Christchurch City Holdings Limited

ANNUAL REPORT 2023

A WHOLLY OWNED SUBSIDIARY of CHRISTCHURCH CITY COUNCIL

CONTENTS

Christchurch
City Holdings
Limited

ABOUT US

Christchurch City Holdings Limited (CCHL) is the wholly owned commercial arm of Christchurch City Council.

CCHL is the owner of long-term infrastructure assets, taking a prudent, intergenerational approach to the assets it holds for the city and community. The CCHL Group is made up of six trading subsidiaries that own and operate essential infrastructure assets and services across Christchurch and Canterbury. The Group includes four 100% owned companies, Lyttelton Port Company Ltd (LPC), Enable Services Ltd (Enable), City Care Ltd (Citycare), and EcoCentral Ltd (EcoCentral) and two that are majority owned, Orion New Zealand Ltd (Orion) (10.725% owned by Selwyn District Council), Christchurch International Airport Ltd (Christchurch Airport) (25% owned by the Crown).

CCHL was set up in 1993 to provide independent oversight and ensure a commercial approach was taken to managing Council's investments. As a Council Controlled Organisation (CCO) regulated by the Local Government Act 2002, CCHL's core mandate is established by Council through an annual letter of expectation and approval of CCHL's Statement of Intent.

After almost three decades in operation, in 2022, the Council commissioned an independent review of CCHL's role, purpose and objectives by Northington Partners. The Northington Report, received by the Council in December 2022, found that CCHL was a significantly under-utilised asset, and that value could be added by broadening CCHL's scope to encourage a more dynamic and active approach to the portfolio. As a result, the Council directed CCHL to develop a business case to fully consider the costs and benefits of a hybrid approach to managing the portfolio. In addition, the Council has strengthened CCHL's operational independence through a reset of the CCHL Board structure, which increased the number of independent board members and introduced a number of new directors.

In response to the Northington Report, CCHL is undertaking a detailed Strategic Review, with the support of independent experts, which will inform the business case presented to Council and ultimately shape the purpose and role of the organisation. This work is focused on ensuring CCHL's investments continue to meet the long-term requirements of the Council and the wider community. Alongside this work, CCHL is also looking for opportunities to increase value within the Group through a more integrated view on the portfolio of investments and active engagement with each of the subsidiaries.

While CCHL completes the Strategic Review, the organisation remains focused on our core functions:

- *Governance* - providing best practice governance and oversight of our investments;
- *Leadership & Purpose* - making a positive difference to our community by being good kaitiaki of our investments and providing leadership across the group in areas of strategic importance;
- *Maximise Shareholder Value* - optimising CCHL's capital structure, funding and investment decisions to preserve shareholder value while seeking opportunities to create additional value; and
- *Impact* - building strong relationships and commitment to responsible investment to deliver positive social, environmental and community outcomes.

The organisation focuses on encouraging intra-Group collaboration, in order to maximise the benefits of the resources available across the Group, both to support effective operations and deliver greater returns to the community. To support growth and development, CCHL can provide debt funding to subsidiaries within the Group through the CCHL Intra Group Funding Facility (IGFF) utilising CCHL's strong credit rating and its trust and reputation in the marketplace to access cost effective debt funding for the Group. However, the amount of debt currently held by the Group, as a result of past decisions, leaves relatively little additional debt capacity at this time.

CCHL also promotes sustainable business practices across the Group, setting best practice standards for fair pay and diversity, and supporting a broad range of social and environment outcomes that reflect the Council's - and the community's - strategic priorities.

CEO AND CHAIR'S REPORT

This year marked an intergenerational moment for Christchurch City Holdings Limited. In response to the Council-commissioned Northington Report, which found that CCHL was a significantly under-utilised asset for the city, the Council directed that CCHL develop a business case for a more active approach to managing our portfolio of investments. CCHL is undertaking a Strategic Review to fully assess the costs and benefits of a more active approach to managing the portfolio in the context of our evolving financial, community and environmental needs - including rebalancing and returning capital to the Council and the more active management options that CCHL could adopt.

Ensuring we had the right mix of skills and experience to provide oversight of the Strategic Review meant a complete reset of our Board. After creating a matrix of the attributes CCHL would need, an Appointments Committee established by the Council went to the market to identify our new directors. The Committee's focus was on identifying people who not only had the skill set to inform the Strategic Review but also the depth of insight and experience needed to secure the best outcomes for the Council and our community.

The new Board has come up to speed quickly. Directors are deeply engaged in the challenge, and they have the background and expertise to understand what we're grappling with. They also appreciate the opportunity to make a real difference to the way CCHL delivers value for the community of Christchurch.

Reflecting the unique nature of the Strategic Review, the benefit of robust independent analysis and the small team at CCHL, CCHL has sought specialist external support for this work. To identify the right experts, CCHL focused on engaging with the market through a robust proposal process which attracted considerable interest. As a result of this process, CCHL was pleased to appoint KPMG and Mafic to provide that advice and expertise. This consortium of advisors was selected for their breadth of industry and sector expertise, as well as their complementary capabilities.

The Board has several key expectations for the Strategic Review. Through this process we will demonstrate that we understand the businesses we own and have an independent view of their performance and strategies. We will develop positive relationships with our stakeholders and engage with them to understand their views. And we will be alert for opportunities to work with our stakeholders to create value for the CCHL Group and the Christchurch community. For the CCHL Board, success means the business case developed as a result of the Strategic Review will be delivered to the Council on time, and is thorough and well-reasoned, with clear and audience-appropriate messaging. Our aim is to present the best view for the ultimate shareholders of CCHL - the ratepayers of Christchurch - which thoroughly considers the benefits for the region. We aim to deliver recommendations that will demonstrate foresight when judged decades into the future.

As a Board and an organisation, we are undertaking the Strategic Review with an open mind. The Strategic Review enables a thorough assessment of the long-term value the Council and our community can derive from the assets they hold through CCHL. We do not have any predetermined recommendations on the ownership of those assets.

Alongside the Strategic Review, the Northington Report identified a number of areas in which CCHL could be more effective and CCHL is working to improve its approach in these areas in parallel with the work on the Strategic Review. One of the areas highlighted was the need for improved communication - part of a broader emphasis on increased transparency, better communication and more accountability, both with the Council and within the CCHL Group. In response to this, we are providing Council with more opportunities to engage with the Group's subsidiaries including regular strategic updates, supported by CCHL. In working with the Council, our approach is to ensure that we understand their perspectives and build trust. As a key stakeholder, we want to bring them with us as we work through the Strategic Review process.

We're also establishing a different type of relationship with the subsidiaries within the Group. The work we are doing as part of the Strategic Review has given us the opportunity to build a greater understanding of their businesses and the contributions they can make to our portfolio - now and in the future. As our relationship evolves, CCHL's role is also evolving to provide an increased level of constructive challenge based on a deeper level of shared insight across the Group.

We are developing a more strongly integrated view of the portfolio CCHL holds, enabling us to consider how capital is allocated across the Group in the most effective way and how initiatives can be prioritised across the Group for the best impact. While there is real value for the CCHL Group in taking a more integrated approach, this does reflect a change from the way CCHL has operated in the past and we want to acknowledge the constructive approach of the boards and executive teams of the Group's subsidiaries as we make this transition.

We have a great deal of respect for the fact that CCHL has built a portfolio of high quality infrastructure assets over the past 30 years. This legacy obliges us to both ensure we maximise the value from these investments and take the time to assess whether our portfolio continues to have the right focus for the next 30 years.

CCHL's portfolio of assets fundamentally supports the economy of Christchurch and Canterbury and needs to reflect the strategic outcomes that the people of Christchurch want as a city. We'll be guided by the Council's expectations in respect of those outcomes and how they are prioritised. But fundamentally, CCHL's investments will remain focused on supporting the city of Christchurch to deliver on its aspirations, either through those assets, or the return on capital we provide.

The Northington Report, and the Council's decisions in response to its recommendations, created a platform for considering how the assets we hold for our community will be managed for the future. But in the process, the Council also made a fundamental decision about our organisation. Their response endorsed CCHL's role as the manager of our portfolio of assets and clearly signalled that CCHL adds real value that should be retained. We are committed to continuing to demonstrate both to Council and to the members of the CCHL Group, the value CCHL can bring as a portfolio manager.

In undertaking the Strategic Review, one of our key aims is that, in 20 years' time, our community will look back and see that we demonstrated the necessary foresight to make good decisions for the benefit of future generations. Ultimately, this will be the measure of our success.

Equally, this is a real intergenerational moment for our community. Through the Long Term Plan process, the people of Christchurch will get to decide how CCHL should manage the portfolio to deliver the outcomes they want to see for Christchurch over the long-term.

ABBY FOOTE
Chair

PAUL SILK
Acting CEO

STRATEGIC REVIEW

In 2022 the Council appointed Northington Partners to revisit the role, purpose and objectives of CCHL, after more than three decades in operation. Acknowledging that the organisation had generated significant shareholder value and supported a range of Council's strategic priorities since its inception, the intention was to ensure that CCHL is well positioned to continue to meet the requirements of the Council - and the needs and ambitions of the wider community - over the long-term.

The Northington Report found that while the performance of companies within the portfolio had been satisfactory and consistent with the regulatory framework the CCTOs operate within, there were opportunities to improve CCHL's performance as portfolio manager.

Northington Partners concluded that:

- CCHL was a significantly under-utilised asset of the Council and the ratepayers of the city;
- Significant value could be added by broadening CCHL's scope to encourage a more dynamic and active approach to maximise portfolio performance;
- Council should undertake a fully-considered and purposeful strategy reset focussed on optimising the performance of CCHL and its assets to meet specific requirements of the Council;
- Adopting a more dynamic mandate for CCHL, along with improvements to some operational features of the Group, would provide the platform to maximise the key outcomes from CCHL.

In early December 2022, Council received the Northington Partners' Report and in line with the recommendations from Northington Partners, resolved:

- That Council develop a clear value strategy in relation to building and utilising income or value from CCHL primarily informed by Council's long-term requirements;
- That CCHL be requested to work with the Council to scope and develop a detailed business case which fully considers the costs and benefits of adopting a hybrid approach to managing the portfolio, including rebalancing and returning capital to Council;
- That these two pieces of work be prepared in time to inform and be considered as part of the Draft Long Term Plan 2024-2034.

Work on the CCHL Strategic Review is now underway, with the appointment of a consortium of independent expert consultants, KPMG and Mafic, to provide support and specialist advice.

Under the planned process, investment reviews have been undertaken of each of the CCHL Group's subsidiary companies. These reviews are designed to illustrate the value, performance, opportunities and risks associated with each company, and their role in the portfolio. CCHL is also considering the way in which the Group approaches environmental, social and governance (ESG) issues and opportunities for greater impact through a more integrated prioritisation of initiatives.

In a parallel process, the Council is developing a Value Strategy. This will provide direction on the Council's investment objectives and success factors, including its expectations for income generated or capital release provided by the portfolio and the strategic benefits of ownership.

Based on the investment reviews, CCHL will evaluate the ability of the existing portfolio to deliver on the Council's Value Strategy and assess any options to improve outcomes. The Portfolio Review will evaluate options for the future shape of the portfolio and the approach for its management.

After this review, working with the Council and its independent advisers, CCHL will develop a Business Case to recommend an approach for the active management of the portfolio, as directed by the Council in 2022.

The Council will be directly involved throughout this process. To date, this has included a series of Investment Review and Portfolio Review workshops. As well as providing for regular updates and review of the options as they are developed, the Council and the public will have full input into the recommendations which form part of the Draft Long Term Plan 2024-2034. This plan will then be open for public consultation during which ratepayers will be invited to provide feedback on the options.

GOVERNANCE, LEADERSHIP & STRATEGY

OUR GOVERNANCE ROLE

CCHL was established to provide independent commercial leadership of the Group and a separation between political and commercial imperatives.

Our focus is on positioning the Group for the future through a strong CCHL Board that reflects the optimal mix of industry, sector and strategic experience, combined with technical skills and diverse range of backgrounds and perspectives. As a Board, our role is to ensure best practice governance, coupled with oversight and support for our subsidiaries' boards and management teams.

As part of our future focus and to respond to the insights of the Northington Report, CCHL has recently completed a full reset of the Board. This has been undertaken to ensure the right mix of skills, experience and a diverse range of perspectives were available to successfully deliver on a new strategy. As part of that process, the Council resolved that the number of Councillor directors of CCHL be reduced from four to two, while providing for up to six independent directors, including the Chair.

The Board and the management of CCHL work closely together, providing support, offering professional expertise and, where necessary, challenging preconceptions and testing ideas to ensure we deliver the best value for the Group, the Council and our wider community.

OUR INVESTMENTS

Christchurch
City Holdings
Limited

UTILITIES	DIGITAL	PORTS	SERVICES	WASTE & RECYCLING	OTHER
Orion 89.275%	enable fibre broadband	Christchurch Airport 75% lpc Lyttelton Port of Christchurch	Citycare Group	ECO Central	DCL RBL Property Limited

PORTFOLIO COMPOSITION - SECTOR

*Waste & Recycling

FY23 OPERATING HIGHLIGHTS

Orion customer connections
220,800

Enable customer connections
150,938

Gigawatt hrs of electricity delivered
3,521

Passengers
7,111,849

Container TEUs*
445,457

Group employees
2,974

Waste diverted from landfill
61,317 tonnes

Facilities managed
2,098

Twenty-foot equivalent unit

CCHL BOARD

ABBY FOOTE (CHAIR)
LLB (Hons), BCA, CFInstD, INFINZ (Cert)
Appointed March 2023

Abby is a professional director with over 15 years' governance experience, including with both listed and Crown companies. With qualifications in law and commerce, Abby's governance experience includes strategic development and implementation, stakeholder engagement, risk management, health & safety and ESG issues. Abby is currently a director of KMD Brands Limited, Freightways Limited and Sanford Limited. She is also a member of the Steering Committee of Chapter Zero New Zealand.

GILL COX (DEPUTY CHAIR)
NZOM, DistFInstD, CAANZ - Life Member
Appointed April 2023

A Deloitte partner for over 25 years, Gill is a passionate advocate for Christchurch and Canterbury. Gill is currently a director of Venues Ōtautahi Ltd (Chair), Te Kaha Project Development Ltd, Transwaste Canterbury Ltd (Chair), Waimakariri Irrigation Ltd, and a number of privately owned companies.

CHRIS DAY (DIRECTOR)
BBS, CA, CMInstD, INFINZ (Cert)
Appointed September 2023

Chris is an experienced CFO and executive leader with expertise in business and digital transformation. Chris is currently Interim Chief Executive with New Zealand Green Investment Finance. His governance roles include the Institute of Directors and Datacom Group. Chris also has experience as an Audit and Risk committee chair with a strong commercial focus.

PAST DIRECTORS

CCHL would also like to acknowledge the services, commitment and support of the directors who retired over this financial year. This includes former Chair Jeremy Smith and director James Gough, as well as former Mayor and former Deputy Mayor Andrew Turner who resigned from the Board at the end of their Council terms in 2022. Michael Rondel and Barry Bragg, who joined the Board in an interim capacity in September 2022, also retired with the appointment of the new independent directors in April 2023. Claire Evans resigned from the Board in March 2023 and Alex Skinner will stand down from his role on the CCHL Board at the AGM in November 2023, consistent with Council policy on director tenure, which limits independent directors to two terms.

BRIDGET GIESEN (DIRECTOR)
LLB, BCom, CA, MInstD
Appointed April 2023

Bridget is a strategy and transformation professional with commercial experience from airports, airlines and working in investment roles including at Ngai Tahu and NZTE. She is currently director at the Nelson Regional Development Agency, Puketeraki Limited, Wool Impact and Hopkins Farming Group.

MARTIN GOLDFINCH (DIRECTOR)
LLB, BCom
Appointed April 2023

Martin is a senior finance executive with extensive commercial experience across a range of industries. Martin is currently head of private markets for ACC, and a director of Mondiale VGL Group Limited, Parts Trader Markets Limited and Australian insurance company Youi Holdings Pty Ltd.

DAVID HUNT (DIRECTOR)
BA (Hons), MInstD
Appointed April 2023

David is an economist with extensive public and private sector experience, especially in energy, utility and environmental issues. A former chief executive of Contact Energy and former director of Synergy, David has also held senior roles at NZ Treasury, including economic adviser to the Minister of Finance. David has been on the board of ACC since 2021.

SAM MACDONALD (DIRECTOR)
BCom, CA, CMInstD
Appointed February 2023

Elected as a Christchurch City Councillor in 2019, as a chartered accountant, Sam has a background in accounting, audit and infrastructure. Sam chairs the Council's Finance and Performance Committee, and Insurance Sub-Committee.

ALEX SKINNER (DIRECTOR)
FCA (CAANZ), FCA (ICAEW), CFInstD
Appointed 2016

A former partner of KPMG, Alex is a professional director holding governance roles within the commercial, not for profit, privately owned and government sectors in a diverse range of industries.

SARA TEMPLETON (DIRECTOR)
BA, GradDipTchg, MInstD
Appointed 2019

First elected as a Christchurch City Councillor in 2016, Sara holds the Council's Climate Change Portfolio and has a background in education, sustainability and community initiatives.

CCHL MANAGEMENT

PAUL SILK (ACTING CEO)

Paul has wide ranging experience working in global financial markets, including trading roles with BNZ, Deutsche Bank and NAB. Prior to joining CCHL as Acting CEO, Paul provided the organisation with commercial advice on a range of social infrastructure projects. A former director of Ngāi Tahu Holdings, Paul has strong relationships across local government and Iwi in Aotearoa New Zealand. Paul has been engaged in an Acting capacity to support CCHL through the Strategic Review following which CCHL will define the CEO role and run a formal process to appoint a permanent CEO.

TONI ROWELL (CFO)
BCM, CA

Toni is an experienced financial professional and chartered accountant, with a strong commercial background in Aotearoa New Zealand and the UK. Prior to joining CCHL, Toni held senior finance positions with Westpac and Heartland Bank.

STEVE BALLARD (TREASURER)
BCA, BA (Hons)

Steve is Group Treasurer at Christchurch City Council and acts as CCHL's Treasurer under a Service Level Agreement with Council. He has worked at Council since 2013 and has 30 years' financial markets experience, having previously worked at Westpac, Transpower, PwC, and the Crown Health Financing Agency.

KELLY HYDE (HEAD OF IMPACT & PERFORMANCE)
MBA

After a decade working with Enable, Kelly joined CCHL to manage the organisation's reporting, monitoring and external communications. Kelly has recently moved into a new role leading CCHL's Governance work programme and the development of CCHL's Impact programme.

HOLLY DARLING (FINANCIAL ANALYST)
BCom

Since graduating, Holly has held a finance role in the construction industry before joining the CCHL team in November 2022. Holly is responsible for CCHL's financial administration and assists the CFO and CEO with a range of monitoring and reporting projects across the business.

OUR STRATEGY

CCHL's mission is to support the future growth of Christchurch by investing in key infrastructure assets that are both commercially viable and environmentally and socially sustainable.

The core role of CCHL is to monitor the Council's existing investments, which largely service the region's existing infrastructure needs. CCHL's investments are designed to deliver strong financial returns and dividends to the Council. CCHL is also responsible for monitoring the performance of each of its subsidiary companies against their stated economic, environmental and social performance objectives as well as relevant benchmarks. CCHL also ensures a strong governance framework exists across the Group.

The Strategic Review will also have an impact on CCHL's strategy. In developing a business case to recommend a more active approach to managing CCHL's portfolio, the review will help shape the business model and ultimately CCHL's strategic framework. This will be reflected in future planning, as the organisation responds to the decisions of the Council, and the feedback from the community as part of the Draft Long Term Plan.

DEVELOPING OUR INTEGRATED REPORTING

To help us to continue the development of our disclosures we commissioned a review of our FY22 report against the Integrated Report <IR> Framework and leading global ESG investment indices. The review was undertaken by sustainability consultants thinkstep-anz. thinkstep-anz's recommendations included simplifying our <IR> business model to the four capitals represented throughout this report.

OUR CAPITALS:

FINANCIAL	INTELLECTUAL	SOCIAL/ RELATIONSHIPS	NATURAL
The investments we make, the returns we generate and the economic benefits for the Christchurch region	The governance and leadership we provide	The social outcomes achieved for the Christchurch region, delivered through collaboration with our subsidiaries and stakeholders	The climate and biodiversity benefits for the Christchurch region, delivered through collaboration

Our FY23 review also included a high-level assessment of our subsidiaries' disclosures and the maturity of their approach to sustainability. The results were encouraging, showing a clear commitment from all subsidiaries to develop transparent and robust disclosures based on <IR>.

Simplifying the communication of the integration of sustainability into the way we operate, will lead to considerable improvement in the transparency of our own disclosures. Importantly, it will also improve our ability to communicate, engage and support our subsidiaries on the sustainability topics that matter most.

The review of subsidiaries' reporting revealed over 30 common material topics. These are the things that matter most to key stakeholders and need to be front of mind when developing business strategy.

WHAT MATTERS MOST 2023

ACROSS ALL SUBSIDIARIES BY CAPITAL (N=34)

We've plotted the 10 most important common material topics in FY23 against our four capitals and the areas of focus they provide for CCHL in the table below.

<IR> CAPITAL	WHAT MATTERS MOST	FOCUS FOR CCHL
	Operational excellence Sustainable financial performance Customer experience	Climate-related risks and opportunities Meeting shareholder expectations
	Operating model	Diversity, equity, and inclusion
	Collaboration and partnerships Culture and values Employee attraction and retention Health, Safety and Wellbeing Community focus	Health, safety, and well-being Community outcomes
	Decarbonisation	Greenhouse gas emissions, management, and reduction Environmental outcomes

INTEGRATION

As our understanding of sustainability disclosures, and how we operate, matures, we will be able to better link an <IR> based business model to our Statement of Intent (SOI) and Strategic Framework.

This year we took the time to map the key objectives contained in our SOI and the elements of our Strategic Framework against <IR> capitals, outputs, and outcomes. This has enabled us to better visualise CCHL, the way we work, the way we measure our impact and the outcomes we want to achieve.

Mapping our 2023 results against <IR> confirmed we achieved all of our objectives under our Intellectual and Social/ Relationship capitals, the majority (64%) of our objectives under the Financial capital and half (50%) of our objectives under Natural capital.

INCREASING OUR IMPACT

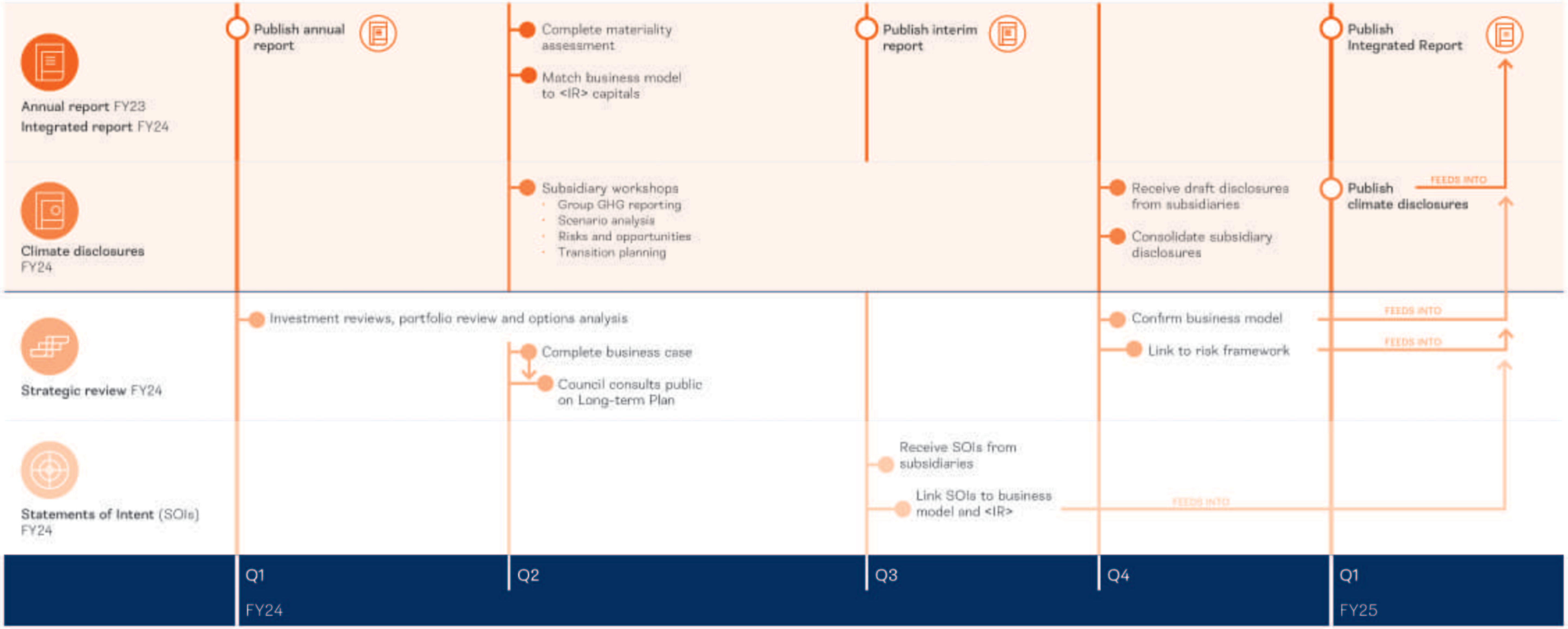
To increase our impact, we will continue to focus on all four capitals and how we manage them as they flow through our organisation and our subsidiaries.

We will improve how we measure our performance, the KPIs we adopt and the targets that we set.

The work we have completed on integration and impact this year has prompted us to look to:

- Integrate material issues into our revised strategy
- Better understand our sustainability risks and opportunities (climate-related)
- Identify shared outcomes to be achieved through increasing collaboration
- Continue to provide, and develop, future sound governance
- Promote and support increasingly transparent disclosure of impacts (see our timeline for impact reporting).

TIMELINE FOR DISCLOSURE OF OUR IMPACTS



FINANCIAL CAPITAL

In providing independent professional oversight to the Council's infrastructure investments, CCHL's role is to not only monitor the financial performance of our subsidiaries, but also understand the strategic environment they operate in. In doing so, CCHL focuses on building the financial strength of the Group, as well as identifying opportunities to enhance the economic well-being of the region and the community.

The Northington Report, and Strategic Review process we are undertaking as a result, has recognised CCHL's role in holding intergenerational assets for our community, and highlighted the importance of taking a more active approach to ensuring these assets meet the needs and expectations of the Council and the community.

Part of those considerations include understanding the investments and how they support and contribute to the Council's long-term objectives.

2023 GROUP RESULT

The consolidated Group net profit after tax (NPAT) for the year ended 30 June 2023 was $99 million, which exceeded the 2023 Statement of Intent (SOI) target of $68 million (FY22: $65 million), noting that SOI NPAT targets do not include fair value gains on investment property. Normalised NPAT (excluding fair value gains on investment property) was $94 million in FY23 compared with $69 million in FY22.

The $25 million (36%) increase in normalised FY23 NPAT was driven by improved performance across the Group:

- Ahead of forecast performance by the Airport, driven by the recovery of the tourism sector;
- Citycare's acquisition of Spencer Henshaw in September 2022;
- Continued growth in cumulative connections on the Enable fibre network; and
- Effective cost management across the Group, despite the ongoing impact of macroeconomic factors.

NET PROFIT AFTER TAX:

99 $MILLION
FY23 Actual

18%
DECREASE

121 $MILLION FY22 Actual

FY23 SOI NPAT* TARGETS:

68	$MILLION	2023
94	$MILLION	2024
112	$MILLION	2025

* excludes fair value on investment property

ASSET REVALUATION UPLIFT:

277 $MILLION
FY23 Actual

231 $MILLION FY22 Actual

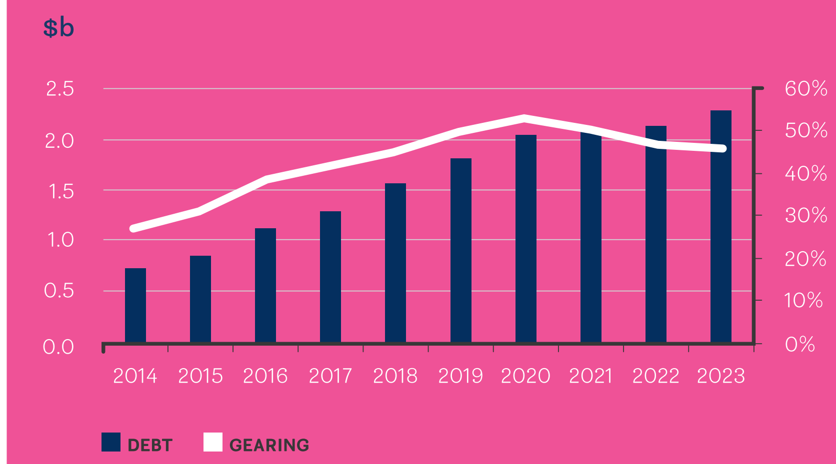
TOTAL ASSETS:

5.8 $BILLION
FY23 Actual

11%
INCREASE

5.2 $BILLION FY22 Actual

GROUP DEBT AND GEARING



The increase in debt over the past 10 years is largely the result of:

- Capital works programmes – electricity network maintenance, Airport precinct development and maintenance, port expansion/development, fibre network construction
- The Airport's investment property development programme
- The funding of Citycare's acquisition of Spencer Henshaw
- The $440 million earthquake-related capital release programme (2016-2019)

Group Debt consists of CCHL Parent debt (core debt plus on-lending to subsidiaries) and subsidiary debt from external parties

Group Gearing ratio is calculated as Group Debt/Group Debt + Equity

CLIMATE RELATED DISCLOSURES

Understanding climate risks and impacts is part of a new range of responsibilities that came into force with the establishment of Aotearoa New Zealand's new climate related disclosure regime.

As a mandated Climate Reporting Entity in accordance with the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021, CCHL is required to report climate-related risks and opportunities from FY24.

In December 2022, the External Reporting Board (XRB) issued Standards containing general requirements for climate-related disclosures. CCHL will produce its first Climate Statement in FY24, and this will be our first step towards aligning with the standards.

CCHL commenced a programme of work during FY24, in conjunction with our subsidiary companies, to develop the risks and opportunities associated with CCHL's portfolio of infrastructure businesses. CCHL will be taking an iterative approach to develop how we describe, quantify and plan for climate-related impacts.

The next stage of this work will include maturing GHG reporting across the Group, analyse scenarios, identify risks and opportunities and plan for a transition to a low carbon economy. CCHL's published disclosures will form part of CCHL's first Integrated Report, when the FY24 results are published.

MATERIALITY ASSESSMENT

Materiality assessments are widely used in business to identify and prioritise the sustainability topics (environmental, social and governance) that matter most to an organisation and its stakeholders. The tool helps organisations confirm, review and future-proof their business strategy. By strengthening relationships with stakeholders, identifying material risks and opportunities, and providing a framework to assess future decisions against, it helps them deliver that strategy too. Both major frameworks for sustainability reporting, <IR> and the Global Reporting Initiative (GRI), require a materiality assessment.

CCHL has programmed to complete its first materiality assessment in early FY24.

2023 PARENT RESULT

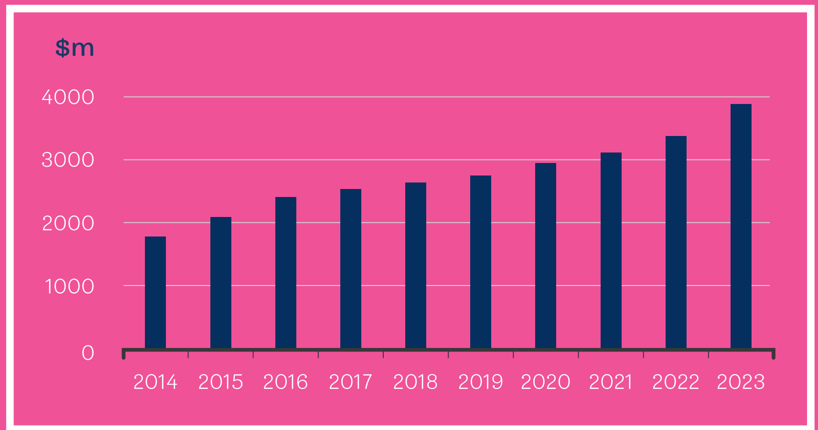
CCHL does not undertake trading operations in its own right, with its primary assets being its investments in subsidiaries, and advances to subsidiaries.

The Parent recorded NPAT of $45 million in FY23, compared with $40 million last year and FY23 SOI target of $51 million. The higher NPAT compared with prior year was largely due to additional dividends received from CIAL, partially offset by strategic review related costs, and higher net interest, recruitment and consulting costs, along with higher audit and legal fees. NPAT was lower than SOI target largely due to the deferral of Orion's which was received in the first quarter of FY24.

CCHL records its investments in subsidiaries at fair value, which are reviewed annually for material changes in value. Recording those investments at fair value rather than historical cost ensures greater accountability for CCHL's custodianship of these investments.

This graph below shows the growth in CCHL's investment portfolio over the last 10 years, with the total carrying value of investments at balance date being $3.8b compared to $1.8b in 2014.

INVESTMENT IN SUBSIDIARIES



PARENT'S TOTAL ASSETS FY23:

4.5 $BILLION FY23 Actual

17% INCREASE

3.8 $BILLION FY22 Actual

FY23 SOI DIVIDEND TARGETS:

32.4 $MILLION 2023

50.7 $MILLION 2024

57.2 $MILLION 2025

FINANCIAL RETURNS

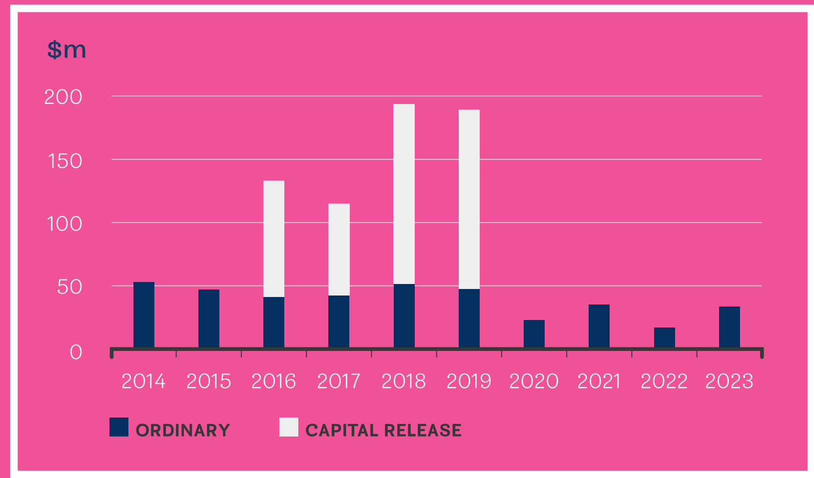
As reflected in the graphs below, over the last 10 years, CCHL's Parent debt and dividends to Council have been impacted by the capital release programme, undertaken in 2016-2019, to assist the Council in the rebuild and redevelopment of Christchurch following the Canterbury earthquakes.

More recently, dividend payments have been impacted by regulatory, macroeconomic factors, and the impact of pandemic related border closures and lockdowns.

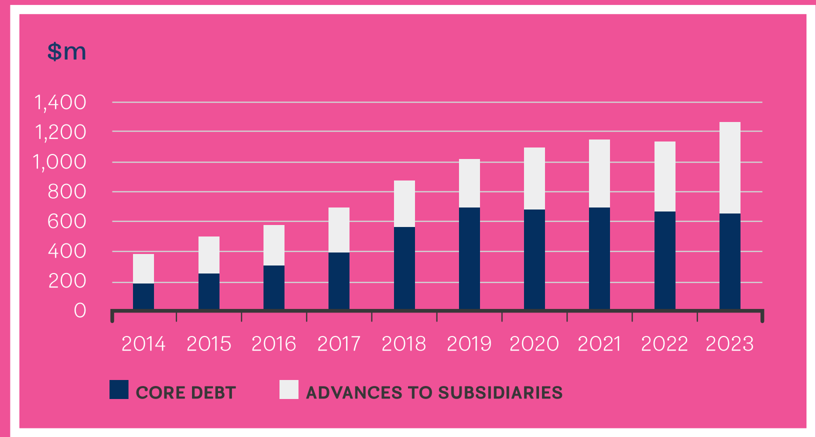
CCHL has continued to maintain a strong credit rating from Standard & Poor's (currently AA with a stable outlook), noting that this is largely determined by Council's rating (as ultimate Shareholder).

The CCHL Board paid $32.4 in dividends to Council in FY23 in line with the FY23 SOI target ($32.4m), 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.

DIVIDENDS TO COUNCIL



PARENT DEBT



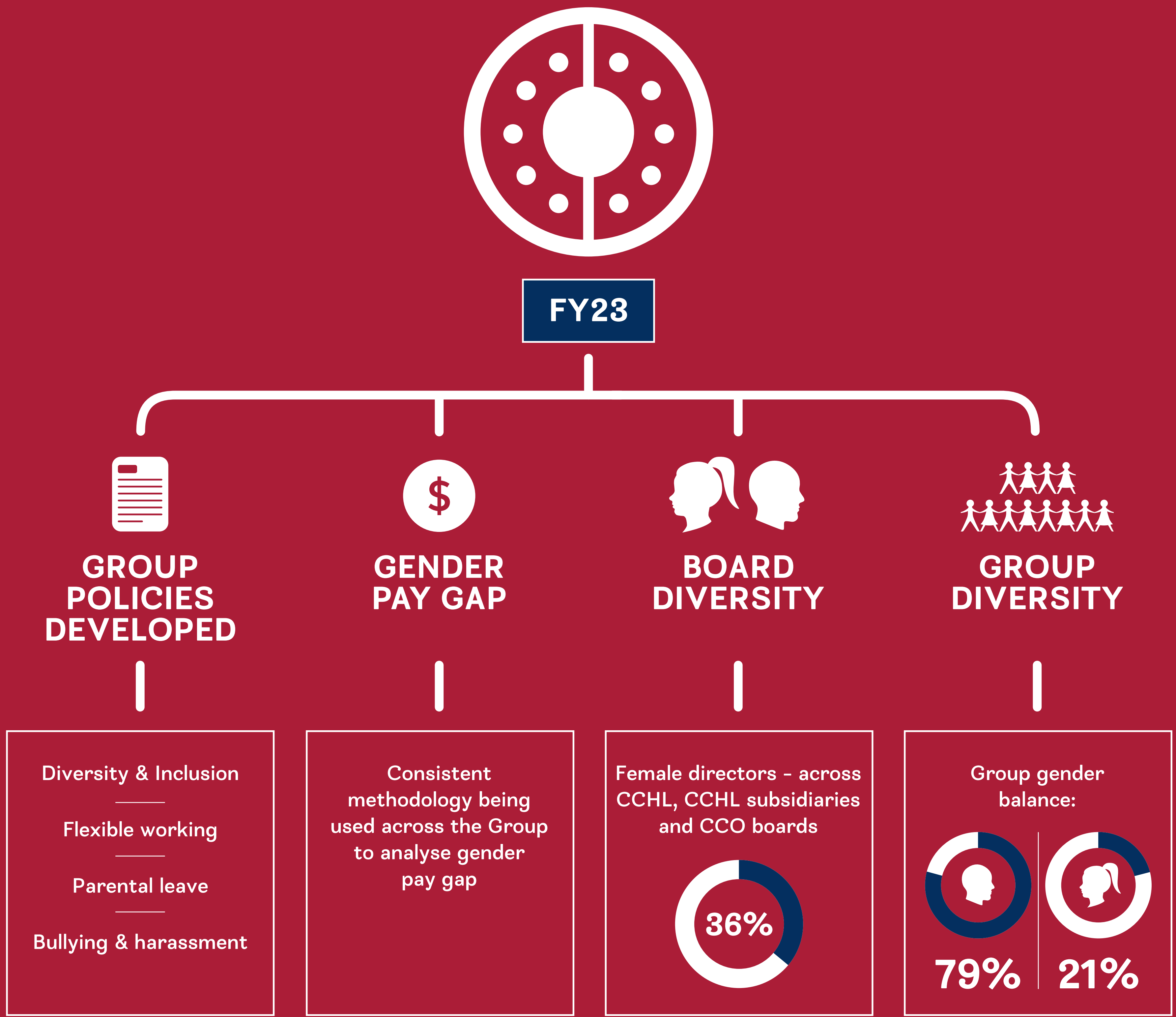
Core debt is CCHL's parent debt net of advances to subsidiaries
Advances to subsidiaries is on-lending to Citycare, Enable, LPC and Orion

INTELLECTUAL CAPITAL

As reaffirmed this year by the Council, CCHL's core role is to provide independent, professional leadership, oversight and guidance in the successful management of our city's key infrastructure investments. Through this governance role, CCHL engages with the Council to ensure it has access to the right advice, information and the support it needs to build a greater understanding of our investment strategies.

At the same time, CCHL works closely with the Boards of our subsidiaries, ensuring appropriate oversight and progress against their targets. Overall, the Group has access to a broad range of resources, skills and leadership talent, which – when appropriately supported through a range of Group-wide initiatives – can provide unique benefits to our community.

CCHL, in collaboration with subsidiaries, will develop market leading capability development, diversity and inclusion, and talent management strategies and policies.



BUILDING FAIRER AND MORE INCLUSIVE PLACES TO WORK

Attracting a more diverse range of talent, developing greater depth of leadership, creating better connections with the community and fairly recognising and rewarding everyone that works across the CCHL Group are some of the major factors behind a concerted effort to create the right systems, practices and environment for a more diverse and inclusive workforce.

One of the focuses of this approach is maintaining the momentum on gender balance initiatives within the CCHL Group. For each subsidiary, this involves working towards a range of measures, including:

- Implementing clear, high-quality policies in relation to diversity and inclusion, flexible working, parental leave and bullying and harassment. Each of the companies within the CCHL Group has also been tasked with demonstrating their understanding of market-leading practices across each of these areas, while taking steps to achieve this standard in order to become an employer of choice.
- Analysing their gender pay gap using a consistent methodology, committing to reporting on the findings and working towards closing any gap.
- Developing and piloting a Leadership Development Programme for women across the Group.

As part of this approach, facilitated collaborative sessions were held with subsidiaries this year on flexible working, parental leave, diversity and inclusion, and bullying and harassment policies. These sessions included providing practical examples of leading practice and making supporting resources available to all subsidiaries. A number of the organisations also shared their experiences and learnings in developing the different policies.

Developing women's careers, and in particular women leaders, is the next priority for the Group, with the first CCHL Women's Leadership Development series commencing in September 2023. The pilot programme offered 16 places for female and non-binary people who have the potential, aspiration, and motivation to become influential leaders within their organisations. The programme involves workshops, mentoring and coaching and networking opportunities.

SOCIAL/ RELATIONSHIPS CAPITAL

CCHL's focus is on ensuring our assets are making a positive contribution to our community over the long term, enabling investments that make a significant impact, while supporting local innovation, social improvements and improved environmental outcomes.

The CCHL Group is connected across the region and the country with a wide range of stakeholders, from Iwi and local neighbourhoods to other businesses and sector leaders. This network of social connections helps us deliver on several of our key aspirations as a good kaitiaki, a strong local leader and a positive environmental steward.

Ultimately, the assets we hold are owned by the people of Ōtautahi Christchurch. Our focus is on ensuring they make a meaningful contribution to our city - not only economically - but in terms of social wellbeing, opportunity and growth for the people in our diverse communities.

As one of the region's largest employers, the CCHL Group works to help grow and develop the careers and meet the aspirations of thousands of local people, while providing access to meaningful and rewarding work.

Across the CCHL Group, subsidiaries have undertaken to work together to ensure leadership and collaboration where there is mutual benefit. The CCHL Group is also demonstrating commitment to the principles of Te Tiriti o Waitangi and leadership in their application. The health and wellbeing of all people working across the Group is also a key priority.

WORKING TOGETHER: TE WHĀRIKI

9 Companies using Te Whāriki (Group collaboration platform)

Total Te Whāriki users:

1,325 +422 FROM FY22

82 mentoring relationships

COMMITMENT TO TE TIRITI

100 employee te reo lessons

Development of Koha and Tangi leave policies

Governance training programme established for CCHL boards and leadership teams

HEALTH & WELLBEING

100% of group employees paid at or above the Living Wage

NEW PATHWAYS FOR KNOWLEDGE AND OPPORTUNITIES

Established in 2021, the He Huanui Māori Pathways programme was developed to improve the capabilities, competence and knowledge across the CCHL Group in Tikanga Māori, Mātaurangi Māori and Te Reo Māori.

The programme reflects a strong shared appetite across the Group for building cultural capability and understanding as a way of becoming better employers and improve engagement with local Iwi. The initiative supports CCHL's commitment to act in partnership with Iwi in supporting improved Māori participation, career development and leadership. It also recognises the organisation's responsibilities in honouring the principles of Te Tiriti o Waitangi (The Treaty of Waitangi).

By 2026, 50,000 new jobs will be created in the Canterbury region – with over 27,000 of these being highly skilled. With Māori set to reach over 20% of the population by 2035, creating pathways for rangatahi to join the workforce and increasingly take on leadership and governance roles will be an important part of meeting this demand for skilled employees in a way that is both equitable and reflects the developing population of Aotearoa New Zealand.

The programme has seen a high level of engagement across the Group – and from all parts of the organisations. In the 2023 financial year, activities have ranged from hui and marae visits and celebrations of special events like Matariki and Te wiki o te reo Māori (Māori language week), to workshops on the principles of Te Tiriti o Waitangi. Around 100 CCHL employees have undertaken Te Reo lessons and waiata groups have also been established across the Group.

As part of a focus on becoming a more inclusive workplace and supporting engagement with tangata whenua, the programme facilitated the attendance of senior CCHL Group HR practitioners at a three-day HRINZ cultural competency workshop. A governance training programme has also been developed for CCHL boards and the Group has established a Tangi leave policy and Koha guidelines.

CCHL Group has also collaborated with Tokona Te Raki, a local agency using social innovation to achieve equity in education, employment and income for Māori, to develop Māori career pathways across the Group. Aligning and sharing tools and resources with Christchurch City Council has also been an important part of the He Huanui programme.

NATURAL CAPITAL

Part of our local leadership role is to directly address the enormous challenges brought about by our rapidly changing climate. In responding to these issues, in 2023 CCHL has brought increased focus and established more meaningful measures of the impacts the Group has on our environment and the positive contribution it can make to improving sustainability.

Included in this approach is a new level of oversight, provided by the CCHL Impact Subcommittee, which is helping us focus our efforts and prioritise the things we can do to have the biggest positive impact. As well as identifying and supporting opportunities to leverage the CCHL Group's capabilities and resources, and promoting wider engagement across the Group, this approach has also strengthened our accountability.

Our focus for our natural capital is consistent with our more active overall approach. It also demonstrates that, rather than a 'nice to have', our environmental, social and governance (ESG) targets are a strategic priority for CCHL.

CCHL Group is prioritising sustainability and decarbonisation as key measures of the Group's performance and disclosures, reflecting the significance of our response to the climate crisis, and the Group's responsibilities as local leaders across a range of sectors.

ANNUAL INDEPENDENTLY VERIFIED GHG EMISSIONS INVENTORY (ISO 14064)

FY23

5/6

Subsidiaries published

MONITORS AND REPORTS ON PROGRESS AGAINST: SBTi [1]

FY23

Completed

GHG EMISSIONS REDUCTION PLANS

FY23

4/6

Subsidiaries have plans in place

FY24

Group plan will be finalised

[1] SBTi targets have been set using a common platform/measure via www.sciencebasedtargets.org

UNDERSTANDING THE IMPACTS OF OUR CHANGING CLIMATE

With more frequent extreme weather events, continued spikes in global temperatures and growing risks of climate-related disruptions, it is clear our community will need to prepare for a changing climate.

The CCHL Group is prioritising a range of environmental targets as we prepare ourselves and the assets we hold for the community to respond and adapt to the wide ranging impacts of climate change.

As leading local businesses, the CCHL Group has a role in both contributing to our climate targets and investing in innovations – from renewable energy to more-efficient practices – which can ultimately support wider improvements across Canterbury and Aotearoa New Zealand.

We must also recognise that our community will see widespread impacts as the climate warms. From the health effects of increased heating, to the property damage caused by wild fires or flooding, and the risk to the regional economy created by drought and weather disruptions, we must be prepared to mitigate impacts, build resilience and act in support of communities vulnerable to increased climate risk.

GROUP EMISSIONS REDUCTION PLAN

In FY23, CCHL engaged Tonkin & Taylor Ltd to assist with the development of an emissions reduction plan for the group.

The project will provide the information to CCHL to:

1. Estimate the likely future GHG emissions of the group (base case scenario).
2. Compare the base case against CCC's and CCHL's own expectations.
3. Identify emissions reduction initiatives that are applicable to one or more subsidiaries, which may reduce the group's GHG emissions beyond the above base case or which may accelerate the reduction of emissions compared to the base case, and:
   a. the associated GHG emissions trajectory they would create for the group;
   b. the intervention required from CCHL;
   c. co-benefits and delivery risks.

Christchurch City Holdings Limited

FINANCIAL STATEMENTS

For the year ending 30 June 2023

Directors’ Responsibility Statement

Full year financial statements

These financial statements are for Christchurch City Holdings Group (Group) and Christchurch City Holdings Limited (Parent). The Group comprises Christchurch City Holdings Ltd and the entities over which it has control.

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

- the Statement of financial position as at 30 June 2023;
- the Statement of comprehensive income, the Statements of changes in equity and the Statement of cash flows for the year ended 30 June 2023; and
- the Statement of performance for the year ended 30 June 2023 (refer to note 31).

The directors consider that the financial statements of the Group and Parent 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 and Parent.

The directors are pleased to present the financial statements of the Group and Parent, set out on pages 43 to 182 of the annual report, for the year ended 30 June 2023.

The Board of Directors of Christchurch City Holdings Limited authorises these financial statements for issue on 29 September 2023.

For and on behalf of the Board.

Abby Foote
Chair
Christchurch
29 September 2023

Alex Skinner
Director
Christchurch
29 September 2023

CONTENTS

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	Group	Group	Group	Parent	Parent
	1		Restated	Restated		
		2023	2022	2021	2023	2022
		$m	$m	$m	$m	$m
Non-current assets						
Investment in subsidiaries	3	-	-	-	3,836	3,330
Property, plant and equipment	5	4,482	4,063	3,774	-	-
Investment property	6	764	723	657	-	-
Advances to subsidiaries	27d	-	-	-	587	444
Other financial assets	11a	86	85	29	34	43
Goodwill and other intangible assets	14	96	25	24	-	-
Inventory	12d	4	8	17	-	-
Right of use assets	15a(i)	29	31	28	-	-
Finance lease receivable	15b(i)	42	38	41	-	-
Prepayments	12	5	6	6	-	-
Total non-current assets		5,508	4,979	4,576	4,457	3,817
Current assets						
Cash and cash equivalents	13	77	65	54	9	9
Debtors and other receivables	12a	135	98	86	5	1
Prepayments	12	18	16	14	-	-
Contract assets	12e	37	27	19	-	-
Finance lease receivable	15b(i)	4	3	3	-	-
Inventory	12d	31	26	19	-	-
Assets classified as held for sale	16	-	10	3	-	-
Advances to subsidiaries	27d	-	-	-	13	10
Other financial assets	11a	15	19	7	11	7
Current tax asset		5	9	9	-	-
Total current assets		322	273	214	38	27
Total assets		5,830	5,252	4,790	4,495	3,844
Non-current liabilities						
Borrowings	7	1,742	1,370	1,447	1,026	708
Other financial liabilities	11b	2	7	58	-	4
Net deferred tax liabilities	10d	515	430	358	-	-
Provisions	18	2	-	-	-	-
Other liabilities	19	5	5	5	-	-
Lease liabilities	7c, 15a(ii)	71	66	66	-	-
Total non-current liabilities		2,337	1,878	1,934	1,026	712
Current liabilities						
Borrowings	7	541	760	634	229	425
Other financial liabilities	11b	3	1	4	-	-
Creditors and other payables	17	165	114	113	9	6
Provisions	18	2	2	5	-	-
Other liabilities	19	56	44	34	-	-
Contract liabilities	12e	12	11	7	-	-
Lease liabilities	7c, 15a(ii)	7	8	8	-	-
Total current liabilities		786	940	805	238	431
Total liabilities		3,123	2,818	2,739	1,264	1,143
Net assets		2,707	2,434	2,051	3,231	2,701
Equity						
Share capital	24	94	94	94	94	94
Reserves	25	1,173	1,000	763	3,101	2,584
Retained earnings		974	910	823	36	23
Shareholder interests		2,241	2,004	1,680	3,231	2,701
Non-controlling interests	4	466	430	371	-	-
Total equity		2,707	2,434	2,051	3,231	2,701

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 2023

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Operating revenue	8a	1,446	1,056	74	66
Other income including revaluations of investment property	8b	10	59	-	-
Total revenue and gains		1,456	1,115	74	66
Operating expenses	9	1,073	746	6	5
Earnings before interest, tax, depreciation, amortisation, impairment and revaluation		383	369	68	61
Depreciation	5, 15a(i)	157	141	-	-
Impairment	5, 14	1	-	-	-
Amortisation	14	14	7	-	-
Total depreciation, impairment, and amortisation		172	148	-	-
Earnings before interest and tax		211	221	68	61
Finance income		6	2	28	14
Finance costs	7d	92	72	51	35
Net finance costs		86	70	23	21
Net profit/(loss) before tax		125	151	45	40
Income tax expense	10	26	30	-	-
Profit/(loss) from continuing operations (after tax)		99	121	45	40
Profit/(loss) from discontinued operations (after tax)		-	-	-	-
Net profit/(loss) after tax		99	121	45	40
Profit/(loss) for the year attributable to:					
Owners of the parent		88	102	45	40
Non-controlling interests	4	11	19	-	-
		99	121	45	40
Other comprehensive income					
Items that will not be recycled to profit or loss:					
Revaluation of assets		277	231	-	-
Income tax effect		(78)	(47)	-	-
Revaluation of assets, net of income tax effect		199	184	-	-
Fair value gains on equity investments		-	-	506	148
Income tax effect		-	-	-	-
Fair value gains on equity investments, net of income tax effect		-	-	506	148
Revaluation of carbon emissions units		(1)	1	-	-
Income tax effect		-	-	-	-
Revaluation of carbon emissions units, net of income tax effect		(1)	1	-	-
Items that may be recycled to profit or loss in future:					
Fair value gains/(losses) on cash flow hedges		21	119	11	45
Income tax effect		(5)	(21)	-	-
Fair value gains/(losses) on cash flow hedges, net of income tax effect		16	98	11	45
Other comprehensive income for the year, net of tax		214	283	517	193
Total comprehensive income for the year, net of tax		313	404	562	233
Total comprehensive income attributable to:					
Owners of the parent		269	340	562	233
Non-controlling interests	4	44	64	-	-
		313	404	562	233

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

STATEMENT OF CHANGES IN EQUITY - GROUP
For the year ended 30 June 2023

	Note	Share capital	Asset revaluation reserve	Hedging reserve	Retained earnings	Attributable to equity holders of parent	Non-controlling interests	Total
Note		24	25	25			4	
		$m	$m	$m	$m	$m	$m	$m
Balance as at 1 July 2021		94	822	(36)	800	1,680	371	2,051
Effect of correction of prior period errors	1	-	(23)	-	23	-	-	-
Balance as at 1 July 2021 - Restated	1	94	799	(36)	823	1,680	371	2,051
Profit for the year		-	-	-	102	102	19	121
Other comprehensive income for year:								
Revaluation of assets		-	190	-	-	190	41	231
Revaluation of carbon emissions units		-	1	-	-	1	-	1
Fair value gains/(losses) on cash flow hedges		-	-	106	-	106	13	119
Tax associated with revaluation movements		-	(31)	(28)	-	(59)	(9)	(68)
Total other comprehensive income for year		-	160	78	-	238	45	283
Total comprehensive income		-	160	78	102	340	64	404
Transfer on disposal of revalued assets		-	(1)	-	1	-	-	-
Dividends paid or provided for	24	-	-	-	(16)	(16)	(5)	(21)
Balance as at 30 June 2022 - Restated	1	94	958	42	910	2,004	430	2,434
Profit for the year		-	-	-	88	88	11	99
Other comprehensive income for year:								
Revaluation of assets		-	233	-	-	233	44	277
Revaluation of carbon emissions units		-	(1)	-	-	(1)	-	(1)
Fair value gains/(losses) on cash flow hedges		-	-	19	-	19	2	21
Tax associated with revaluation movements		-	(66)	(4)	-	(70)	(13)	(83)
Total other comprehensive income for year		-	166	15	-	181	33	214
Total comprehensive income		-	166	15	88	269	44	313
Transfer on disposal of revalued assets		-	(8)	-	8	-	-	-
Dividends paid or provided for	24	-	-	-	(32)	(32)	(8)	(40)
Balance as at 30 June 2023		94	1,116	57	974	2,241	466	2,707

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

STATEMENT OF CHANGES IN EQUITY - PARENT
For the year ended 30 June 2023

	Note	Share capital	Asset revaluation reserve	Hedging reserve	Retained earnings	Attributable to equity holders of parent	Non-controlling interests	Total
		24	25	25			4	
		$m	$m	$m	$m	$m	$m	$m
Balance as at 1 July 2021		94	2,417	(26)	(1)	2,484	-	2,484
Profit for the year		-	-	-	40	40	-	40
Other comprehensive income for year:								
Fair value gains on equity investments		-	148	-	-	148	-	148
Fair value gains/(losses) on cash flow hedges		-	-	45	-	45	-	45
Tax associated with revaluation movements		-	-	-	-	-	-	-
Total other comprehensive income for year		-	148	45	-	193	-	193
Total comprehensive income		-	148	45	40	233	-	233
Dividends paid or provided for	24	-	-	-	(16)	(16)	-	(16)
Balance as at 30 June 2022		94	2,565	19	23	2,701	-	2,701
Profit for the year		-	-	-	45	45	-	45
Other comprehensive income for year:								
Fair value gains on equity investments		-	506	-	-	506	-	506
Fair value gains/(losses) on cash flow hedges		-	-	11	-	11	-	11
Tax associated with revaluation movements		-	-	-	-	-	-	-
Total other comprehensive income for year		-	506	11	-	517	-	517
Total comprehensive income		-	506	11	45	562	-	562
Dividends paid or provided for	24	-	-	-	(32)	(32)	-	(32)
Balance as at 30 June 2023		94	3,071	30	36	3,231	-	3,231

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 2023

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Cash flows from operating activities					
Receipts from customers and other sources		1,410	1,043	-	-
Interest received		6	2	28	14
Dividends received		-	-	71	66
Payments to suppliers and employees		(1,040)	(772)	(5)	(4)
Interest and other finance costs paid		(88)	(71)	(49)	(35)
Income tax paid		(14)	(12)	-	-
Subvention payments		(16)	(13)	-	-
Other		-	1	-	-
Net cash provided by/(used in) operating activities	28	258	178	45	41
Cash flows from investing activities					
Proceeds from repayment of related party advances		-	-	10	-
Amounts advanced to related parties		-	-	(156)	-
Payment for property, plant and equipment		(275)	(175)	-	-
Proceeds from sale of property, plant and equipment		18	8	-	-
Payment for intangible assets		(12)	(6)	-	-
Payment for acquisition of business		(68)	-	-	-
Payment for investment properties		(41)	(20)	-	-
Payment for investment into bank deposits		(181)	(217)	(181)	(193)
Proceeds from bank deposits maturing		199	205	188	186
Other		5	6	-	-
Net cash (used in)/provided by investing activities		(355)	(199)	(139)	(7)
Cash flows from financing activities					
Proceeds from borrowing		376	391	166	200
Repayment of borrowings		(218)	(332)	(40)	(210)
Repayment of lease liabilities		(9)	(7)	-	-
Dividends paid	24	(32)	(16)	(32)	(16)
Dividends paid - non-controlling interests		(8)	(4)	-	-
Net cash provided by/(used in) financing activities		109	32	94	(26)
Net (decrease)/increase in cash and cash equivalents		12	11	-	8
Cash and cash equivalents at beginning of year		65	54	9	1
Cash and cash equivalents at end of year	13	77	65	9	9

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

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 (Group) along with separate financial statements for CCHL Parent (Parent). Although not required by accounting standards, the Parent's shareholder has requested that separate financial statements for the Parent are disclosed.

The financial statements are for the year ended 30 June 2023. The financial statements were authorised for issue by the CCHL Board of directors on 29 September 2023. 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 reports 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 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 in New Zealand dollars (NZD), with all values rounded to millions ($m) unless otherwise stated.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

Reporting Entity (continued)

Group ownership			Shareholders		Balance Date
Parent	**Business**				
Christchurch City Holdings Ltd	Holding Company	100%	Christchurch City Council		30 June
Subsidiaries		**CCHL %**	**Non-controlling interests (NCI) Holder**	**NCI %**	
Christchurch International Airport Ltd	Airport	75.0%	Minister of Finance	12.5%	30 June
			Minister for State-Owned Enterprises	12.5%	
City Care Ltd	Contracting	100%			30 June
Development Christchurch Ltd [1]	Holds land assets and an investment in the Christchurch Adventure Park	100%			30 June
EcoCentral Ltd	Waste recycling	100%			30 June
Enable Services Ltd	Broadband network	100%			30 June
Lyttelton Port Company Ltd	Port	100%			30 June
Orion New Zealand Ltd	Electricity network	89.275%	Selwyn District Council	10.725%	31 March
RBL Property Ltd	Investment property	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 2028.

1 CCHL owns 100% of Development Christchurch Limited (DCL). DCL owns 54.7% of Port Hills Leisure Limited (PHLL). PHLL is the trustee of Leisure Investment NZ Limited Partnership (LINZ), trading as Christchurch Adventure Park.

Reporting Entity (continued)

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 profits and losses resulting from intra-group transactions are eliminated in full.

Orion has a 31 March balance date. When the balance dates between a subsidiary and group differ, NZ IFRS 10 Consolidated Financial Statement (NZ IFRS10) requires 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, where applicable.

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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting, which involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. The difference between the carrying value of the non-controlling interests and the consideration paid is recognised directly in equity attributable to the parent, in accordance with the requirements of NZ IAS 27.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

1 Significant changes during the period

Pandemic recovery

The Group's business operations that were previously impacted by the pandemic have largely returned to pre-pandemic levels. In particular, Christchurch International Airport Ltd has benefitted from the strong recovery of the tourism sector.

Spencer Henshaw acquisition

During the period, Citycare acquired 100% of the shares of the Spencer Henshaw Group of companies (SH Group), consisting of Spencer Henshaw Ltd, SW Scaffolding Ltd and Panmure Property Holdings Ltd, for an Enterprise Value of $72.3m, including $6.8m held in escrow in relation to warrant issues, and $2.2m of contingent consideration.

The SH Group provides a full range of property repair, maintenance and upgrade services to government and commercial organisations.

The acquisition gives Citycare a strong market position in the Social Housing sector, which is a segment within Citycare Property's Social Infrastructure strategy. Citycare's acquisition of SH Group will support it to re-engage with the social housing sector by leveraging SH Group's experience and capability in this area. SH Group is aligned to Citycare's core values by demonstrating care for people and communities, and being a leading NZ-owned facilities maintenance service provider.

In order to fund the acquisition, the Parent advanced $56m to Citycare and provided a guarantee over Citycare's banking facilities to Bank of New Zealand for $31m. This was subsequently increased to $34m during the year.

Refer to note 26 Business combination for further details.

Reclassification of comparative amounts and other information

In the Statement of Comprehensive Income, within Other Comprehensive Income (OCI), Fair value gains on equity investments for the Parent are recognised as 'Items that will not be recycled to profit or loss' for 2023 ($506m), and the 2022 comparative ($148m) has been reclassified, noting this had been recorded as 'Items that may be recycled to profit or loss in future' within OCI in the previous year.

Other comparative amounts and other information in the financial statements have been reclassified or corrected to better comply with accounting standards requirements and improve the readability of the financial statements. This includes the change in presentation of certain comparative amounts and other information in the Statement of financial position and Statement of comprehensive income along with the relevant note disclosures. Prepayments, Provisions and Other financial liabilities have been presented as separate lines in the Statement of Financial Position. For other restatements and corrections in prior year information, refer to the explanations disclosed in notes 5, 7a, 7c, 11a, 12a, 12e, 15b(i), 20d, 20f and 29a.

1 Significant changes during the period (continued)

Correction of a material error in recognising asset impairment

During the year, CCHL consolidated a correction of a material error relating to Orion's prior year financial statements, resulting from a change in accounting treatment in the 2016 financial year. During the 2016 to 2022 financial years, customers paid capital contributions towards assets initially measured at the cost of construction. Orion impaired (in Profit or loss) the carrying value of its electricity distribution network by the amount of capital contributions received as capital contributions reduce the value of Orion's regulatory asset base, which in turn reduce Orion's future revenue from future regulatory price resets. The correct treatment should have been to reduce revaluation of assets (in Other comprehensive income).

During the year ended 31 March 2023, Orion reviewed the carrying amounts of the electricity distribution network assets to determine whether there was any indication of impairment. For the purposes of impairment, where an asset does not generate cash flows independent of other assets, Orion considers the asset as belonging to the electricity distribution network, which is a single Cash-Generating Unit (CGU) in Orion.

As the carrying amounts of electricity distribution network assets are reviewed at balance date to determine if there are any indicators of impairment for the CGU, there is no requirement to separately assess the individual components previously impaired for capital contributions and therefore no separate impairment was, or is, required. In future years, any adjustments attributable to future capital contributions will be considered within Orion's valuation cycle.

Opening balances in the CCHL Group Statement of financial position and Group Statement of changes in equity as at 1 July 2021 have been restated in relation to the Orion prior period error to improve year-on-year comparability of the financial statements. The effect of the correction of errors resulted in an increase in the Group's share of opening 2021 and 2022 Retained earnings of $23 million and a decrease in the Group's share of opening 2021 and 2022 Asset revaluation reserve of $23 million. The effect of the correction of errors resulted in an increase in the Non-controlling interest (NCI) share of opening 2021 and 2022 Retained earnings of $3 million and a decrease in the NCI share of opening 2021 and 2022 Asset revaluation reserve of $3 million. The combined NCI impact is net neutral and therefore has a nil impact on reported NCI amounts.

Changes in accounting policies

The accounting policies applied in the preparation of these financial statements have been consistently applied throughout the year ended 30 June 2023 and throughout the comparative year ended 30 June 2022.

There have been no changes in accounting policies in comparison with the prior year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

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 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:

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, and 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 (Citycare) – provides construction, maintenance and management services for water and property infrastructure sectors throughout New Zealand.

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

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

viii) Development Christchurch Ltd (DCL) – holds land assets to enable development projects and activities for Christchurch City and an equity share in LINZ, trading as Christchurch Adventure Park.

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 $108m (2022: $111m) mainly from sales by Citycare, EcoCentral and Orion (refer to note 27). 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.

2 Segment reporting (continued)

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. Total non-current assets and Total assets for the Parent includes the investments held in subsidiaries which have been measured at fair value as at 30 June 2023 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 Group primary financial statements. Refer to note 20a in regard to the critical judgements, estimates and assumptions relating to these valuations.
4. Intra-group transactions between segments have been eliminated on consolidation and recognised in the 'Other' column.

2a For the year ended 30 June 2023

	Parent	Orion	CIAL	LPC	Enable	Citycare	RBL Property	EcoCentral	DCL	Other	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Segment revenue	74	322	203	180	108	580	1	50	16	(88)	1,446
Inter-segment revenue	(74)	(4)	-	-	-	(9)	-	(1)	-	88	-
Revenue from external customers	-	318	203	180	108	571	1	49	16	-	1,446
Interest income	28	-	-	-	1	1	-	-	1	(25)	6
Interest expense	(51)	(16)	(30)	(3)	(13)	(3)	-	-	-	24	(92)
Depreciation and amortisation and impairment	-	(57)	(43)	(17)	(29)	(18)	-	(8)	-	-	(172)
Net realisations and revaluations	-	-	(4)	2	-	6	-	(1)	1	-	4
Taxation expense	-	(6)	(4)	(8)	(11)	(3)	-	(1)	-	7	(26)
Segment profit/(loss)	45	22	37	19	28	11	-	2	-	(65)	99
Total non-current assets (excluding derivatives and deferred tax)	4,434	1,553	2,278	620	805	118	17	20	12	(4,423)	5,434
Total assets	4,495	1,644	2,325	691	821	221	20	36	42	(4,465)	5,830
Total liabilities	1,264	802	818	304	411	147	-	23	12	(658)	3,123
Additions to non-current assets	-	125	76	84	41	93	-	9	-	-	428

The results of Orion, CIAL, LPC, Enable and Citycare are deemed significant to the Group as they provide 95% of total revenue and 98% of total assets (2022: 95% of total revenue and 98% of total assets).

2 Segment reporting (continued)

2b For the year ended 30 June 2022

	Parent	Orion	CIAL	LPC	Enable	Citycare	RBL Property	EcoCentral	DCL	Other	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Segment revenue	66	312	139	162	95	308	1	43	6	(76)	1,056
Inter-segment revenue	(66)	(1)	-	-	-	(9)	-	-	-	76	-
Revenue from external customers	-	311	139	162	95	299	1	43	6	-	1,056
Interest income	14	-	-	-	-	-	-	-	-	(12)	2
Interest expense	(35)	(12)	(24)	(2)	(11)	-	-	-	-	12	(72)
Depreciation and amortisation and impairment	-	(55)	(36)	(15)	(27)	(11)	-	(4)	-	-	(148)
Net realisations and revaluations	-	-	47	-	-	3	-	-	5	-	55
Taxation expense	-	(13)	2	(8)	(9)	(2)	-	(1)	(1)	2	(30)
Segment profit/(loss)	40	35	59	19	23	4	-	2	3	(64)	121
Total non-current assets (excluding derivatives and deferred tax)	3,798	1,406	2,113	551	733	40	17	18	16	(3,774)	4,918
Total assets	3,844	1,484	2,150	621	751	135	19	31	31	(3,814)	5,252
Total liabilities	1,143	691	764	244	392	73	-	17	1	(507)	2,818
Additions to non-current assets	-	94	25	55	69	6	-	11	-	-	260

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. The core principle of NZ IFRS 8 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 Investment in subsidiaries

The carrying values of CCHL's investment in subsidiaries are tabled below.

	Note	Parent 2023 $m	Parent 2022 $m
Orion New Zealand Ltd	3a	1,401	1,121
Christchurch International Airport Ltd	3b	1,256	1,176
Lyttelton Port Company Ltd	3c	360	376
Enable Services Ltd	3d	668	523
City Care Ltd	3e	98	74
EcoCentral Ltd	3f	11	15
RBL Property Ltd	3g	19	18
Development Christchurch Ltd	3h	23	27
Total investment in subsidiaries		3,836	3,330

Additionally, CCHL has four wholly-owned companies which hold no assets and have not traded. These are CCHL (2) Ltd, CCHL (4) Ltd, CCHL (5) Ltd, and Christchurch City Networks Ltd.

CCHL's investments in its subsidiary companies are stated at fair value in the parent company's balance sheet. Fair value is determined by independent valuation, with valuations performed by an independent, external valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value. In all cases, the independent valuer has selected a valuation method or a combination of valuation methods that are appropriate to both the subsidiary and the industry that the subsidiary operates in.

The investments in all of the trading subsidiaries were revalued as at 30 June 2023 by Deloitte Limited (on behalf of the Deloitte Trading Trust) ("Deloitte"). The mid-point of the valuation range has been reflected for each subsidiary. Details about the valuation methodology for each subsidiary is provided below.

When measuring the enterprise value of the Parent's investments in subsidiaries, Deloitte uses observable market data as much 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).

As there is a significant portion of unobservable inputs included in the valuations, all investments in subsidiaries are reported at Level 3 in the fair value hierarchy.

3 Investment in subsidiaries (continued)

3a Orion New Zealand Ltd

The investment in Orion New Zealand Ltd (Orion) was valued by Deloitte as at 30 June 2023 using a market based methodology (2022: a discounted cash flow methodology was used). Specifically, Deloitte valued Orion's network business as a multiple of Orion's regulated asset base (RAB) which is a common metric applied to regulated businesses. A RAB multiple range of 1.4 to 1.5 times was applied to Orion's RAB as of 31 March 2023 ($1,447m), informed by recent transactions for New Zealand and Australian regulated businesses.

The RAB multiple assessed a value of Orion's network business of $2,026m. After adding its investment in Connectics and deducting Orion's net debt, the value of Orion's equity was assessed as $1,569m. CCHL's 89.275% shareholding of the equity value of Orion is therefore assessed at $1,401m.

Sensitivity analysis of the impact of an adjustment to Orion's RAB on Orion's enterprise value as at 30 June 2023:

Change in	Decrease $m	Increase $m
RAB Multiple (+ or - 0.1x)	-$145m	+$145m
RAB (+ or – 2.5%)	-$51m	+$51m

For the prior year ended 30 June 2022 Deloitte performed a desktop update assessment of the valuation of Orion with reference to Orion's 31 March 2022 revaluation of Orion's network assets (which was completed on a discounted cash flow basis). The change in valuation methodology for 30 June 2023 has been driven by uncertainty in relation to potential future regulatory settings in response to the capital investment needs of the sector, and the occurrence of a directly comparable transaction during FY23 providing a benchmark on value.

3b Christchurch International Airport Ltd

The investment in Christchurch International Airport Ltd (CIAL) was valued as at 30 June 2023 by Deloitte using a combination of methods – a discounted cash flow approach for the airport operations (comprising the aeronautical land, sealed surfaces and infrastructure, terminal facilities, car parking and hotel) and a net asset value approach was used for surplus land. A direct sales comparison or a direct capitalisation of rental income approach using market comparison of capitalisation rates, supported by a discounted cash flow approach was used for the airport's investment property portfolio assets.

Airport operations

CIAL's forecast cash flows for the next ten years were assessed, and discounted back to the valuation date, using a discount rate that reflected not only the time value of money but also the risk associated with the business's future operations. A terminal cash flow, to allow for cash flows beyond the explicit forecast period, was also assessed and discounted back to the valuation date. CIAL's weighted average cost of capital (WACC), assessed at 7.8% post-tax, was used to discount its future cash flows. A valuation cross-check, comparing the implied EBITDA and Net Operating Assets multiples with other airport companies and with recent airport transactions, supported the discounted cash flow valuation of the core airport operations of $1,244m.

3 Investment in subsidiaries (continued)

3b Christchurch International Airport Ltd (continued)

Sensitivity analysis of the impact of different assumptions on the value of CIAL's airport operations as at 30 June 2023:

Change in	Decrease $m	Increase $m
Revenue (+ or – 5%)	-$137m	+$137m
WACC (+ or – 0.5%)	+$118m	-$100m
Capital expenditure (+ or – 5%)	+$13m	-$13m
Operating expenditure (+ or – 5%)	+$54m	-$54m

Investment property portfolio

The airport's property portfolio, which comprises land and buildings not associated with the airport operations (properties classified as investment properties and surplus land held by CIAL), was valued on a net asset basis, on the grounds that:
- a ready market exists for property and hence direct valuation methods for individual assets are available;
- hypothetically these assets could be sold without materially affecting the core airport operations; and
- some assets are held for strategic purposes and hence their value under an earnings approach may be understated.

CIAL had engaged an independent valuer to undertake the valuation of the property portfolio. Based on the valuation figures provided, the value of the property portfolio was assessed at $1,010m.

After deducting CIAL's net debt as at 30 June 2023, the value of CCHL's 75% shareholding was assessed at $1,256m.

The sensitivity of CIAL's investment property to different input assumptions is summarised in note 6.

3c Lyttelton Port Company Ltd

The investment in Lyttelton Port Company Ltd (LPC) was valued as at 30 June 2023 by Deloitte using a discounted cash flow methodology.

LPC's forecast cash flows for the next 15 years were assessed, and discounted back to the valuation date, using a discount rate that reflected not only the time value of money but also the risk associated with the business's future operations. A terminal cash flow, to allow for cash flows beyond the explicit forecast period, was also assessed and discounted back to the valuation date.

To form its valuation range, Deloitte also considered a scenario allowing for a lower improvement in forecast EBITDA margin. In both scenarios LPC's weighted average cost of capital (WACC), assessed at 7.75% post-tax, was used to discount its future cash flows, and the mid-point of the two scenarios was applied as the valuation. A valuation cross-check, comparing the implied EBITDA multiples with other port companies supported the discounted cash flow valuation of the port of $573m.

After deducting LPC's net debt as at 30 June 2023, the value of CCHL's 100% shareholding was assessed at $360m.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

3 Investment in subsidiaries (continued)

3c Lyttelton Port Company Ltd (continued)

Sensitivity analysis of the impact of different assumptions on LPC's enterprise value as at 30 June 2023:

Change in	Decrease $m	Increase $m
Revenue (+ or – 5%)	-$149m	+$149m
WACC (+ or - 0.25%)	+$30m	-$27m
Capital expenditure (+ or – 5%)	+$26m	-$26m
Operating expenditure (+ or – 5%)	+$100m	-$100m

3d Enable Services Ltd

The investment in Enable Services Ltd (Enable) was valued as at 30 June 2023 using a discounted cash flow methodology.

Enable's forecast cash flows for the next 10 years, based on its latest business planning, were assessed, and discounted back to the valuation date, using a discount rate that reflected not only the time value of money but also the risk associated with the business's future operations. Enable's weighted average cost of capital, assessed at 7.6% post-tax, was used to discount its future cash flows.

Two terminal value approaches were then applied to reflect the value of Enable beyond the 10 year forecast cash flow period. Given the nature of the regulated environment that Enable is associated with (but not regulated by), Deloitte utilised a terminal value based on a multiple of the forecast June 2033 RAB. A RAB multiple of approximately 1.5x was applied, informed by recent transactions for New Zealand and Australian regulated businesses. A second terminal value was then assessed by assessing a terminal cash flow, to allow for cash flows beyond the explicit forecast period, and discounting back to the valuation date.

The midpoint of two scenarios was assessed as the enterprise value of Enable, being $964m. After deducting Enable's net debt, allowing for its cash levels as at 30 June 2023, the value of CCHL's 100% shareholding was assessed at $668m.

Sensitivity analysis of the impact of different assumptions on Enable's enterprise value as at 30 June 2023:

Change in	Decrease $m	Increase $m
Revenue (+ or – 5%)	-$60m	+$60m
WACC (+ or – 0.5%)	+$60m	-$53m
Capital expenditure (+ or – 5%)	+$9.5m	-$9.5m
Operating expenditure (+ or – 5%)	+$14m	-$14m

The investment in Enable was valued as at 30 June 2022 using a discounted cash flow methodology that utilised the full network life cash flows, compared to the use of a 10 year forecast plus terminal value approach in 2023. The prior year valuation also utilised two sets of cash flows, a base case forecast and a forecast with a potential higher level of competition with the introduction of technologies such as 5G fixed wireless broadband with the mid-point of these scenarios adopted as the enterprise value. The change in application of the discounted cash flow methodology was made to better align with Enable management's internal forecasting horizons.

3 Investment in subsidiaries (continued)

3e City Care Ltd

The investment in City Care Ltd (Citycare) was valued as at 30 June 2023 using a discounted cash flow methodology. In assessing the enterprise value of Citycare, separate assessments were made of the enterprise values of Citycare's Water business, Citycare's Property business and the recently acquired Spencer Henshaw business.

Citycare's forecasts for its Water, Property and Spencer Henshaw businesses for the next five years were assessed, and discounted back to the valuation date, using a discount rate that reflected not only the time value of money but also the risk associated with the respective business' future operations. A terminal cash flow, to allow for cash flows beyond the explicit forecast period, was also assessed and discounted back to the valuation date. A weighted average cost of capital (WACC), assessed at 11.0% post-tax for the Water business, 10.6% for the Property business and 10.2% for the Spencer Henshaw business, was used to discount their future cash flows.

A valuation cross-check, comparing the implied EBIT / EBITDA multiples with other comparable companies supported the discounted cash flow valuations of the respective divisions which aggregated to $153m.

After deducting Citycare's net debt, and allowing for its cash levels as at 30 June 2023, the value of CCHL's 100% shareholding was assessed at $98m.

A sensitivity analysis of the impact of different assumptions on Citycare's enterprise value was performed as at 30 June 2023 as follows:

Change in	Decrease $m	Increase $m
Gross Profit (+ or – 5%)	-$37m	+$37m
WACC (+ or – 0.5%)	+$10m	-$8m
Capital expenditure (+ or – 5%)	+$2m	-$2m
Overhead expenditure (+ or – 5%)	+$23m	-$23m

3f EcoCentral Ltd

The investment in EcoCentral Ltd (EcoCentral) was valued as at 30 June 2023 using the discounted cash flow methodology. This was considered the most appropriate basis of valuation given that EcoCentral has a finite number of years remaining on its operating contract.

Subsequent to balance date, EcoCentral has been advised by Council of an intention to negotiate an extension to its contract, however at the current time the potential extension tenure and rates are unknown and therefore the valuation is based on the remainder of the current contract.

EcoCentral's forecast cash flows over the remaining life of its current contract were assessed, and discounted back to the valuation date, using a discount rate that reflected not only the time value of money but also the risk associated with the business' future operations. A terminal cash flow was applied at the end of the contract period to allow for the cash flows associated with notionally transferring assets to Council and winding up EcoCentral. EcoCentral's weighted average cost of capital (as applicable to the remaining contract term), assessed at 5.1% post-tax, was used to discount its future cash flows.

The resultant enterprise and equity values of EcoCentral were assessed at $11.4m.

3 Investment in subsidiaries (continued)

3g RBL Property Ltd

The investment in RBL Property was valued as at 30 June 2023 using the realisation of assets methodology. As at June 2023, RBL Property only held the remaining residual assets of the former Red Bus business being cash balances, land and buildings, and some minor trade receivables and payables. The most material asset is land and buildings, the value of which is supported by advice from an independent property valuer. The resultant value for CCHL's investment in RBL Property is $19.1m.

3h Development Christchurch Ltd

The investment in DCL was valued as at 30 June 2023 using the realisation of assets methodology. As at June 2023, DCL primarily held properties and cash balances and an investment in the Christchurch Adventure Park.

This methodology applied independent valuations for the property assets and a realisation of all other assets and liabilities recognised in DCL's Statement of Financial Position. This methodology implied a valuation for CCHL's investment in DCL of $23m.

Accounting policy - equity investments

Equity investments designated at fair value through other comprehensive income include investments in equity shares of non-listed companies. The Group holds controlling interests (between 75% and 100%) in these companies.

The investments were irrevocably designated at fair value through other comprehensive income as the investments were considered to be strategic in nature at balance date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

4 Non-controlling interests in subsidiary companies

Set out below is summarised financial information for each subsidiary that has non-controlling interests. At 30 June 2023, Orion New Zealand Ltd ('Orion') and Christchurch International Airport Ltd ('CIAL') were the only subsidiaries not 100% owned by CCHL.

	30 June 2023				30 June 2022			
	Orion	CIAL	Consolidation adjustments	Total	Orion	CIAL	Consolidation adjustments	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Non-controlling interest (NCI)	10.725%	25.0%			10.725%	25.0%		
Revenue	324	203			313	186		
Net profit after tax	22	37			36	59		
Other comprehensive income (OCI)	60	102			110	133		
Total comprehensive income	82	139			146	192		
Profit allocated to NCI	2	9	-	11	4	15	-	19
OCI allocated to NCI	6	26	1	33	12	33	-	45
Current assets	65	26			55	20		
Non-current assets	1,580	2,299			1,428	2,130		
Current liabilities	209	138			236	144		
Non-current liabilities	593	680			455	620		
Net assets	843	1,507			792	1,386		
Carrying amount of NCI	90	377	(1)	466	85	347	(2)	430
Operating cash flows	65	85			53	46		
Investing cash flows	(111)	(74)			(87)	(28)		
Financing cash flows*	46	(11)			31	(18)		
	-	-			(3)	-		
* Includes dividends paid to NCI	(3)	(4)			(3)	(2)		

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 owners of the parent.

Key assets and liabilities

5 Property, plant and equipment

Group	Land	Terminal Buildings	Other Buildings	Plant & equipment	Electricity distribution system	Airport infra-structure assets	Harbour structures	Optical fibre network	Work in progress	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Gross carrying amount										
Cost/valuation at 1 July 2021	755	296	232	439	1,082	460	397	700	107	4,468
Reclassified between categories	(51)	-	(29)	24	-	-	(31)	-	21	(66)
Reclassified cost/valuation at 1 July 2021	704	296	203	463	1,082	460	366	700	128	4,402
Additions	1	-	-	17	93	-	1	1	81	194
Disposals	(1)	-	-	(24)	(1)	-	-	-	-	(26)
Net movements in work in progress	-	-	-	-	-	-	-	-	10	10
Re-classified as held for sale	(10)	-	-	3	-	-	-	-	-	(7)
Net revaluation increments/(decrements)	110	-	-	1	(2)	19	-	-	-	128
Transfers	(2)	2	7	14	-	5	5	32	(57)	6
Cost/valuation at 30 June 2022	802	298	210	474	1,172	484	372	733	162	4,707
Additions	3	-	2	47	100	-	1	-	146	299
Additions through business combinations	1	-	2	3	-	-	-	-	-	6
Disposals	-	-	(1)	(54)	(1)	-	(1)	-	(1)	(58)
Net revaluation increments/(decrements)	(1)	46	-	-	34	34	-	15	-	128
Transfers	13	2	(3)	15	-	7	-	35	(86)	(17)
Cost/valuation at 30 June 2023	818	346	210	485	1,305	525	372	783	221	5,065
Accumulated depreciation and impairment										
Accumulated balance at 1 July 2021	(86)	-	(39)	(308)	(42)	-	(219)	-	-	(694)
Reclassified between categories	21	-	11	3	-	-	31	-	-	66
Reclassified accumulated balance at 1 July 2021	(65)	-	(28)	(305)	(42)	-	(188)	-	-	(628)
Disposals	-	-	-	23	1	-	-	-	-	24
Revaluation adjustments	-	-	8	-	85	11	-	-	-	104
Re-classified as held for sale	-	-	-	(3)	-	-	-	-	-	(3)
Impairment losses	-	-	-	-	(4)	-	-	-	-	(4)
Reversal of impairment losses charged to comprehensive income	-	-	4	-	-	-	-	-	-	4
Depreciation expense	-	(21)	(8)	(22)	(43)	(11)	(6)	(23)	-	(134)
Transfers and other	-	-	-	(10)	3	-	-	-	-	(7)
Accumulated balance at 30 June 2022	(65)	(21)	(24)	(317)	-	-	(194)	(23)	-	(644)
Disposals	-	-	1	50	-	-	1	-	-	52
Revaluation adjustments	-	42	-	-	47	14	-	44	-	147
Depreciation expense	-	(21)	(9)	(27)	(47)	(14)	(7)	(24)	-	(149)
Transfers and other	-	-	3	2	-	-	6	-	-	11
Accumulated balance at 30 June 2023	(65)	-	(29)	(292)	-	-	(194)	(3)	-	(583)
Carrying amount at 30 June 2022	737	277	186	157	1,172	484	178	710	162	4,063
Carrying amount at 30 June 2023	753	346	181	193	1,305	525	178	780	221	4,482

During the year, certain 1 July 2021 opening Cost/valuation and Accumulated depreciation balances were reclassified between categories, and Terminal buildings for the current and prior year were separately disclosed from Other buildings given their distinct nature.

5 Property, plant and equipment (continued)

When measuring the fair value of property, plant and equipment held by the Group, the Group uses observable market data as much 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).

Carrying amount significantly attributable to:	% of Group	Group 2023 $m	Group 2022 $m
Orion New Zealand Ltd	34.2%	1,534	1,387
Christchurch International Airport Ltd	33.8%	1,517	1,393
Lyttelton Port Ltd	12.8%	573	508
Enable Services Ltd	17.6%	791	720
Other subsidiaries	1.6%	67	55
Total		4,482	4,063
% of Group Total		100%	100%

For assets that are revalued	Group 2023 $m	Group 2022 $m
If these revalued assets had been measured using the cost model, the net carrying amount would be:		
Freehold land	373	354
Terminal buildings	127	136
Other buildings	155	162
Plant & Equipment	129	108
Electricity distribution system	1,150	1,081
Airport infrastructure assets	181	185
Harbour structures	176	177
Optical fibre network	534	520
Other	138	91
Total	2,963	2,814

The following categories of property, plant and equipment are subject to operating leases where the Group is the lessor:

- land associated with aeronautical activities, retail facilities within the terminal and other commercial activities carried at $118m (2022: $118m)
- terminal facilities, being 35.5% of total floor area or $134m (2022: 35.3% of total floor area or $98m)
- buildings associated with aeronautical activities $21m (2022: $20m)
- land associated with Port activities $8.0m (2022: $8.0m)
- buildings associated with Port activities $0.1m (2022: $0.1m)

5 Property, plant and equipment (continued)

Orion New Zealand Ltd

Electricity distribution network

The electricity distribution network, including substation buildings and easements, (the network) was revalued to fair value of $1,183m as at 31 March 2022, 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 IRFS 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 $1,234m. Of this total, the fair value of easements as at 31 March 2023 of $2m (2022: $2m) is included in freehold land at fair value.

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 2032 estimated network revenues follow the Commerce Commission's building blocks approach, but exclude growth assumptions related to expansionary growth
- for the three years ending 31 March 2025 network revenues will be below 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 Weighted Average Cost of Capital (WACC) - on regulatory investment value, adjusted for any known or estimated wash-up amounts carried forward from the current regulatory period
- the estimated DCF mid-point discount rate is 5.5% (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. 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 which started on 1 April 2020
- no specific adjustment for COVID is required at this time

Deloitte performed sensitivity analysis as follows:

- a capital expenditure increase/(decrease) of 5% would decrease/(increase) fair value by $14m/($14m)
- an operating expenditure increase/(decrease) of 5% would decrease/(increase) fair value by $13m/($13m)
- a discount rate increase/(decrease) of 0.5% would decrease/(increase) fair value by $56m/($59m)
- an increase/(decrease) in distribution revenue of 0.5% would increase/(decrease) fair value by $10m/($10m)

5 Property, plant and equipment (continued)

Orion New Zealand Ltd (continued)

As at 31 March 2023, Orion management updated the Deloitte 2022 valuation using updated cash flow forecasts and an identical methodology. The Orion management team has an extensive background in valuation, finance, electricity regulation and financial modelling, and has a good understanding of the current regulatory and commercial environment.

Orion management used a mid-point nominal post-tax WACC of 6.0% and determined a fair value of $1,315m for the electricity distribution network, including substation buildings and easements (the network).

Orion management's key valuation assumptions were that:

• for the ten years ending 31 March 2033 estimated network revenues follow the Commerce Commission's building blocks approach, but exclude growth assumptions related to expansionary growth

• for the two years ending 31 March 2025 network revenues will be below 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 expected regulatory parameters – a reset regulatory WACC on an updated regulatory investment value and reset regulatory opex, capex and revenue allowances

• the estimated DCF mid-point discount rate is 6.0% (nominal, post-tax). The discount rate is a matter of judgement. Orion management 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. Orion management 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 which started on 1 April 2020.

Orion management performed sensitivity analysis as follows:

• a capital expenditure increase/(decrease) of 5% would decrease/(increase) fair value by $40m/($40m)
• an operating expenditure increase/(decrease) of 5% would decrease/(increase) fair value by $28m/($28m)
• a discount rate increase/(decrease) of 0.5% would decrease/(increase) fair value by $64m/($67m)
• an increase/(decrease) in distribution revenue of 0.5% would increase/(decrease) fair value by $9m/($9m)

Land and non-substation buildings

The majority of Orion's land and non-substation buildings were revalued to fair value as at 31 March 2022, by John Pryor, in accordance with NZ IAS 16, NZ IAS 36, and NZ IFRS 13. John Pryor is a registered valuer and a director of Colliers International Limited. John Pryor used significant observable inputs (level 2, as defined in NZ IFRS 13).

John Pryor determined a fair value of $141m for Orion's parent company's land and non-substation building assets. He:

• 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). He compared his values with their respective rateable values and 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 5.75% and compared his result with recent market transactions (level 2)

• valued Orion's Waterloo Road using a market rental assessment and a capitalisation rate of 4.75% and compared his result with recent market transactions (level 2)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

5 Property, plant and equipment (continued)

Orion New Zealand Ltd (continued)

From 1 April 2022, Orion processed asset additions at cost, removed assets on disposal and depreciated assets to determine carrying values as at 31 March 2023.

At 31 March 2023, Orion reviewed the fair value of its land and non-substation buildings in accordance with NZ IAS 16, NZ IAS 36, and NZ IFRS 13. Based on a review by Orion management which considered price movements in the prior twelve months in the residential, commercial and industrial sectors, Directors formed a view that the carrying value of Orion's land and non-substation buildings is materially at fair value.

Minor land and building assets are carried at a combination of depreciated cost or government valuation totalling $1m as at 31 March 2023 (2022: $1m). The carrying value of freehold land also includes $2m (2022: $2m) of easements, valued as part of the electricity distribution network.

The fair value of property, plant and equipment includes $10m (2022: $11m) of right-of-use assets (refer note 15a(i)). During the year, Orion updated prior year right-of-use assets in this disclosure from $2.7m to $11m.

Asset impairment

As at 31 March 2023, Orion considered whether any assets showed indicators that their carrying value should be impaired. No indications of impairment were identified. Of note:

• the carrying value of Orion's electricity distribution network and substation buildings are materially in line with the Regulatory Asset Base (RAB) allowed by the New Zealand Commerce Commission. The RAB is a key determinant of the cash flows that assets generate
• land and non-substation buildings were reviewed, as described above
• other assets are sold at market values close to their carrying value

5 Property, plant and equipment (continued)

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. CIAL 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.

5 Property, plant and equipment (continued)

Christchurch International Airport Ltd (continued)

Hotel business assets

Hotel business assets (included in the Other buildings classification) are valued using a discounted cash flow and income capitalisation rate approach. The discounted cash flow valuation takes into account forecast financial performance, including capital expenditure, using a ten-year investment horizon, to create a terminal value. 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.

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 cash flows as well as the terminal value assessment. 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. The car parking class includes all assets associated with car parking – the building, at grade parks and land.

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 2023, car parking assets were revalued by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd. Land and commercial buildings were last valued at 30 June 2022 by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd. Hotel business assets were last revalued in 2022 by CBRE. CIAL engaged CBRE as at 30 June 2023 to perform a fair value assessment, as it was decided that, notwithstanding the movements in discount rates and profitability, a revaluation was not required. The fair value was determined to be not materially different than carrying value. Sealed surfaces, terminal and infrastructure assets were valued by independent valuers WSP New Zealand Ltd as at 30 June 2023.

5 Property, plant and equipment (continued)

Christchurch International Airport Ltd (continued)

The revaluations resulted in the following movements:

	2023	2022
	$m	$m
Land	(1)	83
Terminal buildings	89	-
Sealed Surfaces	34	27
Infrastructure	19	14
Car parking	(4)	(11)
	137	113

The valuation methodologies used in the revaluation as at 30 June 2023 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 cash flows 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 cash flow approach and included the following inputs:

• the most recent revenue and expenses budgets for CIAL taken from the 2023 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 7.81% which reflects an appropriate assessment of a WACC for regulated assets and related revenue streams and the risk related to the other non-regulated revenue streams from these assets.

The discounted cash flow 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 8.7% would result in an impairment being recognised.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

5 Property, plant and equipment (continued)

Christchurch International Airport Ltd (continued)

Hotel Business Assets

The hotel business assets were fair value assessed by CBRE. This valuation is based on a discounted cash flow and capitalisation rate approach. Movements in discount rates and profitability highlighted no indication of impairment.

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 2022).	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 $920,000 (2021: $750,000). Airside $130,000 (2021: $110,000).	3	+/- $25m (of a 5% change in adopted rate).
Infrastructure and Sealed Surfaces Infrastructure and sealed surfaces including site services. (Revalued 2023).	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 $273-$396 (2022: $245-$349) with weighted average of $350 (2022: $304). **Infrastructure** Unit costs of road and footpaths construction sqm: Range of $20-$124 (2022: $20-$115) with weighted average of $81 (2022: $74). Unit costs of water and drainage construction m: Range of $256-$1,574 (2022: $229-$1,410) with weighted average of $612 (2022: $548).	3	+/- $19m (of a 5% change of cost estimate).
Buildings Buildings for identified airport activities, including office spaces and storage that exist because of the airport activities. (Revalued 2022).	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. (Refer note 6).	Unit costs of construction sqm: Range of $504-$4,604 (2021: $504-$4,604) with weighted average of $1,130 (2021: $1,309).	3	+/- $2m (of a 5% change of cost estimate).

5 Property, plant and equipment (continued)

Christchurch International Airport Ltd (continued)

Fair value hierarchy (continued)

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation sensitivity
Hotel Business Assets Assets associated with the hotel, including land. (Revalued 2022).	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 9.75% (2021: 9.25%) Income Capitalisation rate 7.25% (2021: 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 2023).	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 $3,308 – $5,726 (2021: $2,675 – $5,051) with weighted average of $4,458 (2021: $3,817)	3	+/- $17m (of a 5% change of cost estimate)
Car parking Assets associated with car parking, taxi, shuttle and bus services (including land). (Revalued 2023).	Discounted cash flow valuation performed by independent valuers based on: • Internal CIAL management information such as forecast future revenues, costs and capital expenditure. • Assumptions such as the discount rate. These are based on CIAL management's judgement and arrived at in consultation with external experts. Both the internal CIAL 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 cash flow period from year 11 (2022: 0.5% and 0.5%). Cost growth per annum 2% for the 10-year cash flow period and 2% from year 11 (2022: 2% and 2%). Discount rate 8.4% post tax, 10-year cash flow period and 8.4% from year 11 (2022: 8.0% and 8.0%).	3	+/- $9m (of a 5% change in discount rate) +/- $0.5m (of a change in growth rate to either 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.			

5 Property, plant and equipment (continued)

Christchurch International Airport Ltd (continued)

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 cash flow from an asset will increase the fair value A decrease in the cash flow 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

5 Property, plant and equipment (continued)

Lyttelton Port Company Ltd

Net carrying value at 30 June 2023 was $573m (2022: $508m). Property, Plant and Equipment is carried at fair value. 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	Buildings	Land improvements and harbour structures	Plant, equipment and vehicles	Work in progress	CGU total
	$m	$m	$m	$m	$m	$m
2023	125	24	176	111	137	573
2022	125	26	177	89	91	508

(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 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) if valued under an appropriate cost methodology in IFRS 13. LPC's future cash flows (including forecast profitability and capital expenditure) would not support an asset base valued under the Optimised Depreciated Replacement Cost (ODRC) methodology. LPC has therefore valued its assets via the income approach as the best approximate fair value of the fixed assets.

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 2020, 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. The Board assessed that an income-based 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, the Board has adopted the internal valuation to fair value the assets.

The last revaluation adjustment was booked at 30 June 2020, as subsequent revaluation assessments have not indicated a material difference between the carrying value and fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

5 Property, plant and equipment (continued)

Lyttelton Port Company Ltd (continued)

(ii) Key Valuation Assumptions

The LPC Board of Directors have adopted a set of assumptions for the EV model. These assumptions are based on LPC management's best estimate and the actual outcome and impact on cash flows could vary significantly.

Single Cash Generating Unit (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 valuation does not include any estimates for significant port expansion within the next 15 years. Twenty-Foot Equivalent Unit (TEU) volumes are capped in the model at current estimated capacity. Cruise volumes have been forecast to grow from the current year volumes which reflect a recovery to pre-pandemic levels.

A 15 year period for forecast cash flows followed by a terminal value has been used due to the long term nature of LPC's infrastructure assets. COVID 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 property, plant and equipment held, LPC uses observable market data as much as possible. Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as defined by NZ IFRS 13, Fair Value Measurement (refer note 29).

5 Property, plant and equipment (continued)

Lyttelton Port Company Ltd (continued)

	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 37%). LPC has assumed average container pricing increase of 4.2% per year over the 15 year period which will have a material impact on the valuation.	The estimated EBITDA margin was higher (lower).
		Risk adjusted discount rate 7.17%	The risk adjusted discount rates were lower (higher).
		Container TEU growth rate 2.0%, with a maximum of 600,000 TEU	The estimated growth rate of TEU was higher (lower).
		Estimated capital expenditure; LPC has assessed major infrastructure (new or upgraded) and made an assessment of required replacement assets.	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	2023		2022	
	DCF Period FY24-FY38	Terminal	DCF Period FY23-FY37	Terminal
Revenue/Expense Inflation	2%-8%		2%-3.9%	
Container Pricing Increases	3%-24.4%		2%-19%	
TEU Volume Growth	2.0%		2.5%	
EBITDA Margin	30%-43%		28%-46%	
Growth Rate		2%		2%
WACC	7.17%	7.17%	7.30%	7.30%
Total capital in 15 year period (inflated) ($m)	701	73	1,184	40

In considering these assumptions, LPC's Board of Directors have 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.

5 Property, plant and equipment (continued)

Lyttelton Port Company Ltd (continued)

Key Sensitivities – Impact of EV	Fair Value Impact ($m)	Impact on Equity Value
EBITDA Margin +1% (all years)	36	Increase in Equity Value
EBITDA Margin -1% (all years)	(36)	Decrease in Equity Value
WACC +0.5%	(52)	Decrease in Equity Value
WACC -0.5%	64	Increase in Equity Value
Container TEU Growth +0.5% (compounding per year)	11	Increase in Equity Value
Container TEU Growth -0.5% (compounding per year)	(15)	Decrease in Equity Value
Capital Cost +10% (all years)	(88)	Decrease in Equity Value
Capital Cost -10% (all years)	88	Increase in Equity Value
Terminal Growth +0.5%	35	Increase in Equity Value
Terminal Growth -0.5%	(29)	Decrease in Equity Value

5 Property, plant and equipment (continued)

Enable Services Ltd

Net carrying value at 30 June 2023 was $791m (2022: $722m). 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.

Work in progress is not depreciated. Work in progress is reviewed on a regular basis to ensure that costs represent future value.

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 2023 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 and Enable management 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 10 year cash flow forecast with a terminal value determined by using either a Gordon Growth Model formula based on the FY33 projected free cash flows or a terminal Regulated Asset Base (RAB) multiple notionally assuming the assets are sold at the end of the 10 year period
- discounting the cash flows using a discount rate based on weighted average cost of capital (WACC)
- whether there were any surplus assets.

5 Property, plant and equipment (continued)

Enable Services Ltd (continued)

The Telecommunications Act 2001 has been amended to introduce regulation of fibre to the premises communication networks. From 1 January 2022 Price and Quality Regulation is imposed on Chorus, but Information Disclosure only Regulation applies to the other local fibre companies, including Enable. The fibre to the premises regulation applies for a first period of three years and is then assumed to be followed by a second period of five years. Enable assumes that it remains subject to information disclosure regulation only. There remains significant uncertainty regarding the impact of fibre regulation on the market and on Enable's future revenue. The valuation outlined below has taken this revenue uncertainty into consideration.

The sensitivity of the 2023 UFB network valuation of $781m to relevant factors is summarised as follows:

Movement in	Range	Lower Value	Mid-Point	Upper Value
Connections	+ or - 1.0%	$766m	$780m	$794m
Average revenue per user	+ or - 1.0%	$766m	$780m	$794m
WACC	+ or - 0.5%	$721m	$785m	$848m

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.

If UFB network assets were stated at historical cost, the carrying value would be as follows:

	2023	2022
	$m	$m
Cost	664	629
Accumulated depreciation	(130)	(109)
Net book value	534	520

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.

A change in estimate of the useful life or residual value will impact on the depreciation expense recognised in 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.

5 Property, plant and equipment (continued)

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 2023 comprised less than 2% (2022: less than 1%) of total group property, plant and equipment. 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, the electricity distribution network, airport infrastructure assets, harbour structures and the optical fibre network (except for investment properties - refer note 6), 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 5.

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.

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.

5 Property, plant and equipment (continued)

Accounting policy – property, plant and equipment (continued)

Assets to be depreciated include:

Electricity distribution system	
Electricity distribution system	60 yrs
Airport assets	
Airport infrastructure and roads	15-100 yrs
Sealed surfaces (other than roads)	15-120 yrs
Terminal buildings	10-60 yrs
Car parks	7-50 yrs
Harbour structure and land improvements	
Harbour structures	3-100 yrs
Seawalls	100 yrs
Vessels	5-25 yrs
Container cranes	30 yrs
Optical fibre network	
Ethernet communication equipment	5-12 yrs
Provision of unlit optical fibre	20-50 yrs
Other assets	
Buildings/building fit-out/services	2-100 yrs
Mobile plant including vehicles	1-30 yrs
Office/computer equipment	2-20 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 amounts. 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 operating 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.

6 Investment property

	Note	Group 2023 $m	Group 2022 $m
Balance at beginning of financial year		723	657
Transfer (to)/from property, plant & equipment		6	2
Additional capitalised expenditure		39	16
Net gain/(loss) from fair value adjustments	8, 9	(4)	48
Balance at end of financial year		764	723

CIAL holds $747m (2022: $707m) of the Group's investment property with RBL Property holding $17m (2022: $17m).

Valuation of investment property - CIAL

The valuation of CIAL's investment property as at 30 June 2023 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 price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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 6.06% (2022: 5.79%)
• Average market capitalisation rate 6.39% (2022: 5.96%)
• Weighted average lease term 6.14 years (2022: 6.48 years)

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

Asset type	2023 rental range	2022 rental range
Office	$180-$260/sqm	$180-$260/sqm
Warehouse	$80-$160/sqm	$90-$140/sqm

6 Investment property (continued)

Valuation of investment property - CIAL (continued)

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	+ $31m/-$34m (of a 5% change of capitalisation rate)

Level 3 Asset Classification	Sensitivity of significant unobservable inputs
Investment Properties	An increase in the cash flow from an asset will increase the fair value of the asset A decrease in the cash flow from an asset will decrease the fair value of the asset

Valuation of investment property - RBL Property

Bayleys Valuations Limited determined that the market value of RBL Property's investment property at 30 June 2023 had not materially changed since the 30 June 2022 valuation which used the sales comparison method and capitalisation of income method, under the market and income approaches.

6 Investment property (continued)

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 constructed or developed 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 at the lowest possible level. Therefore, 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 cash flow 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 determinable.

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).

7 Borrowings and finance costs

The fair values of Group and Parent borrowings tabled below apply the same fair value hierarchy as that disclosed in note 29.

7a(i) Group borrowings

	Note	Current 2023 $m	Non-current 2023 $m	Total 2023 $m	Current 2022 $m	Non-current 2022 $m	Total 2022 $m
Unsecured:							
Bonds		97	593	690	150	545	695
Floating rate notes		45	190	235	40	235	275
Loans from external parties		273	426	699	389	284	673
Loans from related entities	27b(i)	112	490	602	180	306	486
		527	1,699	2,226	759	1,370	2,129
Secured:							
Loan from external parties		1	-	1	1	-	1
Loans from related entities	27b(i)	13	43	56	-	-	-
		14	43	57	1	-	1
Total group borrowings		541	1,742	2,283	760	1,370	2,130

7a(ii) Parent borrowings

	Note	Current 2023 $m	Non-current 2023 $m	Total 2023 $m	Current 2022 $m	Non-current 2022 $m	Total 2022 $m
Unsecured:							
Commercial paper		59	-	59	65	-	65
Bonds		-	443	443	150	297	447
Floating rate notes		45	50	95	40	95	135
Loans from related entities	27b(i)	125	533	658	170	316	486
Total parent borrowings		229	1,026	1,255	425	708	1,133

During the year, Group and Parent Bonds and Floating rate notes were separately disclosed to improve the readability of the disclosure.

7 Borrowings and finance costs (continued)

The carrying values of individual entity borrowings and undrawn facilities are tabled below.

Christchurch City Holdings Ltd

	2023	Avg rate	Maturity	2022
Nature of debt:	$m			$m
Floating rate notes	95	6.02%	2024-2025	135
Christchurch City Council loans - Current	125	5.99%	2023-2024	170
Christchurch City Council loans - Non-current	532	5.77%	2024-2032	316
Fixed Rate Bonds	443	3.88%	2024-2028	447
Commercial paper	60	5.68%	2023	65
Undrawn bank facility	100		2023	100

All borrowings at 30 June 2023 are unsecured and have been put in place under a $1.5b (2022: $1.5b) debt issuance programme. CCHL has issued uncalled capital of $1.5b (2022: $1.5b) to support this programme (refer note 24).

Bonds and Floating rate notes are issued under a Master Trust Deed. Fixed Rate Bonds have a nominal principal amount of $450m (2022: $450m) and include a $150m sustainability bond issued in October 2021. The carrying value includes the impact of fair value hedges. Commercial paper 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 20g).

Orion New Zealand Ltd

	2023	Avg rate	Maturity	2022
Nature of Debt:	$m			$m
Bank loans	247	5.83%	2023	269
US Private Placement floating rate notes	140	6.70%	2028-2030	140

All bank loans are unsecured, however a deed of negative pledge requires Orion to comply with certain covenants to its key lenders. 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 years ended 31 March 2023 and 30 June 2023.

In addition to the above, Orion has a loan from CCHL of $100m (2022: $nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

7 Borrowings and finance costs (continued)

Christchurch International Airport Ltd

	2023	Avg rate	Maturity	2022
Nature of Debt:	$m			$m
Bank facility	329	5.40%	2025-2026	323
Bond funding	247	5.10%	2024-2028	248
Undrawn bank facility	46		2023	127

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. The bond funding has a face value of $250m and constitutes direct, unsecured, unsubordinated obligations and will rank equally with all other unsecured, unsubordinated indebtedness.

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

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

Lyttelton Port Company Ltd

	2023	Avg rate	Maturity	2022
Nature of Debt:	$m			$m
Bank and overdraft facilities	63	6.64%	2024	15
Undrawn bank facility	62		2025-2026	110

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. In addition to the above, LPC has a loan from CCHL of $150m (2022: $150m).

City Care Limited

	2023	Avg rate	Maturity	2022
Nature of Debt:	$m			$m
Undrawn bank facility	-			11

Citycare has a loan from CCHL of $56m (2022: $10m). In August 2023, Citycare repaid $13m off the CCHL loan.

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

These companies had no external debt as at 30 June 2023 (2022: Nil). Enable has a loan from CCHL of $294m (2022: $294m).

7 Borrowings and finance costs (continued)

7b Undrawn borrowing facilities

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Floating rate - expiring within one year	101	121	100	-
Floating rate - expiring beyond one year	175	202	-	100
Fixed rate - expiring within one year	-	5	-	-
Fixed rate - expiring beyond one year	-	16	-	-
Total undrawn borrowing facilities	276	344	100	100

7c Changes in liabilities arising from financing activities

Group 30 June 2023	Opening 1 July 2022 $m	Cash flows $m	Changes in fair value $m	New Leases $m	Reclass-ification $m	Other $m	Closing 30 June 2023 $m
Current liabilities:							
External borrowings	580	(208)	(1)	-	45	-	416
Related party borrowings	180	(167)	-	-	112	-	125
Lease liabilities	8	(7)	1	3	-	2	7
Derivative liabilities	1	3	(1)	-	-	-	3
Non-current liabilities:							
External borrowings	1,063	195	(4)	-	(45)	-	1,209
Related party borrowings	307	338	-	-	(112)	-	533
Lease liabilities	66	(2)	1	-	-	6	71
Derivative liabilities	7	(3)	(2)	-	-	-	2
Total liabilities from financing activities	2,212	149	(6)	3	-	8	2,366

During the year, current and non-current derivative liabilities were separately disclosed to provide more relevant information.

7 Borrowings and finance costs (continued)

7c Changes in liabilities arising from financing activities (continued)

Group 30 June 2022	Opening 1 July 2021 $m	Cash flows $m	Changes in fair value $m	New Leases $m	Reclass-ification $m	Other $m	Closing 30 June 2022 $m
Current liabilities:							
External borrowings	464	(74)	-	-	190	-	580
Related party borrowings	170	(100)	-	-	110	-	180
Lease liabilities	8	(4)	1	1	-	2	8
Derivative liabilities	4	-	(3)	-	-	-	1
Non-current liabilities:							
External borrowings	1,081	183	(11)	-	(190)	-	1,063
Related party borrowings	367	50	-	-	(110)	-	307
Lease liabilities	66	(3)	-	9	-	(6)	66
Derivative liabilities	58	-	(51)	-	-	-	7
Total liabilities from financing activities	2,218	52	(64)	10	-	(4)	2,212

During the year, prior year amounts were reclassified from Other to Reclassification to better present the nature of the movements.

Parent 30 June 2023	Opening 1 July 2022 $m	Cash flows $m	Changes in fair value $m	New Leases $m	Reclass-ification $m	Other $m	Closing 30 June 2023 $m
Current liabilities:							
External borrowings	255	(195)	-	-	45	-	105
Related party borrowings	170	(170)	-	-	125	-	125
Non-current liabilities:							
External borrowings	392	150	(3)	-	(45)	-	494
Related party borrowings	316	341	-	-	(125)	-	532
Derivative liabilities	4	-	(4)	-	-	-	-
Total liabilities from financing activities	1,137	126	(7)	-	-	-	1,256

During the year, current and non-current derivative liabilities were separately disclosed to provide more relevant information.

7 Borrowings and finance costs (continued)

7c Changes in liabilities arising from financing activities (continued)

Parent 30 June 2022	Opening 1 July 2021 $m	Cash flows $m	Changes in fair value $m	New Leases $m	Reclass-ification $m	Other $m	Closing 30 June 2022 $m
Current liabilities:							
External borrowings	225	(160)	-	-	190	-	255
Related party borrowings	160	(100)	-	-	110	-	170
Derivative liabilities	2	-	(2)	-	-	-	-
Non-current liabilities:							
External borrowings	385	200	(3)	-	(190)	-	392
Related party borrowings	376	50	-	-	(110)	-	316
Derivative liabilities	24	-	(20)	-	-	-	4
Total liabilities from financing activities	1,172	(10)	(25)	-	-	-	1,137

During the year, prior year amounts were reclassified from Other to Reclassification to better present the nature of the movements.

7d Finance costs

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Interest expense				
Interest on bank borrowings	36	32	-	-
Interest on debt instruments	36	24	23	18
Interest on related party debt	19	15	28	17
Interest expense on lease liabilities	1	1	-	-
Total finance costs	92	72	51	35

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 interest method.

Borrowing and finance costs that are directly attributable to the acquisition or construction of an item of property, plant and equipment, investment properties or a qualifying asset (an asset that takes a substantial period of time to get ready for intended sale or use and is of significant cost), have been capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

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 Other income or Other expenses.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

Profit and loss information

8 Operating revenue and other income

8a Disaggregation of revenue

30 June 2023	Orion $m	CIAL $m	LPC $m	Enable $m	Citycare $m	RBL Property $m	EcoCentral $m	DCL $m	Intragroup $m	Total $m
Revenue from contracts with customers										
Electricity Distribution	230	-	-	-	-	-	-	-	(4)	226
Airport Services	-	95	-	-	-	-	-	-	-	95
Port Services	-	-	180	-	-	-	-	-	-	180
Gross telecommunications revenue	-	-	-	101	-	-	-	-	-	101
Construction contract revenue	-	-	-	-	322	-	-	-	-	322
Contracting	57	-	-	-	252	-	-	-	(9)	300
Waste and recycling services	-	-	-	-	-	-	39	-	(1)	38
Sale of goods	15	-	-	3	5	-	7	16	-	46
Total revenue from contracts with customers	302	95	180	104	579	-	46	16	(14)	1,308
Other operating revenue										
Rent and Lease income	-	33	-	-	-	1	-	-	-	34
Rental income from investment property	-	48	-	-	-	-	-	-	-	48
Other	20	27	-	4	-	-	4	-	-	55
Total other operating revenue	20	108	-	4	-	1	4	-	-	137
Segment revenue	322	203	180	108	579	1	50	16	(14)	1,445

During the year, EcoCentral received $9m (2022: $7m) in funding from Ministry for the Environment for a materials recycling facility upgrade, and in the prior year Citycare and Orion received $1.9m and $0.5m respectively in Government grants for COVID wage subsidies. 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.

Parent operating revenue consisted of Dividends received from subsidiaries of $74.5m (2022: $65.6m).

8 Operating revenue and other income (continued)

8a Disaggregation of revenue (continued)

30 June 2022	Orion	CIAL	LPC	Enable	Citycare	RBL Property	EcoCentral	DCL	Intragroup	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue from contracts with customers										
Electricity Distribution	230	-	-	-	-	-	-	-	(1)	229
Airport Services	-	55	-	-	-	-	-	-	-	55
Port Services	-	-	162	-	-	-	-	-	-	162
Gross telecommunications revenue	-	-	-	88	-	-	-	-	-	88
Construction contract revenue	-	-	-	-	101	-	-	-	-	101
Contracting	54	-	-	-	197	-	-	-	(9)	242
Waste and recycling services	-	-	-	-	-	-	35	-	-	35
Sale of goods	13	-	-	3	8	-	8	5	-	37
Total revenue from contracts with customers	297	55	162	91	306	-	43	5	(10)	949
Other operating revenue										
Rent and Lease income	-	14	-	-	-	1	-	1	-	16
Rental income from investment property	-	42	-	-	-	-	-	-	-	42
Other	16	28	-	3	2	-	-	-	-	49
Total other operating revenue	16	84	-	3	2	1	-	1	-	107
Segment revenue	313	139	162	94	308	1	43	6	(10)	1,056

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
8b Other income including gains on revaluation of investment property					
Gains on disposal of property, plant and equipment		9	8	-	-
Gains on revaluation of investment property	6	-	48	-	-
Gains on sale of business		-	1	-	-
Net gain on financial assets at fair value through profit or loss		1	2	-	-
		10	59	-	-

8 Operating revenue and other income (continued)

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 as 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 are 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 that 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.

8 Operating revenue and other income (continued)

Accounting policy – revenue (continued)

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 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. Citycare use the input method whereas Orion uses the output method to estimate the proportion of work performed. An assessment is completed at balance date to ensure the revenue recognised 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. Orion use the input method to estimate the proportion of work performed whereas Citycare uses the input method for horizontal construction contracts and the output method for vertical construction contracts. An assessment is completed at balance date to ensure the revenue recognised fairly depicts the transfer of goods or services to the customer.

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.

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.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Other

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

9 Operating expenses

9a Analysis of operating expenses including losses on revaluation of investment property

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Personnel costs					
Salaries and wages		322	282	1	1
Defined contribution/benefit plan employer contributions		1	1	-	-
Increase/(decrease) in employee entitlements/liabilities		3	2	-	-
		326	285	1	1
Other Costs					
Remuneration of auditors	9b	2	1	-	-
Consultants and legal fees		22	16	2	2
Directors' fees		2	2	-	-
Donations		-	1	-	-
Provision expenses/(gains)		3	1	-	-
Orion network maintenance and transmission expenses		92	91	-	-
Raw materials and consumables used		49	42	-	-
Repairs and maintenance		16	11	-	-
Service contracts (including sub-contractors)		336	119	-	-
Investment property direct operating expenses		8	7	-	-
Other operating expenses		211	168	2	1
Losses on disposal of property, plant and equipment		1	1	-	-
Losses on revaluation of investment property	6	4	-	-	-
Ineffectiveness - fair value hedges		1	1	1	1
Total		1,073	746	6	5

9 Operating expenses (continued)

9b Remuneration of auditors

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Audit New Zealand					
Audit of the financial statements		1.31	0.97	0.20	0.08
Special audits required by regulators		0.05	0.07	-	-
Assurance related		0.19	0.08	0.01	0.01
Recovery from prior year		0.03	0.02	0.03	0.02
		1.58	1.14	0.24	0.10
Other auditors					
Audit of the financial statements - KPMG & PWC		0.45	0.18	-	-
Other non-audit services - KPMG & PWC		-	0.01	-	-
Assurance related - EY		0.07	-	0.04	-
Regulatory audit work - PWC		0.05	-	-	-
		0.57	0.19	0.04	-
Total	9a	2.15	1.33	0.28	0.10

The auditor of Christchurch City Holdings Limited and the rest of the Group, excluding Lyttelton Port Company Ltd and Enable Services 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. The auditor of Enable Services Ltd for 2023 is PWC (2022: Audit New Zealand), on behalf of the Auditor-General.

Remuneration paid to Audit New Zealand not related to the Audit of the financial statements is outlined below.

Orion New Zealand Limited

- assurance reviews of the 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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

10 Income and deferred taxes

10a Components of tax expense

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Current tax expense/(income)		32	29	-	-
Adjustments to current tax of prior years		-	(1)	-	-
Deferred tax expense/(income)	10d	(6)	2	-	-
Total tax expense/(income)		26	30	-	-

10b Reconciliation of prima facie income tax

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Profit before tax	125	151	45	40
Tax at statutory rate of 28%	35	42	13	11
Non-deductible expenses	2	1	-	-
Non-assessable income and deductible items	(8)	(15)	(49)	(40)
Tax loss not recognised as deferred tax asset	-	-	36	29
Other	(3)	2	-	-
Total tax expense/(income)	26	30	-	-

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% (2022: 28%) payable by New Zealand companies on taxable profits under New Zealand tax law.

10 Income and deferred taxes (continued)

10c 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 $213m (2022: $203m).

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

10d Deferred tax balances

Group	30 June 2022					30 June 2023			
	Opening balance	Profit/ loss	Other compre-hensive income	Other adjust-ments	Closing balance	Profit/ loss	Other compre-hensive income	Other adjust-ments	Closing balance
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Deferred tax liabilities:									
Cash flow/Fair value hedges	4	1	11	4	20	-	5	-	25
Property, plant and equipment	334	6	37	29	406	(2)	78	-	482
Intangible assets	-	-	-	-	-	(1)	-	8	7
Tax gains	-	-	-	1	1	-	-	-	1
Other	49	(3)	-	-	46	(5)	-	-	41
	387	4	48	34	473	(8)	83	8	556
Deferred tax assets:									
Cash flow/Fair value hedges	18	-	(21)	3	-	-	-	-	-
Property, plant and equipment	-	-	-	30	30	(3)	-	-	27
Provisions/employee entitlements	9	1	-	-	10	-	-	-	10
Other	3	-	-	-	3	1	-	-	4
	30	1	(21)	33	43	(2)	-	-	41
Net deferred tax liability/(asset)	357	3	69	1	430	(6)	83	8	515

Other adjustments in the current year relate to Citycare's acquisition of Spencer Henshaw.

10e Parent unrecognised tax losses

The parent has not recognised a deferred tax asset in relation to tax losses of $129m (2022: $100m), noting that the asset has been recognised at a group level. The tax effect on parent unrecognised tax losses is $36m (2022: $29m).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

10 Income and deferred taxes (continued)

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

11 Other financial assets and liabilities

11a Other financial assets

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Current					
Interest rate swaps		5	-	2	-
Term deposits		-	13	-	7
Other loans and deposits	11c	10	6	9	-
Total current other financial assets		15	19	11	7
Non-current					
Interest rate swaps		74	63	21	20
Other loans	11c	12	22	13	23
Total non-current other financial assets		86	85	34	43
Total other financial assets (current and non-current)		101	104	45	50

During the year, $6m relating to the prior year was reclassified from Term deposits to Other loans and deposits to better present the nature of the balance.

11b Other financial liabilities

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Current					
Interest rate swaps		3	1	-	-
Total current other financial liabilities		3	1	-	-
Non-current					
Interest rate swaps		2	7	-	4
Total non-current other financial liabilities		2	7	-	4
Total other financial liabilities (current and non-current)		5	8	-	4

11 Other financial assets and liabilities (continued)

11c Other loans

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 convert its fixed rate USD income on this loan into NZD floating rates (note 20h). The principal amount outstanding as at the current reporting date is US$14m. The next principal repayment of US$6m is due in 2024, with the remaining US$8m payable in 2028. The loan is assessed to have low credit risk at each reporting date based on the 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 expected credit losses for the asset. No material provision has been made.

The Christchurch Engine Centre has continued to experience strong growth in volumes and revenue.

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 date, payment date, maturity 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 swap which is not matched by the loan, and differences in critical terms between the interest rate swap and loan.

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 20f for further information.

11 Other financial assets and liabilities (continued)

Accounting policies (continued)

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 Profit or loss. 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 Profit or loss 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 Profit or loss.

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 Profit or loss 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 ruling rate 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 ruling rate at the date the fair value was determined.

Term deposits

Term deposits are cash investments with maturities of more than three months.

Other loans and deposits

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

Impairment

The carrying amounts of the Group's other financial assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

12 Debtors, inventory and other assets

12a Debtors and other receivables

Group	Note	Current 2023 $m	Non-current 2023 $m	Total 2023 $m	Current 2022 $m	Non-current 2022 $m	Total 2022 $m
Trade receivables - contracted	12b	125	-	125	99	-	99
Allowance for impairment - contracted	12b	(1)	-	(1)	(1)	-	(1)
Net trade receivables - contracted	12b	124	-	124	98	-	98
Interest receivable		1	-	1	-	-	-
Dividends receivable		4	-	4	-	-	-
Other		6	-	6	-	-	-
		135	-	135	98	-	98

Included in trade receivables - contracted are amounts due from the ultimate shareholder, Christchurch City Council, as disclosed in note 27.

During the year, Contract retentions were reclassified from Trade receivables to Contract assets.

Parent	Current 2023 $m	Non-current 2023 $m	Total 2023 $m	Current 2022 $m	Non-current 2022 $m	Total 2022 $m
Interest receivable	1	-	1	1	-	1
Dividends receivable	4	-	4	-	-	-
	5	-	5	1	-	1

12 Debtors, inventory and other assets (continued)

12b Credit risk - aging of receivables

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Gross receivables					
Not past due		110	85	-	-
Past due 0-30 days		8	7	-	-
Past due 31-60 days		3	2	-	-
Past due more than 60 days		4	5	-	-
		125	99	-	-
Impairment					
Past due more than 60 days		(1)	(1)	-	-
		(1)	(1)	-	-
Gross trade receivables		125	99	-	-
Individual impairment	12c	(1)	(1)	-	-
Collective impairment	12c	-	-	-	-
Trade receivables (net)		124	98	-	-

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 the Group's segments.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

12 Debtors, inventory and other assets (continued)

12b Credit risk - aging of receivables (continued)

30 Jun 2023	Not past due	Past due 0-30 days	Past due 31-60 days	Past due more than 60 days	Total
Expected credit loss rate	0.002%-1.077%	0.002%-1.997%	0.002%-4.276%	0.002%-9.503%	
Gross carrying amounts ($m)	110	8	3	4	125
Lifetime expected credit loss ($m)	-	-	-	-	-

30 Jun 2022	Not past due	Past due 0-30 days	Past due 31-60 days	Past due more than 60 days	Total
Expected credit loss rate	0.02%-1.04%	0.02%-1.76%	0.02%-1.56%	0.02%-2.30%	
Gross carrying amounts ($m)	85	7	2	5	99
Lifetime expected credit loss ($m)	-	-	-	-	-

The Expected credit loss rate has been assessed at component level using a fixed rate for each aging group. The Expected credit loss rate disclosed represents the range of rates across components. A specific Expected credit loss rate for each component is not disclosed because the overall Lifetime expected credit loss is not material.

Expected credit losses are based on historical information. Forward looking information has also been considered but has not changed the expectations for future credit losses.

The Parent provides advances to subsidiaries which are disclosed in note 27d(i), along with the Parent's assessment of expected credit losses in relation to these advances.

12c Movements in expected credit loss of receivables

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Balance at start of year		1	1	-	-
Expected credit loss made during year		1	-	-	-
Receivables written off during year		(1)	-	-	-
Balance at end of year	12b	1	1	-	-

12 Debtors, inventory and other assets (continued)

12d Inventories

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Current				
Inventory - raw materials and maintenance items	20	16	-	-
Inventory - finished goods	11	10	-	-
	31	26	-	-
Non-Current				
Inventory - finished goods	4	8	-	-
	4	8	-	-
Total Inventories	35	34	-	-

12e Contract Assets and Contract Liabilities

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Contract Assets and Contract Liabilities				
Contract assets	37	27	-	-
Contract liabilities	12	11	-	-
Revenue recognised in the period from:				
Amounts included in the contract liability at the beginning of the period	11	8	-	-
Performance obligations that are unsatisfied (or partially unsatisfied):				
Revenue to recognise during the following period	-	19	-	-

Contract assets and liabilities are held by Orion and Citycare. All performance obligations that are unsatisfied (or partially unsatisfied) for Citycare 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.

During the year, Contract retentions were reclassified from Trade receivables to Contract assets.

12 Debtors, inventory and other assets (continued)

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.

Sales of goods are generally due for settlement within 30 days. No interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses 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 considers a receivable in default when contractual payments are 90 days past due. However, it certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into accounts any credit enhancements held by the Group. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows. 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 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. For Citycare, cost is based on the first-in first-out principle, whereas Orion, CIAL, and Enable apply the weighted average principle. Inventories include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

13 Cash and cash equivalents

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Cash balances and call deposits	77	61	9	5
Other short-term investments	-	4	-	4
	77	65	9	9
Cash and cash equivalents denominated in:				
New Zealand dollars	77	64	9	9
Foreign currency	-	1	-	-
	77	65	9	9

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 investments with maturities of three months or less, and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

14 Goodwill and other intangible assets

14(a) Intangible assets

	Note	Goodwill $m	Easements & consents $m	Customer related $m	Software & other $m	Total $m
Gross carrying amount						
Gross carrying amount at 1 July 2021		46	5	-	69	120
Additions		-	-	-	6	6
Additions from internal developments		-	-	-	1	1
Disposals		-	-	-	(9)	(9)
Transfers		-	-	-	1	1
Gross carrying amount at 30 June 2022		46	5	-	68	119
Additions		-	-	-	13	13
Additions from internal developments		-	-	-	1	1
Acquired through business combinations	26	43	-	28	2	73
Disposals		-	-	-	(4)	(4)
Transfers		-	(1)	-	(1)	(2)
Gross carrying amount at 30 June 2023		89	4	28	79	200
Accumulated amortisation and impairment						
Accumulated balance at 1 July 2021		(41)	(4)	-	(52)	(97)
Amortisation expense		-	-	-	(7)	(7)
Disposals		-	-	-	10	10
Accumulated balance at 30 June 2022		(41)	(4)	-	(49)	(94)
Amortisation expense		-	-	(5)	(9)	(14)
Impairment		(1)	-	-	(1)	(2)
Disposals		-	-	-	4	4
Transfers		-	1	-	1	2
Accumulated balance at 30 June 2023		(42)	(3)	(5)	(54)	(104)
Carrying amount at 30 June 2022		5	1	-	19	25
Carrying amount at 30 June 2023		47	1	23	25	96

The Parent did not have any Intangible assets at 30 June 2023 (2022: none).

14 Goodwill and other intangible assets (continued)

14(a) Intangible assets (continued)

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) Software as a Service (SaaS)

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the term of the contract. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances, modifies or creates additional capability for existing on premise systems. Where these costs meet the definition and recognition criteria for an intangible asset, these costs are recognised as an intangible software asset and are amortised over the useful life on a straight-line basis. Judgement is applied in determining whether the code meets the definition and recognition criteria for an intangible asset. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period and adjusted if appropriate.

(iii) Customer relationships and customer contracts

Customer relationships and customer contracts acquired as part of a business combination are recognised separately from goodwill. Customer relationships and customer contracts have a finite life and are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method over the period of projected cash flows of the contracts and relationships over their estimated useful lives, which are amortised over an estimated useful life of 2-13 years.

(iv) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

(v) Amortisation/Impairment

An intangible asset with a finite useful life is amortised on a straight-line basis over the life of the asset. 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
Easements and resource consents	5-35 years
Customer related	2-13 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.

14 Goodwill and other intangible assets (continued)

14b Amount of goodwill allocated to cash-generating units

The aggregate carrying amounts of goodwill allocated to each cash generating unit (CGU) are as follows:

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Orion New Zealand Ltd	2	2	-	-
Enable Services Ltd	1	1	-	-
City Care Ltd	44	2	-	-
	47	5	-	-

The carrying value of Goodwill is subject to an annual impairment test at the CGU level to ensure the carrying value does not exceed the recoverable amount at balance date, which at a subsidiary level is reviewed by each individual Board. Of the total carrying amount, $45m (2022: $3m) originates from subsidiary balance sheets, and $2m (2022: $2m) is generated from goodwill on acquisition of subsidiaries.

In testing for impairment, the approach to calculating recoverable amounts and the key assumptions used for significant CGUs are outlined below.

Citycare

A purchase price allocation was undertaken to establish the fair value of tangible and separately identifiable intangible assets (and consequently goodwill) of Spencer Henshaw Group (Spencer Henshaw), to be recognised in the financial statements of Citycare and CCHL Group.

This resulted in goodwill of $43m, relating to Citycare's acquisition of Spencer Henshaw (refer note 26), being accounted for in the current year in the Citycare CGU, in addition to opening goodwill related to Apex Water Limited (Apex Water) and Taranaki Road Boring. During the year, the goodwill associated with Citycare's Taranaki Road Boring was fully impaired ($1m).

As at 30 June 2023, an annual impairment test of goodwill was undertaken by Citycare on the balance of goodwill. The recoverable amount has been calculated based on a value in use calculation using a discounted cash flow (DCF) model.

The cash flow forecasts for both Spencer Henshaw and Apex Water are based on budgeted gross margin, which is at a rate consistently achieved in previous years, and budgeted overhead, which is expected to increase in line with increased revenue. Other key assumptions used in the value in use calculations are:

Key assumptions	Spencer Henshaw	Apex Water
Discount rate	14.1%	17.5%
Terminal growth rate	2%	2%
Forecast period	5 years	5 years

Conclusion

No further impairment of goodwill was deemed necessary across the Group CGUs.

14 Goodwill and other intangible assets (continued)

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The amount of impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. The recoverable amount is the higher of the asset's net fair value less costs of disposal, or its 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 money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Impairments are recognised immediately in profit or loss, and are not subsequently reversed.

15 Lease assets and liabilities

15a Leases as lessee
15a(i) Right of use assets

Group	Freehold land	Port land	Buildings	Plant & equipment	Electricity distribution system	Harbour structures/ land improve-ments	Specialised assets	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Cost at 1 July 2021	1	-	25	5	9	-	-	40
Additions	2	-	6	1	-	-	-	9
Disposals	-	-	(2)	(1)	-	-	-	(3)
Modifications to cost	-	-	1	-	1	-	-	2
Cost at 30 June 2022	3	-	30	5	10	-	-	48
Additions	-	-	5	2	-	-	-	7
Disposals	-	-	-	(2)	-	-	-	(2)
Cost at 30 June 2023	3	-	35	5	10	-	-	53
Accumulated depreciation at 1 July 2021	-	-	9	3	1	-	-	13
Depreciation on right of use asset	-	-	5	1	1	-	-	7
Disposals	-	-	(2)	(1)	-	-	-	(3)
Accumulated depreciation at 30 June 2022	-	-	12	3	2	-	-	17
Depreciation on right of use asset	-	-	7	1	-	-	-	8
Disposals	-	-	-	(1)	-	-	-	(1)
Accumulated depreciation at 30 June 2023	-	-	19	3	2	-	-	24
Carrying amount at 30 June 2022	3	-	18	2	8	-	-	31
Carrying amount at 30 June 2023	3	-	16	2	8	-	-	29
Lease term (range in years)			2 to 27	2 to 3	1 to 26			

15 Lease assets and liabilities (continued)

15a Leases as lessee (continued)
15a(ii) Lease liabilities

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Current	7	8	-	-
Non-current	71	66	-	-
	78	74	-	-

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 leases are renegotiated.

The Group has lease liabilities relating to agreements between Orion and Transpower New Zealand Ltd (Transpower) for Transpower 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.

The Transpower agreements have remaining terms of between two and 25 years (2022: between three and 26 years). Orion does not own the assets at the end of the lease term and there is no residual value. There is no security provided for the arrangements. The monthly payment amounts are reviewed periodically by Transpower based on prevailing interest rates and agreed margins.

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Amounts recognised in the statement of comprehensive income				
Expense relating to short term leases	2	2	-	-
At 30 June, the commitment for short term leases	-	-	-	-
Cash outflows for leases				
Interest on lease liabilities	2	1	-	-
Repayments of lease liabilities	5	5	-	-
Payments of short term leases	2	2	-	-
Payments of low value leases	-	-	-	-
Total cash outflows for leases	9	8	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

15 Lease assets and liabilities (continued)

15b Leases as lessor
15b(i) Finance lease receivable

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.

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Less than 1 year	4	3	-	-
Between 1 to 2 years	4	3	-	-
Between 2 to 3 years	4	3	-	-
Between 3 to 4 years	4	3	-	-
Between 4 to 5 years	4	3	-	-
Later than five years	36	36	-	-
Total undiscounted receivable	56	51	-	-
Unearned finance income	10	10	-	-
Net investment in finance leases	46	41	-	-
Finance lease receivable included in the Statement of Financial Position				
Current	4	3	-	-
Non-current	42	38	-	-
Total	46	41	-	-

Total lease receivables of $46m (2022: $41m) 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".

During the year, the narrative relating to prior year Total lease receivables was corrected from $6m to $41m.

15 Lease assets and liabilities (continued)

15b Leases as lessor (continued)
15b(ii) Operating leases

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Less than 1 year	60	44	-	-
Between 1 to 2 years	54	39	-	-
Between 2 to 3 years	50	36	-	-
Between 3 to 4 years	36	33	-	-
Between 4 to 5 years	24	27	-	-
Later than five years	158	131	-	-
	382	310	-	-

Accounting policy – leases

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 that 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.

As lessor

The Group subleases one of its leases for land and buildings. This sublease is classified as a finance sublease 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

15 Lease assets and liabilities (continued)

Accounting policy – leases (continued)

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 provisions for finance lease receivables. The allowance for doubtful debts on finance lease receivables is individually assessed based on number of days overdue.

16 Assets classified as held for sale

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Citycare	-	10	-	-
	-	10	-	-

Citycare sold its Springs Road property in June 2022. The transaction settled on 1 August 2022 following completion of due diligence.

Accounting policy – assets classified as held for sale

Assets are classified as held for sale when their carrying value will be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Any gain or loss on initial classification or subsequent gain or loss is included in the income statement.

Assets classified as held for sale are not depreciated or amortised. Interest and other expenses attributable to assets held for sale continue to be recognised.

17 Creditors and other payables

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Trade payables and accrued expenses	140	97	1	1
GST payable	6	7	-	-
Interest payable	15	9	8	5
Retentions	1	1	-	-
Deposits held	1	-	-	-
Other Payables	2	-	-	-
	165	114	9	6

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 27.

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 but that remain unpaid at the end of the financial year. The amounts are usually paid within 30 days of recognition.

18 Provisions

Group	Restruct-uring $m	Warranty $m	Loss making con-tracts $m	Projects $m	Restora-tion $m	Other $m	Total $m
Balance as at 30 June 2022	1	-	-	1	-	-	2
Additional provisions made	1	-	-	-	-	2	3
Amounts used	-	-	-	(1)	-	-	(1)
Balance as at 30 June 2023	2	-	-	-	-	2	4

	Group 2023 $m	Group 2022 $m
Current	2	2
Non-current	2	-
	4	2

18 Provisions (continued)

Restructuring provisions include amounts contractually obligated to be paid in the future to a number of personnel whose employment ends as a result of the intended re-organisation of Citycare into two distinct business units, Citycare Water and Citycare Property.

Warranty provisions include defect and warranty obligations following completion of Citycare construction and service contract projects.

Loss making contracts include provisions for the difference between the expected cost of Citycare fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

Projects include provisions for the completion of Citycare projects.

Restoration provisions include estimated NZ IFRS 16 restoration costs to be incurred in relation to restoring an asset to the condition required by the terms and conditions of leases entered into by Citycare.

Accounting policy - 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.

19 Other liabilities

Group	Current 2023 $m	Non-current 2023 $m	Total 2023 $m	Current 2022 $m	Non-current 2022 $m	Total 2022 $m
Employee entitlements:						
Accrued pay	15	-	15	14	-	14
Annual leave	20	-	20	16	-	16
Bonuses and other	2	4	6	2	4	6
	37	4	41	32	4	36
Deferred income	16	1	17	8	1	9
Income in advance	3	-	3	4	-	4
	56	5	61	44	5	49

Parent	Current 2023 $m	Non-current 2023 $m	Total 2023 $m	Current 2022 $m	Non-current 2022 $m	Total 2022 $m
Employee entitlements:						
Annual leave	0.06	-	0.06	0.05	-	0.05
	0.06	-	0.06	0.05	-	0.05

Accounting policy - employee entitlements

Current employee entitlements in respect of short-term benefits expected to be wholly settled within 12 months are accrued at the full amount owing at the pay period ending immediately prior to the balance sheet date. Non-current employee entitlements in respect of long-term 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 the 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

20 Areas of judgement and financial risk

20a Critcal 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 the financial statements:

Valuation of investments in subsidiaries (note 3)

CCHL values its investments in subsidiary companies at fair value. This has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are engaged to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying values. In intervening years, valuations are reviewed to determine whether there are any factors present that would indicate the possibility of a significant value change. If such factors are present, a full valuation is performed and reflected in the financial statements.

The total fair value of the Parent investment in subsidiaries at 30 June 2023 is $3,836m (2022: $3,330m). 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 2023.

Valuation of property, plant and equipment and investment property (notes 5 and 6)

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.

20 Areas of judgement and financial risk (continued)

20a Critcal judgements, estimates and assumptions (continued)

Classification of investment property (note 6)

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.

20b Credit Risk

	Counterparty Credit Rating	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Cash and term deposits	AA, A	77	78	9	16
Finance lease receivable	Unrated	46	42	-	-
Debtors, contract assets and other receivables	Unrated	172	125	5	1
Loans and deposits	Lower than BBB or unrated	22	28	622	476
Derivative financial instrument assets	AA, A	79	63	23	20
		396	336	659	513

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Parent or Group. Financial instruments that potentially subject the Parent and Group to concentrations of credit risk are summarised above. The Parent and 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 Parent and Group do not hold any credit derivatives to offset 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.

CCHL entered into a loan agreement with Christchurch Engine Centre. Details of the loan and associated credit risk are provided in note 11c.

The Parent has provided funding by way of advances to certain subsidiaries as outlined in note 27d(i). Management regularly assesses the subsidiaries' historical and future performance and their ability to continue to service and repay the advances. Derivatives are in place to mitigate the impact of fluctuations in market interest rates.

Geographically, there is no significant credit risk concentration for the Parent or Group outside New Zealand.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

20 Areas of judgement and financial risk (continued)

20c Liqudity 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:

Group	Statement of Financial Position $m	Contractual cash flows $m	Less than 1 year $m	1-2 years $m	2-5 years $m	5 years + $m
30 June 2023						
Creditors and other payables	165	166	166	-	-	-
Net derivative financial instrument liabilities/(assets)	(74)	(84)	(25)	(28)	(24)	(7)
Borrowings - external	1,626	1,879	497	620	600	162
Borrowings - related parties	657	772	161	158	305	148
Lease liabilities	78	89	11	9	20	49
	2,452	2,822	810	759	901	352
30 June 2022						
Creditors and other payables	114	114	114	-	-	-
Net derivative financial instrument liabilities/(assets)	(56)	(34)	1	(4)	(18)	(13)
Borrowings - external	1,643	1,810	640	421	491	258
Borrowings - related parties	486	534	188	121	194	31
Lease liabilities	74	95	10	11	21	53
	2,261	2,519	953	549	688	329

20 Areas of judgement and financial risk (continued)

20c Liqudity Risk (continued)

The Parent's exposure to liquidity risk based on undiscounted contractual cash flows is as follows:

Parent	Statement of Financial Position $m	Contractual cash flows $m	Less than 1 year $m	1-2 years $m	2-5 years $m	5 years + $m
30 June 2023						
Creditors and other payables	9	9	9	-	-	-
Net derivative financial instrument liabilities/(assets)	(23)	(26)	(6)	(4)	(13)	(3)
Borrowings - external	598	675	128	218	329	-
Borrowings - related parties	657	772	161	158	305	148
Lease liabilities	-	-	-	-	-	-
	1,241	1,430	292	372	621	145
30 June 2022						
Creditors and other payables	6	6	6	-	-	-
Net derivative financial instrument liabilities/(assets)	(16)	(19)	-	(3)	(9)	(7)
Borrowings - external	647	698	272	60	366	-
Borrowings - related parties	486	534	188	121	194	31
Lease liabilities	-	-	-	-	-	-
	1,123	1,219	466	178	551	24

20d 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 20f).

At 30 June 2023 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 that assets and liabilities exposed to variable interest rate risk are hedged, they are classified as fixed.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

20 Areas of judgement and financial risk (continued)

20d Interest Rate Risk (continued)

Interest rate re-pricing analysis

Group	Carrying value $m	< 1 yr $m	1-2 yrs $m	2-5 yrs $m	> 5 yrs $m
30 June 2023					
Cash and term deposits	77	77	-	-	-
Other loans and deposits	22	22	-	-	-
Borrowings (net of derivatives) and lease liabilities	(2,282)	(917)	(395)	(531)	(439)
	(2,183)	(818)	(395)	(531)	(439)
30 June 2022					
Cash and term deposits	78	78	-	-	-
Other loans and deposits	28	28	-	-	-
Borrowings (net of derivatives) and lease liabilities	(2,140)	(895)	(74)	(634)	(537)
	(2,034)	(789)	(74)	(634)	(537)

Parent	Carrying value $m	< 1 yr $m	1-2 yrs $m	2-5 yrs $m	> 5 yrs $m
30 June 2023					
Cash and deposits	9	9	-	-	-
Loans and advances	623	390	5	112	116
Borrowings (net of derivatives) and lease liabilities	(1,232)	(579)	(74)	(281)	(298)
	(600)	(180)	(69)	(169)	(182)
30 June 2022					
Cash and deposits	16	16	-	-	-
Loans and advances	477	236	49	98	94
Borrowings (net of derivatives) and lease liabilities	(1,115)	(543)	31	(308)	(295)
	(622)	(291)	80	(210)	(201)

During the year, comparative amounts were restated to provide more relevant information in terms of the assets and liabilities subject to intererst rate re-pricing risks.

20 Areas of judgement and financial risk (continued)

20e 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 20g.

Group	2023		2022	
	Profit/loss	Equity	Profit/loss	Equity
	$m	$m	$m	$m
100 basis point increase	(14)	31	(7)	21
100 basis point decrease	14	(31)	7	(22)

Parent	2023		2022	
	Profit/loss	Equity	Profit/loss	Equity
	$m	$m	$m	$m
100 basis point increase	(1)	21	(3)	12
100 basis point decrease	1	(21)	3	(13)

20f 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 are summarised in the table below. The fair value of assets is disclosed in note 29.

20 Areas of judgement and financial risk (continued)

20f Interest Rate Hedging Activity (continued)

Group	Avg contracted fixed interest rate		Notional principal		Fair value	
	2023	2022	2023	2022	2023	2022
	%	%	$m	$m	$m	$m
Floating for fixed contracts						
Less than 1 year	3.36%	2.61%	270	47	5	-
1 to 2 years	2.65%	2.91%	577	233	29	1
2 to 5 years	2.38%	2.37%	631	717	25	29
More than 5 years	1.61%	1.61%	471	479	25	30
			1,949	1,476	84	60
Fixed for floating contracts						
Less than 1 year	2.24%	-	180	-	(4)	-
1 to 2 years	-	1.21%	-	80	-	-
2 to 5 years	-	4.10%	190	160	(6)	(5)
More than 5 years	-	3.28%	-	22	-	-
			370	262	(10)	(5)
Total			2,319	1,738	74	55

Parent	Avg contracted fixed interest rate		Notional principal		Fair value	
	2023	2022	2023	2022	2023	2022
	%	%	$m	$m	$m	$m
Floating for fixed contracts						
Less than 1 year	3.48%	3.72%	150	22	2	-
1 to 2 years	3.68%	3.07%	114	70	3	1
2 to 5 years	3.02%	3.55%	276	176	11	2
More than 5 years	3.35%	2.51%	321	285	14	16
			861	553	30	19
Fixed for floating contracts						
Less than 1 year	4.84%	-	80	-	(1)	-
1 to 2 years	-	4.84%	-	80	-	-
2 to 5 years	3.81%	2.65%	190	60	(6)	(3)
More than 5 years	-	3.28%	-	22	-	-
			270	162	(7)	(3)
Total			1,131	715	23	16

20 Areas of judgement and financial risk (continued)

20f Interest Rate Hedging Activity (continued)

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

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Fair value hedges - Interest rate swaps				
Hedged items - Fixed rate borrowings:				
Carrying Value	541	197	443	297
Cumulative fair value adjustment	4	(95)	7	3
Change in value used for calculating hedge ineffectiveness	3	(4)	4	3
Hedging instruments - Interest rate swaps:				
Nominal amount of the hedged asset / (liability)	(370)	(60)	(270)	(60)
Carrying value	(10)	(3)	(7)	(3)
Change in fair value for recognising hedge ineffectiveness	(4)	(3)	(4)	(3)
Fair value hedges - Cross currency interest rate swaps				
Hedged items - Fixed rate loan:				
Carrying Value	21	22	21	22
Cumulative fair value adjustment	(2)	(1)	(2)	(1)
Change in value used for calculating hedge ineffectiveness	(1)	-	(1)	-
				-
Hedging instruments - Cross currency interest rate swaps:				-
Nominal amount of the hedged asset / (liability)	(23)	(23)	(23)	(23)
Change in fair value for recognising hedge ineffectiveness	1	-	1	-
Cash flow hedges				
Hedged items - Variable rate borrowings:				
Balance in hedge reserve (continuing hedges)	47	34	30	19
Hedging instruments - Interest rate swaps:				
Nominal amount of the hedged asset/(liability)	(1,949)	(1,219)	(861)	(575)
Carrying value of hedging instrument	83	58	30	19
Change in fair value for recognising hedge ineffectiveness	5	3	13	45
Current period hedging gains/(losses) recognised in other comprehensive income	23	103	13	45
Amount of hedge ineffectiveness recognised in profit/(loss)	-	8	-	(1)

During the year, the disclosure of hedging activities was re-formatted to present additional information, including hedging and hedge instruments, and fair value and cash flow hedges.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

20 Areas of judgement and financial risk (continued)

20f Interest Rate Hedging Activity (continued)

There were no reclassifications of cash flow hedges during the year (2022: none).

Recognition in financial statements	Statement/Note reference
Statement of financial position:	
Hedging instrument asset	Note 11a - Other financial assets
Hedging instrument liability	Note 11b - Other financial liabilities
Hedged item (carrying amount)	Note 7c - Changes in liabilities arising from financing activities
Statement of comprehensive income:	
Changes in the carrying value of fair value hedging instruments	Note 8b - Other income including gains on revaluation of investment property or Note 9a - Analysis of operating expenses including losses on revaluation of investment property
Changes in the carrying value of fair value hedged items	Note 8b - Other income including gains on revaluation of investment property or Note 9a - Analysis of operating expenses including losses on revaluation of investment property
Changes in the carrying value of cash flow hedging instruments	Other comprehensive income - fair value gains/(losses) on cash flow hedges
Hedge ineffectiveness (gains)	Note 8b - Other income including gains on revaluation of investment property
Hedge ineffectiveness (losses)	Note 9a - Analysis of operating expenses including losses on revaluation of investment property

20 Areas of judgement and financial risk (continued)

20g Derivative financial instruments

Fair value of total derivatives designated / not designated as hedging instruments analysed as:

Group	Notional Principal	Interest rate swaps	Cross currency interest rate swaps	Forward exchange rate contract	Total	Notional Principal	Interest rate swaps	Cross currency interest rate swaps	Forward exchange rate contract	Total
	2023	2023	2023	2023	2023	2022	2022	2022	2022	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Current assets										
Not designated	3.6	-	-	0.1	0.1	-	-	-	-	-
Designated	260.0	4.3	-	0.1	4.4	-	0.0	-	0.3	0.3
	263.6	4.3	-	0.2	4.5	-	0.0	-	0.3	0.3
Non-current assets										
Designated	1,752.1	74.1	0.2	-	74.3	1,474.0	62.5	-	0.3	62.8
	1,752.1	74.1	0.2	-	74.3	1,474.0	62.5	-	0.3	62.8
Current liabilities										
Not designated	3.6	-	-	0.1	0.1	-	-	-	-	-
Designated	180.0	2.9	-	-	2.9	22.0	0.5	-	0.0	0.5
	183.6	2.9	-	0.1	3.0	22.0	0.5	-	0.0	0.5
Non-current liabilities										
Designated	150.0	2.0	-	-	2.0	217.1	6.6	0.2	-	6.8
	150.0	2.0	-	-	2.0	217.1	6.6	0.2	-	6.8
Total	2,349.3	73.5	0.2	0.1	73.8	1,713.1	55.4	(0.2)	0.6	55.8

20 Areas of judgement and financial risk (continued)

20g Derivative financial instruments (continued)

Fair value of total derivatives designated / not designated as hedging instruments analysed as:

Parent	Notional Principal	Interest rate swaps	Cross currency interest rate swaps	Forward exchange rate contract	Total	Notional Principal	Interest rate swaps	Cross currency interest rate swaps	Forward exchange rate contract	Total
	2023	2023	2023	2023	2023	2022	2022	2022	2022	2022
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Current assets										
Not designated	3.6	-	-	0.1	0.1	-	-	-	-	-
Designated	150.0	1.7	-	-	1.7	-	-	-	-	-
	153.6	1.7	-	0.1	1.8	-	-	-	-	-
Non-current assets										
Designated	924.1	21.3	0.2	-	21.5	576.0	19.4	-	-	19.4
	924.1	21.3	0.2	-	21.5	576.0	19.4	-	-	19.4
Current liabilities										
Not designated	3.6	-	-	0.1	0.1	-	-	-	-	-
Designated	80.0	-	-	-	-	22.0	0.0	-	-	0.0
	83.6	-	-	0.1	0.1	22.0	0.0	-	-	0.0
Non-current liabilities										
Designated	-	-	-	-	-	117.1	3.8	0.2	-	4.0
	-	-	-	-	-	117.1	3.8	0.2	-	4.0
Total	1,161.3	23.0	0.2	-	23.2	715.1	15.6	(0.2)	-	15.4

The fair values of derivative financial instruments are determined by discounting the future projected cash flows of each instrument to present value amounts, using the relevant interest rate yield curve. The present value amount is adjusted to reflect the credit risk of the counterparty to each transaction (or CCHL's credit risk, if the transaction is a liability). These valuations are considered level two of the IFRS three-level valuation hierarchy, and there has been no movement between levels during the year.

20 Areas of judgement and financial risk (continued)

20h 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 loaned US$14m (2022: US$14m) to Christchurch Engine Centre (see note 11c). 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.

20i Commodity price 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

21 Capital commitments

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Property, plant & equipment	29	59	-	-
Electricity distribution network	70	73	-	-
Investment property	2	2	-	-
	101	134	-	-

22 Contingent liabilities and assets

22a Quantifiable contingent liabilities - Performance Bonds

	Group 2023 $m	Group 2022 $m
City Care Ltd	15	12
Orion New Zealand Ltd	1	1
	16	13

Citycare has an arrangement with Bank of New Zealand for the issue of performance related bonds.

22 Contingent liabilities and assets (continued)

22b Other contingent liabilities

Orion New Zealand Ltd

Port Hills fires

On 13 February 2017, two fires started on the Port Hills near Christchurch and eventually spread to over 1,600 hectares. Fire and Emergency New Zealand released its independent reports into the fires and found that the causes of both fires were 'undetermined'.

IAG Insurance, on behalf of a number of its clients, brought proceedings in the High Court claiming that Orion's electricity network caused the first fire on Early Valley Road. On 15 September 2020, Orion reached a confidential commercial settlement with IAG. The settlement was without any admission of liability by Orion.

In 2023, FMG Insurance and Insurance Facilitators (NZ) Limited filed proceedings on behalf of their clients making similar allegations and seeking damages of approximately $3.5 million. The proceedings are at an early stage and no hearing has been set down.

The Group had no other material or significant contingent liabilities as at 30 June 2023.

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

No provisions have been made where the group does not expect to have the contingent liabilities realised.

Accounting policy – contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity, and include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable. A contingent liability is not recognised in the statement of financial position, but are disclosed when the possibility of an outflow is not considered to be remote.

22 Contingent liabilities and assets (continued)

22b Contingent assets

Orion New Zealand Ltd

Revenue above and below maximum allowable revenue

Orion is permitted to receive a maximum allowable revenue (MAR) for its electricity distribution services under the Commerce Commission's default price path regime. Due to differences between quantity estimates and CPI estimates used in price setting and actual quantities and actual CPI, Orion estimates that it charged customers $13.35m below its MAR (2022: estimated $1.93m below MAR). This amount is still subject to wash-ups as improved information becomes available. Orion will adjust the final amount plus interest when it sets delivery prices for 2025 (2022: recovered within 2024 delivery prices).

The Group had no other material or significant contingent assets as at 30 June 2023.

Accounting policy – contingent assets

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised in the statement of financial position, but they are disclosed when it is more likely than not that an inflow of benefits will occur.

23 Events after the reporting date

The Group is aware of the following significant events between 30 June 2023 and authorisation of these financial statements on 29 September 2023.

Christchurch Adventure Park insurance settlement

In August 2023, the Christchurch Adventure Park, with the support of CCHL, negotiated a confidential insurance settlement in relation to the Port Hills Fires judgement. This is an adjusting event which has been reflected in the financial statements.

Other disclosures

24 Share capital and dividends

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Fully paid ordinary shares	94	94	94	94
Partly paid redeemable preference shares	-	-	-	-
	94	94	94	94
Dividends declared on fully paid ordinary shares	32	16	32	16
Cents per share	67	33	67	33

During the year ended 30 June 2023, the Parent paid its full SOI dividend target to Christchurch City Council of $32.4m.

CCHL has on issue:

• 48,090,528 (2022: 48,090,528) fully paid ordinary shares held by Christchurch City Council, carrying one vote per share and the right to dividends.

• 1,500,139,000 (2022: 1,500,139,000) of redeemable preference shares, paid up to $1,390, held by Christchurch City Council. No further calls have been made on these shares. Dividends are only payable to the extent that the shares are fully paid. 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 to ensure public, shareholder, investor, creditor and market confidence and to sustain future development of the business.

Management monitors capital through the gearing ratio (net debt / net debt plus equity) and the interest cover ratio (EBIT plus finance income / finance expenses). It maintains a strong credit rating from Standard & Poor's (currently AA with a stable outlook), 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 recent years, dividends to Council have been impacted by an earthquake-related capital release. In light of the impact of macro economic factors, the CCHL Board will 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, whilst being cogniscent of its SOI targets.

Accounting policy – dividends

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

25 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 5.

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 20.

26 Business combination

On 27 May 2022, Citycare entered into a Sale and Purchase Agreement for the purchase of 100% of the total shares of the Spencer Henshaw Group of companies (SH Group), consisting of Spencer Henshaw Ltd (5,000 shares), SW Scaffolding Ltd (600,000 shares) and Panmure Property Holdings Ltd (5,000 shares), for a total consideration of $72.3m, including $6.8m held in escrow in relation to warrant issues, and $2.2m of contingent consideration.

The Spencer Henshaw Group provides a full range of property repair, maintenance and upgrade services to government and commercial organisations.

The acquisition strengthens Citycare's market position in the social housing sector, a key segment within Citycare's Property Social Infrastructure strategy. Citycare's acquisition of SH Group will support it to re-engage with the social housing sector by leveraging SH Group's experience and capability in this area. SH Group is aligned to Citycare's core values by demonstrating care for people and communities, and being a leading NZ-owned facilities maintenance service provider.

Following satisfaction of certain conditions, the acquisition settled on 2 September 2022. The breakdown of assets acquired, liabilities assumed, and consideration paid are set out in the following table.

26 Business combination (continued)

Fair values at acquisition date

	Group 2 Sep 2022 $m
Identifiable assets acquired	
Property, plant and equipment	6
Right of use assets	1
Customer relationships	16
Customer contracts	12
Software	2
Trade receivables	3
Cash and cash equivalents	2
Accounts held on trust	8
Other assets	1
Total identifiable assets acquired	51
Identifiable liabilities assumed	
Trade payables	8
Lease liability	1
Deferred tax liability	8
Other liabilities	5
Total identifiable liabilities assumed	22
Total net identifiable assets acquired	29
Total consideration	72
Fair value of net identifiable assets acquired	29
Goodwill	43
Consideration	
Cash	63
Cash held in escrow in relation to warrant issues	7
Contingent consideration	2
Total consideration	72

26 Business combination (continued)

Acquired receivables

Identifiable assets includes $3.2m of acquired receivables from Kāinga Ora and Tāmaki Regeneration Company. This represents the contractual value as well as the fair value of acquired receivables, as all contractual cash flows are expected to be collected.

Goodwill

Goodwill on acquisition of $43m has arisen due to the expected benefits of the newly acquired business. SH Group's value is derived from its systems and processes, institutional and industry know how, subcontractor network, supply chain management, and strong market position in the social housing sector.

Cash held in escrow in relation to warrant issues

Ten per cent ($6.8m), of the initial consideration of $68m, is held in escrow for a period of 24 months post-settlement for applying to any vendors' liability for breach of warranties or indemnities.

Contingent consideration

Certain shareholders are subject to additional deferred consideration by way of an earn out, subject to SH Group's commercial arrangements and financial performance over the three years following settlement. This has been fair valued at up to $2.2m. The fair value of deferred consideration has been determined based on Citycare management's expectations and forecasts and discounted to a present value based on the term of the performance targets and commercial arrangements. The deferred consideration has a range of zero to $3.0m in nominal terms.

Costs relating to the acquisition

Citycare incurred acquisition-related costs of $0.2m in the year to 30 June 2023 (2022: $0.7m) relating to external legal fees and due diligence costs. These costs are included in operating expenses (note 9).

Advance to subsidiary

On 1 September 2022, the Parent advanced $56m to Citycare in relation to the acquisition of Spencer Henshaw. In August 2023 Citycare repaid $13m off the CCHL advance.

Parent guarantee

On 1 September 2022, the Parent provided a guarantee to Bank of New Zealand for $31m to cover Citycare's banking facilities in relation to the acquisition of Spencer Henshaw. This was subsequently increased to $34m during the year.

26 Business combination (continued)

Impact on Group results

SH Group's results since acquisition are presented below, along with the impact of SH Group's results on CCHL Group's results both since acquisition and assuming a full year to 30 June 2023.

	Group (including SH Group for full year to 30 June 2023) $m	Group (including SH Group since acquisition) $m	SH Group since acquisition $m
Revenue	1,500	1,456	230
Net profit after tax	101	99	6

27 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.

27a Transactions between CCHL Group entities and Christchurch City Council (CCC)

27a(i) Routine transactions

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Dividends paid/payable to CCC	32	16	32	16
Interest paid to CCC	28	13	28	13
Services provided to CCC	108	111	-	-
Services provided by CCC (including rent and rates)	20	18	-	-

27a(ii) Subvention payments and loss offsets

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 2023						
	Orion $m	CIAL $m	LPC $m	Enable $m	Citycare $m	EcoCentral $m	RBL Property $m
Subvention payments:							
Paid to:							
CCC Group	-	1	4	8	1	1	-
	-	1	4	8	1	1	-

At balance date, Orion had a $2.8m subvention payable to CCC Group (2020: $nil).

27 Related party disclosures (continued)

27a Transactions between CCHL Group entities and Christchurch City Council (CCC) (continued)

27a(ii) Subvention payments and loss offsets (continued)

	30 June 2022						
	Orion	CIAL	LPC	Enable	Citycare	EcoCentral	RBL Property
	$m	$m	$m	$m	$m	$m	$m
Subvention payments:							
Paid to:							
CCC Group	-	-	5	2	2	1	2
	-	-	5	2	2	1	2

The Parent did not pay or receive any subvention payments during the year ended 30 June 2023 (2022: none).

27a(iii) Other transactions

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

EcoCentral Ltd made payments of $21m in relation to the disposal of waste (2022: $19m), 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 $0.47m (2022: $0.08m), purchases of $0.02m (2022: $0.01m)
- Sales to ChristchurchNZ of $0.15m (2022: $0.007m), purchases of $0.18m (2022: $0.45m)

27 Related party disclosures (continued)

27b Balances between CCHL Group entities and CCC

27b(i) Borrowings

CCHL borrows from Christchurch City Council, based on Christchurch City Council's borrowing rate plus a margin. As at 30 June 2023, borrowings are $124m (2022: $170m) fixed, with the balance of $533m (2022: $316m) floating. Weighted average borrowing cost for the year pre hedging was 5.82% (2022: 3.16%).

	Parent 2023 $m	Parent 2022 $m
Borrowing maturity		
Short term < 3 months	16	60
3 months-1 year	108	110
1-2 years	130	108
3-5 years	273	178
6-9 years	130	30
	657	486

27b(ii) Other balances

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

	Owing by CCC 2023 $m	Owing by CCC 2022 $m	Owing to CCC 2023 $m	Owing to CCC 2022 $m
Christchurch City Holdings Ltd	-	-	5	3
Orion New Zealand Ltd	1	2	3	-
City Care Ltd	7	6	-	-
EcoCentral Ltd	2	1	1	-
Development Christchurch Ltd	-	-	1	-
	10	9	10	3

27 Related party disclosures (continued)

27c Transactions between CCHL Group entities and CCHL Parent

27c(i) Routine transactions

	Parent 2023 $m	Parent 2022 $m
Dividends from Orion New Zealand Ltd	29	28
Dividends from Christchurch International Airport Ltd	13	5
Dividends from Lyttelton Port Company Ltd	10	10
Dividends from Enable Services Ltd	20	20
Dividends from City Care Ltd	-	3
Dividends from EcoCentral Ltd	2	-
Total dividends paid/payable to CCHL	74	66
Interest from Orion New Zealand Ltd	3	-
Interest from Lyttelton Port Company Ltd	7	2
Interest from Enable Services Ltd	13	11
Interest from City Care Ltd	2	-
Total interest paid to CCHL	25	13

27c(ii) Other transactions

Other transactions between members of the Group and the Parent were as follows:

- Sales to Orion New Zealand Ltd of $0.014m (2022: $0.02m)
- Sales to Christchurch International Airport Ltd of $0.014m (2022: $0.02m)
- Sales to Lyttelton Port Company Ltd of $0.014m (2022: $0.02m)
- Sales to Enable Services Ltd of $0.014m (2022: $0.02m)
- Sales to City Care Ltd of $0.029m (2022: $0.03m)
- Sales to EcoCentral Ltd of $0.014m (2022: $0.02m)
- Sales to Development Christchurch Ltd of $nil (2022: $0.01m)
- Purchases from Lyttelton Port Company Ltd of $0.004m (2022: $nil)

27 Related party disclosures (continued)

27d Balances between CCHL Group entities and CCHL Parent

27d(i) Advances to subsidiaries

The advances from the Parent to its subsidiaries tabled below apply the same fair value hierarchy as that disclosed in note 29. The advances disclosed also reflect amortised cost. Advance costs are based on CCHL Parent's borrowing rate plus a margin. The total weighted average cost as at 30 June 2023 was 5.22% (2022: 3.21%).

	Parent 2023 $m	Parent 2022 $m
Non-current		
Orion New Zealand Ltd	100	-
Lyttelton Port Company Ltd	150	150
Enable Services Ltd	294	294
City Care Ltd	43	-
	587	444
Current		
City Care Ltd	13	10
	13	10
Total	600	454

In August 2023 Citycare repaid the current portion ($13m) of the advance in full.

Accounting policies

Advances to subsidiaries

Advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Advances are initially recorded at fair value, including transactions costs, and are subsequently measured at amortised cost using the effective interest method less expected credit losses.

Expected credit losses

The Parent measures expected credit losses on advances to subsidiaries on a 12-month expected credit loss basis unless there has been a significant increase in credit risk since origination, in which case it will be based on the lifetime expected credit losses. The Parent closely monitors the subsidiary quarterly reporting against SoIs, business planning and forecasting both to determine whether the advances to subsidiaries have significantly increased in credit risk.

27 Related party disclosures (continued)

27d Balances between CCHL Group entities and CCHL Parent (continued)

27d(i) Advances to subsidiaries (continued)

Accounting policies (continued)

Expected credit losses (continued)

The Parent considers advances to subsidiaries in default when contractual quarterly interest payments are two business days past due. However, in certain cases, the Parent may consider advances to subsidiaries to be in default when internal or external information indicates that the Parent is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held.

In determining the expected credit losses for advances to subsidiaries, the Directors of CCHL have taken into account the historical default experience, the financial position of the subsidiaries, as well as the future prospects of the industries in which the subsidiaries operate, and other external sources of default information, in estimating the probability of default, as well as the loss upon default in each case.

The Parent has assessed these advances have a low credit risk and there has been no significant change in credit risk since initial recognition, as the subsidiaries have strong capacity to meet their contractual cash flow obligations in the near term.

The Parent has not recognised a loss allowance for its advances to subsidiaries as the estimated expected credit loss is immaterial.

27d(ii) Other balances

Other balances between members of the Group and the Parent were as follows:

	Owing by CCHL 2023 $m	Owing by CCHL 2022 $m	Owing to CCHL 2023 $m	Owing to CCHL 2022 $m
Lyttelton Port Company Ltd	-	-	4	-
	-	-	4	-

27 Related party disclosures (continued)

27e Key management personnel compensation

From an accounting perspective, as the Parent is a holding company, the key management personnel of the Parent are also considered to be the key management personnel of the Group.

Compensation of the directors and executives of the Parent, being the key management personnel of the Group and Parent, is tabled below.

	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Short-term employee benefits	1.0	1.0	1.0	1.0
Termination benefits	0.2	-	0.2	-
	1.2	1.0	1.2	1.0

Short-term employee benefits (payments to Directors, CEO and CFO) include Paul Silk's acting CEO costs since appointment date (7 September 2022) and Tim Boyd's CEO salary up to the effective date of his resignation (30 September 2022).

Termination benefits include all payments relating to periods post resignation (i.e. post 30 September 2022) including termination pay, notice period, additional post resignation salary payments, and reimbursed costs.

28 Reconciliation of profit to net cash operating flows

	Note	Group 2023 $m	Group 2022 $m	Parent 2023 $m	Parent 2022 $m
Profit for the year		99	121	45	40
Add/(less) non-cash items					
Depreciation, amortisation and impairment expense		172	148	-	-
(Gains)/losses in fair value of investment property	6	4	(48)	-	-
(Gains)/losses in fair value of derivative financial instruments		-	(2)	1	-
Deferred tax charged/(credited) to income	10d	(6)	3	-	-
Internal labour allocated to PP&E and Intangibles		(9)	(6)	-	-
Other		(3)	4	-	-
		158	99	1	-
Add/(less) items classified as investing or financing activities					
(Gain)/loss on disposal of non-current assets		(8)	(7)	-	-
Movement in capital creditors		(14)	-	-	-
Other		2	(3)	-	-
		(20)	(10)	-	-
Add/(less) movement in working capital items					
Debtors, inventory and other current assets		(49)	(45)	(4)	-
Non-current receivables, prepayments and other		5	9	-	-
Creditors and other liabilities		52	1	3	1
Current provisions and other liabilities		10	(1)	-	-
Current tax liabilities		-	-	-	-
Contract liabilities		1	4	-	-
Non-current provisions and other liabilities		2	-	-	-
		21	(32)	(1)	1
Net cash from operating activities		258	178	45	41

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

29 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 20.

The Group holds the following financial instruments:

29a Classification of financial assets and liabilities

Group Financial assets/(liabilities) at fair value	30 June 2023 $m	Quoted prices in active markets Level 1 $m	Significant observable inputs Level 2 $m	Significant unobservable inputs Level 3 $m	30 June 2022 $m	Quoted prices in active markets Level 1 $m	Significant observable inputs Level 2 $m	Significant unobservable inputs Level 3 $m
Cash flow hedge derivatives								
Derivative financial instrument assets	79	-	79	-	63	-	63	-
Derivative financial instrument liabilities	(5)	-	(5)	-	(7)	-	(7)	-
Total financial assets/(liabilities) at fair value	74	-	74	-	56	-	56	-
Financial assets/(liabilities) at amortised cost								
Cash and term deposits	77				78			
Finance lease receivable	46				42			
Debtors and other receivables	135				98			
Other loans and deposits	22				28			
Total financial assets at amortised cost	280				246			
Creditors and other payables	(165)				(114)			
Borrowings and lease liabilities	(2,361)				(2,204)			
Total financial liabilities at amortised cost	(2,526)				(2,318)			
Net financial assets/(liabilities) at amortised cost	(2,246)				(2,072)			
Total financial assets and liabilities	(2,172)				(2,016)			

29 Classification of assets and liabilities (continued)

29a Classification of financial assets and liabilities (continued)

Parent Financial assets/(liabilities) at fair value	30 June 2023	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	30 June 2022	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	$m	$m	$m	$m	$m	$m	$m	$m
Cash flow hedge derivatives								
Derivative financial instrument assets	23	-	23	-	19	-	19	-
Derivative financial instrument liabilities	-	-	-	-	(4)	-	(4)	-
Fair value through other comprehensive income								
Shares in subsidiary companies	3,836	-	-	3,836	3,331	-	-	3,331
Total financial assets/(liabilities) at fair value	3,859	-	23	3,836	3,346	-	15	3,331
Financial assets/(liabilities) at amortised cost								
Cash and term deposits	9				16			
Debtors and other receivables	5				1			
Loans and advances	622				476			
Total financial assets at amortised cost	636				493			
Creditors and other payables	(9)				(5)			
Borrowings and lease liabilities	(1,255)				(1,133)			
Total financial liabilities at amortised cost	(1,264)				(1,138)			
Net financial assets/(liabilities) at amortised cost	(628)				(645)			
Total financial assets and liabilities	3,231				2,701			

During the year, certain Group and Parent prior year financial assets held at amortised cost were restated for consistency with other disclosures.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

29 Classification of assets and liabilities (continued)

29b Non-financial assets measured at fair value

Group	30 June 2023 Carrying value	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	30 June 2022 Carrying value	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	$m	$m	$m	$m	$m	$m	$m	$m
Property, plant and equipment	4,354	-	149	4,205	3,988	-	146	3,842
Investment property	764	-	-	764	723	-	-	723
	5,118	-	149	4,969	4,711	-	146	4,565

Analysis of movements in Level 3 assets:

Group	30 June 2023 Total	P,P&E	Investment property	Assets held for sale	30 June 2022 Total	P,P&E	Investment property	Assets held for sale
	$m	$m	$m	$m	$m	$m	$m	$m
Opening carrying value	4,565	3,842	723	-	4,243	3,579	664	-
Additions	244	205	39	-	161	145	16	-
Disposals	(12)	(12)	-	-	-	-	-	-
Transfers	(13)	(19)	6	-	(7)	(2)	(5)	-
Fair value movements	273	277	(4)	-	248	200	48	-
Depreciation	(88)	(88)	-	-	(81)	(81)	-	-
Reclassified assets and impairments	-	-	-	-	1	1	-	-
Closing carrying value	4,969	4,205	764	-	4,565	3,842	723	-

29 Classification of assets and liabilities (continued)

Fair value of assets and liabilities

The above tables classify the Group and Parent'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, the valuer used a market rental assessment to value Orion's Waterloo Road depot site and head office land and building (level 2).

Fixed rate debt is recognised in the financial statements at amortised cost, noting the following:

• $270m (2022: $140m) of debt held by CCHL is matched by interest rate swap agreements with notional amounts totalling $270m (2022: $140m) whereby CCHL receives an average fixed rate of interest of 4.11% (2022: 3.90%) and pays interest at a variable rate on the notional amounts. The swap are used to hedge the exposure to changes in the fair value of the bonds. The accumulated fair value hedge adjustments made on the carrying amounts of these bonds total $4m (2022: $3m), resulting in a total carrying value of the fair valued hedged debt of $266m (2022: $137m).

• $100m (2022: $100m) of debt held by CIAL is matched by an interest rate swap agreement with a notional amount of $100m (2022: $100m) whereby CIAL receives a fixed rate of interest of 4.13% (2022: 4.13%) and pays interest at a variable rate on the notional amount. The swap is used to hedge the exposure to changes in the fair value of the bond. The accumulated fair value hedge adjustments made on the carrying amount of this bond totals $3m (2022: $2m), resulting in a total carrying value of the fair valued hedged debt of $97m (2022: $98m).

The Parent has total fixed rate debt of $550m (2022: $620m). The carrying value (including the impact of fair value hedging) is $543m (2022: $617m). The fair value of this debt, determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs was $528m (2022: $606m).

Transfers 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.

29 Classification of assets and liabilities (continued)

Accounting policies

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 this, 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 fair value through other comprehensive income (FVTOCI) criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

30 New and issued accounting standards

New accounting standards and interpretations

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

Certain new accounting standards and amendments have been issued that are not mandatory for the year ended 30 June 2023 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.

31 Performance against Statement of Intent targets

The Statement of Intent (SOI) issued by CCHL last year in respect of the 2023 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 2023 with the financial targets contained within the SOI:

	Group Actual 2023	Group Target 2023	Parent Actual 2023	Parent Target 2023
Financial performance targets				
Net Profit after tax ($m)	99	68	45	51
Revenue growth (%)	n/a	n/a	112%	121%
Interest cover ratio (times)	2.4	2.3	1.9	2.2
Net debt/net debt plus equity (%)	45%	49%	28%	31%
Net debt to EBITDA (times)	n/a	n/a	18.3	14.9
Shareholder's funds/total assets (%)	46%	44%	72%	69%
Dividends to Christchurch City Council ($m)	32.4	32.4	32.4	32.4
Dividend yield (%)	n/a	n/a	1.1%	1.3%
Return on average equity (%)	3.9%	3.0%	1.5%	2.0%
Return on invested capital (%)	n/a	n/a	3.4%	2.1%

Group performance against financial SOI targets

The Group met or outperformed its SOI targets largely due to higher earnings driven by improved performance in airport operations, strong performance in delivering water and property contracts, and growth in cumulative fibre connections, despite operating costs continuing to face increasing pressure right across the group. Group measures indicated as n/a only apply to CCHL parent.

Parent performance against financial SOI targets

In managing the impacts of macro economic factors, CCHL worked with all its subsidiaries to ensure dividend payments balance the interests of both the shareholder and the businesses themselves in an appropriate manner. As part of its ongoing management of the portfolio, CCHL requested that Orion defer its final dividend payment from June 2023 (2023 financial year) to the July-September quarter of 2023 (2024 financial year). This is a prudent approach given the current macro-economic headwinds. As a result of this decision, some of the current year Parent SOI targets have not been met. Subsequently, Orion paid the dividend in September 2023.

31 Performance against Statement of Intent targets (cont.)

Dividends

The company paid its full SOI dividend target to Christchurch City Council of $32.4m (2022: $16.1m). In recent years, gearing and dividends to Council have been impacted by an earthquake-related capital release. In light of the impact of macro economic factors, the CCHL Board will 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, whilst being cognisant of its SOI targets.

Non-financial performance targets – 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 CCHL Group will adopt strategies that are compatible with the strategic direction of its shareholder.	CCHL will actively engage with its operating subsidiaries and its shareholder to ensure strategic alignment with the Council's strategic priorities.	**Achieved** Letter of Expectations (LOE) issued to all subsidiaries in February 2023.
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.	**Achieved** Dashboard quarterly reports against SOI targets and strategic performance reports were received quarterly.
		CCHL management meet with operating subsidiary management regularly to review current performance and strategic focus areas.	**Achieved** At least quarterly meetings held with subsidiary CEO and CFO.
		CCHL receive business plans from each operating subsidiary by 31 May each year.	**Achieved**
		Operating subsidiary Chair and CEO will meet with CCHL Board at least annually.	**Achieved** All subsidiary Chairs/CEOs provided the CCHL Board and CCC with strategic update briefings during the year.

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Parent (continued)

Kaitiakitanga (continued)

	Objective	Performance target	Performance
3	The CCHL Group will work together to ensure leadership and collaboration where there is mutual benefit.	CCHL encourage group participation in Te Whāriki, Sustainability Working Group, CFO Group, CEO group, Chairs and Audit Committee Chairs meetings.	**Partially achieved** The C3 programme is a framework that has been established to proactively support collaboration across the Group and Council on mutually beneficial opportunities. In FY23 this included the Sustainability Working Group, He Huanui Maori Pathways Programme, gender balance and diversity and inclusion initiatives, with ongoing workshops and information sharing sessions held. Subsidiary Chairs, CEO and CFO forums were held in FY23. Group Audit Committee Chairs meetings were not held during the year due to internal governance and operational matters at CCHL taking priority.
4	CCHL will complete a Strategic Review as agreed between Council and CCHL.	CCHL will consider any recommendations of the Strategic Review when available.	**Partially achieved** - work in progress The Strategic Review work programme commenced in FY23 and is programmed to deliver the business case with recommendations to CCC by the end of 2023 to inform the Long Term Plan process.

Mana

	Objective	Performance target	Performance
1	CCHL Group are committed to showing leadership in emerging technology and innovation.	The CCHL Group uses the Te Whāriki platform in at least four projects per annum to explore, test, pilot, trial or implement new technologies or innovative work practices across the Group.	**Achieved** There were over 244 cross-company innovation and knowledge-sharing related projects listed on the platform during FY23. More than 7 cross collaboration pilots are underway associated with diversity and inclusion, transformation, future skills mapping, innovation and new technology. There are 82 active mentoring relationships. Over 650 coffee connect meetings were held across the Group (including Council) in FY23.
2	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** CCHL and subsidiaries continue to comply with No Surprises Policy.

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Parent (continued)

Mana (continued)

	Objective	Performance target	Performance
3	CCHL manages its continuous disclosure requirements for NZX effectively.	Matters of material impact are disclosed in line with NZX obligations and CCHL's framework for continuous disclosure.	**Achieved** All NZX disclosure requirements completed on time.
4	CCHL Group companies will act in partnership with iwi to support improved Māori participation, career progression, leadership, and equitable success.	CCHL Group rōpū will listen to and understand, through internal and external engagement, the expectations of iwi and hapu in the design and delivery of He Huanui Māori CCHL (Māori Pathways for CCHL). CCHL Group will actively share learnings and participate in relevant community forums associated with this mahi.	**Achieved** He Huanui Māori rōpū (leadership committee) were actively engaged with subsidiaries and with hapu groups, and developed the work programme for FY23 in response to feedback received. Learnings have been shared within the CCHL Group and across various community forums.
5	CCHL demonstrates leadership commitment by ensuring that the principles of Te Tiriti o Waitangi are respected across the group of companies.	CCHL will establish a cross-company leadership team (CCHL Group rōpū) to oversee the development a programme of work designed to accelerate and embed Mātauranga Māori, Te Aō Māori, Tikanga Māori and Te Reo Māori in ways that are appropriate for each business. The progress of the programme will be proactively made visible across each entity and the CCHL Board.	**Achieved** The He Huanui Māori rōpū (leadership committee comprising employees from across the CCHL Group) was established. Regular meetings were held throughout FY23, workstreams were actively managed and progress reported/updated to the Board throughout FY23.
6	CCHL Group companies will work collectively to realise their shared aspiration to honour Te Titiri o Waitangi and enhanced partnerships with mana whenua for the mutual benefit of the Group, each entity and iwi.	CCHL Group rōpū will leverage the capability across the CCHL Group to design and execute initiatives within a programme of work which serves to enhance cultural understanding and competency.	**Achieved** He Huanui executed a range of initiatives in FY23, including hui and marae visits, celebrations of special events like Matariki and Te wiki o te reo Māori (Māori language week), online Te Reo courses and workshops on the principles of Te Tiriti o Waitangi. More in-depth mahi also included embedding Tikanga Māori (customary practices and principles) into leadership training and employment practices via courses attended/upskilling of subsidiary HR practitioners.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Parent (continued)

Sustainability

The Group has continued to make progress towards measuring and reporting group wide greenhouse gas (GHG) emissions in FY23. The Group remains committed to addressing climate change and the impact its subsidiaries have on the environment, the need to build resilience, and understand and manage risk. The Group continues to work towards reducing emissions to achieve carbon neutrality by 2030 and net zero GHG emissions (excluding methane) by 2045.

With the introduction of mandatory climate-related disclosures required for the Group from FY24, CCHL will implement a climate-related reporting framework for the financial year ended 30 June 2024, highlighting the Group's commitment to the Aotearoa New Zealand Climate Standards.

Individual subsidiaries within the CCHL group have developed and are reporting against their own sustainability metrics, including emissions reduction performance measures, noting that each subsidiary is at a different stage of their own carbon reduction journey and as a result there is variability in the scope of activities captured by their measures in FY23.

CCHL has started the work required for a Group GHG emissions reduction plan, which will be completed in early FY24.

The CCHL Impact Committee (a subcommittee of the Board) oversees CCHL's strategies, policies and practices in relation to CCHL's Impact Programme which encompasses the Group's approach to ESG issues, including external reporting in relation to those areas.

In the letter of expectations to subsidiaries for FY23, CCHL requested that all subsidiaries continue to assess and manage climate risk as they would any other financial risk, and continue to:

- Establish clear sustainability targets that they can report against; and
- Support the CCHL Group wide work to continue developing, implementing and reporting on Group wide sustainability targets.

CCHL continues to monitor and report progress against the targets. The targets have been set using a common platform/measure via www.sciencebasedtargets.org.

There is a level of inherent uncertainty in reporting greenhouse gas emissions. This is due to a level of scientific uncertainty as well as estimation uncertainty involved in the measurement processes. This has resulted in an emphasis of matter paragraph being included in the audit reports of Christchurch International Airport, Enable Services Limited and City Care Limited, as well as in CCHL Group's own audit report, to highlight this uncertainty to its readers.

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Parent (continued)

Sustainability (continued)

	Objective	Performance target	Performance
1	CCHL Group companies demonstrate commitment to tangible climate action through Greenhouse Gas (GHG) emissions measurement and reduction targets that are environmentally and economically sustainable.	CCHL Group (and each subsidiary) will publish annual independently verified GHG emission inventory according to ISO 14064 best practice.	**Partially achieved** The Group has not published a consolidated independently verified GHG inventory according to ISO 14064 best practice in FY23. The Group will be in a position to independently verify the consolidated FY23 GHG inventory in Q2 FY24 when each subsidiary has completed its annual independent verification process. The Group intends to publish the consolidated verified FY23 GHG inventory in its FY24 half year report (expected to be published in February 2024). The following subsidiaries have published annual independently verified GHG emission inventories in accordance with ISO 14064 best practice: • CIAL - FY22 verified by Ruby Canyon Environmental (and Airport Carbon Certified), published on CIAL's website • Orion - FY23 verified by Toitu and published on Orion's website • LPC - FY22 verified by Toitu and published on LPC's website with footprint data included in LPC's FY22 Annual Report • Enable - FY22 verified by McHugh and Shaw, noted in Enable's FY22 Annual Report and published on Enable's website • EcoCentral - FY21 verified by Lumen and published on EcoCentral's website Citycare will publish its first annual independently verified GHG emissions inventory in accordance with ISO 14064 best practice in FY23. Citycare established its GHG emission inventory in FY22, however this was not independently verified. RBL and DCL do not have GHG measures or inventories established. These companies have limited trading activity with no staff. Any GHG emissions from RBL or DCL activities are not considered material to the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Parent (continued)

Sustainability (continued)

	Objective	Performance target	Performance
1	CCHL Group companies demonstrate commitment to tangible climate action through Greenhouse Gas (GHG) emissions measurement and reduction targets that are environmentally and economically sustainable.	CCHL Group (and each subsidiary) will commit to reduce emissions, ahead or in alignment with, science-based reduction targets to limiting warming to 1.5 degrees.	**Partially achieved** The Group Emissions Reduction Plan will be finalised in early FY24. CCHL engaged Tonkin + Taylor to prepare the Group Emissions Reduction Plan. Subsidiary emissions reductions plans have been used to establish CCHL Group's baseline emissions. CCHL continues to monitor and report progress against the targets based on a common platform/measure via www.sciencebasedtargets.org. As at 30 June 2023, Orion, CIAL, LPC, Enable, Citycare and EcoCentral have board approved emissions reduction plans. RBL and DCL do not have emissions reduction plans. As noted above, their activities do not materially impact the Group.
		CCHL Group and subsidiary progress in relation to science-based targets will be reported annually.	**Partially achieved** The Group monitors progress against targets on a quarterly basis (reported to the CCHL Board and Shareholder). FY23 subsidiary reporting against targets is included in the respective Statement of Performance Reporting in subsidiary Annual Reports. RBL and DCL do not report. As noted above, their activities do not materially impact the Group.
		CCHL Group (and each subsidiary) will prepare GHG emissions reduction management plan, including recommendations to accelerate decarbonisation, and a timeline to achieve net zero GHG emissions.	**Not achieved** The Group engaged Tonkin + Taylor in FY23 to bring together the current subsidiary emissions reduction plans into a group level view. The CCHL Group Emissions Reduction Plan (due to be finalised in early FY24) will include pathways that demonstrate business as usual reductions and an accelerated pathway. LPC, Orion, CIAL, Citycare, Enable and EcoCentral have board approved emissions reduction plans. RBL and DCL do not have emissions reduction plans. As noted above, they are not considered material to the Group.

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Parent (continued)

Sustainability (continued)

	Objective	Performance target	Performance
2	CCHL Group companies set and attain environmental, social and innovative performance objectives that are compatible with their activities, commercial nature and other objectives.	CCHL Sustainability Working Group (SWG) will take a principled approach to enable a just transition with respect to our 2030 and 2050 GHG emissions reduction targets, which considers environmental, social, and economic impacts.	**Achieved** Each entity has developed (or is concluding the development of) individual emission reduction plans that recognise the individual challenges of the industry the entity is working within.
3	CCHL Group will show sustainability leadership and responsibility in relation to understanding and mitigating climate risk.	CCHL Group will assess and disclose climate change risks, compliant with New Zealand Climate Risk Disclosures reporting standards. This will include publishing our first CCHL Group Climate Risk Report aligned with FY24 reporting.	**Partially achieved** This is an ongoing programme of work. CCHL has commenced the work in conjunction with subsidiaries and is required to deliver consolidated Group Climate-related Disclosures in FY24. This work will include a series of workshops along with the development of a framework to allow Group consolidation of the disclosures produced by subsidiaries.
4	CCHL SWG and CCC will leverage joint capability for the benefit of all companies in the Group.	CCHL SWG (including Council representatives) will develop and oversee the programme of work including governance oversight and workstream implementation, aimed at accelerating Group progress.	**Achieved** Workstreams have been actively managed through the SWG, reviewed on a fortnightly basis and progress reported/updated to the Board throughout FY23.
5	CCHL Group will demonstrate partnership towards sustainable outcomes, including the United Nations Sustainable Development Goals (UNSDGs).	CCHL SWG will continue to collaborate in programmes, share learnings and successes with others, including the wider community. This will be reported back to CCHL Board, including the impacted UNSDGs.	**Achieved** Members of the SWG participated in several professional forums throughout FY23 and continue to collaborate with Council and other sustainability leaders across various industries.
6	CCHL Group will demonstrate commitment to broader planetary boundaries including extending our work to address biodiversity impacts.	CCHL SWG will investigate and adopt leading biodiversity frameworks to identify impacts and dependencies, which could assist the Group to develop a biodiversity inventory, and start developing biodiversity action plan.	**Not achieved** This work was started in FY23 with the SWG exploring various frameworks. The FY24 SWG work programme will focus on identifying an appropriate framework to measure baseline data and determine the most appropriate frameworks (SBTn, TNFD, or planetary boundaries).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Parent (continued)

Sustainability (continued)

	Objective	Performance target	Performance
7	The CCHL Group will adopt an Integrated Reporting framework to increase transparency and consistency.	The SWG Group will contribute toward the sustainability content for an integrated reporting framework over the next two years.	**Achieved** The SWG has provided feedback to CCHL on reporting objectives and key performance indicators for inclusion in CCHL's annual report. This included developing CCHL's sustainability SOI targets and metrics for the Natural Capital.

People

	Objective	Performance target	Performance
1	The CCHL Group will develop and adopt strategies to attract and develop the human capabilities it needs for the future and to be known as an employer of choice for all employees within each of the sectors it operates.	CCHL will encourage and enable group collaboration to develop market leading capability development, diversity and inclusion, and talent management strategies and policies. CCHL will continue to support and encourage the use of Te Whāriki as a means of developing, leveraging, and sharing human resources throughout the Group.	**Achieved** CCHL facilitates a group of HR leaders who collaborate and meet regularly to share policies, structures and culture initiatives from each subsidiary. In FY23, research was completed that examined leadership and strategy, recruitment and attraction, career development and remuneration, as well as company culture and inclusiveness for each of the Group's subsidiary companies. Te Whariki continues to be used to collaborate across the Group, share ideas and bring groups of people together.
2	CCHL Group continue to ensure the health safety and wellbeing of all people working across the Group.	CCHL Group will show active improvement in continuing to work towards implementing the living wage for all direct employees and all regular and ongoing suppliers, including investing in training and staff development programmes.	**Achieved** All CCHL Group direct employees are paid at or above the living wage (this was achieved in early FY23). All subsidiaries are continuing to working towards implementing the living wage for all regular and ongoing suppliers. All subsidiaries provide staff training and development programmes.

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Parent (continued)

People (continued)

	Objective	Performance target	Performance
3	CCHL's process for the selection and appointment of directors to the boards of subsidiary companies is aligned with governance best practice and reflects the shareholder's expectation of diverse and inclusive Boards for its CCTOs	The process followed for each appointment to a subsidiary company board is transparent, fully documented and in line with approved policies and procedures.	**Achieved** Director appointments made during the year complied with Council/CCHL policies.
		CCHL to provide input into the Council's policy on the appointment and remuneration of directors – scheduled for review prior to the 2022 local body elections.	**Achieved** CCHL provided input during finalisation of the updated policy.
		CCHL will actively promote and report on board diversity as part of its appointment process and include the process undertaken as part of its approval of appointments with Council.	**Achieved** Monitored as regular governance appointment processes, and the Governance and Appointments Committee continues to regularly review Board diversity across the Group.
		CCHL will aim to increase our diversity on our boards and report on progress as part of our annual reporting to our shareholder.	**Achieved** Monitored as regular governance appointment process. CCHL implemented a new skills matrix tool in FY23 which provides greater visibility of diversity metrics from subsidiary Boards.
4	CCHL will actively endorse the expectation of its shareholder that restraint is exercised in relation to the level of senior executive remuneration at its CCTOs.	CCHL will encourage its subsidiaries to report on and work to show a narrowing of the gap between the highest and lowest remuneration in each company.	**Achieved** Subsidiaries report this information on an annual basis in either the Annual Report or Statement of Intent.
5	Directors make an effective contribution to the CCHL board, and their conduct is in accordance with generally accepted standards.	The outcomes of the independent board effectiveness review undertaken in late 2021/early 2022 to be included in the CCHL Strategic Review findings.	**Achieved** CCHL Board reset completed following the Northington Report. Five new independent Directors appointed in FY23.
		The Chair will actively monitor and approve any development requirements for the Board.	**Achieved** Professional development available to Directors, however none was undertaken in FY23 due to CCHL governance changes.

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Parent (continued)

People (continued)

	Objective	Performance target	Performance
6	Develop future Governance talent for the region by continuing to deliver the CCHL Associate Director programme.	CCHL will hold regular meetings with and provide support to existing Associate Directors throughout the programme.	**Achieved** Workshops have been held.
		CCHL will establish an alumni programme for all previous Associate Directors and Intern Directors.	**Achieved** The alumni event was held in March 2023.

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Subsidiaries

The performance of material non-financial performance measures for each of our material trading subsidiaries (Orion, CIAL, LPC, Enable and Citycare) as set out in their SOIs are described in the following tables. Further information on the subsidiary SOI performance is provided in the subsidiary annual reports.

Orion New Zealand Ltd

	Objective	Performance target	Performance
1	Network reliability	SAIDI -- planned interruptions (minutes per customer) 40	**Achieved** - 26
		SAIDI -- unplanned interruptions (minutes per customer) 85	**Achieved** - 43
		SAIDI -- total interruptions (minutes per customer) 125	**Achieved** - 69
		SAIFI -- planned (interruptions per customer) 0.15	**Achieved** - 0.07
		SAIFI -- unplanned (interruptions per customer) 1.03	**Achieved** - 0.51
		SAIFI -- total (interruptions per customer) 1.18	**Achieved** - 0.58
2	Health & Safety	4 or less events that did or could have resulted in serious injury to Orion Group employees	**Achieved** - 4
		4 or less events that did or could have resulted in serious injury to Orion service providers	**Achieved** - 2
		Zero events that did or could have resulted in serious injury to the public, excluding car versus pole incidents	**Not achieved** - 1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Subsidiaries (continued)

Orion New Zealand Ltd (continued)

	Objective	Performance target	Performance
3	Powering the Low Carbon Economy	Achieve carbon reduction targets, by reducing Group corporate emissions to at least 2,761 tCO2e during FY23	**Not achieved** - 3,363 tCO2e Orion use an equity share consolidation approach. This approach includes consolidating emissions from Orion's wholly owned subsidiary Connetics. For reporting purposes, Orion has focused on ensuring that reported category 1 and 2 emissions are materially complete. However, Orion excludes intractable scope 2 distribution losses from corporate emissions reduction targets as, although these are significant, they are largely outside of Orion's control at the present time. This allows Orion to focus reduction efforts on the areas of operations where they can actively make a difference. However, Orion do separately measure the quantity of these distribution losses (refer Orion's 2023 annual report). Orion has also excluded emissions associated with any properties that Orion has leased to third parties as Orion does not have any control or influence over these properties. In 2022 Orion measured its FY22 greenhouse gas (GHG) emissions in accordance with Toitū Envirocare programme guidelines, which are aligned to the ISO 14064:2018 standard. Following review by independent parties appointed by Toitū Envirocare, Orion received Toitū Envirocare Carbonreduce certification and Connetics received Toitū Envirocare CarboNZero certification for FY22 GHG emissions. The FY23 Toitū Envirocare certification process is still underway, however, Orion has measured its FY23 emissions using the same methodology as in previous years. Orion's provisional measurement is based on the best information available and Orion does not expect the reported result to materially change following the certification process.

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Subsidiaries (continued)

Orion New Zealand Ltd (continued)

	Objective	Performance target	Performance
3	Powering the Low Carbon Economy	Build capability to measure and reduce indirect (Scope three) greenhouse gas emissions associated with our employee commute and design of our network	**Partially Achieved** Orion has built capability to measure additional Scope 3 emissions by completing a pilot project on the measurement of embodied carbon in a substation and 11kV overhead feeder, with both projects set up in the Moata platform to allow future designs to be compared in terms of emission savings. Twelve months of commuting emissions have been tracked using the EcoFixa app. Additional detail on Orion's GHG emissions and reduction journey can be found in Orion's Climate Statement on Orion's website.

Christchurch International Airport Ltd

	Objective	Performance target	Performance
1	Passenger numbers	Domestic – 4,723,790 International – 977,211	**Not Achieved** - 4,630,845 **Achieved** - 1,058,565
2	Carbon	Maintain trend with our milestone emissions reduction goal of 84% reduction in Scope 1 & 2 by 2035 (using FY2015 carbon baseline)	FY23 has seen a decrease in CIAL's GHG inventory compared to FY22. In FY23 there was an increase of purchased electricity between years. However, CIAL remains on track with their emission reduction trajectories to achieve their 2035 target. Planned development of onsite solar energy is expected to further address CIAL's scope 2 emissions and support the broader campus and aviation industry with scope 3 emissions. CIAL has used the most recent MFE factors released in July 2023 when comparing the movement in emissions between the years. Refer to the Emissions Disclosure in CIAL's FY23 annual report which explains the basis of their carbon footprint.

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Subsidiaries (continued)

Lyttelton Port Company Ltd

	Objective	Performance target	Performance
1	Health & Safety	Total recordable injury frequency rate < 5.4	**Achieved** – 3.28
2	Carbon reduction	10% reduction in scope 1 and 2 operational emissions from baseline year 2018.	**Achieved** In LPC's baseline year (FY18) LPC's scope 1 and 2 emissions were 10,143 tonnes CO2e. This figure was audited in accordance with ISO 14060:2018 under the Toitu Carbon reduce programme. For FY23, LPC's scope 1 and 2 emissions were 8,832 tonnes CO2e. There was hence a 13% decrease in scope 1 and 2 emissions from FY18 to FY23. The FY23 inventory footprint has not yet been verified. This is scheduled for late October 2023 to be conducted by Certified Carbon Auditor McHugh and Shaw Ltd in accordance with ISO 14060:2018.

Enable Services Ltd

	Objective	Performance target	Performance
1	Operational	Total network availability >99.97%	**Achieved** - 99.996% Total network availability pertains to all components of Enable's fibre broadband network and is set at the contracted performance of a maximum average customer down time of 120 minutes per year (excludes customer caused down time).
2	Health & safety	Continue to deliver a best practice Health, Safety and Wellbeing model that ensures our people, partner organisation's people, customers and community are kept safe and well, as measured by Total recordable injuries (TRI) <=3 and no serious harm injuries incurred.	**Not Achieved** - 5 TRI, above the target of <=3.0. **Achieved** - There were no serious injury harm injuries in line with the target of nil.

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Subsidiaries (continued)

Enable Services Ltd (continued)

	Objective	Performance target	Performance
3	Take climate action goals	Adopt science-based targets (SBT) for scope 1 and 2 absolute emissions reduction that require Enable to achieve a 35% reduction by FY25 against our FY20 baseline and a 62% reduction by FY30.	**In Progress** Scope 1 and 2 science-based targets have been adopted and accompanying emissions reduction investment plan approved. Enable's FY23 scope 1 and 2 emissions have decreased by 30 tCO2e (13%) to 197 tCO2e against the FY20 baseline primarily due to a 6% reduction in the emission factor from 0.000101 to 0.000074 tCO2e per Kilowatt Hour. There is some level of uncertainty associated with calculating Greenhouse Gas emissions. To minimise this uncertainty, all scope 1 and 2 source data has been obtained directly from suppliers. Enable has calculated their emissions based on the most up to date emissions factors available from the Ministry for the Environment and supplier sources at the time their Greenhouse Gas emissions data was produced.

Citycare Ltd

	Objective	Performance target	Performance
1	Client Satisfaction	Positive Net Promotor Score (NPS) based on an annual customer survey	**Achieved**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2023

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Subsidiaries (continued)

Citycare Ltd (continued)

	Objective	Performance target	Performance
2	Environmental	Annual reduction of Company-wide greenhouse gas emissions normalised against annual turnover to reach 2030 goals	**Achieved** Citycare continues its journey towards measuring companywide emissions. Citycare sets an annual emissions reduction intensity target to ensure that Citycare can compare the impact of the reduction initiatives over time without being influenced by increases or decreases in the overall size of Citycare. Normalised emissions – tCO_2^e/$ revenue decreased from 0.0000502 against Citycare's audited 2022 emissions to 0.0000413 in 2023, a reduction of 18%. This intensity factor is Citycare's normalised tonnes of emissions from the subset of emission sources per $ of revenue (less contractor cost + 10% margin). This adjustment has been made because the related contractor emissions are not included in Citycare's reporting. During the year ended 30 June 2023 Citycare's Property division purchased the shares of the Spencer Henshaw Group of companies (Spencer Henshaw) and sold its Christchurch Asphalt Plant. To enable like-for-like comparisons for future inventories against an audited base year, Citycare has: · set its base year as the 2022 financial year, · added Spencer Henshaw's total fuel and electricity emissions to the base year and 2023 emissions inventory, and · removed Asphalt Plant's emissions from the base year and 2023 emissions inventory. This base year recalculation has resulted in revised group emissions of 615 tCO_2^e lower than the emissions previously reported in the 2022 financial year. The 2023 scope 1 and 2 gross emissions increased by 1% from the 2022 recalculated base year. Total gross emissions also increased by 1%. (Narrative continued on the next page.)

31 Performance against Statement of Intent targets (cont.)

Non-financial performance targets – Subsidiaries (continued)

Citycare Ltd (continued)

	Objective	Performance target	Performance
2	Environmental	Annual reduction of Company-wide greenhouse gas emissions normalised against annual turnover to reach 2030 goals	**Achieved** (Narrative continued from the previous page.) For the 2022 and 2023 financial years, Citycare has included in the reported results only those emissions sources where there is sufficient data to measure and where there is the greatest ability to reduce. Specific exclusions from within these sources have been noted below. This means some potentially significant emission scope 3 sources have been excluded, such as: sub-contractor emissions and emissions from employee commute. The reported emissions also exclude any other scope 3 supply chain emissions such as purchased goods and services. Citycare is working to include further emission sources in the coming financial years. Citycare is implementing ESP's carbon management software to assist with the inclusion of further sources, to help streamline data collection, improve emissions data visibility, and increase reporting capabilities. While this work is underway, Citycare continues to be committed to reducing GHG emissions. Science-based reduction targets and an accompanying emissions reduction plan are currently under-development. Citycare uses the equity consolidation approach to determine organisational boundary. This means the reported results include the company, 100% of Spencer Henshaw Limited and SW Scaffolding Limited, and 75% of Apex Water Limited. Citycare has included all sites within this boundary for 2023. Further GHG emissions disclosure is reported in Citycare's FY23 annual report.
3	Health & Safety	<10 incidents requiring notification to WorkSafe annually <1 WorkSafe investigations	**Achieved** **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 for current Directors during the year ended 30 June 2023:

Abby Foote (appointed 1 March 2023)

Director	KMD Brands Limited
Director	Sanford Limited
Director	Freightways Group Limited

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
National Board Member	Royal NZ Plunket /Society
Trustee	Loyal Canterbury Lodge Investment Fund
Director	Quotable Value Ltd
Director	Wild in Art NZ Ltd
Advisory Board Chair	Bennetto Natural Foods Co. Ltd
Interim Chair	Assurity Consulting Ltd
Director	CCHL (2) Ltd, CCHL (4) Ltd, CCHL (5) Ltd and Christchurch City Networks Ltd

Sam MacDonald (appointed 1 February 2023)

Councillor	Christchurch City Council
Employee	Downer New Zealand Ltd
Director & Shareholder	MacDonald Consultancy Limited
Director	Civic Building Limited
Director & Shareholder	Eminence Property Holdings Ltd
Director	West Coast Alliance Holdings Ltd
Director	West Coast Development Holdings Ltd
Trustee	Sam MacDonald Family Trust
Trustee	Development West Coast

Gill Cox (appointed 22 March 2023)

Director	Waimakariri Irrigation Limited Group
Director	Venues Ōtautahi Limited
Director	Motus Health Limited
Director	Foodco Holdings Pty Limited Group
Director	Te Kaha Project Delivery Limited
Director	Elastomer Products Limited
Director & Shareholder	A.R. Lovett Trustees No. 2 Limited
Director	Independent Fisheries Limited
Director	Barlow Brothers NZ Limited
Director	Transwaste Canterbury Limited Group
Director	Confederation of Asian and Pacific Accountants Limited
Director	SW Holdings Ltd
Shareholder	Somerton Investment Holdings Limited
Independent Board member	Anderson Lloyd Partnership
Trustee	Project Crimson Trust
Trustee	Hurunui Biodiversity Trust
Board Advisor	Connell Contractors Limited

Bridget Giesen (appointed 26 April 2023)

Director	McDrury Farm Investments Limited
Director	Taramea Fragrance Limited
Director	Puketeraki Limited
Director & Shareholder	Huriawa Strategy & Transformation Limited
Director	Wool Impact Limited
Director	Hopkins Farming Group
Director	Nelson Regional Development Agency Limited

Statutory information (continued)

David Hunt (appointed 26 April 2023)

Director & Shareholder	Concept Consulting Group Limited
Board Member	Accident Compensation Corporation
Trustee	Pyatt and Hunt Family Trust

Sara Templeton (retired 8 October 2022; reappointed 1 February 2023)

Councillor	Christchurch City Council

Martin Goldfinch (appointed 26 April 2023)

Executive	Head of Private Markets – Accident Compensation Corporation
Director	Partstrader Markets Limited
Director	Mondiale VGL Group Limited
Director	Youi NZ Pty Limited
Director	Youi Holdings Pty Limited
Director & Shareholder	Goldfinch & Associates Limited
Shareholder	Allenby Limited

The gender balance of CCHL's Directors and Officers as at 30 June 2023 is tabled below:

	Officers		Directors	
	Jun 2023	Jun 2022	Jun 2023	Jun 2022
Female	1 (50%)	1 (50%)	3 (37.5%)	3 (43%)
Male	1 (50%)	1 (50%)	5 (62.5%)	4 (57%)
Total	**2**	**2**	**8**	**7**

Statutory information (continued)

Board and committee attendance

The Board, the Audit and Risk Management Committee and the Governance and Appointments Committee have a number of scheduled meetings each financial year. The following table is a summary of attendance at those scheduled meetings for CCHL's financial year ended 30 June 2023:

	Board meetings	Audit and risk management committee meetings	Governance and appointments committee meetings
Total meetings held	**11**	**6**	**8**
Abby Foote (appointed 1 Mar 2023)	5/5	*	1/1
Gill Cox (appointed 22 Mar 2023)	4/4	*	1/1
Alex Skinner	11/11	5/5	6/6
Bridget Giesen (appointed 26 Apr 2023)	3/3	*	*
Martin Goldfinch (appointed 26 Apr 2023)	2/3	*	*
David Hunt (appointed 26 Apr 2023)	2/3	1/1	*
Sara Templeton (retired 8 Oct 2022; reappointed 1 Feb 2023)	11/11	*	6/8
Sam MacDonald (appointed 1 Feb 2023)	5/6	3/3	*
Barry Bragg (appointed 8 Sep 2022; retired 26 Apr 2023)	7/7	*	5/6
Mike Rondell (appointed 8 Sep 2022; retired 26 Apr 2023)	5/7	3/3	*
Claire Evans (retired 17 Mar 2023)	5/6	*	4/7
Andrew Turner (retired 1 Feb 2023)	5/5	2/2	*
Lianne Dalziel (retired 10 Oct 2022)	2/2	*	*
Jeremy Smith (retired 3 Oct 2022)	1/2	*	1/4
James Gough (retired 29 Aug 2022)	1/1	*	*

* Not a standing member of this committee, however may be seconded on occasion. Where seconded, attendance is shown in brackets.

In addition to the scheduled Board meetings tabled above, a number of additional Board meetings were held to address significant governance and employment matters that arose during the first half of the year.

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 27 to the financial statements. No loans were made to directors during the year (2022: none).

Statutory information (continued)

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		Christchurch International Airport Ltd		Lyttelton Port Company Ltd		Enable Services Ltd		Citycare Group	
J Crawford	$54,000	C Drayton	$95,000	B Dwyer	$53,326	J Murray	$94,458	J Rolfe	$44,007
B Gemmell	$24,000	K Mitchell	$57,275	D Elder	$52,313	G Lawrie	$53,926	M Todd	$123,167
J McDonald	$81,000	C Paulsen	$57,275	M Devlin	$77,500	K Mead	$4,837	P Hoogerwerf	$45,000
G Vazey	$49,000	P Reid	$57,275	M Johns	$31,107	M Petrie	$56,749	B Jamieson	$166,734
S Farrier	$53,000	S Ottrey	$67,275	N Easy	$55,076	S Weenink	$56,748	K Young	$83,000
M Sang	$57,000	A Barlass	$51,275	F Mules	$49,939	C Elliott	$53,929	E Trout	$76,083
P Munro	$107,000			V Doig	$26,663	K Horne	$24,821		
				B Bragg	$12,092				

EcoCentral Ltd		RBL Property Ltd		Development Christchurch Ltd		Christchurch City Holdings Ltd			
S Horgan	$37,618	T King	$0	P Silk	$0	J Smith	$23,342	A Foote	$32,233
M Jordan	$65,804	P Silk	$0	T Boyd	$0	A Skinner	$74,329	D Hunt	$8,058
B Reed	$33,394	C Evans	$0			C Evans	$32,233	G Cox	$12,087
M Christensen	$33,394					A Turner	$16,117	B Giesen	$8,058
						B Bragg	$31,293	M Goldfinch	$8,058
						M Rondel	$38,900		

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 donations of $193,400 to The Mayor's Welfare Fund Charitable Trust in relation to the year ended 30 June 2023 (30 June 2022: $193,400). The donations comprised payment in lieu of fees for CCHL Councillor Directors plus an additional amount so that the total donations were equivalent to fees for four Directors, as agreed with the shareholder. Donations of $12,000 (2022: $214,000) were made by subsidiaries.

Statutory information (continued)

Employee Remuneration

On 7 September 2022, CCHL contracted Paul Silk to cover the CEO role in an acting capacity. From the date of his appointment to the end of the financial year, Paul received compensation as acting CEO totalling $313,000.

Details of remuneration ranges for employees:

Range ($000)	Group	Parent	Range ($000)	Group	Parent
100-110	227	-	300-310	3	-
110-120	235	-	310-320	2	-
120-130	203	-	320-330	3	-
130-140	113	-	330-340	4	-
140-150	90	-	340-350	3	1
150-160	72	-	350-360	2	-
160-170	49	1	360-370	4	-
170-180	33	-	370-380	2	-
180-190	27	-	380-390	2	-
190-200	14	-	390-400	2	-
200-210	9	-	400-410	2	-
210-220	15	-	410-420	1	-
220-230	4	-	420-430	1	-
230-240	7	-	520-530	1	-
240-250	11	-	560-570	1	-
250-260	3	-	570-580	1	-
260-270	4	-	700-710	1	-
270-280	1	-	720-730	1	-
280-290	2	1	790-800	2	-
290-300	3	-	1,460-1,470	1	-
			Total	**1,161**	**3**

The remuneration range of $1,460,000 to $1,470,000 relates to LPC and includes salary, leave entitlements, and all other employment compensation amounts.

Independent Auditor's Report

To the readers of Christchurch City Holdings Limited and Group's financial statements and performance information for the year ended 30 June 2023

The Auditor-General is the auditor of Christchurch City Holdings Limited (the Company) and its 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 financial statements and performance information of the Company and Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Company and Group on pages 49 to 160, that comprise the statement of financial position as at 30 June 2023, 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 the accounting policies and other explanatory information; and
- the performance information of the Company and the Group on pages 161 to 178.

In our opinion:

- the financial statements of the Company and Group present fairly, in all material respects the financial position of the Company and Group as at 30 June 2023, and their 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 Company and the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company and the Group's objectives for the year ended 30 June 2023.

Basis for our 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 audit of the Company and Group's financial statements and performance information* section of our report.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

We are independent of the Company and Group in accordance with the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* (including International Independence Standards) (New Zealand) (PES 1), 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 Company and Group. These audit and assurance engagements, as described in note 9b on page 102, are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Company or any of its subsidiaries.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the 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 financial statements and performance information 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
Valuation of Group property, plant and equipment	
The carrying value of Group property, plant and equipment (PPE) is $4.5 billion. Group PPE 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 2023: • electricity distribution system; • optical fibre network; • airport infrastructure assets; and • terminal buildings.	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.

Key audit matter	How did the audit address this matter
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. Orion New Zealand electricity distribution system assets were revalued by adopting an internally prepared discounted cash flow valuation. All other valuations for revalued assets were carried out by independent specialist valuers. Note 5 to the Group financial statements provides information on the most recent valuations. We consider the valuation of PPE is a key audit matter due to the significance of the carrying values to the financial statements and the judgements involved.	• 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. • Using internal valuation experts to assist us in reviewing the appropriateness of key assumptions used by the Group's valuers. • Reviewing the overall valuation changes and obtaining explanations for any significant or unusual changes in value. • Considering the adequacy of disclosures. For valuations prepared by independent specialist valuers, our audit procedures also 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. We found that the valuations adopted by the Group for these asset classes were reasonable and supportable and that the valuations used approaches consistent with our expectations.
Valuation of investment property	
The Group's investment property portfolio largely comprises industrial, commercial and retail investments in the area surrounding Christchurch International Airport. Investment properties are revalued annually by independent valuers. The total value of the portfolio is $764 million as at 30 June 2023. The value of the portfolio continues to grow as available land is developed for further investment properties and properties are acquired.	Our audit procedures included: • Reviewing any changes in use of properties and considering whether they were correctly classified as either investment property or property, plant and equipment. • Assessing the valuer's expertise for the work and their objectivity, which included considering the existence of other engagements or relationships.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Key audit matter	How did the audit address this matter
Changes in use, as a result of development or changes in the business, can result in transfers of properties between investment property and property, plant and equipment. Note 6 to the Group financial statements provides information on the valuation and the movements in the investment property balance since the previous year. We consider this a key audit matter due to the significance of the carrying value, and associated fair value gains or losses, and because of the judgements involved in determining fair value.	• 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 a valuation expert to assist with critiquing and challenging the key assumptions used by the Group's valuers, including their appropriateness. • Testing a sample of key inputs used in the valuations to underlying records, including lease term information and current rental rates. • 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 6 to the financial statements. We found that the valuations adopted by the Group were reasonable and supportable.
Valuation of investment in subsidiaries at fair value	
The Company's investment in subsidiaries of $3.8 billion is disclosed in note 3 of the Company's financial statements. Under NZ IFRS 9, *Financial Instruments*, these investments are designated as financial assets measured at fair value through other comprehensive income. The Company engages specialist valuers to complete the valuations because of the complexity and significance of assumptions applied. We consider this a key audit matter due to the significance of the carrying value of investments 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 Company. • Confirming our understanding of the valuation methodology and key assumptions. We assessed them for compliance with the requirements of the applicable financial reporting standards

Key audit matter	How did the audit address this matter
	(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 selectively the appropriateness of valuation methodology, with an emphasis on any changes from prior year, and key assumptions such as discount rates and multiples used by the Company's valuers. • Obtaining an understanding of the market data sources used by the valuer and the reliability of this data for developing key inputs in the valuation. • Assessing the robustness of forecast cash flow information, by reviewing the process to develop forecasts, and assessing forecasts against historical actual performance. • 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, including changes in valuation methodology and obtaining explanations from the valuers for any significant or unusual changes in value. We found that the valuations adopted by the Company were reasonable and supportable.

Emphasis of matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Group has chosen to include measures of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to note 31 on page 161 of the financial statements, which outlines the inherent uncertainty in reporting GHG emissions.

Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Other information

The directors are responsible on behalf of the Company and Group for the other information. The other information comprises the information included on pages 1 to 48, 179 to 183, and 192 to 200 of the annual report, but does not include the financial statements, the performance information and our auditor's report thereon.

Our opinion on the Company and Group's 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 Company and Group's 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 Company and Group's 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 Company and Group's financial statements and performance information

The directors are responsible on behalf of the Company and Group's for the preparation and fair presentation of the Company and Group's financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards. The directors are also responsible for preparing the performance information for the Company and Group.

The directors are responsible for such internal control as the directors determine is necessary to enable the preparation of Company and Group's financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the Company and Group's financial statements and the performance information, the directors are responsible on behalf of the Company and Group for assessing the Company and 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 Company and 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.

Auditor’s responsibilities for the audit of the Company and Group’s financial statements and performance information

Our objectives are to obtain reasonable assurance about whether the Company and Group’s 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 Company and Group’s financial statements and the performance information for the Company and Group.

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 Company and Group’s 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 Company and Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Evaluate the appropriateness of the reported performance information within the Company and 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 Company and 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 Company and Group's 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 Company and Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Company and Group’s financial statements and the performance information, including the disclosures, and whether the Company and Group’s financial statements and performance information represent the underlying transactions and events in a manner that achieves fair presentation.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

- Obtain sufficient appropriate audit evidence regarding the financial information and performance information of the entities or business activities within the Group to express an opinion on the Company and the Group’s financial statements and performance information. We are responsible for the direction, supervision and performance of the Company and 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 Company and Group’s 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 2023

Corporate Governance

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

Role of the Board of Directors

The CCHL Board is responsible for the strategic direction and control of CCHL's activities. The Board guides and monitors the business and affairs of CCHL on behalf of the Shareholder, Christchurch City Council ('the Council'), within the strategic framework and objectives that are set out in the Statement of Intent (SOI).

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 Chair will conduct a Board effectiveness review with the Board biennially.

Board relationship with Shareholder

The Board aims to keep the Council informed of all major developments affecting CCHL Parent's and CCHL Group's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. CCHL will provide a quarterly update to Council on SOI performance.

The Board recommends to Council the appointment and reappointment of Directors and Chair appointments to subsidiary companies and other Council Controlled Organisations in accordance with Council's Appointment & Remuneration of Directors to Council Organisations Policy.

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 Chief Executive (CEO) over all operational matters and consults with the remainder of the Board promptly over any matter that could give rise for major concern.

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

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

Corporate Governance (continued)

Board committees

The Board has three standing committees namely the Audit and Risk Management Committee, the Governance and Appointments Committee, and the Impact Committee. The Board establishes other committees as required to address matters as they arise.

The standing committees and their purpose are as follows:

Audit and Risk Management Committee (ARMC)

The responsibilities of the ARMC include reviewing CCHL's accounting policies, treasury policy, reporting practices, financial statements, managing the debt capital market programme and oversight of CCHL's sustainable Finance programme. The committee will also consider external audit reports, audit relationship matters and fees, and risk management issues. The CCHL Chair cannot be the Chair of the ARMC.

Governance and Appointments Committee (GAC)

The GAC is responsible for recommending Chair, Director appointments and reappointments to its subsidiaries.

Impact Committee
The Impact Committee was established in 2023 to advise the Board on CCHL's strategies, policies and practices in relation to the Impact Programme which encompasses the Group's approach to ESG issues, including external reporting in relation to those areas.

Board composition

The Board comprises not more than eight Directors – two Councillor Directors and six independent 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 independent 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.

The Board generally meets on a monthly basis.

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 (2022: three out of seven). The Executive team comprises one male and one female (2022: one male and one female).

Directors' remuneration

Fees for the CCHL Board and all subsidiary Boards are set triennially. In relation to the CCHL Board fees, CCHL recommends fee levels to the Council, based on commercial norms, but reflecting a public service element. In relation to subsidiary Board fees, CCHL will approve the Board fees, based on commercial norms, but discounted to reflect a public service element.

Corporate Governance (continued)

Protocol on conflicts of interest

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

Indemnities and insurance

CCHL provides all Directors, the CEO and the Chief Financial Officer (CFO) with, and pays the premiums for, Directors and Officers liability insurance cover while acting in their capacities as Directors and Officers, to the fullest extent permitted by the Companies Act 1993.

CCHL 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 CCHL and is employed in terms of a contract between the CEO and CCHL.

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 relationship with Management

The Board delegates management responsibility of CCHL 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 for the day to day management of CCHL.

The CEO:

- Ensures that appropriate, relevant reporting systems are in place and maintained to provide relevant, complete, accurate and timely information to the Board;
- Acts as a spokesperson for CCHL; 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.

Corporate Governance (continued)

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 relates 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 on each bond, based on its maturity date, 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.

Investor relations (continued)

Bondholder Distribution and Holdings

In line with clause 3.7.1 of the NZX listing rules, the following table details the spread of bondholders as at 30 June 2023 (total Bonds on issue):

Range	Holders	Units	% Units
1 to 9,999	28	171,000	0.04
10,000 to 49,999	220	4,770,000	1.06
50,000 to 99,999	49	3,019,000	0.67
100,000 to 499,999	43	8,185,000	1.82
500,000 to 999,999	11	7,069,000	1.57
1,000,000 and over	38	426,786,000	94.84
Total	**389**	**450,000,000**	**100.00**

Total Bonds on issue

Rank	Name	Units	% Units
1	BNP PARIBAS NOMINEES (NZ) LIMITED <COGN40>	63,860,000	14.19
2	BNP PARIBAS NOMINEES (NZ) LIMITED <BPSS40>	41,794,000	9.29
3	ANZ BANK NEW ZEALAND LIMITED	31,860,000	7.08
4	NATIONAL NOMINEES LIMITED	26,141,000	5.81
5	CITIBANK NOMINEES (NEW ZEALAND) LIMITED	25,789,000	5.73
6	HSBC NOMINEES (NEW ZEALAND) LIMITED	25,137,000	5.59
7	WESTPAC NEW ZEALAND LIMITED	25,000,000	5.56
8	TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT	23,019,000	5.12
9	FORSYTH BARR CUSTODIANS LIMITED	19,758,000	4.39
10	BNP PARIBAS NOMINEES (NZ) LIMITED	18,610,000	4.14
11	CUSTODIAL SERVICES LIMITED	15,609,000	3.47
12	FNZ CUSTODIANS LIMITED	15,354,000	3.41
13	JPMORGAN CHASE BANK NA NZ BRANCH	15,161,000	3.37
14	ANZ FIXED INTEREST FUND	14,250,000	3.17
15	BANK OF NEW ZEALAND	12,173,000	2.71
16	ANZ WHOLESALE NZ FIXED INTEREST FUND	10,350,000	2.30
17	NZPT CUSTODIANS (GROSVENOR) LIMITED	6,400,000	1.42
18	SOUTHERN CROSS MEDICAL CARE SOCIETY	5,500,000	1.22
19	NZ LOCAL GOVERNMENT FUNDING AGENCY LIMITED	5,343,000	1.19
20	JBWERE (NZ) NOMINEES LIMITED	4,824,000	1.07
Total Top 20 Holders of Bonds		**405,932,000**	**90.21**
Total Remaining Holders Balance		**44,068,000**	**9.79**

Directory

Registered Office
Level 1, 151 Cambridge Terrace
Christchurch

Directors
A K Foote (appointed 1 Mar 2023)
W G Cox (appointed 22 Mar 2023)
A M G Skinner
B A Giesen (appointed 26 Apr 2023)
M G Goldfinch (appointed 26 Apr 2023)
D T Hunt (appointed 26 Apr 2023)
S L Templeton (retired 8 Oct 2022; reappointed 1 Feb 2023)
S T MacDonald (appointed 1 Feb 2023)
C W Day (appointed 1 Sep 2023)
B Bragg (appointed 8 Sep 2022; retired 26 Apr 2023)
M Rondel (appointed 8 Sep 2022; retired 26 Apr 2023)
C A Evans (retired 17 Mar 2023)
A D Turner (retired 1 Feb 2023)
L A Dalziel (retired 10 Oct 2022)
J B Smith (retired 3 Oct 2022)
J T Gough (retired 29 Aug 2022)

Management
P Silk - Acting Chief Executive
T Rowell - Chief Financial Officer
S Ballard - Treasurer
K Hyde - Head of Impact and Performance

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

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

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
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
P O 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 Ltd
C/- Christchurch City Holdings Ltd
Level 1, 151 Cambridge Terrace
P O 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 Ltd
Level 1, 151 Cambridge Terrace
P O Box 1151 Christchurch 8140
Telephone: (03) 941 8475
Email: info@cchl.co.nz
Website: www.cchl.co.nz

Parent contact details

Christchurch City Holdings Ltd
Level 1, 151 Cambridge Terrace
P O 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,
Aotearoa New Zealand