



**Christchurch  
City Holdings  
Limited**

**STATEMENT OF INTENT**

FOR THE YEAR ENDING 30 JUNE 2018

## **Introduction**

This Statement of Intent (Sol) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The Sol sets out for Christchurch City Holdings Limited (CCHL) and its subsidiaries the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the group may be judged in relation to its objectives.

The Sol is a public and legally required document, reviewed and agreed annually with its shareholder, the Christchurch City Council, and covers a three year period.

CCHL is recognised as a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

## **Nature and scope of our activities**

CCHL is a 100%-owned subsidiary of Christchurch City Council, and holds shares in eight infrastructure and contracting companies. The market value of the equity in CCHL has been independently assessed to be \$2.05 billion as at 30 June 2016.

CCHL's mission:

**“supporting the future growth of Christchurch by investing in key infrastructure assets that are commercially viable and environmentally and socially sustainable”**

In June 2016 the Council adopted its amended Long Term Plan, which incorporated a proposed strategy to release capital from CCHL to the Council as part of its 'Capital Release Programme'.

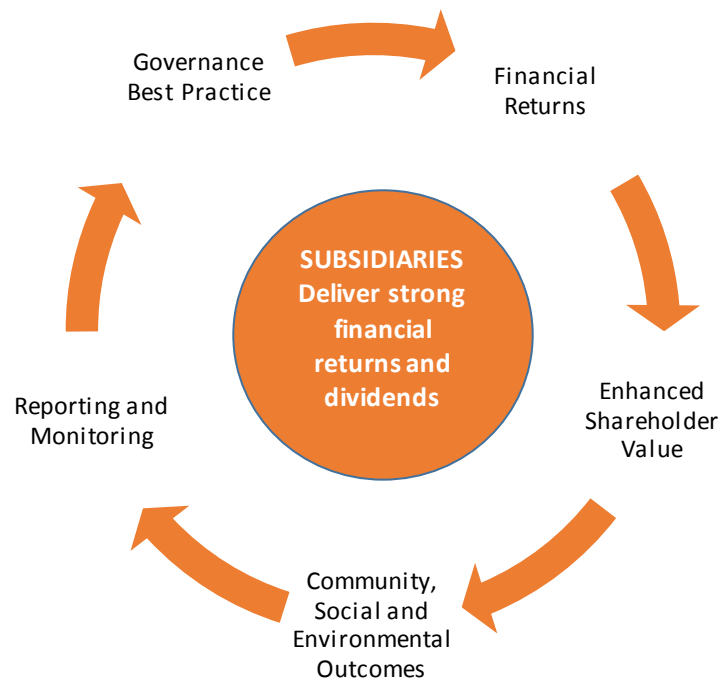
CCHL will work with the Council as it implements its Long Term Plan and other objectives stated in this Sol must be read in light of this exigency.

In implementing the Capital Release Programme, however, the directors of CCHL will not be required to act in a manner which would be inconsistent with their duties in law.

## **Objectives**

The core role of CCHL is to monitor the Council's existing investments, which largely service the region's existing infrastructure needs. The general objective of the CCHL investments are to deliver strong financial returns and dividends to the Council.

CCHL is mindful of the significant investment by the Council in its operations, and of the need to preserve and grow shareholder value and the level of dividends to the Council. In light of the above, CCHL's objectives are as follows:



### **Governance Best Practice**

- To encourage exemplar leadership and governance of our subsidiaries by recommending diverse Boards that have the appropriate mix of industry, sector, strategic, community focus and technical skills
- To encourage that best practice governance procedures are applied to the city's key regional infrastructure and financial investments that are under CCHL's ownership or review.

### **Financial Returns and Enhanced Shareholder Value**

- To assist the Council in implementing the Capital Release Programme
- To build the financial strength of CCHL through appropriately directed commercial investment, in a manner consistent with the approach set out in the acquisition/divestment policy and through efficient financial practices.
- To encourage and facilitate the subsidiary and associated companies to increase shareholder value and regional prosperity through growth, investment and dividend payments.

### **Reporting and Monitoring the Investment Portfolio**

- To advise the Council on strategic issues relating to its trading investments including, but not limited to, ownership structures, capital structures and rates of return.
- To encourage intra-group cooperation.

- To monitor the performance of each subsidiary and associated company against their stated economic, environmental and social performance objectives and against relevant benchmarks, and endeavour to put proper governance procedures in place.
- To perform financial, custodial and other functions required by the Council which include:
  - Grouping together the Council's ownership of its subsidiary companies;
  - Separation of the subsidiary companies from the ordinary operations of the Council;
  - Smoothing the cash flows to the Council from its subsidiary companies;
  - Enabling diversification of the City's income streams for the benefit of ratepayers; and
  - Encouraging CCHL Group subsidiaries to focus on achieving the expectations set out in the shareholder letter of expectation which include:
    - Delivering an appropriate return on the shareholders equity investment;
    - As a publicly owned entity acknowledging the need to show restraint in terms of executive remuneration;
    - Meeting all obligations under the Health and Safety at Work Act 2015; and
    - Supporting the achievement of environmental sustainability objectives.

### **Community, Social and Environmental Outcomes**

- To identify, in conjunction with relevant parties, present and future regional infrastructural needs, and to support the establishment and maintenance of resilient infrastructure in Christchurch and Canterbury.
- To seek, on behalf of the Council, investment opportunities that have the potential to enhance the economic, social and environmental well-being of the region, to provide an adequate return, and to meet the strategic objectives of the Council. In order to balance these objectives, CCHL may in appropriate circumstances accept a lower return or slower route to profitability.
- To promote the Council's Community outcomes (and Strategic Directions) including Good governance, Liveable city, Strong communities, Healthy environment and Prosperous economy through the subsidiaries operating culture.
- To manage the expectations that some of our subsidiaries are not owned wholly for commercial gain, and that it is not a straight forward matter to determine the optimal mix of commercial and community benefits.
- To promote within the group:
  - Social and Corporate responsibility;
  - Rigorous health and safety management and reporting;
  - Sound and equitable employment practices;
  - Environmental sustainability;
  - Innovative practices with specific emphasis on disruptive or new technologies; and
  - A community focus
  - Taking other initiatives at the request of the Council

## Nature and scope of activities

The company was established in May 1993 to act as the holding company for the Council's commercial investments.

The CCHL group structure is summarised as follows:



CCHL also holds 100% of the shares in four shelf companies. These companies have no assets or liabilities and are non-trading, but have the potential to be activated in the future subject to prior consultation with the Council.

CCHL exercises its role in relation to the objectives through a variety of means, including reviewing Statements of Intent provided by the subsidiary companies, reviewing quarterly reporting by the subsidiaries and reporting to the Council, capital structure reviews, developing new investments, monitoring business developments, liaising with subsidiary boards, recommending director appointments and dealing with other issues as they arise.

CCHL will work in conjunction with the Council and, where appropriate, invest to assist the Council in meeting its wider objectives. The nature and scope of the CCHL Group's activities may include activities requested by Council by way of Council resolution during the Sol period.

Where it is financially prudent and with the approval of both the CCHL Board and the respective subsidiary company Board, CCHL may provide debt funding to a subsidiary company on agreed terms, subject to meeting the requirements of the CCHL Banking/Funding facility agreements.

**Activities of the subsidiary companies are as follows:**

***Orion New Zealand Ltd***

Orion New Zealand Ltd owns and operates one of the largest electricity distribution networks in New Zealand. It covers 8,000 square kilometres in central Canterbury between the Waimakariri and Rakaia Rivers, and from the Canterbury coast to Arthur's Pass.

The diverse geographical area stretches from rural Banks Peninsula to Christchurch city and out to farming towns on the plains and into the hills and high country.

Orion's network delivers electricity to more than 195,000 homes and businesses. Electricity retailers pay Orion for this network delivery service and in turn charge homes and businesses for it.

Orion also owns the electrical contracting business Connetics Limited. Connetics is a contracting service provider to utility network operators, local authorities, developers and commercial/industrial customers.

Maintaining a resilient network that provides continuity of supply, and working with the community to establish an effective way forward with disruptive technologies impacting on their business are the key priorities for Orion over the next few years.

The other 10.7% shareholder in Orion is Selwyn District Council.

***Christchurch International Airport Ltd***

The international gateway to the South Island, Christchurch International Airport Ltd (CIAL) hosted some 6.3 million passengers in the 2016 year, arriving or departing on over 75,000 aircraft servicing destinations as close as Timaru and as distant as Tokyo.

Growth in passenger numbers, new airline capacity, revised aeronautical charges, and continuing development of property have resulted in a significant improvement to the financial performance in 2016.

Airport security is the responsibility of a central government agency, Aviation Security Service (AVSEC). CIAL plays an active role in supporting AVSEC in accordance with national protocols.

Key initiatives for CIAL continues to be focused around Planes, Passengers and Property, as it continues to balance its core purpose of providing airport services with ensuing stability to its income streams by being a landlord.

The remaining 25% shareholding in CIAL is owned by the Government.

### ***Lyttelton Port Company Ltd***

Lyttelton Port Company Ltd (LPC), the South Island's major deep-water port, and the third-largest port in New Zealand, is a hub of international trade.

In 2016 the port handled over 361,000 container (TEU) units. On the water, full marine services are provided, including tugs, pilots, and service staff. A significant focus on operational performance has resulted in a 16% improvement in crane rates.

In 2016, 'Midland Port' opened, this Rolleston based site services the increasing freight requirements of Mid Canterbury and improve freight efficiency with a rail link to the Lyttelton Port.

Implementation of the Port Recovery Plan approved in November 2015 is the key priority for Lyttelton Port over the next few years.

### ***Enable Services Ltd***

Enable Services Ltd (ESL) was established by CCHL as an infrastructure service provider specialising in building and operating open access fibre networks. In May 2011, the company entered into partnership with the Government to provide ultra-fast broadband (UFB) to the urban areas of Christchurch, Waimakariri and Selwyn, and was awarded the contract to build and operate the network.

In 2016 Enable Services acquired the Government shares of Enable Networks Ltd, meaning the city of Christchurch now owns 100% of its fibre network. The network build continues to progress ahead of agreed targets, with the planned network completion date being brought forward to Dec 2018. During the build period, the company will continue to incur losses, as is budgeted, but is forecast to become profitable following completion of the network.

### ***City Care Ltd***

City Care Ltd is a leading provider of water, property and civil services across New Zealand's infrastructure. Its clients include local and central government authorities, commercial businesses, major owners of infrastructure and other contracting companies.

City Care's main functions are maintaining parks, gardens, sports fields and cemeteries, waterways and coastal areas, buildings and public facilities, roading networks and water, wastewater and stormwater networks.

City Care employs some 1,400 staff throughout the country.

During 2016 CCHL put City Care through a rigorous sales process, with the ultimate decision made by Council not to proceed with a sale.

City Care will continue to drive growth through its core business units, with a main focus on customer acquisition, delivering operational excellence and continuing to build on its strong health and safety culture.

### ***Red Bus Ltd***

Red Bus Ltd is a significant public transport provider in Christchurch, providing a range of "gross contract" urban and school services to Environment Canterbury, school services to the Ministry of Education and commercial services from Oxford and Darfield to/from the city. It also

operates a wide range of charter services, and the recent acquisition of coaches broadens the company's service range from small groups through to large scale and complex events such as the City to Surf.

In 2016 Red Bus introduced 8 small urban buses into its fleet to replace the big buses on some of the smaller local routes. This initiative by Red bus has been welcomed by the wider Christchurch community.

In addition Red Bus continues to develop the growth of its 'Red Travel' business, with the recent acquisition of Aaron Travel, which will more than double the size of Red Travel to approximately 25 vehicles ranging in size from 10-passenger mini-buses to 51-seat luxury passenger tour coaches.

### ***EcoCentral Ltd***

EcoCentral Ltd operates a large recycling facility (EcoSort) at Parkhouse Road that processes all of the city's yellow bin collections, three EcoDrops (at Parkhouse Road, Bromley and Styx Mill) which receive domestic and commercial waste, green waste and recyclables, and a retail outlet in Blenheim Road (EcoShop) selling second hand and recycled goods.

The company's revenues are driven by both volumes delivered and prices attained. The company has been successful in attracting additional volumes of recyclable material, but is affected by international commodity prices and a strong NZ dollar in relation to recycled product from the EcoSort. It is currently generating a strong return on equity.

Ecocentral's core business is directly related to a long term contract with Council, with the ownership of this facility transferring back to council at the end of the contract term.

Ecocentral will continue to drive other waste initiatives, and work with Council to implement as appropriate for the Christchurch community.

### ***Development Christchurch Ltd***

In 2015, at the request of Council, CCHL established Development Christchurch Ltd (DCL) Development Christchurch Ltd's mission is to "contribute to the enhanced well-being of Christchurch through the improved economic, social, community and environmental outcomes that successful development, investment and regeneration projects bring"

DCL's core role is to provide Council with the increased strategic capacity that arises from its commercial focus and commitment to engage effectively with developers, investors, businesses and other stakeholders.

DCL is intended to be a lean organisation providing high quality advice and services to Council across the following areas:

- Strategic advice
- Development management
- Engagement and investor relations
- Property development



## **Corporate Governance**

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 of Directors***

The Board is responsible for the strategic direction and control of the company's activities. The Board guides and monitors the business and affairs of CCHL on behalf of the shareholder, Christchurch City Council ('the Council'), to whom it is accountable, within the framework of the mission and objectives that are set out in this Statement of Intent.

The Chief Executive is responsible for the day to day management of the company.

All directors are required to comply with a formal Code of Conduct, which is based on the New Zealand Institute of Directors' Principles of Best Practice.

The Chairperson conducts a formal performance review for each director biennially.

### ***Responsibility to shareholder***

#### *Statement of Intent*

In accordance with the Local Government Act 2002, the company submits a draft Statement of Intent (Sol) for the coming financial year for consideration by CCHL's shareholder, the Council. The Sol sets out the company's overall objectives, intentions and financial and performance targets. Having considered any comments on the Sol by the Council, the company issues its Sol in final form.

#### *Information flows*

The Board aims to keep the Council 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 from being made public. Within this constraint, information is communicated to the Council through quarterly reports to the Council detailing performance against statement of intent targets, periodic workshops/briefings and regular discussions with Council management.

The Board recommends to the Council the appointment of new directors to subsidiary companies under Council policies on Director Appointment and Remuneration. CCHL also seeks input from Council on the draft subsidiary company Sols, and receives the final Sols once approved by the subsidiary boards.

### ***Board composition and fees***

The Board comprises eight directors - four Councillors and four external directors.

All Councillor directors are required to retire by rotation within three months following the triennial local government elections, but are eligible to be re-appointed. Where there are four or more non-Councillor directors, two of those directors must retire by rotation annually, but may offer themselves for re-appointment. Appointments to CCHL are made in accordance with the Council policy on Appointment and Remuneration of Directors.

Fees for the CCHL Board are set triennially. The CCHL Board recommends fee levels to the Council, based on commercial norms, but discounted to reflect a public service element. Where a director provides professional services over and above the normal role of a director, they are entitled to charge for those services at commercial rates provided the conditions of the Board's Conflict of Interest policy are met.

The Board has resolved on the request of Council that, effective from December 2013, no fees are to be paid to Councillor directors, but the equivalent are donated to the Mayor's Welfare Fund or nominated fund approved by Council.

The Board generally meets at monthly intervals, and more often when required.

### ***Board Committees***

#### *Audit and Risk Management Committee*

The responsibilities of the Audit and Risk Management Committee include reviewing the company's accounting policies, reporting practices and resultant financial statements. The committee will also consider external audit reports, external audit appointments, audit relationship matters and fees, and risk management issues. The CCHL Chairperson cannot be the chair of the Audit and Risk Management Committee.

#### *Governance and Appointments Committee*

A key objective of this committee, which is led by the CCHL Chairperson, is to assist in developing, reviewing and formalising the company's governance procedures. Additionally the committee is responsible for recommending director appointments to CCTOs and other subsidiaries.

#### *Other committees*

The board establishes other committees on an as needed basis to deal effectively with issues as they arise.

### ***Remuneration Policy***

The company is especially conscious of its public responsibilities in the setting of remuneration for senior executives, which is closely managed by the Board and made publicly available via the annual report.

The company has policies and procedures in place to ensure remuneration levels are set at responsible limits that are able to attract and retain the people we need to manage and operate the business. These include.

- Delegated financial authorities for hiring of new employees and remuneration setting.
- An annual staff appraisal and pay review process.
- Market appraisal of remuneration levels of key staff.

### ***Subsidiary companies***

#### *Monitoring*

Each subsidiary submits annually a draft Statement of Intent, which is evaluated initially by CCHL. CCHL reviews the Sol, suggests any changes that may be considered appropriate, and

then forwards the draft Sol to the Council for consideration. The Council may also suggest changes.

Representatives of the subsidiary board and management meet with CCHL at least twice each year, to discuss the company's strategic direction and any significant issues that arise. The Board also receives such other reports as are necessary to perform its monitoring function. However, CCHL does not involve itself in the management of the subsidiary companies.

#### *Board appointments*

All directors of subsidiary companies are selected for their commercial expertise and aptitude in accordance with the Council's appointments policy.

#### **Financial results**

Directors receive and review parent company financial and other reports monthly, and provide formal consolidated and parent company financial statements to the shareholder twice annually – for the half year to 31 December and for the year ended 30 June.

#### **Ratio of shareholder's funds to total assets<sup>1</sup>**

The forecast ratio of shareholder's funds to total assets and capital structure for the next three years is:

	2017/18	2018/19	2019/20
Shareholder's funds/total assets	45%	40%	40%

#### **Accounting policies**

CCHL has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group. The detailed accounting policies are available in our most recent annual report as published on our company website.

Refer -[http://www.cchl.co.nz/content/library/CCHL\\_Annual\\_Report\\_2016.pdf](http://www.cchl.co.nz/content/library/CCHL_Annual_Report_2016.pdf) Performance targets and measures

#### **Financial**

The key performance targets of CCHL group are to achieve or better the financial results set out in the following table:

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<sup>1</sup> "Shareholders' funds" are defined as the sum of paid up capital, capital reserves and revenue reserves of the parent company. "Total assets" are defined as the total book value of all assets of the parent company as disclosed in the statement of financial position.

Group	2017/18	2018/19	2019/20
Net profit after tax (\$m)	80.7	94.0	100.7
Net debt/net debt plus equity	48.0%	54.1%	54.5%
Interest cover (EBIT/interest)	3.0	3.1	3.0
Return on average equity	4.6%	5.7%	6.3%
Ordinary dividends	55.3	51.3	48.1
Special dividends	140.0	130.0	5.0

CCHL are working closely with the Council to deliver its Capital release programme as outlined in the Council Long Term Plan.

After the decision to retain City Care was made, CCHL and the Council have determined the most financially effective means for delivering the capital release required, is for CCHL to undertake a debt programme utilising its strong balance sheet.

### **Other performance measures**

In addition to the above financial performance measures, the CCHL Board will use the following measures to assess its performance over the 2017/18 financial year:

### **Governance, Monitoring and Reporting**

	Objective	Performance target
1.	CCHL maintains a strategic direction that is consistent with that of 100% shareholder Christchurch City Council (CCC).	CCHL will submit a draft Sol for 2018/20 for approval to CCC by 1 March 2017.
2.	CCHL keeps CCC informed of all significant matters relating to CCHL and its subsidiaries, within the constraints of commercial sensitivity.	Major matters of urgency are reported to CCC at the earliest opportunity.  CCHL will provide a quarterly report showing progress against Sol targets which will be submitted to the agreed Council Committee  CCHL will attend Committee meetings and report as required
3.	Corporate governance procedures are appropriate, documented and reflect best practice.	The company's policies will be reviewed in accordance with a schedule approved by the Board.
4.	Directors make an effective contribution to the CCHL board, and their conduct is in accordance with generally accepted standards.	The Chair will conduct a formal biennial performance evaluation for each CCHL director with the next one being scheduled in the 2018 calendar year.

		The Governance committee will review the training needs of individual CCHL directors, and facilitate training where required.
5.	CCHL's process for the selection and appointment of directors to the boards of subsidiary companies is rigorous and impartial and is aligned with governance best practice including supporting diversity of thought around the board table.	<p>The process followed for each appointment to a subsidiary company board is transparent, fully documented and in line with approved policies and procedures.</p> <p>CCHL will actively monitor board diversity (considering all relevant diversity perspectives/measures) across the CCHL Group.</p>
6.	Subsidiary companies complete, on a timely basis, Statements of Intent that meet best practice standards and comply with the Local Government Act's requirements	<p>CCHL will issue letters of expectation to and engage with subsidiary companies prior to the 2018 Sol round regarding the structure and content of the group Sols.</p> <p>CCHL will review the companies' performance in the context of its statutory obligations under the Local Government Act</p>
7.	CCHL maintains contact with subsidiary company boards, and remains aware of their strategic and business issues.	<p>CCHL receives a report noting progress against performance on a quarterly basis from its subsidiaries.</p> <p>CCHL management will meet with subsidiary company management regularly to review current performance and strategic focus areas.</p>

### Strategic, financial and sustainability objectives

	Objective	Performance target
1.	Meet Council's requirements for Capital Release in alignment with its Long Term Plan	CCHL will implement a capital release programme to release \$140m to Council in each of the 2018 and 2019 financial years, subject to this capital release remaining consistent with Council requirements as reflected in Council's financial strategy and long term plans.
2.	Subsidiary companies have sufficient (but not excessive) financial flexibility, whether through their own capital structures or through the availability of capital from CCHL, to undertake growth and investment initiatives.	CCHL will monitor the capital structure of each subsidiary company on an ongoing basis, and determine whether any change is required.

3.	Subsidiary companies adopt strategies that are compatible with the strategic direction of CCHL and CCC.	CCHL will actively engage with subsidiary companies to ensure they are strategically aligned with shareholder expectations.
4.	Subsidiary companies adopt strategies that contribute to regional growth.	CCHL will continue to work actively with its subsidiaries to ensure that (where appropriate) regional growth initiatives are included in their business strategies.
5.	Subsidiary companies set and attain environmental, social and innovative performance objectives that are compatible with their activities, commercial nature and other objectives.	CCHL will engage with subsidiaries companies regarding the progressive development and inclusion of relevant and appropriate environmental, social and innovative objectives and performance targets in their respective Sol.
6.	CCHL financial and distribution performance meets the shareholder's expectations.	CCHL pays a dividend for the 2018 financial year that meets or exceeds budget, and achieves the other budgeted key performance measures set out in this Sol.
7.	CCHL's capital structure is appropriate for the nature of its business.	CCHL will monitor the level and composition of its debt facilities in the context of its funding commitments and the requirements of Capital from its shareholder.
8.	CCHL's investments provide an appropriate return in relation to their business risk, and against external benchmarks.	CCHL will periodically review the performance of its major subsidiary companies and other investments against external benchmarks, and assess the value of the investment in the individual company in relation to its inherent business risk and community benefits.
9.	CCHL's treasury management policies and practices are consistent with best practice.	CCHL's treasury management policies are reviewed on an annual basis.

### Distributions to shareholder

CCHL will pay dividends to the shareholder after taking into account its profitability and future investment requirements. The dividends payable to the shareholder will be determined by the Board after consideration of the company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

The ordinary dividends are forecast to be paid in three instalments in October, December and June of each financial year.

Special dividends as noted in this Sol are to satisfy the Capital release requirements as requested by the shareholder.

To assist the shareholder with budgeting, forecast dividend payments (excluding any adjustments relating to subvention payments) are set out in the "Performance Targets and Measures" section.

## **Information to be provided**

### ***Statutory information requirements***

The company will provide an annual Statement of Intent in accordance with Section 64(1) of the Local Government Act 2002. The directors will include any other information they consider appropriate. Where appropriate, revised forecasts will be submitted to the shareholder.

CCHL will submit an annual report to the shareholder. The annual report will include audited financial statements and such other details as are necessary to permit an informed assessment of the company's performance and financial position during the reporting period, and to comply with the requirements of the Companies Act and Financial Reporting Act.

The company will also prepare interim consolidated financial statements to 31 December, and a review of the period, that comply with NZ IAS 34 "Interim Financial Reporting" by 28 February.

### ***Other information to meet the needs of the Council***

The company will provide reports to the Council on its activities and the results of its subsidiary companies. It will operate on a "no surprises" basis in respect of significant shareholder-related matters, to the fullest extent possible in the context of commercial sensitivity and confidentiality agreements.

## **Acquisition/divestment policy**

### **CCHL**

In relation to the potential acquisition or divestment of assets/investments (i.e. equity interests, shares, or equivalent) held directly by CCHL (parent entity), CCHL will seek Council approval of any transaction which results in a change to the ownership interest held by CCHL.

### **Subsidiary of CCHL**

In relation to the potential acquisition or divestment of assets/investments (i.e. equity interests, shares, or equivalent) by a subsidiary of CCHL (subsidiary entity), CCHL will adopt the following approach:

- If the transaction is a Major Transaction (as defined by the Companies Act), CCHL will consider the proposal, and as the shareholder of the subsidiary, CCHL is required to either approve or not approve the transaction. In accordance with, and subject to, the Information Flows paragraphs of the Responsibility to Shareholder section of this Sol and the "no surprises" policy, CCHL will consult with Council, prior to determining whether or not to approve the proposed transaction.
- If the transaction is material, but not a Major Transaction, CCHL will request that the subsidiary companies consult with CCHL prior to entering into the proposed transaction, and CCHL will inform Council under the "no surprises" policy.

- If the transaction otherwise requires shareholder approval from CCHL, CCHL will assess the transaction and determine whether or not to approve it, and CCHL will keep Council informed under the “no surprises” policy.

### **Activities for which compensation is sought from any local authority**

Currently there are no activities for which compensation will be sought from any local authority.

It is noted that the Council has a contingent liability to the extent of \$1.3 billion in respect of unpaid issued capital in CCHL. There is no current intention to make a call on any uncalled capital.

### **Commercial value of shareholder’s investment**

The Council’s investment in CCHL as at 30 June 2016 was independently valued at \$2 billion.

### **Role in the Christchurch City Council group and regional economy**

CCHL’s objectives with regard to commercial relationships within the Christchurch City Council group, and its role in the growth of the regional economy, are set out in the “performance measures and targets” section.