Christchurch
City Holdings
Limited

ANNUAL REPORT 2022

A WHOLLY OWNED SUBSIDIARY OF CHRISTCHURCH CITY COUNCIL

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CHAIR'S REPORT

Although in many ways this financial year has seen Christchurch City Holdings Group in a similar position to 2021, the Group hasn't stood still. Facing the challenges posed by COVID and managing new issues - ranging from a constrained labour market to international security, has once again highlighted the Group's core strengths, especially in taking a prudent, intergenerational approach to the assets we hold for the city. For both the Group and the wider community we serve, those strengths will be vital as we navigate the challenges and explore the significant opportunities that lie ahead.

Jeremy Smith (Chair) and Lianne Dalziel (Mayor)

In terms of overall performance, Group revenue was slightly ahead of last year, at $1.056 billion and net profit after tax of $121 million, which includes unrealised gains (including revaluations of investment property) of $59m, meant the Group was able to return a dividend to the Christchurch City Council, and consequently to our community, of $16 million in line with the Statement of Intent.

This marks a solid performance during a period when the Group still faced significant disruption caused by the ongoing impacts of COVID. During this financial year, the country experienced a number of regional lockdowns, including a 100-day period for Auckland and significant restrictions for Northland and parts of Waikato. As well as managing the requirements of Alert Level 2 through much of the year, the Group had a direct exposure to these heightened levels of restriction through City Care's Auckland operations, with other parts of the Group -most notably Christchurch Airport - also affected.

With the change in New Zealand's COVID strategy and a significant shift in restrictions, the Group - like other major businesses across the country - is now managing a new set of challenges. A combination of health impacts and isolation rules means that all businesses in New Zealand are balancing the need to keep our people safe and healthy while meeting the staffing needs of the operation. This has been exacerbated by one of the tightest labour markets in recent history, combined with a shortage of international workers created by the COVID border restrictions.

Three-decade highs in inflation - being felt not only locally but in markets across the world, combined with geo-political issues like the war in Ukraine and its effects on both energy and food supplies, have also had significant economic impacts. These issues, when paired with the health and downstream economic impacts of COVID, have created a situation with few recent parallels. And none of our companies are immune to that.

As I highlighted last year, our resilience has been and is still being tested. As the owner of long-term infrastructure assets which takes an intergenerational approach, we're inevitably going to be subject to economic cycles over time - the highs, the lows, and the mediums. But the diversity of our portfolio, the historically prudent approach to managing the business and a focus on balancing the needs of all stakeholders have yet again underscored the strength of the Group - something you can only fully appreciate when you are facing this level of disruption.

Our approach to these challenges has also been to find a clear way to move forward and look to lay the groundwork now for the potentially transformative opportunities of the future. This can be seen in the key strategies being undertaken by the Group's subsidiaries.

Given the range of exceptional disruptions Christchurch Airport has faced, diversification has been key to their ongoing viability. Having weathered the near-total shutdown of travel, the airport is now looking to rebuild and re-engage with the world as the gateway to the South Island.

Orion will play an increasingly important role in the decarbonised world. As our Group does more in preparation for this, Orion's role will be critical to the future of our economy, our community and our environment.

The Port has also continued to invest for the future, in particular with the eastern development, which provides a major expansion of their container terminal. The success of the Midland Port is also testament to the Port's focus on both efficiency and resilience.

Enable is now well regarded as providing one of the core communications networks for the city, underpinning both business and education as well as providing greater connectivity for our community. Our experience through the lockdowns demonstrated how vital these connections were. And as businesses increasingly adopt hybrid working models, Enable's high speed fibre network will help support their success.

EcoCentral is responding well to global changes in the recycling market. While delayed due to the impacts of COVID, the two-year upgrade project for their Material Recycling Facility will include new equipment for sorting and separating materials to meet higher quality international standards.

Although the announcement was made after the end of this financial year, Citycare has achieved a major acquisition, which will significantly increase its operation. The purchase of Spencer Henshaw, one of New Zealand's largest independent managers of social housing properties, will extend the maintenance and service capabilities of Citycare's property division. The newly purchased operation undertakes remediation and ongoing maintenance of approximately 27,000 social housing properties owned by Kāinga Ora and the Tamaki Regeneration Company. The business also employs 230 employees directly and has over 3,000 contractors. The acquisition will extend Citycare's contribution to Aotearoa's social housing network - an area of intense public focus, which requires both strong technical capability and resourcing and a commitment to supporting our wider community.

These are just some of the activities we have focused on as we continue to take a broad and long-term view of the $5 billion in assets we hold for our community. That integrated view is also reflected in a change in our reporting format, which you will see in this year's Annual Report. This is evolving as we use the new standards of integrated reporting to help us demonstrate the value of every aspect of our operation. But while this year we introduce a new focus on our financial, governance, human, infrastructure, sustainability and social capitals, you will also see these continue to be underpinned by the strategic pillars we have been focusing on for several years. The synergy between our strategic approach and the international integrated reporting standards highlights the consistent approach we've taken to assets and their contribution to the region, the economy and the community for some time.

The human element of our Group is one I'd like to pay particular attention to. During the last two years, every one of our team has had some part of their work and life impacted by COVID. I'd like to take this opportunity to thank our team right across the Group for their resilience, flexibility and commitment. They have played an integral role in providing our community with a range of key services, while facing extraordinary disruptions in their own lives. I'd also like to highlight the role of our chairs, chief executives, boards and senior staff who have risen to the challenges of this extraordinary time.

Early this year Paul Munro departed from his role as CCHL chief executive. Among his many achievements, Paul played a vital part in managing and maintaining the performance of the organisation during the initial phase of COVID. I'd personally like to thank him again for his dedication and hard work through this period.

With the earthquakes, the tragedy of March 15 terrorist attacks, and COVID, there is little doubt that as a community, we have been thoroughly tested over the last decade. However, I believe Christchurch is now shifting from a phase of recovery into one where the benefits of the transformation it has undergone over the last ten years are starting to be seen. We operate in a city that represents a truly 21st Century vision of what our community can be – one where all of our hard work and the investment in assets and infrastructure, is starting to provide a significant pay-off for the people that live and work here, and those that visit.

As part of the CCHL Group, I'm especially proud of the part we've been able to play in laying the foundations, sometimes quite literally under the surface of the city, for this future. This city is a great place to be and will get even better in the future. The current issues will pass. And ultimately, there's a strong and growing sense of optimism about the city and what that future will hold. We're looking forward to continuing to play a role in realising the opportunities this will bring.

This will be my last annual report after six years on the board, and five and half as Chair, as my travel requirements no longer enable me to meet the increasing level of commitment required of the role. Those six years have encompassed a lot, from implementing the capital release programme post-earthquakes; diversifying our funding base to include listed debt; completing the investment phase of Enable; COVID; and much more. No matter how challenging the circumstances have been at times, I have always felt it to be a privilege to have been given the responsibility of leading the governance of such a range of investments, that benefit the City and region in so many ways. I would like to express my sincerest thanks to the CCHL team, current and past members of the Board and the directors and senior leaders of the subsidiaries who I have worked alongside, for making the CCHL Group what it is today. I would also like to acknowledge the contribution of Greg Campbell, who resigned in June, having served on the Board for four and a half years. His wide-ranging experience was much appreciated on the board.

JEREMY SMITH
Chair

A NEW APPROACH TO REPORTING

Like many leading businesses around the world, including several within the CCHL Group, we are beginning to adopt the process of integrated reporting in our Annual Report.

In many ways, the Group has been thinking and reporting about its activities in an integrated way for some time. CCHL's core strategic pillars: Financial, People, Kaitiakitanga, Mana and Sustainability, which were underpinned by Governance as our foundational principle, have been used as a basis for reporting for several years. These pillars were developed as a way of thinking about our group as a whole, the relationships we hold and how our work improves – and impacts – our community, our environment and our economy.

The interrelationship between these pillars has been an important way for our Board and our business to understand how the Group was performing and how we measure that progress against our goal of improving the social, environmental and economic well-being of our community.

At a structural level, the way we have thought about our strategic pillars also ties well to what integrated reporting defines as 'capitals'. These are not just about producing monetary returns – financial capital, but include our oversight (governance), human (people), infrastructure (kaitiakitanga), social (mana), and natural (sustainability) capitals.

Overall, the process of integrated reporting is designed to help businesses understand and demonstrate the value they create, and the impacts – both good and bad – of how that value is established. At its heart, integrated reporting is about better communicating not only what we do and the results we have achieved, but also how we work and the effects those processes have on the place we share.

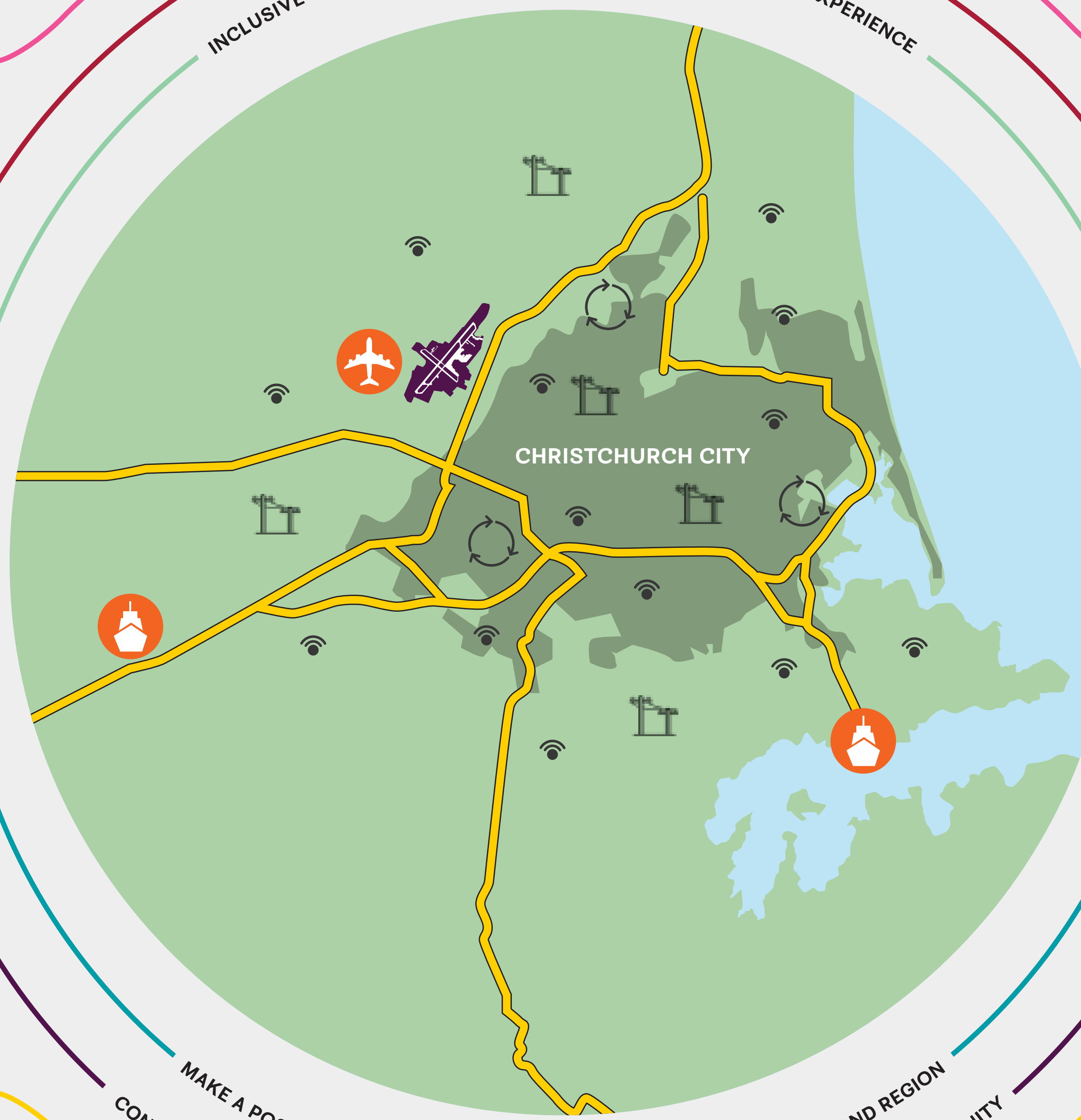
As an organisation that holds essential infrastructure assets over the long term, for the benefit of our community, integrated reporting is both a natural progression and an important next step in the way we think about what we do now, the opportunities we have ahead of us and the decisions we make to reach our goals.

Like many things in business, integrated reporting is a journey. This year's report is the first step in that process. And with the support of our wider Group, the more integrated we become in our reporting, the better we will be able to identify and share the progress we are making for the good of our region and our community.

OUR CAPITALS

Conceptual framework which is intended to inform our journey to fully integrated reporting.

Capital	INPUTS	WHAT WE DO	OUTCOMES/MEASURES
FINANCIAL CAPITAL (FINANCIAL)	Christchurch City Council; LGFA; Debt markets (bond holders); Banks; Retained earnings	PROVIDE SUSTAINABLE DIVIDENDS TO THE CITY	NPAT; Investment; Sustainable dividends; Prudent financial ratios; Integrated reporting — FINANCIAL SUSTAINABILITY
GOVERNANCE CAPITAL (FOUNDATION)	Christchurch City Council; Independent directors; External Assurance; Legislation/ Regulation	PRUDENT, LONG-TERM GOVERNANCE AND OVERSIGHT	LOE/SOI; Governance reviews; Diverse boards; Associate director programme; Risk and assurance; Group co-ordination and collaboration — STRONG STEWARDSHIP
HUMAN CAPITAL (PEOPLE)	People; Skills & Training; Leadership; Inclusive work place; Cultural development	INCLUSIVE WORK PLACE THAT VALUES DIVERSITY, SKILLS AND EXPERIENCE	Diversity and inclusion; Pay equity; Health & safety; Workplace culture; Future fit workforce — INCLUSIVE WORKPLACE
INFRASTRUCTURE CAPITAL (KAITIAKITANGA)	Essential infrastructure assets; Long-term strategic plans; Asset & facilities management plans	MAKE A POSITIVE DIFFERENCE TO SUSTAINABLE GROWTH OF THE CITY AND REGION	Accessible reliable infrastructure; Asset management benchmarking; Strategic development/ investment; New technologies; Economic impact — INCLUSIVE INFRASTRUCTURE
SOCIAL CAPITAL (MANA)	Christchurch City Council; Subsidiaries; Community; Mana Whenua; Stakeholders	CONTRIBUTE TO A LIVEABLE, WORKABLE CITY, SUPPORTING THE WELLBEING OF OUR COMMUNITY	Liveable/ workable city; Social impact; Living wage; Community engagement; Resilience; Local procurement — GROW SOCIAL CAPITAL
NATURAL CAPITAL (SUSTAINABILITY)	Natural environment; Environmental guardianship; Biodiversity; Renewable/ non-renewable resources	ESTABLISHING A PLATFORM FOR LEADERSHIP AND INVESTMENT IN SUSTAINABILITY	Environmental impact; Biodiversity; Leadership initiatives; Sustainable Finance Framework — LEADERSHIP IN SUSTAINABILITY



Citycare Group

Citycare nationwide construction and maintenance

OUR BUSINESS STRATEGY

CCHL's mission is to support the future growth of Christchurch by investing in key infrastructure assets that are 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 investments are to deliver strong financial returns and dividends to the Council.

CCHL is responsible for monitoring the performance of each of its subsidiary companies against their stated economic, environmental and social performance objectives and against relevant benchmarks, and endeavour to put proper governance procedures in place. The CCHL SoI sets out its core functional roles:

CCHL's strategic framework helps shape our approach to how and what we do to pursue our purpose.

RESPONSE TO COVID

As outlined in the Chair's report, the Group has continued to be tested by both the immediate impacts of COVID and a raft of downstream effects, from disrupted supply chains and spiralling inflation to a constricted labour market and a wave of staff and community illness.

However, as part of our focus on our community, the Group also continued to play an important role in not only maintaining essential services but also helping support the region's - and the country's - response to the pandemic.

A key part of that response has been monitoring the spread of the virus. As wastewater testing was extended around New Zealand during the pandemic, Citycare Water's Clutha team played an important part in this early warning system. They collected raw sewage samples in the towns of Milton and Balclutha on behalf of the Clutha District Council and then sent them to the Institute of Environmental Science and Research (ESR) for analysis of traces of COVID-19.

Sitting as they do across the borders of our region, both Christchurch Airport and LPC continued to play an integral role in protecting our community. For LPC, this included regular testing for staff and the monitoring and management of appropriate border controls for visiting crews.

To maintain resilience in the people who run essential services, during heightened alert levels and traffic light settings, Orion maintained separation of essential control room and customer support team members, split across separate sites. Orion continues to implement its Pandemic Response Plan, which sets out a range of protocols for how the business undertakes core functions and provides a continuous supply of electricity to the community during the widespread health emergency.

As the ongoing impacts of COVID saw people working from home and learning occurring away from the classroom, reliable fibre connectivity has increasingly been seen as essential infrastructure. Reliable digital networks help to ensure business continuity and the maintenance of core health and education services. As a result, the use of Enable's network continued to rise.

While the pandemic has certainly influenced almost every part of EcoCentral's activities, particularly with the impacts of a disrupted global supply chain, the business was able to maintain a good level of trade. EcoCentral mitigated some of the shipping issues with short term storage, which avoided sending material to landfill, but created additional costs. Continued uncertainty in recycling markets and changes in packaging and waste avoidance mindsets, has seen an increased interest on the sector and a genuine desire to "do the right thing" at both a business and individual level.

FINANCIAL CAPITAL

Financial

NET PROFIT AFTER TAX:

121 $MILLION FY22 Actual

92 $MILLION FY21

FY22 SOI TARGETS:

65 $MILLION 2022

83 $MILLION 2023

98 $MILLION 2024

DIVIDEND PAYMENTS ORDINARY DIVIDEND:

16.1 $MILLION FY22 Actual

34 $MILLION FY21 Actual

NET DEBT/NET DEBT PLUS EQUITY:

45.7% FY22 Actual

49.6% FY21 Actual

RETURN ON AVERAGE EQUITY:

5.4% FY22 Actual

4.7% FY21 Actual

SHAREHOLDERS FUNDS/ TOTAL ASSETS:

46.3% FY22 Actual

42.8% FY21 Actual

2022 GROUP RESULT

The reported consolidated Group profit for the year ended 30 June 2022 was $121 m compared to a 2022 Statement of Intent (SoI) target of $65m and last year's profit of $92m.

The 2022 result was driven by:

- increased container volumes and pricing at LPC;
- Enable's connection growth;
- a non-taxable fair value gain on the land component of CIAL's investment property portfolio; and
- a solid performance from Orion.

RECOVERY FROM COVID

As New Zealand has continued to operate and recover from the impacts of the global pandemic, the Group has continued to rebound from the impacts of COVID and contribute to the city's economic and social recovery. Whilst some of CCHL's trading entities have seen significant changes to their operating environment and performance over this time, the Group holds a diverse group of key infrastructure assets and has the ability to balance the challenges of some of the entities in the short term, with others that have not been as adversely impacted.

PERFORMANCE

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

- Orion New Zealand (Orion) - above-budget electricity distribution revenue, Connetics exceeding profit budget and a favourable change in the fair value of interest rate swaps;
- Christchurch International Airport (CIAL) - due to an uplift in the value of its investment property portfolio and stronger than expected recovery in passenger numbers late in 2022, particularly domestic travel (at 92% of pre-pandemic levels);
- Lyttelton Port Company (LPC) - strong increase in export and import container volumes and uplift in pricing;
- Enable Services (Enable) - continued strong customer demand reflected in connection growth; and
- strong cost control across the Group.

Operating revenue was $1,056m in 2022 compared to $1,024m in 2021. The key contributors to the year-on-year movement were:

- LPC's revenue was up $20m, driven by increased charges and volume of its container trade;
- Enable's revenue increased by $12m, as connection numbers continue to rise;
- Orion's revenue increased by $11m driven by above-budget electricity distribution revenue
- CIAL's revenue remained consistent with previous year as a result of ongoing Government-imposed lockdowns and closed borders in response to COVID-19 and the resulting impact on aeronautical and terminal lease revenue; and
- Citycare's operating revenue fell by $11m as a result of the extended COVID lockdown in the Auckland region at the end of the 2021 calendar year.

Other gains amounted to $59m in 2022 compared with $50m in 2021, largely due to gains on disposal of property, plant and equipment in DCL and Citycare.

ASSETS

Group assets have increased to $5.3 billion from $4.8 billion, mainly due to:

- ongoing capital programmes at Orion, Enable and LPC;
- a continuation of CIAL's investment property development programme; and
- the valuation uplift on Orion's network assets and CIAL's investment property portfolio.

Overall, Group net assets increased from $2.1 billion in 2021 to $2.4 billion in 2022.

SUBSIDIARIES

Orion

Orion's full year net profit after tax is $2m higher than the prior year as a result of above-budget electricity distribution revenue, Connetics exceeding profit budget, and a favourable change in the fair value of interest rate swaps.

Orion paid $31m of fully imputed dividends to its shareholders, in line with its Statement of Intent Target.

Christchurch International Airport

The recovery of domestic aviation was strong post the opening of the borders in May 2022, with domestic passenger numbers hitting 92% of pre-pandemic levels in May and June 2022. This, coupled with the strength of the investment property portfolio and the continued compression of core controllable operating costs, has delivered a net profit after tax (including $52m fair value gains on investment property portfolio) of $59m for CIAL during 2022, an increase of 56% compared to the prior year. This favourable result was driven by the non-taxable fair value gain on the land component of CIAL's investment property portfolio, along with a stronger than expected recovery in passenger numbers.

CIAL paid $6.75 million of fully imputed dividends to its shareholders, lower than its Statement of Intent target due to the ongoing pressures as a result of COVID.

Total passenger numbers for the year were 3.3m, compared to 3.7m last year. Domestic passengers reduced 14 per cent year on year, and international passengers tripled with borders reopening after being closed for the previous year.

Lyttelton Port

LPC achieved net profit after tax of $19m in 2022, $1.2m better than the Statement of Intent target. This was due to a combination of strong cost control, increased pricing and container trade volumes, and a faster than expected recovery for most cargos following COVID-related lockdowns.

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

Enable Services

Enable achieved NPAT of $22.5m in 2022, $0.9m ahead of Statement of Intent. Enable's revenue grew to $94.5m from continued growth throughout the year, with over 144,000 customers now connected.

This customer-base underpins Enable's ongoing growth in telecommunications revenue. Another strong year in terms of financial performance and careful management of the business in the face of the global pandemic and the associated market uncertainty was a critical factor in this success.

Enable made total distributions of $20m, in line with its Statement of Intent target.

Citycare

Citycare's revenue dropped by $11m in 2022 compared to the prior year, resulting in a net profit after tax of $3.7m for the 2022 financial year, significantly below target as a direct result of the extended COVID lockdown in the Auckland region during Q3.

Consequently, Citycare made distributions to CCHL of $2.6m, below its Statement of Intent target.

EcoCentral

EcoCentral achieved NPAT this year of $2.3m, supported by healthy sales volumes, and rising commodity prices for recyclables.

EcoCentral made distributions to CCHL of $0.25m in line with its Statement of Intent target.

RBL Property

RBL Property delivered a profit of $0.5m from its investment property.

No distribution was made during the year in line with its Statement of Intent target.

Development Christchurch

DCL delivered a profit of $3.3m from gains achieved on the sale of property.

No distribution was made during the year in line with its Statement of Intent target.

GOVERNANCE CAPITAL

Foundation

PROMOTE BOARD DIVERSITY

30+

FEMALE DIRECTORS

COLLABORATION
Group participation Te Whāriki:

5 cross-company projects

GOVERNANCE: FOUNDATION

CCHL's core role is to provide best practice governance and oversight of Christchurch City Council's commercial investments. These investments have been made in the city's key infrastructure assets – providing power, internet connectivity, transport, shipping, recycling and asset management and maintenance services to meet the needs of our community.

CCHL's governance role is fulfilled through a number of established and transparent processes. These range from setting annual expectations for the performance of individual subsidiaries, through the Letters of Expectation and Statements of Intent, to regular monitoring and audited financial reporting. CCHL also selects and appoints all directors to its subsidiaries following approval by Council, except for Orion and CIAL for which minority shareholders have additional appointment rights.

COLLABORATION AND DEVELOPMENT

One of the unique advantages of the Group is the ability to maximise the benefits of its combined strengths. This includes the opportunity to collaborate on Group-wide initiatives, as well as the ability to provide cost-effective debt funding through the CCHL Intra Group Funding Facility (IGFF), which utilises CCHL's strong credit rating and its trust and reputation in the marketplace.

In late 2020, CCHL launched Te Whāriki, a shared human capital platform, which allows the Group to benefit from the scale and diversity of its people, and the skills and experience they have, to share knowledge, develop capabilities, attract talent, rebalance workloads and apply specialist capabilities. In this financial year, five cross-company projects were undertaken using the Te Whāriki platform. These included the gender balance research project, the digital learning and development programme pilot, the Māori Pathways programme, the Sustainability Working Group, and programmes supporting diversity and inclusion, and workforce planning and development.

BEST PRACTICE

CCHL's Board is made up of experienced independent directors and representatives of the Council, offering a diverse mix of professional skills, oversight and the strong representation of the needs of the local community. The board operates to the standards and practices established by the NZ Institute of Directors. The board aims to keep the Council informed of all major developments affecting the company's and Group's activities, while recognising the impact of commercial sensitivity.

CCHL also supports best practice within the Group by selecting and appointing directors for subsidiaries that display the right mix of industry, sector, strategic, community focus, technical skills and diversity.

FINANCIAL RETURNS

As outlined in the financial section of this report, CCHL's focus is to build on and protect the financial strength of the Group, taking a prudent, intergenerational view of the assets it holds for the community.

Despite the extensive impacts of COVID on the trading environment, this year's improved Group result reflected the ongoing value of this approach. Those results included returning $16m to the Council, and ultimately our community.

CCHL's role is also to seek investment opportunities that have the potential to enhance the economic, social and environmental well-being of the region and identify future regional infrastructural needs. These are wide ranging, from the focus across the Group on measuring and reducing the use of energy, to investment in unique projects, such as Christchurch airport's solar power project, which have long-term impacts on the liveability and environment in the region.

FOSTERING DIVERSITY

We value diversity and recognise that it brings wide ranging benefits. These include improved decision-making, better risk management, innovative thinking, community understanding and breadth of perspective. We want the Group to represent the diversity of the communities that they serve within Ōtautahi Christchurch and Waitaha Canterbury, as well as those across Aotearoa New Zealand. In recent years we have made significant progress on our journey to being gender balanced, with more than 30% female directors within the CCHL Group.

The introduction of our Associate Director programme has also provided an opportunity for new and emerging directors to gain crucial experience in a real governance environment. The programme, which assigns participants as an Associate Director for 18-months on a board within the Group, also adds to our future director talent pool. Programme participants come from a range of backgrounds and bring with them a wealth of knowledge and experience, and importantly, new ideas and perspectives which contributes greatly to making our boards function more effectively. The 2020 programme saw the appointment of seven candidates to CCHL subsidiary host boards.

INDEPENDENT EVALUATION

CCHL also draws on the professional expertise of independent auditors to ensure the performance of subsidiaries, as well as its own, meets the expectations set by the Council and the standards of best practice.

With two corporate and one sustainability bond listed on the New Zealand stock exchange, CCHL also conforms with the NZX's standards for continuous disclosure. The high credit ratings of these financial instruments also reinforce CCHL's commitment to prudent financial management.

HUMAN CAPITAL

People

1061
TE WHARIKI USERS

800
ACTIVE USERS PER MONTH

INCREASE IN ENQUIRIES:	INCREASE IN MENTORS:	CROSS-ORGANISATION COLLABORATION:
40% 2022	100% 2022	83% 2022

HUMAN: PEOPLE

Within the CCHL Group, our people come first. They are not only our ambassadors to the region but also represent and reflect the community we serve across the organisation. As one of the region's larger employers, we take our commitment to their growth, development and safety very seriously.

For our human capital, CCHL's focus is on facilitating equality, diversity and fair remuneration, while building strong leadership and a dynamic and appropriately skilled workforce. As part of this approach, we are always ensuring the health, safety and wellbeing of our people remains front of mind.

WORKPLACE CULTURE

Workplace culture is an important consideration across the Group. This means making a commitment to constant improvement, particularly when recognising where improvements are required.

One of the recent examples of this, is the culture review process being undertaken by LPC. Since the Maria Dew workplace culture investigation, LPC has committed to a six-monthly report on its progress, to share progress and hold the organisation accountable for its actions. In its second report, released in March, LPC highlighted areas covered in the initial review, including addressing immediate conduct concerns and 'us and them' barriers, while also introducing new areas: systems, processes and support as well as engagement.

DIVERSITY AND INCLUSION

Embracing and reflecting the culture of Ōtautahi Christchurch is also a vital part of working here. CCHL's He Huanui Māori Pathways programme is designed to help embed Te Ao Māori, Tikanga Māori, Mātauranga Māori and the principles of Te Tiriti o Waitangi within the Group.

Individual subsidiaries are also building on the inclusion programme, with initiatives like Orion's new diversity and inclusion programme, Ubuntu, and its Inclusion Council helping to unlock the potential that an inclusive and diverse workplace offers.

The Group is also undertaking the CCHL Gender Balance Research Project. With participation from across the Group, the project aims to understand how to improve the gender balance of the Group and support more women in the workplace.

FAIR REMUNERATION

Remuneration has been a focus across the Group, underpinning the value CCHL puts on its people. One of our largest employers, Citycare has been implementing a National Remuneration Framework for operational waged employees, with the Living Wage as the entry point. This framework provides for equitable remuneration across roles as well as providing support for career pathways. The framework is being phased in throughout 2022, on a collective-by-collective agreement basis.

SHARING KNOWLEDGE

The Te Whāriki platform has enabled CCHL to maximise our human capital – drawing on the breadth of experience across the Group, and the unique experience and expertise available within our teams.

This has seen a significant level of collaboration across the Group, as well as the opportunity for subsidiaries to use specialist knowledge to support key projects, like the application for EcoCentral's new sorting facility. EcoCentral has embraced the opportunity presented to source additional knowledge, while sharing its expertise on recycling and rethinking waste with the wider Group.

ENGAGEMENT AND DEVELOPMENT

Another focus of the Group is ensuring our people are engaged with their work and understand both the expectations of their roles and the pathways available to help develop their careers.

To help achieve that, Orion has implemented a new performance management programme, EmPowered, to drive performance, engagement and capability development. With this conversation-based programme, Orion team members are enabled to flourish and succeed at work while contributing to overall performance.

With the appointment of an Organisational Development Manager, Enable is investing greater effort in improving the employee experience, their capability development, and the organisation's future of work focus. This has seen Enable team members report a high level of engagement and feeling of support from their leaders.

The Group has partnered with one of the largest tech education specialists in the UK and Australasia to run a pilot of their learning management system. This pilot will see 50 people from across the Group becoming certified in a range of globally-recognised technology and project management disciplines.

INFRASTRUCTURE CAPITAL

Kaitiakitanga

GROUP ASSETS:

5.3 $BILLION

FY22

4.8 $BILLION FY21

GROUP NET ASSETS:

2.4 $BILLION

FY22

2.1 $BILLION FY21

INFRASTRUCTURE: KAITIAKITANGA

CCHL's role in the governance and oversight of the city's infrastructure is underpinned by the concept of Kaitiakitanga. We are the intergenerational guardians of these assets, which the Council has invested in to contribute not only to the services available to the city, but also the wellbeing of our community.

This means the performance of each of these assets, and the continuing investment we make in their development for the future, must be both commercially viable and environmentally and socially sustainable. By measuring across all of these metrics and evaluating the full range of impacts across our economy, our environment and our community, we can track the real impact of our infrastructure capital.

MANAGING FOR RELIABILITY AND RESILIENCE

One of the notable aspects of the Group's activities is that, for most of the services our subsidiaries provide, their presence is only really noticed when they are disrupted. Given how much our community relies on the essential services we provide, much of our focus is on building systems that are both reliable and resilient.

Over the financial year, our key network providers, Orion and Enable have achieved a strong record of network reliability. Total network availability for Enable was over 99.99%, while 92% of Orion's residential customers report they are satisfied with the reliability of their power service.

At times, however, these services are pushed to the limit by extreme events, highlighting the commitment of the team to reduce the impact of any disruption on the community. Citycare Water staff, for example, have a reputation and legacy as first responders during emergencies and extreme weather events. They also actively prepare to manage risk and protect our communities should these events occur. During the year, Citycare Water's teams responded to numerous major weather events in Christchurch, New Plymouth and Auckland.

INVESTMENT IN THE FUTURE

The long-term view we take of our infrastructure assets means planning for the future growth and development of the region. How new technology and innovation might play a role in meeting the evolving needs of our community, is a major focus.

This can be seen in the development of the city's fibre network. At the end of 2021, Enable increased connection speeds to 300 Mbps for the majority of its customers, while also launching Hyperfibre in the central city. Both businesses and visitors to the city will now also benefit from a new Christchurch Free Wi-Fi service. Powered by Enable's gigabit fibre broadband network, the free Wi-Fi zone extends from the Bridge of Remembrance, along Oxford Terrace to Victoria Square, across to Colombo Street and back down to the Lichfield Street corner.

Both Christchurch Airport and LPC have also been making significant strategic investments in the key assets which will sustain ongoing growth.

In a measure of the growth of activity through the container port, in June 2022, LPC passed a half million TEU (twenty-foot equivalent unit - a measure of container cargo volume). LPC has invested heavily in infrastructure and plant to handle the increase in container volumes. Currently, an $85 million expansion of the Container Terminal on the Te Awaparahi Bay reclamation is underway, which will lift the capacity of the Terminal from 500,000 TEU to 620,000 by the end of this year. This comes on top of the doubling of rail capacity through the investment in a new, second rail siding, the purchase of a fleet of Noell 1-over-3 straddles, and the construction of reefer towers. Since 1973, LPC has exchanged more than seven million TEU, growing in the last 50 years from just 1000 TEU annually to 503,000 TEU this year.

SUPPORTING THE CITY'S GROWTH

From the international online business opportunities managed through our fibre network, to export volumes through the airport and port, our infrastructure network also plays a key role in supporting the growth and development of the city.

One area where that growth has been most evident is in the city-wide building boom. A measure of this has been seen in the demand for new electricity connections - with Orion seeing a record 6,000 connection requests in the financial year.

Increasing interest in decarbonisation and energy independence are also reflected in a 100 per cent upsurge in requests for solar connections in residential and business premises in this year's April to June quarter, compared to last year - up from 86 to 173. These solar connections require careful management of their capability to put excess power back into the grid, particularly to ensure the safety of crews working on lines nearby.

BUILDING SUSTAINABLY

Managing the growing demands of our region sustainably also requires careful consideration of how our infrastructure network is managed, and where key impacts can be managed by a focus on reducing impacts.

Across the Group, managing the use of energy has been a priority. For example, by replacing 30,000 streetlights in the city with long-lasting and energy efficient LEDs - a project Orion subsidiary Connetics has been partnering with the Council since 2008, ratepayers have been saved more than $1.5m per year on electricity and maintenance costs.

Part of the focus too, is on sharing the knowledge of the Group to influence behaviours. EcoCentral has been playing a key leadership role in this regard. The business has benefitted from the greater profile for the industry both in recognition of the work they do to promote recycling and waste reduction ideas, as well as improved interest in avoiding waste by using recycling and reuse services.

ENHANCING OUR LIVEABILITY

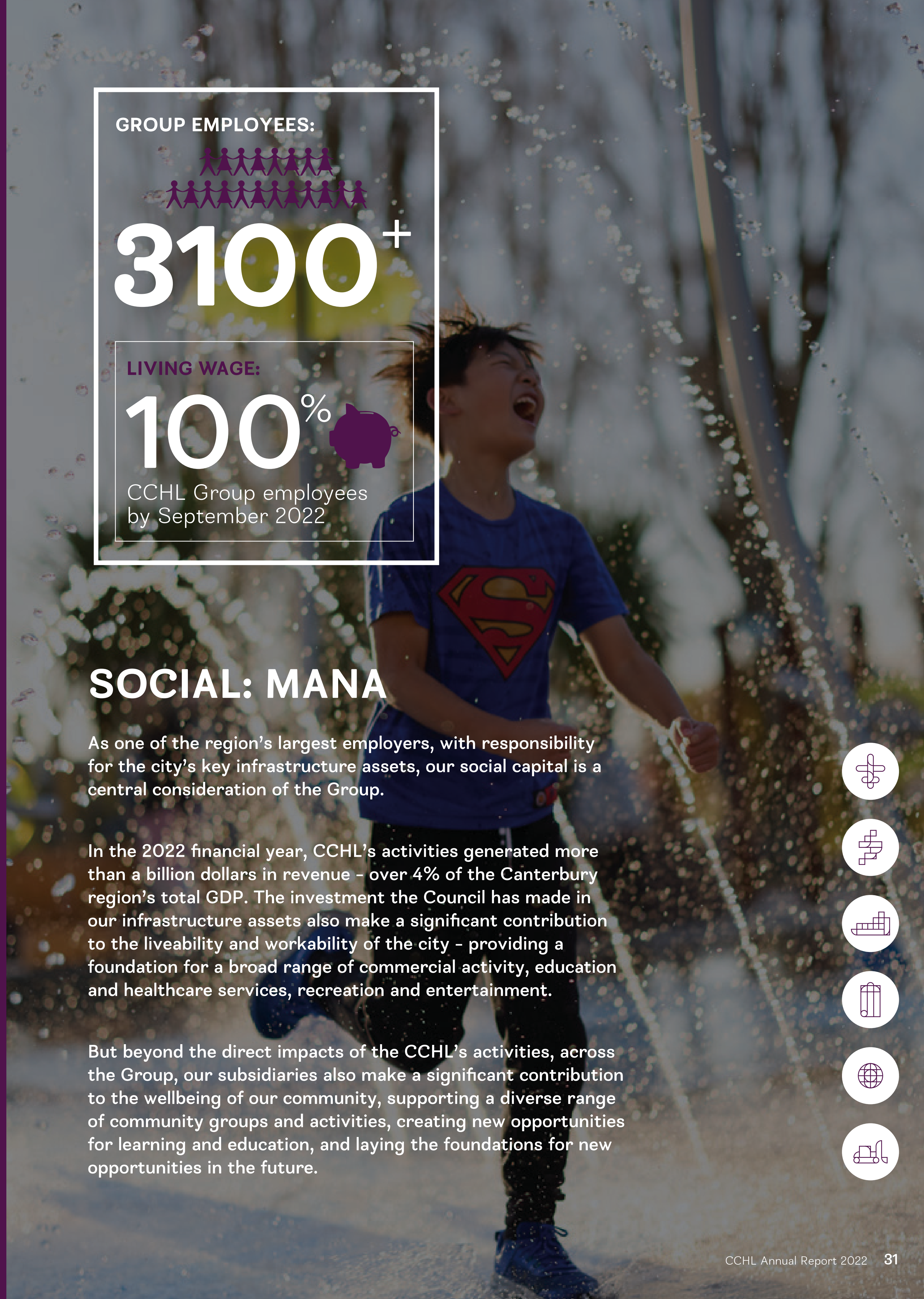
Some of the most rewarding ways our community interacts with our services is through the recreation and leisure assets the Group develops and maintains.

Citycare plays a significant role here, working to develop and maintain parks, playgrounds, walkways and playing fields around the country. Citycare Property is responsible for the care and maintenance of more than 140 playgrounds across New Zealand. While the bulk of this is scheduled work to ensure playgrounds and their environments are safe and well maintained, Citycare's specialist team – which has more than 20 years' experience in soft and hard landscaping – also delivers the design and installation of new playground environments as needed. Recently completed playgrounds include Falcons Landing, Harrington Park, Barrington Park, Kings Park, Radley Park and Little River.

The Christchurch Tram is an icon of the city, loved by tourists and residents alike. In a major extension of the attraction's route through the inner city, Orion subsidiary Connetics designed and constructed the overhead line and lighting for the Christchurch Tramline extension, which opened on 2 June 2022. The extended track now includes 18 stops along a 5-kilometer track linking various aspects of the city.

SOCIAL CAPITAL

Mana



GROUP EMPLOYEES:

3100+

LIVING WAGE:

100%

CCHL Group employees by September 2022

SOCIAL: MANA

As one of the region's largest employers, with responsibility for the city's key infrastructure assets, our social capital is a central consideration of the Group.

In the 2022 financial year, CCHL's activities generated more than a billion dollars in revenue – over 4% of the Canterbury region's total GDP. The investment the Council has made in our infrastructure assets also make a significant contribution to the liveability and workability of the city – providing a foundation for a broad range of commercial activity, education and healthcare services, recreation and entertainment.

But beyond the direct impacts of the CCHL's activities, across the Group, our subsidiaries also make a significant contribution to the wellbeing of our community, supporting a diverse range of community groups and activities, creating new opportunities for learning and education, and laying the foundations for new opportunities in the future.

SHARING THROUGH TECHNOLOGY

The use of technology has provided our subsidiaries with innovative ways to engage with our community and ensure that the benefits of digitisation are equally distributed.

To address the city's digital divide, Enable has been focused on unique areas of need. Enable partners with the Ministry of Education to provide a free broadband service to eligible school students without access to the internet, where there is Enable network infrastructure installed in the home.

Working with Canterbury's start-up incubator, the Ministry of Awesome, Orion designed and launched the Orion Energy Accelerator. As a result of the Accelerator, Christchurch charity Empower Energy is developing an app to enable owners of residential solar panels to donate their unused power to the grid, raising money for charities assisting people with their energy expenses in the winter months.

MODELLING THE CHANGE

Across the Group, teams are also taking the opportunity to leverage their expertise, to both improve outcomes for the community and share knowledge that will help shape the city's future.

A number of the subsidiaries are focused on education projects, such as the Tread Lightly initiative supported by Citycare Water. This school programme provides thousands of children with education on sustainability and caring for our waterways. Children learn the difference between the wastewater and stormwater systems and the effects that pollutants, contaminants, and litter have on our waterways.

Orion is also exploring ways to help its customers who are exposed to energy hardship. In a trial started in 2021, Orion has teamed up with Ōtautahi Community Housing Trust to install electricity and environmental sensors in 17 homes owned by the trust. The sensors provide householders with real-time information that can help them power their home more efficiently.

DIRECT IMPACT

The Group also plays an important role in supporting a raft of community events, activities and causes.

Over the last financial year, this has ranged from a $150,000 donation made by LPC to support the development of a purpose-built museum in Lyttelton, Te Ūaka Lyttelton Museum on a site gifted to the community by Christchurch City Council, to Enable's fundraising for numerous causes including the City Mission food drive, Movember and Sweat with Pride, men's health issues and rainbow communities.

COMMITMENT TO MANA WHENUA

He Huanui Māori Pathways is a programme co-ordinated on behalf of CCHL by leads from Lyttelton Port Company and Citycare Property. It was established in 2021 in response to the Group's shared desire to improve capability, knowledge, and confidence in the areas of tikanga Māori, Mātauranga Māori, te reo Māori and Te Ao Māori.

The programme is supported, guided, and led by a rōpū comprising of employees from the CCHL Group. The Mahi Hōtaka (programme of work) is driven by a shared authentic commitment for organisations and individuals to draw what they need to from the programme.

The rōpū has established four workstreams - Embedding Tikanga into Practices, Cultural Capability, Māori Career Pathways and Iwi/Rūnanga relationships. Within these workstreams, a number of initiatives have been introduced, including marae hui, te reo lessons, workshops on tikanga and Te Tiriti o Waitangi and the development of Te Kete Mātauranga for CCHL employees.

We are partnering with Māori stakeholders to help us implement He Huanui Māori Pathways and we would like to acknowledge the incredible support and guidance provided by Ngāti Wheke over the past 12 months.

BUILDING COMMUNITY

The Group's resources can also make a major impact on the environment our community shares, providing new spaces to celebrate the culture and heritage of our region.

On June 24th, 2002, the very first Matariki public holiday, Pou Tū te Raki o Te Maiharanui - designed and carved by Ngai Tahu artist and master carver Fayne Robinson - was unveiled at the newly restored Takapūneke Reserve. The reserve holds sacred value for the local hapu, Ngāi Tarewa and Ngāti Irakēhu and is a critical historical site for Canterbury. Having worked with Christchurch City Council on other significant social infrastructure projects, including Victoria Square and the Bridge of Remembrance, Citycare Property's Open Spaces Maintenance team was selected to act as lead contractor on this nationally significant project.

NATURAL CAPITAL

Sustainability

GHG EMISSIONS

NOV 22

ALL SUBSIDIARIES PLAN TO BE AUDITED

GROUP INTEGRATED REPORTING BY:

2024

NATURAL: SUSTAINABILITY

As Aotearoa grapples with the fundamental challenges created by climate change and biodiversity loss, the Group has been increasingly focused on not only directly contributing to improvements in sustainability, but also planning and establishing the foundations for a long-term sustainable future for the city, the region and the country.

This involves monitoring and measuring the impacts of our own activities and seeking ways to mitigate the impacts we make. It also sees the Group deeply engaged in their local community, working across the region to support a wide range of environmentally focused projects.

Sustainability challenges are being met by the work of the CCHL Sustainability Working Group (SWG) which includes members from all the CCHL subsidiaries. Key focus areas for the SWG include the reduction, reporting and disclosures of Greenhouse Gas Emissions (including supply chain), carbon offsetting programmes, setting, implementation and achievement of science-based targets, biodiversity frameworks and sustainability capability building and leadership.

A FINANCING FRAMEWORK FOR SUSTAINABILITY

To reflect the importance of sustainability to our business, CCHL has been working to establish a new framework that provides a platform for increased leadership and investment in sustainability.

CCHL's Sustainable Finance Framework was adopted in October 2021. The initial priority of the Framework was to support the refinancing of a loan from Crown Infrastructure Partners used to construct the Enable fibre-optic network.

However, the Framework has been designed to be broad enough to support investment in any business, projects, assets, or activities that deliver positive environmental and social goals, particularly those that are consistent with the UN's Sustainable Development Goals (SDGs). The SDGs include a wide range of targets, from reducing poverty and hunger, to supporting climate action and providing affordable clean energy, as well as the development of sustainable cities and investment in innovation and infrastructure.

Under the Framework, CCHL launched its first Sustainability Bond offer in late October 2021, with $150 million allocated. The successful launch of the bond – only the second sustainability bond issued in New Zealand – is a major milestone that reflects CCHL's approach to providing long-term economic, social and environmental returns to the city and region.

PROVIDING LEADERSHIP

One of the key measures the Group sets for its sustainability capital, is the ability to show leadership and foster best practice in the region.

Sustainability is a cornerstone of EcoCentral's business activity, both as part of its own operations and as a representative of Christchurch City Council in the area of waste minimisation.

In 2021, EcoCentral was granted a Deed of Funding for a $16.8M upgrade of the EcoSort recycling facility. This major upgrade project began at the start of 2022, with the project providing greatly enhanced processing of plastics in New Zealand and vastly improved quality of fibre commodities for both onshore and overseas markets. This significant investment in Canterbury's recycling future is due for completion in late 2022.

SHARING KNOWLEDGE

In 2021, Energy Academy launched LUMO, a free online series – including podcasts, live Zoom panels, interactive workshops and 'LUMO Lounges' – to bring a diverse voice to the big ideas facing the future of energy. Established by Orion, Energy Academy works with a range of organisations from the energy, public and education sectors to develop new capabilities and increased collaboration for the sector.

This kind of approach illustrates the Group's commitment to not only responding to the immediate issues facing our community – and in particular the environmental impacts of climate change – but to address the broader issues that will help make our community more sustainable in the long term.

REDUCING ENERGY CONSUMPTION

The way we use energy now is also a key consideration for the Group. This has included introducing new forms of efficient energy generation to help offset the impacts of our activities.

This approach can be seen in Christchurch Airport's Kōwhai Park project to create a range of green energies and in Enable's new programme to introduce solar energy to the buildings that power its network. Generating, on average, 13,700 kWh electricity each year for each of the three Central Offices where it has been installed, the project has reduced the buildings' total energy consumption by around 20%.

Our airport is widely considered a global leader in the transition of airports and aviation to a lower carbon future. In late 2020, it was recognised as world leading in airport decarbonisation when it became the world's first airport to achieve Airport Carbon Accreditation Level 4. As a result, it now mentors airports around the world on how to reduce emissions.

The airport will continue to address emissions reduction, ahead of science-based targets aligned with limiting global temperature rise to 1.5 degrees. This includes working with airline partners to accelerate the decarbonisation of the aviation sector.

CARING FOR OUR ENVIRONMENT

The Group also has an established history of working directly and alongside community groups on a wide range of environmental projects.

One of the local leaders in this regard is LPC, who have a strong focus on environmental work and the support of biodiversity in and around the harbour. In January, LPC announced its sponsorship of the Helps Pohatu Conservation Trust after a devastating storm in December wiped out penguin habitation. The sponsorship will go to researching the penguin's habitats, food supply and demographics. The trust says this study will help them make informed decisions for conservation planning around this taonga species.

Citycare is also directly involved in a number of significant projects, contributing to the health of our local environment, as well as long-term improvements to water quality and biodiversity values.

The Waimakariri Upstream Berm Transition Project is a three-year, native restoration and enhancement project covering 54 hectares of the Waimakariri River berm. Under the guidance of ECan, Citycare Property has been tasked with identifying and controlling a prescribed set of invasive tree and vine species, as well as establishing key areas of native planting – all designed to improve biodiversity by transforming the area from standing exotic flood protection trees and weeds into a more diverse and functioning habitat.

The Whakaora Te Ahuriri project to construct a wetland to improve water quality, mahinga kai and biodiversity values, is an example of strong partnerships across the community with mana whenua, farmers, local government, consultants, contractors, staff, and students coming together to deliver an outstanding result. Citycare Property contributed to this restoration project through the planting of more than 55,000 carex plants. Citycare will also provide ongoing maintenance of the area.

Christchurch City Holdings Limited

FINANCIAL STATEMENTS

For the year ending 30 June 2022

DIRECTOR'S RESPONSIBILITY STATEMENT

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 2022;
• the Statement of comprehensive income, the Statements of changes in equity and the Statement of cash flows for the year ended 30 June 2022; and
• the Statement of performance for the year ended 30 June 2022 (refer note 28).

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 2022.

The Board of Directors of Christchurch City Holdings Limited authorises these financial statements for issue on 30 September 2022.

For and on behalf of the Board.

Jeremy Smith
Chair
Christchurch
30 September 2022

Alex Skinner
Director
Christchurch
30 September 2022

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STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	Audited Group 2022 $000	Audited Group Restated 2021 $000	Audited Parent 2022 $000	Audited Parent 2021 $000
Non-current assets					
Investment in subsidiaries	3	-	-	3,330,543	3,182,411
Property, plant and equipment	5	4,062,988	3,774,360	208	234
Investment property	6	722,763	656,642	-	-
Advances to subsidiaries	24d	-	-	444,400	454,400
Other financial assets	11a	84,889	28,630	41,529	21,779
Intangible assets	14	24,963	24,218	-	-
Inventory	12d	7,957	16,675	-	-
Right of use assets	19c	31,049	28,464	361	425
Finance lease receivable	19f	38,290	40,559	-	-
Debtors and other assets	12a	5,469	6,155	-	-
Total non-current assets		**4,978,368**	**4,575,703**	**3,817,041**	**3,659,249**
Current assets					
Cash and cash equivalents	13	64,859	54,346	9,400	1,038
Debtors and other assets	12a	116,817	100,336	972	844
Contract assets	12e	24,302	18,896	-	-
Finance lease receivable	19f	3,460	3,363	-	-
Inventory	12d	26,140	19,379	-	-
Assets classified as held for sale	15	10,051	3,432	-	-
Advances to subsidiaries	24d	-	-	10,000	-
Other financial assets	11a	19,290	7,208	7,000	-
Current tax asset		8,934	8,550	-	-
Total current assets		**273,853**	**215,510**	**27,372**	**1,882**
Total assets		**5,252,221**	**4,791,213**	**3,844,413**	**3,661,131**
Non-current liabilities					
Borrowings	7	1,369,601	1,447,202	708,395	761,500
Net deferred tax liabilities	10d	429,959	358,205	-	-
Provisions and other liabilities	17	11,763	63,447	3,783	24,010
Lease liabilities	7c, 19b	66,248	65,748	381	440
Total non-current liabilities		**1,877,571**	**1,934,602**	**712,559**	**785,950**
Current liabilities					
Borrowings	7	759,795	633,691	425,000	384,700
Creditors and other payables	16	113,925	113,495	5,544	4,076
Provisions and other liabilities	17	47,573	42,862	87	2,054
Contract liabilities	12e	10,891	7,369	-	-
Lease liabilities	7c, 19b	8,332	7,841	-	-
Total current liabilities		**940,516**	**805,258**	**430,631**	**390,830**
Total liabilities		**2,818,087**	**2,739,860**	**1,143,190**	**1,176,780**
Net assets		**2,434,134**	**2,051,353**	**2,701,223**	**2,484,351**
Equity					
Share capital	22	94,144	94,144	94,144	94,144
Reserves	23	1,023,616	786,080	2,584,303	2,391,502
Retained earnings		886,738	799,947	22,776	(1,295)
Parent entity interests		**2,004,498**	**1,680,171**	**2,701,223**	**2,484,351**
Non-controlling interests	4	429,636	371,182	-	-
Total equity		**2,434,134**	**2,051,353**	**2,701,223**	**2,484,351**

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 2022

	Note	Audited Group 2022 $000	Audited Group Restated 2021 $000	Audited Parent 2022 $000	Audited Parent 2021 $000
Operating revenue	8a	1,055,651	1,023,793	65,588	76,833
Other income including revaluations of investment property	8b	59,492	49,833	158	91
Total revenue and gains		1,115,143	1,073,626	65,746	76,924
Operating expenses	9	745,564	716,917	4,629	3,009
Earnings before interest, tax, depreciation, amortisation, impairment and revaluation		**369,579**	**356,709**	**61,117**	**73,915**
Depreciation	5, 19c	141,081	141,126	92	93
Impairment	5, 14	(147)	10,050	-	-
Amortisation	14	7,430	6,850	-	-
Total depreciation, impairment, and amortisation		148,364	158,026	92	93
Earnings before interest and tax		**221,215**	**198,683**	**61,025**	**73,822**
Finance income		2,037	2,035	14,447	14,425
Finance costs	7	71,976	75,581	35,301	37,418
Net finance costs		69,939	73,546	20,854	22,993
Net profit/(loss) before tax		**151,276**	**125,137**	**40,171**	**50,829**
Income tax expense	10	30,658	37,355	-	-
Profit/(loss) from continuing operations (after tax)		120,618	87,782	40,171	50,829
Profit/(loss) from discontinued operations (after tax)	8c	-	4,068	-	-
Net profit/(loss) after tax		**120,618**	**91,850**	**40,171**	**50,829**
Other comprehensive income					
Items that will not be recycled to profit or loss:					
Revaluation of assets		231,960	149,998	-	-
Income tax effect		(47,326)	(38,322)	-	-
Revaluation of assets, net of income tax effect		184,634	111,676	-	-
Revaluation of carbon emissions units		1,035	-	-	-
Income tax effect		(290)	-	-	-
Revaluation of carbon emissions units, net of income tax effect		745	-	-	-
Items that may be recycled to profit or loss in future:					
Fair value gains on equity investments		-	-	148,132	253,619
Income tax effect		-	-	-	-
Fair value gains on equity investments, net of income tax effect		-	-	148,132	253,619
Fair value gains on cash flow hedges		118,888	52,030	44,669	24,528
Income tax effect		(21,116)	(16,081)	-	-
Fair value gains on cash flow hedges, net of income tax effect		97,772	35,949	44,669	24,528
Other comprehensive income for the year, net of tax		**283,151**	**147,625**	**192,801**	**278,147**
Total comprehensive income for the year, net of tax		**403,769**	**239,475**	**232,972**	**328,976**
Profit/(loss) for the year attributable to:					
Owners of the parent		102,096	78,103	40,171	50,829
Non-controlling interests	4	18,522	13,747	-	-
		120,618	**91,850**	**40,171**	**50,829**
Total comprehensive income attributable to:					
Owners of the parent		340,302	206,552	232,972	328,976
Non-controlling interests	4	63,467	32,923	-	-
		403,769	**239,475**	**232,972**	**328,976**

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 2022

	Note	Audited Share capital 22 $'000	Audited Asset revaluation reserve 23 $'000	Audited Hedging reserve 23 $'000	Audited Retained earnings $'000	Audited Attributable to equity holders of parent $'000	Audited Non-controlling interests 4 $'000	Audited Total $'000
Balance as at 1 July 2020		**94,144**	**725,147**	**(67,805)**	**756,116**	**1,507,602**	**341,470**	**1,849,072**
Prior period adjustment	27	-	-	-	(348)	**(348)**	-	(348)
Balance as at 1 July 2020 - Restated		**94,144**	**725,147**	**(67,805)**	**755,768**	**1,507,254**	**341,470**	**1,848,724**
Profit for the year - Restated		-	-	-	**78,103**	**78,103**	**13,747**	**91,850**
Other comprehensive income for year:								
Revaluation of assets		-	129,849	-	-	**129,849**	20,149	**149,998**
Revaluation of derivative financial instruments		-	-	46,595	-	**46,595**	5,435	**52,030**
Tax associated with revaluation movements		-	(33,407)	(14,559)	(30)	**(47,996)**	(6,407)	**(54,403)**
Total other comprehensive income for year		-	**96,442**	**32,036**	**(30)**	**128,448**	**19,177**	**147,625**
Total comprehensive income - Restated		-	**96,442**	**32,036**	**78,073**	**206,551**	**32,924**	**239,475**
Transfer on disposal of revalued assets		-	(106)	-	106	**-**	-	**-**
Dividends paid or provided for	22	-	-	-	(34,000)	**(34,000)**	(3,218)	**(37,218)**
Other		-	366	-	-	**366**	6	**372**
Balance as at 30 June 2021 - Restated		**94,144**	**821,849**	**(35,769)**	**799,947**	**1,680,171**	**371,182**	**2,051,353**
Profit for the year		-	-	-	**102,096**	**102,096**	**18,522**	**120,618**
Other comprehensive income for year:								
Revaluation of assets		-	190,920	-	-	**190,920**	41,040	**231,960**
Revaluation of carbon emissions units			1,035	-	-	**1,035**	-	**1,035**
Revaluation of derivative financial instruments		-	-	105,993	-	**105,993**	12,895	**118,888**
Tax associated with revaluation movements		-	(31,400)	(28,210)	(132)	**(59,742)**	(8,990)	**(68,732)**
Total other comprehensive income for year		-	**160,555**	**77,783**	**(132)**	**238,206**	**44,945**	**283,151**
Total comprehensive income		-	**160,555**	**77,783**	**101,964**	**340,302**	**63,467**	**403,769**
Transfer on disposal of revalued assets		-	(802)	-	802	**-**	-	**-**
Dividends paid or provided for	22	-	-	-	(16,100)	**(16,100)**	(5,013)	**(21,113)**
Other		-	-	-	125	**125**	-	**125**
Balance as at 30 June 2022		**94,144**	**981,602**	**42,014**	**886,738**	**2,004,498**	**429,636**	**2,434,134**

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 2022

	Note	Share capital	Asset revaluation reserve	Hedging reserve	Retained earnings	Attributable to equity holders of parent	Non-controlling interests	Total
		Audited	Audited	Audited	Audited	Audited	Audited	Audited
		22	23	23			4	
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2020		**94,144**	**2,163,587**	**(50,232)**	**(18,124)**	**2,189,375**	**-**	**2,189,375**
Profit for the year					**50,829**	**50,829**		**50,829**
Other comprehensive income for year:								
Revaluation of assets			253,619			**253,619**		**253,619**
Revaluation of derivative financial instruments				24,528		**24,528**		**24,528**
Tax associated with revaluation movements						**-**		**-**
Total other comprehensive income for year		**-**	**253,619**	**24,528**	**-**	**278,147**	**-**	**278,147**
Total comprehensive income		**-**	**253,619**	**24,528**	**50,829**	**328,976**	**-**	**328,976**
Dividends paid or provided for	**22**				(34,000)	**(34,000)**		**(34,000)**
Balance as at 30 June 2021		**94,144**	**2,417,206**	**(25,704)**	**(1,295)**	**2,484,351**	**-**	**2,484,351**
Profit for the year		**-**	**-**	**-**	**40,171**	**40,171**	**-**	**40,171**
Other comprehensive income for year:								
Revaluation of assets			148,132			**148,132**		**148,132**
Revaluation of derivative financial instruments				44,669		**44,669**		**44,669**
Tax associated with revaluation movements						**-**		**-**
Total other comprehensive income for year		**-**	**148,132**	**44,669**	**-**	**192,801**	**-**	**192,801**
Total comprehensive income		**-**	**148,132**	**44,669**	**40,171**	**232,972**	**-**	**232,972**
Dividends paid or provided for	**22**				(16,100)	**(16,100)**		**(16,100)**
Balance as at 30 June 2022		**94,144**	**2,565,338**	**18,965**	**22,776**	**2,701,223**	**-**	**2,701,223**

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 2022

	Note	Audited Group 2022 $'000	Audited Group 2021 $'000	Audited Parent 2022 $000	Audited Parent 2021 $000
Cash flows from operating activities					
Receipts from customers and other sources		1,042,773	1,015,378	-	-
Interest received		1,907	782	14,447	14,425
Dividends received		-	-	65,588	76,833
Payments to suppliers and employees		(771,969)	(716,311)	(4,023)	(3,213)
Interest and other finance costs paid		(70,605)	(68,618)	(34,258)	(31,249)
Income tax paid		(11,908)	(24,303)	-	-
Subvention payments		(12,858)	(2,153)	-	-
Other		884	(334)	-	-
Net cash provided by/(used in) operating activities	**25**	**178,224**	**204,441**	**41,754**	**56,796**
Cash flows from investing activities					
Amounts advanced to related parties		-	-	-	(85,000)
Payment for property, plant and equipment		(175,567)	(174,863)	(4)	(6)
Proceeds from sale of property, plant and equipment		8,437	3,884	-	-
Payment for intangible assets		(6,032)	(4,206)	-	-
Payment for investment properties		(20,212)	(31,246)	-	-
Payment for investment into bank deposits		(217,000)	(223,000)	(193,000)	(200,000)
Proceeds from bank deposits maturing		205,264	228,381	186,000	200,000
Other		5,719	11,188	(288)	(409)
Net cash (used in)/provided by investing activities		**(199,391)**	**(189,862)**	**(7,292)**	**(85,415)**
Cash flows from financing activities					
Proceeds from borrowing		391,384	390,150	200,000	255,000
Repayment of borrowings		(332,651)	(355,793)	(210,000)	(196,793)
Repayment of lease liabilities		(6,796)	(7,706)	-	-
Dividends paid	**22**	(16,100)	(34,000)	(16,100)	(34,000)
Dividends paid - non-controlling interests		(4,157)	(3,218)	-	-
Net cash provided by/(used in) financing activities		**31,680**	**(10,567)**	**(26,100)**	**24,207**
Net (decrease)/increase in cash and cash equivalents		**10,513**	**4,012**	**8,362**	**(4,412)**
Cash and cash equivalents at beginning of year		**54,346**	**50,334**	**1,038**	**5,450**
Cash and cash equivalents at end of year	**13**	**64,859**	**54,346**	**9,400**	**1,038**

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 2022. The financial statements were authorised for issue by the CCHL Board of directors on 30 September 2022. 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, in New Zealand dollars, are prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

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

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

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

Accounting policy - subsidiaries

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

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

Reporting Entity (continued)

Accounting policy – subsidiaries (continued)

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.

1 SIGNIFICANT CHANGES DURING THE PERIOD

COVID

As New Zealand has continued to operate and recover from the impacts of the global pandemic, the Group has continued to rebound from the impacts of COVID and contribute to the city's economic and social recovery. Whilst some of CCHL's trading entities have seen significant changes to their operating environment and performance over this time, the Group holds a diverse group of key infrastructure assets and has the ability to balance the challenges of some of the entities in the short term, with others that have not been as adversely impacted.

The overall impact of COVID on the Group has been reflective of the different sectors that each subsidiary operates in.

The following overview recognises the impact on each of the subsidiaries and their financial results:

Orion NZ Ltd (Orion):

COVID had minimal impact on the Orion Group during the year ended 31 March 2022, similar to the previous year. The Canterbury region was affected by a three week level 4 and 3 lockdown during August/September 2021. During these lockdowns, most of Orion's staff were working from home and business activity was predominately restricted to emergency works response, some essential preventative maintenance and high priority capital work. The group remained vigilant throughout the remainder of the year as the Omicron variant also became present in the community.

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

Christchurch International Airport Ltd (CIAL):

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

CIAL has seen a reduction in passenger numbers for the year ended 30 June 2022 and is forecasting a recovery back to pre-COVID levels over the next few years. Whilst domestic passenger travel has recovered strongly, despite periods of regional lockdown during the year, there remains uncertainty around the timing of the recovery trajectory for international air travel, given the ongoing uncertainty and disruption caused by COVID.

CIAL uses underlying forecast cash flows in some of its asset valuation and impairment models based on forecasts of passenger and visitor recovery trajectories using information available at the time of preparing these financial statements. As with all reasonable assumptions made at a point in time it is likely that the actual outcome may differ over time. Further disclosure around asset valuation approaches and impairment models is shown in notes 5 and 6.

Lyttelton Port Company Ltd (LPC):

LPC's financial performance improved in 2022, even though it was impacted operationally by COVID. LPC appreciates the incredible commitment shown by their team in this area, and the extensive testing and vaccinations required of frontline border workers. LPC is looking forward to welcoming back the cruise industry over the upcoming spring and summer season.

Enable Services Ltd (Enable):

The COVID level 4 and level 3 lockdown during August / September 2021 limited activity in the field and the Omicron variant severely impacted on the field workforce in March to May 2022.

As a result, gross telecommunications revenue was lower due to lower connections and operational service levels performance was also affected.

The availability of the Network is a testament the dedication of staff as a result of close management of Enable's connection field force and core network availability resulting from careful management of Enable's network assets. Furthermore, tight cost control ensured that Enable exceeded its full year profit target, ensuring payment of Enable's target dividend of $20m.

City Care Ltd (Citycare):

Citycare came close to achieving its budgeted revenue this year but fell short of its EBIT and NPAT targets largely as a result of the wider impacts of COVID, including lockdowns, staff absenteeism, supply chain disruption, reduced local government spending and increased inflation. Tight working capital management and relatively low capital spend gave rise to strong cash flows as Citycare worked towards protecting its bottom line.

EcoCentral Ltd (EcoCentral):

On 17 August 2021, EcoCentral was impacted by the Government's nationwide COVID level 4 lockdown. As an essential service, the EcoSort's recycling facility continued to operate during this time and the EcoDrop refuse stations also continued to operate for essential customers only. EcoCentral's EcoShop was closed and didn't reopen until Christchurch returned to level 2 on 2 September 2021. EcoCentral experienced a loss of revenue in excess of 55% during the first two weeks of the lockdown and received a wage subsidy from the government for this period. The wage subsidy was subsequently returned to the Government in February 2022 following a healthy rebound in revenue and profitability. EcoCentral also received $23,000 from the Government's COVID-19 Leave Support Scheme during the current year.

Overall, EcoCentral assesses that COVID-19 had a minimal impact on its operational results for the both the current and previous years.

Development Christchurch Ltd (DCL):

DCL continues to hold an equity investment in Leisure Investments NZ Limited Partnership (LINZ), trading as Christchurch Adventure Park, on behalf of Christchurch City Council. The closure of the Christchurch Adventure Park during Level 4 and 3 lockdowns impacted revenue during the current and prior years.

1. Significant changes during the period (continued)

Group impact:

All identified impacts of COVID have been reflected in the financial statements, and in the relevant note disclosures.

The primary area that COVID has impacted on the Group is in the estimates and assumptions in respect of the fair value measurement of property, plant and equipment and investment properties. Refer to notes 3, 5 and 6 for further detail on the assumptions used in the valuation and the sensitivity of fair value to changes in these assumptions.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the year ending 30 June 2022 are included in:

Note 3: Investment in subsidiaries
Note 5: Property, plant and equipment
Note 6: Investment property
Note 10d: Deferred tax
Note 19: Capital and lease commitments

Other key judgements and impacts

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

Actual results could differ from those estimates. Note 18 details the areas of judgement, estimates and assumptions relating to the preparation of the Group financial statements.

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 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 $111m (2021: $125m) mainly from sales by CIAL, LPC, Citycare and Orion (refer to note 24). All group assets are domiciled and operated in New Zealand.

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

Segment reporting explanation:

1. Revenue from external customers reflects the revenue of each separate segment excluding revenue earned from other group entities.
2. Segment profit/(loss) represents the actual profit/(loss) of each segment.
3. 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 2022 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 18a 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 2022

	Parent	Orion	CIAL	LPC	Enable	Citycare	RBL Property	EcoCentral	DCL	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue	65,588	313,015	138,807	161,699	94,590	308,242	771	43,462	5,817	(76,340)	1,055,651
Inter-segment revenue	(65,588)	(1,491)	(266)	(1)	(43)	(8,432)	-	(407)	(112)	76,340	-
Revenue from external customers	**-**	**311,524**	**138,541**	**161,698**	**94,547**	**299,810**	**771**	**43,055**	**5,705**	**-**	**1,055,651**
Interest income	14,447	3	60	128	210	272	14	69	103	(13,269)	2,037
Interest expense	(35,301)	(12,113)	(24,445)	(1,735)	(11,068)	(439)	-	(204)	-	13,329	(71,976)
Depreciation and amortisation and impairment	(92)	(55,376)	(35,849)	(14,834)	(27,350)	(10,908)	-	(4,385)	(341)	771	(148,364)
Net realisations and revaluations	-	92	47,340	37	10	3,052	625	250	4,707	-	56,113
Taxation expense	-	(12,984)	2,043	(7,978)	(8,897)	(1,739)	(58)	(911)	(1,286)	1,152	(30,658)
Segment profit/(loss)	**40,171**	**35,139**	**58,765**	**18,775**	**22,504**	**3,714**	**462**	**2,335**	**3,258**	**(64,505)**	**120,618**
Total non-current assets (excluding derivatives and deferred tax)	3,797,578	1,406,331	2,113,444	550,622	732,638	40,045	17,002	18,149	15,899	(3,774,163)	4,917,545
Total assets	3,844,413	1,483,509	2,149,601	621,451	751,483	135,293	18,851	30,974	31,035	(3,814,389)	5,252,221
Total liabilities	1,143,190	690,880	764,119	243,804	391,569	73,047	70	17,410	1,231	(507,233)	2,818,087
Additions to non-current assets	2	94,113	24,979	54,514	68,508	6,449	-	10,941	135	(2)	259,639

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 (2021: 96% of total revenue and 98% of total assets).

2b For the year ended 30 June 2021

	Parent	Orion	CIAL	LPC	Enable	Citycare	RBL Property	EcoCentral	DCL	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue	76,833	301,588	141,598	142,144	84,433	319,259	492	39,517	6,567	(88,638)	1,023,793
Inter-segment revenue	(76,833)	(1,098)	(1,102)	-	(5)	(8,416)	-	(443)	(741)	88,638	-
Revenue from external customers	**-**	**300,490**	**140,496**	**142,144**	**84,428**	**310,843**	**492**	**39,074**	**5,826**	**-**	**1,023,793**
Interest income	14,425	4	96	1,312	204	73	11	19	5	(14,114)	2,035
Interest expense	(37,418)	(11,345)	(23,530)	(3,322)	(13,270)	(647)	-	(288)	(28)	14,267	(75,581)
Depreciation and amortisation and impairment	(93)	(53,170)	(46,282)	(15,934)	(25,230)	(12,299)	(1,081)	(4,334)	(376)	773	(158,026)
Net realisations and revaluations	-	148	46,451	82	(251)	281	420	72	48	-	47,251
Taxation expense	-	(13,218)	(15,210)	(4,952)	(7,019)	(2,227)	(308)	(946)	337	5,763	(37,780)
Segment profit/(loss)	**50,829**	**33,193**	**37,281**	**15,972**	**15,821**	**5,625**	**3,060**	**2,427**	**(575)**	**(70,691)**	**92,942**
Total non-current assets (excluding derivatives and deferred tax)	3,659,249	1,248,884	1,963,143	516,645	722,872	49,031	16,190	11,474	24,823	(3,640,268)	4,572,043
Total assets	3,661,131	1,284,904	1,997,553	559,283	740,753	131,931	20,322	22,176	28,315	(3,655,155)	4,791,213
Total liabilities	1,176,780	606,730	796,970	196,539	383,343	70,799	2,003	10,960	1,893	(506,157)	2,739,860
Additions to non-current assets	8	86,732	37,675	44,627	63,774	5,683	-	308	154	(8)	238,953

The operating segment presented for RBL Property for the year ended 30 June 2021 comprises continued and discontinued operations with net profit after tax from discontinued operations reported directly in segment profit/(loss).

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 2022 $'000	Parent 2021 $'000
Orion New Zealand Ltd	3a	1,121,000	1,015,054
Christchurch International Airport Ltd	3b	1,176,000	1,141,000
Lyttelton Port Company Ltd	3c	376,000	376,000
Enable Services Ltd	3d	523,000	527,068
City Care Ltd	3e	74,200	68,768
EcoCentral Ltd	3f	14,763	13,260
RBL Property Ltd	3g	18,430	17,145
Development Christchurch Ltd	3h	27,150	24,116
Total investment in subsidiaries		3,330,543	3,182,411

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 2022 by Deloitte Limited (on behalf of the Deloitte Trading Trust) ("Deloitte"). 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.

3a Orion New Zealand Ltd

The investment in Orion was valued as at 30 June 2022 using a desktop update based on a full valuation undertaken as at 30 June 2021.

The investment in Orion New Zealand Ltd (Orion) was valued by Deloitte as at 30 June 2021 using the discounted cash flow methodology. Deloitte used Orion's forecasts of operating expenditure and capital expenditure to estimate a Regulated Asset Base (RAB) and populate a building blocks model to derive revenue and prepare cash flow forecasts for a 10 year period. The forecast cash flows were discounted back to the valuation date, using a discount rate that reflected not only the time value of money but also risk associated with the business's future operations. A weighted average cost of capital (WACC), assessed at 4.75% post-tax, was used to discount its future cash flows.

A terminal value was applied to reflect the value of Orion beyond the 10 year forecast cash flow period. Given the stable nature of the regulation and the Commerce Commission's Input Methodologies, the terminal value was based on a multiple of the forecast June 2031 RAB. A RAB multiple of 1.2x was applied, informed by recent transactions for New Zealand and Australian regulated businesses.

As at 30 June 2021 the Enterprise Value of Orion was assessed at $1,504m, implying an equity value of 100% of the shares of $1,137m. CCHL's 89.3% shareholding was therefore assessed at $1,015m.

Sensitivity analysis of the impact of different WACC assumptions on Orion's enterprise value as at 30 June 2021:

Change in	**Decrease $m**	**Increase $m**
WACC (+ or – 0.5%)	+$63m	-$67m

Sensitivity analysis of other assumptions (such as operating expenses) was not considered given the natural hedge aspect of Orion whereby material changes would be expected to be recovered in the future periods via the regulatory pricing framework.

As at 30 June 2022 Deloitte performed a desktop update assessment of the valuation of Orion. This implied an increase in the equity value of Orion to $1,256m and CCHL's shareholding in Orion to $1,121m. The increase was driven by a revaluation of the distribution network by Orion in its March 2022 financial statements and additional non-network assets purchased by Orion during FY22, partially offset by additional debt held by Orion. Given that the value change was driven by an increase in the underlying network value of Orion (which was based on a valuation commissioned by Orion) a desktop update assessment of CCHL's shareholding in Orion as at 30 June 2022 was considered appropriate.

3. Investment in subsidiaries (continued)

3b Christchurch International Airport Ltd

The investment in CIAL was valued as at 30 June 2022 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 for the airport's investment property portfolio assets and surplus land.

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 7.9% 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 $1,181m.

Sensitivity analysis of the impact of different assumptions on the value of CIAL's airport operations as at 30 June 2022:

Change in	**Decrease $m**	**Increase $m**
Revenue (+ or – 5%)	-$127m	+$127m
WACC (+ or – 0.25%)	+$51m	-$55m
Capital expenditure (+ or – 5%)	+$26m	-$26m
Operating expenditure (+ or – 5%)	+$47m	-$47m

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 $960m.

After deducting CIAL's net debt as at 30 June 2022, the value of CCHL's 75% shareholding was assessed at $1,176m.

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

3c Lyttelton Port Company Ltd

The investment in LPC was valued as at 30 June 2022 by Deloitte using a discounted cash flow approach 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 7.1% 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 $536m.

After deducting LPC's net debt as at 30 June 2022, the value of CCHL's shareholding was assessed at $376m.

Sensitivity analysis of the impact of different assumptions on LPC's enterprise value as at 30 June 2022:

Change in	Decrease $m	Increase $m
Revenue (+ or – 5%)	-$84m	+$84m
WACC (+ or - 0.25%)	+$64m	-$48m
Capital expenditure (+ or – 5%)	+$43m	-$43m
Operating expenditure (+ or – 5%)	+$53m	-$53m

3d Enable Services Ltd

The investment in Enable was valued as at 30 June 2022 using a discounted cash flow methodology.

Enable's forecast cash flows, based on its latest business plan, for the remaining expected life of the network 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. The full network life cash flows were utilised rather than a terminal value to explicitly recognise the lumpy major capital expenditure requirements to maintain the asset over it's life.

Enable's weighted average cost of capital, assessed at 7.7% post-tax, was used to discount its future cash flows.

A second set of cash flows were forecast to illustrate a potential higher level of competing access technologies such as 5G fixed wireless broadband. A lower weighted average cost of capital of 7.1% was assessed and applied to the lower cash flows in this scenario to recognise that one of the business' uncertainties that is reflected within Enable's cost of capital assessment has been explicitly allowed for in the forecast cash flows in this scenario.

The midpoint of two scenarios was assessed as the enterprise value of Enable, being $795m. After deducting Enable's net debt, allowing for its cash levels as at 30 June 2022, the value of CCHL's shareholding was assessed at $523m.

3d Enable Services Ltd (continued)

Sensitivity analysis of the impact of different assumptions on Enable's enterprise value as at 30 June 2022:

Change in	Decrease $m	Increase $m
Revenue (+ or – 5%)	-$73m	+$73m
WACC (+ or – 0.5%)	+$54m	-$61m
Capital expenditure (+ or – 5%)	+$18.5m	-$18.5m
Operating expenditure (+ or – 5%)	+$19.5m	-$19.5m

3e City Care Ltd

The investment in Citycare was valued as at 30 June 2022 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 and Citycare's Property business.

Citycare's forecasts for its Water and Property 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 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 10.1% post-tax for the Water business and 10.9% for the Property business, was used to discount their future cash flows.

A valuation cross-check, comparing the implied EBIT multiples with other comparable companies supported the discounted cash flow valuations of the respective divisions which aggregated to $60m.

Citycare holds a block of land which is now surplus to requirements and was in the process of being sold as at 30 June 2022. As its value is not reflected within the discounted cash flow valuations its expected sales value (net commission) has been added to the enterprise value. After deducting Citycare's net debt, and allowing for its cash levels as at 30 June 2022, the value of CCHL's shareholding was assessed at $74m.

A sensitivity analysis of the impact of different assumptions on Citycare's enterprise value was performed as at 30 June 2022 as follows:

Change in	Decrease $m	Increase $m
Gross Profit (+ or – 5%)	-$18.3m	+$18.3m
WACC (+ or – 0.5%)	+$3.8m	-$4.3m
Capital expenditure (+ or – 5%)	+$1.7m	-$1.7m
Overhead expenditure (+ or – 5%)	+$6.0m	-$6.0m

3f EcoCentral Ltd

The investment in EcoCentral was valued as at 30 June 2022 using a desktop update based on a full valuation undertaken as at 30 June 2021.

The investment in EcoCentral was valued as at 30 June 2021 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.

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 risk associated with the business's 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, assessed at 9.0% post-tax, was used to discount its future cash flows.

The resultant enterprise value of EcoCentral was assessed at $9.7m which, after allowing for cash and debt levels, equated to an equity value of $13m.

As at 30 June 2022 Deloitte performed a desktop update assessment of the valuation of EcoCentral. This involved obtaining EcoCentral's updated cash flow forecasts for the remaining life of its operating contract, updating the discounted cash flow modelling, updating Deloitte's view on discount rate for changes in the economic environment since June 2021, and allowing for EcoCentral's current level of debt and cash. This implied an immaterial increase in the equity value of EcoCentral to $14.8m.

3g RBL Property Ltd

The investment in RBL Property was valued as at 30 June 2022 using a desktop update based on a full valuation undertaken as at 30 June 2021.

The investment in RBL Property was last valued as at 30 June 2021 using the realisation of assets methodology. As at June 2021, RBL Property only held the remaining residual assets of the former Red Bus business being cash balances, tax liabilities, land and buildings, and some residual bus fleet. Consequently, it was considered appropriate at that stage to value RBL Property on a net asset orderly realisation basis. This methodology included significant discounts for realising the remaining assets and implied a valuation for CCHL's investment in RBL Property of $17m.

As at 30 June 2022 Deloitte performed a desktop update assessment of the valuation of RBL Property. This involved obtaining RBL Property's updated balance sheet and details of its remaining assets, and updating the realisation value assessment. This implied an immaterial increase in the equity value of RBL Property to $18m.

3. Investment in subsidiaries (continued)

3h Development Christchurch Ltd

The investment in Development Christchurch Ltd was valued as at 30 June 2022 using a desktop update based on a full valuation undertaken as at 30 June 2021.

The investment in DCL was last valued as at 30 June 2021 using the realisation of assets methodology. As at June 2021, DCL primarily held properties, cash balances and DCL's share in the Christchurch Adventure Park.

This methodology applied a mixture of contracted sales prices and independent valuations for the property assets and an assessment of the shareholding in the Christchurch Adventure Park based on it's net asset value. This methodology implied a valuation for CCHL's investment in DCL of $24m.

As at 30 June 2022 Deloitte performed a desktop update assessment of the valuation of DCL. This involved obtaining DCL's updated balance sheet and details of its remaining assets, and updating the realisation value assessment. This implied an immaterial increase in the equity value of DCL to $27m.

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 Group considers the investments to be strategic in nature.

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 2022, Orion New Zealand Ltd ('Orion') and Christchurch International Airport Ltd ('CIAL') were the only subsidiaries not 100% owned by CCHL.

	30 June 2022				30 June 2021			
			Consolidation				Consolidation	
	Orion	CIAL	adjustments	Total	Orion	CIAL	adjustments	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-controlling interest (NCI)	10.725%	25.0%			10.725%	25.0%		
Revenue	315,922	186,298			303,868	189,439		
Net profit after tax	35,139	58,912			33,193	38,658		
Other comprehensive income (OCI)	110,316	132,737			3,492	75,607		
Total comprehensive income	145,455	191,649			36,685	114,265		
Profit allocated to NCI	**3,769**	**14,728**	**25**	**18,522**	**3,560**	**9,665**	**522**	**13,747**
OCI allocated to NCI	**11,831**	**33,184**	**(70)**	**44,945**	**375**	**18,902**	**(101)**	**19,176**
Current assets	55,263	19,793			31,735	20,480		
Non-current assets	1,428,246	2,129,808			1,253,169	1,977,073		
Current liabilities	236,098	143,812			53,334	261,954		
Non-current liabilities	454,782	620,307			553,396	535,016		
Net assets	792,629	1,385,482			678,174	1,200,583		
Carrying amount of NCI	**85,009**	**346,371**	**(1,744)**	**429,636**	**72,734**	**300,146**	**(1,698)**	**371,182**
Operating cash flows	53,041	46,382			76,303	36,420		
Investing cash flows	(86,720)	(28,356)			(74,554)	(40,473)		
Financing cash flows*	31,323	(17,750)			(334)	4,000		
	(2,356)	276			1,415	(53)		
* Includes dividends paid to NCI	(3,325)	(1,688)			(3,218)	-		

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	Leased assets	Buildings	Plant & equipment	Electricity distribution system	Airport infra-structure assets	Harbour structures	Optical fibre network	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount										
Cost/valuation at 1 July 2020	767,743	-	553,639	469,782	1,033,440	433,786	380,223	625,149	76,909	4,340,671
Additions	5,800	-	492	21,464	50,478	-	16,301	28,952	88,607	212,094
Disposals	-	-	(620)	(51,794)	(1,080)	(617)	-	-	(289)	(54,400)
Net movements in work in progress	-	-	-	(61)	-	-	-	-	-	(61)
Re-classified as held for sale	-	-	-	(11,112)	(1,320)	-	-	-	-	(12,432)
Net revaluation increments/(decrements)	6,806	1,377	(46,918)	-	-	16,411	-	46,047	-	23,723
Transfers	(25,225)	6,011	14,483	10,775	-	10,227	-	-	(57,433)	(41,162)
Cost/valuation at 30 June 2021	755,124	7,388	521,076	439,054	1,081,518	459,807	396,524	700,148	107,794	4,468,433
Additions	1,321	-	331	17,283	93,496	-	543	840	81,287	195,101
Disposals	(1,035)	-	(338)	(23,975)	(1,018)	(7)	-	(63)	(90)	(26,526)
Net movements in work in progress	-	-	-	-	-	-	-	-	10,064	10,064
Re-classified as held for sale	(9,780)	-	-	3,446	-	-	-	-	-	(6,334)
Net revaluation increments/(decrements)	110,174	147	201	590	(6,087)	18,700	-	-	-	123,725
Transfers	(2,332)	7,388	2,485	14,496	(39)	4,634	5,429	31,847	(59,255)	4,653
Cost/valuation at 30 June 2022	853,472	14,923	523,755	450,894	1,167,870	483,134	402,496	732,772	139,800	4,769,116
Accumulated depreciation and impairment										
Accumulated balance at 1 July 2020	(85,449)	-	(76,638)	(328,750)	(1)	(20,363)	(213,131)	(148)	-	(724,480)
Disposals	-	-	611	39,929	684	9	-	-	-	41,233
Revaluation adjustments	-	-	73,082	-	(8)	32,206	-	20,989	-	126,269
Re-classified as held for sale	-	-	-	8,625	320	-	-	-	-	8,945
Revaluation adjustments charged to comprehensive income	-	-	(1,247)	-	-	-	(624)	-	-	(1,871)
Impairment losses	(54)	-	(4,357)	(1,120)	(2,263)	-	-	-	-	(7,794)
Depreciation expense	(48)	-	(30,374)	(25,005)	(41,001)	(11,856)	(5,066)	(20,989)	-	(134,339)
Transfers and other	(9)	-	(385)	(1,667)	-	-	(480)	-	505	(2,036)
Accumulated balance at 30 June 2021	(85,560)	-	(39,308)	(307,988)	(42,269)	(4)	(219,301)	(148)	505	(694,073)
Disposals	-	-	229	22,637	773	-	-	57	-	23,696
Revaluation adjustments	54	-	7,839	-	89,255	11,087	-	-	-	108,235
Re-classified as held for sale	-	-	-	(3,033)	-	-	-	-	-	(3,033)
Impairment losses	-	-	-	-	(3,664)	-	-	-	-	(3,664)
Depreciation expense	-	-	(29,281)	(22,211)	(42,242)	(11,087)	(6,448)	(22,935)	-	(134,204)
Transfers and other	-	-	-	(9,978)	2,545	-	-	-	-	(7,433)
Accumulated balance at 30 June 2022	(85,506)	-	(56,173)	(320,573)	4,398	(4)	(225,749)	(23,026)	505	(706,128)
Carrying amount at 30 June 2021	**669,564**	**7,388**	**481,768**	**131,066**	**1,039,249**	**459,803**	**177,223**	**700,000**	**108,299**	**3,774,360**
Carrying amount at 30 June 2022	**767,966**	**14,923**	**467,582**	**130,321**	**1,172,268**	**483,130**	**176,747**	**709,746**	**140,305**	**4,062,988**

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).

		2022	2021
Carrying amount significantly attributable to:	**% of Group**	$'000	$'000
Orion New Zealand Ltd	34.1%	1,387,095	1,230,437
Christchurch International Airport Ltd	34.3%	1,392,985	1,307,628
Lyttelton Port Ltd	12.5%	507,674	469,845
Enable Services Ltd	17.7%	720,224	709,241
Other subsidiaries	1.4%	55,010	57,209
Total		4,062,988	3,774,360
% of Group Total		100%	100%

For assets that are revalued	**2022**	**2021**
If these revalued assets had been measured using the cost model, the net carrying amount would be:	$'000	$'000
Freehold land	354,112	353,829
Buildings	298,155	317,103
Plant & Equipment	107,538	105,712
Electricity distribution system	1,081,329	1,038,892
Airport infrastructure assets	184,920	190,922
Harbour structures	176,746	177,223
Optical fibre network	519,951	507,884
Other	91,154	56,356
Total	2,813,905	2,747,921

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

- land associated with aeronautical activities, retail facilities within the terminal and other commercial activities carried at $118m (2021: $99m)
- terminal facilities, being 35.3% of total floor area or $98m (2021: 36.3% of total floor area or $108m)
- buildings associated with aeronautical activities $20m (2021: $23m)
- land associated with Port activities $8.0m (2021: $8.0m)
- buildings associated with Port activities $0.1m (2021: $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 $1,182.5m 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 $1,233.8m. Of this total the fair value of easements as at 31 March 2022 of $2.1m (2021: $1.9m) 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 $14.4m/($14.4m)
- an operating expenditure increase/(decrease) of 5% would decrease/(increase) fair value by $12.6m/($12.6m)
- a discount rate increase/(decrease) of 0.5% would decrease/(increase) fair value by $56.0m/($58.9m)
- an increase/(decrease) in distribution revenue of 0.5% would increase/(decrease) fair value by $10.1m/($10.1m)

Orion New Zealand Ltd (continued)

As at 31 March 2020 the electricity distribution network, including substation buildings and easements, ('the network') was revalued to fair value of $1,044.6m, 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 considered the impact of COVID within its 2020 valuation and allowed a specific equity risk premium of 0.5% in its WACC calculation to allow for increased uncertainty in market conditions at the date of the valuation. This equated to 0.3% of total WACC. If this premium was changed/removed Deloitte would expect to consider a range of other assumptions. However, if a single point change was made to remove this, the valuation would have been $29m higher.

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

As at 31 March 2021 Orion engaged Deloitte to review the valuation of the electricity distribution network undertaken in the previous year. The 31 March 2021 review was also undertaken in accordance with NZ IAS 16, NZ IAS 36 and NZ IFRS 13. Deloitte used updated cash flow forecasts prepared by Orion. Deloitte used a similar methodology to that outlined above and determined that the fair value of the electricity distribution network was materially the same as carrying value at that date.

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 $140.6m 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)

Orion New Zealand Ltd (continued)

As at 31 March 2020 Orion engaged Marius Ogg of Colliers International Limited to value its land and non-substation buildings in accordance with NZ IAS 16, NZ IAS 36, and NZ IFRS 13. He used a similar methodology as that outlined above while also considering the impact of COVID within his valuation, and:

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

Marius Ogg determined a fair value of $108m for Orion's land and non-substation buildings.

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

As at 31 March 2021 Orion engaged Marius Ogg to review the valuation of its land and non-substation building assets. He updated values using a similar methodology to that outlined above and determined that the fair values of Orion's land and non-substation buildings were materially the same as carrying value at that date.

Minor land and building assets are carried at a combination of depreciated cost or government valuation totalling $1.0m as at 31 March 2022 (2021: $1.0m). The carrying value of freehold land also includes $2.1m (2021: $1.9m) of easements, valued as part of the electricity distribution network.

The carrying value of buildings and land improvements includes $2.7m (2021: $5.0m) of right-of-use assets (refer note 19c).

Christchurch International Airport Ltd

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

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

Revaluation of property, plant and equipment

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

Land

• Specialised assets: where there is no market-based evidence of the sale of such land the value has been determined taking into account:

– benchmark selling prices for land in the local commercial, industrial, service, residential and rural markets;

– its existing zoning;

– 'chance of change' methodology considering the chance of changing land zoning to an airport zone;

– adjustments to reflect the unique features of the land which includes its size, location, titles, easements and services; and

– the overall land use plan for the relevant campus site.

• Commercial portfolio: with valuations taking reference to the wider market for sales evidence of land zoned for similar permitted activities, with adjustments made for the size, location and physical characteristics of these assets.

Buildings

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

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

Christchurch International Airport Ltd (continued)

Hotel business assets

Hotel business assets 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. 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 2022 Land, Commercial Buildings, and Car Parking assets were revalued by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd. The Hotel business assets were valued by CBRE Limited as at 30 June 2022 and is included in the building revaluation. Sealed surfaces and infrastructure assets were valued by independent valuers WSP New Zealand Ltd as at 30 June 2022. The terminal assets and specialised buildings were last valued at 30 June 2021 by WSP New Zealand Ltd.

Christchurch International Airport Ltd (continued)

The result of the revaluations were:

	2022	2021
	$'000	$'000
Land	83,301	5,856
Buildings	241	5,905
Terminal	-	20,259
Sealed Surfaces	27,074	7,026
Infrastructure	13,644	40,935
Car parking	(10,931)	656
	113,329	80,637

The valuation methodologies used in the revaluation as at 30 June 2022 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 7.9% which reflects an appropriately blended assessment of a regulatory WACC for regulated assets and related revenue streams and the risk related to the other non-regulated revenue streams from these assets.

The discounted 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 9.1% would result in an impairment being recognised.

5. Property, plant and equipment (continued)

Christchurch International Airport Ltd (continued)

Hotel Business Assets

The Hotel business assets were valued by CBRE and indicated a reversal of the previously recognised impairment to the carrying value of $4.3 million. This impairment reversal has been recognised in the Statement of Financial Performance. This valuation is based on a discounted cash flow and capitalisation rate approach and the increase in carrying value reflects the reduced uncertainty associated with the hotel industry recovery and improving expectations of future demand growth.

Impact of COVID

Independent valuers have carried out the valuations by applying assumptions regarding the reasonably possible ongoing impacts of COVID based on information available as at 30 June 2022.

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).

Christchurch International Airport Ltd (continued)

Fair value hierarchy (continued)

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation sensitivity
Infrastructure and Sealed Surfaces Infrastructure and sealed surfaces including site services. (Revalued 2022).	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 $245-$349 (2021: $212-$302) with weighted average of $304 (2021: $263). **Infrastructure** Unit costs of road and footpaths construction sqm: Range of $20-$115 (2021: $19-$104) with weighted average of $74 (2021: $67). Unit costs of water and drainage construction m: Range of $229-$1,410 (2021: $205-$1,258) with weighted average of $548 (2021: $503).	3	+/- $16.4m (of a 5% change of cost estimate).
Buildings Buildings for identified airport activities, including office space and storage that exist because of the airport activities. (Revalued 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 $1,309 (2021: $1,309).	3	+/- $1.7m (of a 5% change of cost estimate).
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%

Christchurch International Airport Ltd (continued)

Fair value hierarchy (continued)

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy Level	Valuation sensitivity
Terminal (Revalued 2021).	Optimised depreciated replacement cost derived from modern equivalent asset rate, as described for Infrastructure and Sealed Surfaces above.	Unit costs of construction sqm: Range of $2,675 – $5,051 (2018: $2,906 – $5,415) with weighted average of $3,817 (2018: $4,111)	3	+/- $14.8m (of a 5% change of cost estimate)
Car parking Assets associated with car parking, taxi, shuttle and bus services (including land). (Revalued 2022).	Discounted cash flow valuation performed by independent valuers based on: • Internal management information such as forecast future revenues, costs and capital expenditure. • Assumptions such as the discount rate. These are based on management's judgement and arrived at in consultation with external experts. Both the internal management information and the discount rate are deemed to be unobservable inputs.	Revenue Growth per annum 0.5% and 0.5% for the 10-year cash flow period from year 11 (2021: 0.5% and 0.5%). Cost growth per annum 2% for the 10-year cash flow period and 2% from year 11 (2021: 2% and 2%). Discount rate 8.0% post tax, 10-year cash flow period and 8.0% from year 11 (2021: 7.3% and 7.3%).	3	+/- $9.25m (of a 5% change in discount rate) +/- $1.0m (of a change in growth rate to 0% or 1.0% for year 11 onwards).
Plant & equipment, Office & computers, Motor Vehicles and Work in progress Plant and equipment, Office & computers Motor Vehicles and Work in progress are measured at cost and comprises a mixture of specialised and non-specialised assets.	Not applicable – measured at cost less depreciation.			

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

Lyttelton Port Company Ltd

Net carrying value at 30 June 2022 was $508m (2021: $468m). 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
	$000	$000	$000	$000	$000	$000
2022	124,996	26,278	176,747	88,442	91,153	507,616
2021	124,996	26,536	177,222	84,735	54,395	467,884

(i) Choice of Valuation Methodology

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

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

The EV is based upon cash flows and approximates the price that a willing buyer or seller would pay for LPC's combined assets. LPC's property, plant and equipment are all categorised as Level 3 in the fair value hierarchy. In 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.

Lyttelton Port Company Ltd (continued)

(ii) Key Valuation Assumptions

The LPC Board of Directors have adopted a set of assumptions for the EV model that include the expected impact of COVID. These assumptions are based on 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 key assumptions that have changed from the prior year are an expectation of higher forecast Twenty-Foot Equivalent Unit (TEU) volumes. The forecast does include a significant upgrade of one Cashin Quay wharf as well as a new wharf at Te Awaparahi Bay during the 15 year period at an estimated cost of $450 million.

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.

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
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.		**The estimated fair value would increase (decrease) if:**
		EBITDA Margin (average over 15 year period 40%). LPC has assumed container pricing of up to 17% which will have a material impact on the valuation.	The estimated EBITDA margin was higher (lower).
		Risk adjusted discount rate 7.3%	The risk adjusted discount rates were lower (higher).
		Container TEU Growth rate 2.5%	The estimated growth rate of TEU was higher (lower).
		Estimated capital expenditure; LPC has used previous capital expenditure to estimate the cost of future capital expenditure.	The estimated capital replacement costs were lower (higher).
		Terminal Growth Rate 2%.	The estimated terminal growth rates were higher (lower).

LPC Key Forecast Assumptions & Results	2022		2021	
	DCF Period FY22-FY36	Terminal	DCF Period FY21-FY35	Terminal
Revenue/Expense Inflation	2%-3.9%		2%-3.6%	
Container Pricing Increases	2%-19%		2%-14%	
TEU Volume Growth	2.50%		2.5%-14%	
EBITDA Margin	28%-46%		28%-41%	
Growth Rate		2%		2%
WACC	7.30%	7.30%	6.44%	6.44%
Total capital in 15 year period (inflated $000)	1,184,000	40,400	889,000	27,000

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 valuation is particularly sensitive to WACC rates and TEU growth as can be seen in the table below. LPC's Board of Directors believe, in considering the sensitivities, that they have reached the appropriate balance in arriving at their valuation assumptions.

Lyttelton Port Company Ltd (continued)

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

Key Sensitivities – Impact of EV	Fair Value Impact ($'000)	Impact on Equity Value
EBITDA Margin +1% (all years)	12,320	Increase in Equity Value
EBITDA Margin -1% (all years)	(12,320)	Decrease in Equity Value
WACC +0.5%	(96,401)	Decrease in Equity Value
WACC -0.5%	118,753	Increase in Equity Value
Container TEU Growth +0.5% (compounding per year)	87,052	Increase in Equity Value
Container TEU Growth -0.5% (compounding per year)	(83,615)	Decrease in Equity Value
Capital Cost +10% (all years)	(74,271)	Decrease in Equity Value
Capital Cost -10% (all years)	67,520	Increase in Equity Value
Terminal Growth +0.5%	67,884	Increase in Equity Value
Terminal Growth -0.5%	(56,178)	Decrease in Equity Value

(iii) COVID Considerations

In determining the assumptions within the valuation, LPC has considered the on-going impacts of COVID and does not anticipate any material impact to the financial performance of LPC. The sensitivity of isolated changes in key assumptions is set out in the table above. The general economic uncertainty created by COVID means that the forecasts could be subject to material change which is outside LPC's control. LPC continues to monitor the impact of COVID on the business and will respond and adapt as changes occur.

5. Property, plant and equipment (continued)

Enable Services Ltd

Net carrying value at 30 June 2022 was $722m (2021: $703m). Property, plant and equipment includes the original fibre optic network owned by Enable and the subsequent capital cost of deploying the UFB network covering all of Christchurch; Rolleston and Lincoln; and parts of Rangiora, Kaiapoi and Woodend. The UFB network assets are long term infrastructure assets with long term investment horizons.

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

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

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

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

Recognised fair value measurements

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

Deloitte considered that the discounted cash flow (DCF) methodology was the most appropriate method of valuation, given that:
• long term cash flow forecasts were available
• there is a reasonable degree of predictability around the cash flows
• a potential buyer of these assets would primarily be interested in the future economic benefits they could generate.

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

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 assume 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 2021 valuation of $700m to relevant factors is summarised as follows:

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

The carrying value of property, plant and equipment as at 30 June 2022 approximates fair value, supported by the current business plan and the financial forecast. The performance of the Group remains consistent with the forecast underpinning the 2021 valuation. The 30 June 2022 carrying value is therefore considered appropriate.

The carrying value of property, plant and equipment as at 30 June 2022 approximates fair value, supported by the current business plan, financial forecast and performance of the Group remain consistent with the forecast underpinning the 2021 valuation. The 30 June 2022 carrying value is considered appropriate.

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

Useful lives and residual values of UFB network assets

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

Enable Services Ltd (continued)

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

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

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

The net carrying value of the property, plant and equipment of these companies at 30 June 2022 comprised less than 1% (2021: less than 2%) of total group assets. Assets of these companies are either independently revalued at regular intervals, or carried at cost less accumulated depreciation and impairment.

Accounting policy - property, plant and equipment

Land, buildings, 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.

5. Property, plant and equipment (continued)

Accounting policy - property, plant and equipment (continued)

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

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

Assets to be depreciated include:

Electricity distribution system	
Electricity distribution system	60 yrs
Airport infrastructure assets	
Airport infrastructure and roads	15-100 yrs
Sealed surfaces (other than roads)	15-120 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	Unaudited Group 2022 $000	Audited Group 2021 $000
Balance at beginning of financial year		656,642	571,658
Transfer (to)/from property, plant & equipment		2,334	17,247
Additional capitalised expenditure		15,633	14,194
Investment properties under construction at cost		-	7,092
Net gain/(loss) from fair value adjustments	8	48,154	46,451
Balance at end of financial year		722,763	656,642

CIAL holds $707m (2021: $641m) of the Group's investment property with RBL Property holding $17m (2021: $16m).

Valuation of investment property - CIAL

The valuation of CIAL's investment property as at 30 June 2022 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 5.79% (2021: 5.84%)
- Average market capitalisation rate 5.96% (2021: 5.87%)
- Weighted average lease term 6.48 years (2021: 7.46 years)

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

Asset type	2022 rental range	2021 rental range
Office	$180-$260/sqm	$180-$260/sqm
Warehouse	$90-$140/sqm	$90-$140/sqm

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	+ $32.8m/-$29.7m (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. A decrease in the cash flow from an asset will decrease the fair value of the asset.			

Impact of COVID on CIAL investment property

CIAL's overall existing investment property portfolio has continued to perform strongly in the current financial year. Retail and tourism service-based properties mostly reliant on international visitors continue to be most affected due to ongoing constrained demand.

Industrial properties continue to be supported by high quality tenants with long leases performing strongly. CIAL continues to offer a small number of its tenants directly impacted by COVID, a mixture of rental abatements and rent deferrals.

Independent valuers have carried out any valuations by applying assumptions regarding the reasonably possible ongoing impacts of COVID based on information available as at 30 June 2022. Given the circumstances, the investment property valuations as at 30 June 2022 have been prepared on the basis of 'significant valuation uncertainty', and therefore the independent valuers have advised that less certainty should be attached to the investment property valuations than would normally be the case.

All valuations have been subject to peer review and have been reviewed by CIAL's property management team who, notwithstanding the continued uncertainty due to COVID, have determined the investment property valuations to be appropriate as at 30 June 2022.

Valuation of investment property - RBL Property

The market value of RBL Property's investment property at 30 June 2022 was determined by Bayleys Valuations Limited using the sales comparison method and capitalisation of income method, under the market and income approaches.

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 26.

7a(i) Group borrowings

	Note	Current 2022	Non-current 2022	Total 2022	Current 2021	Non-current 2021	Total 2021
		$'000	$'000	$'000	$'000	$'000	$'000
Unsecured:							
Bank Overdraft		-	-	-	-	-	-
Bonds and floating rate notes		190,000	780,113	970,113	49,991	680,352	730,343
Loans from external parties		389,000	283,288	672,288	414,000	400,350	814,350
Loans from related entities	24b(i)	180,000	306,200	486,200	169,700	366,500	536,200
		759,000	1,369,601	2,128,601	633,691	1,447,202	2,080,893
Secured:							
Loan from external parties		795	-	795	-	-	-
Total group borrowings		759,795	1,369,601	2,129,396	633,691	1,447,202	2,080,893

7a(ii) Parent borrowings

	Note	Current 2022	Non-current 2022	Total 2022	Current 2021	Non-current 2021	Total 2021
		$'000	$'000	$'000	$'000	$'000	$'000
Unsecured:							
Commercial paper		65,000	-	65,000	175,000	-	175,000
Bonds and floating rate notes		190,000	392,195	582,195	-	385,000	385,000
Loans from external parties		-	-	-	50,000	-	50,000
Loans from related entities	24b(i)	170,000	316,200	486,200	159,700	376,500	536,200
Total parent borrowings		425,000	708,395	1,133,395	384,700	761,500	1,146,200

The nominal principal amounts of individual entity borrowings and undrawn facilities are tabled below.

Christchurch City Holdings Ltd

	2022	Avg rate	Maturity	2021
Nature of debt:	$'000			$'000
Floating rate notes	135,000	2.63%	2023-2025	85,000
Bank facility	-			50,000
Christchurch City Council loans - Current	170,000	3.64%	2022-2023	159,700
Christchurch City Council loans - Non-current	316,200	2.88%	2023-2029	376,500
Fixed Rate Bonds	450,000	3.33%	2022-2026	300,000
Commercial paper	65,000	2.31%	2022	175,000
Undrawn bank facility	100,000		2023	100,000

All borrowings at 30 June 2022 are unsecured and have been put in place under a $1.5b (2021: $1.5b) debt issuance programme. CCHL has issued uncalled capital of $1.5b (2021: $1.5b) to support this programme (refer note 22).

Bonds and Floating rate notes are issued under a Master Trust Deed. Fixed Rate Bonds have a nominal principal amount of $450m (2021: $300m) and include a $150m sustainability bond issued in October 2021. The carrying value of $447.2m 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 26).

Orion New Zealand Ltd

	2022	Avg rate	Maturity	2021
Nature of Debt:	$'000			$'000
Bank loans	268,500	2.12%	2022-2023	205,350
US Private Placement floating rate notes	140,000	3.13%	2028-2030	140,000
Undrawn bank facility	-			79,650

All bank loans are unsecured, however a deed of negative pledge and guarantee requires Orion to comply with certain covenants. The US Private Placement floating rate notes are also unsecured. The Note Purchase agreement with the US investors has terms which are substantially similar to those in the negative pledge deed referred to above. Orion has complied with all terms of the agreement during the years ended 31 March 2022 and 30 June 2022.

Christchurch International Airport Ltd

	2022	Avg rate	Maturity	2021
Nature of Debt:	$'000			$'000
Bank facility	323,000	4.20%	2022-2026	384,000
Bond funding	250,000	5.10%	2022-2028	205,343
Undrawn bank facility	127,000		2022-2023	141,000

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

During the year, CIAL extended the maturity of two existing facilities, of which one was converted into CIAL's first Sustainability Linked Loan. Additionally, a new facility was arranged with an existing provider.

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

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

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

CIAL was in compliance with all of its financial covenants during the current and prior years. The waivers have now expired. Based on CIAL's current forecasts, no extension to these waivers has been sought.

CIAL has several bank facilities maturing over the next financial year. The Board has an approved refinancing strategy in place, with refinancing through the extension of existing bank facilities and the investigation of a private placement the next stages of the strategy execution. Subsequent to year end, a maturing facility was replaced by a new four-year facility, which also provided an additional $25,000,000 in available funding. The company is confident that further refinancing will be secured given current market appetite for corporate debt, positive market engagement and discussions with existing facility providers.

Lyttelton Port Company Ltd

	2022	Avg rate	Maturity	2021
Nature of Debt:	$'000			$'000
Bank and overdraft facilities	15,000	4.16%	2025	-
Undrawn bank facility	110,000		2025	165,000

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 (2021: $150m).

City Care Limited

	2022	Avg rate	Maturity	2021
Nature of Debt:	$'000			$'000
Bank facility	-			-
Undrawn bank facility	10,500		2022	15,000

The undrawn bank facility with the BNZ expires on 31 December 2022 at which point those facilities will be rolled or rearranged.

The loan from CCHL of $10m (2021: $10m) was secured by a debenture over the assets and undertakings of Citycare, and made under a committed cash advance facility of $25m (2021: $25m). The average interest rate for the year was 1.38% (2021: 2.01%). The loan was repaid in full on 29 July 2022.

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

These companies had no external debt as at 30 June 2022 (2021: Nil). Enable has a loan from CCHL of $294m (2021: $294m).

7. Borrowings and finance costs (continued)

7b Undrawn borrowing facilities

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Floating rate - expiring within one year	121,000	241,000	-	100,000
Floating rate - expiring beyond one year	202,500	254,650	100,000	-
Fixed rate - expiring within one year	5,000	-	-	-
Fixed rate - expiring beyond one year	15,600	5,000	-	-
Total undrawn borrowing facilities	344,100	500,650	100,000	100,000

7c Changes in liabilities arising from financing activities

Group 30 June 2022	Opening 1 July 2021 $'000	Cash flows $'000	Changes in fair value $'000	New Leases $'000	Re-classified as disposal group $'000	Other $'000	Closing 30 June 2022 $'000
Current liabilities:							
External borrowings	463,990	(74,205)	-	-	-	190,009	579,794
Related party borrowings	169,701	(99,700)	-	-	-	110,000	180,001
Lease liabilities	7,841	(3,871)	611	1,375	-	2,376	8,332
Non-current liabilities:							
External borrowings	1,080,702	182,938	(10,239)	-	-	(190,000)	1,063,401
Related party borrowings	366,500	49,700	-	-	-	(110,000)	306,200
Lease liabilities	65,748	(2,925)	(416)	8,897	-	(5,056)	66,248
Derivative liabilities	61,968	-	(54,786)	-	-	-	7,182
Total liabilities from financing activities	**2,216,450**	**51,937**	**(64,830)**	**10,272**	**-**	**(2,671)**	**2,211,158**

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

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

Parent 30 June 2022	Opening 1 July 2021 $'000	Cash flows $'000	Changes in fair value $'000	New Leases $'000	Re-classified as disposal group $'000	Other $'000	Closing 30 June 2022 $'000
Current liabilities:							
External borrowings	225,000	(160,000)	-	-	-	190,000	255,000
Related party borrowings	159,700	(99,700)	-	-	-	110,000	170,000
Non-current liabilities:							
External borrowings	385,000	200,000	(2,805)	-	-	(190,000)	392,195
Related party borrowings	376,500	49,700	-	-	-	(110,000)	316,200
Lease liabilities	440	-	(59)	-	-	-	381
Derivative liabilities	26,019	-	(22,200)	-	-	-	3,819
Total liabilities from financing activities	**1,172,659**	**(10,000)**	**(25,064)**	**-**	**-**	**-**	**1,137,595**

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

Parent 30 June 2021	Opening 1 July 2020 $'000	Cash flows $'000	Changes in fair value $'000	New Leases $'000	Re-classified as disposal group $'000	Other $'000	Closing 30 June 2021 $'000
Current liabilities:							
External borrowings	208,769	10,207	6,024	-	-	-	225,000
Related party borrowings	183,500	(183,500)	-	-	-	159,700	159,700
Non-current liabilities:							
External borrowings	300,000	85,000	-	-	-	-	385,000
Related party borrowings	389,700	146,500	-	-	-	(159,700)	376,500
Lease liabilities	502	-	(62)	-	-	-	440
Derivative liabilities	53,974	-	(27,955)	-	-	-	26,019
Total liabilities from financing activities	**1,136,445**	**58,207**	**(21,993)**	**-**	**-**	**-**	**1,172,659**

7. Borrowings and finance costs (continued)

7d Finance costs

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Interest expense				
Interest on bank borrowings	31,536	27,229	-	-
Interest on debt instruments	24,036	22,684	17,964	13,682
Interest on related party debt	15,227	17,040	17,319	17,694
Interest expense on lease liabilities	1,176	2,604	18	18
Other interest expense	1	-	-	-
Total interest expense	71,976	69,557	35,301	31,394
Fair value (gains)/losses on hedging instruments				
Other finance costs	-	6,024	-	6,024
Total fair value (gains)/losses on hedging instruments	-	6,024	-	6,024
Total finance costs	71,976	75,581	35,301	37,418

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.

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

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

PROFIT AND LOSS INFORMATION

8 OPERATING REVENUE AND OTHER INCOME

8a Disaggregation of revenue

30 June 2022	Orion $'000	CIAL $'000	LPC $'000	Enable $'000	Citycare $'000	RBL Property $'000	EcoCentral $'000	DCL $'000	Intragroup $'000	Total $'000
Revenue from contracts with customers										
Electricity Distribution	230,365	-	-	-	-	-	-	-	(1,491)	228,874
Airport Services	-	54,999	-	-	-	-	-	-	-	54,999
Port Services	-	-	161,699	-	-	-	-	-	(1)	161,698
Gross telecommunications revenue	-	-	-	88,478	-	-	-	-	(43)	88,435
Construction contract revenue	-	-	-	-	101,324	-	-	-	-	101,324
Contracting	53,626	-	-	-	197,298	-	-	-	(8,432)	242,492
Waste and recycling services	-	-	-	-	-	-	35,351	-	(407)	34,944
Sale of goods	12,961	-	-	3,195	7,736	-	7,778	4,905	-	36,575
Total revenue from contracts with customers	296,952	54,999	161,699	91,673	306,358	-	43,129	4,905	(10,374)	949,341
Other operating revenue										
Rent and Lease income	468	14,640	-	-	-	761	-	659	(378)	16,150
Rental income from investment property	-	41,699	-	-	-	-	-	-	-	41,699
Other	15,595	27,469	-	2,917	1,884	10	333	253	-	48,461
Total other operating revenue	16,063	83,808	-	2,917	1,884	771	333	912	(378)	106,310
Segment revenue	313,015	138,807	161,699	94,590	308,242	771	43,462	5,817	(10,752)	1,055,651

During the year, EcoCentral received $7.4m in funding from Ministry for the Environment for a materials recycling facility upgrade, and 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 $65.6m (2021: $76.8m).

8a Disaggregation of revenue (continued)

30 June 2021	Orion $'000	CIAL $'000	LPC $'000	Enable $'000	Citycare $'000	RBL Property $'000	EcoCentral $'000	DCL $'000	Intragroup $'000	Total $'000
Revenue from contracts with customers										
Electricity Distribution	229,508	-	-	-	-	-	-	-	(1,098)	228,410
Airport Services	-	77,777	-	-	-	-	-	-	(419)	77,358
Port Services	-	-	142,144	-	-	-	-	-	-	142,144
Gross telecommunications revenue	-	-	-	79,968	-	-	-	-	(5)	79,963
Construction contract revenue	-	-	-	-	93,178	-	-	-	-	93,178
Contracting	47,254	-	-	-	218,523	-	-	-	(8,416)	257,361
Waste and recycling services	-	-	-	-	-	-	33,700	-	(443)	33,257
Sale of goods	10,900	-	-	2,138	7,556	-	5,331	5,230	-	31,155
Total revenue from contracts with customers	287,662	77,777	142,144	82,106	319,257	-	39,031	5,230	(10,381)	942,826
Other operating revenue										
Rent and Lease income	531	11,053	-	-	-	412	-	714	(1,424)	11,286
Rental income from investment property	-	41,699	-	-	-	-	-	-	-	41,699
Other	13,395	11,069	-	2,327	2	80	486	623	-	27,982
Total other operating revenue	13,926	63,821	-	2,327	2	492	486	1,337	(1,424)	80,967
Segment revenue	301,588	141,598	142,144	84,433	319,259	492	39,517	6,567	(11,805)	1,023,793

	Note	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000

8b Other income including revaluation of investment property

	Note	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Gains on disposal of property, plant and equipment		7,913	1,597	-	-
Gains on revaluation of investment property	6	48,154	46,451	-	-
Gains on sale of business		815	-	-	-
Net gain on financial assets at fair value through profit or loss		2,452	1,681	-	-
Ineffectiveness - cash flow hedges		-	2	-	2
Ineffectiveness - fair value hedges		158	102	158	89
		59,492	**49,833**	**158**	**91**

8c Discontinued operations

	Note	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Revenue		-	12,581	-	-
Other Gains		-	9	-	-
Depreciation, amortisation and impairment expense		-	(913)	-	-
Employee benefits expense		-	(4,310)	-	-
Other expenses		-	(3,299)	-	-
Profit/(loss) before income tax expense		-	4,068	-	-
Income tax credit/(expense)		-	-	-	-
Net surplus/(loss) after taxation from discontinued operations		**-**	**4,068**	**-**	**-**

Due to the impact of COVID, in March 2020 RBL Property resolved to close their Red Travel business and report it as a discontinued operation. This required the income and expenses relating to these operations being separated out in the statement of comprehensive income, for the previous financial year. The associated assets (coach fleet) recorded at fair value were sold during 2022 (2021: $1.7m coach fleet assets are presented as held for sale).

Accounting policy - revenue

Airport and port services

Services are provided on demand and the transaction price recognised as revenue based on their stand-alone selling price. The stand-alone selling price is based on published prices, and calculated 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.

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.

8. Operating revenue and other income (continued)

Accounting policy - revenue (continued)

Construction contract and contracting revenue (continued)

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.

9 OPERATING EXPENSES

9a Analysis of operating expenses

	Note	Group 2022 $'000	Group Restated 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Personnel costs					
Salaries and wages		282,117	281,472	984	683
Defined contribution/benefit plan employer contributions		1,070	939	28	21
Other		2,217	(2,830)	-	-
		285,404	279,581	1,012	704
Other Costs					
Remuneration of auditors	9b	1,330	1,330	100	69
Consultants and legal fees		16,386	11,237	1,817	1,116
Directors' fees		2,416	2,338	252	239
Donations		407	339	193	184
Net foreign exchange losses/(gains)		18	3	-	-
Provision expenses/(gains)		1,828	3,366	-	-
Orion network maintenance and transmission expenses		91,089	90,999	-	-
Raw materials and consumables used		41,965	46,078	-	-
Repairs and maintenance		11,275	10,955	-	-
Service contracts (including sub-contractors)		118,986	111,088	-	-
Investment property direct operating expenses		6,944	8,152	-	-
Other operating expenses		166,261	150,654	820	697
Losses on assets written off/disposed		769	797	-	-
Ineffectiveness - cash flow hedges		51	-	-	-
Ineffectiveness - fair value hedges		435	-	435	-
Total		745,564	716,917	4,629	3,009

The SaaS retrospective adjustment processed to prior year other operating expenses is discussed in note 27.

9. Operating expenses (continued)

9b Remuneration of auditors

	Note	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Audit New Zealand					
Audit of the financial statements		972	930	75	69
Special audits required by regulators		67	67	-	-
Assurance related		84	59	5	-
Recovery from prior year		20	59	20	-
		1,143	1,115	100	69
Other auditors					
Audit of the financial statements - KPMG		178	182	-	-
Other non-audit services - KPMG		9	33	-	-
		187	215	-	-
Total	9a	1,330	1,330	100	69

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

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

Enable Services Ltd

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

10 INCOME AND DEFERRED TAXES

10a Components of tax expense

	Note	Group 2022 $'000	Group Restated 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Current tax expense/(income)		29,173	23,477	-	-
Adjustments to current tax of prior years		(895)	712	-	-
Deferred tax expense/(income)	10d	2,380	13,166	-	-
Total tax expense/(income)		30,658	37,355	-	-

10b Reconciliation of prima facie income tax

	Group 2022	Group 2021	Parent 2022	Parent 2021
Profit before tax	151,276	125,137	40,171	50,829
Tax at statutory rate of 28%	42,357	35,038	11,248	14,232
Non-deductible expenses	1,499	1,923	-	-
Non-assessable income and deductible items	(15,266)	2,670	(40,050)	(38,695)
Tax loss not recognised as deferred tax asset	-	-	28,802	24,463
Other	1,982	(2,211)	-	-
(Over)/under provision of income tax in previous year	86	(65)	-	-
Total tax expense/(income)	30,658	37,355	-	-

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% (2021: 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 $203m (2021: $184m).

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 2021					30 June 2022			
	Opening balance	Profit/ loss Restated	Other compre-hensive income	Other adjust-ments	Closing balance Restated	Profit/ loss	Other compre-hensive income	Other adjust-ments	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities:									
Cash flow/Fair value hedges	4,621	-	-	-	4,621	687	10,704	3,873	19,885
Property, plant and equipment	298,869	(3,477)	38,322	-	333,714	5,901	36,912	29,448	405,975
Intangible assets	(129)	157	-	-	28	(492)	-	464	-
Tax gains	-	-	-		-	-	-	676	676
Other	35,587	13,769	-	-	49,356	(2,725)	-	50	46,681
	338,948	10,449	38,322	-	387,719	3,371	47,616	34,511	473,217
Deferred tax assets:									
Cash flow/Fair value hedges	33,960	(469)	(16,081)	-	17,410	-	(21,116)	3,873	167
Property, plant and equipment	-	-	-	-	-	221	-	29,463	29,684
Intangible assets	-	-	-	-	-	-	-	464	464
Provisions/employee entitlements	9,199	(113)	-	-	9,086	1,109	-	(22)	10,173
Doubtful debts/impairment losses	170	(17)	-	-	153	(1)	-	(115)	37
Tax losses	2,588	(2,809)	-	221	-	81	-	(81)	-
Other	2,706	690	-	(531)	2,865	(419)	-	287	2,733
	48,623	(2,718)	(16,081)	(310)	29,514	991	(21,116)	33,869	43,258
Net deferred tax liability/(asset)	290,325	13,167	54,403	310	358,205	2,380	68,732	642	429,959

The Parent did not have any Deferred tax liabilities or Deferred tax assets at 30 June 2022 (2021: none).

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

11a Other financial assets

	Note	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Current					
Interest rate swaps		41	-	-	-
Forward foreign exchange contracts		366	61	-	-
Term deposits		18,883	7,147	7,000	-
Total current other financial assets		19,290	7,208	7,000	-
Non-current					
Other loans	11b	22,066	21,779	22,066	21,779
Forward foreign exchange contracts		346	-	-	-
Interest rate swaps		62,477	6,851	19,463	-
Total non-current other financial assets		84,889	28,630	41,529	21,779
Total other financial assets (current and non-current)		104,179	35,838	48,529	21,779

Accounting policy – term deposits

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

11b 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$17m, effectively replacing the Christchurch City Council's previous combined equity/debt investment in Jet Engine Facility Ltd. CCHL has entered into a cross currency interest rate swap to achieve a fixed interest rate on the US$ loan (note 18h). The next instalment of US$6m repayment is due in 2024, with the remaining balance payable in 2028. The loan is assessed to have low credit risk at each reporting date based on 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 experienced a year of strong recovery despite the impacts of COVID, with increased volumes and growth reflected in their financial results.

11b Other loans (continued)

Accounting policy – other loans

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

12 DEBTORS, INVENTORY AND OTHER ASSETS

12a Debtors and other assets

Group	Note	Current 2022 $'000	Non-current 2022 $'000	Total 2022 $'000	Current 2021 $'000	Non-current 2021 $'000	Total 2021 $'000
Trade receivables - contracted	12b	99,826	-	99,826	84,757	-	84,757
Allowance for impairment - contracted	12b	(1,347)	-	(1,347)	(1,399)	-	(1,399)
	12b	98,479	-	98,479	83,358	-	83,358
Prepayments		15,763	5,322	21,085	14,081	6,102	20,183
Interest receivable		19	-	19	5	-	5
Contract retentions		2,338	-	2,338	2,596	-	2,596
Other		218	147	365	296	53	349
		116,817	5,469	122,286	100,336	6,155	106,491

Included in trade receivables - contracted are amounts due from the ultimate shareholder, Christchurch City Council, as disclosed in note 24.

Parent	Current 2022 $'000	Non-current 2022 $'000	Total 2022 $'000	Current 2021 $'000	Non-current 2021 $'000	Total 2021 $'000
Prepayments	423	-	423	396	-	396
Interest receivable	509	-	509	412	-	412
Other	40	-	40	36	-	36
	972	-	972	844	-	844

12b Credit risk - aging of receivables

	Note	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Gross receivables					
Not past due		86,404	68,587	-	-
Past due 0-30 days		6,826	8,382	-	-
Past due 31-60 days		1,813	1,793	-	-
Past due more than 60 days		4,783	5,995	-	-
		99,826	84,757	-	-
Impairment					
Not past due		(8)	(38)	-	-
Past due 0-30 days		(9)	(64)	-	-
Past due 31-60 days		(10)	(4)	-	-
Past due more than 60 days		(1,320)	(1,293)	-	-
		(1,347)	(1,399)	-	-
Gross trade receivables		99,826	84,757	-	-
Individual impairment	12c	(1,011)	(1,198)	-	-
Collective impairment	12c	(336)	(201)	-	-
Trade receivables (net)		98,479	83,358	-	-

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.

12b Credit risk - aging of receivables (continued)

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%	
Estimated total gross carrying amount at default $000	48,080	4,684	384	521	53,669
Lifetime expected credit loss $000	179	58	6	7	250

30 Jun 2021	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%-0.40%	0.02%-0.40%	0.02%-0.55%	0.02%-22.08%	
Estimated total gross carrying amount at default $000	42,916	9,913	3,415	6,259	59,696
Lifetime expected credit loss $000	366	270	179	739	1,554

The Parent provides advances to subsidiaries which are disclosed in note 24d(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 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Balance at start of year		1,399	2,070	-	-
Expected credit loss made during year		177	121	-	-
Expected credit loss reversed during year		(131)	(588)	-	-
Receivables written off during year		(98)	(204)	-	-
Balance at end of year	12b	1,347	1,399	-	-

12. Debtors, inventory and other assets (continued)

12d Inventories

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Current				
Inventory - raw materials and maintenance items	16,290	12,544	-	-
Inventory - finished goods	9,977	7,238	-	-
Inventory - allowance for impairment	(127)	(403)	-	-
	26,140	19,379	-	-
Non-Current				
Inventory - finished goods	7,957	16,675	-	-
	7,957	16,675	-	-
Total Inventories	34,097	36,054	-	-

12e Contract Assets and Contract Liabilities

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Contract Assets and Contract Liabilities				
Contract assets	24,302	18,896	-	-
Contract liabilities	10,891	7,369	-	-
Revenue recognised in the period from:				
Amounts included in the contract liability at the beginning of the period	7,931	4,897	-	-
Performance obligations that are unsatisfied (or partially unsatisfied):				
Revenue to recognise during the following period	19,212	15,693	-	-
Costs to obtain contracts				
Current	37	22	-	-
Non-current	147	53	-	-
Amortisation (a straight–line basis over the period of construction)	22	39	-	-

12e Contract Assets and Contract Liabilities (continued)

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.

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 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 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Cash and cash equivalents denominated in:				
New Zealand dollars	64,128	54,266	9,400	1,038
Foreign currency	731	80	-	-
	64,859	54,346	9,400	1,038

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

Accounting policy - cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less, and which are subject to an insignificant risk of changes in value.

14 INTANGIBLE ASSETS

14(a) Intangible assets

	Goodwill $'000	Easements & consents $'000	Software and other Restated $'000	Total $'000
Gross carrying amount				
Gross carrying amount at 1 July 2020	45,586	5,695	66,187	117,468
Additions	-	11	2,431	2,442
Additions from internal developments	-	-	1,200	1,200
Disposals	-	-	(360)	(360)
Transfers	-	(694)	297	(397)
Gross carrying amount at 30 June 2021	45,586	5,012	69,755	120,353
Additions	-	-	5,604	5,604
Additions from internal developments	-	-	1,392	1,392
Disposals	-	-	(9,538)	(9,538)
Transfers	-	-	1,438	1,438
Gross carrying amount at 30 June 2022	45,586	5,012	68,651	119,249
Accumulated amortisation and impairment				
Accumulated balance at 1 July 2020	(40,450)	(3,584)	(45,539)	(89,573)
Amortisation expense	-	(131)	(6,719)	(6,850)
Impairment	-	-	(4)	(4)
Disposals	-	(25)	317	292
Accumulated balance at 30 June 2021	(40,450)	(3,740)	(51,945)	(96,135)
Amortisation expense	-	(116)	(7,314)	(7,430)
Impairment	(250)	-	(11)	(261)
Disposals	-	-	9,540	9,540
Accumulated balance at 30 June 2022	(40,700)	(3,856)	(49,730)	(94,286)
Carrying amount at 30 June 2021	**5,136**	**1,272**	**17,810**	**24,218**
Carrying amount at 30 June 2022	**4,886**	**1,156**	**18,921**	**24,963**

Included in intangible assets is capital work in progress of $0.4m (2021: $0.2m).

The SaaS retrospective adjustment processed in prior year software and other is discussed in note 27.

The Parent did not have any Intangible assets at 30 June 2022 (2021: none).

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) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (presented below) and impairment losses (see Impairment policy note 27).

(iv) 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
Patents, trademarks and licences	10-20 years

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

14b Amount of goodwill allocated to cash-generating units

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Orion New Zealand Ltd	2,398	2,648	-	-
Enable Services Ltd	848	848	-	-
City Care Ltd	1,640	1,640	-	-
	4,886	5,136	-	-

Of the total carrying amount of goodwill, $2.4m (2021: $2.6m) originates from the subsidiary balance sheets, and is reviewed for impairment annually by each individual Board. During the year, Orion impaired $0.25m of goodwill (2021: none). Goodwill on consolidation of $2.5m (2021: $2.5m) is generated from goodwill on acquisition of subsidiaries.

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

Accounting policy - goodwill

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

Goodwill is allocated to cash-generating units and is tested annually for impairment (see Impairment policy note 27).

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

15 ASSETS CLASSIFIED AS HELD FOR SALE

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Citycare	10,051	687	-	-
Orion	-	1,000	-	-
RBL Property	-	1,745	-	-
	10,051	3,432	-	-

The Citycare Board approved the marketing for sale of the Springs Road property in April 2022, and subsequently approved a conditional sale for c.$14.25m to Cristo Limited in June 2022. The sale 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.

16 CREDITORS AND OTHER PAYABLES

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Trade payables and accrued expenses	96,969	97,631	744	504
GST payable	6,829	7,561	-	-
Interest payable	8,800	6,770	4,800	3,572
Retentions	883	1,119	-	-
Deposits held	444	414	-	-
Other Payables	-	-	-	-
	113,925	113,495	5,544	4,076

16. Creditors and other payables (continued)

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 24.

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.

17 PROVISIONS AND OTHER LIABILITIES

Group	Current 2022 $'000	Non-current 2022 $'000	Total 2022 $'000	Current 2021 $'000	Non-current 2021 $'000	Total 2021 $'000
Employee entitlements:						
Accrued pay	14,308	-	14,308	12,309	-	12,309
Annual leave	16,069	-	16,069	14,408	-	14,408
Bonuses and other	1,841	3,730	5,571	2,138	3,871	6,009
	32,218	3,730	35,948	28,855	3,871	32,726
Other provisions	2,711	261	2,972	4,788	206	4,994
Interest rate swaps	594	6,588	7,182	4,034	57,934	61,968
Deferred income and other	8,557	704	9,261	1,488	855	2,343
Income in advance	3,493	480	3,973	3,697	581	4,278
	47,573	11,763	59,336	42,862	63,447	106,309

Parent	Current 2022 $'000	Non-current 2022 $'000	Total 2022 $'000	Current 2021 $'000	Non-current 2021 $'000	Total 2021 $'000
Employee entitlements:						
Annual leave	51	-	51	45	-	45
	51	-	51	45	-	45
Interest rate swaps	36	3,783	3,819	2,009	24,010	26,019
	87	3,783	3,870	2,054	24,010	26,064

17. Provisions and other liabilities (continued)

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.

Accounting policy - employee entitlements

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately prior to the balance sheet date. Provisions in respect of employee benefits that are not expected to be settled within 12 months, such as long service leave, are measured as the present value of the estimated future cash flows to be made by the Group in respect of services provided by employees up to 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

18 AREAS OF JUDGEMENT AND FINANCIAL RISK

18a Critical judgements, estimates and assumptions

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

In applying the Group's accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in 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 2022 is $3,331m (2021: $3,182m). 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 2022. Uncertainties remain as to the effect that the COVID crisis will have on the subject entities and the broader domestic and global economies.

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.

18a Critical 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.

18b Credit Risk

	Counterparty Credit Rating	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Cash and deposits	AA	83,742	61,493	16,400	1,038
Finance lease receivable	Unrated	41,750	43,922	-	-
Debtors, contract assets and other receivables	Unrated	125,319	105,129	549	448
Loans	Lower than BBB or unrated	22,066	21,779	476,466	476,179
Derivative financial instrument assets	AA	63,230	6,912	19,463	-
		336,107	239,235	512,878	477,665

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 11b.

The Parent has provided funding by way of advances to certain subsidiaries as outlined in note 24d. 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.

18. Areas of judgement and financial risk (continued)

18c Liquidity Risk

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

In meeting its liquidity requirements, the Group manages its investments and borrowings in accordance with its treasury policies, which include restrictions on the amount of debt maturing in any 12 month period and require sufficient approved financing facilities to cover a specified percentage over the anticipated peak debt over a rolling 12 month period. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

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

Group	Statement of Financial Position $'000	Contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	5 years + $'000
30 June 2022						
Creditors and other payables	113,925	113,911	113,925	(14)	-	-
Net derivative financial instrument liabilities/(assets)	(56,048)	(33,687)	524	(3,741)	(17,760)	(12,710)
Borrowings - external	1,643,196	1,810,563	640,265	421,415	491,183	257,700
Borrowings - related parties	486,200	533,775	187,836	121,439	193,601	30,899
Lease liabilities	74,579	94,936	10,554	10,675	20,603	53,104
	2,261,852	2,519,498	953,104	549,774	687,627	328,993
30 June 2021						
Creditors and other payables	113,495	113,495	113,495	-	-	-
Net derivative financial instrument liabilities/(assets)	55,056	66,213	17,381	15,208	28,550	5,074
Borrowings - external	1,544,693	1,713,421	493,744	559,915	456,629	203,133
Borrowings - related parties	536,200	574,119	170,439	120,195	177,263	106,222
Lease liabilities	73,589	92,830	9,498	9,134	19,877	54,321
	2,323,033	2,560,078	804,557	704,452	682,319	368,750

18c Liquidity Risk (continued)

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

Parent	Statement of Financial Position $'000	Contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	5 years + $'000
30 June 2022						
Creditors and other payables	5,544	5,544	5,544	-	-	-
Net derivative financial instrument liabilities/(assets)	(15,644)	(18,881)	(340)	(2,822)	(8,758)	(6,961)
Borrowings - external	647,195	698,264	272,693	59,342	366,229	-
Borrowings - related parties	486,200	533,775	187,836	121,439	193,601	30,899
Lease liabilities	381	381	66	68	221	26
	1,123,676	1,219,083	465,799	178,027	551,293	23,964
30 June 2021						
Creditors and other payables	4,076	4,076	4,076	-	-	-
Net derivative financial instrument liabilities/(assets)	26,019	26,828	8,128	6,380	11,157	1,163
Borrowings - external	610,000	639,175	236,253	199,046	203,876	-
Borrowings - related parties	536,200	574,119	170,439	120,195	177,263	106,222
Lease liabilities	440	440	63	66	214	97
	1,176,735	1,244,638	418,959	325,687	392,510	107,482

18d 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 18f).

At 30 June 2022 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.

18d Interest Rate Risk (continued)

Interest rate re-pricing analysis

Group	Carrying value $'000	< 1 yr $'000	1-2 yrs $'000	2-5 yrs $'000	> 5 yrs $'000
30 June 2022					
Cash and deposits	83,742	83,742	-	-	-
Loans and advances	22,066	22,066	-	-	-
Borrowings	(2,203,975)	(1,112,202)	(114,305)	(705,506)	(271,962)
	(2,098,167)	(1,006,394)	(114,305)	(705,506)	(271,962)
30 June 2021					
Cash and deposits	61,493	61,493	-	-	-
Loans and advances	21,779	21,779	-	-	-
Borrowings	(2,154,482)	(726,760)	(498,645)	(446,020)	(483,057)
	(2,071,210)	(643,488)	(498,645)	(446,020)	(483,057)

Parent	Carrying value $'000	< 1 yr $'000	1-2 yrs $'000	2-5 yrs $'000	> 5 yrs $'000
30 June 2022					
Cash and deposits	16,400	16,400	-	-	-
Loans and advances	476,466	235,466	49,000	97,500	94,500
Borrowings	(1,133,776)	(733,395)	(9,000)	(361,000)	(30,381)
	(640,910)	(481,529)	40,000	(263,500)	64,119
30 June 2021					
Cash and deposits	1,038	1,038	-	-	-
Loans and advances	476,179	228,179	22,000	101,500	124,500
Borrowings	(1,146,640)	(433,200)	(147,000)	(281,500)	(284,940)
	(669,423)	(203,983)	(125,000)	(180,000)	(160,440)

18e 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 26a.

Group	2022			2021	
	Profit/loss	Equity		Profit/loss	Equity
	$'000	$'000		$'000	$'000
100 basis point increase	(6,895)	21,274		79	24,759
100 basis point decrease	6,895	(21,815)		(79)	(34,289)

Parent	2022			2021	
	Profit/loss	Equity		Profit/loss	Equity
	$'000	$'000		$'000	$'000
100 basis point increase	(2,880)	12,316		2,945	17,422
100 basis point decrease	2,880	(13,289)		(2,945)	(18,743)

18f 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 26.

18. Areas of judgement and financial risk (continued)

18f Interest Rate Hedging Activity (continued)

Group	Avg contracted fixed interest rate			Notional principal			Fair value	
	2022	2021		2022	2021		2022	2021
	%	%		$'000	$'000		$'000	$'000
Floating for fixed contracts								
Less than 1 year	2.61%	3.85%		47,000	145,000		(538)	(4,034)
1 to 2 years	2.91%	2.44%		233,000	87,000		1,358	(5,996)
2 to 5 years	2.37%	2.52%		716,500	735,000		29,467	(28,417)
More than 5 years	1.61%	1.62%		479,500	424,000		30,280	(21,802)
				1,476,000	1,391,000		60,567	(60,249)
Fixed for floating contracts								
1 to 2 years	1.21%	-		80,000	-		405	-
2 to 5 years	4.10%	4.10%		160,000	100,000		(5,400)	5,613
More than 5 years	3.28%	0.82%		22,066	20,006		(221)	(481)
				262,066	120,006		(5,216)	5,132
Total				**1,738,066**	**1,511,006**		**55,351**	**(55,117)**

Parent	Avg contracted fixed interest rate			Notional principal			Fair value	
	2022	2021		2022	2021		2022	2021
	%	%		$'000	$'000		$'000	$'000
Floating for fixed contracts								
Less than 1 year	3.72%	3.46%		22,000	146,000		(36)	(2,607)
1 to 2 years	3.07%	3.17%		70,000	160,000		908	(9,702)
2 to 5 years	3.55%	2.70%		176,500	599,000		2,188	(42,604)
More than 5 years	2.51%	2.64%		284,500	527,000		15,721	(58,917)
				553,000	1,432,000		18,781	(113,830)
Fixed for floating contracts								
1 to 2 years	4.84%	-		80,000	-		405	-
2 to 5 years	2.65%	4.10%		60,000	100,000		(3,321)	10,295
More than 5 years	3.28%	2.95%		22,066	24,749		(221)	(3,879)
				162,066	124,749		(3,137)	6,416
Total				**715,066**	**1,556,749**		**15,644**	**(107,414)**

18f Interest Rate Hedging Activity (continued)

The following tables show the amount of debt (in $000) being hedged by interest rate swaps for cash flow hedges plus the various related amounts that impact the statement of financial position and statement of comprehensive income.

Group

Hedged items 30 June 2022	Nominal amount of the hedged assets/ (liabilities)	Change in value used for calculating hedge ineffectiveness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied
Variable rate borrowings	1,373,066	64,899	(14,370)	-

Hedging instruments 30 June 2022	Current period hedging gains/ (losses) recognised in OCI	Amount of hedge ineffectiveness recognised in profit or loss (P/L)	Line item in P/L in which hedge ineffective-ness is included	Reclassification due to hedged future cash flows being no longer expected to occur	Reclassifi-cation due to hedged item affecting P/L	Line item in P/L in which reclassification adjustment is included
Interest rate swaps	28,120	1,891	Other income/ losses	-	-	N/A

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

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

18f Interest Rate Hedging Activity (continued)

Parent

Hedged items 30 June 2022	Nominal amount of the hedged assets/ (liabilities)	Change in value used for calculating hedge ineffectiveness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied
Variable rate borrowings	575,066	44,500	(18,964)	-

Hedging instruments 30 June 2022	Current period hedging gains/ (losses) recognised in OCI	Amount of hedge ineffectiveness recognised in profit or loss (P/L)	Line item in P/L in which hedge ineffective-ness is included	Reclassification due to hedged future cash flows being no longer expected to occur	Reclassifi-cation due to hedged item affecting P/L	Line item in P/L in which reclassification adjustment is included
Interest rate swaps	45,010	(510)	Other income/ losses	-	-	N/A

Hedged items 30 June 2021	Nominal amount of the hedged assets/ (liabilities)	Change in value used for calculating hedge ineffectiveness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied
Variable rate borrowings	(498,000)	24,530	25,705	-

Hedging instruments 30 June 2021	Current period hedging gains/ (losses) recognised in OCI	Amount of hedge ineffectiveness recognised in profit or loss (P/L)	Line item in P/L in which hedge ineffective-ness is included	Reclassification due to hedged future cash flows being no longer expected to occur	Reclassifi-cation due to hedged item affecting P/L	Line item in P/L in which reclassification adjustment is included
Interest rate swaps	24,528	2	Other income/ losses	-	-	N/A

18g Derivative financial instruments

Fair value of total derivatives analysed as:

	Group Notional Principal 2022 $'000	Interest rate swaps 2022 $'000	Notional Principal 2021 $'000	Interest rate swaps 2021 $'000	Parent Notional Principal 2022 $'000	Interest rate swaps 2022 $'000	Notional Principal 2021 $'000	Interest rate swaps 2021 $'000
Current assets								
Derivatives designated as hedging instruments	-	41	-	-	-	-	-	-
	-	41	-	-	-	-	-	-
Non-current assets								
Derivatives designated as hedging instruments	1,474,000	62,477	205,000	6,851	576,000	19,463	-	-
	1,474,000	62,477	205,000	6,851	576,000	19,463	-	-
Current liabilities								
Derivatives designated as hedging instruments	22,000	579	145,000	4,034	22,000	36	50,000	2,009
	22,000	579	145,000	4,034	22,000	36	50,000	2,009
Non-current liabilities								
Derivatives designated as hedging instruments	217,066	6,588	1,151,006	57,934	117,066	3,783	468,006	24,010
	217,066	6,588	1,151,006	57,934	117,066	3,783	468,006	24,010
Total	1,234,934	55,351	(1,091,006)	(55,117)	436,934	15,644	(518,006)	(26,019)

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.

18h 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.

18h Foreign exchange risk (continued)

CCHL has loaned US$14m (2021: US$14m) to Christchurch Engine Centre (see note 11b). 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.

18i 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.

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.

Accounting policies - Derivative financial instruments (continued)

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 26 for further information.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately as Other income or Other expenses in the Statement of comprehensive income. Amounts accumulated in Other comprehensive income are recycled in the Statement of comprehensive income in the periods when the hedged item will affect profit or loss (for instance when the forecast transaction that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, asset purchase) or a non financial liability, the gains and losses previously deferred in Other comprehensive income are transferred from Other comprehensive income and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Other comprehensive income at that time remains in Other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the Statement of comprehensive income or is capitalised on the recognition of a non-financial asset. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in Other comprehensive income is immediately transferred to the Statement of comprehensive income.

Derivatives that do not qualify for hedge accounting

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

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction. Foreign currency monetary assets and liabilities at balance date are translated to NZ dollars at the 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.

UNRECOGNISED ITEMS

19 CAPITAL AND LEASE COMMITMENTS

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
19a Capital commitments				
Property, plant & equipment	59,224	3,371	-	-
Electricity distribution network	72,685	22,365	-	-
Investment property	1,893	8,069	-	-
Intangible assets	245	143	-	-
	134,047	33,948	-	-
19b Lease liabilities				
Current	8,332	7,841	-	-
Non-current	66,248	65,748	381	440
	74,580	73,589	381	440

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 three and 26 years (2021: between three months and 27 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.

19c Right of use assets and sublease receivable

Group	Freehold land	Port land	Buildings	Plant & equipment	Electricity distribution system	Harbour ctures/land provements	Specialised assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost at 1 July 2020	-	-	25,291	6,108	9,413	-	-	40,812
Additions	1,042	-	8,208	1,182	-	-	-	10,432
Disposals	-	-	(1,022)	(524)	-	-	-	(1,546)
Modifications to cost	-	-	(7,935)	(1,542)	-	-	-	(9,477)
Cost at 30 June 2021	1,042	-	24,542	5,224	9,413	-	-	40,221
Additions	2,018	-	5,811	859	-	-	-	8,688
Disposals	-	-	(1,766)	(1,632)	-	-	-	(3,398)
Modifications to cost	-	-	742	191	590	-	-	1,523
Cost at 30 June 2022	3,060	-	29,329	4,642	10,003	-	-	47,034
Accumulated depreciation at 1 July 2020	-	-	4,590	1,738	-	-	-	6,328
Modifications to accumulated depreciation	-	-	(118)	(740)	-	-	-	(858)
Depreciation on right of use asset	-	-	4,527	1,846	1,209	-	-	7,582
Disposals	157	-	(1,022)	(430)	-	-	-	(1,295)
Accumulated depreciation at 30 June 2021	157	-	7,977	2,414	1,209	-	-	11,757
Modifications to accumulated depreciation	-	-	(4)	(82)	-	-	-	(86)
Depreciation on right of use asset	-	-	4,791	1,370	664	-	-	6,825
Disposals	94	-	(1,494)	(1,111)	-	-	-	(2,511)
Accumulated depreciation at 30 June 2022	251	-	11,270	2,591	1,873	-	-	15,985
Carrying amount at 30 June 2022	2,809	-	18,059	2,051	8,130	-	-	31,049
Carrying amount at 30 June 2021	885	-	16,565	2,810	8,204	-	-	28,464
Lease term (range in years)			3-28	4	1-27			

19c Right of use assets and sublease receivable (continued)

Parent	Freehold land	Port land	Buildings	Plant & equipment	Electricity distribution system	Harbour ctures/land provements	Specialised assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost at 1 July 2020	-	-	561	-	-	-	-	561
Cost at 30 June 2021	-	-	561	-	-	-	-	561
Cost at 30 June 2022	-	-	561	-	-	-	-	561
Depreciation on right of use asset	-	-	136	-	-	-	-	136
Accumulated depreciation at 30 June 2021	-	-	136	-	-	-	-	136
Depreciation on right of use asset	-	-	64	-	-	-	-	64
Accumulated depreciation at 30 June 2022	-	-	200	-	-	-	-	200
Carrying amount at 30 June 2022	-	-	361	-	-	-	-	361
Carrying amount at 30 June 2021	-	-	425	-	-	-	-	425
Lease term (range in years)			5					

19c Right of use assets and sublease receivable (continued)

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Right of use assets	31,049	28,464	361	425
Sublease receivable non-current	38,290	41,750	-	-
Sublease receivable current	3,460	2,172	-	-
	72,799	72,386	361	425

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.

19d Leases (Group as lessee)

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Expense relating to short term leases	2,041	2,134	-	-
Expense relating to leases of low value assets	209	232	-	-
Expense relating to variable lease payments not included in the measurement of the lease liability	52	(88)	-	-
At 30 June, the commitment for short term leases	84	200	-	-
Cash outflows for leases				
Interest on lease liabilities	1,176	2,604	18	18
Repayments of lease liabilities	4,654	5,091	-	-
Payments of short term leases	2,040	2,131	-	-
Payments of low value leases	208	231	-	-
Total cash outflows for leases	8,078	10,057	18	18

19e Non-cancellable operating leases as lessor

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Less than 1 year	43,908	40,463	-	-
Between 1 to 2 years	38,589	36,427	-	-
Between 2 to 3 years	35,966	31,741	-	-
Between 3 to 4 years	32,910	29,480	-	-
Between 4 to 5 years	27,538	27,046	-	-
Later than five years	131,574	128,937	-	-
	310,485	294,094	-	-

19f Non-cancellable finance leases as lessor

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Less than 1 year	3,460	3,363	-	-
Between 1 to 2 years	3,460	3,363	-	-
Between 2 to 3 years	3,460	3,363	-	-
Between 3 to 4 years	3,460	3,363	-	-
Between 4 to 5 years	3,460	3,363	-	-
Later than five years	34,597	38,221	-	-
Total undiscounted receivable	51,897	55,036	-	-
Unearned finance income	10,147	11,114	-	-
Net investment in finance leases	41,750	43,922	-	-
Net investment in finance leases - Current	3,460	3,363	-	-
Net investment in finance leases - Non-current	38,290	40,559	-	-
Net investment in finance leases - Total	41,750	43,922	-	-

Total lease receivables of $6m (2021: $44m) 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".

19. Capital and Lease commitments (continued)

Accounting policy - leases

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

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

(ii) 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.

(iii) Finance lease receivables

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

20 CONTINGENT LIABILITIES AND ASSETS

20a Quantifiable contingent liabilities - Performance Bonds

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Christchurch City Holdings Ltd	-	5,000	-	5,000
City Care Ltd	11,430	11,118	-	-
Orion New Zealand Ltd	1,303	1,824	-	-
RBL Property Ltd	-	200	-	-
	12,733	18,142	-	5,000

CCHL entered into a $50m performance bond with ANZ bank in June 2011 in support of Enable's obligations under the UltraFast Broadband initiative. This bond reduced each year since inception and terminated during 2022 (2021: $5m).

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

20b 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 was 'undetermined'.

IAG Insurance, on behalf of a number of its clients, brought proceeding in the High Court claiming that Orion's electricity network caused the first fire on Early Valley Road, that in turn caused $4.6m of losses for its clients. On 15 September 2020, Orion reached a confidential commercial settlement with IAG. The settlement was without any admission of liability by Orion.

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

Development Christchurch Ltd

Port Hills fires

In relation to the Port Hills fires discussed above, Leisure Investments NZ Limited Partnership (LINZ), trading as Christchurch Adventure Park – in which DCL owns an equity stake – has appealed a March 2021 High Court ruling that it had unwittingly helped spread the wildfires with its chairlift and must pay $12m in damages to affected home owners. LINZ's appeal of Justice Gendall's decision was heard in the Court of Appeal in Wellington on the 25 and 26 of May 2022. LINZ awaits the Court of Appeal decision as at the date of the financial statements.

At 30 June 2022, the total cost of the judgement together with interest and other costs is estimated to be $14.3 million.

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

	Best Case	Neutral	Worst Case
Appeal Outcome	All findings of liability in nuisance, negligence and under section 43 of the Forest and Rural Fires Act are overturned	The appeal is unsuccessful in all respects	The appeal is successful in relation to nuisance and negligence, but not in relation to section 43 of the Forest and Rural Fires Act
Implications for LINZ	No liability on LINZ, endorsement of its actions, but with risk of further appeal by the plaintiffs	Interest and other costs of c.$4.0m will accrue during this period leaving an expected total shortfall after $10m insurance to be funded by LINZ of c.$4.3m	LINZ's insurance liability cover reduces from $10m to $3m, interest and other costs of c.$4.0m accrues. LINZ's liability in this instance increases to c.$11.3m when the appeal is resolved

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

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

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

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

Other parties have indicated that they may claim losses from the Port Hills fires from LINZ. To date, none of these claims have progressed to formal proceedings.

The Group had no other material or significant contingent liabilities as at 30 June 2022.

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

No provisions have been made where the companies do 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.

20b 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 during FY22, Orion estimates that it charged customers $1.93m below its MAR (2021: estimated $2.18m above 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 FY24 (2021: offset against FY23 delivery prices).

The Group had no other material or significant contingent assets as at 30 June 2022.

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.

21 EVENTS AFTER THE REPORTING DATE

The Group is aware of the following significant events between 30 June 2022 and authorisation of these financial statements on 30 September 2022.

Sale of Springs Road property

On 1 August 2022, following completion of due diligence, Citycare sold its Springs Road property for c.$14.25m to Cristo Limited.

Business Combination - Citycare acquisition

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, SW Scaffolding Ltd and Panmure Property Holdings Ltd, for an Enterprise Value of $71m, including $6.8m held in escrow in relation to warrant issues, and $3m of contingent consideration (refer below).

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

Following satisfaction of certain conditions, the acquisition settled on 2 September 2022. The breakdown of consideration paid is set out below.

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.

Consideration	Group 2 Sep 2022 $'000
Cash	61,200
Cash held in escrow in relation to warrant issues	6,800
Contingent consideration	3,000
Total consideration	**71,000**

The above does not require any adjustment to the financial statements for the year ended 30 June 2022.

Business Combination - Citycare acquisition (continued)

Cash held in escrow in relation to warrant issues

$6.8m, being 10% of the initial consideration of $68m, is held in escrow for a period of 24 months post-settlement and will apply only to 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 being maintained over the three years following settlement. Contingent consideration will be in the range of $nil to $3.0m.

Costs relating to the acquisition

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

Fair value of assets and liabilities

The initial accounting for the business combination is incomplete at the time the financial statements were authorised for issue. Therefore the fair value of identifiable assets acquired and liabilities assumed (and therefore goodwill) cannot be disclosed. Due to the proximity of the acquisition date to the date the financial statements were authorised for issue, the initial accounting for the business combination is incomplete. The business combination accounting will require a fair value assessment of both the tangible net assets acquired as well as the identifiable intangible assets acquired in order to determine the goodwill on acquisition. Given the nature of the anticipated identifiable intangible assets there has not been sufficient time to gather the necessary information and work through an appropriate fair valuation exercise, nor has there been time to procure fair valuations of the fixed assets acquired. As such it is not possible to disclose the breakdown of the identifiable assets acquired and liabilities assumed at this time.

Advance to subsidiary

On 1 September 2022, the Parent advanced $56m to Citycare in relation to the acquisition of Spencer Henshaw.

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.

CCHL CEO resignation

On 7 September 2022, Tim Boyd resigned as CEO of CCHL with effect from 6 December 2022. An independent recruitment process will commence shortly. Paul Silk will be Acting CEO in the interim.

OTHER DISCLOSURES

22 SHARE CAPITAL AND DIVIDENDS

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Fully paid ordinary shares	94,143	94,143	94,143	94,143
Partly paid redeemable preference shares	1	1	1	1
	94,144	94,144	94,144	94,144
Dividends declared on fully paid ordinary shares	16,100	34,000	16,100	34,000
Cents per share	33	71	33	71

During the year ended 30 June 2022, the Parent paid its full dividend commitment to Christchurch City Council of $16.1m. Dividends to Council have been impacted in recent years by the $440m capital release from 2016 to 2019 and balancing the need to pay dividends while managing debt, noting that 2021 dividends include the impact of a special dividend of $17m from RBL Property.

CCHL has on issue:

• 48,090,528 (2021: 48,090,528) fully paid ordinary shares to Christchurch City Council, carrying one vote per share and the right to dividends.

• 1,500,139,000 (2021: 1,500,139,000) of redeemable preference shares, paid up to $1,390, to Christchurch City Council. No further calls have been made on these shares. Dividends are only payable to the extent that the shares are 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 so as to maintain public, shareholder, investor, creditor and market confidence and to sustain future development of the business.

The impact of the level of capital on the shareholder's returns is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

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

In recent years, dividends to Council have been impacted by an earthquake-related capital release and balancing the need to pay dividends whilst managing debt. In light of the impact that COVID has had on the ability of the Parent to pay dividends, 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 commitments.

In response to COVID, in August 2020 CIAL agreed financial covenant waivers with its bank funding providers and bond supervisor for reporting periods to 31 December 2021 inclusive. As part of obtaining these waivers, CIAL agreed that it will not make or pay any Distribution to shareholders until it is in compliance with all financial covenants and has delivered a certificate demonstrating that compliance. During the current and previous financial year, CIAL was in compliance with all of its financial covenants. The financial covenant waivers have not been renewed. The CIAL Board determined that a final dividend of $6.75m be paid for the year ended 30 June 2022 (2021: none).

Accounting policy - dividends

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

23 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 18.

24 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.

24a Transactions between CCHL Group entities and Christchurch City Council (CCC)

24a(i) Routine transactions

	Group 2022 $'000	Group 2021 $'000	Parent 2022 $'000	Parent 2021 $'000
Dividends paid/payable to CCC	16,100	34,000	16,100	34,000
Interest paid to CCC	12,789	13,938	12,789	13,938
Services provided to CCC	111,146	125,425	-	-
Services provided by CCC (including rent and rates)	18,302	11,409	60	58

24a(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 2022					
	CIAL	LPC	Citycare	EcoCentral	Enable	RBL Property
Subvention payments	$'000	$'000	$'000	$'000	$'000	$'000
Paid to:						
CCC Group	-	5,332	2,285	1,216	2,348	1,677
	-	5,332	2,285	1,216	2,348	1,677

24a Transactions between CCHL Group entities and Christchurch City Council (CCC) (continued)

24a(ii) Subvention payments and loss offsets (continued)

	30 June 2022					
	CIAL	LPC	Citycare	EcoCentral	Enable	RBL Property
Tax loss offsets:	$'000	$'000	$'000	$'000	$'000	$'000
Losses provided by:						
CCC Group	-	-	-	-	-	-
	-	-	-	-	-	-

	30 June 2021					
	CIAL	LPC	Citycare	EcoCentral	Enable	RBL Property
Subvention payments	$'000	$'000	$'000	$'000	$'000	$'000
Paid to:						
CCC Group	-	454	1,444	157	-	98
Enable Services Ltd	-	-	1,685	-	-	-
	-	454	3,129	157	-	98
Tax loss offsets:						
Losses provided by:						
CCC Group	-	-	-	-	-	-
City Care Ltd	-	-	-	-	1,685	-
	-	-	-	-	1,685	-

The Parent did not pay or receive any subvention payments during the year ended 30 June 2022 (2021: none).

24a(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 $19m in relation to the disposal of waste (2021: $18m), to Transwaste Canterbury Ltd, a company in which the ultimate shareholder, Christchurch City Council, has a material shareholding.

24a Transactions between CCHL Group entities and Christchurch City Council (CCC) (continued)

24a(iii) Other transactions (continued)

Transactions to other Christchurch City Council owned entities are:

- Sales to Venues Ōtautahi of $0.08m (2021: $0.7m), purchases of $0.01m (2021: nil)
- Sales to Tuam Ltd of $0.007m (2021: nil), purchases of $0.45m (2021: $0.9m)

24b Balances between CCHL Group entities and CCC

24b(i) Borrowings

CCHL borrows from Christchurch City Council, based on Christchurch City Council's borrowing rate plus a margin. Current borrowing is $170m (2021: $170m) fixed, with the balance of $316m (2021: $366m) floating. Weighted average borrowing cost for the year pre hedging was 3.16% (2021: 2.00%).

	Parent 2022 $'000	Parent 2021 $'000
Borrowing maturity		
Short term < 3 months	60,000	10,000
3 months-1 year	110,000	149,700
1-2 years	108,500	110,000
3-5 years	177,700	164,000
6-8 years	30,000	102,500
	486,200	536,200

24b Balances between CCHL Group entities and CCC (continued)

24b(ii) Other balances

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

	Owing by CCC 2022	Owing by CCC 2021	Owing to CCC 2022	Owing to CCC 2021
	$'000	$'000	$'000	$'000
CCHL	-	-	2,594	1,959
Orion New Zealand Ltd	1,481	1,896	3	-
Christchurch International Airport Ltd	-	-	1	-
Lyttelton Port Company Ltd	-	-	6	(3)
Enable Services Ltd	4	16	3	-
City Care Ltd	6,408	11,188	6	41
RBL Property Ltd	-	31	-	-
EcoCentral Ltd	1,423	65	245	234
	9,316	13,196	2,858	2,231

24c Transactions between CCHL Group entities and CCHL Parent

24c(i) Routine transactions

	Parent 2022	Parent 2021
	$'000	$'000
Dividends from Orion New Zealand Ltd	27,675	26,783
Dividends from Christchurch International Airport Ltd	5,063	-
Dividends from Lyttelton Port Company Ltd	10,000	10,000
Dividends from Enable Services Ltd	20,000	18,000
Dividends from City Care Ltd	2,600	4,550
Dividends from RBL Property Ltd	-	17,000
Dividends from EcoCentral Ltd	250	500
Total dividends paid/payable to CCHL	**65,588**	**76,833**
Interest from Lyttelton Port Company Ltd	2,090	559
Interest from Enable Services Ltd	11,040	13,233
Interest from City Care Ltd	139	201
Total interest paid to CCHL	**13,269**	**13,993**
Services provided by CCHL	**129**	**-**

24c(ii) Other transactions

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

- Sales to Orion New Zealand Ltd of $0.02m (2021: $0.0m)
- Sales to Christchurch International Airport Ltd of $0.02m (2021: $0.0m)
- Sales to Lyttelton Port Company Ltd of $0.02m (2021: $0.0m)
- Sales to Enable Services Ltd of $0.02m (2021: $0.0m)
- Sales to City Care Ltd of $0.03m (2021: $0.0m)
- Sales to EcoCentral Ltd of $0.02m (2021: $0.0m)
- Sales to Development Christchurch Ltd of $0.01m (2021: $0.0m)

24d Balances between CCHL Group entities and CCHL Parent

24d(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 26. 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 2022 was 3.21% (2021: 2.65%).

	Parent 2022 $'000	Parent 2021 $'000
Non-current		
Lyttelton Port Company Ltd	150,000	150,000
Enable Services Ltd	294,400	294,400
City Care Ltd	-	10,000
	444,400	454,400
Current		
City Care Ltd	10,000	-
	10,000	-
Total	454,400	454,400

The advance to Citycare was repaid in full on 29 July 2022.

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.

24d Balances between CCHL Group entities and CCHL Parent (continued)

24d(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.

24d(ii) Other balances

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

	Owing by CCHL 2022 $'000	Owing by CCHL 2021 $'000	Owing to CCHL 2022 $'000	Owing to CCHL 2021 $'000
Lyttelton Port Company Ltd	-	-	136	30
Enable Services Ltd	-	-	294	294
City Care Ltd	-	-	84	84
	-	-	514	408

24e Key management personnel compensation

The compensation of the directors and executives of the Parent, being the key management personnel of the entity, was $0.99m (2021: $0.79m). This comprises all short-term employee benefits.

25 RECONCILIATION OF PROFIT TO NET CASH OPERATING FLOWS

	Note	Group 2022 $'000	Group 2021 Restated $'000	Parent 2022 $'000	Parent 2021 $'000
Profit for the year		120,618	91,850	40,171	50,829
Add/(less) non-cash items					
Depreciation, amortisation and impairment expense		148,364	158,026	92	93
(Gains)/losses in fair value of investment property	6	(48,154)	(46,451)	-	-
(Gains)/losses in fair value of derivative financial instruments		(2,124)	(1,783)	277	(91)
Net foreign exchange (gains)/losses		18	3	-	-
Deferred tax charged/(credited) to income	10d	2,380	13,167	-	-
Other		5,674	(4,227)	-	-
Internal labour allocated to PPE & Intangibles		(6,301)	6,024	201	6,024
Other		201	(2,369)	(333)	(22)
		100,058	122,390	237	6,004
Add/(less) items classified as investing or financing activities					
(Gain)/loss on disposal of non-current assets		(7,295)	(800)	-	-
Movement in capital creditors		(407)	2,659	-	-
Other		(2,501)	10	-	-
		(10,203)	1,869	-	-
Add/(less) movement in working capital items					
Debtors, inventory and other current assets		(44,614)	(17,252)	(128)	(153)
Non-current receivables, prepayments and other		9,379	6,933	-	-
Creditors and other liabilities		838	408	1,468	123
Current provisions and other liabilities		(963)	(7,201)	6	(7)
Contract liabilities		3,522	2,472	-	-
Non-current provisions and other liabilities		(411)	2,972	-	-
		(32,249)	(11,668)	1,346	(37)
Net cash from operating activities		178,224	204,441	41,754	56,796

26 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 18.

The Group holds the following financial instruments:

26a Classification of financial assets and liabilities

Group

Financial assets/(liabilities) at fair value	30 June 2022 $'000	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000	30 June 2021 $'000	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000
Fair value hedge derivatives								
Derivative financial instrument assets	-	-	-	-	5,613	-	5,613	-
Cash flow hedge derivatives								
Derivative financial instrument assets	63,230	263	62,967	-	1,299	-	1,299	-
Derivative financial instrument liabilities	(7,182)	-	(7,182)	-	(61,968)	-	(61,968)	-
Total financial assets/(liabilities) at fair value	56,048	263	55,785	-	(55,056)	-	(55,056)	-
Financial assets/(liabilities) at amortised cost								
Cash and deposits	83,742				61,493			
Finance lease receivable	41,750				43,922			
Debtors, contract assets and other receivables	125,319				105,129			
Loans	22,066				21,779			
Subtotal - assets	272,877				232,323			
Creditors and other payables	(113,925)				(113,495)			
Borrowings and lease liabilities	(2,203,975)				(2,154,482)			
Subtotal - liabilities	(2,317,900)				(2,267,977)			
Net financial assets/(liabilities) at amortised cost	(2,045,023)				(2,035,654)			
Total financial assets and liabilities	**(1,988,975)**				**(2,090,710)**			

26a Classification of financial assets and liabilities (continued)

Parent

Financial assets/(liabilities) at fair value	30 June 2022	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	30 June 2021	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash flow hedge derivatives								
Derivative financial instrument assets	19,463	-	19,463	-	-	-	-	-
Derivative financial instrument liabilities	(3,819)	-	(3,819)	-	(26,019)	-	(26,019)	-
Fair value through other comprehensive income								
Shares in subsidiary companies	3,330,543	-	-	3,330,543	3,182,411	-	-	3,182,411
Total financial assets/(liabilities) at fair value	3,346,187	-	15,644	3,330,543	3,156,392	-	(26,019)	3,182,411

Financial assets/(liabilities) at amortised cost	30 June 2022	30 June 2021
Cash and deposits	16,400	1,038
Debtors, contract assets and other receivables	549	448
Loans	476,466	476,179
Subtotal - assets	493,415	477,665
Creditors and other payables	(5,544)	(4,076)
Borrowings and lease liabilities	(1,133,776)	(1,146,640)
Subtotal - liabilities	(1,139,320)	(1,150,716)
Net financial assets/(liabilities) at amortised cost	(645,905)	(673,051)
Total financial assets and liabilities	**2,700,282**	**2,483,341**

26b Non-financial assets measured at fair value

Group

	30 June 2022 Carrying value	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	30 June 2021 Carrying value	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	3,988,298	-	146,442	3,841,856	3,702,505	-	114,998	3,587,507
Investment property	722,763	-	-	722,763	656,642	-	-	656,642
Assets held for sale	-	-	-	-	1,745	-	-	1,745
	4,711,061	-	146,442	4,564,619	4,360,892	-	114,998	4,245,894

Analysis of movements in Level 3 assets

Group

	30 June 2022 Total	P,P&E	Investment property	Assets held for sale	30 June 2021 Total	P,P&E	Investment property	Assets held for sale
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening carrying value	4,243,273	3,579,243	664,030	-	3,986,953	3,415,295	571,658	-
Additions	160,959	145,324	15,635	-	187,634	166,348	21,286	-
Disposals	(252)	(252)	-	-	(13,687)	(12,623)	-	(1,064)
Transfers	(7,535)	(2,332)	(5,203)	-	14,796	(3,273)	15,870	2,199
Fair value movements	247,914	199,613	48,301	-	195,362	148,615	47,828	(1,081)
Depreciation	(80,443)	(80,443)	-	-	(117,553)	(117,553)	-	-
Reclassified assets and impairments	703	703	-	-	(7,611)	(9,302)	-	1,691
Closing carrying value	4,564,619	3,841,856	722,763	-	4,245,894	3,587,507	656,642	1,745

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, except for $100m (2021: $100m) of debt held by CIAL which is matched by an interest rate swap agreement in place with a notional amount of $100m (2021: $100m) whereby CIAL receives a fixed rate of interest of 4.13% (2021: 4.13%) and pays interest at a variable rate on the notional amounts. The swap is being used to hedge the exposure to changes in the fair value of the bond. The accumulated fair value hedge adjustments made on the carrying amount of these bonds total $2.0m (2021: $5.3m), resulting in a total carrying value of the fair valued hedged debt of $98m (2021: $105m).

The Parent has total fixed rate debt held at amortised cost of $617m (2021: $470m). The fair value of this debt, determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs was $606m (2021: $499m).

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.

26. 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.

27 STATEMENT OF ACCOUNTING POLICIES

Impairment

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

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

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

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

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

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

Other accounting policies

All other accounting policies are shown in the relevant note.

New accounting standards and interpretations

Change in accounting policy

Software-as-a-Service (SaaS) arrangements

In April 2021, the International Financial Reporting Interpretations Committee (IFRIC), a committee supporting profit-oriented reporting, published an agenda decision clarifying how configuration and customisation costs incurred in implementing SaaS should be accounted for.

The IFRIC concluded that SaaS arrangements are service contracts providing the customer with the right to access the SaaS provider's application software over the contract period. Costs incurred to configure or customise software in a cloud computing arrangement can be recognised as an intangible asset only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to existing on premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and are amortised over the useful life of the software on a straight-line basis. The useful lives are reviewed at least at the end of each financial year, and any change is accounted for prospectively as a change in accounting estimate.

Costs that do not result in intangible assets are expensed as incurred unless they represent payment for future services to be received. In which case, a prepayment is initially recognised and then expensed as those subsequent services are received.

The Group revised its accounting in relation to configuration and customisation costs incurred in implementing SaaS arrangements from 1 July 2021 to be consistent with the IFRIC agenda decision. The group applied the change in accounting policy retrospectively, and has restated comparative balances. The impact of the change in accounting policy is that some previously capitalised intangible assets no longer meet the criteria for capitalisation and have therefore been expensed.

27. Statement of accounting policies (continued)

New accounting standards and interpretations (continued)

Change in accounting policy (continued)

Software-as-a-Service (SaaS) arrangements (continued)

The impact on the financial statements is:

	Group Reported 2021 $'000	Group Adjust-ments 2021 $'000	Group Restated 2021 $'000
Statement of financial position			
Intangible assets	26,218	(2,000)	24,218
Total non-current assets	4,578,894	(2,000)	4,576,894
Total assets	4,793,213	(2,000)	4,791,213
Net deferred tax liabilities	358,765	(560)	358,205
Total non-current liabilities	1,935,162	(560)	1,934,602
Total liabilities	2,740,420	(560)	2,739,860
Retained earnings	801,387	(1,440)	799,947
Parent entity interests	1,681,611	(1,440)	1,680,171
Total equity	2,052,793	(1,440)	2,051,353
Statement of comprehensive income			
Operating expenses	715,400	1,517	716,917
Earnings before interest, tax, depreciation and amortisation	358,226	(1,517)	356,709
Earnings before interest and tax	200,200	(1,517)	198,683
Net profit/(loss) before tax	126,654	(1,517)	125,137
Income tax expense	37,780	(425)	37,355
Profit/(loss) from continuing operations (after tax)	88,874	(1,092)	87,782
Net profit/(loss) after tax	92,942	(1,092)	91,850
Total comprehensive income for the year, net of tax	240,567	(1,092)	239,475
Profit/(loss) for the year attributable to Owners of the parent	79,195	(1,092)	78,103
Total comprehensive income attributable to Owners of the parent	207,644	(1,092)	206,552
Statement of changes in equity - Group			
Balance as at 1 July 2020	1,849,072	(348)	1,848,724
Profit for the year	92,942	(1,092)	91,850
Total comprehensive income	240,567	(1,092)	239,475
Balance as at 30 June 2021	2,052,793	(1,440)	2,051,353

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

Standards issued but not yet effective

Certain new accounting standards and amendments have been issued that are not mandatory for the 30 June 2022 financial year and have not been early adopted. Those new standards and amendments that are relevant to the Group are:

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

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

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

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

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

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

Other new accounting standards and amendments have been issued that are not mandatory for the 30 June 2022 financial year and have not been early adopted by the Group. The Group has assessed that these are not likely to have an effect on its financial statements.

STATEMENT OF PERFORMANCE

28 PERFORMANCE AGAINST STATEMENT OF INTENT TARGETS

The Statement of Intent ('SoI') issued by CCHL last year in respect of the 2022 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 2022 with the financial targets contained within the SoI:

	Group Actual 2022 $'000	Group Target 2022 $'000	Parent Actual 2022 $'000	Parent Target 2022 $'000
Financial performance targets				
Net Profit after tax	120,618	65,000	40,171	n/a
Interest cover ratio	3.10	1.33	2.13	n/a
Net debt/net debt plus equity (%)	45.7%	52.0%	29.3%	n/a
Shareholder's funds/total assets	46.3%	41.0%	70.3%	n/a
Dividends to Christchurch City Council	16,100	16,100	16,100	16,100
Return on average equity (%)	5.4%	4.2%	1.5%	n/a

Group profit for the year and return on average equity

The Group's profitability and return on average equity are higher than SoI targets due to higher earnings due to increased container volumes and pricing at LPC, connection growth at Enable, and the non-taxable fair value gain on the land component of CIAL's investment properties.

Group interest cover

The Group interest cover ratio is better than target largely due to higher earnings due to increased container volumes and pricing at LPC, connection growth at Enable, and the non-taxable fair value gain on the land component of CIAL's investment properties, and lower finance costs due to lower average interest rates.

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

Dividends

The company paid its full SOI dividend target to Christchurch City Council of $16.1m (2021: $34.0m). In recent years, dividends to Council have been impacted by the capital release and balancing the need to pay dividends whilst managing debt. In light of the impact that COVID has had on the ability of the Parent to pay dividends, 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 commitments.

Non-financial performance targets - Group

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 to provide strategic alignment with the ultimate shareholder's expectations.	**Achieved** - Letter of Expectations (LOE) issued in December 2021
2	CCHL maintains contact with subsidiary company boards, and remains aware of their strategic and business issues	CCHL regularly receives a strategic performance report detailing financial, market and performance updates. CCHL management meet with operating subsidiary management regularly to review current performance and strategic focus areas. CCHL receive business plans from each operating subsidiary by 31 May each year. Operating subsidiary Chair and CEO will meet with CCHL Board at least annually.	**Achieved** - Dashboard quarterly reports against SoI targets and strategic performance reports have been received quarterly. **Achieved** - At least quarterly meetings with subsidiary CEO and CFO. **Achieved** **Achieved** - all subsidiary Chairs/CEOs provided CCHL Board with strategic update briefings during the year.

28. Performance against Statement of Intent targets (continued)

Non-financial performance targets - Group (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** C3 Programme proactively supports collaboration across the Group and Council on mutually beneficially opportunities and challenges. For FY22 this included Sustainability Working Group, He Huanui Maori Pathways Programme, and 5 other cross-company pilots and knowledge sharing forums. All the Audit Committee Chairs meetings were held but not all the Group CEO and CFO meetings were held due to COVID restrictions, however regular contact was made.

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** Te Whāriki digital platform continues to provide Group employees access to the expertise and knowledge from across the Group to solve challenges, resource work faster, and develop their own capability. There were over 100 cross-company innovation and knowledge-sharing related projects listed on the platform during the period. A number of emerging technology pilots are underway associated with improving detection and digital visualisation of CCHL's underground assets.
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 continues to operate within its No Surprises Policy.
3	CCHL manages its continuous disclosure requirements for NZX effectively.	Matters of material impact are disclosed in line with CCHL framework for continuous disclosure.	**Achieved** – all NZX disclosure requirements completed on time.

Non-financial performance targets - CCHL Group (continued)

Sustainability

The Group is on a journey towards measuring group wide greenhouse gas (GHG) emissions and is committed to reducing these emissions. The Group is also working to ensure readiness for the mandatory climate reporting regime, effective for Financial Markets Conduct (FMC) reporting entities from FY24.

Currently individual subsidiaries within the CCHL group have developed and are reporting against their own sustainability metrics, including emissions reduction performance measures. Each subsidiary is at a different stage of its own carbon reduction journey and as a result there is variability in the scope of activities captured by their measures in FY22. We are still working on establishing systems at subsidiary and Group level to measure and report consistently against Group-wide carbon reduction targets on an annual basis.

From next year the Group will take a consolidated approach which will define boundaries from a group perspective and provide an understanding of what is required in order to comply with the FY24 reporting deadline.

Once group-wide targets are set, individual subsidiaries will still be responsible for verifying their own GHG emissions inventories and that will be completed as part of each subsidiary's annual audit process. The subsidiaries will then report this verified information to CCHL for inclusion in the Group GHG inventory.

CCHL has formed a group wide Sustainability Working Group, which will take a principled approach, balancing people, planet and prosperity, understanding that sustainability in its truest sense sits at the intersection of those spaces.

In the letter of expectations to subsidiaries for the FY22, CCHL requested that all subsidiaries:

- Establish clear sustainability targets that they can report against; and
- Support the CCHL Group wide work to develop Group wide sustainability targets.

CCHL continues to monitor and report progress against the targets. The targets will be 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.

Non-financial performance targets - CCHL Group (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 and based on best practice.	CCHL Group will publish independently verified annual GHG emission footprints, alongside science-based reduction targets and timeframes for each subsidiary. This will provide the basis of a Group wide reduction target to be set by 31 December 2021.	**Partially achieved** All subsidiaries completed GHG inventories for FY21 by December 2021. The GHG inventories were not independently verified or published but were used to set the benchmark for targets. The subsidiary GHG emission footprints for FY22 have also been completed and are in the process of being independently verified by industry experts against recognised standards (via their annual GHG audit process - due for completion in November 2022). The verified GHG emission footprints will be published in the individual subsidiary FY23 annual reports. Subsidiary GHG emission footprints for FY22 were prepared using ISO 14064-1:2018. The Group was not able to achieve its target of setting group-wide carbon reduction targets by 31 December 2021. Group wide carbon reduction targets have been set by all subsidiaries with the exception of LPC. The LPC Board is yet to sign off on proposed Targets. Once this has been completed we will be able to establish a CCHL Group Target. This is expected to be in place by the end of 2022. We expect to be able to report against this in the 2023 CCHL Annual Report, following verification of all subsidiary results. The independently verified GHG emission footprints reduction targets (when finalised) will also be published in the respective subsidiary Annual Reports in FY23. These will complement or replace the GHG emissions measures already reported against in subsidiary Annual Reports.

28. Performance against Statement of Intent targets (continued)

Non-financial performance targets - Group (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 Group will prepare a GHG emissions reduction management plan including a timeline to achieve a Group target of being net zero GHG emissions. CCHL Group will deliver an Integrated Reporting framework over the next three years.	**Partially achieved** - the Group is engaging a consultant to help bring together the current subsidiary level Emissions Reduction initiatives into a group level view. This will include pathways that demonstrate business as usual reductions, alignment with science based targets and being ahead of the science based targets accelerated pathway. **On track** - the Group and all subsidiaries who are yet to transition to an integrated reporting framework, are actively transitioning via a staged approached to an integrated reporting framework. The Group/Parent will complete stage 1 of the transition in the FY22 reporting period.
3	CCHL Group will show sustainability leadership.	CHL will establish a sustainability framework for our debt funding programme aligned with our IGFF.	**Achieved** - CCHL's Sustainable Finance Framework was approved by the CCHL Board in April 2021 and issued its first sustainability bond offer in late October 2021 ($150 million).
4	CCHL Sustainability Working Group (SWG) will leverage joint capability for the benefit of all companies in the Group.	CCHL SWG will oversee active emission reduction workstreams, including making recommendations on opportunities to accelerate Group decarbonisation.	**Achieved** - workstreams are actively managed through the SWG and reviewed on a fortnightly basis and progress reported/updated to the Board monthly.
5	CCHL Group will show leadership and responsibility in relation to understanding and mitigating climate risk	CCHL Group will assess and disclose climate change risks, compliant with TCFD reporting standards.	**Achieved** - the SWG have assessed climate change risks across the Group and continue to collaborate to identify key risks to inform reporting. The XRB has yet to issue the final TCFD reporting standards.
6	CCHL will demonstrate partnership towards sustainability goals.	CCHL SWG will proactively share learnings and successes with others, including the wider community.	**Achieved** - members of the SWG have participated in a number of professional forums and community events (as COVID allowed). This included presenting to the CCC Climate Change Working Group in June 2022.

Non-financial performance targets - Group (continued)

People

	Objective	Performance target	Performance
1	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 a living wage for all direct employees, including investing in training and staff development programmes. CCHL will continue to support and encourage the use of Te Whāriki as a means of developing and sharing human resource throughout the Group.	**Achieved** – Council workshop held in March 2022 and ongoing commitment to continue to work towards positive living wage outcomes for all direct employees (this will be achieved by all subsidiaries in September 2022). **Achieved** – Te Whāriki platform continues to operate with all subsidiaries and Council now participating on the platform.
2	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. 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.	The process followed for each appointment to a subsidiary company board is transparent, fully documented and in line with approved policies and procedures. CCHL will actively 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. CCHL will aim to increase our diversity on our boards and report on progress as part of our annual reporting to our shareholder. 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** - Director appointments made during the year complied with Council/CCHL policies. **Achieved** - monitored as regular governance appointment processes, and the Governance and Appointments Committee continues to regularly review board diversity across the Group. **Achieved** - monitored as regular governance appointment process, previous years data analysis reported to Council workshop in February 2022. **Achieved** - subsidiaries reporting this information on an annual basis in either the Annual Report or Statement of Intent.
3	Directors make an effective contribution to the CCHL board, and their conduct is in accordance with generally accepted standards.	An independent board effectiveness review will be undertaken every 3 years, next due in 2022. The Chair will actively monitor and approve any training requirements for the Board.	**Achieved** - the board effectiveness review was completed in late 2021 and reported to Council in early 2022. **Achieved** - monitored and training approved for three directors to attend the IOD Advanced Directors Course during the period.

28. Performance against Statement of Intent targets (continued)

Non-financial performance targets - Group (continued)

People (continued)

	Objective	Performance target	Performance
4	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. CCHL will establish an alumni programme for all previous Associate Directors and Intern Directors.	**Achieved** - two workshops and regular meetings were held with the Associate Director cohort. **Not achieved** - event scheduled but cancelled due to COVID restrictions on size of gatherings. To be rescheduled in early 2023.

Non-financial performance targets - Subsidiaries

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

Orion (as per 31 March 2022 SoI)

	Objective	Performance target	Performance
1	Network reliability	SAIDI -- planned interruptions (minutes per customer) 40	**Achieved** - 24.92
		SAIDI -- unplanned interruptions (minutes per customer) 85	**Achieved** - 52.95
		SAIDI -- total interruptions (minutes per customer) 125	**Achieved** - 77.87
		SAIFI -- planned (interruptions per customer) 0.15	**Achieved** - 0.07
		SAIFI -- unplanned (interruptions per customer) 1.03	**Achieved** - 0.60
		SAIFI -- total (interruptions per customer) 1.18	**Achieved** - 0.68
2	Customer inspired	Net Promoter Score >50%	**Not achieved** - impacted by change in methodology. Achieved a Net Promoter Score (NPS) of 36, reflecting a change in our survey methodology to canvas a broader demographic, noting that 36 is "Great" on the NPS scale.
		Implement a new Customer Relationship Management platform (CRM) - foundation complete	**Complete**
		Launch a new Outage Notifications service to our community	**Partially complete** - Delays in the initial CRM launch mean this is not yet fully integrated into the new CRM platform. The work to complete this is being undertaken in the first part of FY23.
		Further develop our customers and community engagement programme to give greater voice to our stakeholders' views in Orion's decision making (Dec 2021)	**Complete**
		Continue our community sponsorships and align with our Group Strategy	**Complete**

28. Performance against Statement of Intent targets (continued)

Non-financial performance targets - Subsidiaries (continued)

Orion (as per 31 March 2022 SoI) (continued)

	Objective	Performance target	Performance
3	Lead and grow	Continuous improvement of our works delivery (Apr 2022)	**Ongoing** - transitioned to a "Primary Service Delivery Partner" contracting model between Orion and Connetics for contract work which delivers improved safety, quality, and capability development.
		Connetics will shift its Southern operations from establishment phase to performance phase	**Complete**
		Clear three-year programme to continually optimise in service of our Group strategy	**Partially complete** - optimisation plans will continue in FY23, following on-boarding capability and development of our operating model.
4	Health & Safety	4 or less events that did or could have resulted in serious injury to Orion Group employees	**Achieved** - three serious events during the year, non of which resulted in serious injury.
		4 or less events that did or could have resulted in serious injury to Orion service providers	**Achieved** - (covers contractors working for Orion or near the Orion network) One serious event that did not result in serious injury. An employee of one of our contractors received an electric shock while relocating a distribution cabinet.
		Zero events that did or could have resulted in serious injury to the public, excluding car versus pole incidents	**Not achieved** - one incident involving the public. A civil contractor (not engaged by Orion) came into contact with Orion's low voltage network.
5	Accelerating capability	Enhance employee engagement	**Complete**
		Continue to embed and evolve leadership development	**Ongoing** - aim was to continue developing Orion leaders, so they can lead strategic initiatives with intent and velocity. Leadership development was identified as an area to further develop through the Learning and Development programme.
		Complete the next major phase of our diversity and inclusion programme	**Complete**
		Complete the first major phase of initiatives for the Energy Academy	**Complete**
		Continue to champion the Wāhine tū tahi, wāhine kaha - CCHL's Women & Leadership series (Sep 2021)	**Complete**

Non-financial performance targets - Subsidiaries (continued)

Orion (as per 31 March 2022 SoI) (continued)

	Objective	Performance target	Performance
6	Re-imaging the future network	Increase the real time 'visibility' of the state of our low voltage network (Jun 2021)	**Complete**
		Develop a live operating model of our low voltage network (Sep 2022)	**Partially complete** - due for completion 30 September 2022.
		Undertake a trial of non-network alternatives to low voltage constraint management	**Complete**
		Data and digitisation strategy in place	**Delayed** - due to employment of new GM Data and Digitisation (employed Mar 2022)
		Develop options for non-network supply procurement	**Not complete** - Future demands on network may be less predictable and may not be best addressed through traditional network services. Working to be adaptive to be able to offer solutions that are not necessarily traditional “poles and wires”.
		Design for new field data collection method in place (Sep 2021)	**Complete**
		Development of publicly available network constraint maps	**Complete**
		Install a new digital voice radio network in Banks Peninsula (Sep 2021)	**Ongoing** - first of type for New Zealand and will increase coverage of previous black spots. Main architecture is complete and commissioned, sub network remains to be built, due for completion FY23. COVID negatively impacted supply of equipment.

28. Performance against Statement of Intent targets (continued)

Non-financial performance targets - Subsidiaries (continued)

Orion (as per 31 March 2022 SoI) (continued)

	Objective	Performance target	Performance
7	Powering the Low Carbon Economy	Partnerships to promote the effective use of electricity in the region	**Complete** - MOUs signed with Otautahi Community Housing Trust (OCHT) and Kia Kotahi Ako.
		Access to data on thermal fuel boilers (Jun 2021)	**Complete**
8	Key projects	Improve how we manage our critical health and safety risks	**Complete**
		Construct a new 66kV line between Highfield zone substation and Norwood GXP	**Ongoing** - project delayed due to lengthy land purchase and consenting process. Now secured land and consents in place. Construction will begin in FY23.
		Replace our end of life 11kV switchgear at Oxford Tuam zone substation with modern vacuum breakers (Dec 2021)	**Complete**
		Build and commission a new zone substation at Belfast and connect it with our existing 66kV sub-transmission network and a new switching station to be built and commissioned at Marshland	**Ongoing** - civil construction of the Belfast substation is complete, and the secondary (11kV) electrical fit out has progressed well, with completion expected June 2022.

Non-financial performance targets - Subsidiaries (continued)

Christchurch International Airport Ltd

	Objective	Performance target	Performance
1	Passenger numbers	Domestic – 4,492,665	**Not achieved** - 3,104,343
		Tasman & Pacific Islands – 615,202	**Not achieved** - 118,004
		International – 14,528	**Achieved** - 35,067
2	**Sustainability** Carbon	Reduction in carbon emissions vs. FY-15 benchmark	**Achieved** - CIAL continues to align with its emission reduction trajectories and as evidenced by CIAL's independently certified FY21 Green House Gas (GHG) emissions, remain on track to achieve the 2035 target. FY22 has seen a further reduction in CIAL's GHG inventory, which is currently being independently certified.
		Demonstrate continued responsibility and leadership in aviation transition	**Achieved** - New Zealand native carbon sequestration offsets purchased for FY21 at 125% of CIAL's certified Scope 1, 2 and partial Scope 3.
		Seek to influence airport Scope 3 emissions	**Achieved** - Leadership demonstrated through mentoring airports, becoming founding member of Sustainable Aviation Aotearoa, and enacting Sustainability Linked Loan.
	Waste	Kowhai Park launched to enable generation of zero emission energy to reduce scope 2 & 3 emissions	**Achieved** - Kowhai Park launched to enable generation of zero emission energy to reduce scope 2 & 3 emissions. For more details on the emissions measured and the uncertainties in measurement, please refer to CIAL's 2022 Annual Report.
		Develop CIAL Waste Minimisation Strategy	**Achieved**
		Create separated waste streams with known destinations	**Achieved**
		Undertake waste minimisation projects to reduce emissions	**Achieved**

28. Performance against Statement of Intent targets (continued)

Non-financial performance targets - Subsidiaries (continued)

Christchurch International Airport Ltd (continued)

	Objective	Performance target	Performance
2	**Sustainability (continued)** Energy	Actively pursue energy transition from fossil fuel to clean energy	**Achieved** - Kowhai Park launched 3 December 2021 – to be large scale renewable energy precinct, supporting the transition of the Airport and campus, aviation sector and wider Canterbury.
		Make an impact beyond CIAL terminal boundaries	**Achieved**
		Undertake energy efficiency projects, including LED lighting	**Achieved** - feasibility of carpark lighting to LED complete, with project to be undertaken in FY23.
		Measure, understand and undertake to conserve water around terminal and campus	**Achieved** - new telemetry meters established in Airport terminal to provide live water readings, allowing for greater conservation opportunities.
	Water	Number of noise complaints per 10,000 aircraft movements (pa)	**Partially achieved** - met except for the month of Dec 21 due to repeat complainant management are working with.
	Noise	Successful delivery of updated noise compliance contours to Ecan	**Achieved**
		Long term and ongoing program to protect CIAL from noise reverse sensitivity affects	**Achieved**
		Offers of acoustic mitigation to noise-impacted properties currently eligible	**Achieved**
		Understand and enhance our unique dryland habitat	**Achieved**
	Land	Undertake planning to celebrate native species and plant succession planning	**Achieved**
		Monitor and understand bird migration patterns to mitigate bird strike	**Achieved** - ongoing work in this area
		Insert bird strike management areas in the regional and district planning framework	**Achieved** - ongoing work in this area

Non-financial performance targets - Subsidiaries (continued)

Christchurch International Airport Ltd (continued)

	Objective	Performance target	Performance
3	Health & Safety	Maintain HS&W score above 85% in annual culture and engagement survey	**Not achieved** - activities to promote a positive culture of HSW have continued and while the annual culture and engagement survey was not completed results and comments from the CIAL Diversity & Inclusion survey and interviews indicate a positive HSW culture remains at CIAL.
		CIAL HS&W workplan delivered on schedule	**Partially achieved** - despite a number of COVID-19 disruptions the 2022 Workplan was 94% delivered, including significant additional undertakings to manage the constantly changing COVID-19 risk and requirements in the border environment.
		Annual review of SMS and HSMS	**Achieved**
		Incremental increase in wellbeing measures in culture & engagement survey	**Achieved**
		Mental Health & Resilience Programme delivered	**Achieved**
4	Community	Demonstrate support for the city and the region, its image and activities as pandemic impacts allow. Provision of promotional space at the airport to showcase events and activities (i.e. Antarctic programme, mountain bike park) across the region.	**Achieved** - active role in vaccinations campaign, as domestic and international passenger numbers increased, CIAL have continued to support people, businesses and agencies promoting the city.
		Engagement and communication with stakeholders led by the Chief Executive and GMs initiating and accepting invitations to meetings, speeches, addresses, panels and workshops.	**Achieved** - executives and senior managers gave a number of addresses and presentations at various events in NZ and across the world, either in person or online.
		Senior leaders participate in and address events and functions, sharing expertise and skills.	**Achieved**
		Support local and national charities by hosting collections within the terminal, and active engagement by staff in charity events.	**Achieved**

Non-financial performance targets - Subsidiaries (continued)

Christchurch International Airport Ltd (continued)

	Objective	Performance target	Performance
4	Community (continued)	Respectfully engage with our local communities, iwi mana whenua & stakeholders in respect of CIAL's plans to explore the potential for a new airport in Central Otago.	**Achieved** - have broadened and strengthened relationships with Central Otago communities, community groups, iwi and stakeholder groups. There is now a Tarras-based Community Engagement expert as part of the project team.
5	People	Retention strategy for critical talent and development of emerging leaders	**Achieved** - programme developed and activated.
		Activation of Talent Management strategy and internal review conducted with key stakeholders	**Achieved**
		Tools created that guide talent planning	**Achieved**

Lyttelton Port Company Ltd

	Objective	Performance target	Performance
1	Operational	Ship Rate – 65 (TEU per hour per ship)	**Not achieved** - 57.26. Ship rates have been lower than target value due to supply chain disruption affecting ship schedules and planning and labour shortages resulting from COVID sickness or isolation.
		Coal Load-out Rate - 25,000 (tonnes per day)	**Not achieved** - 22,219. Impacted by temporary closure following fatal accident on the ETG Aquarius LPC on 25 April 2022.

Non-financial performance targets - Subsidiaries (continued)

Lyttelton Port Company Ltd (continued)

	Objective	Performance target	Performance
2	People	**Organisational culture change** Establish Culture and Transformation Team Develop plan for implementation of workplace culture review findings **Leadership & development** Redesign LPC leadership programme to reflect workplace culture review findings Gender balance male/female - 85/15 Engagement score - 72	**Achieved** - team is now fully resourced. **Achieved** - work plan is developed and a regular programme status report is in place. **Achieved** - ongoing programme being delivered. **Not achieved** - 88/12 **Not achieved** - the approach to measuring engagement has changed where regular pulse surveys will be completed during the year.
3	Health & Safety	Reportable injuries/incidents - Nil Total Recordable Injury Frequency Rate - 5.4 Lost-time injury frequency rate <2.66 Health and safety interaction per calendar month >30	**Not achieved** - fatal accident on the ETG Aquarius LPC on 25 April 2022. **Achieved** - 2.59 **Achieved** - 1.85 **Achieved** - 41

28. Performance against Statement of Intent targets (continued)

Non-financial performance targets - Subsidiaries (continued)

Lyttelton Port Company Ltd (continued)

	Objective	Performance target	Performance
4	Planet	Waste: 7% increase in diversion rates (operational waste) from landfill from base-line FY18 **Biodiversity Positive** Evaluate and report on biodiversity as part of natural capital in the integrated report 50% of all LPC Lyttelton non-operational land is actively managed for key predators Increase in area of non-operational land actively managed for terrestrial weeds Responsible sourcing: 50% of operational product suppliers >$50k/annum evaluated against responsible sourcing criteria **Reporting** Publish first full integrated report Conduct risk assessment against the Task Force on Climate-related Financial Disclosures criteria	**Not achieved** - analysis has established that the FY18 and FY19 waste data that LPC holds is unreliable and potentially incorrect. This is in the process of being re-calculated. **Achieved** **Achieved** **Achieved** **Achieved** - FY21 report was prepared following the principles of Integrated Reporting. LPC have prepared the FY22 report as a full integrated report. **Achieved** - risk assessment is currently underway, being led by AECOM.

Non-financial performance targets – Subsidiaries (continued)

Enable Services Ltd

	Objective	Performance target	Performance
1	Operational	Number of connections (cumulative) 144,100	**Not achieved** - 143,331
2	Total network availability	>99.97%	**Achieved** - 99.99%
3	Connections SLA Achievement	>95%	**Not achieved** - 92.59%
4	Health & safety	Total recordable injury frequency rate (per million hours) <=3.0	**Not achieved** - 5
		Serious harm injuries – Nil	**Achieved** - Nil
5	People	Living wage provided to 100% of Enable's (direct) employees	**Achieved**
		Plan established for direct contractors to pay living wage	**Achieved** - plan in place
		Improve Culture and Leadership employee net promoter score (eNPS)	**Achieved** - office vibe improved
		Increase females in leadership from 25% to over 33%	**Not achieved** - actual at FY22 is 28%
		Role remuneration equality	**Achieved**
		Relationship established with mana whenua, first partnership initiatives completed by 31 December 2021	**Achieved**

28. Performance against Statement of Intent targets (continued)

Non-financial performance targets – Subsidiaries (continued)

Enable Services Ltd (continued)

	Objective	Performance target	Performance
6	Sustainable future	Reduce scope 1, 2 and scope 3 (excluding staff commute) emissions by 17% (against audited FY2020 Base Year) to 581 tonnes	**Achieved** - Enable achieved a 28% reduction on like-for-like emissions. Enable has restated its base year emissions and added new sources of emissions this year to capture a greater portion of the carbon footprint. Emissions reported include scope 1 and 2 emissions, plus partial scope 3 emissions. For more details on the emissions measured and the uncertainties in measurement, please refer to Enable's 2022 Annual Report.
		Establish model for Green Fibre	**Achieved**
		Reduce overall corporate consumption by an average of 25% from FY2020	**Achieved** - average reduction 82% with work ongoing in this area
		Benchmark established & reduction targets for corporate consumption in place by 31 December 2021	**Achieved**
		Establish circular economy principle(s) and criteria for Enable corporate consumption	**Not achieved** - timing has been delayed
		Plan and targets established for network operations consumption	**Achieved**
7	Community	Maintain our Canterbury Employers' Chamber of Commerce sponsorship	**Achieved**
		Maintain our Future Leaders in Technology sponsorship	**Achieved**
		Deliver 10 to 12 small sponsorship initiatives that directly positively impact our community	**Achieved**
		2,000 ŌCHT residents' units built to and >1,000 residents benefitting from access to the internet	**Not achieved** - continuing to work with Government and OCHT to deliver a solution, now working towards late July/August 2023 delivery
		The first ~25 free WIFI hotspots deployed and operating in the city	**Achieved**

Non-financial performance targets – Subsidiaries (continued)

Citycare Ltd

	Objective	Performance target	Performance
1	Client Satisfaction	Positive year-on-year "Net Promoter Score" (NPS) based on annual customer survey	**Achieved**
2	Environmental	100% of new (non-operational) passenger vehicles purchased or leased to be hybrid or EV (excludes vehicles procured through acquisitions) (subject to vehicle availability)	**Achieved**
		Annual reduction of Company-wide greenhouse gas emissions normalised against annual turnover to reach 2030 goals	**Achieved**
3	Health & Safety	<10 incidents requiring notification to WorkSafe annually	**Achieved**
		<1 WorkSafe investigations	**Achieved**
4	Employee engagement/diversity	Incremental increase in the number of women in leadership roles	**Achieved**
		Increase in youth in the workforce measured by higher % of staff under 25 years	**Achieved**
		More than 50 people in registered training annually	**Achieved**
5	Community	Collaborate with community stakeholders to deliver the safe coordination of >15,000 volunteer hours	**Achieved**

STATUTORY INFORMATION

Ownership and principal activities

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

Directors' interests

CCHL maintains an interests register in which particulars of certain transactions and matters involving the directors are recorded. These are requirements under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2022:

Jeremy Smith

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

Alex Skinner

Trustee & Chair	Ōtautahi Community Housing Trust
Director & Chair	Ōtautahi Community Housing Development GP Ltd
Director	Alex Skinner Ltd
Director	Anchorage Trustee Services Limited
Trustee	Dream, Believe, Succeed Foundation
Director	Effectus Ltd
National Board Member	Royal NZ Plunket /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 Independent Chair	Assurity Consulting Ltd

Sara Templeton

Councillor	Christchurch City Council

Lianne Dalziel

Mayor	Christchurch City Council

Andrew Turner

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

James Gough (retired 29 August 2022)

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

Claire Evans

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

Michael Rondel (appointed 8 September 2022)

Partner/Owner	BDO Christchurch (Partnership)
Shareholder and Director	BDO Christchurch Limited
Shareholder and Director	BDO Christchurch IS Limited
Director	Victoria Trustee MR Limited
Shareholder via Trustee	Smart Sparks Electrical Limited
Shareholder via Trustee	Smart Sparks Servicing Limited
Shareholder via Trustee	Smart Sparks Commercial Limited
Shareholder via Trustee	Smart Sparks Residential Limited
Shareholder via Trustee	Smart Sparks Fire and Security Limited
Executive Member and Chair/President	Canterbury Golf Incorporated
Limited Statutory Manager	Ko Taku Reo – Deaf Education NZ

Gregory Campbell (retired 22 June 2022)

Director	Transdiesel Ltd
Director	Terrequipe Ltd
Director	Greg Campbell Ltd
Trustee	G S & N A Campbell Family Trust
Director	Ryman Healthcare Ltd
Trustee	Māia Health Foundation
Director	Calder Stewart Ltd
Trustee	Ryman Healthcare Charitable Trust

Barry Bragg (appointed 8 September 2022)

Adviser	Ngāi Tahu Farming Limited
Chairman	Paenga Kupenga Limited (commercial arm of Ngāi Tūāhuriri Rūnanga)
Deputy Chairman	Stevenson Group Limited
Shareholder & Consultant	Farrell Construction Limited
Deputy Chairman	Canterbury West Coast Air Rescue Trust
Trustee	NZ Flying Doctor Service Trust
Director	Air Rescue Services Limited
Chairman	Quarry Capital Limited
Chairman Elect	Pegasus Health
Director	Verum Group Limited
Managing Director	Nuenz Limited
Executive Director and Shareholder	BC Limited
Director	Straterra
Chairman	Te Kaha Project Delivery Limited
Participant	Whitiora
Shareholder	Mollet Lane
Adviser	Venues Ōtautahi Limited
Director	CCHL

The gender balance of CCHL's Directors and Officers as at 30 June 2022 is tabled below:

	Officers		Directors	
	Jun 2022	Jun 2021	Jun 2022	Jun 2021
Female	1 (50%)	1 (50%)	3 (43%)	3 (38%)
Male	1 (50%)	1 (50%)	4 (57%)	5 (62%)
Total	**2**	**2**	**7**	**8**

Board and committee attendance

The Board and the Audit and risk management committee and the Governance and appointments committees have a number of scheduled meetings each financial year. The following table is a summary of attendance for CCHL's financial year ended 30 June 2022:

	Board meetings	Audit and risk management committee meetings	Governance and appointments committee meetings
	11	**6**	**5**
Jeremy Smith	11	*	5
Lianne Dalziel	10	*	*
James Gough	10	*	3
Andrew Turner	11	6	*
Claire Evans	11	*	5
Alex Skinner	11	6	*
Greg Campbell	8	6	*
Sara Templeton	11	*	4

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

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 24 to the financial statements. No loans were made to directors during the year (2021: none).

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		City Care Ltd	
J Austin	$21,000	C Drayton	$98,500	B Dwyer	$52,000	J Murray	$92,040	G Darlow	$7,614
J Crawford	$31,000	K Morrison	$55,755	D Elder	$62,000	G Lawrie	$45,624	J Rolfe	$42,386
B Gemmell	$58,000	C Paulsen	$55,755	M Devlin	$90,770	K Mead	$58,045	M Todd	$102,886
J McDonald	$76,000	S Ottrey	$50,000	M Johns	$52,000	M Petrie	$55,296	P Hoogerwerf	$43,386
J Taylor	$100,000	P Reid	$55,755	N Easy	$52,000	S Weenink	$55,295	B Jamieson	$170,000
G Vazey	$67,000	A Barlass	$39,452	F Mules	$57,000	M Bowman	$17,516	K Young	$81,386
S Farrier	$51,000					C Elliott	$52,548	E Trout	$19,943
M Sang	$30,000								

EcoCentral Ltd		RBL Property Ltd		Development Christchurch Ltd		Christchurch City Holdings Ltd			
S Horgan	$36,562	T King	$0	T Boyd	$0	J Smith	$96,700		
M Jordan	$63,956	C Evans	$0	P Munro	$0	A Skinner	$58,350		
B Reed	$32,456					G Campbell	$48,350		
M Christensen	$32,456					C Evans	$48,350		

Acknowledgement of Directors

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

Donations

CCHL made a donation of $193,400 to The Mayor's Welfare Fund Charitable Trust during the year (2021: $183,730). The donation was paid in lieu of directors fees paid to CCHL Councillor Directors, as agreed with our shareholder. Donations of $214,000 (2021: $155,000) were made by subsidiaries.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Employee Remuneration

The current CEO of CCHL was entitled to receive a base salary of $430,000 (annualised) and Kiwisaver employer contributions of 3% during the 2022 financial year.

Details of remuneration ranges for employees:

Range $'000	Group	Parent	Range $'000	Group	Parent
100-110	235	1	300-310	5	0
110-120	206	0	310-320	2	0
120-130	134	0	330-340	3	0
130-140	104	0	340-350	3	0
140-150	69	0	350-360	2	0
150-160	42	0	360-370	2	0
160-170	36	0	380-390	3	0
170-180	24	0	390-400	2	0
180-190	14	0	400-410	3	0
190-200	12	0	420-430	1	1
200-210	5	0	460-470	3	0
210-220	11	0	490-500	1	0
220-230	9	0	500-510	1	0
230-240	12	0	590-600	1	0
240-250	4	1	600-610	1	0
250-260	4	0	610-620	1	0
260-270	3	0	980-990	1	0
270-280	3	0			
280-290	1	0	Total	**963**	**3**

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 2022.

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 43 to 161, that comprise the statement of financial position as at 30 June 2022, 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 162 to 182.

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 2022, 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 2022.

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 company and group financial statements and performance information section of our report.

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* 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.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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?
Carrying value of group property, plant and equipment	
The carrying value of group property, plant and equipment (PPE) is $4.1 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 2022: · airport infrastructure assets; · optical fibre network; · harbour structures; · freehold land; · buildings; and · electricity network assets. Due to the varied nature of these asset classes, some are valued at optimised depreciated replacement cost, with others valued based on discounted cash flows or market-based approaches. Lyttelton Port Company land, buildings, and harbour structures were revalued by adopting an internally prepared discounted cash flow valuation. All other valuations were carried out by independent specialist valuers. Note 5 to the consolidated financial statements provides information on the most recent valuations. We consider the carrying value of PPE is a key audit matter due to the significance of the carrying values to the financial statements and the judgements involved.	**Our audit procedures included:** · Confirming our understanding of the valuation methodologies and key assumptions. We assessed them for compliance with the requirements of the applicable financial reporting standards (NZ IAS 16 *Property, Plant, and Equipment*, and NZ IFRS 13 *Fair Value Measurement*) and evaluated their reasonableness based on our experience and knowledge of other specialised valuations in the public sector. · Assessing the sensitivity of the valuations to changes in assumptions and confirmed that the significant assumptions and sensitivities were appropriately disclosed in the financial statements. · Obtaining an understanding of the source data used for the valuations. We assessed the reliability of the source data and the risk of errors or omissions in that data. · Testing a sample of calculations in the valuations. · Using valuation experts to assist us in reviewing the appropriateness of key assumptions used by the group's valuers. · Ensuring appropriate disclosures were made regarding uncertainties in valuations, and their sensitivity to key assumptions. **For valuations prepared by independent specialist valuers, our audit procedures included:** · Reading the valuation reports and meeting with the valuers to discuss key judgements and their approach. · Assessing the valuers' expertise for the work and their objectivity, including reading their terms of engagement and considering the existence of other engagements or relationships with the group. · Obtaining representations from the valuers that the valuation approaches are in accordance with accepted professional valuation standards. **For internally prepared valuations, our audit procedures included:** · Engaging finance and valuation experts to review the appropriateness of the valuation methodology, and key assumptions that had been used. This involved establishing a valuation based on other assumptions than those used by management and considering alternative views on valuations such as earnings multiples of comparable companies. · Reviewing the overall valuation changes and challenging the forecast assumptions. We found that the carrying value of these asset classes in the financial statements are reasonable and supportable.

Key audit matter	How did the audit address this matter?
Valuation of investment property	
The group's investment property portfolio largely comprises industrial, commercial and retail investments in the area surrounding Christchurch International Airport. Investment properties are revalued annually by independent valuers. The total value of the portfolio is $722.8 million as at 30 June 2022. The value of the portfolio continues to grow as available land is developed for further investment properties. Changes in use, as a result of development or changes in the business, can result in transfers of properties between PPE and investment property. Note 6 to the consolidated financial statements provides information on the valuation and the movements in the investment property balance since the previous year. In assessing the investment property valuation, the independent valuers noted significant valuation uncertainty due to the ongoing impact of Covid-19 on aspects of the property portfolio. We consider this a key audit matter due to the significance of the carrying value and fair value gains and because of the judgements involved in determining fair value.	**Our audit procedures included:** · Reviewing any changes in use of properties and considered whether they were correctly classified as either investment property or property, plant and equipment. · Reading the valuation report and meeting with the valuer to discuss the valuation. We assessed the valuer's expertise for the work and their objectivity and considered the existence of other engagements or relationships. · 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. · Obtaining an understanding of the market data sources used by the valuer and the reliability of this data. · 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, and the disclosures about valuation uncertainty were appropriate.
Valuation of investment in subsidiaries at fair value	
The company's investment in subsidiaries of $3.3 billion is disclosed in note 3 of the consolidated 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 (NZ IFRS 9 *Financial Instruments*, and NZ IFRS 13 *Fair Value Measurement*) and evaluated their reasonableness based on our experience and knowledge of other valuations in the public sector. · Engaging valuation experts to assist us in reviewing the appropriateness of key assumptions used by the company's valuers. · Obtaining an understanding of the market data sources used by the valuer and the reliability of this data. · Assessing the robustness of forecast cash flow information, by reviewing the process to develop forecasts, and assessing forecasts against historical actual performance. · Assessing the sensitivity of the valuations to changes in assumptions and confirming that appropriate disclosure is included in the annual report. · Reviewing the overall valuation changes and obtaining explanations from the valuers for any significant or unusual changes in value. We found that the valuations adopted by the company were reasonable and supportable, and appropriate disclosures were made in the annual report.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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 28 on page 165 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.

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 pages 4 to 42, 184 to 188, and 195 to 202 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 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 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 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 FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

The directors are responsible on behalf of the company and group for the preparation and fair presentation of the company and group 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 financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the company and group 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 COMPANY AND GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

Our objectives are to obtain reasonable assurance about whether the company and group 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 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 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 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 financial statements and the performance information, including the disclosures, and whether the company and group financial statements and performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 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 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

30 September 2022

CORPORATE GOVERNANCE

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

Role of the Board

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

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

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

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

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

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

Board relationship with shareholder

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

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

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

Conduct of Directors

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

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

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

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

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

Board Chairperson

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

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

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

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

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

Board committees

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

The purposes of the standing committees are as follows:

- The Audit & Risk Management Committee (ARMC) manages the efficiency and effectiveness of the external audit functions. The ARMC reviews the annual and interim financial statements prior to approval by the Board, the effectiveness of management information and systems and the financial role of management and policy. The ARMC also keeps under review risk management issues and practices of CCHL.
- The Governance & Appointments Committee conducts an annual review and appointment process regarding the directors of the subsidiaries and advises on appointment of the best people to meet the companies' needs.
- The Funding Sub-Committee manages the roll-out of CCHL's debt capital markets programme and oversees CCHL's Sustainable Finance programme.

Board composition and mix

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

The Board comprised seven directors (with one vacancy): four councillors and three independent directors (with one vacancy) as at balance date and at the date of this report. This mix is to ensure that the Board has the confidence of the shareholder (Christchurch City Council) and has strong commercial expertise so that it can effectively carry out its role as a buffer between the shareholder and its commercial trading entities.

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

Gender diversity

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

As at balance date and the date of this report, the Board comprised three female directors out of a total of seven (2021: three out of eight). The Executive team comprises one male and one female (2021: one male and one female).

Directors' remuneration

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

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

Protocol on conflicts of interest

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

Board and director evaluations

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

Indemnities and insurance

The company provides all directors, the CEO and the 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.

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

The Chief Executive

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

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

Corporate Governance (continued)

Board - management relationship

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

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

The CEO:

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

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

Continuous disclosure obligations

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

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

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

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 2022 (total Bonds on issue):

Range	Holders	Units	% Units
1 to 9,999	33	193,000	0.04
10,000 to 49,999	235	4,801,000	1.07
50,000 to 99,999	51	3,187,000	0.71
100,000 to 499,999	29	6,707,000	1.49
500,000 to 999,999	5	3,483,000	0.77
1,000,000 and over	35	431,629,000	95.92
Total	**388**	**450,000,000**	**100.00**

Total Bonds on issue

Rank	Name	Units	% Units
1	BNP PARIBAS NOMINEES (NZ) LIMITED 1	63,860,000	14.19
2	BNP PARIBAS NOMINEES (NZ) LIMITED 2	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 1	19,758,000	4.39
10	BNP PARIBAS NOMINEES (NZ) LIMITED 3	18,530,000	4.12
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 - TREASURY SUPPORT	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	NEW ZEALAND 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		**405,852,000**	**90.19**
Total Remaining Holders Balance		**44,148,000**	**9.81**

DIRECTORY

Registered Office
Level 1, 151 Cambridge Terrace
Christchurch

Directors
J B Smith (Chair)
C A Evans
G S Campbell (retired 22 June 2022)
L A Dalziel
S L Templeton
J T Gough (retired 29 August 2022)
A D Turner
A M G Skinner
M Rondel (appointed 8 September 2022)
B Bragg (appointed 8 September 2022)

Management
P Silk - Acting Chief Executive
T Rowell - Chief Financial Officer
S Ballard - Treasurer

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

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

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

Christchurch
City Holdings
Limited

CHRISTCHURCH CITY HOLDINGS LTD

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