Christchurch City Holdings Limited

Annual Report 2021

July 2020-2021

A WHOLLY OWNED SUBSIDIARY *of* CHRISTCHURCH CITY COUNCIL

Special thanks to Blane Waihi for his images. Additional images kindly supplied by ChristchurchNZ.

Contents

Chair's report

As we entered the 2020/21 financial year, New Zealand had just experienced one of the most significant periods in its economic and social history. Emerging from the nationwide lockdown – as much of the world was caught in the ravages of COVID-19 – while there was every indication that New Zealand had avoided the worst of the impacts we had imagined at the start of the pandemic, the future was still very uncertain.

For Christchurch City Holdings Limited Group – with links into every part of our community and regional economy – uncertainty is a true test of our organisation's capabilities: its strengths, responsiveness and leadership. This makes the achievement of this year's Group profit of $93m, from Group revenue of $1,024m, and payment of $34m in dividends to Council, together with the broader contributions the organisation continued to make to our community, something everyone within the Group should be proud of.

In our last Annual Report, we reflected on the decade of extraordinary change we had seen in our region. From the quakes to COVID, our community had been severely tested. And in many ways, that experience has honed and reinforced the response the Group has been able to make to this current crisis. The strength we already had as a Group pre-COVID was multiplied throughout this year, particularly in the increasing level of knowledge-sharing and interconnectedness displayed right across CCHL, reinforcing our response to the latest challenge for our community, our region and our economy.

A key part of this was our commitment to act as guardians for the $4.8bn asset base we manage on behalf of our community – our kaitiakitanga. That intergenerational focus, which relies on looking back as well as forward, helped shape the decisions we made as we responded to not only the direct impacts of COVID, but also the rapid and often shifting changes in the local economy. In particular, this saw CCHL take a strongly prudent approach to the management of these assets for future generations, carefully controlling our approach to servicing debt, and providing returns for our shareholder while balancing the needs of our subsidiary businesses to continue to invest for the future.

Of note was the response from our people, which reflects the mana we hold within our community and region. From responding to the immediate crisis, to adapting to a market that was at once uncertain and increasingly complex, the way the Group's people responded over the last year has been a real testament to their skills, experience and commitment. This was seen at every level of the Group, from the chairs and chief executives, boards and managers, to the front-line staff who were interacting directly with our community.

Our approach of decentralised leadership, combined with regular open and transparent communication plays a core role in interweaving the strands of the subsidiaries, making the group stronger than the sum of its individual parts. The power of leveraging that strength and reinforcing that interconnectedness is also underscored by projects like Te Whariki, which has brought people together from across the Group to share their skills and experience, provide support and form new relationships.

Looking forward, the strengths we have displayed as a Group over the last year will continue to be required as we navigate the opportunities and challenges ahead. This includes turning our attention to significant intergenerational challenges, particularly climate change. The fact that, at the time of writing, New Zealand is facing another significant outbreak of the Delta COVID variant, only serves to reinforce the ever-changing nature of our business environment, and the importance of remaining flexible, dynamic and coordinated in our response.

Jeremy Smith (Chair) and Lianne Dalziel (Mayor)

As a Group, we are well placed to help our community and region respond to these significant challenges and make the most of the opportunities ahead. While COVID has certainly challenged the tourism industry, the dramatic bounce back in domestic travel has underscored Christchurch Airport's key role in the South Island's future. At Orion, they are planning now for the network which will be required to support the future flow of electrons that will be required in a decarbonised society. Our Port is helping the region's industries navigate the reshaping of our international supply chains. Citycare is well positioned to be a substantial player in our nation's water reforms. EcoCentral is critical to our region's response to sustainability. And reflecting CCHL's confidence in investing in assets that make a long-term difference to our community and economy, Enable has demonstrated the vital role it plays in our modern environment – becoming established as a fully profitable business, while ensuring our community has access to world class fibre broadband as COVID has accelerated changes in work practices. To be clear, this is very unlikely to have been achieved at this time without CCHL taking the lead on this $500m investment.

As infrastructure businesses, we tend to operate in an environment where our services only really garner attention when there's a disruption. But I would like to take this opportunity to pay tribute to every member of the Group, who have helped through this extraordinary period to keep the lights on, data flowing, goods arriving, and move people around the country, while ensuring our community lives and works in an environment that is clean and safe. And in doing so, they have made a wide range of contributions to our community.

Jeremy Smith
Chair

Response to COVID-19

Although extremely challenging across many sectors, in terms of the health crisis and major economic disruption, New Zealand was largely spared the worst impacts of COVID-19 in the 2020/21 financial year. Through careful management and a focus on a prudent and efficient response, the Group performed ahead of expectations. However, managing the ongoing effects of the global pandemic – both direct and indirect – remains a constant reality for the Group.

Standing as they do at the border between our community and the rest of the world, both LPC and Christchurch Airport continued to manage their operations around strict infection-control processes.

LPC's frontline workers were among the first in New Zealand to be vaccinated – an important step in protecting themselves, their workmates, whānau and the wider community. As the financial year ended, the vaccine roll-out was well underway for LPC's 280 border workers, including cargo handlers, marine pilots and the security team. LPC is also part of the Ministry of Health's Border Worker Testing Register.

Even after the vaccine, the port's regular testing programme continues, with over 100 nasal COVID-19 tests happening a week at LPC.

The Christchurch Airport team played an instrumental role working in conjunction with government agencies and the Canterbury District Health board to develop and implement safe border processes and protocols for the opening of quarantine free travel between New Zealand and Australia. While interrupted by the Delta variant outbreak in Australia, the programme demonstrated the capabiity to successfully manage a safe bubble opening.

In a normal year, over 35,000 tonnes of imports and exports are handled through Christchurch Airport – everything from fresh flowers, crayfish, meat and artificial limbs and even COVID-19 vaccines. Valued at over $4.5b annually, the trade helps support around 60,000 jobs in the South Island's productive sector.

Closing the borders to international visitors resulted in the removal of the widebody aircraft that are used to carry airfreight in and out of the South Island. At the onset of the border closures, faced with no way of getting airfreight into and out of the South Island, Christchurch Airport worked with the Ministry of Transport and the freight industry on the establishment of a freight support scheme. The 2021 financial year saw the scheme continue, ultimately attracting more widebody aircraft than normal to provide dedicated freight services from a range of airline partners.

As an essential service provider, Orion is acutely conscious of its responsibility to maintain vital power to the homes and businesses in Ōtautahi Christchurch and central Canterbury throughout the COVID-19 pandemic. Throughout all alert levels, Orion continued to operate efficiently and support our community to keep safe. The company has implemented extensive safety measures to ensure it can continue to maintain essential power services and help limit the spread of COVID-19. These include isolating each member of its Control Room and Customer Support team to reduce unnecessary interaction with the people who run our essential services.

The local community continues to choose fibre broadband in significant numbers, with over 132,000 customers now connected to the city-wide fibre network – 80% of Enable's long-term predicted customer base. This level of demand has been reinforced by changing patterns of work in the post COVID-19 environment, which have increased the reliance on stable, high-speed data while demonstrating the importance of being prepared for future dependency on a home broadband service.

The experience of EcoCentral in 2020/21, which maintained a good level of trade despite anticipating a severe impact from COVID-19, highlights the widespread effects of the pandemic, and in particular its influence of global supply chains.

The post-COVID lockdown environment saw a vastly different recycling landscape both globally and in New Zealand, with a global shortage of recycled fibre (paper and cardboard) and huge challenges with international shipping. Many local and international recycling operations were closed due to pandemic-related issues of contamination, staff shortages or the inability to ship product to market.

While EcoCentral was able to continue to produce high-quality fibre for sale, high levels of contamination, which spiked during lockdown, continues to remain a challenge. EcoCentral has also employed short-term storage to mitigate some of the issues created by the difficulty of moving commodities internationally. However, the business expects the challenges with shipping to continue for at least the next 12-18 months.

Preparing for the future of work

In the 2020/21 financial year, the Group rolled out Te Whāriki, a new platform designed to better utilise the skills of the Group's 3000-plus workforce – leveraging skills across the group, increasing employee engagement and preparing for the future of work.

Developed by New Zealand company FutureWork Studio, the platform was specifically designed to help companies better leverage the diverse capabilities that already exist within their organisation. Using a simple, intuitive design, individual employees create their own profile on the platform to share their skills and interests, post requests for assistance and contribute to tasks across the Group.

The Group recognised that it needed to think differently about the way it works and operates in a fast-evolving world, particularly as the experience of COVID-19 accelerated the pace of workforce change.

After piloting the programme in 2020, the Group and its subsidiaries have already seen major results across 12 related entities, including the city's major infrastructure companies, Christchurch Airport, Lyttelton Port Company, Orion Group, Enable, EcoCentral and Citycare Group. During the pilot stage, more than 700 employees joined the platform, with 155 listings posted, including projects, tasks and development opportunities – over 70% of which have been resourced by people outside their own organisation.

The platform is designed to empower employees to choose to be involved in projects that they find interesting, reflect their skills or provide opportunities for personal development. Recent projects include experimenting with virtual reality technology, seeking short-term business analyst capabilities, and collaborating on wellbeing challenges.

The platform has not only helped resource work projects, but also helped support the Group's focus on diversity, with a range of new networks formed across the wider organisation, including a Te Reo community and the Women in Leadership Series, which showcases leaders from within the Group in pursuit of lifting inclusion and diversity across the Group.

CCHL's most important asset is its people. Te Whāriki is enabling the Group to use the skills and talents within the organisation more efficiently and effectively in delivering the services it provides to the people of Canterbury. It is also helping grow and support the team's capabilities, creating an efficient, engaged, cost effective and future-proof way of working for the benefit of the whole community.

Kaitiakitanga – *protecting and enhancing our future, together*

CCHL's intergenerational approach to the assets it manages for the community not only shaped its approach to the COVID recovery. This long-term focus – as guardians for future generations – also helps guide the decisions made by leaders across the organisation, with an emphasis on future-proofing investments, building and enhancing the skills and talents available across the wider organisation and protecting the health and wellbeing of our community – now and in the future.

Applying the lessons of the past

As Christchurch Airport recovered from the 2010/11 Canterbury quakes, the organisation took several opportunities to build resilience into the business and prepare for a future major event like COVID-19. Prior to the outbreak of the pandemic, Christchurch Airport established its campus development programme, with a diversified investment strategy ensuring the organisation wasn't reliant on the performance of only one sector. The airport also introduced a new fees structure, meaning domestic passengers are as valuable as international ones and putting the emphasis on shared growth with its airline partners.

These strategies meant Christchurch Airport was well placed to respond to the current global pandemic crisis, while pursuing projects like maintaining and enhancing international airfreight services, making a constructive contribution to initiatives like smart border development protocols, and structural changes in the terminal to create red and green pathways for safe travel.

Eliminating Christchurch's digital inequality

The experience of the initial COVID-19 lockdown highlighted the considerable impacts of digital inequality – with increased social and community isolation experienced by people across Ōtautahi Christchurch who do not have access to the internet. In response, Enable has partnered with Ōtautahi Community Housing Trust (ŌCHT) to eliminate digital inequity for ŌCHT housing tenants living in Christchurch through a new 10-year partnership. More than 60% of ŌCHT tenants are not connected to the internet at home, compared to an estimated 10% of the whole community.

Enable and ŌCHT have created a model that aims to address the digital barriers of access to connectivity and devices, skills, motivation and trust. Subject to Government approval, the partners will be rolling out this significant digital equity initiative over the next year.

Enable has also continued to work with the Ministry of Education to provide a free wholesale fibre broadband service to any school student without access to the internet where there is Enable network infrastructure installed in the home. Enable sees this as a possible first step in defining an appropriate operating model and solution for permanently addressing the needs of digitally-excluded students in greater Christchurch.

Powering up Christchurch's growing suburbs

The investment being made in world-class, critical infrastructure by both Enable and Orion is laying the groundwork for the growth and development of Ōtautahi Christchurch as a connected and future-focused 21st Century city.

Orion is increasing the capacity and resilience of its power network to support the city's future growth in the Northwood and Belfast area. A new 4.1km 66kV power cable is being built to connect a new zone substation on Blakes Road to the network at Orion's Marshland Zone Substation in Prestons Road to support growth in the north of Ōtautahi Christchurch.

The project is progressing ahead of schedule, and Orion has had responsive engagement with the local community.

Enable continues to invest in network capacity at the edge of its coverage area to serve several thousand new homes each year.

Fostering new tertiary talent

Orion's Energy Academy has partnered with the University of Canterbury and Te Pūkenga to pilot a new model that redefines the roles of industry in tertiary training. Students are matched with a range of real industry projects and mentors to enhance and accelerate their learning while nurturing our future workforce.

The pilot hopes to test assumptions and incorporate learnings to scale the model across multiple courses and tertiary institutions in 2022.

Enhancing our heritage

Listed as a Category 1 heritage site, LPC's dry dock – first opened in 1883 – is undergoing new improvements. New edge protection has been developed to replace the existing system, which will work to keep LPC employees safe while providing access for loading machinery. Further improvements include upgrades to the stairs, a new ship crew amenity building, a new sluice gate, and a complete overhaul of the electrical infrastructure.

Protecting our community

Extreme heat and tinder dry conditions saw a team of Citycare Property firefighters in action over summer. This specialist rural firefighting team has existed at Citycare for the past two decades and helped at many fires in Canterbury over this time. The firefighters' day jobs range from gardeners to project managers, but this expert crew is on call 24/7 to respond to vegetation fires.

The team has comprehensive training every year to keep everyone up to date with their theory and practical skills. Some of the rural fire crew also serve as volunteers for Fire and Emergency New Zealand in the communities where they live.

Stepping up for the environment

When a South Auckland childcare centre sought help for a massive stream clean-up, crews from Citycare Water and 2 in a Ute stepped up for the environment.

As a result, the Blossoms Educare playground now overlooks a clean and tidy natural area alongside the Ōtara Creek and the kids and community understand more about caring for the environment.

Late last year, the teams cleared over two and a half tonnes of rubbish and five tonnes of green waste from the stream's surrounding steep banks in Bairds Road in collaboration with the Ōtara Waterways and Lake Trust.

The Trust aims to keep local waterways clean, to educate children on the impact of littering, and to engage the community on long-term environmental care outcomes.

Mana –

making a meaningful contribution

Whether it is advocating on vital issues that will have an enormous impact on the future of our community, finding creative ways to address key challenges or establish new opportunities for local people, or representing our region in a way that adds even greater value to our economy and our society, the mana the Group holds is a direct reflection of the strength it draws from establishing deep connections across the region.

Supporting local industry

With limited international travel options, Kiwis have shifted their focus to travelling domestically. As a result, Christchurch Airport has seen domestic capacity rebuild more strongly than expected. Domestic airlines are all experiencing significant travel demand within New Zealand, with a number of routes performing ahead of pre-COVID-19 levels.

Christchurch Airport has worked in partnership with ChristchurchNZ and Tourism New Zealand to promote all that Christchurch has to offer, both as New Zealand's newest city and as a jumping-off point to the rest of the South Island.

Christchurch Airport is now also the gateway for the South Island for a wide range of freight services. This has helped support the digital transformation of local industries, with many businesses across the South Island taking to e-commerce – many in direct response to their experience of the pandemic.

This online trade tends to be heavily reliant on airfreight. As a result, parcel volumes at Christchurch Airport have risen about 40% across the past year. This has seen specialist airfreight operator Airworks add a daily 737 freighter to Auckland and then on to Melbourne, where e-commerce goods are increasingly warehoused. On any given evening, up to three 737 freighters can be seen on the bespoke parcels-hub ramp at Christchurch Airport.

Industry-leading services

EcoCentral has continued its position as an independent and impartial thought-leader in the waste industry. This role is strengthened by EcoCentral's continued relationship with the Ministry for the Environment (MfE), WasteMINZ, the Group, and their communication and advocacy around sustainability issues on their social media platforms. EcoCentral also provided input into the development of the Christchurch City Council Waste Minimisation Management Plan and is currently discussing options for how waste transfer facilities might be redeveloped in the future.

A well-maintained electricity network, combined with a year of mild weather, meant Orion maintained its position as one of the most reliable networks in the country – providing security for the community which depends on its essential service. As testament to the community's confidence in Orion, its annual survey found 96% of residential customers said they were satisfied with Orion's network reliability, and 91% said they trusted Orion.

Innovation and creativity saving time and money

Citycare Water detectives are using specialist CCTV equipment to discover what is causing stormwater and wastewater pipe blockages for councils all over New Zealand. In the past, pinpointing the location of a drainage problem relied on guess work and digging a big hole. Now, the rover camera enables operators to explore and inspect the underground pipe network for 200 metres from their specially-equipped CCTV van.

Technology has also guided Citycare Water's out-of-the-box approach to protect underground pipes, while extending the life of four odour-control biofilter beds at the Tahuna wastewater treatment plant in Dunedin. A Citycare Water team rehabilitated the beds for the Dunedin City Council, with the assistance of Clearwater Civil, using eight-tonne diggers lifted onto the site with an 80-tonne mobile crane. Video equipment was employed to review the digger movements to track any effects of the weight of the diggers on the extensive pipe network in the biofilter beds before, during and after the clean-up.

Long-term community commitment

Orion's partnership with Community Energy Action has now been running for 23 years. The long-running support from Orion has enabled this community organisation to provide more-efficient heating, lighting, curtains to cover cold windows, and better-insulated homes for the elderly and those in need of support. This year alone, Orion has helped 450 of its most vulnerable customers' homes to be warmer, healthier and more energy efficient.

Financial

2021 Group Result

The reported consolidated Group profit for the year ended 30 June 2021 was $93m compared to a 2021 Statement of Intent (SoI) target of $5m and last year's $(54)m loss.

The 2021 result has been impacted by two significant matters:

- Better than expected recovery from COVID-19; and
- Improved impairment and revaluation movements following Lyttelton Port Company (LPC) asset revaluation in 2020.

Better than expected recovery from COVID-19

Due to the unique circumstances that have faced New Zealand (and the world) over the past 18 months, the Group has continued to recover from COVID-19 and contribute to the city's economic and social recovery. Whilst the impact of COVID-19 on some of CCHL's trading entities has been significant, the Group holds a diverse group of key infrastructure assets and has the ability to balance the challenges of some of the entities in the short term, with others that have not been as adversely impacted.

Several of the Group's subsidiaries exceeded their SoI targets, with the key contributors being:

- Christchurch International Airport (CIAL) – due to an unexpectedly high level of demand for domestic travel, income from its property portfolio being largely maintained and the use of the Novotel Christchurch Airport as a managed isolation facility;
- Lyttelton Port Company (LPC) – buoyancy in export and import volumes, as well as a material gain in volume from a new contract;
- Strong cost control across the Group; and
- Divestment of the former Red Bus Limited's operating contracts

All identified impacts of COVID-19 have been reflected in the financial statements, and in the relevant note disclosures. The primary area that COVID-19 has impacted on the Group is in the estimates and assumptions in respect of the fair value measurement of property, plant and equipment and investment properties.

Improved impairment and revaluation movements following LPC asset revaluation in 2020

During the prior year, LPC changed its accounting policy from carrying property, plant and equipment at historical cost less depreciation and impairment to carrying property, plant and equipment at fair value as one Cash Generating Unit (CGU). This is in line with the Group policy of valuing land and buildings and specialised assets at fair value. The impact of this change in accounting policy, and subsequent reduction in the value of LPC's assets in 2020, has resulted in a significant reduction in impairment and revaluation movements in 2021 compared with 2020.

Other Group results

Operating revenue was $1,024m in 2021 compared to $1,031m in 2020. The key contributors to the year-on-year movement were:

- Citycare's operating revenue grew by $25m as a result of growth in capital projects and new contracts in the current year, as well as the impact of lockdown on prior year operating revenue;
- LPC's revenue was up $14m, driven by increased charges relating to the container trade and growth in the logs trade;
- CIAL saw revenue fall by $(24)m, as an ongoing direct result of the Government's decision to impose lockdowns and close borders in response to COVID-19 and the resulting impact on aeronautical and terminal lease revenue; and
- Development Christchurch Ltd's (DCL) operating revenue was down $(12)m driven by reduced Christchurch City Council funding due to the winding down of its business operations.

Investing in community assets

Christchurch City Council's decision in 1993 to retain its key infrastructure assets through the establishment of CCHL has created a successful public ownership model. The model has enabled CCHL to make over $1.9b of capital and dividend payments to the Council since 1995, allowing major investments in community assets, while reducing the impact on rates from such investments.

Over the same period, the asset value of CCHL through its trading companies has grown from some $400m to $4.79b.

Total Group equity has risen from $261m in 1995 to over $2.04b today, of which $1.67b is attributable to Christchurch City Council as the 100% shareholder of CCHL, noting that CCHL owns 100% of its subsidiaries with the exception of Orion (89.3%) and CIAL (75%).

Other gains amounted to $50m in 2021 compared with $15m in 2020, largely due to the uplift in the value of CIAL investment property.

Group assets have increased to $4,793m from $4,548m, mainly due to:

- the continued property development programme by CIAL;
- the revaluation of the fibre network at Enable;
- the capital programme at Orion; and
- the revaluation of assets at LPC.

Overall, Group net assets increased from $1,849m in 2020 to $2,053m in 2021.

Subsidiaries

Orion

Orion's full year net profit after tax is $15m lower than the prior year. This is primarily due to lower delivery revenue as a result of the Commerce Commission's price reset, effective 1 April 2020. The prior year's result was also boosted by a one-off $5m deferred tax benefit from the reinstatement of tax depreciation on commercial and industrial buildings as part of the Government's response to COVID-19.

Orion paid $30m of fully imputed dividends to its shareholders, in line with its Statement of Intent Target.

Christchurch International Airport

The recovery of domestic aviation has been stronger than originally anticipated across the year ended 30 June 2021. This, coupled with income from the use of CIAL's hotel as a managed isolation facility, the strength of the property portfolio and the continued compression of core controllable operating costs, has delivered a net profit after tax (including fair value gains on investment properties) of $39m for CIAL during 2021, down 17.3% compared to the prior year. This reflects the fall in operating revenue due to lower passenger numbers, offset somewhat by the strong gains in the value of the investment property portfolio. As a result of the impact of COVID, CIAL did not pay distributions during 2021.

Total passenger numbers for the year were 3.7m, compared to 5.2m last year. Domestic passengers reduced six per cent year on year, and international passengers reduced 95% with borders largely closed for the year.

Lyttelton Port

LPC achieved net profit after tax of $16m in 2021, $7.5m better than the Statement of Intent target. This was due to a combination of strong cost control, increased pricing as LPC moves towards generating a fair return from its infrastructure investments, and a faster than expected recovery for most cargos following the 2020 Covid-19 related lockdown.

LPC made total distributions of $10m this year, in line with its Statement of Intent target.

Enable Services

Enable achieved NPAT of $15.8m in 2021, $3.6m ahead of Statement of Intent. Enable's revenue grew to $84.4m from continued growth throughout the year with over 132,000 customers now connected – 80% of Enable's long-term predicted customer-base. This customer-base underpins Enable's ongoing growth in telecommunications revenue. Another strong year in terms of financial performance and careful management of the business in the face of the global COVID-19 pandemic and the associated market uncertainty was a critical factor in this success.

Enable delivered its first dividend of $18m, a year ahead of initial expectations.

Another key milestone achieved this year was the repayment by CCHL of the loan provided by the Crown under Enable's Ultra-fast Broadband agreement to fund a portion of the core network build. The repayment of this loan has released Enable from several obligations to the Crown and reinforced its ownership by and focus on the Christchurch community.

Citycare

Citycare's revenue increased by $34m in 2021 compared to the prior year, resulting in a net profit after tax of $5.6m for the 2021 financial year.

Citycare Water and Citycare Property both delivered profitable performance and exceeded their respective budgets in 2021.

Citycare made distributions to CCHL of $4.55m, comprising a final dividend of $2.75m relating to the 2020 financial year and a $1.8m interim dividend for the 2021 financial year, exceeding the Statement of Intent targets.

EcoCentral

EcoCentral's net profit after tax bounced back to a healthy $2.43m (2020: $72,000 loss), following an unexpected increase in sales volumes, and rising commodity prices for recyclables.

This allowed EcoCentral to pay a dividend to CCHL of $0.5m.

RBL Property

RBL Property made an after tax profit of $3m, largely due to the sale of the bus operating business in December 2020 which resulted in a reclassification of the bus business to discontinued operations.

Development Christchurch

Development Christchurch historically is provided with $3m of operational funding each year for services provided to the Christchurch City Council, and one-off funding for specific projects. The net loss for 2021 compared with 2020 profit of $1.1m largely reflects the discontinuation of Christchurch City Council funding due to the wind down of the business operations.

Parent Overview

The CCHL parent company does not undertake trading operations in its own right. Its primary assets are its investments in its operating subsidiaries, and advances to its subsidiaries.

CCHL's net profit for the year was $51m compared with $32m in 2020. This a direct reflection of increased dividends received largely due to the $18m dividend from Enable.

The total carrying value of CCHL's main investments as at balance date have increased to $3,182m, up from $2,928m in 2020. This increase is predominantly due to revaluation increases at CIAL, Enable, Orion and Citycare, with reductions in RBL Property and DCL.

The company paid dividends to Christchurch City Council of $34m (2020: $22m), largely due to Enable's $18m dividend, being Enable's first dividend payment. Dividends were higher than the SoI target of $18.8m which is largely due to the special dividend paid by RBL Property of $17m as a result of the sale of ECan Bus Contracts in December 2020.

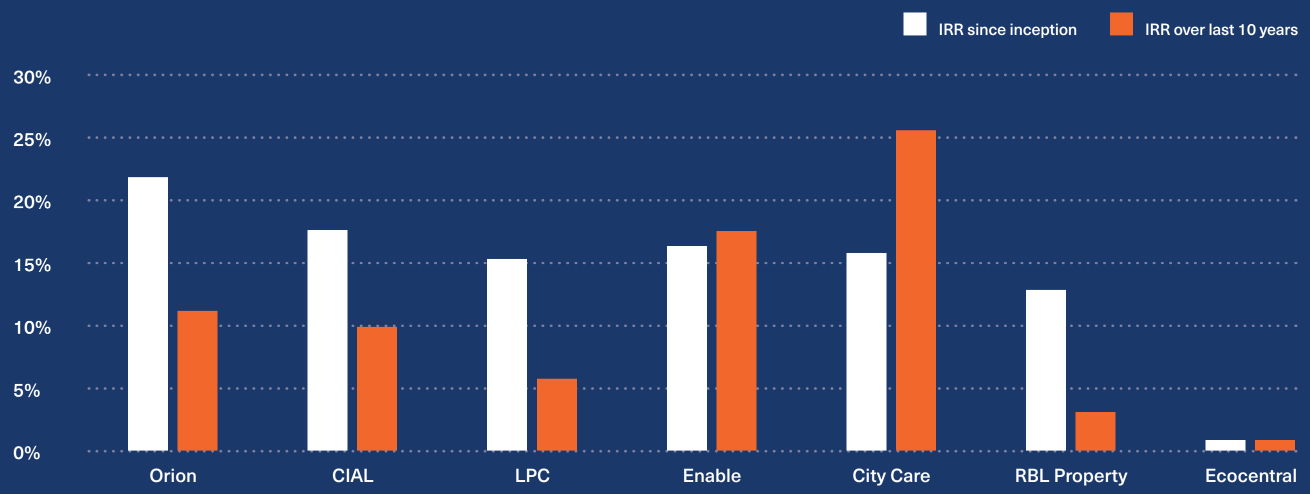
CCHL's total liabilities to total tangible assets ratio of 32.1% has declined from 34.2% in 2020, and remains well within the financial covenant of 60%. The increased dividend income this financial year has increased CCHL's interest cover ratio to 2.81 times from 2.14 times. Whilst CCHL continues to monitor this ratio, it remains comfortably above the 1.5 times minimum covenant requirement.

Return on investment

This chart shows what CCHL has earned on its investments since CCHL acquired each investment and over the last 10 years.

The chart uses an annualised internal rate of return (IRR) methodology. This includes dividends received and changes in the value of each investment. The valuation of each investment is an important, but subjective, input in the IRR calculations.

Nevertheless, CCHL believes that IRR is a good indicator of investment returns over long periods.

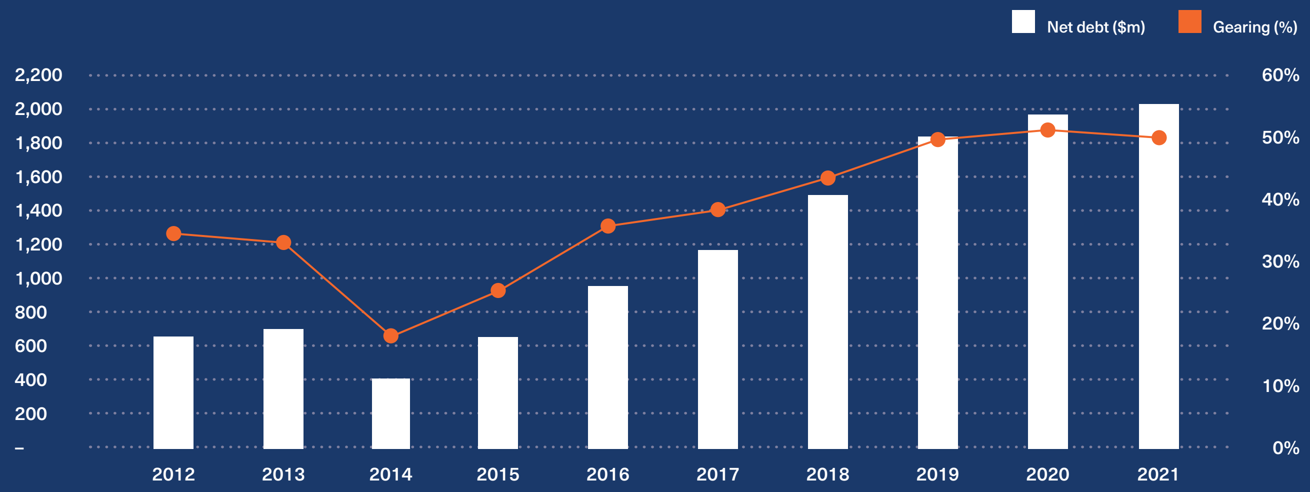


Group debt and gearing

The increase in debt from 2014 to 2021 is largely the result of:

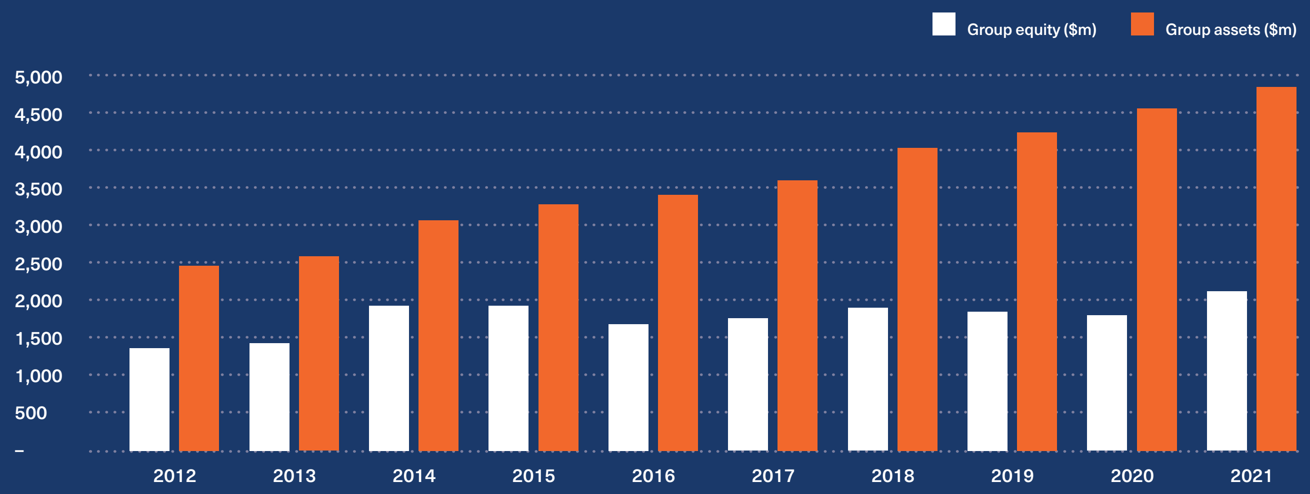
- CIAL's ongoing property development programme
- Orion and LPC's earthquake recovery and capital works programmes
- Enable's fibre network construction programme
- Capital release programme, including share buy-back by Orion.

Although Group debt levels are increasing, they remain relatively low for a group that predominantly comprises stable infrastructure businesses.



Group equity and assets

This chart shows the growth in Group equity and assets over the last 10 years. This growth is in addition to the payment of $853m of dividends to the Council over the same period.



Sustainability –

facing the challenge

While the wide-reaching effects of COVID-19 were daily considerations for the Group, preparing to meet the longer-term challenges of climate change has been an ongoing focus for the organisation. From undertaking regular programmes and initiatives to clean up local environments, to strategic decisions about how to respond now to the challenges of the future, sustainability is a key performance measure for CCHL.

The Te Whāriki initiative has identified a number of areas where the Group can collaborate to resolve issues facing the wider business. Late in the 2021 financial year, the Board endorsed the Terms of Reference for a newly created CCHL Sustainability Working Group (SWG). This included setting Group expectations within the 2022 financial year Statement of Intent around sustainability, with particular reference to carbon reduction. This work will be prioritised in the 2022 financial year and will set a foundation for the future.

Industry-leading approaches to sustainability

To help combat climate change, Orion announced its commitment to achieving carbon neutrality for corporate emissions (which excludes emissions from transmission losses) by June 2022 – the first electricity company in New Zealand to commit to such a target. Initiatives being implemented by Orion include reducing vehicle and building emissions and investing in natural climate initiatives, such as aiming to plant more than 200 hectares of native forestry locally that will provide carbon offsets.

Having been the first airport in the world to achieve a Level 4 rating in the Airport Council International's (ACI) decarbonisation assessment in 2020, Christchurch Airport has been contacted by a range of leading international airports, including the New York Ports Authority (which operates the three New York airports), Perth International Airport and up to 40 other Asia Pacific airports, to share its learnings and help them on their decarbonisation journey.

This achievement reflects a comprehensive energy transition plan within CIAL over several years, placing Christchurch Airport on track to remove around 90% of Scope 1 CO_2e against its 2015 baseline numbers. As a result of this, the airport has made the decision to become carbon neutral certified from 2021 onward – bringing its 2030 target forward by nine years and lifting it to Level 4+ under the ACI world airports grading, the highest you can achieve.

Enable also has a goal of being a net-zero emissions business by 2030. Operational targets have been set up for corporate electricity use, business travel and vehicle emissions, while also aiming to reduce paper and stationery use, as well as food and waste to landfill. So far, Enable has achieved a 50% reduction in carbon emissions, and a 51% average in waste reduction.

LPC has received Toitū Envirocare enviromark gold certification for its environmental management system. To achieve the certification, the audit looked at factors such as LPC's environment and health and safety compliance, policies and procedures, support from leaders, and project management. LPC's goal is to reach the final level of certification; diamond, next year, and have this across all three LPC sites.

Enhancing our region's recycling capabilities

In 2020, EcoCentral carried out a study into the options for better processing of fibre and plastic products, particularly looking for onshore alternatives.

As a result of the study, in 2021, EcoCentral was granted a Deed of Funding for a $16.8m upgrade of the EcoSort recycling facility. The upgrade will provide for enhanced processing of plastics in New Zealand, and vastly improve quality of fibre commodities for both onshore and overseas markets.

Working with the community to support sustainability

In March, Orion Group teamed up with Ara Ake and The Ministry of Awesome to launch the Orion Energy Accelerator, a national competition calling for new ideas to reduce New Zealand's carbon emissions.

Ten energy start-ups have been selected into the accelerator programme from applications across the country, with ideas spanning from electric tractors to powering the energy poor. The programme will see two teams win their share of $25,000 to dedicate to the development of their emissions reduction concept.

Planting riparian buffers of native plants at a South Auckland waterway not only improves the local water quality, but also provided an opportunity for school students to learn about sustainability. Through Citycare's sponsorship of the Student Volunteer Army Schools Programme, teams from Citycare Water and 2 in a Ute recently supported a volunteering event with students from Mission Heights Junior College in Manukau. Stormwater operations staff and water quality professionals worked alongside the students, highlighting how stormwater systems have an impact on water quality down the line in our rivers and waterways and at beaches.

Enhancing biodiversity

To help restore a 500-hectare block of land on Banks Peninsula's Te Ahu Pātiki, LPC has committed to contributing to ongoing maintenance and development costs over the first 10 years of the project. The Rod Donald Banks Peninsula Trust recently purchased the area with the goal of restoring it to a native haven and ensuring public access for future generations. LPC's support of the project is designed to help encourage increasing biodiversity in the Banks Peninsula area.

Innovative landscaping by Citycare Property is providing native fish with new habitats in Christchurch waterways and enhancing water quality.

In one project, the Landscapes team built fish shelves as they replaced 100 metres of the timber-lined Sissons Drain in Papanui. The shelves are a new test concept for the Christchurch City Council, designed to provide shade above the waterline for the fish in environments where there is no natural foliage or rocks overhanging the waterway.

Another project was adding cobble clusters to a large section of the Ōpāwaho/Heathcote River in Somerfield, Cashmere, Beckenham and St Martins. More than 6000 stones and boulders were placed at sites along the river to give fish cover in the mid-channel of the river so they can hide during the day and come out to feed at night.

Cooking oil powering Orion's generators

Orion has found a new, low carbon alternative fuel: cooking oil. Orion's Sustainability Project Engineer, Zain Kader, conducted a trial to see if Orion's generators could be powered by biodiesel, a clean-burning diesel replacement made from recycled vegetable oil, which is produced locally. The trial was successful, generating a steady flow of power. Further trials are now being conducted to assess the viability of switching from diesel to biofuel on an operational scale.

People –

stronger together

The experience of the last year – as well as that of the preceding decade – has reinforced just how vital CCHL people are to the performance of the entire Group. This year has seen even greater focus on the interconnectedness of the whole organisation, drawing on the broad range of skills and talents from across the Group, celebrating our diversity and building on the advantages it brings. Our ultimate aim is to ensure we are making a real difference to people who are not only part of our business, but across our wider community.

New ways of working

In May, Enable completed a people-focused programme to design new ways of working. This was based on implementing fully-flexible working arrangements for all Enable employees, with the project culminating in the move into new purpose-designed office space.

The new office has allowed people to work in ways that suit them, while making room for greater collaboration. Wellbeing features are also included in the new space, such as different types of ergonomic set-ups and a wellbeing/prayer room.

Due to ongoing uncertainty from the pandemic, Enable also partnered with a leader in workplace psychology to support employees and their family members in becoming more resilient. The programme provides employees with the skills to stop, reflect and invest in themselves, contributing to overall personal strength and resilience.

To invest in the development of its people, EcoCentral has focused on promoting awareness of wellbeing and communication skills. EcoCentral is working hard with staff, customers and stakeholders to stay connected and be aware of changes to each other's wellbeing.

After staff returned from weeks of remote working, Christchurch Airport's People and Culture team created a new initiative to help the team reconnect. The 'Knowledge Bites' lunchtime series, has covered a wide range of topics, including sharing something they might not use at work every day – language skills (Mandarin, te reo Māori, French, German, Samoan), how to live more sustainably, a guide to social media, financial skills, negotiation skills and airport projects.

Promoting diversity and inclusion

Recognising the importance of fostering a more diverse and inclusive workplace, Orion established the Orion Inclusion Council. The Council aims to promote acceptance and respect uniqueness, grow inclusiveness to leverage different skills and perspectives, and integrate inclusion values into the workplace and within the wider community. To date, the Council has arranged more than 13 events to promote diversity, such as Treaty of Waitangi, Diwali and Chinese New Year celebrations, and an International Women's Day panel.

Orion has also created Wāhine tū tahi, wāhine kaha, a women and leadership series aimed to encourage women to think about how to succeed and prosper in a work environment dominated by men. Across six Zoom panel sessions, wahine across the Group and partner organisations heard from women in senior roles from across the Group and local external agencies, including Orion Chair, Jane Taylor; CCHL director, Claire Evans; General Counsel for Enable, Ali Khan; Citycare director, Penny Hoogerwerf; and ChristchurchNZ Chief Executive, Joanna Norris.

Some of the Enable team visited Tuahiwi Marae to develop a better understanding of mana whenua in Ōtautahi Christchurch, as a first step in building a closer relationship.

Fostering new talent

Citycare has always had a strong commitment to supporting on-the-job learning through apprenticeship pathways. Around the country, Citycare offers graduate and field leadership programmes, traineeships and apprenticeships for a full spectrum of roles, from painting trainees to graduate civil and environmental engineers.

The appeal of an apprenticeship is to earn money while gaining skills and qualifications. Pre-trade training opportunities are available around New Zealand, to give prospective apprentices a taste of working in a particular industry.

Citycare Water has also established a new internship programme, designed to promote learning through experience and foster the development of tomorrow's workforce. Interns work well alongside Citycare Water's graduate engineers, contract managers and specialist engineers, gaining valuable on-the-job insights to complement their studies, interests and career aspirations.

Connecting communities

To help strengthen community connections, LPC worked with Te Hapū o Ngāti Wheke to cook and deliver hāngi to over 600 people across all three of LPC's Lyttelton, Woolston and Rolleston sites. Sharing kai with friends, family and workmates is at the core of whanaungatanga, one of LPC's values. LPC is looking forward to making this an annual event.

EcoCentral's engagement and education for wider stakeholder groups has increased significantly in the last 12 months. Nearly 100 recycling education sessions have been delivered by EcoCentral to around 6,500 people from a variety of areas – including within the Group.

Enhancing leadership

A priority for the Orion Group is to energise its leaders and encourage them to be agile, and to approach the way they do things with an 'out of the box' mindset. To develop their leadership capability, 68 leaders from across the Orion Group participated in a nine-day course to provide them with the skills and tools to confidently lead the Orion Group on an evolutionary journey.

Road safety in the red zone

A disused cul-de-sac in Christchurch's red zone has been transformed into a vibrant and colourful learn to ride track thanks to a collaborative effort between Citycare, the Student Volunteer Army (SVA), Live in Vacant Spaces (LiVS) and Land Information New Zealand (LINZ). A roundabout, road markings and signs created a mini road in Longview Place in Burwood where children can practice their bike skills.

Citycare also drew on its hero partnership with the SVA to assemble a group of young volunteers for painting and landscaping. Bringing some more life and people back to the red zone was a great outcome for the Citycare volunteers and young helpers from St Albans School, Rangi Ruru Girls' School, Papanui High School and Cashmere High School.

Christchurch
City Holdings
Limited

Financial Statements

For the Year Ending 30 June 2021

A WHOLLY OWNED SUBSIDIARY *of* CHRISTCHURCH CITY COUNCIL

Directors' Responsibility Statement

These financial statements are for Christchurch City Holdings Group (Group), a group comprising Christchurch City Holdings Ltd and the entities over which it has control or joint control.

Christchurch City Holdings Ltd is registered in New Zealand under the Companies Act 1993.
The directors are responsible for ensuring that the Group financial statements present fairly in all material respects:

- The Statement of financial position as at 30 June 2021;
- the Statement of comprehensive income, the Statement of changes in equity and the Statement of cash flows for the year ended 30 June 2021; and
- the Statement of performance for the year ended 30 June 2021.

The directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates, and comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and IFRS as appropriate for profit-oriented entities.

The directors consider that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the Group.

The directors have pleasure in presenting the financial statements of the Group, set out on pages 33 to 110, of the annual report for the year ended 30 June 2021.

The Board of Directors of Christchurch City Holdings Limited authorises these financial statements for issue on 29 September 2021.

For and on behalf of the Board.

Jeremy Smith
Chair
Christchurch
29 September 2021

Alex Skinner
Director
Christchurch
29 September 2021

Table of contents

Statement of financial position

As at 30 June 2021

	Note	Group 2021 $'000	Group Restated 2020 $'000	Group Restated 2019 $'000
Non-current assets				
Property, plant and equipment	4	3,774,360	3,616,191	3,532,133
Investment property	5	656,642	571,658	491,202
Other financial assets	10b	28,630	35,044	28,798
Intangible assets	13	26,218	27,895	41,969
Inventory	11d	16,675	16,532	11,139
Right of use assets	17c	28,464	34,484	–
Finance lease receivable	17f	41,750	42,688	–
Debtors and other assets	11a	6,155	6,273	6,510
Total non-current assets		**4,578,894**	**4,350,765**	**4,111,751**
Current assets				
Cash and cash equivalents	12	54,346	50,334	8,767
Debtors and other assets	11a	100,336	85,964	89,454
Contract assets	11e	18,896	21,051	22,420
Finance lease receivable	17f	2,172	502	–
Inventory	11d	19,379	18,233	17,618
Assets classified as held for sale		3,432	2,199	–
Other financial assets	10a	7,208	12,528	2,475
Current tax asset		8,550	6,331	–
Total current assets		**214,319**	**197,142**	**140,734**
Total assets		**4,793,213**	**4,547,907**	**4,252,485**
Non-current liabilities				
Borrowings	6a	1,447,202	1,432,905	1,560,249
Net deferred tax liabilities	9d	358,765	290,886	321,367
Provisions and other liabilities	15	63,447	120,688	73,948
Lease liabilities	6c,17b	65,748	70,959	10,020
Total non-current liabilities		**1,935,162**	**1,915,438**	**1,965,584**
Current liabilities				
Borrowings	6a	633,691	612,269	262,102
Creditors and other payables	14	113,495	113,087	119,747
Provisions and other liabilities	15	42,862	45,700	41,204
Contract liabilities	11e	7,369	4,897	5,615
Lease liabilities	6c,17b	7,841	7,444	1,083
Current tax liabilities		–	–	1,468
Total current liabilities		**805,258**	**783,397**	**431,219**
Total liabilities		**2,740,420**	**2,698,835**	**2,396,803**
Net assets		**2,052,793**	**1,849,072**	**1,855,682**
Equity				
Share capital	20	94,144	94,144	86,779
Reserves	21	786,080	657,342	588,821
Retained earnings		801,387	756,116	845,853
Parent entity interests		**1,681,611**	**1,507,602**	**1,521,453**
Non-controlling interests	3	371,182	341,470	334,229
Total equity		**2,052,793**	**1,849,072**	**1,855,682**

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

Statement of comprehensive income

For the year ended 30 June 2021

	Note	Group 2021 $'000	Group Restated 2020 $'000
Operating revenue	7a	1,023,793	1,030,791
Other income including revaluations of investment property	7b	49,833	15,099
Total revenue and gains		1,073,626	1,045,890
Operating expenses	8	715,400	708,948
Earnings before interest, tax, depreciation and amortisation		**358,226**	**336,942**
Depreciation	4, 17c	141,126	141,876
Impairment and revaluation movements	4, 13	10,050	193,285
Amortisation	13	6,850	6,272
Total depreciation, impairment and revaluation movements, and amortisation		158,026	341,433
Earnings before interest and tax		**200,200**	**(4,491)**
Finance income		2,035	2,394
Finance costs	6	75,581	78,867
Net finance costs		73,546	76,473
Net profit/(loss) before tax		**126,654**	**(80,964)**
Income tax expense	9	37,780	(27,388)
Profit/(loss) from continuing operations (after tax)		88,874	(53,576)
Profit/(loss) from discontinued operations (after tax)	7c	4,068	(568)
Net profit/(loss) after tax		**92,942**	**(54,144)**
OTHER COMPREHENSIVE INCOME			
Items that will not be recycled to profit or loss:			
Revaluation of assets		149,998	133,596
Income tax effect		(38,322)	(27,016)
Revaluation of assets, net of income tax effect		111,676	106,580
Items that may be recycled to profit or loss in future:			
Cash flow hedges		52,030	(41,957)
Income tax effect		(16,081)	12,370
Cash flow hedges, net of income tax effect		35,949	(29,587)
Other comprehensive income for the year, net of tax		**147,625**	**76,993**
Total comprehensive income for the year, net of tax		**240,567**	**22,849**
Profit/(loss) for the year attributable to:			
Owners of the parent		79,195	(71,024)
Non-controlling interests	3	13,747	16,880
		92,942	**(54,144)**
Total comprehensive income attributable to:			
Owners of the parent		207,644	205
Non-controlling interests	3	32,923	22,644
		240,567	**22,849**

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

Statement of changes in equity

For the year ended 30 June 2021

	Note	Share capital $'000 20	Asset revaluation reserve $'000 21	Hedging reserve $'000 21	Retained earnings $'000	Attributable to equity holders of parent $'000	Non-controlling interests $'000 3	Total $'000
Balance as at 1 July 2019		**86,779**	**630,075**	**(41,254)**	**838,052**	**1,513,652**	**334,229**	**1,847,881**
Prior period adjustment	26	–	–	–	7,800	**7,800**	–	**7,800**
Balance as at 1 July 2019 restated for prior period adjustment		**86,779**	**630,075**	**(41,254)**	**845,852**	**1,521,452**	**334,229**	**1,855,681**
(Loss) for the year (restated)		–	–	–	(71,024)	**(71,024)**	16,880	**(54,144)**
Other comprehensive income for year:								
Revaluation of assets		–	124,665	–	–	**124,665**	8,931	**133,596**
Revaluation of derivative financial instruments		–	–	(37,741)	–	**(37,741)**	(4,216)	**(41,957)**
Tax associated with revaluation movements		–	(26,800)	11,190	(85)	**(15,695)**	1,049	**(14,646)**
Other comprehensive income for year		–	97,865	(26,551)	(85)	**71,229**	5,764	**76,993**
Total comprehensive income		–	97,865	(26,551)	(71,109)	**205**	22,644	**22,849**
Transfer on disposal of revalued assets		–	(2,793)	–	2,793	**–**	–	–
Dividends paid or provided for	20	–	–	–	(22,000)	**(22,000)**	(15,403)	**(37,403)**
Adjustment for share acquisitions		7,365	–	–	–	**7,365**	–	**7,365**
Other		–	–	–	580	**580**	–	**580**
Balance as at 30 June 2020		**94,144**	**725,147**	**(67,805)**	**756,116**	**1,507,602**	**341,470**	**1,849,072**
Profit for the year		–	–	–	79,195	**79,195**	13,747	**92,942**
Other comprehensive income for year:								
Revaluation of assets		–	129,849	–	–	**129,849**	20,149	**149,998**
Revaluation of derivative financial instruments		–	–	46,595	–	**46,595**	5,435	**52,030**
Tax associated with revaluation movements		–	(33,407)	(14,559)	(30)	**(47,996)**	(6,407)	**(54,403)**
Other comprehensive income for year		**–**	96,442	32,036	**(30)**	**128,448**	19,177	**147,625**
Total comprehensive income		–	96,442	32,036	79,165	**207,643**	32,924	**240,567**
Transfer on disposal of revalued assets		–	(106)	–	106	**–**	–	**–**
Dividends paid or provided for	20	–	–	–	(34,000)	**(34,000)**	(3,218)	**(37,218)**
Issue of shares	20	–	–	–	–	**–**	–	**–**
Other		–	366	–	–	**366**	6	**372**
Balance as at 30 June 2021		**94,144**	**821,849**	**(35,769)**	**801,387**	**1,681,611**	**371,182**	**2,052,793**

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

Statement of cash flows
For the year ended 30 June 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from operating activities			
Receipts from customers and other sources		1,015,378	1,038,448
Interest received		782	2,311
Payments to suppliers and employees		(716,311)	(706,146)
Interest and other finance costs paid		(68,618)	(72,182)
Income tax paid		(24,303)	(20,148)
Subvention payments		(2,153)	(4,602)
Net cash from operating activities of discontinued operations	7c	(334)	464
Net cash provided by/(used in) operating activities	23	204,441	238,145
Cash flows from investing activities			
Proceeds from investment in subsidiaries		–	–
Payment for property, plant and equipment		(174,863)	(288,418)
Proceeds from sale of property, plant and equipment		3,884	1,790
Payment for intangible assets		(4,206)	(8,419)
Payment for investment properties		(31,246)	(66,683)
Proceeds from sale of investment properties		–	–
Payment for investment into bank deposits		(223,000)	(25,000)
Proceeds from bank deposits maturing		228,381	14,301
Other		11,188	(1,587)
Net cash (used in)/provided by investing activities		(189,862)	(374,016)
Cash flows from financing activities			
Proceeds from borrowing		390,150	453,692
Repayment of borrowings		(355,793)	(239,400)
Repayment of lease liabilities		(7,706)	(6,816)
Proceeds from issue of shares	20	–	7,365
Dividends paid	20	(34,000)	(22,000)
Dividends paid – non-controlling interests		(3,218)	(15,403)
Net cash provided by/(used in) financing activities		(10,567)	177,438
Net (decrease)/increase in cash and cash equivalents		4,012	41,567
Cash and cash equivalents at beginning of year		50,334	8,767
Cash and cash equivalents at end of year	12	**54,346**	**50,334**

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

Notes to the financial statements
For the year ended 30 June 2021

Reporting entity

Christchurch City Holdings Ltd (CCHL) is a wholly-owned subsidiary of Christchurch City Council (Christchurch City Council), formed for the purpose of holding investments in subsidiary organisations. CCHL is a registered company under the Companies Act 1993 incorporated on 12 May 1993, and commenced operations on 14 May 1993.

CCHL is an issuer for the purposes of the Financial Markets Conduct Act 2013 as its issued debt securities are listed on the New Zealand Debt Exchange ("NZDX").

The financial statements include the consolidated position of CCHL and its subsidiaries ("the Group").

The financial statements of CCHL are for the year ended 30 June 2021. The financial statements were authorised for issue by the CCHL Board of directors on 29 September 2021. The Board of Directors has the power to amend the financial statements after issue.

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP), comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS'), other New Zealand accounting standards and with International Financial Reporting Standards (IFRS). For the purposes of complying with NZ GAAP the entity is a Tier 1 for-profit entity, and is reporting in accordance with Tier 1 for-profit accounting standards.

The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013.

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

The financial statements, in New Zealand dollars, are prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

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.

Group Ownership			Shareholders		Balance date
Parent	**Business**				
Christchurch City Holdings Ltd	Holding Company	100%	Christchurch City Council		30 June
Subsidiaries		**CCHL%**	**NCI Holder**	**NCI %**	
Orion New Zealand Ltd	Electricity network	89.275%	Selwyn District Council	10.725%	31 March
Christchurch International Airport Ltd	Airport	75.0%	Minister of Finance	12.5%	30 June
			Minister for State-Owned Enterprises	12.5%	
Lyttelton Port Company Ltd	Port	100%			30 June
Enable Services Ltd	Broadband network	100%			30 June
City Care Ltd	Contracting	100%			30 June
RBL Property Ltd	Investment Property	100%			30 June
EcoCentral Ltd	Waste recycling	100%			30 June
Development Christchurch Ltd	Holds land assets for ChristchurchNZ	100%			30 June

Section 461(3) of the Financial Markets Conduct Act requires the reporting entity and all its subsidiaries to have the same balance date. As noted above, Orion New Zealand Ltd (Orion) and its subsidiary has a 31 March balance date. CCHL applied for and has received an exemption from this obligation from the Financial Markets Authority until 27 August 2023.

Accounting policy – subsidiaries

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries (other than Orion New Zealand Ltd (Orion) – see below) are prepared for the same reporting period as the parent company (CCHL, parent or company), using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Orion has a balance date of 31 March. When the balance dates between a subsidiary and group differ, NZ IFRS 10 Consolidated Financial Statement (NZ IFRS10) require the subsidiary to prepare financial statements as at the Group's balance date for consolidation, unless this is impracticable to do so. Orion is subject to distinct legislative and regulatory regimes governing electricity distribution businesses (EDBs). Under the electricity industry regime, EDB's must demonstrate compliance with price-quality path requirements, and make extensive audited financial information disclosures assessed against a 12 month period ending on 31 March each year. It would be unduly burdensome, highly inefficient and therefore impractical for Orion and its subsidiaries to duplicate accounting and audit practices and resource to run two different balance dates for its financial and regulatory reporting. Consequently Orion's twelve month results to 31 March are consolidated into the Group's financial statements to 30 June, as they are within three months of the Group balance date. Adjustments are made to the 31 March information for effects of significant transactions or events that occur between 31 March and 30 June each year.

Subsidiaries are fully consolidated from the date on which control is transferred to CCHL and cease to be consolidated from the date control ceases. The purchase method of accounting is used to account for the consolidation of subsidiaries.

1 Significant changes in the period

COVID-19

Due to the unique circumstances that have faced New Zealand (and the world) over the past 18 months, the Group has continued to recover from COVID-19 and contribute to the city's economic and social recovery. Whilst the impact of COVID-19 on some of CCHL's trading entities has been significant, the Group holds a diverse group of key infrastructure assets and has the ability to balance the challenges of some of the entities in the short term, with others that have not been as adversely impacted.

The overall impact of COVID-19 on the Group has been reflective of the different sectors that each subsidiary operates in. The following list recognises the impact on each of the subsidiaries and their financial results:

Orion NZ Ltd (Orion):

Orion business activity during Levels 3 and 4 was restricted to emergency works response, some essential preventative maintenance and high priority capital work. Most of Orion's staff were working from home. During Level 2, most of Orion's business activity resumed with the required health and safety protocols in place and staff returned to their usual place of work. Level 1 predominantly saw a return to pre COVID-19 activity.

Overall, as the Level 3 and Level 4 lockdowns were of relatively short duration there was minimal impact on Orion's operational result for 2021 and 2020 and on the expected result for 2022. In 2021, Orion made support payments to its two emergency works contractors and also provided rent relief to a contractor. COVID has had minimal impact on Orion's SAIDI and SAIFI measures.

Christchurch International Airport Ltd (CIAL):

CIAL navigated phase 1 of COVID-19 using a pre-planned philosophy of stakeholder equity (balancing the needs of customers, staff, shareholders and social and economic stakeholders).

While the ongoing impacts of the response to the pandemic continue to evolve, following an initial period of reset, CIAL has subsequently moved into a period of recovery, adjusting operational and commercial structures to align to the ongoing uncertainty but also opportunities presented by the pandemic.

CIAL has seen a reduction in passenger numbers for the year ended 30 June 2021 and is forecasting a recovery back to pre-COVID-19 levels over the next few years. Whilst domestic passenger travel has recovered strongly, there remains uncertainty around the timing of the recovery trajectory for international air travel, given that the health management pathway remains the primary determinant when it comes to recovering the aviation and tourism sector.

Lyttelton Port Company Ltd (LPC):

LPC has recovered from the initial impact of COVID-19 with revenue exceeding 2020. LPC is fully operational other than cruise industry-related activity. LPC continues to be impacted operationally by COVID-19 including shipping schedule disruption which impacts on efficiency. LPC appreciates the incredible commitment shown by their team in this area, and the extensive testing and vaccinations required of frontline border workers.

Enable Services Ltd (Enable):

Enable business activity during Level 4 was restricted to emergency works response, some essential preventative maintenance and high priority capital work. During Level 2, most of Enable business activity resumed with the required health and safety protocols in place and their staff returned to their usual place of work. Level 1 predominantly saw a return to pre COVID-19 activity.

There has been minimal impact on Enable's operational results for 2020 and 2021, as the lockdown restrictions implemented remained in place for a relatively short period.

City Care Ltd (Citycare):

COVID-19 had a limited impact on the 2021 results.

During the year, the Civil property was merged into the Property sector, this resulted in approximately 40-50 redundancies, all of which have been included in the 2021 results.

EcoCentral Ltd (EcoCentral):

During Alert Levels 4 and 3, a number of EcoCentral staff worked remotely, while other staff continued to attend their refuse stations and recycling plant operation. EcoCentral services were limited to essential services, particularly the managing of household and essential commercial refuse. All normal operations were resumed in Level 2.

Impacts on the business were the closure of the retail store for the duration of Alert Levels 4 and 3, and the closure of the recycling plant during levels 3 and 4. EcoCentral also closed one of its three refuse stations during Alert Level 4. The effect on the revenue and expenses in 2020 and 2021 was the most significant with revenue in some months down by more than 30% from the previous year.

RBL Property Ltd (RBL Property):

Public transport was materially scaled back during the COVID-19 Lockdown and was offered free while New Zealand was at Alert level 3 and 4, so as to maintain physical distances for passengers and workers and to remove the need to handle cash. At Alert Level 2, Christchurch public transport reverted back to regular timelines and the Bus Interchange was reopened. RBL Property recommenced collecting fares on public transport. At Alert level 1 public transport returned to normal service.

NZTA implemented a financial support package for Urban and ECan schools contracts which saw RBL Property paid normal revenue less variable costs (e.g. fuel and road user charges) for services not actually provided. Consequently both revenues and costs were lower than normal periods. The net effect on earnings was not material.

The main impact of COVID-19 was on the Red Travel services which ceased and further contributed to the decision for this part of the business to be considered a discontinued operation as at 31 March 2020 (refer to note 7c for more detail on discontinued operations).

Development Christchurch Ltd (DCL):

In October 2020, DCL transitioned all of its operations and functions to ChristchurchNZ Ltd (CNZ) with CNZ providing services in relation to the assets that remain in DCL ownership. DCL also continues to hold an equity investment in Leisure Investments NZ Limited Partnership (LINZ), trading as Christchurch Adventure Park, on behalf of Christchurch City Council..

The impact of COVID-19 was the closure of the Christchurch Adventure Park during Level 4 and 3 impacting revenue during this period.

The Group Impact:

All identified impacts of COVID-19 have been reflected in the financial statements, and in the relevant note disclosures. The primary area that COVID-19 has impacted on the Group is in the estimates and assumptions in respect of the fair value measurement of property, plant and equipment and investment properties. Refer to notes 4 and 5 for further detail on the assumptions used in the valuation and the sensitivity of fair value to changes in these assumptions.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the year ending 30 June 2021 are included in:

Note 4: Property, plant and equipment

Note 5: Investment property

Note 9d: Deferred tax

Note 17: Capital and lease commitments

Other key judgements and impacts

In preparing the financial statements, management has made estimates and assumptions about the future that affect the reported amounts of assets and liabilities at balance date, and the reported amounts of revenue and expenses during the period.

Actual results could differ from those estimates. Note 16 details the areas of judgement, estimates and assumptions relating to the preparation of the Group financial report.

2 Segment reporting

The reportable segments of the Group have been identified in accordance with NZ IFRS 8, Operating Segments. The Group's operating segments are identified on the basis of the nine significantly different businesses whose individual operating results are received on a quarterly basis by the Group chief operating decision maker (CCHL Board) to assess and monitor performance.

The nine reportable segments are as follows:

i) **Orion New Zealand Ltd (Orion)** – owns and operates the electricity distribution network in Christchurch and central Canterbury.

ii) **Christchurch International Airport Ltd (CIAL)** – provides airport facilities and services to airline and airport users at Christchurch International Airport, holds investment property (land and buildings) from which it generates rental income.

iii) **Lyttelton Port Company Ltd (LPC)** – primarily involved in providing and managing port services and cargo handling facilities over three sites in the Canterbury region.

iv) **Enable Services Ltd (Enable)** – owns and operates the ultra-fast broadband fibre network across greater Christchurch and parts of Waimakariri and Selwyn Districts.

v) **City Care Ltd (CCL)** – provides construction, maintenance and management services for water, property and civil infrastructure sectors throughout New Zealand.

vi) **RBL Property Ltd (RBL Property)** – previously provided transport services in the urban bus sector primarily in the Canterbury region and since 7 December 2020 it holds investment property (land and buildings) from which it generates rental income.

vii) **EcoCentral Ltd (EcoCentral)** – manages the processing of refuse and sorting of recycling throughout Canterbury.

viii) **Development Christchurch Ltd (DCL)** – holds land assets for ChristchurchNZ to enable development projects and activities for Christchurch City.

ix) **Christchurch City Holdings Ltd (CCHL)** – does not trade in its own right, its primary assets are its investments in and advances to its operating subsidiaries.

Major customers: Revenue from Christchurch City Council amounted to $125m (2020: $113m) mainly from sales by CIAL, CCL, Orion, and LPC (refer to note 22). All group assets are domiciled and operated in New Zealand.

The Group's revenue from external customers by geographical location are not allocated to operating segments as they are not reported at group level.

Segment reporting explanation:

1. Revenue from external customers reflects the revenue of each separate segment excluding revenue earned from other group entities.
2. Segment profit/(loss) represents the actual profit/(loss) of each segment.
3. Parent total non-current assets and total assets includes the investment held in subsidiaries which have been measured at fair value as at 30 June 2021 per independent valuations completed by Deloitte. These investments and advances to subsidiaries are recognised in the 'other' column and have been eliminated on consolidation and do not form part of the primary statements. Refer to note 16a in regard to the critical judgements, estimates and assumptions relating to these valuations.
4. Capital expenditure and investments in the Parent total relates to equity investments made in subsidiaries during the period, which is then eliminated for the group total.
5. Intra-group transactions between segments have been eliminated on consolidation and recognised in the 'other' column.

2a For the year ended 30 June 2021

	Parent $'000	Orion $'000	CIAL $'000	LPC $'000	Enable $'000	CCL $'000	RBL Property $'000	Eco Central $'000	DCL $'000	Other $'000	Total $'000
Segment revenue	76,833	301,588	141,598	142,144	84,433	319,259	492	39,517	6,567	(88,638)	1,023,793
Inter-segment revenue	(76,833)	(1,098)	(1,102)	–	(5)	(8,416)	–	(443)	(741)	88,638	–
Revenue from external customers	**–**	**300,490**	**140,496**	**142,144**	**84,428**	**310,843**	**492**	**39,074**	**5,826**	**–**	**1,023,793**
Interest income	14,425	4	96	1,312	204	73	11	19	5	(14,114)	2,035
Interest expense	(37,418)	(11,345)	(23,530)	(3,322)	(13,270)	(647)	–	(288)	(28)	14,267	(75,581)
Depreciation and amortisation and impairment	(93)	(53,170)	(46,282)	(15,934)	(25,230)	(12,299)	(1,081)	(4,334)	(376)	773	(158,026)
Net realisations and revaluations	–	148	46,451	82	(251)	281	420	72	48	–	47,251
Taxation expense	–	(13,218)	(15,210)	(4,952)	(7,019)	(2,227)	(308)	(946)	337	5,763	(37,780)
Segment profit/(loss)	50,829	33,193	37,281	15,972	15,821	5,625	3,060	2,427	(575)	(70,691)	92,942
Total non-current assets (excluding derivatives and deferred tax)	3,659,249	1,248,884	1,963,143	516,645	722,872	49,031	16,190	11,474	24,823	(3,640,268)	4,572,043
Total assets	3,661,131	1,284,904	1,997,553	561,283	740,753	131,931	20,322	22,176	28,315	(3,655,155)	4,793,213
Total liabilities	1,176,780	606,730	796,970	197,099	383,343	70,799	2,003	10,960	1,893	(506,158)	2,740,419
Additions to non-current assets	8	86,732	37,675	44,627	63,774	5,683	–	308	154	(8)	238,953

The results of Orion, CIAL, LPC, Enable and CCL are deemed significant to the Group as they provide 96% of total revenue and 98% of total assets.

The operating segment presented for RBL Property comprises continued and discontinued operations with net profit after tax from discontinued operations reported directly in segment profit/(loss).

2b For the year ended 30 June 2020

	Parent $'000	Orion $'000	CIAL $'000	LPC $'000	Enable $'000	CCL $'000	RBL Property $'000	Eco Central $'000	DCL $'000	Other $'000	Total $'000
Segment revenue	59,087	307,471	165,721	128,258	76,985	294,305	18,912	34,638	18,147	(72,733)	1,030,791
Inter-segment revenue	(59,087)	(1,901)	(910)	–	–	(9,941)	–	(367)	(527)	72,733	–
Revenue from external customers	**–**	**305,570**	**164,811**	**128,258**	**76,985**	**284,364**	**18,912**	**34,271**	**17,620**	–	1,030,791
Interest income	14,225	32	86	1,437	81	102	28	31	47	(13,675)	2,394
Interest expense	(39,400)	(12,253)	(23,565)	(2,869)	(13,499)	(666)	–	(335)	(81)	13,801	(78,867)
Depreciation and amortisation and impairment	(109)	(51,288)	(42,059)	(206,737)	(24,186)	(12,033)	(737)	(4,166)	(510)	392	(341,433)
Net realisations and revaluations	–	(856)	13,482	(606)	6	290	28	51	–	–	12,395
Taxation expense	–	(11,908)	2,038	31,153	(3,661)	(2,375)	(222)	207	(376)	12,532	27,388
Segment profit/(loss)	31,972	48,315	46,725	(152,781)	11,320	5,616	(30)	(74)	1,126	(46,333)	(54,144)
Total non-current assets (excluding derivatives and deferred tax)	3,323,685	1,216,500	1,842,386	492,215	642,067	57,942	27,775	14,995	24,651	(3,301,746)	4,340,470
Total assets	3,329,826	1,250,329	1,885,606	557,263	666,790	131,538	36,294	21,292	28,881	(3,359,912)	4,547,907
Total liabilities	1,140,450	578,840	799,288	201,201	355,467	72,431	4,035	12,003	1,405	(466,285)	2,698,835
Additions to non-current assets	12,956	70,555	132,551	105,712	33,160	5,632	45	1,339	7,678	(12,956)	356,672

Accounting policy – segment reporting

The Group applies NZ IFRS 8 to its consolidated financial statements as it has fixed rate bonds traded in a public market. NZ IFRS 8's core principle is for an entity to disclose information to enable users to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

3 Non-controlling interests in subsidiary companies

Set out below is summarised financial information for each subsidiary that has non-controlling interests. At 30 June 2021, Orion New Zealand Ltd ('Orion') and Christchurch International Airport Ltd ('CIAL') were the only subsidiaries not 100% owned by CCHL.

	30 Jun 21 Orion $'000	30 Jun 21 CIAL $'000	30 Jun 21 Consolidation adjustments $'000	30 Jun 21 Total $'000	30 Jun 20 Orion $'000	30 Jun 20 CIAL $'000	30 Jun 20 Consolidation adjustments $'000	30 Jun 20 Total $'000
Non-controlling interest (NCI)	**10.725%**	**25.0%**			**10.725%**	**25.0%**		
Revenue	303,868	189,439			307,663	179,203		
Net profit after tax	33,193	38,658			48,315	46,726		
Other comprehensive income (OCI)	3,492	75,607			4,270	21,224		
Total comprehensive income	36,685	114,265			52,585	67,950		
Profit allocated to NCI	**3,560**	**9,665**	**522**	**13,747**	**5,182**	**11,682**	**(258)**	**16,606**
OCI allocated to NCI	**375**	**18,902**	**(102)**	**19,175**	**458**	**5,306**	**–**	**5,764**
Current assets	31,735	20,480			26,706	18,975		
Non-current assets	1,253,169	1,977,073			1,223,623	1,873,334		
Current liabilities	53,334	261,954			149,663	155,286		
Non-current liabilities	553,396	535,016			429,177	650,702		
Net assets	678,174	1,200,583			671,489	1,086,321		
Carrying amount of NCI	**72,734**	**300,146**	**(1,698)**	**371,182**	**72,017**	**271,850**	**(2,127)**	**341,470**
Operating cash flows	76,303	36,420			93,129	72,747		
Investing cash flows	(74,554)	(40,473)			(67,713)	(142,978)		
Financing cash flows*	(334)	4,000			(25,692)	73,551		
	1,415	(53)			(276)	3,320		
* Includes dividends paid to NCI	(3,218)	–			(5,041)	(10,362)		

Accounting policy – non-controlling interests

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated balance sheet, separately from the equity of the owners of the parent.

Key assets and liabilities

4 Property, plant and equipment

	Land $'000	Leased assets $'000	Buildings $'000	Plant and equipment $'000	Electricity distribution system $'000	Airport infrastructure assets $'000	Harbour structures $'000	Optical fibre network $'000	Work in progress $'000	Total $'000
Gross carrying amount										
Cost/valuation at 1 July 2019	604,902	–	434,366	462,496	1,102,578	392,291	398,644	536,880	199,463	4,131,620
Additions	66,579	–	120,124	30,377	73,932	33,543	54,007	37,050	43,233	458,845
Disposals	–	–	(39)	(25,386)	(2,669)	–	(2,379)	–	–	(30,473)
Net movements in work in progress	–	–	–	–	–	–	–	–	(165,697)	(165,697)
Re-classified as held for sale	–	–	–	(4,437)	–	–	–	–	–	(4,437)
Net revaluation increments/(decrements)	6,269	–	(960)	–	(127,210)	29,305	–	53,139	–	(39,457)
Net foreign currency exchange differences	–	–	–	–	–	–	–	–	–	–
Transfers	89,993	–	148	6,732	(13,191)	(21,353)	(70,049)	(1,920)	(90)	(9,730)
Cost/valuation at 30 June 2020	767,743	–	553,639	469,782	1,033,440	433,786	380,223	625,149	76,909	4,340,671
Additions	5,800	–	492	21,464	50,478	–	16,301	28,952	88,607	212,094
Disposals	–	–	(620)	(51,794)	(1,080)	(617)	–	–	(289)	(54,400)
Net movements in work in progress	–	–	–	(61)	–	–	–	–	–	(61)
Re-classified as held for sale	–	–	–	(11,112)	(1,320)	–	–	–	–	(12,432)
Net revaluation increments/(decrements)	6,806	1,377	(46,918)	–	–	16,411	–	46,047	–	23,723
Transfers	(25,225)	6,011	14,483	10,775	–	10,227	–	–	(57,433)	(41,162)
Cost/valuation at 30 June 2021	755,124	7,388	521,076	439,054	1,081,518	459,807	396,524	700,148	107,794	4,468,433
Accumulated depreciation and impairment										
Accumulated balance at 1 July 2019	(11,643)	–	(43,175)	(286,125)	(91,798)	(9,939)	(137,057)	(19,750)	–	(599,487)
Disposals	–	–	35	24,190	1,621	–	1,716	–	–	27,562
Revaluation adjustments	18	–	3,212	–	129,364	1,342	–	39,117	–	173,053
Re-classified as held for sale	–	–	–	1,081	–	–	–	–	–	1,081
Revaluation adjustments charged to comprehensive income	(70,033)	–	(10,771)	–	–	–	(74,342)	–	–	(155,146)
Impairment losses	(15)	–	(563)	(35,234)	(1,864)	–	–	–	–	(37,676)
Reversal of impairment losses charged to comprehensive income	–	–	–	1,713	–	–	–	–	–	1,713
Depreciation expense	(720)	–	(27,125)	(29,225)	(39,879)	(11,800)	(4,902)	(20,619)	–	(134,270)
Net foreign currency exchange differences	–	–	–	–	–	–	–	–	–	–
Transfers and other	(3,056)	–	1,749	(5,150)	2,555	34	1,454	1,104	–	(1,310)
Accumulated balance at 30 June 2020	(85,449)	–	(76,638)	(328,750)	(1)	(20,363)	(213,131)	(148)	–	(724,480)
Disposals	–	–	611	39,929	684	9	–	–	–	41,233
Revaluation adjustments	–	–	73,082	–	(8)	32,206	–	20,989	–	126,269
Re-classified as held for sale	–	–	–	8,625	320	–	–	–	–	8,945
Revaluation adjustments charged to comprehensive income	–	–	(1,247)	–	–	–	(624)	–	–	(1,871)
Impairment losses	(54)	–	(4,357)	(1,120)	(2,263)	–	–	–	–	(7,794)
Depreciation expense	(48)	–	(30,374)	(25,005)	(41,001)	(11,856)	(5,066)	(20,989)	–	(134,339)
Transfers and other	(9)	–	(385)	(1,667)	–	–	(480)	–	505	(2,036)
Accumulated balance at 30 June 2021	(85,560)	–	(39,308)	(307,988)	(42,269)	(4)	(219,301)	(148)	505	(694,073)
Carrying amount at 30 June 2020	**682,294**	**–**	**477,001**	**141,032**	**1,033,439**	**413,423**	**167,092**	**625,001**	**76,909**	**3,616,191**
Carrying amount at 30 June 2021	**669,564**	**7,388**	**481,768**	**131,066**	**1,039,249**	**459,803**	**177,223**	**700,000**	**108,299**	**3,774,360**

When measuring the fair value of property, plant and equipment held by the Group, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	% of Group	2021 $'000	2020 $'000
Carrying amount significantly attributable to:			
Orion New Zealand Ltd	32.6%	1,230,437	1,198,233
Christchurch International Airport Ltd	34.6%	1,307,628	1,263,491
Lyttelton Port Ltd	12.4%	469,845	441,971
Enable Services Ltd	18.8%	709,241	631,023
Other subsidiaries	1.6%	57,209	81,473
Total		3,774,360	3,616,191
% of Group Total		100%	100%
For assets that are revalued			
If these revalued assets had been measured using the cost model, the net carrying amount would be:			
Freehold land		353,829	456,694
Buildings		317,103	341,914
Plant and equipment		105,712	141,989
Electricity distribution system		1,038,892	1,002,918
Airport infrastructure assets		190,922	191,870
Harbour structures		177,223	241,435
Optical fibre network		507,884	498,382
Other		56,356	–
Total		**2,747,921**	**2,875,202**

The following categories of property, plant and equipment are subject to operating leases:

- land associated with aeronautical activities, retail facilities within the terminal and other commercial activities carried at $99m (2020: $91m)
- terminal facilities, being 36.3% of total floor area or $108m (2020: 33.8% of total floor area or $100m)
- buildings associated with aeronautical activities $23m (2020: $18m)
- land associated with Port activities $8.0m (2020: $8.2m)
- buildings associated with Port activities $0.1m (2020: $0.1m)

Orion New Zealand Ltd

Electricity distribution network

The electricity distribution network, including substation buildings and easements, ('the network') was revalued to fair value of $1,044.6m as at 31 March 2020, based on a valuation range provided by independent valuer Deloitte Limited (Deloitte), in accordance with NZ IAS 16, Property, Plant and Equipment, NZ IAS 36, Impairment of Assets, and NZ IFRS 13, Fair Value Measurement. Deloitte has significant experience in undertaking valuations of unlisted entities and assets for unit pricing, accounting and commercial purposes.

Including capital work in progress, Deloitte's valuation resulted in a total network valuation of $1,080.1m.

In the absence of an active market for the network, Deloitte calculated fair value using significant unobservable inputs (level 3, as defined in NZ IFRS 13). Deloitte used a discounted cash flow (DCF) methodology. Deloitte based its cash flow forecasts on Orion's cash flow forecasts and adjusted those forecasts to remove the impacts of expansionary growth on forecast future revenues, operating expenditure and capital expenditure.

Deloitte's key valuation assumptions were that:

- for the ten years ending 31 March 2030 estimated network revenues follow the Commerce Commission's building blocks approach, but exclude growth assumptions related to expansionary growth
- for the five years ending 31 March 2025 network revenues will be below the Orion's default price-quality path (DPP) limit as a result of excluding expansionary revenue and expenditure
- for the five years ending 31 March 2030 network revenues will be reset to achieve returns based on the new expected regulatory parameters (reset regulatory WACC on regulatory investment value)
- the estimated DCF mid-point discount rate is 5.0% (nominal, post-tax). The discount rate is a matter of professional judgement. Deloitte has used the ten year NZ government bond rate as at the valuation date as the basis of risk free rate. This has been used in conjunction with a view of an appropriate post tax market risk premium. Deloitte has used the same level of asset beta and similar level of leverage to that set by the Commerce Commission for the five year regulatory period starting 1 April 2020.

Deloitte performed sensitivity analysis as follows:

- a capital expenditure increase/(decrease) of 5% would decrease/(increase) fair value by $7m/($7m)
- an operating expenditure increase/(decrease) of 5% would decrease/(increase) fair value by $20m/($20m)
- a discount rate increase/(decrease) of 0.5% would decrease/(increase) fair value by $49m/($47m)
- an increase/(decrease) in distribution revenue of 0.5% would increase/(decrease) fair value by $5m/($5m).

Deloitte considered the impact of COVID-19 within its valuation, and:

- made no specific adjustments to cash flows as delivery revenues are regulated and electricity is an essential service, and therefore any impact is expected to be relatively short-term with respect to long-life assets
- allowed a specific equity risk premium of 0.5% in its WACC calculation to allow for increased uncertainty in market conditions at the date of the valuation, which equates to 0.3% of total WACC. If this premium was changed/removed Deloitte would expect to consider a range of other assumptions. However, if a single point change was made to remove this, the valuation would have been $29m higher.

Since 1 April 2020, Orion processed asset additions at cost, removed assets on disposal and depreciated assets to determine a carrying value as at 31 March 2021.

As at 31 March 2021, Orion engaged Deloitte to review the valuation of the electricity distribution network undertaken in the previous year. The 31 March 2021 review was also undertaken in accordance with NZ IAS 16, NZ IAS 36 and NZ IFRS 13. Deloitte used updated cash flow forecasts prepared by Orion.

The major change in Deloitte's methodology from the 31 March 2020 revaluation was a DCF mid-point discount rate of 4.5% (nominal, post-tax). The discount rate is a matter of professional judgement. Deloitte has used the ten year NZ government bond rate as at the valuation date as the basis of risk free rate.

Deloitte used a similar methodology to that outlined above and determined that the fair value of the electricity distribution network was materially the same as its carrying value at that date.

Asset impairment

In the year ended 31 March 2021, Orion impaired the carrying value of its electricity distribution network and substation buildings on the basis that capital contributions reduce the value of Orion's regulatory asset base, and this in turn reduces Orion's future revenues from future regulatory price resets. Orion has recognised:

- $2.3m (2020: $1.2m) of capital contribution revenue during the year
- $2.1m (2020: $1.9m) of associated impairment expense during the year.

Land and non-substation buildings

Orion's land and non-substation buildings were revalued to fair value as at 31 March 2020, by Marius Ogg, in accordance with NZ IAS 16, Property, Plant and Equipment, NZ IAS 36, Impairment of Assets, and NZ IFRS 13, Fair Value Measurement. Mr Ogg is a registered valuer and a senior director of Colliers International Limited. Mr Ogg used significant observable inputs (level 2, as defined in NZ IFRS 13).

Mr Ogg's valuations resulted in a total land and non-substation buildings valuation of $108m. Mr Ogg:

- selected a representative sample of Orion's substation sites and valued land at those sites using sales comparisons and unit metre frontage methodologies (level 2). Mr Ogg compared his values with their respective rateable values. He used these comparisons to develop standard site multipliers, which he applied to rateable land values for approximately 2,500 substation sites
- valued Orion's head office land and building using a market rental assessment and a capitalisation rate of 7.0% and compared his result with recent market transactions (level 2)
- valued Orion's Waterloo Road property using a market rental assessment and a capitalisation rate of 5.75% and compared his result with recent market transactions (level 2).

Mr Ogg considered the impact of COVID-19 within his valuation, and:

- applied various discounts to assessed market values to reflect the movements in those markets due to COVID-19
- allowed a margin in his derived capitalisation rates for the various properties of between 0.25% and 0.50% to reflect the current market uncertainty
- issued his valuation report as being subject to "material valuation uncertainty". The overall reduction in value due to COVID-19 adjustments is of the order of 3-4%.

Since 1 April 2020, Orion processed asset additions at cost, removed assets on disposal and depreciated assets to determine a carrying value as at 31 March 2021.

As at 31 March 2021, Orion engaged Mr Ogg to review the valuation of land and non-substation buildings undertaken in the previous year. The 31 March 2021 review was also undertaken in accordance with NZ IAS 16, NZ IAS 36 and NZ IFRS 13.

Mr Ogg updated values using a similar methodology to that outlined above and determined that the fair values of Orion's land and non-substation buildings were materially the same as its carrying value at that date.

Christchurch International Airport Ltd

CIAL's land, buildings, terminal facilities, car parking assets, and sealed surface and infrastructure assets are recorded at fair value and, in the absence of significant observable inputs, are classified as Level 3 within the fair value hierarchy as defined by NZ IFRS 13, Fair Value Measurement.

At each reporting date CIAL assesses whether the carrying value of each asset class differs materially from the fair value and consequently determines if a revaluation is required. This assessment is completed by independent valuers. Management reviews the key inputs, assesses valuation movements and holds discussions with the valuers as part of the process.

Revaluation of property, plant and equipment

The methods of valuation applied by independent valuers are as follows:

Land

- Specialised assets: where there is no market-based evidence of the sale of such land the value has been determined taking into account:
  - benchmark selling prices for land in the local commercial, industrial, service, residential and rural markets;
  - its existing zoning;
  - 'chance of change' methodology considering the chance of changing land zoning to an airport zone;
  - adjustments to reflect the unique features of the land which includes its size, location, titles, easements and services; and
  - the overall land use plan for the relevant campus site.
- Commercial portfolio: with valuations taking reference to the wider market for sales evidence of land zoned for similar permitted activities, with adjustments made for the size, location and physical characteristics of these assets.

Buildings

At market value based on the estimated amount for which a property would exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably, prudently, and without compulsion, but with the explicit assumption that the existing use of the asset is ignored.

Where a building is a specialised asset then it will be valued at optimised depreciated replacement cost (ODRC). ODRC measures the minimum cost of replacing or replicating the service potential embodied in the assets with modern equivalent assets in the most efficient way practicable, given the service requirements, the age and condition of the existing assets and replacement in the normal course of business.

Hotel business assets

Hotel business assets are valued using a discounted cash flow and income capitalisation rate approach. The discounted cashflow valuation takes into account forecast financial performance, including capital expenditure, using a ten-year investment horizon. The income capitalisation approach determines the fair value by capitalising an asset's sustainable net income at an appropriate, market derived capitalisation rate based on an analysis of sales of comparable assets.

Terminal facilities

Terminal facilities are a specialised asset and are valued using ODRC.

Notes to the financial statements

For the year ended 30 June 2021

Car parking assets

Car parking assets are valued using a discounted cash flow valuation approach, using a forecast ten-year discount period and an allowance for an appropriate terminal value reflecting an estimate of their residual estimated life. The valuation adopted a mid-year discount approach within both the forecast cashflows as well as the terminal value assessment. In prior years an end of year discounting approach was used. The approach to the allocation of the car park valuation is to assess the ODRC based valuation of the car parking assets and then apportion the additional value over and above this to the underlying land value.

Sealed surfaces and infrastructure assets

The ODRC approach is utilised to value sealed surfaces and infrastructure assets. The optimisation process minimises the cost of replacing the services offered, given the age and condition of the existing assets and recognising the incremental process (brownfield) associated with airport development.

Costs reflect the replacement of current assets with modern equivalents, an optimised construction sequence and adjustment to allow for the difficulties associated with a "brownfield" environment. Where appropriate, adjustments have been made to eliminate surplus assets, obsolescence and over design. The valuation methodology considers the asset inventory (description and quantity of assets), relevant optimisation, estimation of the current replacement cost and depreciation to reflect remaining life expectancy.

On 30 June 2021 Land, Commercial Buildings, and Car Parking assets were revalued by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd. The Hotel business assets were valued by CBRE Limited as at 30 June 2021 and is included in the building revaluation. Sealed surfaces, infrastructure assets, terminal assets and specialised buildings were valued by independent valuers WSP New Zealand Ltd as at 30 June 2021.

The result of the revaluations were:

	Group 2021 $'000	Group 2020 $'000
Land	6,231	–
Buildings	5,905	–
Terminal	20,259	–
Sealed Surfaces	7,026	–
Infrastructure	40,935	–
Car parking	656	32,259
	81,012	32,259

The valuation methodologies used in the revaluation as at 30 June 2021 were consistent with those used in the last valuation.

Impairment

CIAL assessed that it has one core cash generating unit which comprises all of its terminal and airfield assets together and three other cash generating units - the hotel, car parking assets and investment property portfolio (noting that the hotel, car park assets and investment property have been revalued using valuation techniques that factor in the future discounted cashflows for those assets).

Terminal & Airfield CGU

CIAL has also performed an impairment assessment of its core terminal and airfield CGU using its overall enterprise wide commercial valuation as a base. This applied a discounted cashflow approach and included the following inputs:

- the most recent revenue and expenses budgets for CIAL taken from the 2022 Business Plan;
- a terminal growth rate of 2%, which reflects a prudent estimate of the historical long- term growth rate of CIAL's revenue and operating costs over the last 20 years; and
- a discount rate of 7.3% which reflects an appropriately blended assessment of a regulatory WACC for regulated assets and related revenue streams and the risk related to the other non-regulated revenue streams from these assets.

The discounted cashflow valuation utilising the above variables highlighted no indication of impairment of this cash generating unit. With no change in any other variables a WACC in excess of 9.0% would result in an impairment being recognised.

Hotel Business Assets

The Hotel business assets were valued by CBRE due to the current year being the first full reporting period in which the Novotel Christchurch Airport Hotel has been open. The valuation by CBRE indicated a reduction to carrying value of $4.3m and therefore an allowance for impairment of this amount has been recognised in the Statement of Comprehensive Income. This valuation is based on a discounted cash flow and capitalisation rate approach and the decrease in carrying value reflects the current difficulty in forecasting market outcomes and future uncertainty to the extent of future demand growth.

Impact of COVID 19

Independent valuers have carried out the valuations by applying assumptions regarding the reasonably possible ongoing impacts of COVID-19 based on information available as at 30 June 2021. Given the circumstances, the carparking valuation at 30 June 2021 has been prepared on the basis of 'significant valuation uncertainty', and therefore the independent valuers have advised that less certainty should be attached to their carparking valuation than would normally be the case.

Fair value hierarchy

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation sensitivity
Land Includes land used for airport activities and specialised aeronautical assets and for non-aeronautical purposes e.g. industrial, service, retail and land associated with the vehicle business. (Revalued 2021).	Market value highest and best use approach, with an allowance being deducted to allow for services valued as infrastructure assets and for further costs required to achieve the required zoning. Land included in car parking, hotel and investment property categories are not included in this category.	Adopted rate per hectare (average): Landside $750,000 (2018: $710,000). Airside $110,000 (2018: $270,000).	3	+/- $21m (of a 5% change in adopted rate).
Infrastructure and Sealed Surfaces Infrastructure and sealed surfaces including site services. (Revalued 2021).	Optimised depreciated replacement cost – the cost of constructing equivalent asset at current market-based input cost rates, adjusted for the remaining useful life of the assets (depreciation) and the sub-optimal usage of the assets in their current application (optimisation). These inputs are deemed unobservable.	**Sealed Surfaces** Unit costs of combined concrete and asphalt pavement construction sqm: Range of $212-$302 (2018: $133-$271) with weighted average of $263 (2018: $155). **Infrastructure** Unit costs of road and footpaths construction sqm: Range of $19-$104 (2018: $7-$88) with weighted average of $67 (2018: $39). Unit costs of water and drainage construction m: Range of $205-$1,258 (2018: $195-$1,196) with weighted average of $503 (2018: $516).	3	+/- $14.6m (of a 5% change of cost estimate).
Buildings Buildings for identified airport activities, including office space and storage that exist because of the airport activities. (Revalued 2021).	Specialised buildings are valued by Optimised depreciated replacement cost derived from modern equivalent asset rate, as described for Infrastructure and Sealed Surfaces above. Buildings that are owned by CIAL that could be leased by a third party are valued on an income valuation approach similar to that used for Investment Properties. (See note 5).	Unit costs of construction sqm: Range of $504-$4,604 (2018: $483-$3,037) with weighted average of $1,309 (2018: $912).	3	+/- $1.9m (of a 5% change of cost estimate).
Hotel Business Assets Assets associated with the hotel, including land. (Revalued 2021).	Discounted cash flow and income capitalisation rate approach performed by independent valuers based on forecast trading and capital expenditure estimates, and market evidence.	Discount rate 9.25% Income Capitalisation rate 7.0%	3	+/- $3m for a change in discount rate by an absolute 0.5% +/- $3m for an absolute change in cap rate of 0.25%
Terminal (Revalued 2021).	Optimised depreciated replacement cost derived from modern equivalent asset rate, as described for Infrastructure and Sealed Surfaces above.	Unit costs of construction sqm: Range of $2,675 – $5,051 (2018: $2,906 – $5,415) with weighted average of $3,817 (2018: $4,111)	3	+/- $14.8m (of a 5% change of cost estimate)

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation sensitivity
Carparking Assets associated with car parking, taxi, shuttle and bus services (including land). (Revalued 2021).	Discounted cash flow valuation performed by independent valuers based on: • Internal management information such as forecast future revenues, costs and capital expenditure. • Assumptions such as the discount rate. These are based on management's judgement and arrived at in consultation with external experts. Both the internal management information and the discount rate are deemed to be unobservable inputs.	Revenue Growth per annum 0.5% and 0.5% for the 10-year cashflow period from year 11 (2020: 0.5% and 0.5%). Cost growth per annum 2% for the 10-year cashflow period and 2% from year 11 (2020: 2% and 2%). Discount rate 7.3% post tax, 10-year cash flow period and 7.3% from year 11 (2020: 7% and 7%).	3	+/- $8.75m (of a 5% change in discount rate) +/- $0.5m (of a change in growth rate to 0% or 1.0% for year 11 onwards).
Plant & equipment, Office & computers, Motor Vehicles and Work in progress Plant and equipment, Office & computers Motor Vehicles and Work in progress are measured at cost and comprises a mixture of specialised and non-specialised assets.	Not applicable – measured at cost less depreciation.			

Level 3 Asset Classification	Sensitivity of significant unobservable inputs
Land	The critical elements in establishing the 'market value existing use' of land is the market rate prevailing for similar land. • An increase in demand for land will increase the fair value • A decrease in demand will decrease the fair value
Infrastructure and Sealed Surfaces	The critical elements in establishing the fair value of civil assets is the movement in the average cost rates for concrete, asphalt, base course and foundations, as well as the estimated remaining useful life of the assets. • An increase to any of the average cost rates listed above will increase the fair value • A reduction in the estimated remaining useful life of the assets will reduce the fair value
Buildings	An increase in modern equivalent asset replacement cost will increase the fair value A decrease in modern equivalent asset replacement will decrease the fair value An increase in the cashflow from an asset will increase the fair value A decrease in the cashflow from an asset will decrease the fair value of the asset
Hotel	An increase in the discount rate used would decrease the fair value An increase in the capitalisation rate will decrease the fair value
Car Parking	An increase in the vehicle numbers will increase the fair value A decrease in vehicle numbers will decrease the fair value An increase in the discount rate used would decrease the fair value An increase in costs would decrease the fair value

Lyttelton Port Company Ltd

Net carrying value at 30 June 2021 was $470m (2020: $442m). Property, Plant and Equipment is carried at fair value, following a change in accounting policy in the prior year. LPC determines fair value by reference to NZ IFRS 13. LPC has fair valued all of its property, plant and equipment.

The assets in the Cash Generating Unit (CGU) have been split across the asset classes as follows:

	Land $'000	Buildings $'000	Land improvements and harbour structures $'000	Plant, equipment and vehicles $'000	Work in progress $'000	CGU total $'000
2021	124,996	26,535	177,223	84,735	56,356	469,845
2020	122,427	22,431	96,252	79,919	120,943	441,971

(i) Choice of Valuation Methodology

LPC believes that valuing the assets based on future cash flows (the income approach) is the most appropriate technique to use to assess fair value. In assessing the present value, the cash flows have been aggregated across all assets as they are, in effect, interdependent and cannot be meaningfully separated into individual units. Therefore, a single enterprise valuation has been estimated.

LPC is not currently achieving a full recovery of the Enterprise Value (EV). The EV is less than the Optimised Depreciated Replacement of Cost (ODRC) and the ODRC, in effect, overstates the value of LPC's assets at this time. Therefore, LPC believe that EV is a more accurate estimate of the value of LPC's assets than ODRC.

The EV is based upon cash flows and approximates the price that a willing buyer or seller would pay for LPC's combined assets. LPC's property, plant and equipment are all categorised as Level 3 in the fair value hierarchy. In 2021, LPC engaged an independent valuer to assess the fair value of LPC's property, plant and equipment on a cost-approach using ODRC as the valuation technique. LPC also prepared an internal enterprise valuation using a discounted cash flow technique. LPC has assessed that an income-approach under IFRS 13 to fair value property, plant and equipment was a better assessment of fair value than using the cost-based approach. Therefore, LPC has adopted the internal valuation to fair value the assets.

(ii) Key Valuation Assumptions

LPC has adopted a set of assumptions for the EV model that include the expected impact of COVID-19. These assumptions are based on management's best estimate and the actual outcome and impact on cashflows could vary significantly.

CGU – LPC has assessed that its assets which are subject to the revaluation model (as noted above) are within one CGU. This means that all assets work together to generate cash flows. The key premise of this assumption is that the shipping channel enables the port to exist. The inland ports are a natural extension of the port at Lyttelton as without them, the port would not be able to operate as efficiently and would need more land at Lyttelton. The marina is included in the CGU as it requires the protection of some of the port's seawalls and breakwaters to exist.

The key assumptions that have changed from the prior year are an expectation of higher forecast Twenty-foot Equivalent Unit (TEU) volumes and continuation of the coal trade. The forecast does include a significant upgrade of one Cashin Quay wharf as well as a new wharf at Te Awaparahi Bay during the 15 year period at an estimated cost of $350m.

A 15 year period for forecast cashflows followed by a terminal value has been used due to the long term nature of LPC's infrastructure assets. COVID-19 continues to impact LPC's Cruise and Fuel business which LPC has forecast to recover slowly but from a lower base.

The key drivers of the valuation are growth in container volume, margin improvement, capital expenditure and the WACC rate used. The adopted assumptions in these areas are shown in the table below.

LPC has an established control framework with respect to the measurement of fair values. This includes a valuation team made up of engineers, finance and operational professionals for overseeing all significant inputs into the underlying EV model.

When measuring the fair value of plant, property and equipment held by LPC, LPC uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
			The estimated fair value would increase (decrease) if:
Property, Plant and Equipment	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by LPC. The cash flow projections include specific estimates for 15 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	EBITDA Margin (Average over 15 year period 35%). The group has assumed container pricing increases of up to 14% which will have a material impact on the valuation.	The estimated EBITDA margin was higher (lower).
		Risk adjusted discount rate 6.44%.	The risk adjusted discount rates were lower (higher).
		Container TEU Growth rate 2.5%-14%.	The estimated growth rate of TEU were higher (lower).
		Estimated Capital expenditure; LPC has used previous capital expenditure to estimate the cost of future capital expenditure.	The estimated capital replacement costs were lower (higher).
		Terminal Growth Rate 2%.	The estimated terminal growth rates were higher (lower).

LPC Key Forecast Assumptions & Results	2021		2020	
	DCF	Terminal	DCF	Terminal
Revenue/Expense Inflation	2% - 3.6%		2%-2.5%	
Container Pricing Increases	2% - 14%		0%-12%	
TEU Volume Growth	2.5% - 14%		2.5%-3%	
EBITDA Margin	28% - 41%		24%-41%	
Growth Rate		2%		2%
WACC	6.44%	6.44%		6.42%
Total capital in 15 year period (inflated $000)	889,000	27,000	768,000	28,000

In considering these assumptions, LPC has also considered a range of sensitivities around WACC rates, Container TEU growth, capital cost and EBITDA margins.

The results of this revaluation exercise indicate the carrying value approximates fair value and as a result no fair value adjustments have been made.

Key Sensitivities – Impact of EV	Fair Value Impact ($'000)	Impact on Equity Value
EBITDA Margin +1% (all years) EBITDA Margin -1% (all years)	12,320 (12,320)	Increase in Equity Value Decrease in Equity Value
WACC +0.5% WACC -0.5	(87,426) 111,819	Decrease in Equity Value Increase in Equity Value
Container TEU Growth +0.5% (compounding per year) Container TEU Growth -0.5% (compounding per year)	83,227 (79,896)	Increase in Equity Value Decrease in Equity Value
Capital Cost +10% (all years) Capital Cost -10% (all years)	(84,012) 84,012	Decrease in Equity Value Increase in Equity Value
Terminal Growth +.5% Terminal Growth -.5%	69,833 (55,707)	Increase in Equity Value Decrease in Equity Value

(iii) COVID-19 Considerations

In determining the assumptions within the valuation, LPC has considered the on-going impacts of COVID-19. LPC continue to forecast zero income in 2022 for the Cruise trade, and a much slower recovery than previously forecast. The sensitivity of isolated changes in key assumptions is set out in the table above. The general economic uncertainty created by COVID-19 means that the forecasts could be subject to material change which is outside LPC's control. LPC continue to monitor the impact of COVID-19 on its business and will respond and adapt as changes occur.

Enable Services Ltd

Net carrying value at 30 June 2021 was $703m (2020: $631m). Property, plant and equipment includes the original fibre optic network owned by Enable and the subsequent capital cost of deploying the UFB network covering all of Christchurch; Rolleston and Lincoln; and parts of Rangiora, Kaiapoi and Woodend. The UFB network assets are long term infrastructure assets with long-term investment horizons.

UFB network Layer 1 assets comprise the physical fibre network assets which are essentially the unlit pipeline or pathway that the light pulses use to transmit data, otherwise known as dark fibre. These assets include ducting and optical fibre.

UFB network Layer 2 assets comprise the electronics necessary to light the optical fibre or the means by which communication occurs down the Layer 1 pathway. These assets are located in Central Offices and in the premises of end users.

Central Offices include both building costs and setup costs – fire protection, security and backup generator assets.

Other plant and equipment includes leasehold improvements, information technology hardware, furniture and fittings.

Recognised fair value measurements

The UFB network Layer 1 and Layer 2 assets, together with the Central Offices (collectively described as UFB network assets) were revalued to fair value as at 30 June 2021 based on a range provided by independent valuers Deloitte. Deloitte are considered to have the appropriate qualifications and experience in the fair value measurement of such assets.

Deloitte considered that the discounted cash flow (DCF) methodology was the most appropriate method of valuation, given that:

- long term cash flow forecasts were available
- there is a reasonable degree of predictability around the cash flows
- a potential buyer of these assets would primarily be interested in the future economic benefits they could generate.

The DCF methodology involved assessing:

- the future free cash flows of the business (excluding future expansionary capital expenditure and related revenue)
- a 50 year cash flow forecast capturing future capital expenditure versus depreciation and the expected useful life of the existing asset base
- discounting the cash flows using a discount rate based on weighted average cost of capital (WACC)
- whether there were any surplus assets.

Deloitte consider that there will not be a long term impact of COVID-19 on Enable. No specific COVID-19 impacts have been reflected in the valuation.

The estimated value of UFB network is $700m (2020: $625m).

The sensitivity of the valuation of $700m to relevant factors is summarised as follows:

Movement in	Range	Lower Value	Upper Value
Long run uptake %	+ or – 10.0%	$604m	$796m
Average revenue per user	+ or – 0.5%	$659m	$745m
WACC	+ or – 0.5%	$653m	$752m

All property, plant and equipment is classified as Level 3 within the fair value hierarchy under NZ IFRS 13, Fair Value Measurement. Assets are classified as Level 3 where one or more significant inputs into the determination of fair value is not based on observable market data. Enable had no other Level 1, Level 2 or Level 3 non-financial assets measured at fair value during the year.

Useful lives and residual values of UFB network assets

At balance date, Enable reviews the useful life and residual value of its UFB network assets. Assessing the appropriateness of useful life and residual value estimates of UFB network assets requires Enable to consider a number of factors, such as the physical condition of the assets, expected period of use of the assets by Enable, and expected disposal proceeds from the future sale of the assets.

An incorrect estimate of the useful life or residual value will impact on the depreciation expense recognised in the profit or loss, and the carrying amount of the asset in the statement of financial position. Enable minimises the risk of this estimation uncertainty by:

- investing in high quality, class-leading assets and infrastructure
- physical inspections of assets; and
- asset replacement programmes in line with useful life expectations.

City Care Ltd, RBL Property Ltd, EcoCentral Ltd and Development Christchurch Ltd

The net carrying value of the property, plant and equipment of these companies at 30 June 2021 comprised less than 2% (2020: 2%) of total group assets. Assets of these companies are either independently revalued at regular intervals, or carried at cost less accumulated depreciation and impairment.

Accounting policy – property, plant and equipment

Land, buildings, electricity distribution network, airport infrastructure assets, harbour structures and the optical fibre network (except for investment properties refer note 5), are shown at fair value in accordance with NZ IAS 16, Property, Plant and Equipment, NZ IAS 36, Impairment of Assets, and NZ IFRS 13, Fair Value Measurement. These assets were valued by external independent valuers as described in note 4.

Airport sealed surfaces, car parking building, car parks and other infrastructure assets are aggregated and disclosed as airport infrastructure assets.

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 included in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense through profit or loss, in which case the increase is credited to profit or loss 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 through profit or loss 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, except for harbour structures where accumulated depreciation is not eliminated.

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 and impairment.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss 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. Depreciation is generally recognised in profit or loss.

Assets to be depreciated include:

Buildings/Building fit-out/services	1-100 yrs
Electricity distribution system	60 yrs
Car park	7-30 yrs
Airport infrastructure and roads	15-70 yrs
Office/computer equipment	3-9 yrs
Provision of unlit optical fibre	20-50 yrs
Mobile plant incl. vehicles	5-16 yrs
Ethernet communication equip.	5-12 yrs
Buses	15-20 yrs
Vessels	5-25 yrs
Sealed surfaces (other than roads)	15-120 yrs
Seawalls	100 yrs
Harbour structures	3-50 yrs
Container cranes	30 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 recognised through profit or loss. When revalued assets are sold, any revaluation reserve relating to the particular asset is 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.

5 Investment property

	Note	Group 2021 $'000	Group 2020 $'000
Balance at beginning of financial year		571,658	491,202
Transfer (to)/from property, plant and equipment		17,247	19,555
Additional capitalised expenditure		14,194	21,645
Investment properties under construction at cost		7,092	25,775
Net gain/(loss) from fair value adjustments	7	46,451	13,481
Balance at end of financial year		**656,642**	**571,658**

CIAL holds $641m (2020: $572m) of the Group's investment property with RBL Property holding $16m (2020: nil).

Valuation of investment property

The valuation of CIAL's investment property as at 30 June 2021 was completed by Crighton Anderson Property and Infrastructure Ltd, trading as Colliers International Ltd, 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.

The valuation methodologies used were a direct sales comparison or a direct capitalisation of rental income using market comparison of capitalisation rates, supported by a discounted cash flow approach. The valuation methodologies are consistent with the prior year.

Principal assumptions used in establishing the valuations were:

- **Average rental yield rate 5.84%** (2020: 6.26%)
- **Average market capitalisation rate 5.87%** (2020: 6.94%)
- **Weighted average lease term 7.46 years** (2020: 6.56 years)

Rental ranges in aggregate across the different property asset types were as follows:

Asset type	2021 rental range	2020 rental range
Office	$180-$260/sqm	$180-$260/sqm
Warehouse	$90-$140/sqm	$90-$140/sqm

Fair value hierarchy

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation sensitivity
Investment Properties are land and buildings which are owned to earn rental income, for capital appreciation or both.	The income-based valuation approach is used.	Land is included when infrastructure services are available and future development is expected within the next 3 years.	3	+ $30.5m/ - $28.2m (of a 5% change of capitalisation rate)
Level 3 Asset Classification	Sensitivity of significant unobservable inputs.			
Investment Properties	An increase in the cashflow from an asset will increase the fair value. A decrease in the cashflow from an asset will decrease the fair value of the asset.			

Impact of COVID-19 on CIAL investment property

Independent valuers have carried out any valuations by applying assumptions regarding the reasonably possible ongoing impacts of COVID-19 based on information available as at 30 June 2021. Given the circumstances, the investment property valuations as at 30 June 2021 have been prepared on the basis of 'material valuation uncertainty', and therefore the independent valuers have advised that less certainty should be attached to the investment property valuations than would normally be the case.

The valuation of RBL Property's investment property was determined by Bayleys Valuations Limited using market research for this type of property in order to form a view as to whether the value had changed materially since last year and comparing the results to the full valuation undertaken for 2020.

Accounting policy – investment property

Land is held by the Group for long term and strategic purposes and is not held for resale. Investment properties are land and buildings where the building is built to maximise the return on land and buildings as an "interim use", are held for long term rental yield and are not occupied by the Group. Investment property also includes property that is being constructed or developed for future use as investment property.

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;
- The property is being held for future delivery of services.

Land where there are infrastructure services in place up to its boundary or there is a firm commitment to provide such infrastructure and the further development of that land is signalled within the next 3 years (being the current business planning cycle) is classified as investment property. Buildings 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 investment property if the Group occupies an insignificant portion of the total building.

Investment property is carried at fair value, based on valuation methodologies using direct sales comparison or a direct capitalisation of rental income using market comparison of capitalisation rates, supported by a discounted cashflow approach. These values are determined annually by external valuers. Gains or losses arising from a change in fair value are recorded in the Statement of Comprehensive Income.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

If it is determined that the fair value of an investment property under construction is not reliably determinable but the Group has an expectation that the fair value of the property will be reliably determinable when construction is complete, the investment property under construction will be measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

6 Borrowings and finance costs

6a Group borrowings

	Note	Current 2021 $'000	Non-current 2021 $'000	Total 2021 $'000	Current 2020 $'000	Non-current 2020 $'000	Total 2020 $'000
Unsecured:							
Bonds and floating rate notes		49,991	680,352	730,343	–	650,005	650,005
Loans from external parties		414,000	400,350	814,350	275,000	393,200	668,200
Loans from related entities	22a(iii)	169,700	366,500	536,200	183,500	389,700	573,200
		633,691	1,447,202	2,080,893	458,500	1,432,905	1,891,405
Secured:							
Loan from external parties		–	–	–	153,769	–	153,769
Total group borrowings		**633,691**	**1,447,202**	**2,080,893**	**612,269**	**1,432,905**	**2,045,174**

Christchurch City Holdings Ltd	2021 $'000	Avg rate	Maturity	2020 $'000
Nature of debt:				
Floating rate notes	85,000	0.73%	2023-2024	–
Bank facility	50,000	0.90%	2022	55,000
Short term loans – Christchurch City Council	159,700	1.14%	2021-2022	183,500
Long Term Loans – Christchurch City Council	376,500	2.36%	2023-2029	389,700
Fixed Rate Bond	300,000	3.49%	2022-2024	300,000
Crown Infrastructure Partners Ltd (CIP)	–	0.00%	2021	153,769
Commercial Paper	175,000	0.41%	2021	–
Undrawn bank facility	100,000	0.00%	2021	100,000

All borrowings at 30 June 2021 are unsecured and have been put in place under a $1.5bn (2020: $1.5bn) debt issuance programme. CCHL has issued uncalled capital of $1.5bn (2020: $1.5bn) to support this programme (refer note 20).

Bonds and FRNs are issued under a Master Trust Deed, and CP is issued under a separate $200m Commercial Paper programme. CCHL has entered into derivative contracts to hedge its exposure to interest rate fluctuations (refer note 24).

In June 2016, CCHL entered into a secured Loan Facility Agreement with Crown Infrastructure Partners Ltd (CIP) (previously known as Crown Fibre Holdings Ltd) as part of the reorganisation of Enable Services Ltd (ESL). The loan was drawn down as network stages/premises were completed, and was used to subscribe in redeemable preference shares in ESL. The loan was interest free and reflected at its amortised cost over the life of the loan. The loan was secured over the assets of Enable. The loan was repaid in full during the year.

Orion New Zealand Ltd	2021 $'000	Avg rate	Maturity	2020 $'000
Nature of debt:				
Bank loans	205,350	1.16%	2022-2023	174,200
US Private Placement floating rate notes	140,000	1.92%	2028-2030	140,000
Undrawn bank facility	79,650	–	–	35,800

All bank loans are unsecured, however a deed of negative pledge and guarantee requires Orion to comply with certain covenants. The US Private Placement floating rate notes are also unsecured. The Note Purchase agreement with the US investors has terms which are substantially similar to those in the negative pledge deed referred to above. Orion has complied with all terms of the agreement during the two years ended 31 March 2021 and to 30 June 2021.

Christchurch International Airport Ltd	2021 $'000	Avg rate	Maturity	2020 $'000
Nature of debt:				
Bank facility	384,000	3.20%	2020-2024	380,000
Bond funding	205,343	5.00%	2021-2027	210,005
Undrawn bank facility	141,000	–	2021-2024	105,000

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. The bond funding constitutes direct, unsecured, unsubordinated obligations and will rank equally with all other unsecured, unsubordinated indebtedness.

Impact of COVID-19

During the year, CIAL extended the maturity of three existing facilities and a new facility was arranged with an existing provider, thereby providing increased liquidity to meet CIAL's forecast cashflows over the coming 18 months.

During the current and prior years, there were no defaults or breaches on any of the borrowing facilities.

CIAL obtained waivers of its financial covenants from both bank lenders and the bond supervisor in August 2020. The waivers granted take the following form:

- waive compliance with the interest cover ratio for the Financial Periods ending 31 December 2020 and 30 June 2021 (which would otherwise be required to be at least 1.75:1); and
- waive compliance with the interest cover ratio for the Financial Period ending 31 December 2021, provided that the interest cover ratio for that Financial Period must be no less than 1.50:1.

CIAL was in compliance with all of its financial covenants during the current and prior years.

Borrowings maturing in October-December 2021 are expected to be refinanced through the extension of existing facilities and a debt capital market issue.

Lyttelton Port Company Ltd	2021 $'000	Avg rate	Maturity	2020 $'000
Nature of debt:				
Bank facility	–	–	–	59,000
Undrawn bank facility	165,000	–	–	106,000

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. In addition to the above, during 2021 LPC entered into a CCHL loan facility for an additional $85m, bringing the total facility with CCHL to $150m. At 30 June 2021, $150m (2020: $65m) has been drawn.

City Care Ltd	2021 $'000	Avg rate	Maturity	2020 $'000
Nature of debt:				
Bank facility	–	–	–	–
Undrawn bank facility	15,000	–	–	25,000

During the year, CCL reorganised and further reduced its facility with the BNZ. Average interest rate was 2.05% for the year (2020: 2.59%). The facility expires on 31 December 2022.

The loan from CCHL of $10m (2020: $10m) is secured by a debenture over the assets and undertakings of CCL, and made under a committed cash advance facility of $25m (2020: $35m). Average interest rate was 2.01% for the year (2020: 2.01%). The facility expires on 31 July 2022.

Enable Services Ltd, RBL Property Ltd, EcoCentral Ltd and Development Christchurch Ltd

These companies had no external debt as at 30 June 2021 (2020: Nil). Enable Services has a subordinated loan from CCHL of $294m (2020: $294m). Development Christchurch had a loan facility from CCHL of $1.2m which was fully repaid during 2020.

6b Undrawn borrowing facilities

	Group 2021 $'000	Group 2020 $'000
Floating rate – expiring within one year	241,000	119,500
Floating rate – expiring beyond one year	254,650	247,300
Fixed rate – expiring beyond one year	5,000	–
Total undrawn borrowing facilities	500,650	366,800

Notes to the financial statements

For the year ended 30 June 2021

6c Changes in liabilities arising from financing activities

	Opening 1 July 2020 $'000	Cash flows $'000	Changes in fair value $'000	New leases $'000	Adoption NZIFRS 16 leases $'000	Re-classification /Other $'000	Closing 30 June 2021 $'000
30 June 2021							
Current liabilities:							
External borrowings	428,768	29,207	6,024	–	–	(9)	463,990
Related party borrowings	183,501	(183,500)	–	–	–	169,700	169,701
Lease liabilities	7,444	(5,795)	365	326	–	5,501	7,841
Non-current liabilities:							
External borrowings	1,043,205	42,150	(4,697)	–	–	44	1,080,702
Related party borrowings	389,700	146,500	–	–	–	(169,700)	366,500
Lease liabilities	70,959	(1,911)	(239)	5,714	–	(8,775)	65,748
Derivative liabilities	117,818	–	(55,850)	–	–	–	61,968
Total liabilities from financing activities	**2,241,395**	**26,651**	**(54,397)**	**6,040**	**–**	**(3,239)**	**2,216,450**

	Opening 1 July 2019 $'000	Cash flows $'000	Changes in fair value $'000	New leases $'000	Adoption NZIFRS 16 leases $'000	Re-classification /Other $'000	Closing 30 June 2020 $'000
30 June 2020							
Current liabilities:							
External borrowings	168,101	107,400	(519)	–	–	153,786	428,768
Related party borrowings	94,001	(94,000)	–	–	–	183,500	183,501
Lease liabilities	1,083	(4,630)	–	3,273	6,134	1,584	7,444
Non-current liabilities:							
External borrowings	1,125,749	62,193	8,997		–	(153,734)	1,043,205
Related party borrowings	434,500	138,700	–			(183,500)	389,700
Lease liabilities	10,020	(2,186)	–	2,522	62,306	(1,703)	70,959
Derivative liabilities	72,216	–	45,602		–	–	117,818
Total liabilities from financing activities	**1,905,670**	**207,477**	**54,080**	**5,795**	**68,440**	**(67)**	**2,241,395**

6d Finance costs

	Group 2021 $'000	Group 2020 $'000
Interest expense		
Interest on bank borrowings	27,229	24,297
Interest on debt instruments	22,684	27,843
Interest on related party debt	17,040	17,065
Interest expense on lease liabilities	2,604	3,134
Other interest expense	–	5
Total interest expense	69,557	72,344
Fair value (gains)/losses on hedging instruments		
Other finance costs	6,024	6,523
Total fair value (gains)/losses on hedging instruments	6,024	6,523
Total finance costs	**75,581**	**78,867**

Accounting policy – borrowings and finance costs

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings (other than those subject to a fair value hedge relationship) are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective method.

The Group applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the statement of comprehensive income within finance costs. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate movements are also recognised in the statement of comprehensive income within finance costs.

Borrowings that are required to be settled within 12 months are presented as current liabilities, and the remainder is presented as non-current liabilities.

Profit and loss information

7 Operating revenue and other income

7a Disaggregation of revenue

	Orion $'000	CIAL $'000	LPC $'000	ESL $'000	CCL $'000	RBL Property $'000	Eco Central $'000	DCL $'000	Intragroup $'000	Total $'000
2021										
Revenue from contracts with customers										
Electricity Distribution	229,508	–	–	–	–	–	–	–	(1,098)	228,410
Airport Services	–	77,777	–	–	–	–	–	–	(419)	77,358
Port Services	–	–	142,144	–	–	–	–	–	–	142,144
Gross telecommunications revenue	–	–	–	79,968	–	–	–	–	(5)	79,963
Construction contract revenue	–	–	–	–	93,178	–	–	–	–	93,178
Contracting	47,254	–	–	–	218,523	–	–	–	(8,416)	257,361
Bus and Coach Services	–	–	–	–	–	–	–	–	–	–
Waste and recycling services	–	–	–	–	–	–	33,700	–	(443)	33,257
Sale of goods	10,900	–	–	2,138	7,556	–	5,331	5,230	–	31,155
Total revenue from contracts with customers	**287,662**	**77,777**	**142,144**	**82,106**	**319,257**	**–**	**39,031**	**5,230**	**(10,381)**	**942,826**
Other operating revenue										
Rent and Lease income	531	11,053	–	–	–	412	–	714	(1,424)	11,286
Rental income from investment property	–	41,699	–	–	–	–	–	–	–	41,699
Other	13,395	11,069	–	2,327	2	80	486	623	–	27,982
Total other operating revenue	**13,926**	**63,821**	**–**	**2,327**	**2**	**492**	**486**	**1,337**	**(1,424)**	**80,967**
Segment revenue	**301,588**	**141,598**	**142,144**	**84,433**	**319,259**	**492**	**39,517**	**6,567**	**(11,805)**	**1,023,793**
2020										
Revenue from contracts with customers										
Electricity Distribution	242,450	–	–	–	–	–	–	–	(1,901)	240,549
Airport Services	–	80,238	–	–	–	–	–	–	(547)	79,691
Port Services	–	–	124,125	–	–	–	–	–	–	124,125
Gross telecommunications revenue	–	–	–	67,729	–	–	–	–	–	67,729
Construction contract revenue	–	–	–	–	87,378	–	–	9,779	–	97,157
Contracting	45,107	–	–	–	190,680	–	–	–	(9,941)	225,846
Bus and Coach Services	–	–	–	–	–	18,767	–	–	–	18,767
Waste and recycling services	–	–	–	–	–	–	30,009	–	(367)	29,642
Sale of goods	12,172	–	–	2,000	7,078	–	3,704	4,239	–	29,193
Total revenue from contracts with customers	**299,729**	**80,238**	**124,125**	**69,729**	**285,136**	**18,767**	**33,713**	**14,018**	**(12,756)**	**912,699**
Other operating revenue										
Rent and Lease income	383	29,669	4,133	–	–	145	–	561	(890)	34,001
Rental income from investment property	–	35,237	–	–	–	–	–	–	–	35,237
Other	7,359	20,577	–	7,256	9,169	–	925	3,568	–	48,854
Total other operating revenue	**7,742**	**85,483**	**4,133**	**7,256**	**9,169**	**145**	**925**	**4,129**	**(890)**	**118,092**
Segment revenue	**307,471**	**165,721**	**128,258**	**76,985**	**294,305**	**18,912**	**34,638**	**18,147**	**(13,646)**	**1,030,791**

Other balance includes Government COVID-19 wage subsidy of $3.7m (2020: $11.5m). All conditions attached to these grants have been fulfilled.

Gross telecommunications revenue is required to be disclosed in accordance with the information disclosure requirements under section 83 of the Telecommunications Act 2001.

	Note	Group 2021 $'000	Group 2020 $'000
7b Other income including revaluation of investment property			
Gains on disposal of property, plant and equipment		1,597	568
Gains on revaluation of investment property	5	46,451	13,481
Net gain on financial assets at fair value through profit or loss		1,681	1,038
Ineffectiveness – cash flow hedges		2	12
Ineffectiveness – fair value hedges		102	–
		49,833	**15,099**
7c Discontinued operations			
Revenue		12,581	1,348
Other Gains		9	9
Depreciation, amortisation and impairment expense		(913)	(1,157)
Employee benefits expense		(4,310)	(597)
Other expenses		(3,299)	(392)
Profit/(loss) before income tax expense		4,068	(789)
Income tax credit/(expense)		–	221
Net surplus/(loss) after taxation from discontinued operations		**4,068**	**(568)**

Due to the impact of COVID-19, in March 2020 RBL Property resolved to close their Red Travel business and report it as a discontinued operation. This required the income and expenses relating to these operations being separated out in the statement of comprehensive income, for both the current and previous financial years. The associated assets being the coach fleet recorded at fair value of $1.7m (2020: $2.2m) are presented as held for sale.

Accounting policy – revenue

Airport and port services

Services are provided on demand and the transaction price recognised as revenue based on their stand-alone selling price. The stand-alone selling price is based on published prices, and calculated on a price per unit of the service. Revenue is recognised over time as the customer simultaneously obtains the benefits from the service as it is being performed. Where applicable, separate incentive or rebate agreements are signed with individual customers and associated adjustments are made to the transaction prices recognised as revenue. These charges are invoiced monthly in arrears and payment is generally expected within 30 days.

Electricity Distribution revenue

Electricity delivery service revenue relates to the provision of electricity distribution services to both electricity retailers and directly contracted customers. Electricity retailer delivery services are performed on a daily basis and considered as a series of distinct services provided over time. Prices are regulated and retailers are charged through a combination of fixed charges and variable charges based on the quantities delivered. Revenue is recognised over time using an output method based on the actual quantity of delivery services provided on a daily basis.

For directly contracted customers, Orion has determined that the individual construction contracts and individual delivery service agreements were negotiated as a package with a single commercial objective, to provide the required delivery capacity to the customer. This performance obligation has been assessed as being satisfied over time based on the duration of the contractual arrangement. The contract term is the period during which the parties have present and enforceable rights and obligations. A term of ten years has been determined based on the requirements of the contract and Orion's business practice. The transaction price includes both the initial upfront customer contributions and subsequent delivery charges based on an estimate of quantities delivered. Revenue is recognised over time based on an output method, as the performance obligation is satisfied on a straight line basis over the term of the contract.

Customer contribution revenue relates to contributions received from customers (other than delivery service customers who are directly contracted) towards the cost of new connections and network extensions. The customer's supply of electricity is contracted separately, interposed through a retailer, and is therefore considered a separate commercial arrangement. Pricing is fixed and contributions are paid in advance for new connections. Capital contributions are recognised as revenue at the point in time of livening the connection to the network. Capital contributions that are refundable to customers are treated as a contract liability until cancelled or applied. Delivery charges for the current month are billed around the 10th of the month for payment on the 20th of that month.

Gross Telecommunications revenue

The Group recognises telecommunications revenue as it provides services to its customers, based on published fixed charges. Billings are made on a monthly basis. Unbilled revenues from the billing cycle date to the end of each month are recognised as revenue during the month the service is provided. Revenue from installations and connections is recognised upon completion of the installation or connection. These charges are invoiced monthly in arrears and payment is generally expected within 30 days.

Construction contract and contracting revenue

Where maintenance contracts involve various different activities and services that are highly inter-related they are treated as one performance obligation, otherwise separate performance obligations are identified. The transaction price is allocated across each service or performance obligation based on the individual stand-alone selling prices. Revenue from maintenance services is recognised over time relative to the proportion of work that has been performed under the contract. The input method is used to estimate the proportion of work performed. An assessment is completed at balance date to ensure the revenue recognised under the input method fairly depicts the transfer of goods or services to the customer.

For construction contracts the construction of each individual piece of infrastructure is normally assessed as one performance obligation. Where contracts are entered into for several projects the total transaction price is allocated across each project based on stand-alone selling prices.

Revenue from construction contracts is recognised over time as the work enhances an asset that the customer controls. An output method based on a statement of work provided to the customer is used to determine the amount of revenue to be recognised at each reporting date.

Applying the practical expedient in NZ IFRS 15, the Group has opted to not disclose information about its remaining performance obligations.

Any amount recognised as a contract asset is reclassified to trade receivables at the point at which the Group has an enforceable right to consideration. If a payment received exceeds the revenue recognised, the Group recognises a contract liability for the difference.

Bus and coach services

Contract revenues mainly relate to Environment Canterbury bus contracts. Revenues are recognised as the services are provided over the length of the contract, and based on a transactional price which is defined in the terms of the contract. The transaction price is calculated based on the total consideration expected to be received in relation to the performance of the contract, net of variable consideration.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Charter and private hire predominantly relates to charter work for both schools with extracurricular activities and third parties with general transportation needs. Revenue is recognised over the period in which the charter/private hire is provided to the customer.

Any payment received in advance of the services being provided is recognised as a contract liability and is released as the related revenue is recognised. Revenue for urban contracts are prepared as buyer-credited invoices and paid by last day of that month, all other invoices are issued monthly in arrears and payment is generally expected within 30 days.

Waste and recycling services

EcoCentral operates three refuse stations and a materials recovery facility for the processing of recyclable products. Revenue for the processing of waste and recyclables is recognised when the product or waste is received by EcoCentral. EcoCentral's performance obligations for each customer are satisfied at the time of delivery as no further work or processing is required, the quantity and quality of the goods has been determined and the price is fixed.

Sale of goods revenue

Revenue from goods sold is recognised at a point in time when the control of the goods has transferred to the customer. Revenue is determined based on standalone selling prices for each unit sold. Payment for each transaction is due immediately.

Rental and lease income

Rent and Lease income is recognised on a straight-line basis over the term of the lease where the Group is the lessor.

Other

This includes non core operating aspects of the Group including but not limited to transmission rental rebates, greenfield development contributions, operating recoveries from investment properties, and Government grants.

8 Operating expenses

	Note	Group 2021 $'000	Group 2020 $'000
8a Operating expenses			
Personnel costs:			
Salaries and wages		281,472	274,858
Defined contribution/benefit plan employer contributions		939	4,018
Other		(2,830)	3,499
		279,581	282,375
Other Costs:			
Remuneration of auditors	8b	1,330	1,250
Consultants and legal fees		11,237	10,566
Directors' fees		2,338	2,619
Donations		339	491
Net foreign exchange losses/(gains)		3	14
Provision expenses/(gains)		3,366	2,724
Minimum lease payments under operating lease		–	–
Orion network maintenance and transmission expenses		90,999	84,967
Raw materials and consumables used		44,561	44,759
Repairs and maintenance		10,955	9,482
Service contracts (including sub-contractors)		111,088	98,330
Investment property direct operating expenses		8,152	4,955
Other operating expenses		150,654	163,521
Losses on assets written off/disposed		797	1,654
Ineffectiveness – cash flow hedges		–	15
Ineffectiveness – fair value hedges		–	–
Loss from joint venture		–	62
Net loss on financial assets at fair value through profit or loss		–	1,164
		715,400	708,948

	Note	Group 2021 $'000	Group 2020 $'000
8b Remuneration of auditors			
Audit New Zealand			
Audit of the financial statements		930	964
Special audits required by regulators		67	99
Assurance related		59	4
Recovery from prior year		59	–
		1,115	1,067
Other auditors			
Audit of the financial statements – KPMG		182	182
Other non-audit services – KPMG		33	1
		215	183
Total	8a	**1,330**	**1,250**

The auditor of Christchurch City Holdings Limited and 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.

Audit New Zealand

Other audit and assurance services principally comprised:

Orion New Zealand Limited

- annual assurance reviews of the company's annual default price-quality path (DPP) compliance statement
- regulatory information disclosures.

Christchurch International Airport Limited

- audit of the disclosure regulations
- review of compliance with bond conditions.

Christchurch City Holdings Limited

- limited assurance engagement for Bond Trust Deed

Enable Services Ltd

- assurance engagement of specified disclosure information, required under section 83 of the Telecommunications Act 2001
- assurance engagement required under the LFC Information Disclosure Determination 2018.

9 Income and deferred taxes

	Note	Group 2021 $'000	Group 2020 $'000

9a Components of tax expense

	Note	Group 2021 $'000	Group 2020 $'000
Current tax expense/(income)		23,902	18,873
Adjustments to current tax of prior years		712	(1,208)
Deferred tax expense/(income)	9d	13,166	(45,053)
Total tax expense/(income)		**37,780**	**(27,388)**

9b Reconciliation of prima facie income tax

	Note	Group 2021 $'000	Group 2020 $'000
Profit before tax		126,654	(80,964)
Tax at statutory rate of 28%		35,463	(22,670)
Non-deductible expenses		1,923	22,042
Non-assessable income and deductible items		2,670	(6,541)
Effect on deferred tax balances due to legislative change		–	(5,159)
Tax loss not recognised as deferred tax asset		–	(118)
Previously unrecognised and unused tax losses now recognised as deferred tax assets		–	(15,034)
Other		(2,211)	(665)
(Over)/under provision of income tax in previous year		(65)	757
Total tax expense/(income)		**37,780**	**(27,388)**

This note provides an analysis of the Group's income tax expense, and how the tax expense is affected by non-assessable and non-deductible items.

The tax rate used in the above reconciliation is the corporate tax rate of 28% (2020: 28%) payable by New Zealand companies on taxable profits under New Zealand tax law.

9c Imputation credits

The amount of imputation credits available for use in subsequent reporting periods by the Group and the Christchurch City Council Tax Consolidation Group (of which CCHL is a member) is $184m (2020: $166m).

No adjustments have been made for credits/debits associated with tax payable/receivable due to uncertainty regarding the utilisation of group losses.

9d Deferred tax balances

	30 Jun 20					30 Jun 21			
	Opening balance $'000	Profit/loss $'000	Other Comprehensive income $'000	Other Adjustments $'000	Closing balance $'000	Profit/loss $'000	Other Comprehensive income $'000	Other adjustments $'000	Closing balance
Deferred tax liabilities:									
Cash flow/Fair value hedges	4,621	–	–	–	4,621	–	–	–	4,621
Property, plant and equipment	318,235	(46,382)	27,016	–	298,869	(3,477)	38,322	–	333,714
Intangible assets	397	34	–	–	431	157	–	–	588
Other	36,517	(930)	–	–	35,587	13,769	–	–	49,356
	359,770	(47,278)	27,016	–	339,508	10,449	38,322	–	388,279
Deferred tax assets:									
Cash flow/Fair value hedges	21,352	238	12,370	–	33,960	(469)	(16,081)	–	17,410
Provisions/employee entitlements	7,614	1,585	–	–	9,199	(113)	–	–	9,086
Doubtful debts/impairment losses	187	(17)	–	–	170	(17)	–	–	153
Tax losses	8,829	(6,241)	–	–	2,588	(2,809)	–	221	–
Other	421	1,110	–	1,175	2,706	690	–	(531)	2,865
	38,403	(3,325)	12,370	1,175	48,623	(2,718)	(16,081)	(310)	29,514
Net deferred tax liability/(asset)	**321,367**	**(43,953)**	**14,646**	**(1,175)**	**290,885**	**13,167**	**54,403**	**310**	**358,765**

In March 2020, the Government re-introduced depreciation deductions on commercial buildings for tax purposes. This amendment applied from 1 April 2020 and the depreciation rates is 2% diminishing value. The impact of this change increases the depreciable tax base for these assets, which results in an immediate one-off reduction in deferred tax liability and a reduction in tax expenses. While this transaction is non-cash in the year ended 30 June 2020, it represents future tax benefits that will be realised as reduced income tax payments over the remaining lives of the buildings.

Accounting policy – income tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax assets and liabilities are based on the current period's taxable income, plus adjustments to income tax payable for prior periods. Current tax is calculated based on rates and laws that are enacted or substantively enacted by balance date.

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.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset is realised, 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. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Other assets and liabilities

10 Other financial assets

	Note	Group 2021 $'000	Group 2020 $'000

10a Current portion

	Note	Group 2021 $'000	Group 2020 $'000
Current portion			
Interest rate swaps		–	–
Forward foreign exchange contracts		61	–
Term deposits		7,147	12,528
Total current other financial assets		7,208	12,528

10b Non-current portion

	Note	Group 2021 $'000	Group 2020 $'000
Non-current portion			
Other loans and investments	10c	21,779	24,749
Interest rate swaps		6,851	10,295
Total non-current other financial assets		28,630	35,044
Total other financial assets (current and non-current)		**35,838**	**47,572**

10c Other loans and investments

Loan to Christchurch Engine Centre

On 29 June 2012, CCHL entered into a loan agreement with Christchurch Engine Centre to advance up to US$17m, effectively replacing the Christchurch City Council's previous combined equity/debt investment in Jet Engine Facility Ltd. CCHL has entered into a cross currency interest rate swap to achieve a fixed interest rate on the US$ loan (note 16). The next instalment of US$6m repayment is due in 2024, with the remaining balance payable in 2028. The loan is assessed to have low credit risk at each reporting date based on Group's internal assessment. As such, the Group has assessed that the credit risk on this financial instrument has not increased significantly since initial recognition as permitted by NZ IFRS 9 and recognises 12-months ECL for the asset.

No material provision has been made.

With the downturn in aviation during 2020 as a result of COVID-19, the Christchurch Engine Centre experienced a reduction in work, impacting operations and staffing. Since then it has experienced a level of recovery in volumes consistent with projected improvements of the Northern Hemisphere air traffic.

11 Debtors, inventory and other assets

11a Debtors and other assets

	Note	Current 2021 $'000	Non-current 2021 $'000	Total 2021 $'000	Current 2020 $'000	Non-current 2020 $'000	Total 2020 $'000
Trade receivables – other		–	–	–	–	–	–
Trade receivables – contracted		84,757	–	84,757	71,259	–	71,259
	11b	84,757	–	84,757	71,259	–	71,259
Allowance for impairment – other		–	–	–	–	–	–
Allowance for impairment – contracted		(1,399)	–	(1,399)	(2,070)	–	(2,070)
	11b	(1,399)	–	(1,399)	(2,070)	–	(2,070)
Prepayments		14,081	6,102	20,183	13,197	6,209	19,406
Interest receivable		5	–	5	40	–	40
Contract retentions		2,596	–	2,596	3,216	–	3,216
Other		296	53	349	322	64	386
		100,336	6,155	106,491	85,964	6,273	92,237

Included in trade receivables are amounts due from the ultimate shareholder, Christchurch City Council, as disclosed in note 22.

11b Credit risk – aging of receivables

	Note	Group 2021 $'000	Group 2020 $'000
Gross receivables			
Not past due		68,587	49,940
Past due 0-30 days		8,382	10,514
Past due 31-60 days		1,793	3,635
Past due more than 60 days		5,995	7,170
		84,757	71,259
Impairment			
Not past due		(38)	(424)
Past due 0-30 days		(64)	(484)
Past due 31-60 days		(4)	(215)
Past due more than 60 days		(1,293)	(947)
		(1,399)	(2,070)
Gross trade receivables		84,757	71,259
Individual impairment	11c	(1,198)	(1,445)
Collective impairment	11c	(201)	(625)
Trade receivables (net)		83,358	69,189

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience shows different loss patterns for different reporting segments, the provision for loss allowance based on past due status is further distinguished by Group's segments.

	Not past due	Past due 0-30 days	Past due 31-60 days	Past due more than 60 days	Total
30 Jun 2021					
Expected credit loss rate	.001%-8.8%	.001%-21%	.001%-40.5%	.001%-100%	–
Estimated total gross carrying amount at default	53,436	4,239	223	843	58,741
Lifetime ECL	81	12	1	159	253
30 Jun 2020					
Expected credit loss rate	.001%-8.8%	.001%-21%	.001%-40.5%	.001%-100%	–
Estimated total gross carrying amount at default	42,916	9,913	3,415	6,259	59,696
Lifetime ECL	366	270	179	739	1,554

11c Movements in expected credit loss of receivables

	Note	Group 2021 $'000	Group 2020 $'000
Balance at start of year		2,070	404
Expected credit loss made during year		121	1,703
Expected credit loss reversed during year		(588)	(32)
Receivables written off during year		(204)	(5)
Balance at end of year	11b	1,399	2,070

11d Inventories

	Note	Group 2021 $'000	Group 2020 $'000
Inventories – Current			
Inventory – raw materials and maintenance items		12,544	12,531
Inventory – finished goods		7,238	5,915
Inventory – allowance for impairment		(403)	(213)
		19,379	**18,233**
Inventories – Non-current			
Inventory – finished goods/WIP		16,675	16,714
Inventory – allowance for impairment		–	(182)
		16,675	16,532
Total Inventories		**36,054**	**34,765**

11e Contract Assets and Contract Liabilities

	Group 2021 $'000	Group 2020 $'000	Group 2019 $'000
Contract Assets and Contract Liabilities			
Contract assets	18,896	21,051	22,420
Contract liabilities	7,369	4,897	5,615
Revenue recognised in the period from:			
Amounts included in the contract liability at the beginning of the period	4,897	5,615	3,506
Performance obligations satisfied in previous periods	–	–	–
Performance obligations that are unsatisfied (or partially unsatisfied):			
Revenue to recognise during the following period	15,693	11,027	9,649
Costs to obtain contracts			
Current	22	31	33
Non-current	53	64	38
Amortisation (a straight–line basis over the period of construction)	39	42	43

Contract assets and liabilities are held by Orion New Zealand Ltd and City Care Ltd. All performance obligations that are unsatisfied (or partially unsatisfied) for CCL are part of a contract that have an original duration of one year or less, therefore as permitted under NZ IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Accounting policies – debtors 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 allowance for impairment.

The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL's on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

The impact of COVID-19 was reviewed in relation to expected credit losses, resulting in a reduction in provisions for the Group at year end due to the better than expected recovery from COVID-19, noting the write off of some receivables during the year as a result of COVID-19. There has been no other change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Contract assets and liabilities

Contract assets are initially recognised at fair value. They are subsequently adjusted for credit impairment loss. The Group will recognise a contract asset for work performed where they do not have an unconditional right to consideration. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point which the Group has an unconditional right to consideration. If the payment received exceeds the revenue recognised to date then the Group recognises a contract liability for the difference.

The financing component in construction contracts with customers is not considered to be significant as the period between the recognition of revenue and receipt of payment is always less than one year.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under construction contracts.

Prepayments

A prepayment is recognised where payment is incurred in the period and where the benefit of that payment will be recognised in future periods.

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. Cost 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.

12 Cash and cash equivalents

	Group 2021 $'000	Group 2020 $'000
Cash and cash equivalents denominated in:		
New Zealand dollars	54,266	49,769
Foreign currency	80	565
	54,346	50,334

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for periods of between one day and three months, and earn interest at the respective short term deposit rates.

Accounting policy – 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, and which are subject to an insignificant risk of changes in value.

13 Intangible assets

13a

	Goodwill $'000	Easements and consents $'000	Software and other $'000	Total $'000
Gross carrying amount				
Gross carrying amount at 1 July 2019	45,586	19,897	62,062	127,545
Additions	–	10	8,409	8,419
Additions from internal developments	–	–	320	320
Disposals	–	–	(4,604)	(4,604)
Transfers	–	(14,212)	–	(14,212)
Gross carrying amount at 30 June 2020	45,586	5,695	66,187	117,468
Additions	–	11	4,431	4,442
Additions from internal developments	–	–	1,200	1,200
Disposals	–	–	(360)	(360)
Transfers	–	(694)	297	(397)
Gross carrying amount at 30 June 2021	45,586	5,012	71,755	122,353
Accumulated amortisation and impairment				
Accumulated balance at 1 July 2019	(38,710)	(3,397)	(43,469)	(85,576)
Amortisation expense	–	(40)	(6,232)	(6,272)
Impairment	(1,740)	(147)	(289)	(2,176)
Disposals	–	–	4,451	4,451
Accumulated balance at 30 June 2020	(40,450)	(3,584)	(45,539)	(89,573)
Amortisation expense	–	(131)	(6,719)	(6,850)
Impairment	–	–	(4)	(4)
Disposals	–	(25)	317	292
Accumulated balance at 30 June 2021	(40,450)	(3,740)	(51,945)	(96,135)
Carrying amount at 30 June 2020	**5,136**	**2,111**	**20,648**	**27,895**
Carrying amount at 30 June 2021	**5,136**	**1,272**	**19,810**	**26,218**

Included in intangible assets is capital work in progress of $0.2m (2020: $1.5m).

Accounting policy – intangible assets

(i) Computer software

Acquired computer software licenses 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 of developing or maintaining computer software programmes are recognised as an expense as incurred. Costs directly associated with the production of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets and amortised over their estimated useful lives. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (presented below) and impairment losses (see Impairment policy note 25).

(iii) Amortisation/Impairment

An intangible asset with a finite useful life is amortised on a straight-line basis 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	2-10 years
Resource consents	5-10 years
Patents, trademarks and licences	10-20 years

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

13b Amount of goodwill allocated to cash-generating units

	Group 2021 $'000	Group 2020 $'000
Orion New Zealand Ltd	2,648	2,648
Christchurch International Airport Ltd	–	–
Enable Services Ltd	848	848
City Care Ltd	1,640	1,640
	5,136	5,136

Of the total carrying amount of goodwill, $2.7m (2020: $2.7m) originates from the subsidiary balance sheets, and is reviewed for impairment annually by each individual Board. Goodwill on consolidation of $2.4m (2020: $2.4m) is generated from goodwill on acquisition of subsidiaries.

The CCHL Board have reviewed the carrying amount of each cash-generating unit and compared to the independent valuers' estimate of recoverable amount or value in use, and have determined no additional impairment exists.

Accounting policy – goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset. After initial recognition, goodwill is measured at the amount recognised at acquisition date less any accumulated impairment losses.

Goodwill is allocated to cash-generating units and is tested annually for impairment (see Impairment policy note 25).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Recoverable amount is the higher of the asset's net fair value less costs of disposal, or its value in use. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Impairments are recognised immediately in profit or loss, and are not subsequently reversed.

14 Creditors and other payables

	Group 2021 $'000	Group 2020 $'000
Trade payables and accrued expenses	97,631	94,210
GST payable	7,561	7,798
Interest payable	6,770	7,203
Retentions	1,119	3,389
Deposits held	414	487
Other Payables	–	–
	113,495	113,087

The carrying value of creditors and other payables approximates their fair value. Included in trade payables are amounts owing to the ultimate shareholder, Christchurch City Council, as disclosed in note 22.

Accounting policy – creditors and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are usually paid within 30 days of recognition.

15 Provisions and other liabilities

	Current 2021 $'000	Non-current 2021 $'000	Total 2021 $'000	Current 2020 $'000	Non-current 2020 $'000	Total 2020 $'000
Employee entitlements:						
Accrued pay	12,309	–	12,309	7,079	–	7,079
Annual leave	14,408	–	14,408	24,486	–	24,486
Bonuses and other	2,138	3,871	6,009	2,496	3,656	6,152
	28,855	3,871	32,726	34,061	3,656	37,717
Other provisions	4,788	206	4,994	3,504	240	3,744
Interest rate swaps	4,034	57,934	61,968	2,716	115,102	117,818
Deferred income and other	1,488	855	2,343	1,410	1,008	2,418
Income in advance	3,697	581	4,278	4,009	682	4,691
	42,862	**63,447**	**106,309**	**45,700**	**120,688**	**166,388**

Provisions

A provision is recognised in the statement of financial position when the Group has a present 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 an appropriate pre-tax rate.

Employee 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. Provisions 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.

Areas of judgement and financial risk

16 Areas of judgement and financial risk

16a Critical judgements, estimates and assumptions

In preparing the financial statements, management has made estimates and assumptions about the future that affect the reported amounts of assets and liabilities at balance date, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

In 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:

Valuation of property, plant and equipment and investment property (notes 4 and 5)

Management of most of the subsidiary companies use independent valuers to determine the fair value of certain assets. The valuation process requires the use of assumptions and estimates which are based on market conditions at the time. Any changes in market conditions subsequent to balance date will impact future valuations. A movement in the fair value of an asset is subsequently recorded within the statement of comprehensive income, depending on the asset classification.

The assets of LPC have been deemed as being inextricably linked and are therefore treated as a single cash generating unit (CGU) for valuation and impairment purposes.

Impairment assessments are completed annually on various asset classes. An impairment assessment measures the recoverable amount of an asset based on projections and estimates of future cash flows specifically related to the asset. An impairment charge is recognised for any asset with a carrying value in excess of its recoverable amount.

Valuation of investment in subsidiaries (note 2)

The total fair value of the Parent investment in subsidiaries is $3,182m (2020: $2,928m). Independent experts are appointed each year to value the investments. The valuation relies, in part, on publicly available information, management forecasts and other information provided by the respective management groups in relation to market conditions.

The valuations are based on the prevailing economic, market and other conditions as at 30 June 2021. Uncertainties remain as to the effect of the COVID-19 crisis will have on the subject entities and the broader domestic and global economies.

Classification of investment property (note 5)

The identification by CIAL of which components of property, plant and equipment are to be reclassified to investment property involves the use of judgement. A key factor for this classification is whether the property is used for aircraft-related activities. The classification has implications as to whether revaluation gains and losses are recognised through profit or loss or through other comprehensive income.

16b Credit risk

	Counterparty Credit rating	Group 2021 $'000	Group 2020 $'000
Cash and deposits	AA	61,493	62,862
Finance lease receivable	Unrated	43,922	43,190
Debtors, contract assets and other receivables	Unrated	105,129	93,787
Loans	Lower than BBB or unrated	21,779	24,749
Derivative financial instrument assets	AA	6,912	10,295
		239,235	234,883

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. Financial instruments that potentially subject the Group to concentrations of credit risk are summarised above. The Group places its cash and short-term investments with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective companies. The Group does not hold any credit derivatives to offset its credit exposure.

There is some concentration of credit risk at subsidiary level in relation to trade receivables, however all of these major customers are considered to be of high credit quality, and as such on a Group-wide basis, the risk of credit losses arising is not considered to be significant. Geographically, there is no significant credit risk concentration for the Group outside New Zealand.

16c Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management requires 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 Group manages its investments and borrowings in accordance with its treasury policies, which include restrictions on the amount of debt maturing in any 12 month period and require sufficient approved financing facilities to cover a specified percentage over the anticipated peak debt over a rolling 12 month period. In general the Group 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 Group's exposure to liquidity risk based on undiscounted contractual cash flows is as follows:

	Statement of financial position $'000	Contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	5 years+ $'000
30 Jun 2021						
Creditors and other payables	113,495	113,495	113,495	–	–	–
Derivative financial instruments	55,056	66,213	17,381	15,208	28,550	5,074
Borrowings – external	1,544,693	1,713,421	493,744	559,915	456,629	203,133
Borrowings – related parties	536,200	574,119	170,439	120,195	177,263	106,222
Lease liabilities	73,589	92,830	9,498	9,134	19,877	54,321
	2,323,033	2,560,078	804,557	704,452	682,319	368,750
30 Jun 2020						
Creditors and other payables	113,087	113,087	113,087	–	–	–
Derivative financial instruments	107,523	92,180	17,423	21,010	35,315	18,432
Borrowings – external	1,471,974	1,624,352	466,170	357,287	590,133	210,762
Borrowings – related parties	573,200	614,515	197,496	168,469	179,005	69,545
Lease liabilities	78,403	108,023	9,697	9,358	22,135	66,833
	2,344,187	2,552,157	803,873	556,124	826,588	365,572

16d Interest rate risk

The Group is exposed to interest rate risk as it borrows 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 (note 16f).

At 30 June 2021 the Group had a mix of financial assets and liabilities exposed to the re-pricing of interest rates as set out in the following tables. To the extent assets and liabilities exposed to variable interest rate risk are hedged, they are classified as fixed.

Interest rate re-pricing analysis

	Carrying value $'000	<1 year $'000	1-2 years $'000	2-5 years $'000	>5 years $'000
30 Jun 2021					
Cash and deposits	61,493	61,493	–	–	–
Loans and advances	21,779	21,779	–	–	–
Borrowings	(2,154,482)	(726,760)	(498,645)	(446,020)	(483,057)
	(2,071,210)	(643,488)	(498,645)	(446,020)	(483,057)
30 Jun 2020					
Cash and deposits	62,862	62,862	–	–	–
Loans and advances	24,749	24,749	–	–	–
Borrowings	(2,129,716)	(977,832)	(326,805)	(613,169)	(211,910)
	(2,042,105)	(890,221)	(326,805)	(613,169)	(211,910)

16e Interest rate sensitivity

In managing interest rate risks, the Group aims to reduce the impact of short term fluctuations on earnings. Over the longer term, however, changes in interest rates will affect reported profits. The following table summarises the estimated impact of a 1% movement in interest rates on the Group's pre-tax profit and equity (excluding retained earnings), taking into account the effect of interest rate swaps. The carrying amount of the hedging instruments is disclosed in note 24a.

	Profit/loss 2021 $'000	Equity 2021 $'000	Profit/loss 2020 $'000	Equity 2020 $'000
100 basis point increase	79	24,759	(4,003)	35,309
100 basis point decrease	(79)	(34,289)	5,358	(39,818)

The prior year comparatives have been restated.

16f Interest rate hedging activity

The Group uses interest rate swaps in the normal course of business to reduce its exposure to fluctuations in interest rates. The notional principal values and fair values of swaps held at 30 June are summarised in the table below. The fair value of assets is disclosed in note 24.

	Avg contracted fixed interest rate 2021 %	Avg contracted fixed interest rate 2020 %	Notional principal 2021 $'000	Notional principal 2020 $'000	Fair value 2021 $'000	Fair value 2020 $'000
Floating for fixed contracts						
Less than 1 year	3.85%	3.46%	145,000	146,000	(4,034)	(2,607)
1 to 2 years	2.44%	3.17%	87,000	160,000	(5,996)	(9,702)
2 to 5 years	2.52%	2.70%	735,000	599,000	(28,417)	(42,604)
More than 5 years	1.62%	2.64%	424,000	527,000	(21,802)	(58,917)
			1,391,000	1,432,000	(60,249)	(113,830)
Fixed for floating contracts						
Less than 1 year	0.00%	0.00%	–	–	–	–
1 to 2 years	0.00%	0.00%	–	–	–	–
2 to 5 years	4.10%	4.10%	100,000	100,000	5,613	10,295
More than 5 years	0.82%	2.95%	20,006	24,749	(481)	(3,879)
			120,006	124,749	5,132	6,416
Total			**1,511,006**	**1,556,749**	**(55,117)**	**(107,414)**

The following tables show the amount of debt being hedged by interest rate swaps for cash flow hedges plus the various related amounts that impact the statement of financial position and statement of comprehensive income.

Hedged items 30 June 2021	Nominal amount of the hedged item assets/ (liabilities)	Change in value used for calculating hedge ineffectiveness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied
Variable rate borrowings	(406,000)	19,081	42,459	–

Hedging instruments 30 June 2021	Current period hedging gains/ (losses) recognised in OCI	Amount of hedge ineffectiveness recognised in profit or loss (P/L)	Line item in P/L in which hedge ineffectiveness is included	Reclassification due to hedged future cash flows being no longer expected to occur	Reclassification due to hedged item affecting P/L	Line item in P/L in which reclassification adjustment is included
Interest rate swaps	9,740	1,696	Other income/ losses	–	–	N/A

Hedged items 30 June 2020	Nominal amount of the hedged item assets/ (liabilities)	Change in value used for calculating hedge ineffectiveness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied
Variable rate borrowings	(1,432,000)	(28,760)	75,170	–

Hedging instruments 30 June 2020	Current period hedging gains/ (losses) recognised in OCI	Amount of hedge ineffectiveness recognised in profit or loss (P/L)	Line item in P/L in which hedge ineffectiveness is included	Reclassification due to hedged future cash flows being no longer expected to occur	Reclassification due to hedged item affecting P/L	Line item in P/L in which reclassification adjustment is included
Interest rate swaps	(41,957)	(1,190)	Other income/ losses	–	–	N/A

16g Derivative financial instruments

Fair value of total derivatives analysed as:

	Notional principal 2021	Interest rate swaps 2021	Notional principal 2020	Interest rate swaps 2020
Current assets				
Derivatives not designated as hedging instruments	–	–	–	–
Derivatives designated as hedging instruments	–	–	–	–
	–	–	–	–
Non-current assets				
Derivatives not designated as hedging instruments	–	–	–	–
Derivatives designated as hedging instruments	205,000	6,851	100,000	10,295
	205,000	6,851	100,000	10,295
Current liabilities				
Derivatives not designated as hedging instruments	–	–	–	–
Derivatives designated as hedging instruments	145,000	4,034	148,375	2,607
	145,000	4,034	148,375	2,607
Non-current liabilities				
Derivatives not designated as hedging instruments	–	–	–	–
Derivatives designated as hedging instruments	1,151,006	57,934	1,310,749	115,102
	1,151,006	57,934	1,310,749	115,102
Total	**(1,091,006)**	**(55,117)**	**(1,359,124)**	**(107,414)**

16h Foreign exchange 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 has some exposure to foreign currency risk as a result of transactions that are denominated in a foreign currency - primarily Australian dollars, US dollars and Euros. The Group's policy is to hedge any material foreign currency exposure, usually with forward exchange contracts.

CCHL has lent US$14m (2020: US$14m) to Christchurch Engine Centre (see note 10c). This asset is fully hedged to New Zealand Dollars using a cross-currency interest rate swap, which reduces the net currency exposure on this transaction to zero.

The Group has assessed that a reasonably possible change in foreign exchange rates (a 10% variance either way) would not have a significant impact on profit or equity.

16i Commodity pricing and demand risk

EcoCentral Ltd's operations can be significantly impacted by fluctuations in commodity prices and international demand for certain products. This risk is mitigated to an extent by tendering and entering into supply contracts, and through the structure of its commercial contracts for incoming comingled products. Any residual risk is not considered material to the Group.

Accounting policies – Derivative financial instruments

The Group uses derivatives only for economic hedging purposes and not as speculative investments. All derivatives meet the hedge accounting criteria, so they are initially recognised at fair value on the date they are entered into, and are subsequently re-measured to their fair value at balance date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a cash flow hedge or a fair value hedge under NZ IFRS 9.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group may hedge less than 100% of any particular borrowing, therefore the hedged item may be identified as a proportion of an outstanding borrowing up to the notional amount of the swap.

Hedge ineffectiveness for interest rate swaps may occur due to the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and differences in critical terms between the interest rate swaps and loans.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of comprehensive income together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Statement of comprehensive income within Other income, or Other expenses.

Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate movements are also recognised in the Statement of comprehensive income within Other income, or Other expenses. Refer note 24 for further information.

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 Other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately as Other income or Other expenses in the Statement of comprehensive income. Amounts accumulated in Other comprehensive income are recycled in the Statement of comprehensive income in the periods when the hedged item will affect profit or loss (for instance when the forecast transaction that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, asset purchase) or a non financial liability, the gains and losses previously deferred in Other comprehensive income are transferred from Other comprehensive income 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 terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Other comprehensive income at that time remains in Other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the Statement of comprehensive income or is capitalised on the recognition of a non-financial asset. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in Other comprehensive income is immediately transferred to the Statement of comprehensive income.

Derivatives that do not qualify for hedge accounting

In the event that a derivative does not qualify for hedge accounting or for which hedge accounting has not been adopted, changes in its fair value would be recognised immediately in the Statement of comprehensive income as Other income or Other expenses.

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 balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised through profit or loss, except when deferred in equity as qualifying cash flow 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.

Those that are stated at fair value are translated to NZ dollars at rates ruling at the dates the fair value was determined.

17 Capital and lease commitments

	Group 2021 $'000	Group 2020 $'000
17a Capital commitments		
Property, plant and equipment	3,371	73,443
Electricity distribution network	22,365	16,223
Investment property	8,069	13,285
Intangible assets	143	123
	33,948	103,074
17b Lease liabilities		
Current	7,841	7,444
Non-current	65,748	70,959
	73,589	78,403

The Group leases various land and buildings, equipment and vehicles. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are renegotiated.

The Group has lease liabilities relating to agreements between Orion and Transpower New Zealand Ltd to install new assets at or near its local grid exit points, and for the lease of properties in the Wellington and Central Otago areas.

17c Right of use assets and sub-lease receivable

	Freehold land	Port land	Buildings	Plant and equipment	Electricity distribution system	Harbour structures land improvements	Specialised assets	Total
Cost at 1 July 2019	–	–	16,283	4,076	13,191	–	–	33,550
Additions	–	–	9,008	2,032	–	–	–	11,040
Disposals	–	–	–	–	–	–	–	–
Modifications to cost	–	–	–	–	(3,778)	–	–	(3,778)
Cost at 30 June 2020	–	–	25,291	6,108	9,413	–	–	40,812
Additions	1,042	–	8,208	1,182	–	–	–	10,432
Disposals	–	–	(1,022)	(524)	–	–	–	(1,546)
Modifications to cost	–	–	(7,935)	(1,542)	–	–	–	(9,477)
Cost at 30 June 2021	1,042	–	24,542	5,224	9,413	–	–	40,221
Accumulated Depreciation at 1 July 2019	–	–	–	–	2,555	–	–	2,555
Modifications to accumulated depreciation	–	–	–	–	(3,833)	–	–	(3,833)
Depreciation on right of use asset	–	–	4,590	1,738	1,278	–	–	7,606
Disposals	–	–	–	–	–	–	–	–
Accumulated depreciation at 30 June 2020	–	–	4,590	1,738	–	–	–	6,328
Modifications to accumulated depreciation	–	–	(118)	(740)	–	–	–	(858)
Depreciation on right of use asset	–	–	4,527	1,846	1,209	–	–	7,582
Disposals	157	–	(1,022)	(430)	–	–	–	(1,295)
Accumulated Depreciation at 30 June 2021	157	–	7,977	2,414	1,209	–	–	11,757
Carrying amount at 30 June 2021	**885**	**–**	**16,565**	**2,810**	**8,204**	**–**	**–**	**28,464**
Carrying Amount at 30 June 2020	**–**	**–**	**20,701**	**4,370**	**9,413**	**–**	**–**	**34,484**
Lease term (range in years)			3-28 years	4 years	1-27 years			

	Group 2021 $'000	Group 2020 $'000
Right of use assets	28,464	34,484
Sub-lease receivable non-current	41,750	42,688
Sub-lease receivable current	2,172	502
	72,386	77,674

The Group has assessed subleases as finance leases where they act as a lessor for subleases on sites that they lease. The Group has assessed each sublease based on the right of use asset and expected useful life of the head lease and where a sublease is for a significant part of the expected life of the lease. The Group has derecognised part of the right of use asset and recorded this as sublease receivable.

17d Leases (Group as lessee)

	Group 2021 $'000	Group 2020 $'000
Expense relating to short term leases	2,134	1,062
Expense relating to leases of low value assets	232	225
Expense relating to variable lease payments not included in the measurement of the lease liability	(88)	102
Income from subleasing right of use assets	–	1,304
At 30 June, the commitment for short term leases	200	186
Cash outflows for leases		
Interest on lease liabilities	2,604	3,134
Repayments of lease liabilities	5,091	6,816
Payments of short term leases	2,131	1,061
Payments of low value leases	231	224
Total cash outflows for leases	**10,057**	**11,235**

17e Non-cancellable operating leases as lessor

	Group 2021 $'000	Group 2020 $'000
Less than 1 year	40,463	46,120
Between 1 to 2 years	36,427	42,536
Between 2 to 3 years	31,741	39,564
Between 3 to 4 years	29,480	35,880
Between 4 to 5 years	27,046	33,621
Later than five years	128,937	168,075
	294,094	365,796

17f Non-cancellable finance leases as lessor

	Group 2021 $'000	Group 2020 $'000
Less than 1 year	3,363	1,791
Between 1 to 2 years	3,363	3,363
Between 2 to 3 years	3,363	3,363
Between 3 to 4 years	3,363	3,363
Between 4 to 5 years	3,363	3,363
Later than five years	38,221	40,350
Total undiscounted receivable	55,036	55,593
Unearned finance income	11,114	12,403
Net investment in finance leases	**43,922**	**43,190**

Total lease receivables of $44m (2020: $43m), are attributable to LPC's non-cancellable finance lease receivables. LPC leases a range of land, buildings and equipment to a number of customers. A number of leases include rights of renewal for further periods including "in perpetuity".

Accounting policy – leases

(i) Right-of-use assets and lease liabilities as lessee

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

All leases are classified as leases of right-of-use assets unless they meet the definition of short-term or low value leases, or are sublet. Lease payments that are short-term or low value are recognised as an expense on a straight-line basis over the lease term.

Lease liability payments are allocated between expense and reduction of the lease liability over the term of the lease. Capitalised right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The group applies NZ IAS 36, Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss under this standard.

As a practical expedient, NZ IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has adopted this practical expedient.

(ii) As lessor

The Group subleases one of its leases for land and buildings. This sublease is classified as a finance sub-lease as substantially all of the risks and rewards of ownership have been transferred to the sub lessee. Both the maturity and value of the lease payments match both the head lease and the sublease. The payment of both interest and principal is settled between the head lessor and the sublease. The Group does not recognise these payments in the cash flow statement.

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(iii) Finance lease receivables

Finance lease receivables are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. A simplified approach is applied in providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of lifetime expected credit loss provision for finance lease receivables. The allowance for doubtful debts on finance lease receivables is individually assessed based on number of days overdue.

18 Contingent liabilities and assets

18a Quantifiable contingent liabilities – Performance Bonds

	Group 2021 $'000	Group 2020 $'000
Christchurch City Holdings Ltd	5,000	15,000
City Care Ltd	11,118	11,321
Orion New Zealand Ltd	1,824	2,032
RBL Property Ltd	200	40
	18,142	28,393

CCHL entered into a $50m performance bond with ANZ bank in June 2011 in support of Enable's obligations under the UltraFast Broadband initiative. This bond reduces each year and terminates in 2022. The bond amounted to $5m at 30 June 2021 (2020: $15m).

CCL arranged with Bank of New Zealand for the issue of performance related bonds.

Enable Services Ltd

Enable had provided a guarantee to CCHL on the Crown Infrastructure Partner's loan which amounted to $160m in the comparative year. The loan was repaid in full in May 2021 therefore releasing Enable from the guarantee.

Orion New Zealand Ltd

On 13 February 2017, two fires started on the Port Hills near Christchurch and eventually spread to over 1,600 hectares. On 30 January 2018, Fire and Emergency New Zealand released its independent reports into the causes of the fires, with an official 'undetermined' cause for both fires, but it believes that both were deliberately lit and it will only investigate further if new evidence comes to light.

IAG Insurance, on behalf of a number of its clients, filed a statement of claim in the High Court with two key claims that Orion's electricity network caused the first fire on Early Valley Road that in turn caused $4.6m of losses for its clients. The trial started in August 2020 and on 15 September 2020 Orion reached a confidential commercial settlement with IAG on behalf of its insured customers that brought to an end the High Court proceeding against it in relation to the Port Hills fires. The settlement was without any admission of liability by Orion.

Over the last two years other parties have indicated they may claim losses from the Port Hills fires from Orion. To date, none of these claims have progressed to formal proceedings.

Development Christchurch Ltd

In relation to the Port Hills fires discussed above, Leisure Investments NZ Limited Partnership (LINZ), trading as Christchurch Adventure Park – in which DCL owns an equity stake – is appealing a March 2021 High Court ruling that it had unwittingly helped spread the wildfires with its chairlift and must pay $12m in damages to affected home owners.

LINZ's current assessment of the possible outcomes under the appeal are as follows:

	Best Case	Neutral	Worst Case
Appeal Outcome	All findings of liability in nuisance, negligence and under section 43 of the Forest and Rural Fires Act are overturned	The appeal is unsuccessful in all respects	The appeal is successful in relation to nuisance and negligence, but not in relation to section 43 of the Forest and Rural Fires Act
Implications for LINZ	No liability on LINZ, endorsement of its actions, but with risk of further appeal by the plaintiffs	Additional interest of c.$500,000 will accrue during this period leaving an expected total shortfall to be funded by LINZ of c.$4m	LINZ's insurance liability cover reduces from $10m to $3m, additional interest of c.$500,000 accrues. LINZ's liability in this instance increases to c.$11m when the appeal is resolved

The LINZ directors continue to work with LINZ's insurer QBE, and with the legal team leading the appeal to the Court of Appeal. QBE and LINZ have received legal advice on this litigation. That advice is confidential and subject to legal privilege and therefore cannot be disclosed.

The LINZ directors consider that if the appeal succeeds in respect of negligence and nuisance, there is also a good prospect of success in respect to section 43 and of overturning the judgment. On balance, the LINZ directors believe that there is a good prospect of overturning the judgment in its entirety.

The CCHL Board believe it is more likely than not that the appeal will be successful.

For the purposes of the Group financial statements, the current position has been reflected as a contingent liability until such time as greater clarity has been obtained.

All Group companies insure for liability risks, in line with good industry practice.

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

The Group had no other material or significant contingent liabilities as at 30 June 2021.

18b Contingent assets

EcoCentral Ltd

EcoCentral have signed a deed of funding to receive $16.8m funding from Ministry for the Environment for a Materials Recycling Facility upgrade however there has not yet been a commitment with the supplier to go ahead with the project.

The Group had no other material or significant contingent assets as at 30 June 2021.

19 Events after the reporting date

The Group is aware of the following significant events between 30 June 2021 and authorisation of these financial statements on 29 September 2021.

COVID-19

On 17 August 2021, the New Zealand Government announced a nationwide Level 4 lockdown related to COVID-19 community cases, with most of the country moving to Level 3 from 3 September, and Level 2 from 8 September. At the time of completing the financial statements, the duration of the lockdown is unknown and creates a level of uncertainty moving forward. However, no material impact is anticipated on the Group, or the key assumptions or estimates made in the preparation of these financial statements. The Group has considered the subsidiary's COVID-19 responses outlined in the Annual Report, and sees them well placed to manage the impact of the lockdown in 2021/2022.

DCL land sales

On 7 July 2021, DCL sold 16,719m² of land located at Hawke Street, New Brighton for $1.2m to Seaview Properties (Brighton) Limited.

On 29 July 2021 DCL sold 7,007m² of land located at 100 Peterborough Street and 93 & 95 Kilmore Street for $8.85m to a consortium of Brookfield Properties Limited, Peebles Group Limited, Balance Developments Limited and 93 Kilmore Street Limited.

Other disclosures

20 Share capital and dividends

Share capital and dividends

	Group 2021 $'000	Group 2020 $'000
Fully paid ordinary shares	94,143	94,143
Partly paid redeemable preference shares	1	1
	94,144	**94,144**
Dividends declared on fully paid ordinary shares	34,000	22,000
Cents per share	71	46

During the year ended 30 June 2021, Enable delivered its first dividend ($18m), allowing the Group to pay higher dividends to Christchurch City Council than in the prior year.

During the year ended 30 June 2020, 7,365,000 ordinary shares for $7,365,000 were issued to Christchurch City Council and 200,000,000 redeemable preference shares were issued.

CCHL has on issue:

- 48,090,528 (2020: 48,090,528) fully paid ordinary shares to Christchurch City Council, carrying one vote per share and the right to dividends.
- 1,500,139,000 (2020: 1,500,139,000) of redeemable preference shares, paid up 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. The shares have no par value.

Capital management and dividend policy

The Group's capital includes share capital, reserves and retained earnings. The 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 shareholder's 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.

Management monitors capital through the gearing ratio (net debt: net debt + equity) and a strong credit rating (currently AA-/A1+ (stable outlook) from Standard & Poor's), although it is noted that the Parent's rating is largely determined by the Christchurch City Council's rating due to the close financial relationship between the two entities.

In light of the impact that COVID-19 has had on the ability of CCHL to pay dividends, the CCHL board has decided to pay dividends to its shareholder, Christchurch City Council, after taking into account its profitability, debt levels, future investment requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

In response to COVID-19, in August 2020 CIAL agreed financial covenant waivers with their bank funding providers and bond supervisor for reporting periods to 31 December 2021 inclusive. As part of obtaining these waivers, CIAL has agreed that it will not make or pay any Distribution to shareholders until it is in compliance with all financial covenants and has delivered a certificate demonstrating that compliance. During the current financial year, CIAL was in compliance with all of its financial covenants. The CIAL Board determined that no final dividend will be paid for the year ended 30 June 2020 and no interim dividend be paid for the year ended 30 June 2021.

Accounting policy – dividends

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

21 Reserves

Revaluation reserve – property, plant and equipment

The revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 4.

Hedging reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 16.

22 Related party disclosures

The parent entity in the group structure is CCHL, which is 100% owned by Christchurch City Council. The Group undertakes transactions with Christchurch City Council and its related parties, all of which are carried out on a commercial basis. No material transactions were entered into with related parties except as disclosed below.

22a Transactions between the Group entities and Christchurch City Council

22a(i) Routine transactions

	Group 2021 $'000	Group 2020 $'000
Dividends paid/payable to Christchurch City Council	34,000	22,000
Interest paid to Christchurch City Council	13,938	16,733
Services provided to Christchurch City Council	125,425	113,245
Services provided by Christchurch City Council (including rent and rates)	11,409	24,079

22a(ii) Subvention payments and loss offsets between the Group entities and Christchurch City Council entities

Members of the Christchurch City Council Group, including the Group, are grouped for tax purposes. Some profit-making companies in the Group reduce their tax liabilities by making subvention payments to, or offsetting their taxable profits with, entities within the Group that generate tax losses, as summarised in the following table:

	30 June 2021						30 June 2020					
	CIAL $'000	LPC $'000	CCL $'000	ECL $'000	ESL $'000	RBL Property $'000	CIAL $'000	LPC $'000	CCL $'000	ECL $'000	ESL $'000	RBL Property $'000
Subvention payments												
Paid to:												
Christchurch City Council Group	–	454	1,444	157	–	98	–	4,103	–	–	–	–
Enable Services Ltd	–	–	1,685	–	–	–	915	740	–	644	–	–
Development Christchurch Ltd	–	–	–	–	–	–	–	363	–	–	–	–
CBL/Tuam Ltd/ChristchurchNZ	–	–	–	–	–	–	–	500	–	–	–	–
	–	454	3,129	157	–	98	915	5,706	–	644	–	–
Tax loss offsets:												
Losses provided by:												
Christchurch City Council Group	–	–	–	–	–	–	–	10,550	–	–	–	–
Enable Services Ltd	–	–	–	–	–	–	2,354	1,905	–	1,655	–	–
City Care Ltd	–	–	–	–	1,685	–	–	–	–	–	–	–
Development Christchurch Ltd	–	–	–	–	–	–	–	933	–	–	–	–
CBL/Tuam Ltd/ChristchurchNZ	–	–	–	–	–	–	–	1,286	–	–	–	–
	–	–	–	–	1,685	–	2,354	14,674	–	1,655	–	–

22a(iii) Other transactions between the Group entities and Christchurch City Council entities

Other transactions between members of the Group and Christchurch City Council or its subsidiaries were as follows:

- CCHL borrows from Christchurch City Council, based on the borrowing rate of Christchurch City Council plus a margin. Current borrowing is $170m (2020: $219m) fixed, with the balance of $366m (2020: $354m) floating. Weighted average borrowing cost at 30 June 2021 pre hedging was 2.00% (2020: 2.52%).

	2021 $'000	2020 $'000
Borrowing maturity		
Short term < 3 months	10,000	–
3 months-1 year	149,700	183,500
1-2 years	110,000	159,700
3-5 years	164,000	164,500
6-8 years	102,500	65,500
	536,200	573,200

EcoCentral Ltd made payments of $18m in relation to the disposal of waste (2020: $17m), to Transwaste Canterbury Ltd, a company in which the ultimate shareholder, Christchurch City Council, has a material shareholding.

Transactions to other Christchurch City Council owned entities are:

- Sales to Venues Ōtautahi of $0.7m (2020: $0.2m), purchases of nil (2020: $0.06m)
- Sales to Tuam Ltd of nil (2020: $0.001m), purchases of $0.9m (2020: $0.05m)

22b Balances between the Group and Christchurch City Council

	Owing by CCC 2021 $'000	Owing by CCC 2020 $'000	Owing to CCC 2021 $'000	Owing to CCC 2020 $'000
CCHL	–	–	1,959	2,363
Orion New Zealand Ltd	1,896	2,200	–	7
Christchurch International Airport Ltd	–	–	–	1,704
Lyttelton Port Company Ltd	–	3	(3)	89
Enable Services Ltd	16	8	–	14
City Care Ltd	11,188	10,428	41	13
RBL Property Ltd	31	–	–	–
EcoCentral Ltd	65	1,962	234	1
Development Christchurch Ltd	–	16	–	62
	13,196	14,617	2,231	4,253

22c Key management personnel compensation

The compensation of the directors and executives of Parent, being the key management personnel of the entity, was $0.79m (2020: $0.82m). This comprises all short-term employee benefits.

23 Reconciliation of profit to net cash operating flows

	Note	Group 2021 $'000	Group 2020 $'000
Profit for the year		92,942	(54,144)
Add/(less) non-cash items			
Depreciation, amortisation and impairment expense		158,028	341,433
(Gains)/losses in fair value of investment property	5	(46,451)	(13,481)
(Gains)/losses in fair value of derivative financial instruments		(1,783)	203
Net foreign exchange (gains)/losses		3	14
Deferred tax charged/(credited) to income	9d	13,167	(45,128)
Internal labour allocated to PPE & intangibles		(4,227)	3,431
CIP FV adjustment	7c	6,024	1,151
Other		(3,463)	4,437
		121,298	292,060
Add/(less) items classified as investing or financing activities			
(Gain)/loss on disposal of non-current assets		(800)	1,086
Movement in capital creditors		2,659	9,576
Other		10	985
		1,869	11,647
Add/(less) movement in working capital items			
Debtors, inventory and other current assets		(17,252)	(2,087)
Non-current receivables, prepayments and other		6,933	(5,156)
Creditors and other liabilities		408	(6,638)
Provisions and other liabilities		(4,729)	4,785
Current tax liabilities		–	(2,127)
Non-current provisions and other liabilities		2,972	(195)
		(11,668)	(11,418)
Net cash from operating activities		**204,441**	**238,145**

24 Classification of assets and liabilities

This note provides further information about the Group's financial instruments, including:

- An overview of all financial instruments held by the Group, and their classification
- Disaggregated information for those instruments that the directors consider to be most significant in the context of the Group's operations
- Specific accounting policies where relevant
- Information about determining the fair value of the financial instruments, including judgements and estimation uncertainty involved.

The Group's exposure to various risks associated with the financial instruments is discussed in note 16.

The Group holds the following financial instruments:

24a Classification of financial assets and liabilities

	30 Jun 21 $'000	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000	30 Jun 20 $'000	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000
Financial assets/(liabilities) at fair value								
Fair value hedge derivatives								
Derivative financial instrument assets	5,613	–	5,613	–	10,295	–	10,295	–
Derivative financial instrument liabilities	–	–	–	–	–	–	–	–
Cash flow hedge derivatives								
Derivative financial instrument assets	1,299	–	1,299	–	–	–	–	–
Derivative financial instrument liabilities	(61,968)	–	(61,968)	–	(117,818)	–	(117,818)	–
Total financial assets/(liabilities) at fair value	(55,056)	–	(55,056)	–	(107,523)	–	(107,523)	–
Financial assets/(liabilities) at amortised cost								
Cash and deposits	61,493				62,862			
Finance lease receivable	43,922				43,190			
Debtors, contract assets and other receivables	105,129				93,787			
Loans	21,779				24,749			
Subtotal – assets	**232,323**				**224,588**			
Creditors and other payables	(113,495)				(113,087)			
Borrowings and lease liabilities	(2,154,482)				(2,123,577)			
Subtotal – liabilities	(2,267,977)				(2,236,664)			
Net financial assets/(liabilities) at amortised cost	(2,035,654)				(2,012,076)			
Total financial assets and liabilities	**(2,090,710)**				**(2,119,599)**			

24b Non-financial assets measured at fair value

	Carrying value 30 Jun 21 $'000	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000	Carrying value 30 Jun 20 $'000	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000
Property, plant and equipment	3,702,505	–	114,998	3,587,507	3,531,148	–	115,853	3,415,295
Investment property	656,642	–	–	656,642	571,658	–	–	571,658
Assets held for sale	1,745	–	–	1,745	–	–	–	–
	4,360,892	–	114,998	4,245,894	4,102,806	–	115,853	3,986,953

Analysis of movements in Level 3 assets

	30 June 2021 Total $'000	P,P&E $'000	Investment property $'000	Assets held for sale $'000	30 June 2020 Total $'000	P,P&E $'000	Investment property $'000
Opening carrying value	3,986,953	3,415,295	571,658	–	3,160,786	2,669,584	491,202
Additions	187,634	166,348	21,286	–	345,709	298,289	47,420
Disposals	(13,687)	(12,623)	–	(1,064)	(1,048)	(1,048)	–
Transfers	14,796	(3,273)	15,870	2,199	–	(19,555)	19,555
Fair value movements	195,362	148,615	47,828	(1,081)	137,445	123,964	13,481
Depreciation	(117,553)	(117,553)	–	–	(77,253)	(77,253)	–
Reclassified assets and impairments	(7,611)	(9,302)	–	1,691	421,314	421,314	–
Closing carrying value	4,245,894	3,587,507	656,642	1,745	3,986,953	3,415,295	571,658

Fair value of assets and liabilities

The above tables classify the Group's assets and liabilities in accordance with NZ IFRS 13 as described in the accounting polices set out below.

Property, plant and equipment that is classified as Level 2 arises from the use by Orion's valuer of significant observable inputs – sales comparisons and unit metre frontage methodologies – in determining the fair value of land at substation sites. In addition they valued Orion's Waterloo Road depot site using a sales comparison method and the buildings under construction using a depreciated cost method (level 2).

Fixed rate debt is recognised in the financial statements at amortised cost, except for $100m (2020: $100m) of debt held by CIAL which is matched by an interest rate swap agreement in place with a notional amount of $100m (2020: $100m) whereby CIAL receives a fixed rate of interest of 4.13% and pays interest at a variable rate on the notional amounts. The swap is being used to hedge the exposure to changes in the fair value of its 4.13% $100m bond. The accumulated fair value hedge adjustments made on the carrying amount of these bonds total $5.3m (2020: $10.3m), resulting in a total carrying value of the fair valued hedged debt of $105m (2020: $110m).

The Parent has total fixed rate debt held at amortised cost of $470.0m (2020: $519.5m). The fair value of this debt, determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs, at 30 June 2021 was $499.1m (2020: $571m).

Transfer between categories

There were no transfers between Level 1 and Level 2 during the year.

The directors consider that the carrying amounts of all other financial assets and financial liabilities approximate their fair values, on the basis that settlement is due in the short term and expected to be at, or very close to, carrying value.

Accounting policy – fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the highest and best use of that asset.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.
- **Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments are described in the relevant notes. External valuers are involved for valuation of significant assets, such as properties and investments held at fair value through equity. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained.

Classification of investments and financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

25 Statement of accounting policies

Impairment

The carrying amounts of the Group's assets, other than inventory, investment property and deferred tax assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent of other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amounts are the higher of fair value (less costs to sell) or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Goodwill is tested for impairment annually, and whenever there is an indication that it may be impaired. An impairment of goodwill is not subsequently reversed.

If a revalued asset is determined to be impaired, then the impairment is firstly applied against the revaluation reserve related to that asset, with any remaining impairment loss expensed in profit or loss. If the impairment loss is subsequently reversed, the reversal is firstly applied to profit or loss to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the revaluation reserve.

For assets that are not revalued, an impairment loss is expensed immediately in profit or loss. If an impairment loss is subsequently reversed, the carrying value of the asset is stated at not more than what its carrying value would have been had the earlier impairment not occurred.

When a decline in the fair value of a financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised through profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised through profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised through profit or loss.

Other accounting policies

All other accounting policies are shown in the relevant note.

New accounting standards and interpretations

No new accounting standards or interpretations that became effective during the period had a material impact on the Group.

Standards issued but not yet effective

Certain new accounting standards and amendments have been issued that are not mandatory for the 30 June 2021 financial year and have not been early adopted. Those new standards and amendments that are relevant to the Group are:

Amendments to NZ IAS 1 – Classification of Liabilities as Current or Non-current

The amendments clarify a criterion in NZ IAS 1 for classifying a liability, such as loans, as non-current:

- the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

Amendments to NZ IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments expand the exclusion criterion in NZ IAS 12 for equal taxable and deductible temporary differences.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group will not early adopt these amendments and will first apply the amendments in the 30 June 2024 financial statements. The Group is assessing the effect of these amendments on its financial statements.

Other new accounting standards and amendments have been issued that are not mandatory for the 30 June 2021 financial year and have not been early adopted by the Group. The Group has assessed that these are not likely to have an effect on its financial statements.

26 Prior period adjustment

The CIAL board reviewed the deferred tax calculation and determined that the apportionment of investment properties between land and buildings was historically inaccurate. The proportion relating to buildings was overstated which resulted in an overstatement of net deferred tax liabilities in 2019 by $7.8m. A prior period adjustment has been made as at 1 July 2019 in the statement of financial position, increasing retained earnings and decreasing net deferred tax liabilities by this amount.

The updated apportionment resulted in an increase to the 30 June 2020 taxation expense by $1.1m, and an increase in net deferred tax liabilities at 30 June 2020 by the same amount. The net surplus after tax and total comprehensive income have consequently reduced by $1.1m. The cumulative impact of that change and the 2019 restatement means that the previously reported 30 June 2020 figures have been adjusted such that net deferred tax liabilities has decreased by $6.7m and retained earnings has increased by $6.7m.

Performance statement

27 Performance against Statement of Intent targets

The Statement of Intent ('SoI') issued by CCHL last year in respect of the 2020/2021 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 2021 with the financial targets contained within the SoI:

	Group Actual $'000	Group Target $'000
Financial performance targets		
Net Profit after tax	92,942	5,000
Net debt/net debt plus equity (%)	49.6%	55.0%
Dividends to Christchurch City Council	34,000	18,800
Return on average equity (%)	4.8%	0.3%

Group profit for the period and return on average equity

The Group's profitability and return on average equity are higher than SoI targets due to the better than expected recovery from COVID-19.

Group Interest cover

The Group interest cover ratio is better than target largely due to higher EBIT as a result of the Group's better than expected recovery from COVID-19.

Further information on the performance of the Group is provided in the review section of this annual report.

Dividends

The company paid dividends to Christchurch City Council of $34m (2020: $22m), largely due to Enable's $18m dividend, being Enable's first dividend payment. Dividends were higher than the SoI target of $18.8m which is largely due to the special dividend paid by RBL Property of $17m as a result of the sale of ECan Bus Contracts in December 2020.

Non-financial performance targets – CCHL Parent

CCHL's performance against the non-financial performance measures set out in its SoI are described in the following tables.

Kaitiakitanga

	Objective	Performance target	Performance
1	The Group will adopt strategies that are compatible with the strategic direction of its shareholder	CCHL will actively engage with its operating subsidiaries to provide strategic alignment with the ultimate shareholder's expectations	**Achieved** – Letter of expectations (LOE) issued in December 2020
2	CCHL maintains contact with subsidiary company boards, and remains aware of their strategic and business issues	CCHL regularly receives a strategic performance report detailing financial, market and performance updates. CCHL management meet with operating subsidiary management regularly to review current performance and strategic focus areas. CCHL receive business plans from each operating subsidiary by 31 May each year. Operating subsidiary Chair and CEO will meet with CCHL Board at least annually	**Achieved** – Dashboard quarterly reports against SoI targets and strategic performance reports have been received quarterly **Achieved** – At least quarterly meetings with subsidiary CEO and CFO **Achieved** **Achieved** – all subsidiary Chairs/CEOs provided CCHL Board with strategic update briefings during the year
3	The Group will work together to ensure leadership and collaboration where there is mutual benefit	CCHL encourages Group participation in Emerging Technology and Innovation (ETI), CFO Group, CEO Group, Chairs and Audit Committee Chairs meetings	**Achieved** – Established the C3 Programme which is a proactively supporting collaboration on mutually beneficial opportunities and challenges across the Group and with Council. There have been 5 cross-company projects Group CFO, CEO and Audit Committee Chairs meetings are also held on a regular basis

Mana

	Objective	Performance target	Performance
1	CCHL manages its continuous disclosure requirements for NZX effectively	Matters of material impact are disclosed in line with CCHL framework for continuous disclosure	**Achieved** – all NZX disclosure requirements completed on time
2	The Group are committed to showing leadership in emerging technology and innovation	Group performance targets are established and reported against relating to innovative, disruptive and new technologies	**Achieved** – Te Whāriki digital platform implemented allowing Group employees to access the expertise and knowledge from across the Group to solve challenges, resource work faster, and develop their own capability. There have been over 50 cross-company innovation related projects listed A number of emerging technology pilots are underway associated with improving detection and digital visualisation of CCHL's underground assets
3	CCHL keeps Council informed of all significant matters relating to CCHL and its subsidiaries	Major matters of urgency are reported to Council at the earliest opportunity under its 'no surprises' policy within the constraints of commercial sensitivity and NZX listing requirements	**Achieved**

Financial

	Objective	Performance target	Performance
1	Net profit after tax	$5m	**Achieved** – NPAT of $93m
2	Net debt/net debt plus equity	<55%	**Achieved** – 49.6%
3	Return on average equity	0.3%	**Achieved** – 4.8%

Sustainability

	Objective	Performance target	Performance
1	The Group will show sustainability Leadership	CCHL will establish a sustainability framework for our debt funding programme aligned with our IGFF	**Achieved**
2	The Group companies set and attain environmental, social and innovative performance objectives that are compatible with their activities, commercial nature and other objectives	The Group will prepare a carbon energy management plan including a timeline to achieve a Group target of being net carbon neutral The Group will deliver an Integrated Reporting framework over the next three years	**Achieved** – CCHL implemented a sustainability working group which developed group wide sustainability goals that have been included in the FY22 SOI **Ongoing**

People

	Objective	Performance target	Performance
1	The Group continue to ensure the health, safety and wellbeing of all people working across the Group	The Group will continue to work towards a living wage for all direct employees, including investing in training and staff development programmes The Group will trial an online platform aimed at sharing human capital expertise and experience	**Achieved** – through Council workshop in March 2021 and ongoing commitment to continue to work towards positive living wage outcomes for direct employees **Achieved** – CCHL implemented a Group Platform called Te Whariki, initially at a pilot phase but now it has successfully moved to an adoption phase with all subsidiaries signing up
2	Directors make an effective contribution to the CCHL board, and their conduct is in accordance with generally accepted standards	The Chair will conduct a board effectiveness review with the board every 3 years, next due in 2022	**Not Applicable** – The Chair conducts the board effectiveness review with the Board on a triennial basis. The next board effectiveness review is due to be completed in FY22
3	CCHL's process for the selection and appointment of directors to the boards of subsidiary companies is aligned with governance best practice	The process followed for each appointment to a subsidiary company board is transparent, fully documented and in line with approved policies and procedures. CCHL will actively monitor board diversity (considering all relevant diversity perspectives/measures) across the Group	**Achieved** – Director appointments made during the year complied with Council/CCHL policies **Achieved** – monitored as regular governance appointment processes, an external party also reviewed the Board Diversity across the group in March 2021
4	Develop future Governance talent for the region by continuing to deliver the CCHL Associate Director programme	Appoint at least 5 Associate Directors to CCHL and related company boards	**Achieved** – CCHL appointed 7 Associate Directors during the 2021 year

Internal measures

	Objective	Performance target	Performance
1	CCHL financial and distribution performance meets the shareholder's expectations	CCHL pays a dividend for the 2021 financial year that meets or exceeds budget, and achieves the other budgeted key performance measures set out in their SoI	**Achieved** – CCHL paid a Dividend to Christchurch City Council of $34m, with the SoI budget being $18.8m
2	CCHL's investments provide an appropriate return in relation to their business risk, and against external benchmarks	CCHL will annually review the performance of its major subsidiary companies against external benchmarks, and assess the value of the investment in the individual company in relation to its inherent business risk and community benefits	**Achieved** – benchmarking review completed with independent advisors in May 2021
3	CCHL's treasury management policies and practices are consistent with best practice	CCHL's treasury management policies are reviewed on a bi-annual basis	**Not Applicable** – CCHL's ARMC will next review the treasury management policy in 2022
4	Shareholder's funds/total assets	39%	**Achieved** – 43%
5	Interest cover (times)	1.33	**Achieved** – 2.65

Non-financial performance targets – the Group

The achievement of key significant non-financial performance measures for each of our significant subsidiaries (Orion, CIAL, LPC, ESL and CCL) as set out in their SoI's are described in the following tables.

Orion (as per 31 March 2021 SoI)

	Objective	Performance target	Performance
1	Network reliability	Duration of supply interruptions per connected customer: SAIDI 125 Number of supply interruptions per year per connected customer: SAIFI 1.10	**Achieved** – SAIDI 57 **Achieved** – SAIFI 0.59
2	Network development	Upgrade our sub-transmission supply to Hawthornden zone substation Undertake a trial of new 11kV fault indication equipment on our underground cable network Upgrade our 11kV underground network in the Springston and Lincoln areas Build and commission a new zone substation at Belfast and interconnect it with our existing 66kV sub-transmission network and a new switching station to be built and commissioned at Marshland	**Delayed** **Achieved** – trial complete **Achieved** – completed **Achieved** – on target
3	Sustainability	Set reduction targets for Orion's operational carbon emissions, including our plans and timeframes to achieve them Report on our climate-related risk exposures Support initiatives that help our community's long-term sustainability. Investigate how to bring our network resource consumption footprint into our business decisions Keep our annual SF_6 gas losses below 0.8% per year	**Achieved** – set reduction and neutrality targets for the corporate emissions of Orion group **Achieved** – issued first Climate Risks and Opportunities report in August 2020. **Achieved** – Orion continues to partner with like minded organisations to improve the sustainability in the community **Achieved** – have continued to remove legacy 11kV switchgear that uses SF_6 search for safe, reliable and cost efficient alternatives to SF_6
4	Health & Safety	Fewer than four events that did or could have resulted in serious injury to our employees or our contractors No event that did or could have resulted in serious injury to members of the public	**Not achieved** – there were three serious events during the year involving our employees, two of which did not result in an injury and one which resulted in injury. A Connetics vehicle rolled while being set up at a worksite resulting in three employees receiving minor injuries **Achieved** – there were no events (excluding car versus pole traffic accidents) which involved members of the public (last year: two events)
5	People	Ensure that Connetics has sustainable industry competence via its apprentice and electrical training scheme Complete the first major phase of our people leadership programme Complete the first major phase of our diversity and inclusion programme	**Ongoing** – As at 31 March 2021, Connetics employed 37 apprentices and 4 electrical cadets to gain industry qualification licences (last year: 29 apprentices and 11 others in training) **Achieved** – 55 people participated in the first phase during 2020 **Ongoing** – approach included three pathways: engage the hearts and minds of our people so they adopt more inclusive behaviours, target our systemic barriers to diversity and inclusion and develop key partnerships throughout our community to increase our attraction of people from diverse groups over time. The first phase has been launched with the implementation of an Inclusion Council and education sessions for all employees has been completed

	Objective	Performance target	Performance
6	New Technologies	Build a data warehouse and implement data marts	**Achieved** – new opportunities for analytics, sophisticated reporting and information 'dashboards' have been created to assist decision makers
		Automate the enabling/disabling of our network auto-reclose functions	**Achieved** – now using near real time data that is available from NIWA and FENZ which shows fire risk levels for specific locations in our region, system is not yet fully automated and integrated with 24-hour network control systems. This will be completed by 30 September 2021
		Install a new digital voice radio network on Banks Peninsula	**On track** – due for completion 30 September 2021
		Increase the real time 'visibility' of the state of our low voltage network	**Ongoing** – 210 LV monitors installed, with installations ongoing

Christchurch International Airport Ltd

	Objective	Performance target	Performance
1	Passenger numbers	Domestic – 2,860,433	**Achieved** – 3,644,632
		Tasman & Pacific Islands – 506,272	**Not achieved** – 52,386
		International – 22,581	**Not achieved** – 8,355
2	**Sustainability**		
	Carbon	20% reduction on CIAL carbon emissions benchmarked against 2015	**Achieved** – 50% reduction on CIAL carbon emissions benchmarked against 2015
		80% of CIAL's road vehicle fleet made up of EV and hybrid vehicles	**Not achieved** – Currently 61% of CIAL's road vehicle fleet is EV and hybrid vehicles. Awaiting more electric alternatives for utility vehicle requirements
	Waste	Work with airlines to achieve greater recycling of waste off aircraft	**Ongoing** – Continuing to review quarantine waste and feasibility of introducing a transitional waste sorting facility
		Implement food court waste upgrades	**Not achieved** – Food court upgrades have been deferred for consideration in 2022
	Energy	Domestic jet ground power stands commissioned	**Not achieved** – Jet ground power installed at all international stands, except Gate 16 & 17. Overall 80% is completed. Ground power infrastructure is currently sufficient to meet short to medium term needs
		90% reduction of Scope 1 emissions (baseline year 2015) achieved	**Not achieved** – 88% reduction in Scope 1 emissions against 2015 baseline achieved
	Water	Install accurate water metering devices to better understand passenger terminal water use	**Achieved** – Telemetry devices installed across CIAL campus
	Noise	Noise complaints are limited to 10 per 10,000 aircraft movements per annum	**Ongoing** – Noise complaints on average down to 4.6 per 10,000 aircraft movements
		Successful implementation of the CIAL Noise Management Plan	**Ongoing** – Project recommenced June 2021, program delivery of contours to Environment Canterbury early 2022
3	Health & Safety	Increased number of safety leadership conversations as measured in safety leadership app	**Achieved** – The Safety Leadership conversation app is being redesigned to improve alignment and usability. Expected relaunch date has been revised to Aug 21. The annual culture survey showed good improvement in safety leadership with an 83% positive result to the statement that CIAL demonstrates a strong commitment to the health, safety and wellbeing of our people
		Active participation in safety leadership working group by all members	**Achieved** – Excellent attendance and participation in the safety leadership working group by all members throughout the year
		Delivery of People and Aviation Safety Assurance Programme Performance	**Achieved** – 2021 People and Aviation Safety Workplan delivered in full

	Objective	Performance target	Performance
4	People: creation and implementation of a diversity, inclusion and participation strategy and engagement programme	Activate Wawata Iwi fair employer charter	**Achieved** – We activated a proactive approach to addressing undesirable behaviours through an internal education programme promoting respectful, kind and positive communication between all. This engagement programme has ensured our team feel safe, as well as encouraged to enjoy a work environment where they truly feel celebrated for their individual differences
		Incremental improvements in participation and inclusion measures in culture and engagement survey	**Achieved** – There is a genuine feeling of equal opportunity and equity amongst employees at CIAL with over 80% of our team feeling like they belong and are respected as individuals when they are at work
5	Community Engagement – contributing to the social and community outcomes of our City and the South Island	To continue to demonstrate support for events which attract visitors, enhance the City's image and that residents can enjoy	**Achieved** – Actively involved in activities including Christchurch NZ activations and promotions, Pop Up Penguins, the Special Children's Christmas party and TRENZ
		Support community initiatives and organisations through the CIAL community Fund, charity fundraisers and other donations through the year	**Not achieved** – The impact of the pandemic has led us to pause the Community Fund. We have not made any recent grants. We continue to support charity collections within the terminal and overtly support charities through lighting our terminal and the Airways Tower in relevant colours

Lyttelton Port Company Ltd

	Objective	Performance target	Performance
1	Operational	Gross Crane rate (containers per hour per crane) 25	**Not achieved** – 23.8, due to the nationwide and global supply chain issues causing vessel delays and longer container dwell times, our productivity rates are below target
		Ship Rate – 65 (TEU per hour per ship)	**Not achieved** – 59.2, due to the nationwide and global supply chain issues causing vessel delays and longer container dwell times, our productivity rates are below target
2	Sustainability	Detailed Carbon Reduction Plan in place for first 5 year Period	**Achieved**
		5% increase in diversion rates (operational waste) from baseline 2018	**Not achieved** – LPC is resetting the baseline year for waste management to 2020 as 2018 data capture was unreliable. 2021 targets will reflect this.
		Biodiversity Positive road map in place	**Achieved**
3	Health & Safety	TRIFR of 5.4	**Achieved** – total recordable injury frequency rate average for the year was 4.28

Notes to the financial statements

For the year ended 30 June 2021

Enable Services Ltd

	Objective	Performance target	Performance
1	Operational	Number of connections (cumulative) 127,623	**Achieved** – 132,278
2	Total Network availability	>99.97%	**Achieved** – 99.997%
3	Health & Safety	Total recordable injury frequency rate (per million hours) <=3.0 Serious harm injuries – Nil	**Not Achieved** – 10 **Achieved** – Nil
4	Sustainability	21% CO^2 reduction (percentage reduced is measured from June 2019 and for direct operations only) 15% Corporate wasted reduction (average for paper, landfill waste, food and stationery) (percentage reduced is measured from June 2019 and for direct operations only)	**Achieved** – 50% reduction **Achieved** – 51% reduction
5	Greater Community Value	Completion of a business case(s) to close the digital divide in Christchurch in relation to social housing by 30 June 2021	**Achieved** – Business Case completed and approved for ŌCHT partnership to address digital equity for all ŌCHT tenants, and partnership plans announced

Citycare Ltd

	Objective	Performance target	Performance
1	Sustainability – environmental	100% of new (non-operational) passenger vehicles purchased or leased to be hybrid or EV (excludes vehicles procured through acquisitions) Annual reduction of 5% Company-wide greenhouse gas emissions normalised against annual turnover Fully measure waste going to landfill and set reduction targets	**Achieved** **Achieved** **Not Achieved** – due to difficulty in measurement
2	Engagement	>18% of workforce to be female Action items related to 3 primary findings from 2020 employee survey on attitudes to diversity in the workforce Increase in youth in the workforce by higher % of staff under 25 years Year on year improvement in staff engagement score	**Not Achieved** – As at 30 June 2021 CCL's workforce was 16.8% female **Achieved** **Achieved** **Not Achieved** – The staff engagement score was 3% lower than the previous year
3	Health & Safety	<15 notifiable incidents <1 Worksafe investigations	**Achieved** **Achieved**
4	Community	Collaborate with >3 Social Enterprises Coordinate safe delivery of >15,000 volunteer hours	**Achieved** **Achieved**
5	Client Satisfaction	Positive Net Promoter Score (NPS) year-on-year based on an annual survey of >5 key customers	**Achieved**

Statutory information

Ownership and principal activities

CCHL is owned 100% by Christchurch City Council. Its principal activity during the year was to operate as an investment company of the Council.

Directors' interests

CCHL 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 2021:

Jeremy Smith

Director	Farra Engineering Ltd
Director	Holmes Group Ltd
Director	Seamount Advisory Ltd
Director	Barhill Chertsey Irrigation Ltd
Director	Graymont (NZ) Ltd
Director	Graymont Ltd (Canada) & Asia Pacific Subsidiaries

Lianne Dalziel

Mayor	Christchurch City Council

Gregory Campbell

Director	Transdiesel Ltd
Director	Terrequipe Ltd
Director	Greg Campbell Ltd
Trustee	G S & N A Campbell Family Trust
Director	Ryman Healthcare

James Gough

Councillor	Christchurch City Council
Director	Gough Property Corporation Ltd
Director	Gough Corporation Holdings Ltd
Chair	Civic Building Ltd
Trustee	Antony Gough Trust
Director	The Terrace Carpark Ltd
Director	The Terrace on Avon Ltd
Shareholder	The Russley Village Ltd
Board Member	Canterbury District Health Board
Shareholder	Amyes Road Ltd
Director	Medical Kiwi Ltd

Alex Skinner

Trustee & Chair	Ōtautahi Community Housing Trust
Director & Chair	Ōtautahi Community Housing Development GP Ltd
Director	Alex Skinner Ltd
Director	Anchorage Trustee Services Limited
Trustee	Dream, Believe, Succeed Foundation
Director	Effectus Ltd
National Board Member	Royal NZ Plunket Trust
Trustee	Loyal Canterbury Lodge Investment Fund
Director	Quotable Value Ltd
Director	Wild in Art NZ Limited

Andrew Turner

Deputy Mayor & Councillor	Christchurch City Council
Director	ChristchurchNZ Holdings Ltd
Trustee	Banks Peninsula War Memorial Society
Trustee	Lyttelton Harbour Information Centre
Trustee	Lyttelton Returned Services Association
Trustee	Okains Bay Māori & Colonial Museum
Trustee	Rod Donald Banks Peninsula Trust
Trustee	The Christchurch Foundation
Shareholder	Harbour Co-op
Board Member	Banks Peninsula Community Board

Claire Evans

Director	RBL Property Ltd
Director	Canterbury Linen Services Ltd
Trustee	Emergency Care Foundation
Trustee	Christchurch Symphony Trust
Director	SCC Investment Ltd
Director	Case Holdings Ltd
Trustee	Evans & Walton Family Trusts
Director	Lane Neave Holdings

Sara Templeton

Councillor	Christchurch City Council

As at 30 June 2021, the gender balance of CCHL's Directors and Officers is as below:

	Officers		Directors	
	Jun 2021	Jun 2020	Jun 2021	Jun 2020
Female	1 (50%)	1 (50%)	3 (38%)	3 (38%)
Male	1 (50%)	1 (50%)	5 (62%)	5 (62%)
Total	**2**	**2**	**8**	**8**

Board and committee attendance

The Board and the two standing committees have a number of scheduled meetings each financial year. The following table is a summary of attendance for CCHL's financial year ended 30 June 2021:

	Board meetings	Audit and risk management committee meetings	Governance and appointments committee meetings
	11	6	5
Jeremy Smith	11	*	4
Lianne Dalziel	9	*	*
James Gough	10	*	4
Andrew Turner	10	3	*
Claire Evans	10	*	5
Alex Skinner	11	6	*
Greg Campbell	11	5	*
Sara Templeton	11	*	5

CCHL has arranged directors' liability insurance for all directors, and indemnified all directors and the CEO and CFO through a Deed of Indemnity executed on 22 November 2006.

Transactions between CCHL and entities with whom certain directors are associated are described in note 22 to the financial statements. No loans were made to directors.

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:

Orion New Zealand Ltd	$
J Taylor	98,000
J Austin	50,000
B Gemmell	57,000
J McDonald	69,000
G Vazey	90,000
S Farrier	29,000

Christchurch International Airport Ltd	$
C Drayton	97,600
P Reid	49,533
J Murray	44,750
K Morrison	53,700
C Paulsen	53,700
S Ottrey	48,700

Lyttelton Port Company Ltd	$
M Devlin	88,856
D Elder	59,355
M Johns	50,501
B Wood	18,098
W Dwyer	51,767
N Easy	34,250
F Mules	54,330

Enable Services Ltd	$
M Bowman	90,000
C Elliott	52,180
K Meads	56,180
M Petrie	45,082
J Murray	49,180
S Weenink	52,680

City Care Ltd	$
B Jamison	132,457
C Price	14,895
J Rolfe	41,185
M Todd	70,685
G Darlow	45,685
P Hoogerwef	42,185
K Young	21,093

RBL Property Ltd	$
B Jamison	37,500
P Kiesanowski	20,000
L Scales	20,000

EcoCentral Ltd	$
M Jordan	52,500
D Kerr	21,000
B Reed	31,500
S Horgan	34,650
M Christensen	15,750

Development Christchurch Ltd	$
W Dwyer	18,057
P Houghton	9,163
F Mules	9,163
D Wright	9,163
C Robberds	9,163

Christchurch City Holdings Ltd	$
J Smith	91,865
A Skinner	55,432
G Campbell	45,932
C Evans	45,932

Acknowledgement of directors

The CCHL Board would like to thank the Directors of the Group's subsidiary companies for their support and commitment to the governance of the Group. It should also be acknowledged that director fees, as set by CCHL, can reflect a discount to recognise the 'public service' element to these governance roles, further underscoring the dedication these talented and experienced individuals have shown in their work on behalf of the Group.

Donations

CCHL made a donation of $183,730 to the The Mayor's Welfare Fund Charitable Trust during the year (2020: $125,672). The donation was paid in lieu of directors fees paid to CCHL Councillor Directors, as agreed with our shareholder. Donations of $155,000 (2020: $315,000) were made by subsidiaries.

Employee Remuneration

The CEO of CCHL was entitled to receive a base salary of $374,710 and Kiwisaver employer contributions of 3% during the 2021 financial year. However, due to the COVID-19 impact, effective from May 2020, the CEO accepted a 20% salary reduction for six months.

Details of remuneration ranges for employees of the Group are:

100-110	214
110-120	189
120-130	130
130-140	92
140-150	71
150-160	41
160-170	22
170-180	26
180-190	14
190-200	14
200-210	11
210-220	5
220-230	6
230-240	4
240-250	6
250-260	3
260-270	3
270-280	4
290-300	4
300-310	2
310-320	1
320-330	2
330-340	1
340-350	4
360-370	4
390-400	2
400-410	1
410-420	1
430-440	3
470-480	1
490-500	1
590-600	1
870-880	1
910-920	1
930-940	1
1080-1090	1
	887

Audit New Zealand
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Christchurch City Holdings Limited's consolidated financial statements and performance information for the year ended 30 June 2021.

The Auditor General is the auditor of Christchurch City Holdings Limited and subsidiaries (the group). The Auditor General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand, to carry out the audit of the consolidated financial statements and the performance information of the group, on his behalf.

Opinion

We have audited:

- the consolidated financial statements of the group on pages 33 to 103, that comprise the statement of financial position as at 30 June 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the group in the performance statement on pages 104 to 110.

In our opinion:

- the consolidated financial statements present fairly, in all material respects the financial position of the group as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards; and
- the performance information presents fairly, in all material respects, the group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the group's objectives for the year ended 30 June 2021.

Basis for opinion

We conducted our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the consolidated financial statements and the performance information* section of our report.

We are independent of the group in accordance with the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition to this audit, we have carried out other audit and assurance engagements for the group. These audit and assurance engagements, as described in note 8b on page 69, are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the group.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and performance information for the current period. In applying our professional judgement to determine key audit matters, we considered those matters that are complex, have a high degree of estimation uncertainty, or are important to the public because of their size or nature. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How did the audit address this matter?
Carrying value of group property, plant and equipment	
The carrying value of group property, plant and equipment is $3.77 billion. Group property, plant and equipment is characterised by a large number of specialised service delivery and infrastructure assets, in addition to land and buildings. The valuation of these assets requires significant judgement due to uncertainties inherent in the valuation of these assets. The following significant group asset classes, that apply the revaluation model, were revalued as at 30 June 2021: • airport infrastructure assets • optical fibre network; • harbour structures; • freehold land; and • buildings. Due to the varied nature of these asset classes, some are valued at optimised depreciated replacement cost, with others valued based on discounted cash flows or market-based approaches. Lyttelton Port Company land, buildings, and harbour structures were revalued by adopting an internally prepared discounted cash flow valuation. All other valuations were carried out by independent specialist valuers. Note 4 to the consolidated financial statements provides information on the most recent valuations, including the impacts on value and uncertainties from COVID-19. The group's electricity distribution system assets have a carrying value of $1.04 billion and are the only significant asset class that applies the revaluation model, which was not revalued as at 30 June 2021. The asset class was last valued as at 31 March 2020 . The group undertook a fair value assessment of this asset class at 30 June 2021 and concluded that the carrying value is materially the same as fair value. We consider the carrying value of property, plant and equipment is a key audit matter due to the significance of the carrying values to the financial statements and the judgements involved.	**Our audit procedures included:** • Confirming our understanding of the valuation methodologies and key assumptions. We assessed them for compliance with the requirements of the applicable financial reporting standards (NZ IAS 16 *Property, Plant, and Equipment*, and NZ IFRS 13 *Fair Value Measurement*) and evaluated their reasonableness based on our experience and knowledge of other specialised valuations in the public sector. • Assessing the sensitivity of the valuations to changes in assumptions and confirmed that the significant assumptions and sensitivities were appropriately disclosed in the financial statements. • Obtaining an understanding of the source data used for the valuations. We assessed the reliability of the source data and the risk of errors or omissions in that data. • Testing a sample of calculations in the valuations. • Engaging valuation experts to assist us in reviewing the appropriateness of key assumptions used by the group's valuers. • Ensuring appropriate disclosures were made regarding uncertainties in valuations, and their sensitivity to key assumptions. **For valuations prepared by independent specialist valuers, our audit procedures included:** • Reading the valuation reports and meeting with the valuers to discuss key judgements and their approach. • Assessing the valuers' expertise for the work and their objectivity, including reading their terms of engagement and considering the existence of other engagements or relationships with the group. • Obtaining representations from the valuers that the valuation approaches are in accordance with accepted professional valuation standards. **For internally prepared valuations, our audit procedures included:** • Engaging finance and valuation experts to review the appropriateness of the valuation methodology, and key assumptions that had been used. This involved establishing a valuation based on other assumptions than those used by management, and considering alternative views on valuations such as earnings multiples of comparable companies. • Reviewing the overall valuation changes and challenging the forecast assumptions. **We reviewed the group's assessment of the carrying value of the electricity distribution system asset class. This included reviewing:** • the underlying data on which the assessments are based on; and • the assumptions applied, testing calculations and considering the sensitivity of changes to key assumptions. We found that the carrying value of these asset classes in the financial statements are reasonable and supportable.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Key audit matter	How did the audit address this matter?
Valuation of Investment Property	
The group's investment property portfolio largely comprises industrial, commercial and retail investments in the area surrounding Christchurch International Airport. In addition to this, there is a property on Ferry Road in central Christchurch owned by RBL Properties Limited. Investment properties are revalued annually by independent valuers. The total value of the portfolio is $656.6 million as at 30 June 2021. The value of the portfolio continues to grow as available land is developed for further investment properties. Changes in use, as a result of development or changes in the business, can result in transfers of properties between property, plant and equipment and investment property. Note 5 to the consolidated financial statements provides information on the valuation and the movements in the investment property balance since the previous year. In assessing the investment property valuation, the independent valuers noted a material valuation uncertainty due to the ongoing impact of COVID-19 on aspects of the property portfolio. We consider this a key audit matter due to the significance of the carrying value and fair value gains and because of the judgements involved in determining fair value.	**Our audit procedures included:** • Reviewing any changes in use of properties and considered whether they were correctly classified as either investment property or property, plant and equipment. • Reading the valuation report and meeting with the valuer to discuss the valuation. We assessed the valuer's expertise for the work and their objectivity, including reading their terms of engagement and considering the existence of other engagements or relationships. • Obtaining representations from the valuer that their valuation was in accordance with accepted professional valuation standards. • Confirming our understanding of the valuation methodology and key assumptions. We assessed them for compliance with the requirements of the applicable financial reporting standards (NZ IAS 40 *Investment Property* and NZ IFRS 13 *Fair Value Measurement*) and evaluated their reasonableness based on our experience and knowledge of other valuations. • Engaging valuation experts to assist us in reviewing the appropriateness of key assumptions used by the group's valuers. • Obtaining an understanding of the market data sources used by the valuer and the reliability of this data. • Confirming a sample of lease term information (such as current rental rates) back to the lease documents and sample testing valuation calculations. • Assessing the sensitivity of the valuations to changes in assumptions and confirmed that the significant assumptions and sensitivities were appropriately disclosed. • Reviewing the overall valuation changes and obtaining explanations from the valuers for any significant or unusual changes in value. We considered the adequacy of the disclosures made in note 5 to the financial statements. We found that the valuations adopted by the group were reasonable and supportable, and the disclosures about valuation uncertainty were appropriate.
Valuation of investment in subsidiaries at fair value	
The group is required to comply with NZ IFRS 8 *Operating Segments*. Operating segments are defined as each company in the group, including the parent entity. Because of the structure of the operating segments, a consequence is that the parent's investment in subsidiaries of $3.18 billion is disclosed in aggregate within total assets in the 'Parent' operating segment. Note 16(a) to the consolidated financial statements provides information on how the group determines fair value of its investments in subsidiaries. The group values its investments in subsidiaries annually because it has designated them under NZ IFRS 9 *Financial Instruments* as financial assets measured at fair value through other comprehensive income. The group engages specialist valuers to complete the valuations because of the complexity and significance of assumptions applied. The valuation of investments in subsidiaries uses forecasts that include adjustments for the impact of the COVID-19 pandemic, where appropriate. These forecasting assumptions present a higher degree of estimation uncertainty in the current economic environment. We consider this a key audit matter due to the significance of the carrying value of investments, the public interest in the valuations, and their sensitivity to changes in key assumptions.	**Our audit procedures included:** • Reading the valuation reports and meeting with the valuers to discuss key inputs and assumptions. • Assessing the valuers' expertise for the work and their objectivity, including reading their terms of engagement and considering the existence of other engagements or relationships with the group. • Obtaining representations from the valuers that the valuation approaches are in accordance with accepted professional valuation standards. • Confirming our understanding of the valuation methodology and key assumptions. We assessed them for compliance with the requirements of the applicable financial reporting standards (NZ IFRS 9 *Financial Instruments*, and NZ IFRS 13 *Fair Value Measurement*) and evaluated their reasonableness based on our experience and knowledge of other valuations in the public sector. • Engaging valuation experts to assist us in reviewing the appropriateness of key assumptions used by the group's valuers. • Obtaining an understanding of the market data sources used by the valuer and the reliability of this data. • Assessing the robustness of forecast cash flow information, by reviewing the process to develop forecasts, and assessing forecasts against historical actual performance. • Confirming the appropriateness of discount rates applied, by reviewing the reasonableness of inputs used, and comparing these to discount rates applied for similar entities. • Assessing the sensitivity of the valuations to changes in assumptions and confirming that appropriate disclosure is included in the annual report. • Reviewing the overall valuation changes and obtaining explanations from the valuers for any significant or unusual changes in value. We found that the valuations adopted by the group were reasonable and supportable, and appropriate disclosures were made in the annual report.

Key audit matter	How did the audit address this matter?
Provisions and contingent liabilities	
The group has disclosed a contingent liability in note 18 to the consolidated financial statements regarding a March 2021 High Court Judgment. This relates to claims against the group's subsidiary, Leisure Investments NZ Limited Partnership (LINZ LP), in relation to the Port Hills fires of February 2017. The High Court Judgment found that the plaintiffs had "largely succeeded in their claim" and awarded damages of approximately $12 million. LINZ LP has appealed the Judgment. The appeal has not yet been heard and so the outcome is uncertain. The group has disclosed in note 18 information about possible outcomes of the appeal and the estimated amounts payable by the subsidiary and insurance recoveries under each outcome. The group has not recognised a provision in relation to this matter, as the Board's view is that it is probable that the appeal will be successful. This is a key audit matter because of the significant judgements involved in assessing the probability of the different possible outcomes of the appeal and the resultant financial and accounting consequences.	**Our audit procedures included:** • Reading the High Court Judgment and confirming the amounts of damages and treatment of interest and costs. • Reviewing relevant insurance documentation. • Seeking the views of the group's legal advisers on the appeal and reading the formal appeal document (Application for fixture). • Assessing probabilities and financial consequences of different possible outcomes. • Obtaining advice from our technical accounting experts on: – the factors that determine provision recognition rather than contingent liability disclosure, – the accounting for insurance recoveries, and – the measurement requirements for single obligation provisions with multiple possible outcomes. • Considering the adequacy of the disclosures made in note 18 to the consolidated financial statements. We found that not recognising a provision for this matter did not result in a material misstatement in the consolidated financial statements. We also found the disclosures to be adequate.

Other information

The directors are responsible on behalf of the group for the other information. The other information comprises the information included on pages 4 to 29, 31, 112 to 114, and 120 to 126 of the annual report, but does not include the consolidated financial statements, the performance information and our auditor's report thereon.

Our opinion on the consolidated financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the performance information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the performance information or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements and the performance information

The directors are responsible on behalf of the group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for preparing the performance information.

In preparing the consolidated financial statements and the performance information, the directors are responsible on behalf of the group for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

The directors' responsibilities arise from the Financial Markets Conduct Act 2013 and the Local Government Act 2002.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Auditor's responsibilities for the consolidated financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the performance information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of readers taken on the basis of these consolidated financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the appropriateness of the reported performance information within the group's framework for reporting its performance.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the performance information, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements of the group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements and the performance information of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.

Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand

29 September 2021

Corporate governance statement

This statement gives readers an overview of the company's main corporate governance policies, practices and processes adopted or followed by the CCHL Board.

Role of the Board

The primary role of the Board is the governance of CCHL. The Board undertakes stewardship on behalf of the shareholder to ensure the ongoing health and viability of the company.

The Board represents, and promotes the interests of the shareholder with a view to adding long-term value to CCHL.

The Board has all the powers necessary for managing, directing and supervising the management of the business and affairs of the company.

Having regard to its role, the Board directs and overviews the business and affairs of the company by confirming that the following are established and overviewed:

- Company goals and strategies in place for achieving them;
- Policies for strengthening the performance of the company and subsidiaries;
- The role the company and its subsidiaries can play in the provision of essential infrastructure services for the region;
- The performance of subsidiaries;
- The company's financial position and the ability to meet its debts and other obligations when they fall due;
- The company's financial statements are true and fair and otherwise conform with law;
- The company adheres to high standards of ethics and corporate behaviour;
- The company has appropriate risk management/regulatory compliance policies;
- The company approves and implements its business plan and Statement of Intent (SoI);
- The company reviews and approves it's capital investments and distributions, and
- Health and Safety is top of mind for our company and subsidiaries.

The Board monitors economic, political, social and legal issues and other relevant external matters that may influence or affect the development of the business or the interests of the shareholder.

Board relationship with shareholder

The Board uses its best endeavours to familiarise itself with issues of concern to the shareholder.

The Board aims to ensure that Christchurch City Council is informed of all major developments affecting the company's and group's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information being made public. Information is communicated to Christchurch City Council through periodic reports, occasional seminars and through both the annual report and the half yearly report.

The Board recommends to Christchurch City Council the appointment of directors to subsidiary companies.

Conduct of Directors

The conduct of directors is required to be consistent with their duties and responsibilities to the company and, indirectly, to the shareholder. In carrying out its role the Board places emphasis on strategic issues and policy.

Directors are expected to keep themselves abreast of changes and trends in the business and in the company's environment and markets.

Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table.

Directors are entitled to have access, at all reasonable times, to all relevant company information and to management.

Directors are expected to strictly observe the provisions of the Companies Act 1993 applicable to the use and confidentiality of company information.

Board Chairperson

The shareholder appoints from among the directors a Chairperson (Chair).

The Chair is responsible for representing the Board to the shareholder, and for ensuring the integrity and effectiveness of the governance process of the Board.

The Chair is responsible for maintaining regular dialogue with the CEO over all operational matters and consults with the remainder of the Board promptly over any matter that gives them cause for major concern.

The Chair acts as facilitator at meetings of the Board to ensure that discussion results in logical and understandable outcomes.

The Chair leads a Board and director evaluation exercise every two years.

A Deputy Chair may fulfil the Chair's responsibilities in the absence of the latter.

Board committees

The Board has two standing committees namely the Audit and Risk Management Committee and the Governance and Appointments Committee. Other committees are formed for specific purposes and disbanded as required.

The purposes of the standing committees are as follows:

- The Audit & Risk Management Committee (ARMC) manages the efficiency and effectiveness of the external audit functions.
- The ARMC reviews the annual and half-yearly financial statements prior to their approval by the Board, the effectiveness of management information and systems and the financial role of management and policy. The ARMC also keeps under review risk management issues and practices of CCHL.
- The Governance & Appointments Committee conducts an annual review and appointment process regarding the directors of the subsidiaries and advises on appointment of the best people to meet the companies' needs.

Board composition and mix

The composition of the Board reflects the duties and responsibilities it has to discharge and perform in the interests of its shareholder, and in setting the company's strategy and seeing that it is implemented.

The Board comprises eight directors: four councillors and four independent directors. This mix is to ensure that the Board has the confidence of the Christchurch City Council and has strong commercial expertise so that it can effectively carry out its role as a buffer between the Christchurch City Council and its commercial trading entities.

Generally, the requirements for Board membership are the ability and experience to make sensible business decisions and recommendations, entrepreneurial talent for contributing to the creation of shareholder value, the ability to see the wider picture and ask the hard questions, high ethical standards, sound practical sense, and a total commitment to furthering the interests of the shareholder and the achievement of the company goals.

Gender diversity

CCHL has adopted a Diversity and Inclusion Policy, a copy of which can be found on the website.

As at balance date and the date of this report, the Board comprised three female directors out of a total of eight (2020: three out of eight). The Executive team comprises one male and one female (2020: one male and one female).

Directors' remuneration

The Board recommends to the shareholder on a triennial basis the level of remuneration paid to directors.

Protocol on conflicts of interest

The Board maintains a separate policy on conflicts of interest which meets all current legislative requirements.

The Board maintains a full and updated interests register which is available at all Board meetings.

Board and director evaluations

The Board, every three years, evaluates its own performance, and its own processes and procedures to ensure that they are not unduly complex, that each director is performing adequately and that the Board as a whole is effectively fulfilling its role.

Indemnities and insurance

The company provides directors with, and pays the premiums for, directors and officers liability insurance cover while acting in their capacities as directors, to the fullest extent permitted by the Companies Act 1993.

The company indemnifies all directors, the CEO and the CFO to the fullest extent allowed for, and in compliance with the requirements of the Companies Act 1993.

The Chief Executive

The CEO is an employee of the company and employed in terms of a contract between the CEO and the company.

On an annual basis the Chair will undertake a performance appraisal with the CEO and set appropriate key performance targets for the year ahead.

Board – management relationship

The Board delegates management responsibility of the company, to the executive team under the leadership of the CEO to deliver the strategic direction and goals determined by the Board.

The CEO is responsible to the Board to provide advice and implement Board policy.

The CEO:

- Ensures that appropriate, relevant reporting systems are in place and maintained to provide relevant, complete, accurate and timely information to the Board;
- Provides day to day management of the company;
- Acts as a spokesperson for the company; and
- Meets business plan and SoI targets set by the Board.

The CEO is expected to act within all specific authorities delegated to them by the Board.

Continuous disclosure obligations

Under the Financial Markets Conduct Act 2013 and the NZX Listing Rules, CCHL must (subject to certain exceptions) immediately disclose any "Material Information" to the NZX of which CCHL, its directors or senior managers become aware.

Material Information is any information which a reasonable person would expect (if available to the market) to have a material effect on the price of the Bonds.

Information is likely to be material if it is not generally available to the market and it relates to CCHL's ability to make interest payments to the holders of the Bonds, or repay the principal amount of the Bonds on maturity, and any information that relate to those factors.

Investor relations

Investor Centre

CCHL's website, www.cchl.co.nz, enables Bondholders to view information about the Group, including SoIs, annual reports for CCHL and its subsidiaries and announcements.

Bondholder Interest Payments

Interest is paid semi-annually in June and December each year, until redemption.

Registrar

Computershare Investor Services Limited is the registrar with responsibility for administering and maintaining the Bond Register. Computershare can be contacted directly:

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622

Telephone **+64 9 488 8777**
Email **enquiry@computershare.co.nz**

Managing your Bondholding online

To view and update your bondholder details please visit www.investorcentre.com/nz.

Bondholder Distribution and Holdings

In line with clause 10.4.5 of the NZX listing rules, the following table details the spread of bondholders as at 30 June 2021 (total Bonds on issue):

Range	Total Holders	Units	% Units
5,000 to 9,999	12	63,000	0.02%
10,000 to 49,999	131	2,577,000	0.86%
50,000 to 99,999	32	1,945,000	0.65%
100,000 to 499,999	23	4,647,000	1.55%
500,000 to 999,999	2	1,424,000	0.47%
1,000,000 & Over	22	289,344,000	96.45%
Total	222	300,000,000	100.00%

The 20 largest bondholders as at 30 June 2021 were:

Total Bonds on issue

Rank	Name	Units	% Units
1	BNP Paribas Nominees (NZ) Limited <COGN40>	74,437,000	24.81%
2	Tea Custodians Limited Client Property Trust Account	34,423,000	11.47%
3	Citibank Nominees (New Zealand) Limited	31,547,000	10.52%
4	National Nominees Limited	25,575,000	8.53%
5	BNP Paribas Nominees (NZ) Limited <BPSS40>	23,308,000	7.77%
6	HSBC Nominees (New Zealand) Limited	20,073,000	6.69%
7	Forsyth Barr Custodians Limited <1-CUSTODY>	18,398,000	6.13%
8	HSBC Nominees (New Zealand) Limited A/C State Street	10,300,000	3.43%
9	ANZ Fixed Interest Fund	9,700,000	3.23%
10	BNP Paribas Nominees (NZ) Limited	8,530,000	2.84%
11	NZPT Custodians (Grosvenor) Limited	7,400,000	2.47%
12	FNZ Custodians Limited	7,283,000	2.43%
13	Custodial Services Limited <A/C 1>	3,146,000	1.05%
14	PIN Twenty Limited	3,000,000	1.00%
15	Forsyth Barr Custodians Limited <Account 1 E>	2,370,000	0.79%
16	Risk Reinsurance Limited	2,000,000	0.67%
17	Custodial Services Limited <A/C 4>	1,930,000	0.64%
18	Investment Custodial Services Limited	1,544,000	0.51%
19	FNZ Custodians Limited <DTA Non Resident A/C>	1,373,000	0.46%
20	ANZ Custodial Services New Zealand Limited	1,007,000	0.34%
Total Top 20 holders of Bonds		**287,344,000**	**95.78%**
Total Remaining Holders balance		**12,656,000**	**4.22%**

Directory

Registered Office
Level 1, 151 Cambridge Terrace
Christchurch

Directors
J B Smith (Chair)
L A Dalziel
C A Evans
J T Gough
A M G Skinner
A D Turner
G S Campbell
S Templeton

Management team
P Munro – Chief Executive
T Rowell – Chief Financial Officer
S Ballard – Treasurer

Bankers
Bank of New Zealand, Christchurch
Westpac Institutional Bank, Auckland
ANZ Bank, Wellington

Auditors
Audit New Zealand on behalf of the
Auditor-General
Christchurch

Contact Details
Christchurch City Holdings Limited
Level 1, 151 Cambridge Terrace
PO Box 1151, Christchurch 8140

Telephone: (03) 941 8475
Email: info@cchl.co.nz
Web site: www.cchl.co.nz

Supervisor
Public Trust
Level 9, 34 Shortland Street
Auckland 1010

Telephone: 0800 371 471
Email cts.enquiry@publictrust.co.nz

Group contact details

Orion New Zealand Limited
565 Wairakei Rd
PO Box 13896 Christchurch 8141

Telephone: (03) 363 9898
Email: info@oriongroup.co.nz
Website: www.oriongroup.co.nz

Christchurch International Airport Limited
Top floor, Car Park Building, 30 Durey Road
Memorial Avenue
PO Box 14001 Christchurch 8544

Telephone: (03) 358 5029
Website: www.christchurch-airport.co.nz

Lyttelton Port Company Limited
41 Chapmans Rd, Woolston
Private Bag 501, Lyttelton 8841

Telephone: (03) 328 8198
Website: www.lpc.co.nz

Enable Services Limited
Level 3, 93 Cambridge Terrace
Christchurch 8013
PO Box 9228, Tower Junction, Christchurch

Telephone: (03) 363 2962
Email: support@enable.net.nz
Website: www.enablenetworks.co.nz

City Care Limited
110c Orchard Road
PO Box 7669 Christchurch

Telephone: (03) 941 7200
Website: www.citycare.co.nz

EcoCentral Ltd
Level 1, Baigent Way, Middleton
PO Box 6320, Christchurch

Telephone: (03) 336 0080
Email: admin@ecocentral.co.nz
Website: www.ecocentral.co.nz

RBL Property Limited
C/- Christchurch City Holdings Limited
Level 1, 151 Cambridge Terrace
PO Box 1151, Christchurch 8140

Telephone: (03) 941 8475
Email: info@cchl.co.nz
Website: www.cchl.co.nz

Development Christchurch Ltd
C/- Christchurch City Holdings Limited
Level 1, 151 Cambridge Terrace
PO Box 1151, Christchurch 8140

Telephone: (03) 941 8475
Email: info@cchl.co.nz
Website: www.cchl.co.nz

Christchurch
City Holdings
Limited

Christchurch City Holdings Ltd

Level 1, 151 Cambridge Terrace,
PO Box 1151,
Christchurch 8140,
New Zealand