

## Media Release

16 August 2013

### **CCHL GROUP RESULTS HELP TO SMOOTH CASH FLOWS TO COUNCIL**

Christchurch City Holdings Limited is pleased to advise that, despite a lower than budgeted profit from City Care Ltd, group profitability for the year ended 30 June 2013 is expected to be well ahead of Statement of Intent forecasts. The benefits of grouping the results of seven subsidiaries has enabled CCHL to reassure Christchurch City Council that CCHL will be able to deliver on its Sol dividend forecasts over the next three years.

CCHL's mission is to support the Council's vision for the city as 'a world-class boutique city, where people enjoy a sustainable lifestyle, a healthy environment, a strong economic base and the diverse landscapes of the city and peninsula'.

Chief Executive Bob Lineham says one of CCHL's objectives outlined in its Statement of Intent [available on the CCHL website] is '*smoothing the cash flows to Council from its subsidiary companies.*'

"The fluctuation in City Care dividends is a prime example where this objective comes into play. In 2010 City Care paid dividends of \$1.9 million which increased in 2011 to \$6.4 million and the following two years to 7.9 million and 6.3 million respectively. This was at a time when other companies in the group were facing major earthquake costs and reducing dividends. On other occasions, when subsidiaries have paid higher than budgeted dividends, CCHL has been able to put the extra in reserve for use at a later time such as now. Now when City Care's dividends are at a lower level for a year or two CCHL can balance this with the performance of other companies in the group and call on its reserves to still deliver the dividends promised to Council in its Statement of Intent."

“CCHL will ensure that there is no flow on impact to the Council. The city needs City Care to be able to play its critical role in the recovery and rebuild. The Board of CCHL understands that City Care needed to gear up to play its part in the recovery and rebuild of the city and how the growing pains of its rapid growth have impacted on profit and the current change in expected dividend flows.”

Bob Lineham says the regular dividend flow from companies through CCHL to the Council has had an on-going impact of reducing the amount otherwise required in city rates – in 2013 the CCHL dividend to Council was equivalent to approximately a 13% reduction on the Council’s rates.

“The region has been well served by having companies that are willing and able to take a long-term approach to the provision of quality infrastructure and at the same time provide an alternative income stream for Council. All CCHL companies play a vital role in the economy of the region.”

Bob Lineham says the Board and management of City Care have kept CCHL fully informed as they have addressed the underlying issues. The Board of CCHL remains confident in the current governance and management of City Care.

Bob Lineham  
Chief Executive  
Christchurch City Holdings Limited

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Christchurch City Holdings Limited is the 100% owned infrastructure investment arm of Christchurch City Council. It is the majority shareholder of Orion New Zealand Limited, Christchurch International Airport Limited, Lyttelton Port Company Limited, Enable Services Limited, City Care Limited, Red Bus Limited and EcoCentral Limited.