between the face value and carrying amount of these loans and borrowings as at 30 June 2009 or 30 June 2008.

City Care Ltd

Bank loans of \$4.4 million (2008: \$6.7 million) are secured by a debenture over the assets and undertakings of the company. The committed cash advance facility totals \$18.2 million of which \$4.4 million had been drawn down as at 30 June 2009. The facility is structured as a two year rolling facility with a current maturity date of 28 February 2011. Interest rates on the floating rate debt are based on bank bill rates plus a margin and averaged 6.05% for the year. The company also has a \$0.5 million overdraft facility (undrawn as at 30 June 2009 and 2008), again secured by a debenture over the assets and undertakings of the company.

Christchurch City Networks Ltd

As at 30 June 2009 Christchurch City Networks Ltd had no borrowings (2008: nil). However, subsequent to balance date, the company negotiated a new \$25 million facility with CCHL to fund future development initiatives.

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
27. Finance lease liabilities					
No later than one year		836	619	–	–
Later than one year and not later than five years		2,911	1,846	–	–
Later than five years		10,695	600	–	–
Minimum lease payments*		14,442	3,065	–	–
Less future finance charges		(8,492)	(896)	–	–
Present value of minimum lease payments		5,950	2,169	–	–
Minimum future lease payments					
No later than one year		325	395	–	–
Later than one year and not later than five years		1,259	1,338	–	–
Later than five years		4,366	436	–	–
Total present value of minimum lease payments		5,950	2,169	–	–
Represented by					
Current portion	26(a)	325	395	–	–
Non-current portion	26(b)	5,625	1,774	–	–
		5,950	2,169	–	–

*Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

The finance lease liability above primarily relates to agreements between Orion and Transpower New Zealand Limited (Transpower) for Transpower to construct assets at Transpower grid exit points. The agreements are for terms of 10, 20 or 35 years. The company does not own the assets at the end of the lease term and there is no residual value. There is no security provided for the arrangements. The monthly payment amount may be reviewed annually by Transpower and the risk-free portion of the interest rate may be adjusted.

Also included above are agreements by City Care Ltd in respect of motor vehicles. The company does not have an option to purchase the leased assets at the expiry of the lease period and there are no renewal rights.

Notes to the Financial Statements

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
28. Employee entitlements					
28(a) Current portion					
Accrued pay		5,069	7,808	19	33
Annual leave		13,052	9,618	19	–
Sick leave		263	237	–	–
Retirement and long service leave		1,458	1,219	–	–
Other		1,089	568	–	–
		20,931	19,450	38	33
28(b) Non-current portion					
Annual leave		–	250	–	–
Retirement and long service leave		1,065	805	–	–
		1,065	1,055	–	–
Total employee entitlements		21,996	20,505	38	33

29. Other liabilities

29(a) Current portion					
Deferred income		867	867	–	–
Hire purchase agreement		86	–	–	–
Deferred government grants		81	139	–	–
		1,034	1,006	–	–
29(b) Non-current portion					
Deferred income		6,237	7,103	–	–
Hire purchase agreement		293	–	–	–
Retentions		–	36	–	–
Lease incentive liability/income in advance		974	–	–	–
Deferred government grants		–	80	–	–
		7,504	7,219	–	–
Total other liabilities		8,538	8,225	–	–

Deferred income

On 11 September 2002 Lyttelton Port Company Ltd entered into a 15-year coal handling agreement with Solid Energy New Zealand Limited which provided for the company to receive a \$13 million prepayment of agreement charges. Should Lyttelton Port Company Ltd fail to meet its material obligations in respect of the agreement and Solid Energy exercises its right of termination then the company would be required to repay to Solid Energy a proportion of the value of its agreement charge prepayment up to a maximum of \$13 million. Deferred lease income received is recognised in the Income Statement on a straight line basis over the 15 year term of the agreement.

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
30. Capital and other equity instruments					
Fully paid ordinary shares		71,434	71,434	71,434	71,434
Partly paid redeemable preference shares		1	1	1	1
		71,435	71,435	71,435	71,435
Fully paid ordinary shares					
Balance at beginning of financial year		71,434	71,434	71,434	71,434
Issue of shares		–	–	–	–
Balance at end of financial year		71,434	71,434	71,434	71,434
Partly paid redeemable preference shares					
Balance at beginning of financial year		1	1	1	1
Issue of shares		–	–	–	–
Balance at end of financial year		1	1	1	1

CCHL has on issue:

- 25,381,528 fully paid ordinary shares to Christchurch City Council. Fully paid ordinary shares carry one vote per share and carry the right to dividends.
- 350,139,000 redeemable preference shares, paid to \$1,390, to Christchurch City Council. No further calls have been made on these shares. Dividends are only payable to the extent that the shares are paid up. CCHL may elect to redeem the whole or any part of the shares. The shares do not carry any right to conversion into ordinary shares in CCHL.

CCHL declared the following dividends in the year:

Dividends declared on fully paid ordinary shares	36,731	32,601
Cents per share	145	128

Notes to the Financial Statements

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
31. Reconciliation of profit for the period to net cash flows from operating activities					
Profit for the period		78,588	91,351	46,723	51,501
Add/(less) non-cash items					
Depreciation, amortisation and impairment expense		77,846	69,635	–	–
Donated and subsidised assets		(7,108)	(8,696)	–	–
Impairment of financial assets		–	1,452	–	–
(Gains)/losses in fair value of investment property		4,426	(3,530)	–	–
(Gains)/losses in fair value of derivative financial instruments		3,826	(2,835)	2,573	43
Share of associates' loss/(profit) (less dividends)		(2,276)	2,136	–	–
Net foreign exchange (gains)/losses		(40)	(10)	–	–
Deferred tax charged/(credited) to income		(3,863)	4,086	47	(23)
Other non-cash operating income and expenses		(3,153)	25	(118)	92
Orion deferred tax adjustment		–	(6,789)	–	–
		69,658	55,474	2,502	112
Add/(less) items classified as investing or financing activities					
(Gain)/loss on disposal of non-current assets		(107)	(1,360)	–	–
Dividend payable at period end		5,601	(5,601)	5,601	(5,601)
Other		–	(615)	–	–
		5,494	(7,576)	5,601	(5,601)
Add/(less) movement in working capital items					
Current trade and other receivables		(3,577)	(2,661)	17,000	(16,311)
Current inventories		(1,614)	(3,764)	–	–
Current prepayments		(1,947)	373	(56)	–
Income tax receivable		2,587	(810)	–	–
Other current assets		(76)	820	96	(5)
Non-current receivables		17	15	–	–
Non-current inventories		784	(59)	–	–
Non-current prepayments		574	–	–	–
Other non-current assets		44	–	–	–
Current payables		(8,229)	7,256	(6,952)	5,723
Current provisions and employee benefits		1,481	7,796	5	(4)
Income tax payable		7,224	–	–	–
Other current liabilities		28	–	–	–
Non-current provisions and employee benefits		10	(7,869)	–	–
Other non-current liabilities		285	6,790	–	–
Net changes in net assets and liabilities		(2,409)	7,887	10,093	(10,597)
Net cash from operating activities		151,331	147,136	64,919	35,415

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
32. Capital commitments and operating leases					
Capital commitments					
Property, plant & equipment		122,045	13,082	–	–
Electricity distribution network		6,031	9,075	–	–
Intangible assets		2,353	3,075	–	–
Other		263	191	–	–
		130,692	25,423	–	–
Non-cancellable operating leases as lessee					
No later than one year		3,917	3,730	–	–
Later than one year and not later than five years		5,650	5,452	–	–
Later than five years		606	815	–	–
		10,173	9,997	–	–
Non-cancellable operating leases as lessor					
No later than one year		28,113	29,871	–	–
Later than one year and not later than five years		71,135	75,654	–	–
Later than five years		89,097	63,581	–	–
		188,345	169,106	–	–

The above operating lease receivables relate to:

Orion New Zealand Ltd

Non-cancellable operating lease receivables \$1.3 million (2008: \$1.5 million). The company leases land and buildings at its head office site to a variety of tenants, on a range of different terms. The company also leases some land at substation sites to a range of tenants. The leasing operation is incidental to the company's principal business.

Christchurch International Airport Ltd

Non-cancellable operating lease receivables \$111.3 million (2008: \$128.2 million). The company has a number of property leases that generate rental income.

Lyttelton Port Company Ltd

Non-cancellable operating lease receivables \$69.5 million (2008: \$34.5 million). The company leases a range of land, buildings and equipment to a number of customers. A number of leases include rights of renewal for further periods up to 12 years. There were no contingent rents recognised as income during the year.

Christchurch City Networks Ltd

Non-cancellable operating lease receivables \$6.3 million (2008: \$4.8 million). The company leases the use of its fibre optic network to customers. Most contracts are for three years, although the full range is from 18 months to 15 years.

Notes to the Financial Statements

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
33. Contingent liabilities					
Contract performance bonds		7,870	9,074	–	–
Port noise mitigation		1,500	–	–	–
Recourse on irrevocable right to use contracts		525	–	–	–
		9,895	9,074	–	–

The group has the following contingent liabilities:

National Provident Fund's Defined Benefit Plan Contributors Scheme

Some members of the group are participating employers in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer-defined benefit superannuation scheme. In the unlikely event that the other participating employers ceased to participate in the scheme, the group could be responsible for the entire deficit of the scheme (see below). Similarly, if a number of employers ceased to participate in the scheme, the group could be responsible for an increased share of the deficit.

The Fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

Lyttelton Port Company Ltd – seabed contaminants

Contaminants arising from dry dock and slipway operations have been identified in seabed sediments in that area of the inner harbour. The company has been working with Environment Canterbury and the Department of Conservation on the issues for a number of years. A monitoring and management plan has been proposed to manage any adverse effects and to minimise any disturbance of the contaminated sediments while further investigations are carried out into the environmental risks associated with the contamination. The Ministry for the Environment's Contaminated Sites Remediation Fund has contributed to ongoing investigation costs.

At this time the Lyttelton Port Company Ltd directors have not determined what liability, if any, would accrue to the company. In any event the directors are confident that any liability attaching to the company will not be a material liability.

Lyttelton Port Company Ltd – port noise working party

Lyttelton Port Company Ltd is party to a deed, along with Christchurch City Council, Environment Canterbury, Lyttelton Harbour Residents' Association and other interested parties (collectively the Port Noise Working Party), which committed the various parties to the process of seeking amendments to the District Plan to reflect the agreements reached between the parties on future port noise levels, future mitigation measures required on the part of Lyttelton Port Company Limited and land use restrictions on affected areas.

The agreements recognised the need for the Lyttelton Port Company Ltd and the community to co-exist and provided for the installation at the Company's expense, of acoustic treatment for identified affected dwellings in accordance with desired District Plan amendments. The desired District Plan amendments have been made operative provisions through a successful application to the Environment Court under section 293 of the Resource Management Act. A Port Noise Liaison Committee, comprising representatives of the various parties, has been established to administer the terms of the new operative provisions in the District Plan.

No liability has been recognised in the financial statements for any future obligations under the agreement as it is considered to be a contingent liability. The Directors have estimated that the maximum amount payable by Lyttelton Port Company Ltd under this agreement would be \$1.5 million in total over the next ten years.

Christchurch City Networks Ltd

The company has a contingent liability in the form of a number of irrevocable right-to-use contracts acquired with the CFNL network acquisition in 2008. The services under these contracts are still to be performed and the amount owing under these contracts at 30 June 2009, if the contracts were cancelled or not performed is \$0.5 million (2008: Nil).

Contract performance bonds

The following contingent liabilities exist in respect of contract performance bonds:

- City Care Ltd \$6.24 million (2008: \$7.74 million);
- Red Bus Ltd \$1.13 million (2008: \$1.08 million); and
- Orion New Zealand Ltd \$0.50 million (2008: \$0.25 million).

None of the above companies expects to have these contingent liabilities called upon by external parties and hence no provision has been made.

Other than the above, the group had no material or significant contingent liabilities or contingent assets as at 30 June 2009 or 30 June 2008.

34. Financial instruments

Financial risk management objectives

The parent company and group ("the CCHL group") have a series of policies to manage the risk associated with financial instruments.

The CCHL group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the CCHL group's policies, which provide written principles on the use of financial derivatives.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Capital management

The CCHL group's capital includes share capital, reserves and retained earnings. The CCHL group's policy is to maintain a strong capital base so as to maintain public, shareholder, investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The parent company is not subject to any externally-imposed capital requirements. However, it has provided certain covenants to its key lenders by way of a negative pledge deed that it will not create any security interest over its assets, except under certain agreed circumstances. The deed also imposes financial covenants from its lenders relating to equity levels and interest cover.

Classification of financial assets and liabilities

The following tables classify the group's and company's financial assets and liabilities between the various categories set out in NZ IAS 39 and IFRS 7. The parent company's investments in subsidiaries and associates are accounted for as fair value through equity, a category of assets that falls within the "available for sale" classification of NZ IAS 39. The CCHL board considers that the latter is a misleading description, and hence the heading "fair value through equity" has been used in the following tables.

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
34(a) Classification of financial assets and liabilities					
Financial assets					
Fair value through income statement					
– held for trading					
Derivative financial instrument assets	15	2	444	–	45
		2	444	–	45
Derivatives that are hedge accounted					
Derivative financial instrument assets	15	1,163	8,332	1,163	4,532
Loans and receivables					
Cash and cash equivalents	12	17,123	35,333	19,112	29,216
Debtors and other receivables	13	43,992	40,432	1,064	18,064
Other financial assets					
– term deposits	16	–	3,000	–	3,000
– foreign currency	16	–	11,787	–	–
– loans		2,561	–	–	–
– loans to related parties	16	83,194	85,094	88,194	90,094
		146,870	175,646	108,370	140,374
Held to maturity					
Other financial assets		–	–	–	–
Fair value through equity					
Shares in subsidiary companies	16	–	–	1,460,287	1,435,260
Other unlisted shares	16	3,000	3,684	–	–
		3,000	3,684	1,460,287	1,435,260
Total financial assets		151,035	188,106	1,569,820	1,580,211

Notes to the Financial Statements

For the year ended 30 June	Note	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
34. Financial instruments <small>CONTD.</small>					
Financial liabilities					
Fair value through income statement – held for trading					
Derivative financial instrument liabilities		3,358	–	2,091	–
		3,358	–	2,091	–
Derivatives that are hedge accounted					
Derivative financial instrument liabilities		15,219	422	4,406	194
Financial liabilities at amortised cost					
Creditors and other payables	25	49,685	57,778	1,788	8,740
Borrowings	26	416,286	447,440	197,000	219,000
		465,971	505,218	198,788	227,740
Total financial liabilities		484,548	505,640	205,285	227,934

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity.

Financial instruments that potentially subject the CCHL group to concentrations of credit risk consist principally of cash and short-term investments, trade receivables, loans and interest rate swaps. The CCHL group places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective group companies.

Orion New Zealand Ltd has a concentration of credit risk with regard to its trade receivables, as it only has a small number of electricity retailer customers. Christchurch International Airport Ltd also has a concentration of credit risk on a small number of customers, with 62% (2008: 71.6%) of trade receivables due from 10 customers. City Care Ltd also has a concentration of credit risk in respect of its transactions with ultimate shareholder Christchurch City Council, with 47% (2008: 54%) of its revenue derived from this source. Red Bus Ltd has a concentration of credit risk with Environment Canterbury, which provides 51% of the company's revenue.

The CCHL group manages its exposure to credit risk arising from trade receivables by performing credit evaluations on all significant customers requiring credit, wherever practicable, and continuously monitors the outstanding credit exposure to individual customers. With the exception of Orion New Zealand Ltd, which generally requires collateral security (such as bank letters of credit) from its electricity retailer customers against credit risk, the CCHL group does not generally require collateral security from its customers.

The carrying value is the maximum exposure to credit risk for bank balances, accounts receivable and interest rate swaps. No collateral is held in respect of these financial assets.

The company has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status other than trade receivables.

The following table summarises the status of receivables as at balance date:

34(b) Maximum exposure to credit risk

Cash, term deposits and foreign currency	17,123	50,120	19,112	32,216
Debtors and other receivables	43,992	40,432	1,064	18,064
Loans	85,755	85,094	88,194	90,094
Derivative financial instrument assets	1,165	8,776	1,163	4,577
	148,035	184,422	109,533	144,951

For the year ended 30 June		Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Counterparties					
Cash at bank, term deposits and foreign currency	AA	13,923	43,120	15,912	25,216
	A	3,200	7,000	3,200	7,000
		17,123	50,120	19,112	32,216
Loans	AA	83,194	85,094	83,194	85,094
	Lower than BBB or unrated	2,561	–	5,000	5,000
		85,755	85,094	88,194	90,094
Derivative financial instrument assets	AA	1,165	8,776	1,163	4,577
		1,165	8,776	1,163	4,577

Liquidity risk

Liquidity risk is the risk that the CCHL group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, the CCHL group manages its investments and borrowings in accordance with its written investment policies. In general the company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

The following tables analyse the parent company's and group's contractual cash flows for its financial assets and liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows:

Group 30 June 2009	Balance sheet \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	5 years + \$'000
Financial liabilities:						
Creditors and other payables	49,685	49,685	49,685	–	–	–
Net settled derivative liabilities	18,577	20,493	11,647	3,767	2,296	2,783
Commercial paper	23,000	23,000	23,000	–	–	–
Bonds and other fixed rate borrowing	87,000	121,191	22,337	9,618	14,427	74,809
Floating rate notes	57,000	86,229	8,741	5,290	10,157	62,041
Loans	243,336	266,688	100,765	84,996	80,927	–
Finance lease liabilities	5,950	14,442	836	812	2,099	10,695
Other	–	23	23	–	–	–
	484,548	581,751	217,034	104,483	109,906	150,328
Financial assets:						
Cash and cash equivalents	17,123	17,123	17,123	–	–	–
Debtors and other receivables	46,451	47,564	45,589	546	554	875
Related party loans	83,194	100,688	44,772	5,901	34,538	15,477
Finance lease receivables	102	130	26	26	78	–
Net settled derivative assets	1,165	2,236	384	308	1,544	–
	148,035	167,741	107,894	6,781	36,714	16,352

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Group 30 June 2008	Balance sheet \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	5 years + \$'000
34. Financial instruments CONTD.						
Financial liabilities:						
Creditors and other payables	57,778	57,778	57,778	–	–	–
Net settled derivative liabilities	422	(9,947)	(1,650)	(1,787)	(3,821)	(2,689)
Commercial paper	25,000	25,000	25,000	–	–	–
Bonds and other fixed rate borrowing	137,000	202,518	56,655	21,539	23,422	100,902
Floating rate notes	57,000	78,935	5,027	12,496	4,022	57,390
Loans	226,271	267,543	121,417	16,834	129,292	–
Finance lease liabilities	2,169	3,065	619	482	1,364	600
	505,640	624,892	264,846	49,564	154,279	156,203
Financial assets:						
Cash and cash equivalents	35,333	35,333	35,333	–	–	–
Bank deposits	3,000	3,000	3,000	–	–	–
Foreign currency	11,787	11,878	11,878	–	–	–
Debtors and other receivables	40,315	40,315	40,315	–	–	–
Related party loans	85,094	109,835	2,864	49,672	8,923	48,376
Finance lease receivables	117	156	26	26	78	26
Net settled derivative assets	8,776	16,694	5,961	1,341	3,690	5,702
	184,422	217,211	99,377	51,039	12,691	54,104
Parent company 30 June 2009						
Financial liabilities:						
Creditors and other payables	1,788	1,788	1,788	–	–	–
Net settled derivative liabilities	6,497	4,526	2,021	394	1,642	469
Commercial paper	23,000	23,000	23,000	–	–	–
Bonds	87,000	121,191	22,337	9,618	14,427	74,809
Floating rate notes	57,000	86,229	8,741	5,290	10,157	62,041
Loans	30,000	31,114	907	30,207	–	–
	205,285	267,848	58,794	45,509	26,226	137,319
Financial assets:						
Cash and cash equivalents	19,112	19,112	19,112	–	–	–
Debtors and other receivables	1,064	1,064	1,064	–	–	–
Related party loans	88,194	105,733	49,817	5,901	34,538	15,477
Net settled derivative assets	1,163	2,236	384	308	1,544	–
	109,533	128,145	70,377	6,209	36,082	15,477

Parent company 30 June 2008	Balance sheet \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	5 years + \$'000
Financial liabilities:						
Creditors and other payables	8,740	8,740	8,740	–	–	–
Net settled derivative liabilities	194	434	417	17	–	–
Commercial paper	25,000	25,000	25,000	–	–	–
Bonds	137,000	202,518	56,655	21,539	23,422	100,902
Floating rate notes	57,000	78,935	5,027	12,496	4,022	57,390
Loans	–	–	–	–	–	–
	227,934	315,627	95,839	34,052	27,444	158,292
Financial assets:						
Cash and cash equivalents	29,216	29,216	29,216	–	–	–
Bank deposits	3,000	3,000	3,000	–	–	–
Debtors and other receivables	18,064	18,064	18,064	–	–	–
Related party loans	90,094	114,739	7,768	49,672	8,923	48,376
Net settled derivative assets	4,577	12,347	1,790	1,260	3,330	5,967
	144,951	177,366	59,838	50,932	12,253	54,343

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The parent company is exposed to equities securities price risk on its investment in Lyttelton Port Company Ltd, a company listed on the New Zealand Stock Exchange. The investment in Lyttelton Port Company Ltd is classified as a financial asset held at fair value through equity, and revalued annually on the basis of its quoted share price. A 10% movement in share price would increase/decrease the CCHL's parent company's equity by \$18.5 million (2008: \$17.1 million). While the share price can and does fluctuate, the investment is held as a long term asset with no intention of sale, and such fluctuations do not impact on CCHL's profits.

Orion New Zealand Ltd is exposed to price risk through its investment in unlisted companies. Its policy is not to hedge its exposures to price risk.

Foreign currency risk

Foreign currency risk is the risk that the value of the group's assets and liabilities or revenues and expenses will fluctuate due to changes in foreign exchange rates. The group is exposed to foreign currency risk as a result of transactions that are denominated in a currency other than New Zealand dollars. These currencies are primarily Australian dollars, US dollars and Euros. The group's policy is to hedge any material foreign currency exposure, usually with forward exchange contracts.

The parent company has not entered into any foreign exchange transactions, and does not have any direct exposure to foreign exchange risk (2008: Nil).

Notes to the Financial Statements

34. Financial instruments CONTD.

The following table summarises the group's exposure to foreign currency transactions:

	USD \$'000	AUD \$'000	EURO \$'000	Other \$'000
30 June 2009				
Foreign currency risk				
Trade receivables	–	132	18	5
Trade payables	(310)	(39)	(334)	–
Net balance sheet exposure before hedging activity	(310)	93	(316)	5
Estimated forecast sales	–	–	–	–
Estimated forecast purchases	(431)	(451)	(2,440)	(3)
Net cash flow exposure before hedging activity	(431)	(451)	(2,440)	(3)
Forward exchange contracts				
Notional amounts	276	154	2,218	–
Foreign currency on hand	325	55	499	–
Net unhedged exposure	(140)	(149)	(39)	2
30 June 2008				
Foreign currency risk				
Trade payables	(105)	(124)	(16)	–
Net balance sheet exposure before hedging activity	(105)	(124)	(16)	–
Estimated forecast purchases	–	–	(542)	–
Net cash flow exposure before hedging activity	–	–	(542)	–
Forward exchange contracts				
Notional amounts	–	–	182	–
Foreign currency on hand	–	–	–	–
Net unhedged exposure	(105)	(124)	(376)	–

The following table summarises the estimated impact on the group's pre-tax profit and equity (excluding retained earnings) to reasonably possible changes in foreign exchange rates (a 10% variance either way):

Group	30 June 2009				30 June 2008			
	-10% Profit \$'000	Other equity \$'000	+10% Profit \$'000	Other equity \$'000	-10% Profit \$'000	Other equity \$'000	+10% Profit \$'000	Other equity \$'000
Foreign exchange sensitivity								
Cash and cash equivalents	92	–	(84)	–	10	–	(10)	–
Trade receivables	17	–	(14)	–	–	–	–	–
Creditors and other payables	(72)	–	65	–	(25)	–	24	–
Derivatives – hedge accounted	–	24	–	(24)	–	–	–	–
Total sensitivity to foreign exchange risk	37	24	(33)	(24)	(15)	–	14	–

Fuel price risk

Lyttelton Port Company Ltd has entered into fuel swap agreements to reduce the impact of price changes on fuel costs. Up to 80% of forecast fuel costs for the next 15 months may be hedged. These fuel price derivatives are designated as a cash flow hedge. As at 30 June 2009 the company had hedged 2 million litres of fuel ((2008: Nil) with a fair value of (\$0.1) million (2008: Nil).

Interest rate risk

The CCHL group and parent company are exposed to interest rate risk as they borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swaps, options and forward interest rate contracts.

At balance date the group had the following mix of financial assets and liabilities exposed to New Zealand fixed and variable interest rates:

34(f) Financial instruments – interest rate risk management

Group	Non-interest bearing			Non-interest bearing		
	Fixed 30 Jun 09 \$'000	Variable 30 Jun 09 \$'000	30 Jun 09 \$'000	Fixed 30 June 08 \$'000	Variable 30 Jun 08 \$'000	30 Jun 08 \$'000
Financial assets						
Cash and cash equivalents	–	16,622	501	–	34,874	459
Short term deposits with maturities of 4 to 12 months	–	–	–	3,000	–	–
Interest bearing loans and advances	82,800	394	–	85,250	4,844	–
Finance lease receivables	102	–	–	117	–	–
Other	2,336	–	–	–	–	–
	85,238	17,016	501	88,367	39,718	459
Financial liabilities						
Bank overdrafts	–	–	–	–	–	–
Commercial paper	(23,000)	–	–	(25,000)	–	–
Bonds and other fixed rate instruments	(87,000)	–	–	(137,000)	–	–
Floating rate notes	(57,000)	–	–	(57,000)	–	–
Loans	(196,000)	(47,336)	–	(181,000)	(45,271)	–
Finance lease liabilities	(1,333)	(4,617)	–	(1,706)	(463)	–
Other	–	–	–	–	–	–
	(364,333)	(51,953)	–	(401,706)	(45,734)	–
Net financial assets/(liabilities) excluding derivatives	(279,095)	(34,937)	501	(313,339)	(6,016)	459

Notes to the Financial Statements

Parent	Non-interest bearing			Non-interest bearing		
	Fixed 30 Jun 09 \$'000	Variable 30 Jun 09 \$'000	30 Jun 09 \$'000	Fixed 30 Jun 08 \$'000	Variable 30 Jun 08 \$'000	30 Jun 08 \$'000

34. Financial instruments CONTD.**Financial assets**

Cash and cash equivalents	–	19,112	–	–	29,216	–
Short term deposits with maturities of 4 to 12 months	–	–	–	3,000	–	–
Interest bearing loans and advances	87,800	394	–	85,250	4,844	–
	87,800	19,506	–	88,250	34,060	–
Financial liabilities						
Commercial paper	(23,000)	–	–	(25,000)	–	–
Bonds and other fixed rate borrowing	(87,000)	–	–	(137,000)	–	–
Floating rate notes	(57,000)	–	–	(57,000)	–	–
Loans	(30,000)	–	–	–	–	–
	(197,000)	–	–	(219,000)	–	–
Net financial assets/(liabilities) excluding derivatives	(109,200)	19,506	–	(130,750)	34,060	–

Interest rate sensitivity

In managing interest rate risks, the CCHL group aims to reduce the impact of short term fluctuations on the group's earnings. Over the longer term, however, changes in interest rates will affect reported profits.

The following table summarises the estimated impact of movements in interest rates on the group's and parent company's pre-tax profit and equity (excluding retained earnings), taking into account the effect of interest rate swaps. It is considered that a reasonably possible movement in New Zealand interest rates is a 1% movement in either direction, and this is the range that has been used in the following sensitivity analysis:

Group	30 June 2009				30 June 2008			
	-1%		+1%		-1%		+1%	
	Profit \$'000	Other equity \$'000	Profit \$'000	Other equity \$'000	Profit \$'000	Other equity \$'000	Profit \$'000	Other equity \$'000
Financial assets and liabilities at floating rate								
Floating rate notes	–	–	–	–	–	–	–	–
Commercial paper	–	–	–	–	–	–	–	–
Finance lease liabilities	58	–	(58)	–	20	–	(20)	–
Bank loans	473	–	(473)	–	363	–	(363)	–
Cash and cash equivalents	(171)	–	171	–	(353)	–	353	–
Bank deposits	–	–	–	–	(30)	–	30	–
Related party loans	(4)	–	4	–	(48)	–	48	–
Derivatives	(2,682)	(15,107)	2,495	14,120	(866)	(8,842)	856	8,301
Total sensitivity to interest rate risk	(2,326)	(15,107)	2,139	14,120	(914)	(8,842)	904	8,301

Parent company	30 June 2009				30 June 2008			
	-1%		+1%		-1%		+1%	
	Profit \$'000	Other equity \$'000	Profit \$'000	Other equity \$'000	Profit \$'000	Other equity \$'000	Profit \$'000	Other equity \$'000
Financial assets and liabilities at floating rate								
Floating rate notes	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-
Bank loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	(191)	-	191	-	(292)	-	292	-
Bank deposits	-	-	-	-	(30)	-	30	-
Related party loans	(4)	-	4	-	(48)	-	48	-
Derivatives	(2,269)	(7,487)	2,087	6,900	(607)	(4,390)	607	4,057
Total sensitivity to interest rate risk	(2,464)	(7,487)	2,282	6,900	(977)	(4,390)	977	4,057

Interest rate swap contracts

Under interest rate swap contracts, the CCHL group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

Interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated and effective as cash flow hedges.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

34(g) Financial instruments – interest rate swap contracts

Group	Average contracted fixed interest rate		Notional principal amount		Fair value	
	30 Jun 09	30 Jun 08	30 Jun 09	30 June 08	30 Jun 09	30 Jun 08
			\$'000	\$'000	\$'000	\$'000
Floating for fixed contracts						
Less than 1 year	6.75%	6.47%	48,000	43,900	(1,546)	405
1 to 2 years	7.08%	6.50%	55,000	78,000	(3,667)	1,821
2 to 5 years	5.84%	6.89%	88,000	53,000	(829)	3,585
More than 5 years	6.58%	3.92%	179,000	125,000	(10,998)	2,958
			370,000	299,900	(17,040)	8,769
Average contracted floating interest rate						
Fixed for floating contracts						
Less than 1 year	6.11%		17,000	-	20	-
1 to 2 years		8.91%	-	17,000	-	(194)
			17,000	17,000	20	(194)

Notes to the Financial Statements

Parent company	Average contracted fixed interest rate		Notional principal amount		Fair value	
	30 Jun 09	30 Jun 08	30 Jun 09 \$'000	30 June 08 \$'000	30 Jun 09 \$'000	30 Jun 08 \$'000

34. Financial instruments CONTD.**Floating for fixed contracts**

Less than 1 year	5.85%	6.08%	17,000	1,900	(18)	45
1 to 2 years	7.29%	6.01%	30,000	47,000	(2,221)	1,309
2 to 5 years	4.99%	7.48%	30,000	20,000	1,143	–
More than 5 years	6.57%	6.44%	80,000	50,000	(4,258)	3,223
			157,000	118,900	(5,354)	4,577

**Average contracted
floating interest rate****Fixed for floating contracts**

Less than 1 year	6.11%		17,000	–	20	–
1 to 2 years		8.91%	–	17,000	–	(194)
2 to 5 years			–	–	–	–
More than 5 years			–	–	–	–
			17,000	17,000	20	(194)

Fair value of financial instruments

The directors consider that the carrying amounts of all financial assets and financial liabilities, other than fixed rate borrowing, recorded in the financial statements approximate their fair values. The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The estimated fair values of fixed rate borrowing, together with their carrying values, are as follows:

	30 Jun 09 Group 2009 \$'000	30 June 08 Group 2008 \$'000	30 June 09 Parent 2009 \$'000	30 Jun 08 Parent 2008 \$'000
Total carrying value of fixed rate borrowing	87,000	137,000	87,000	137,000
Total fair value of fixed rate borrowing	85,805	135,036	85,805	135,036

Group	Asset revaluation \$'000	Hedging \$'000	Foreign currency translation \$'000	Available for sale revaluation \$'000	Total \$'000
35. Reserves					
Balance at 1 July 2007	359,340	8,424	(3,334)	2,350	366,780
Impairment losses	(220)	–	–	–	(220)
Impact of change in corporate tax rate on deferred tax liability	(6,967)	–	–	–	(6,967)
Cash flow hedges gain/(loss) taken to equity	–	(4,669)	–	–	(4,669)
Translation of foreign exchange differences taken to equity	–	–	(193)	–	(193)
Income tax on items taken directly to equity	31	1,408	58	337	1,834
Realised gain on disposals	(435)	–	–	–	(435)
Transfers and other	464	(1,063)	1,144	(353)	192
Available-for-sale investments transferred to profit on sale	–	–	–	(2,334)	(2,334)
Share of increment in reserves attributable to associates	1,484	–	–	–	1,484
Net income recognised directly in equity	(5,643)	(4,324)	1,009	(2,350)	(11,308)
Balance at 30 June 2008	353,697	4,100	(2,325)	–	355,472
Revaluation	(6,208)	–	–	–	(6,208)
Cash flow hedges gain/(loss) taken to equity	–	(17,694)	–	–	(17,694)
Translation of foreign exchange differences taken to equity	–	–	2,565	–	2,565
Income tax on items taken directly to equity	2,427	5,620	(855)	–	7,192
Realised gain on disposals	(941)	–	–	–	(941)
Hedging reserve transferred to income statement	–	(568)	–	–	(568)
Transfers and other	(384)	116	615	–	347
Share of increment in reserves attributable to associates	(1,247)	–	–	–	(1,247)
Net income recognised directly in equity	(6,353)	(12,526)	2,325	–	(16,554)
Balance at 30 June 2009	347,344	(8,426)	–	–	338,918

Notes to the Financial Statements

Parent company	Asset revaluation \$'000	Hedging \$'000	Foreign currency translation \$'000	Available for sale revaluation \$'000	Total \$'000
35. Reserves CONTD.					
Balance at 1 July 2007	748,829	4,311	–	–	753,140
Revaluation	204,183	–	–	–	204,183
Cash flow hedges gain/(loss) taken to equity	–	(2,157)	–	–	(2,157)
Income tax on items taken directly to equity	–	645	–	–	645
Net income recognised directly in equity	204,183	(1,512)	–	–	202,671
Balance at 30 June 2008	953,012	2,799	–	–	955,811
Revaluation	6,531	–	–	–	6,531
Cash flow hedges gain/(loss) taken to equity	–	(6,577)	–	–	(6,577)
Hedging reserve transferred to income statement	–	(568)	–	–	(568)
Income tax on items taken directly to equity	–	1,352	–	–	1,352
Net income recognised directly in equity	6,531	(5,793)	–	–	738
Balance at 30 June 2009	959,543	(2,994)	–	–	956,549

36. Related party disclosures

The parent entity in the group structure is CCHL, which is 100% owned by Christchurch City Council ('CCC'). Other related parties include:

- Subsidiaries – refer note 16
- Associates – refer note 19
- The various subsidiaries of CCC

The group undertakes transactions with CCC and its related parties, all of which are carried out on a commercial and arm's length basis. During the period, no material transactions were entered into with related parties except as disclosed below.

In 2007 Orion New Zealand Ltd assessed a \$524,000 loan to an associate, 4RF Communications Ltd, to be impaired, and expensed the amount through the income statement in that year. In the 2009 financial year, the \$238,000 of interest due on loans to the associate was written off as not recoverable (2008: \$141,000).

During the period, no transactions were entered into by CCHL with any of the company's directors other than the payment of directors' fees and the reimbursement of valid company-related expenses, and for professional services as detailed below. Some minor transactions were entered into with companies in which some directors held directorships and with other related parties. These transactions were carried out on a commercial and arm's length basis.

No provisions were made for doubtful debts relating to the amount of outstanding balances (2008: Nil), and no bad or doubtful debts expense was recognised in relation to related parties during the period.

The group paid directors' fees totalling \$1,575,889 (2008: \$1,445,338).

Key management personnel of the parent company purchased sundry goods and services from group companies during the period which in total did not exceed \$1,000 for any individual. All transactions were conducted on standard commercial terms.

Transactions between the CCHL group and parent entity CCC

CCHL group entities entered into the following transactions with CCC as follows:

	Dividends payable to CCC \$'000	Interest received from CCC \$'000	Sales provided to CCC \$'000	Services provided by CCC (inc rent/rates) \$'000
2009	36,731	5,475	73,710	7,756
2008	32,601	5,665	68,709	6,353

Other transactions between members of the CCHL group and CCC were as follows:

- The CCHL parent company has made advances to CCC to fund CCC's ongoing borrowing requirements. The balance outstanding at 30 June 2009 was \$83,194,000 (2008: \$85,094,000). Advances were made under a cash advance facility and, while they are unsecured, the company has issued \$350 million of uncalled share capital to CCC. Interest rates charged to CCC are based on the company's marginal cost of borrowing plus a small margin.
- Christchurch International Airport Ltd paid a subvention payment to CCC in respect of tax losses of \$1,696,000 (2008: \$2,088,000) and to Vbase Ltd of \$1,029,000 (2008: Nil).

Notes to the Financial Statements

36. Related party disclosures CONTD.

Transactions between the parent company and subsidiaries and associates

The following transactions were entered into between the CCHL parent company and members of the CCHL group;

	Dividends payable to CCHL \$'000	Interest paid to CCC \$'000	Purchase of shared by CCHL in CCNL \$'000	Payment to CCHL for services \$'000
2009	55,685	321	6,000	2
2008	54,951	325	9,000	15

In addition, the CCHL parent company entered into subvention payments and loss offsets with subsidiary companies as follows:

	Subvention payments 2009 \$'000	Loss offsets 2009 \$'000	Subvention payments 2008 \$'000	Loss offsets 2008 \$'000
Christchurch International Airport Ltd	628	4,718	370	4,992
City Care Ltd	640	1,727	Nil	Nil
Red Bus Ltd	Nil	Nil	861	1,748

Transactions between CCHL directors (and entities in which they have an interest) and members of the CCHL group

The following transactions took place between the CCHL group and entities in which CCHL directors have an interest (Bruce Irvine was a partner in Deloitte Christchurch until 30 June 2008 and Bill Dwyer is a partner in Lane Neave):

Entity	2009 Amounts paid to Deloitte ¹ \$	2009 Amounts paid to Lane Neave ² \$	2008 Amounts paid to Deloitte ¹ \$	2008 Amounts paid to Lane Neave ² \$
CCHL parent	N/A	39,129	36,611	6,608

¹ for tax, accounting and consultancy services

² for legal services

Other members of the CCHL group paid a total of \$144,000 in the 2008 financial year to Deloitte (Deloitte ceased to be a related party from 30 June 2008) for tax, accounting and consultancy services, and \$98,294 (2008: \$126,000) to Lane Neave for legal services.

All of the above transactions were on an arm's length basis and on commercial terms.

Balances between CCHL parent company and related parties at end of year

Entity	2009 Loans \$'000	2009 Transactions \$'000	2008 Loans \$'000	2008 Transactions \$'000
Christchurch City Council	83,194	(21)	85,094	(170)
Christchurch City Council (dividend)	–	–	–	(5,601)
Orion Group Ltd (dividend)	–	–	–	16,516
Red Bus Ltd	5,000	–	5,000	–
City Care Ltd	–	–	–	141

37. Subsequent events

There were no significant events between the preparation and authorisation of these financial statements on 16 September 2009.

38. Performance against statement of intent targets

The Statement of Intent ('Sol') issued by CCHL last year in respect of the 2008/09 financial year included a number of financial and non-financial performance measures. The following table compares the actual financial results for the year ended 30 June 2009 with the financial targets contained within the Sol:

For the year ended 30 June	Note	Group Actual 2009 \$'000	Group Target 2009 \$'000	Parent Actual 2009 \$'000	Parent Target 2009 \$'000
Dividends to Christchurch City Council		36,731	38,000	36,731	38,000
Net profit after tax		78,588	71,200	46,723	38,400
Net debt/net debt plus equity		22.0%	25.6%	11.3%	11.5%
Interest cover		5.2	4.5	4.5	3.7
Return on average equity		5.6%	5.0%	3.4%	N/A

Dividends

CCHL met its targeted distributions to the Council of \$38.0 million through a combination of dividends paid of \$36.7 million and subvention payments to the value of \$1.3 million that CCHL was entitled to, but voluntarily elected not to receive at the request of Christchurch City Council.

Group net profit

The group's profitability was significantly higher than budgeted, principally reflecting strong trading performances by the group trading companies over and above the projections provided earlier to CCHL.

Parent company net profit after tax

The CCHL parent company's net profit after tax was higher than forecast primarily due to a higher than budgeted dividend payout from Orion New Zealand Ltd.

Performance Statement

CCHL's performance against the non-financial performance measures set out in its Sol is described in the following Performance Statement.

Governance

Objective	Performance target	Performance
1. CCHL maintains a strategic direction that is consistent with that of 100% shareholder Christchurch City Council (CCC).	CCHL develops and maintains appropriate communication lines with the Council to ensure CCHL remains aware of CCC's strategic priorities. CCHL will submit a draft Sol for approval to CCC by 1 March 2009.	CCHL has met regularly with the Council management team top ensure strategic directions are aligned. The draft Sol was submitted to the Council prior to 1 March 2009
2. CCHL keeps CCC informed of all significant matters relating to CCHL and its subsidiaries, within the constraints of commercial sensitivity.	CCHL submits at least six written reports to CCC in the financial year, and presents at least two seminars to Councillors. Major matters of urgency are reported to CCC at the earliest opportunity.	CCHL made over six reports to the Council and held two seminars. None arising
3. Corporate governance procedures are appropriate, documented and reflect best practice.	The Governance Committee completes a review of the Board charter, which is then updated and approved by the Board by June 2009.	The Governance Committee reviewed the Board charter in May 2009, and it was approved by the full Board in June 2009
4. Directors make an effective contribution to the CCHL board, and their conduct is in accordance with generally accepted standards.	The Chair will conduct a formal performance evaluation for each CCHL director within the 2009 calendar year. The Governance Committee will review the training needs of individual CCHL directors, and ensure training is provided where required.	To be performed prior to December 2009 The Board has approved a policy on director training and this was followed.
5. CCHL's process for the selection and appointment of directors to the boards of subsidiary and monitored companies is rigorous and impartial.	The process followed for each appointment to a subsidiary or monitored company board is transparent, fully documented and in line with approved policies and procedures.	Director appointments made during the year complied with Council/CCHL policies.
6. Subsidiary and monitored companies complete, on a timely basis, Statements of Intent that meet best practice standards.	CCHL will engage with subsidiary and monitored companies prior to the 2009 Sol round regarding the structure and content of the group Sols. Subsidiary companies submit draft Statements of Intent to CCHL by 28 February 2009. CCHL will review Statements of Intent and respond to the subsidiaries and make recommendations to CCC within six weeks of receipt.	CCHL wrote to all subsidiaries in late 2008 requesting them to consider certain matters when preparing their draft Sols. The Board considers that the group has made good progress in improving the content and consistency of the Sols. Achieved (other than for one entity that was a couple of business days late). Achieved.

Governance CONTD.

Objective	Performance target	Performance
<p>7. Subsidiary and monitored companies that are CCTOs comply with the Local Government Act's requirements that their principal objectives be:</p> <ul style="list-style-type: none"> • achieving the objectives of its shareholders as set out in the Sol; • being a good employer; • exhibiting a sense of social and environmental responsibility; and • conducting their affairs in accordance with sound business practice. 	<p>CCHL will review the companies' performance in the context of these statutorily required objectives.</p>	<p>The CCHL Board satisfactorily completed this review for the 2008 annual reports. This year's review will be performed on receipt of the published 2009 annual reports from each subsidiary.</p>
<p>8. CCHL maintains contact with subsidiary and monitored company boards, and remains aware of their strategic and business issues.</p>	<p>CCHL meets subsidiary and monitored company boards, or representatives thereof, on a formal basis at least two times in the 2009 financial year.</p> <p>CCHL receives an appropriate level of reporting from subsidiary and monitored company boards.</p>	<p>Achieved. In many cases, more than two meetings were held.</p>

Group strategic, financial and sustainability objectives

Objective	Performance target	Performance
<p>1. Subsidiary companies have sufficient (but not excessive) financial flexibility, whether through their own capital structures or through the availability of capital from CCHL, to undertake growth and investment initiatives.</p>	<p>CCHL will review the capital structure of each subsidiary company against external benchmarks on a rolling triennial basis.</p>	<p>The capital structure of major subsidiaries was compared with external benchmarks, indicating average or below average gearing levels.</p>
<p>2. Subsidiary and monitored companies adopt strategies that are compatible with the strategic direction of CCHL and CCC, including the Urban Development Strategy and the CCC Sustainable Energy Strategy.</p>	<p>CCHL will engage with subsidiary and monitored companies prior to the 2009 Sol round regarding key shareholder strategies and, subsequently, review their Sols for compatibility with those strategies.</p>	<p>Letter sent to subsidiaries outlining shareholder priorities in late 2008, and the CCHL Board subsequently reviewed the Sols in this context. It was concluded that the Sols adequately reflected key shareholder strategies.</p>

Performance Statement

Group strategic, financial and sustainability objectives CONTD.

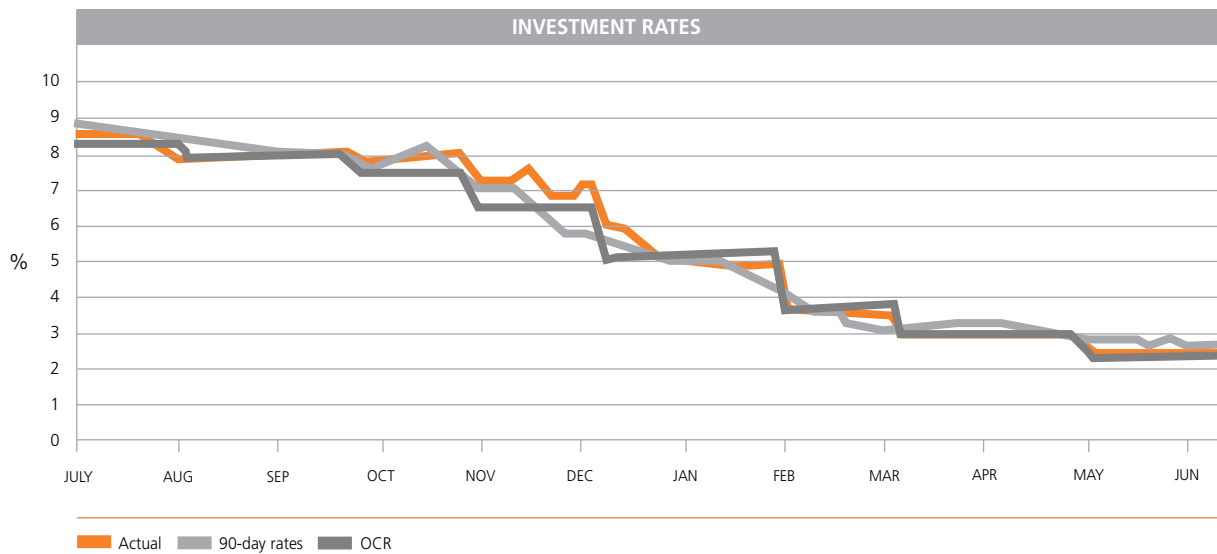
Objective	Performance target	Performance
3. Subsidiary and monitored companies adopt strategies that contribute to regional growth.	CCHL will encourage subsidiary and monitored companies to seek opportunities that are both commercially sound and are capable of enhancing regional growth, and actively engage them with regard to specific opportunities that may arise.	CCHL has actively encouraged subsidiaries to consider bringing forward capital projects as a response to the difficult economic conditions, provided that it is commercially realistic to do so.
4. Subsidiary and monitored companies set and attain environmental and social performance objectives that are compatible with their activities, commercial nature and other objectives.	CCHL will engage with subsidiaries and monitored companies regarding the progressive development and inclusion of relevant and appropriate social and environmental objectives and performance targets in their respective Sols. CCHL will perform an annual review of the performance of the subsidiaries and monitored companies against their stated objectives.	CCHL has actively encouraged subsidiaries to continue improving their environmental and social reporting. All Sols now contain specific measurable targets, which will be reported against in the respective annual reports. The CCHL Board satisfactorily completed this review for the 2008 annual reports. This year's review will be performed on receipt of the published 2009 annual reports from each subsidiary.

Parent company financial and sustainability objectives

Objective	Performance target	Performance
1. CCHL financial and distribution performance meets the shareholder's expectations.	CCHL pays a dividend for the 2009 financial year that meets or exceeds budget, and achieves the other budgeted key performance measures set out in Note 38.	Achieved – CCHL paid a dividend of \$36.7 million (effectively \$38.0 million after adding back subvention payment adjustments). Performance against other targets is described in Note 38.
2. CCHL's capital structure is appropriate for the nature of its business.	CCHL will review its capital structure, including its target credit rating, to ensure it best meets the needs of the company and its shareholder, and if necessary make recommendations to the shareholder regarding the structure.	The CCHL Board has deferred this review until the outcome of the proposed charitable trust structure is known, as this will have a significant bearing on CCHL's ongoing profitability and financial position.
3. CCHL's investments provide an appropriate return in relation to their business risk, and against external benchmarks.	CCHL will periodically review the performance of subsidiary companies and other investments against external benchmarks, and assess the value of the investment in the individual company in relation to its inherent business risk and community benefits.	The performance of the major subsidiaries was benchmarked against comparable companies, and profitability is regularly compared to a risk-free benchmark based on current valuations.
4. CCHL's treasury management policies and practices are consistent with best practice.	CCHL will review and update its treasury management policy in the 2009 calendar year.	An updated policy was reviewed and approved by the Audit and Risk Management Committee, and subsequently the full Board.

Parent company financial and sustainability objectives CONTD.

Objective	Performance target	Performance
5. CCHL will ensure all excess funds are used effectively.	The return on cash and deposits meets or exceeds the benchmark (NZX 90-day bank bill index).	Investment rates are summarised in the chart below. In the earlier part of the year, returns were above benchmark, but towards the end of the financial year, we brought funds back on call to increase liquidity in difficult trading conditions.
6. CCHL adopts a sustainable business approach.	CCHL will adopt sustainability reporting in its 2009 annual report and encourage its subsidiaries to adopt a sustainable approach to the running of their businesses.	The Board subsequently reviewed this objective and, in consultation with the Council, decided that in view of the very small size of the parent company, the costs of implementing sustainability reporting would outweigh any benefit. Sustainability reporting by the subsidiary companies has been incorporated in to the group annual report.



Report of the Auditor-General

AUDIT NEW ZEALAND
 Mana Arotake Aotearoa

Audit Report
To the readers of Christchurch City Holdings Limited and group's
financial statements and performance information
for the year ended 30 June 2009

The Auditor-General is the auditor of Christchurch City Holdings Limited (the company) and group. The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company and group, for the year ended 30 June 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the company and group on pages 3 to 57:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the company and group's financial position as at 30 June 2009; and
 - the results of operations and cash flows for the year ended on that date.
- The performance information of the company and group on pages 57 to 61 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2009.
- Based on our examination the company and group kept proper accounting records.

The audit was completed on 16 September 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company and group as at 30 June 2009 and the results of operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2009. The Board of Directors' responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit of the financial statements, we reviewed the company's interim financial statements. We have also carried out other assignments in certain of the company's subsidiaries. These involved a review of internal controls, and issuing audit certificates pursuant to the Commerce Act (Electricity Information Disclosure Requirements) Notice 2004, the Commerce Act (Electricity Distribution Thresholds) Notice 2004 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999. These assignments are compatible with those independence requirements.

Other than the audit and these assignments, we have no relationship with or interests in the company or any of its subsidiaries.



S M Tobin

Audit New Zealand

On behalf of the Auditor-General

Christchurch, New Zealand

Statutory Information

Ownership

The company is owned 100% by Christchurch City Council.

Principal activities

The company's principal activity during the year was to operate as an investment company of Christchurch City Council.

Directors' interests

The company maintains an interests register in which particulars of certain transactions and matters involving the directors are recorded. These are requirements under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2009:

Director	Directors' interests
Bruce Irvine (Chairman)	<ul style="list-style-type: none"> – Chairman – House of Travel Holdings Ltd, – Director – Godfrey Hirst Ltd and subsidiaries, MG Marketing Ltd and subsidiaries, PGG Wrightson Ltd, Pyne Gould Corporation Ltd and subsidiaries (including MARAC Ltd and Perpetual Trust Ltd), Rakon Ltd, Scenic Circle Hotels Ltd, Skope Industries Ltd – Trustee – Christchurch Art Gallery Trust, Christchurch Symphony Trust
Sarah Astor	<ul style="list-style-type: none"> – Chairperson – Meteorological Service of NZ Ltd, Metra Information Ltd – Director – Novo Strategic Brand Management Ltd, Sasco Holdings Ltd, Selwyn Plantation Board Ltd – Trustee – AdFund, Church Property Trustees, Ohinetahi Charitable Trust, Warren Architects Education Charitable Trust
Barry Corbett	<ul style="list-style-type: none"> – Councillor – Christchurch City Council – Director – Theatre Royal Charitable Foundation – Chairman – Eureka Trust – Trustee – Christchurch Casino Charitable Trust
Bill Dwyer	<ul style="list-style-type: none"> – Director – Canterbury GP Group Capitated Funding Trust Ltd, Christchurch City Networks Ltd, Demona Ltd, Lane Neave Ltd, Lane Neave Nominees 2007 Ltd, Lane Neave Ronaldson Solicitors Nominee Coy Ltd, LNR Client Services Ltd, Pegasus Health 24 Hour Surgery Ltd, 24 Hour Surgery Ltd – Partner – Lane Neave Lawyers – Trustee – Emergency Care Foundation
Bob Parker	<ul style="list-style-type: none"> – Mayor – Christchurch City Council – Director – Canterbury Development Corporation and subsidiaries, Canterbury Museum Board
Andy Pearce	<ul style="list-style-type: none"> – Chairman – Keratec Ltd, Terranova Trust, Wool Equities Ltd – Director – Anark Ltd, Bank Of New Zealand, Energy Efficiency and Conservation Authority, MigCo Pharmaceuticals Ltd, Seon Pearce and Associates Ltd
Bob Shearing	<ul style="list-style-type: none"> – Councillor – Christchurch City Council – Director – Canterbury Development Corporation and subsidiaries, Canterbury Economic Development Fund, RA Shearing Contractors Ltd – Trustee – RNZAF Museum Trust Board, Templeton Welfare Trust – Chairman – Church of the Holy Family Trust, Hornby Community Care Centre, Rose Historic Chapel Trust
Sue Wells	<ul style="list-style-type: none"> – Councillor – Christchurch City Council – Trustee – Arts Centre Trust Board

Transactions between CCHL and entities with whom certain directors are associated, are described in Note 36 to the financial statements.

Directors

There were no changes in directors during the year.

Remuneration of directors

Remuneration and other benefits paid or due and payable to directors for services as a director during the year were as follows:

Parent company directors' fees	\$
B R Irvine (Chairman)	59,000
S L Astor	32,285
B A Corbett	32,285
W J Dwyer	32,285
R J Parker	32,285
AJ Pearce	32,285
R A Shearing	32,285
S A Wells	32,285

Directors' insurance

The company has arranged directors' liability insurance for all directors and indemnified each of the directors by agreement in writing.

Loans to directors

There were no loans made to directors.

Subsidiary companies directors' fees

Orion Group Ltd	\$
C Boyce (Chairman)	75,000
M Andrews	51,000
J Dobson	43,000
G Gould	39,000
W Heaps	15,000
G Sheriff	38,000

Christchurch International Airport Ltd	\$
D McKenzie (Chairman)	60,788
S Bradley	33,675
J Boulton *	207,140
P Carter	48,260
A Harper	41,197
H Johnstone	45,184
S Sheldon	42,670

* This sum includes the payment of directors' fees to mid February 2009, and contract fees for the provision of services as Acting Chief Executive from mid February 2009 to 30 June 2009.

Lyttelton Port Company Ltd	\$
R Fisher (Chairman)	68,333
T Burt	25,333
R Carr	38,000
A Grant	40,000
W Luff	43,000
D McKenzie	14,583
B Sundstrum	37,000

Christchurch City Networks	\$
W Luff (Chairman)	42,331
W Bernard	5,875
W Dwyer	21,750
R Lineham	–
R Mander	16,458
M Milner	20,593

Red Bus Ltd	\$
P Rae (Chairman)	53,227
B McFedries	9,933
T Keenan	23,333
R McRobie	26,613
A Mountford	26,613
C Williams	26,613

City Care Ltd	\$
A King (Chairman)	47,733
W Crombie	28,333
M Devlin	19,400
H L Martyn	28,333
D Spence	17,866
T Thornton	33,333

Donations

The parent company made donations of \$2,000 during the year. Donations of \$34,000 were made by subsidiaries.

Dividends

The company has paid or provided fully-imputed dividends of \$36,731,000.

Employee Remuneration

Details of remuneration ranges for employees of the group and parent company are:

Salary bands \$'000	30 Jun 09	30 Jun 09
	Group No. of employees	Parent
100-110	51	–
110-120	36	–
120-130	20	1
130-140	17	–
140-150	7	–
150-160	5	–
160-170	4	–
170-180	3	–
180-190	4	–
190-200	2	–
200-210	2	–
210-220	2	–
230-240	1	–
240-250	2	–
250-260	3	1
270-280	2	–
290-300	3	–
370-380	1	–
380-390	1	–
430-440	1	–
440-450	1	–
460-470	1	–
670-680	1	–

Use of company information

During the year the Board received no notices from directors of the company requesting to use company information received in their capacity as directors which would not otherwise have been available to them.

Auditors

The Office of the Auditor-General is appointed as auditor under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services.

cchl
www.cchl.co.nz