Annual Report 2024

Christchurch City Holdings Limited

Te Pūrongo ā-Tau 2024

A wholly owned subsidiary of Christchurch City Council

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Chair and Chief Executive's Report

Te Pūrongo a te Heamana me te Kaiwhakahaere Matua

Tēnā koutou.

Christchurch City Holdings Limited (CCHL) has concluded a challenging financial year during which the organisation reconfirmed its role and relationship with its shareholder and community.

At the request of our Christchurch City Council (Council) shareholder, we undertook a strategic review of CCHL. This review reflected on the organisation's past 30 years and its strengths and successes. Further, it considered the next 30 years and options to evolve in preparing for the decades ahead.

This significant piece of work balanced Council's investment objectives for CCHL. These objectives seek to retain an intergenerational investment focus supporting the growth of Christchurch and Canterbury while ensuring the current ratepayers receive a fair return through a sustainable level of dividends.

The review also spelled out significant challenges the Group must navigate in the years and decades ahead. These include disruptive and capital-intensive impacts associated with climate change, digital transformation, and the energy transition. Economic and geopolitical headwinds also have the potential to increase uncertainty, impacting future operating performance.

These findings were unveiled as Council itself required greater certainty of income. A difficult chapter followed for CCHL, concluding with a joint commitment to open and transparent engagement and a clear mandate. Strategic assets will be retained within the Group, which is dedicated to meeting its obligations as a responsible long-term owner of those assets and services.

Performance Highlights

We are pleased to report that during the 12 months ending 30 June 2024, CCHL navigated the challenging economic environment to deliver a dividend of $50.7 million in FY24 to the shareholder, Christchurch City Council. This is in line with the FY24 Statement of Intent target and significantly more than the $32.4 million returned in FY23.

CCHL's portfolio value[1] increased by $253 million from $3.2 billion to $3.5 billion during FY24.

Total operating revenue for the Group in FY24 was $1,562 million compared to $1,444 million in FY23, whilst earnings before interest, tax, depreciation, amortisation and impairment for the Group was $450 million in FY24, compared to $383 million in FY23.

Like many New Zealand companies, CCHL's net profit after tax (NPAT) was impacted by legislative changes to remove tax depreciation on commercial buildings. This resulted in an additional $43 million deferred tax expense for the Group.

Our normalised NPAT, adjusted for the increased deferred tax expense, was $111 million. This was over the target NPAT outlined in the FY24 Statement of Intent to the Council of $84 million. As the deferred tax expense was non-cash, it did not impact the Group's ability to pay dividends nor the independently assessed portfolio value. Read more about CCHL's performance highlights on page 11.

[1] Portfolio value reflects an independent valuation of CCHL subsidiaries, adjusted for debt and minority interest shares.

Subsidiary performance

With nearly 60 per cent of the Group's value invested in regulated assets owned by Orion, Enable and Christchurch International Airport these are important cash-generating assets for CCHL.

CIAL's post-Covid recovery continued in FY24 despite capacity challenges across the airline sector. New summer seasonal services supported passenger growth, with domestic and international passengers totalling 6,252,759.

Enable also delivered a strong performance. While network growth in greenfield subdivisions was impacted by developers taking a more cautious approach, its ongoing year-on-year growth reflects the quality of its wholesale fibre broadband services.

Orion's operating performance demonstrated resilience despite rising cost pressures and the regulatory framework's constraints on cost recovery. A focus on accelerating innovation in collaboration with others has seen Orion continue to advance and enable clean energy and decarbonisation objectives for its customers.

For those parts of the Group that are more exposed to shifts in economic demand, FY24 presented some significant headwinds with variable impacts on performance.

Despite Lyttelton Port's (LPC) underlying profit being down on FY23 as container volumes softened, it is well-positioned to benefit from recent pricing changes. Driving a step change in health and safety was the top focus in FY24, with a comprehensive action plan to improve leadership and work practices supporting the health and well-being of the workforce.

Whilst economic conditions led to constraints on customer spending, particularly among public sector clients, all four Citycare businesses delivered strong operating results, supported by Spencer Henshaw's strong performance in providing social housing maintenance services.

EcoCentral benefitted from higher international commodity prices for recyclables and increased material volumes. EcoDrop revenue was up in line with increased refuse volume, as were overheads driven by increased landfill and transport costs.

An impact focus

As one of the region's largest employers and providers of essential infrastructure assets and services, CCHL's commitment is to create value beyond financial returns. This commitment acknowledges our large economic, environmental, and social footprint as a diversified Group. It saw the CCHL Board establish the organisation's first Impact Subcommittee and refocus resources across the Impact Programme.

Key initiatives in FY24 strengthened diversity and inclusion and demonstrated strategic leadership in sustainability as we prepare to release CCHL's first Climate Statement.

Across the Group, the subsidiaries have also made notable progress in supporting and growing natural and social capital. Enable became the first New Zealand telecommunications company to achieve B Corp Certification, and LPC took a leading role as the first New Zealand company committed to disclosing nature-related risks and dependencies.

See page 17 for more on CCHL's impact performance.

An evolved approach

As CCHL contemplates the next 30 years, we must be mindful of the broadened expectations of CCHL as custodian of the wider Group and the significant operating challenges ahead. We will evolve in response to this changing environment, meeting Council's expectations while retaining our social license with the communities we serve.

This new environment will require a more active approach to managing the CCHL Group and a commitment to stronger connections with subsidiary companies. We have confidence in the subsidiaries' ability to meet challenges specific to their sectors. This includes Orion's need to invest in a more resilient network that enables accelerated decarbonisation, LPC's port expansion and operating model transformation, CIAL optimising the capital invested in its regulated and investment property assets and Enable responding to material competitive pressures.

For our services subsidiaries, Citycare and EcoCentral the ability to adapt to changing client needs will be essential to their long-term success.

Looking ahead

In FY25, the CCHL Board and management will focus on strengthening our connections with Council, the subsidiaries, and key stakeholders. In doing so, we will build a deeper common understanding of our strategic challenges and be well positioned to make good decisions in the best long-term interests of the portfolio, city, region and country.

We will continue strengthening the platforms supporting our Governance, Strategic Leadership, Capital Management, and Impact programmes. This includes the development of a new capital management framework and responsible ownership principles which will enable CCHL to lead with an approach that meets the needs of the subsidiaries and reflects evolving societal needs and expectations.

The Board and management are committed to serving Ōtautahi Christchurch. They thank Council for its support and commitment to CCHL. The CCHL team, subsidiary companies, partners and suppliers are also acknowledged and thanked for their contributions.

Nāku iti noa, nā

Bryan Pearson
Chair

Paul Silk
Acting CEO

Bryan Pearson
Chair

Paul Silk
Acting CEO

Welcome to CCHL's new Chair, Bryan Pearson

He was appointed Chair of CCHL in May 2024 for a three-year term. He brings almost 30 years of experience in Chief Executive and Board Chair roles from the private and public sectors in New Zealand and Australia across a range of industries.

Permanent CEO appointment on the horizon

Recruitment of a permanent Chief Executive for CCHL is underway, with an appointment expected to be confirmed in 2025.

CCHL's role serving Ōtautahi Christchurch

Te mahi a CCHL hei hakarato i a Ōtautahi

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

CCHL is a council-controlled organisation (CCO) under the Local Government Act 2002, wholly owned by Council. Established in 1993, CCHL holds the Council's shares in major economic infrastructure assets and service providers critical to the regional economy.

This includes four 100% owned companies, Lyttelton Port Company Ltd (LPC) Enable Services Ltd (Enable), City Care Limited (Citycare) and EcoCentral and two that are majority owned Orion New Zealand Ltd (89.275%) and Christchurch International Airport Limited (75%).

In addition, CCHL also holds investments in RBL Property Limited and Development Christchurch Limited (includes a majority shareholding in the Christchurch Adventure Park). Refer to the Investment Portfolio on page 6.

How we work

CCHL's strategic intent reflects Council's desire to establish independent oversight and management of these commercial entities. CCHL's mandate and annual performance targets are established by Council through an annual letter of expectation and CCHL's **Statement of Intent**, which is available on our website (Annual Reports & Statements of Intent | CCHL). The Statement of Intent aligns with the **Council's strategic framework objectives** as outlined in their **Long Term Plan.**

CCHL's focus is to ensure we take a prudent approach to managing the subsidiaries within the CCHL Group. This includes a commitment to ensuring we meet our obligations as a responsible owner, on behalf of Council and the ratepayers of Christchurch. It also includes taking an intergenerational approach; balancing the needs of today through the payment of dividends with those of the future in supporting growth-based investment.

CCHL continues to mature its approach to **Integrated Reporting**, which sets out our strategy to creating long-term value. Our value creation model is based around the adoption of four capitals as critical inputs.

Financial

Focused on long-term value creation through our commitment to prudent financial management and responsible ownership.

Intellectual

Providing strong diverse governance and leadership with a commitment to nurture talent.

Social

Investing in people, culture, safety and relationships.

Natural

Leading and investing in environmental sustainability.

Refer to the value creation model on page 8.

Our operating model seeks to leverage these capitals through active management in areas that are within our sphere of influence. These are Governance; Strategic Leadership; Capital Management; and Impact.

This approach is intended to meet the investment objectives established by Council in 2023 as part of their Value Strategy for CCHL. These are:

1. **For the benefit of current and future generations:**
   To meet the needs of the current generation and continue to build value for the benefit of future generations.
2. **Supporting growth and resilience in critical local infrastructure:**
   To support growth in Christchurch and Canterbury through ownership of resilient economic infrastructure.
3. **Sustainable real growth dividends:**
   To achieve a positive real return for ratepayers, while managing the potential for increased volatility of group returns.
4. **Balanced risk appetite:**
   To understand and manage trade-offs across the Group, including ESG-related outcomes and public benefits.

Meeting these objectives will in turn contribute to the **community outcomes** identified by Council that underpin its Long Term Plan 2024-2034:

- ✓ A collaborative confident city
- ✓ A green, liveable city
- ✓ A cultural powerhouse city
- ✓ A thriving prosperous city

The portfolio

Te kohinga

Focused on long-term value creation through our commitment to prudent financial management and responsible ownership	Providing strong diverse governance and leadership with a commitment to nurture talent across the Group	Investing in people, culture, safety and relationships across the Group	Leading and investing in environmental sustainability across the Group

Ownership / Investment Value

Orion New Zealand Limited
89% / $1.47B

Christchurch International Airport Limited
75% / $1.30B

Enable Services Limited
100% $722M

Lyttelton Port Company Limited
100% / $393M

City Care Limited
100% / $128M

EcoCentral Limited
100% / $11 M

Other

Development Christchurch Limited
100% / $25M

RBL Property Limited
100% / $22M

Supporting the future growth of Christchurch by investing in key infrastructure assets that are commercially viable and environmentally and socially sustainable.

CCHL's value creation model

Te tauira a CCHL hei waihanga uara

Capital	Financial	Intellectual	Social	Natural
We are	Focused on long-term value creation through our commitment to prudent financial management and responsible ownership	Providing strong diverse governance and leadership with a commitment to nurture talent	Investing in people, culture, safety and relationships	Leading and investing in environmental sustainability
Working with	High quality assets, strong balance sheet and credit rating Independent boards and management with long-term horizons Group capability and resources leveraging strong connections Patient shareholder and engaged management Minority shareholders as strategic partners Key stakeholders, particularly manawhenua			
To deliver	Resilient, accessible, affordable infrastructure which supports long-term growth and provides sustainable dividends	High-performing boards and management providing clear strategic leadership and developing our people	Diverse, inclusive and engaged workforce with strong connections and a collaborative culture	Proactive leadership in sustainability delivering positive environmental impacts for the communities we serve
Providing outcomes	Resilient economic infrastructure which supports a prosperous economy and equitable returns to ratepayers	Strong stewardship creating shared value for our shareholder and communities	A strong social license to operate within the communities we serve	A healthy environment and low-emission economy creating new opportunities, businesses and jobs
Our mission	Supporting the future growth of Christchurch by investing in key infrastructure assets that are commercially viable and environmentally and socially sustainable			

CCHL Board and Management
Te poari me te whakahaerenga

Bryan Pearson
Chair

Bryan is a governance professional with over 25 years of experience in chief executive and board roles across New Zealand and Australia.

His extensive background encompasses a diverse range of sectors, including professional services, retail, manufacturing, global distribution, events, healthcare, and education.

Bryan also serves as a Director for the Christchurch Cathedral Reinstatement Project.

Gill Cox
Deputy Chair

Currently, Gill serves as Chair of Venues Ōtautahi Ltd and Transwaste Canterbury Ltd and holds board positions with Te Kaha Project Development Ltd and Waimakariri Irrigation Ltd, alongside roles in several privately held companies.

Gill was previously a partner in the Christchurch office of Deloitte for 25 years before embarking on a career in corporate governance.

Bridget Giesen
Director

Bridget is a strategy and transformation expert with a robust commercial background in airports, airlines, and investment roles, including positions at Ngāi Tahu and NZTE.

She currently serves as a director for Puketeraki Limited and MEA Fragrance. Bridget brings strong financial oversight as a Chartered Accountant and holds an LLB.

Sam Macdonald
Director

Sam is a second-term City Councillor and brings experience as a chartered accountant in both public and private sectors, serving as a director at Civic Building Limited and an Independent Trustee at Development West Coast.

Sam's Council focus is on financial oversight and capital program management to enhance investment in Ōtautahi Christchurch communities. He is a Chartered Director with expertise in Audit and Risk, Health and Safety, and Infrastructure projects.

Sara Templeton
Director

First elected as a Christchurch City Councillor in 2016, Sara oversees the Council's Climate Change Portfolio.

Her work focuses on governance (ESG) matters, including gender equality, climate impacts and broader measures of sustainability and social responsibility across the Group.

Paul Silk
Acting CEO

Paul has wide ranging experience working in global financial markets, including trading roles with BNZ, Deutsche Bank and NAB.

Prior to joining CCHL as Acting CEO, Paul provided the organisation with commercial advice on a range of social infrastructure projects.

A former director of Ngāi Tahu Holdings, Paul has strong relationships across local government and Iwi in Aotearoa New Zealand.

Past Directors

CCHL would like to acknowledge the support and commitment of directors who left the CCHL Board over the past financial year. This includes Chair, Abby Foote and Directors Chris Day, Martin Goldfinch, David Hunt and Alex Skinner.

CCHL Management

The CCHL CEO is backed by a small operational team that drives the implementation of strategic and operational plans, oversees financial reporting and planning, and performance monitoring.

The team plays a crucial role in maintaining the alignment of CCHL's activities with its strategic objectives and operational goals to deliver on its commitment to be a responsible owner of the infrastructure assets it manages on behalf of Council and the Ōtautahi Christchurch community.

FY24 Performance Highlights
Ngā tutukinga me ngā kōrero matua o te tau ā-ahumoni 2024

Financial

EBITDA
$450M
Increase from $383 million in FY23

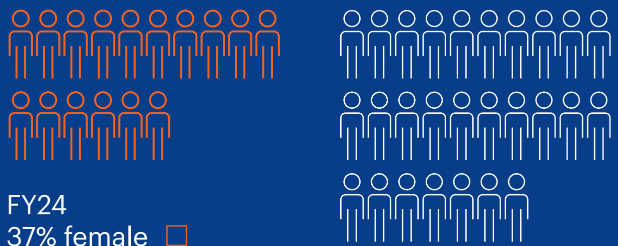
Shareholder Dividend
$50.7M
Up from $32.4 million in FY23

Total Equity
$2.8B
Up from $2.7 billion in FY23

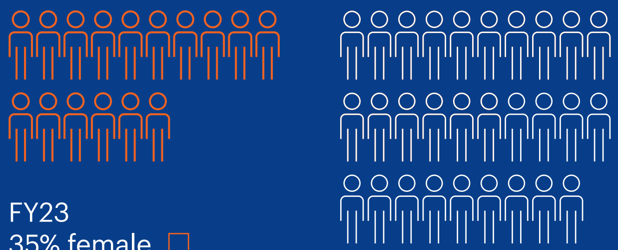
NPAT
$111M*
Up from $99 million in FY23

Intellectual

CCHL Group governance gender diversity



FY24
37% female
63% male



FY23
35% female
65% male

Gender Pay Gap

For the first time, CCHL reported its Group-level gender pay gap. This was calculated at 12.7% (median)

Social

60
Group employees participated in full-day marae hui at Rāpaki Marae, Te Hapu o Ngāti Wheke

Kia ora

186
186 Kaimahi joined in the Group te reo lessons

94
Mentoring matches from Te Whāriki

Natural

GHG

COMMITTED
The Group has committed to GHG Scope 1, and Scope 2 emission reduction targets aligned with keeping warming within 1.5 degrees*

LPC Environmental Projects
Including establishing a predator control programme and ecological restoration at the Gollans Bay covenant site with a focus on lizard habitat enhancement area

* NPAT normalised for the impact of deferred tax expense due to a legislative change on building depreciation

* Emission reduction targets have been developed using information from www.sciencebasedtargets.org, and going forward, CCHL (and its subsidiaries) will review GHG emissions reduction targets in-line with the best available science that states what is needed to limit warming to within 1.5 degrees of warming above pre-industrial levels. CCHL is not making any claims that targets will be submitted to or validated by external parties such as the Science Based Targets initiative but will utilise publicly available tools and resources from the Science Based Targets initiative to model target requirements.

Financial Capital
Pūrawa ā-Ahumoni

CCHL's role is to be a responsible owner of the $6 billion of infrastructure assets we control, seeking to optimise financial performance across the CCHL Group and deliver long-term sustainable outcomes.

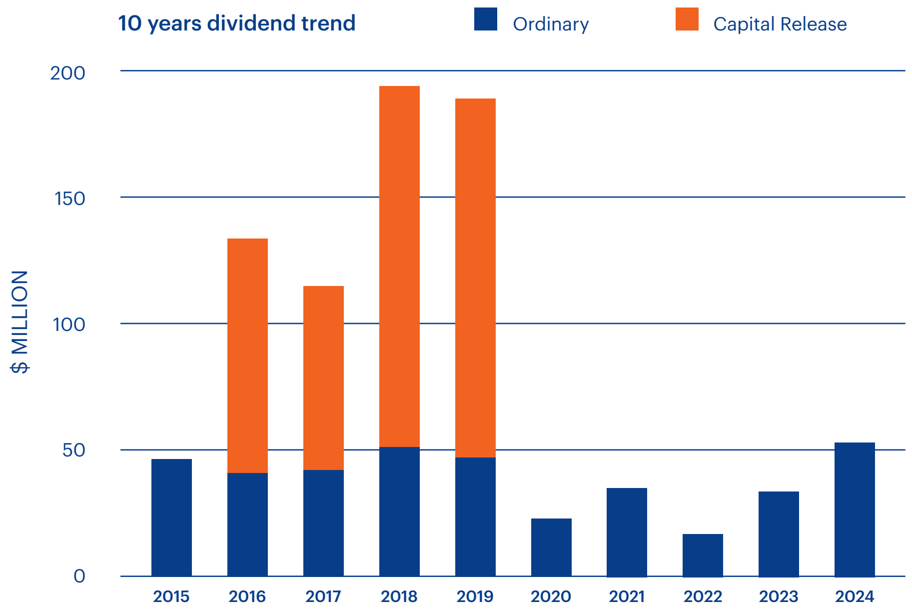
FY24 Dividend

$50.7M ↗

CCHL takes an intergenerational approach to the stewardship of the Group assets, driving strong commercial returns within a prudent risk appetite.

We're focused on lifting total shareholder returns by supporting growth-based investment and delivering sustainable growth in dividends to Council through improved operating performance across the subsidiaries.

Against the backdrop of tightening economic conditions and elevated cost pressures, this approach delivered a solid result for the 2024 financial year.



Delivering strong results

The Group delivered a normalised net profit after tax (NPAT) in FY24 of $111 million, compared to $99 million in FY23.

Underlying NPAT normalises for the impact of $43 million in deferred tax expense due to a legislative change removing tax depreciation on commercial buildings.

The tax expense is non-cash and does not impact the Group's ability to pay dividends or the independently assessed portfolio value.

The Group's normalised NPAT was ahead of the target NPAT outlined in the FY24 SOI to Council of $84 million.

Total operating revenue for the Group in FY24 was $1,562 million compared to $1,444 million in FY23, whilst earnings before interest, tax, depreciation, amortisation, impairment and revaluation for the Group was $450 million in FY24, compared to $383 million in FY23.

Financial Returns for Ōtautahi Christchurch

The Group's total asset value increased from $5.8 billion to $6.0 billion at the end of FY24.

Across FY24, CCHL paid $50.7 million in dividends to Council, in line with the FY24 SOI target and an increase on the $32.4 million paid during FY23.

FY24 SOI NPAT Targets

$84M FY24

$108M FY25

$129M FY26

Normalised net profit after tax*

$111M ↗

Up from $99 million in FY23

Group Total Assets

$6.0B ↗

Up from $5.8B in FY23

* NPAT normalised for the impact of deferred tax expense due to a legislative change on building depreciation

Investing in Ōtautahi Christchurch

CCHL's capital structure includes a prudent mix of equity and debt. The majority of CCHL's debt is lending to the subsidiaries, enabling them to invest in their businesses for long term profitability and strengthening the scale, quality and resilience of the city's key economic infrastructure assets. A portion is debt held by CCHL parent entity, largely taken on to support special dividends paid to Council following the Canterbury earthquakes.

We have committed to supporting more investment by the subsidiaries in the decade to come, which will drive Group debt higher. This will be managed in the context of an optimal capital structure within each subsidiary.

During the last 10 years debt has increased largely as a result of:

— Capital works programmes – electricity network investment in maintenance, resilience and expansion; airport precinct development; port development; and fibre network construction.

— CIAL's development of its investment property portfolio.

— Citycare's 2022 acquisition of the property maintenance company, Spencer Henshaw.

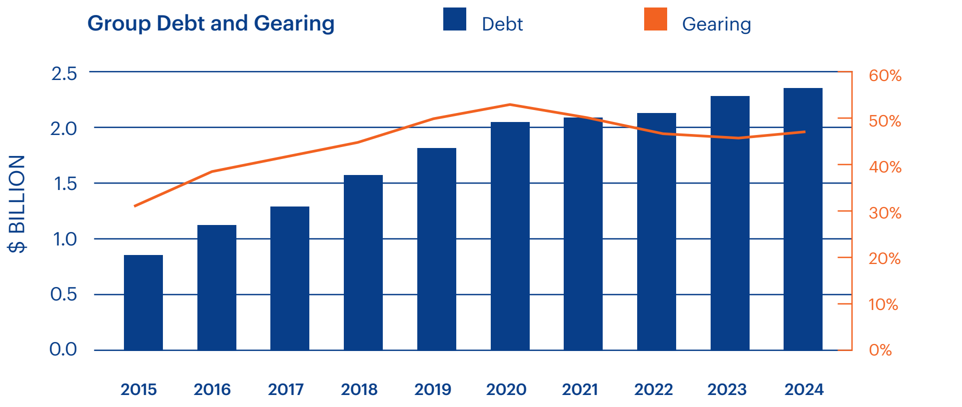
— The $440 million earthquake-related capital release programme for Council (2016-2019).

First Climate Statement

As a mandated climate reporting entity, CCHL will publish its first Climate Statement on 31 October 2024.

The Climate Statement will document how CCHL and the subsidiaries view climate-related risk, and the strategies developed to reduce risk and lower emissions. This is important work to set new standards for climate-related transparency across the Group.

As a responsible owner CCHL anticipates the longer-term capital needs of the Group will require higher levels of investment to strengthen the resilience of these assets in the face of climate impacts and manage an efficient energy transition.



* Group debt consists of CCHL Parent debt (core debt plus on-lending to subsidiaries) and subsidiary debt from external parties
* Group gearing ratio is calculated as Group Debt / Group Debt – Equity

Intellectual Capital
Kete ā-Whakaaro

The Intellectual Capital represents a sustained focus from CCHL on strengthening its stewardship across the Group, while ensuring we embrace diversity, grow and develop our people, both within CCHL and across the subsidiaries, as key contributors to a sustainable business model.

CCHL is committed to strong governance frameworks, including increased Board diversity and capability that enables high quality governance and leadership by CCHL and the Group subsidiaries. Through this framework, CCHL and the subsidiaries actively engage with Council to ensure it has access to the right information, in a timely manner, to build a strong understanding of the challenges, risks and opportunities we are addressing.

Nurturing talent: Strengthening leadership across the Group

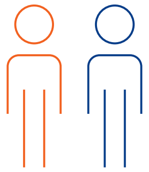
As part of the Group's focus on nurturing fair and inclusive places to work, this year CCHL measured and reported its gender pay gap at a Group level for the first time.

This was a collaborative approach involving reporting by each subsidiary of their pay gaps and external expertise on the framework and recommendations to address the gap.

In FY24 there was a sustained focus on stronger engagement, increased transparency and improved communication with Council and the subsidiaries. This included difficult conversations, as might be expected given the nature of the assets, capital needs and complexity of the infrastructure sectors the Group operates within.

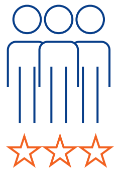
With the appointment of a new CCHL Board Chair in May 2024, the emphasis on strengthening connections across the Group and with Council has been reconfirmed.

CCHL has also strengthened its commitment to best practice Governance through a reset of the board appointments processes, delivered through CCHL's Governance and Appointments Committee and including stronger use of skills matrix and board effectiveness tools in supporting individual appointments.



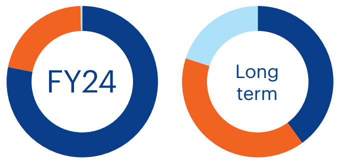
CCHL Group governance gender diversity

FY24: 63% male | 37% female
FY23: 65% male | 35% female



Group leadership capability focus

This year included CCHL's inaugural women's leadership development programme (Te Puna Manawa) and special capability-lifting initiatives at EcoCentral, LPC, and Citycare.



Group gender diversity

FY24: 78.1% Male and 21.5% Female, 0.4% not disclosed

FY23: 79% and 21% FY23

CCHL's long-term goal is 40/40/20 gender make-up across all levels of Group employment.

Snapshots: Leadership development in action

Empowering CCHL wāhine leaders for the future with Te Puna Manawa

16 participants from across the Group.

Growing skills for great leaders and ambitious careers.

Citycare Water National Procurement Manager Amanda Henriksen said:

"Te Puna Manawa has been transformative. I have learned the importance of networking, being brave, and taking every opportunity that comes my way."

Citycare Water and Citycare Property launch leadership development programmes

Citycare Water's programme aimed to enhance leadership effectiveness and strengthen culture, starting with executive leaders and business leaders. It will progress to include emerging leaders later in 2024.

Citycare Property launched its Te Mana Tangata Leadership Programme, a comprehensive development programme including emerging talent identification and succession planning.

In February, Citycare Property held its inaugural Wāhine Summit in Ōtautahi for 40 of its current and emerging wāhine leaders.

Lyttelton Port Company coaches' leaders for high performance culture

The majority of LPC leaders completed a coaching course so they can in turn embed high performance skills in their teams to grow individual and organisational performance.

The feedback was overwhelmingly positive, with participants saying the training had:

"Provided a new focus and also some useful tools to enable me to coach my people better" and was "really practical and relevant to leading people."

EcoCentral develops competency programme to uplift senior leadership

The framework included objectives focused on recruitment process and skills development, through to performance management and succession planning to ensure a strong talent pipeline.

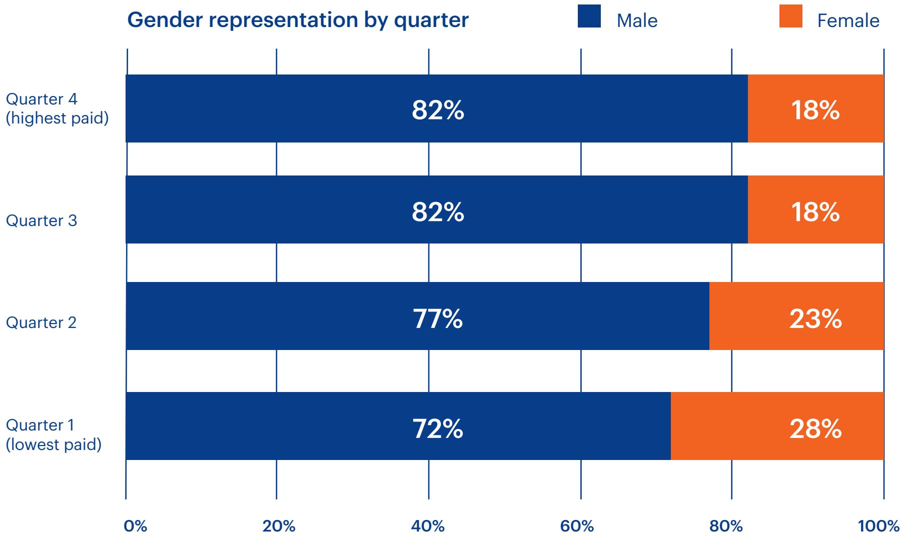
CCHL's Group gender pay gap

CCHL is reporting its gender pay gap, recognising it is an important step towards building and maintaining workplaces that are fair and inclusive. It was identified as a key focus area after a full review of gender balance was conducted.

What is the gender pay gap?

The gender pay gap is the difference in average remuneration between men and women. At CCHL, we have measured the gap based on total remuneration which includes base pay, as well as any superannuation, insurance, vehicles, bonuses, overtime and allowances.

This inaugural report has been developed in partnership with an external advisor, The Female Career.



Gender pay gap at CCHL Group*

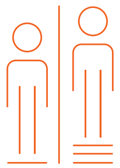
12.7%

National gender pay gap

16.7%

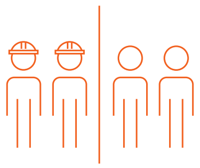
Pay gap drivers

Analysis identified the key reasons for CCHL's Group pay gap as:



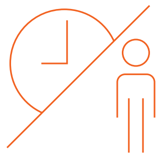
Vertical segregation

Men overrepresented in higher paid roles and women overrepresented in lower paid roles.



Occupational segregation

Women overrepresented in lower paid occupation types such as administration, and men working in roles with more access to additional remuneration elements like allowances and overtime.



Part-time penalty

Where people working part-time are paid less on average and may have fewer opportunities for career advancement. Women are overrepresented in part-time roles.

* The pay gap is based on total remuneration not base salary (base salary gap at ~4.5%).

Addressing the gender pay gap

A range of actions were identified for implementation across the Group to reduce the gender pay gap, some of which were already progressing in parallel to the report's development.

CCHL has:

- ✓ Committed to annual measurement and reporting of the gender pay gap across the Group
- ✓ Worked with subsidiaries and provided training to analyse and close their gender pay gaps
- ✓ Supported subsidiaries to improve policies such as flexible working and parental leave
- ✓ Launched CCHL's women's network to support connection and career development
- ✓ Launched Te Puna Manawa – the CCHL women's leadership programme.

Social Capital
Pūmanawa ā-Tangata

The Social Capital represents a focus on strengthening connections and collaboration across the Group, prioritising health and safety in the operating businesses and ensuring they retain a license to operate through a responsible approach to ownership.

The Group's social footprint extends across the region and country, opening up a diverse network of stakeholders and social connections, that will continue to help us deliver on our aspirations to be a good kaitiaki and responsible steward.

As one of the region's largest employer's, the Group is committed to the ongoing development and empowerment of our workforce. We are dedicated to offering a diverse range of meaningful and fulfilling employment opportunities, fostering an environment where our employees can grow professionally and personally.

Highlighting Te Puna Manawa

In September 2023, CCHL launched the Te Puna Manawa Women's Leadership Development Programme, a strategic initiative run by the Female Career aimed at empowering female leaders within its subsidiaries. The first round of the pilot programme ran from September 2023 through to April 2024 with 16 women identified across the subsidiaries for their leadership potential and ambition.

Looking ahead, the second cohort of Te Puna Manawa will run from September 2024 and the programme will be offered to a further 16 female and non-binary people across the Group. The CCHL Women's network has also recently been launched to strengthen the network of female leaders across the Group.

"Knowing my strengths and being confident in my ability to apply them have made a huge difference in my personal and professional life. I have also discovered the power of authenticity in leadership and will continue developing to become a more effective and authentic leader. I would not have grown so fast in many aspects without attending this course."

Julia Shi, Project Co-Ordinator, LPC

Enhancing Group collaboration and capability with Te Whāriki

Since its establishment in 2020, the Te Whāriki platform, connecting employees online across the Group's subsidiaries, has shown significant growth with over 1,300 users.

The platform serves as a capabilities marketplace leveraging the Group's scale and diversity to create an innovative workforce ecosystem that transforms and enhances work practices.

Te Whāriki is an employee led platform, with over 970 listings made from employees seeking support on projects and providing development opportunities for others. During FY24 86% of users worked on listings outside of their organisation.

The goal is to bring all Group subsidiaries together to offer more learning opportunities and build a stronger, more collaborative workforce for Ōtautahi Christchurch. Te Whāriki helps achieve this by using the Group's skills more effectively, supporting employee development, and finding new ways to attract and keep talent within the Group.

Over FY24, the Group introduced initiatives such as Coffee Connect for networking and mentorship from leaders across the Group with 94 mentoring matches made to date.

Te Whāriki highlights

21
Board members and executive leaders have completed E-learning modules

1343
Users across the Group

94
Mentoring matches

He Huanui highlights

100%
of kaimahi who joined the Marae visit and said they now more confidently understand Tikanga Māori

4000+
Enquiries

Kia ora
186
Kaimahi joined in the Group reo lessons

Building cultural competency with He Huanui Māori Pathways programme

Ko te manu e kai ana i te miro, nōnā te ngahere.
Ko te manu e kai ana i te Mātauranga nōnā.

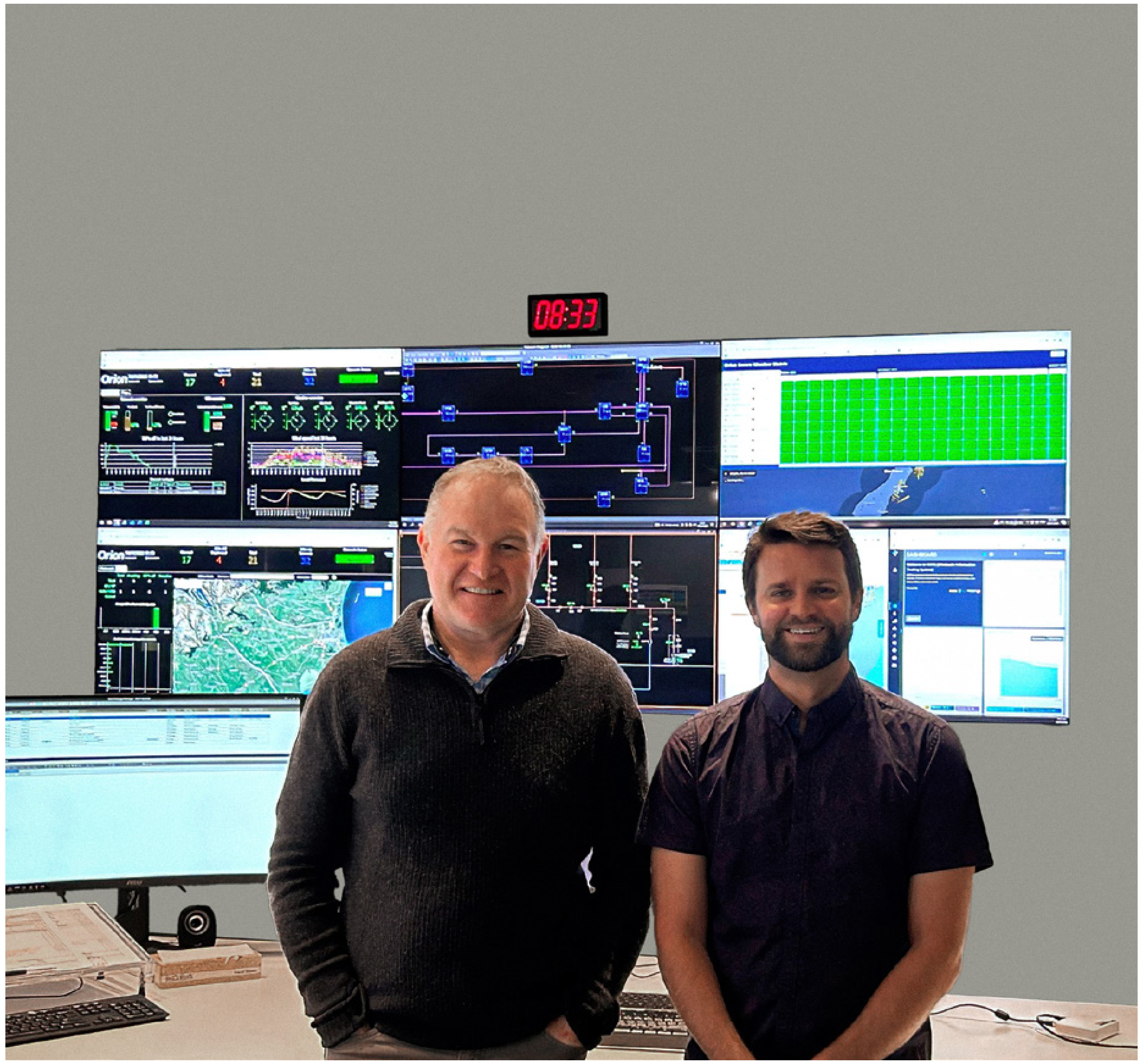
CCHL's He Huanui Māori Pathways programme is designed to help embed Te Ao Māori, Tikanga Māori, Mātauranga Māori and the principles of Te Tiriti o Waitangi within the Group.

Over the last 12 months, 186 kaimahi participated in reo Māori lessons, workshops on Te Tiriti o Waitangi, Matariki celebrations, marae visits and e-learning modules in Tikanga Māori. The demand for enhancing cultural competency through the He Huanui Māori Pathways programme was evident when 40 spots in the intermediate Te Reo sessions were filled within an hour, highlighting the Group's strong commitment to cultural learning and growth.

A highlight for FY24 was the online waiata session for last year's Te Wā Tuku Reo Māori — Māori Language Moment, celebrating Te Wiki o Te Reo Māori where over 150 group employees joined, to sing and celebrate together.

The Group also led two full-day Marae hui for 30 staff per visit at Rāpaki Marae, Te Hapu o Ngāti Wheke. All attendees reported greater understanding of Tikanga Māori from this day.

As part of a focus on becoming a more inclusive workplace and supporting engagement with tangata whenua, He Huanui facilitated 50 licences for CCHL Group Board members and executive leaders to access Mātauranga Māori, Tikanga Māori, Te Tiriti o Waitangi and Reo Māori modules.



Accelerating innovation with Orion

In mid-2023, Orion launched its Automatic Power Restoration System (APRS), a first in Aotearoa New Zealand's electricity industry.

This system automatically detects network faults, conducts power-flow studies, and restores supply without human intervention, significantly speeding up power restoration.

After successful initial tests, including restoring 213 customers in 20 seconds during a fault and 1,250 customers during a severe windstorm, APRS is now active on about 200 circuits, covering 42% of Orion's customer base.

Future upgrades will further enhance its fault-finding and restoration capabilities.

Natural Capital
Toitūtanga ā-Taiao

The Natural Capital represents the Group's investment in environmental sustainability led by our commitment and accountability to preserving and protecting our environment as a key measure of the Group's performance.

CCHL Sustainability Working Group develops Group GHG emissions plan

Over the past 12 months, CCHL has continued to support the Sustainability Working Group (SWG) with representatives from all subsidiaries. The remit of the SWG is to drive progress across priority areas including mitigating climate change, biodiversity, circular economy, integrated reporting and climate-related disclosures.

The SWG also developed targeted reporting on Scope 3 emissions which includes recording and reporting on our partners and suppliers' emissions. Over the next 12 months the Group will focus on how it can reduce its emissions through its value chain and develop targets associated with these.

Other highlights from FY24 include the sharing of knowledge by technical experts in areas such as fleet management, biodiversity, software platforms and the circular economy.

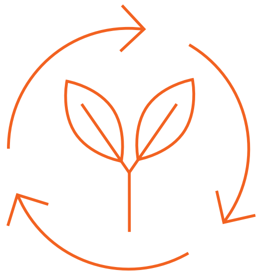
GHG emissions reduction targets

All subsidiaries have board approved GHG emissions reduction targets.

Developing the first CCHL Climate Statement

Significant effort has been directed toward finalising the Group's first Climate Statement in FY24. This includes incorporating scenario modelling, assessing physical and transitional risks, and planning across various time horizons.

As a mandated climate reporting entity, CCHL will publish its Climate Statement on 31 October 2024. This will document how CCHL and the subsidiaries view climate-related risk, and the strategies developed to reduce risk and lower emissions. This is important work that sets new standards for climate-related transparency across the Group.

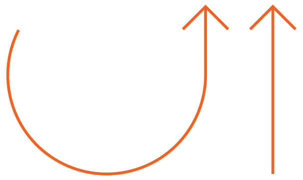


LPC Environmental Projects

Including establishing a predator control programme and ecological restoration at the Gollans Bay covenant site with a focus on lizard habitat enhancement area.

"Access to this expertise across the Group is invaluable, enabling all subsidiaries to progress more quickly toward sustainability outcomes by leveraging on the skills of those with specialised knowledge, rather than starting from scratch."

Claire Waghorn, Sustainability Transition Leader, CIAL



Scope 1, and Scope 2 emissions

The Group has committed to GHG Scope 1, and Scope 2 emission reduction targets aligned with keeping warming within 1.5 degrees.

Emission reduction targets have been developed using information from sciencebasedtargets.org, and going forward, CCHL (and its subsidiaries) will review GHG emissions reduction targets in-line with the best available science that states what is needed to limit warming to within 1.5 degrees of warming above pre-industrial levels. CCHL is not making any claims that targets will be submitted to or validated by external parties such as the Science Based Targets initiative but will utilise publicly available tools and resources from the Science Based Targets initiative to model target requirements.

Celebrating sustainable excellence at CIAL

In September 2023 CIAL received the KiwiRail 'Tourism Environment Award' at the New Zealand Tourism Awards 2023.

CIAL environmental strategy is grounded in science and aligned with global frameworks.

The airport has achieved significant milestones, including international recognition for best practices in emissions reductions

The airport plays a leading role in global aviation sustainability through its involvement in a Hydrogen Consortium to develop a green aviation hydrogen ecosystem.

Since 2015, CIAL has reduced its carbon emissions by 92%.

This award highlights the airport's exceptional efforts in environmental sustainability, including significant carbon reduction and innovative initiatives like its Kōwhai Park solar farm.

Operational highlights
Ngā kōrero matua o te mahi whakahaere

WON

CIAL won the supreme Tūhono Sustainability Award at the Air New Zealand Supplier Awards.

25%

Orion, Norwood GXP opening December 2023. The completion of a new Grid Exit Point and zone substation in the Selwyn district increasing central Canterbury's power capacity by 25%.

129,669

Citycare participated in two planting projects with Conservation Volunteers NZ planting 129,669 trees.

2.6%

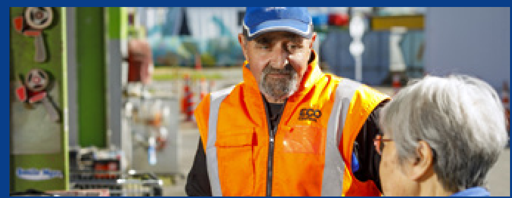
Increase from FY23 for full export TEUs

200%

Drinking water reservoir supply in Hunua Ranges Regional Park has doubled after the Citycare Water Auckland Small Waters Team recommissioned an existing water tank.

6,252,759

CIAL Total Passengers (Domestic and International passengers).



76%

EcoCentral employee engagement was 76% and the employee participation rate was 90%. Compared to the June 2023 survey there was a 4% lift in employee engagement and a 23.2% lift in employee participation.

COMMITTED

LPC is the only New Zealand company to commit to disclosing nature-related risks and dependencies this financial year. LPC is working to assess impacts and develop targets.

FIRST

Enable achieved B Corp Certification in June 2023 and is the first telecommunications company to be certified in New Zealand.

600+

In February 2024, Citycare Property took maintenance responsibility for over 600 NZ Police sites.

Sustainable Finance Report

Te Pūrongo mō te Ahumoni Toitū

For the year ending 30 June 2024

Sustainability in focus

At CCHL sustainability plays a significant role in its decision-making to preserve and grow assets for the long-term benefit of the Ōtautahi Christchurch community. As intergenerational stewards, CCHL looks beyond financial outcomes as a measure of success.

The CCHL Group includes some of the region's largest and most significant infrastructure assets held for the benefit of our ultimate owners – the people of Christchurch.

Recognising the integral role of sustainability in its business, CCHL's Sustainable Finance Framework was established to enable it to increase its leadership and investment in sustainability, while providing the platform for future growth in this area.

The Framework was established in 2021 to support the refinancing of debt relating to our investment in Enable's fibre-optic network. Since its establishment, Enable's network has improved sustainable business initiatives, digital equity and community engagement across the city, aligned with the UN's Sustainable Development Goals (SDGs).

CCHL Sustainability Bond – Use of Proceeds

CCHL's Sustainability Bond of $150m was issued in November 2021 to refinance a $159m loan provided by Crown Infrastructure Partners (CIP) for the construction of Enable's ultra-fast fibre network.

Overview of sustainability bond issue

CCHL closed its first Sustainability Bond offer in late October 2021. The bond received significant interest – with offers representing more than double the initial bond offer ($100 million plus an allowance of $50 million for oversubscriptions). The issue margin for the fixed rate sustainability bonds was set at 0.35% per annum. The fixed interest rate for the bonds is set at 3.01%.

Issuing this bond, only the second sustainability bond issued in New Zealand, was a major milestone for CCHL reflecting its approach to providing sustainable long-term, economic social and environmental returns to the city and region.

Value of sustainability bond on issue

$150m of 3.01% fixed rate bonds, issued on 05 Nov 2-021, maturing on 05 November 2026. Trading as "CCH030" on NZX.

Key terms of the sustainability bond

Issue rating	AA- positive outlook (S&P Global Ratings)
Current issuer rating	AA stable outlook (S&P Global Ratings)
Instrument	CCH 05/11/2026 3.01% Christchurch City Holdings Limited Bonds
Sustainability bond principles assurance	Assurance from EY confirming that CCHL's Sustainable Finance Report Framework continues to meet the Social Bond Principles 2021, Green Bond Principles 2021 and Sustainability Bond Guidelines 2021
Tenor	5 years
Issue date	5 November 2021
Maturity date	5 November 2026
Issue amount (NZD $m)	150
Coupon	3.010%
ISIN	NZCCHDT895C5
NZX Code	CCH

Eligible Asset Schedule / Register, as at 30 June 2024

The net proceeds of CCHL's Sustainability Bond offer were allocated in accordance with CCHL's Sustainable Finance Framework (dated October 2021) for projects identified for positive environmental and / or social outcomes.

Terms defined in CCHL's Sustainable Finance Framework have the same meaning when used in this Schedule / Register.

Eligible Assets are consistent with the sustainable finance Market Standards, being the ICMA Sustainability Bond Guidelines, Green Bond Principles **(GBP)** and Social Bond Principles **(SBP)**.

At the time of issuance, the proceeds of CCHL's Sustainability Bond were allocated in full to the Eligible Assets outlined in the below table.

Eligible Asset	Description	Location	CCHL Shareholding (%)[1]	Asset Value, as at 30 June 2024 (NZ $m)[2]
Enable Services Limited	Construction, development, maintenance and operation of ultra-fast fibre network and infrastructure	Greater Christchurch, New Zealand	100%	$722

Eligible Categories (GBP)	Eligible Categories (SBP)	Target Population (SBP)	SDG Alignment
Energy Efficiency	-	-	**SDG 7 Renewable Energy** (Target 7.3: Double the rate of improvement in energy efficiency). **SDG 9 Innovation & Infrastructure** (Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes).
-	Affordable Basic Infrastructure	Underserved, owing to a lack of essential goods and services Living below the poverty line Undereducated Unemployed	**SDG 9 - Innovation & Infrastructure** (Target 9.c: Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries).
-	Access to Essential Services		**SDG 4 - Quality Education** (Target 4.3: Ensure equal access for all to affordable and quality technical, vocational and tertiary education, including university).
-	Employment Generation		**SDG 8 - Good Jobs and Economic Growth** (Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high value added and labour-intensive sectors).
-	Socioeconomic Advancement and Empowerment		**SDG 10 - Reduced Inequalities** (Target 10.3: Ensure equal opportunity and reduce inequalities of outcome)

1 The fibre network was constructed by Enable Networks Limited (ENL) (a subsidiary of Enable Services Limited), which is in turn a wholly owned subsidiary of CCHL. Construction of the fibre network was completed in 2018. The Crown holds one share in ENL which does not confer on it any voting rights or rights to dividends but gives the Crown rights of control over ENL's business activities under certain circumstances (as set out in ENL's constitution). In this Register, ESL means the ESL Group (including ENL).

2 The fair value of CCHL's equity investment in ESL is $722m (independent valuation by Deloitte as at 30 June 2024), represented by the enterprise value of ESL of $1,017m less debt of $295m. The fair value of the fibre optic network owned by ENL, being the main asset that makes up the enterprise value, is $815m (independent valuation by Deloitte as at 30 June 2024). CCHL has used the equity investment value of $722m for the purpose of this Eligible Asset Register. None of ESL's own borrowing has been allocated as green, social or sustainable against the value of the fibre optic network.

Under the Sustainable Finance Framework, CCHL intends to maintain a balance of Eligible Assets that have a fair value at least equal to the original principal amount of the Sustainability Bonds at the time of issuance.

Sustainability Bond (NZX ticker)	CCH030
Sustainability Bond (NZD $m)[3] (comprising maximum proposed value)	$150m
Date of Issuance	5 November 2021
Maturity Date	5 November 2026

Total Eligible Assets	$722m
Sustainability Bond (comprising maximum proposed value)	$150m
Surplus Eligible Assets	$572m
Eligible Asset Ratio	4.8x

EY's Limited Assurance (dated September 2024) concludes that nothing came to its attention that causes it to believe that the subject matter (i.e. CCHL's Sustainable Finance Framework and Eligible Asset Schedule/Register) was not prepared, and presented fairly, in all material respects, in accordance with the criteria, which are listed below:

(1) Green Bond Principles 2021;

(2) Social Bond Principles 2021;

(3) Sustainability Bond Guidelines 2021; and

(4) CCHL's Sustainable Finance Framework (which forms the criteria for assessing asset eligibility).

Impact of the CCHL sustainability bond

Established in 2007, Enable provides highly sustainable and efficient broadband services to three quarters of the Ōtautahi Christchurch broadband market.

This network was built through investment from CCHL, aimed at creating a more resilient and accessible fibre network for the people of Ōtautahi Christchurch.

The sustainability bond has been used to refinance the construction debt for the Enable broadband fibre network.

Impact aligning with Green Bond Principles

Eligible Categories (GBP)	Eligible Categories (SBP)	Target Population (SBP)	SDG Alignment
Energy Efficiency	-	-	**SDG 7 Renewable Energy** (Target 7.3: Double the rate of improvement in energy efficiency). **SDG 9 Innovation & Infrastructure** (Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes).

The Green Bond Principles

The Social Bond Principles

The Sustainability Guidelines

Improving energy efficiency

Enable is committed to reducing its emissions and has met its FY24 goal of 168 tonnes, a reduction of 26% to the restated FY20 base.

Enable reached this milestone through initiatives such as decarbonising its vehicle fleet. Currently, 40% of the fleet vehicles are electric. Looking ahead by the end of FY25 their fleet will consist of one diesel ute and seven electric vehicles.

Additionally, Enable has installed solar panels at four of their Central Offices (COs). These buildings help power parts of the fibre network across the city. After a pilot rollout of solar power to its Mount Pleasant Central Office, Enable has now completed the installation of solar panels at its Burwood, Rolleston, and Rangiora sites. These installations contribute to the energy needs of the COs, which collectively have the capacity to connect 72,000 customers. The energy savings from the solar panels can reach up to 15%, depending on weather conditions and sun availability.

As Ōtautahi Christchurch's primary fibre broadband provider, fibre represents the most sustainable option for internet access. Research published by Sapere Research Group in 2021, showed fibre has a lower per-user electricity footprint than all other fixed broadband alternatives in New Zealand for connections of 50 Mbps and above. Increasing fibre speeds also make the service more energy efficient.

Impact aligning with social bond principles

Eligible Categories (GBP)	Eligible Categories (SBP)	Target Population (SBP)	SDG Alignment
-	Affordable Basic Infrastructure		**SDG 9 - Innovation & Infrastructure** (Target 9.c: Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries).
-	Access to Essential Services	Underserved, owing to a lack of essential goods and services Living below the poverty line	**SDG 4 - Quality Education** (Target 4.3: Ensure equal access for all to affordable and quality technical, vocational and tertiary education, including university).
-	Employment Generation	Undereducated Unemployed	**SDG 8 - Good Jobs and Economic Growth** (Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high value added and labour-intensive sectors).
-	Socioeconomic Advancement and Empowerment		**SDG 10 - Reduced Inequalities** (Target 10.3: Ensure equal opportunity and reduce inequalities of outcome)

Enabling digital equity

Enable supported the Ministry of Education's (MoE) digital access initiative, providing free fibre broadband to families with school-aged children. During the year, Enable signed a new agreement with the MoE, introducing a new model that continued to support existing families and extended this support to additional households. Through this initiative, 180 families were supported.

Looking ahead, the Manaiakalani Education Trust will launch a new pilot to support households with school-aged students. Enable is dedicated to supporting this new pilot and remains committed to advancing digital inclusivity in Ōtautahi Christchurch.

Socioeconomic advancements and empowerment

In 2021, Enable entered a partnership with Ōtautahi Community Housing Trust (ŌCHT) with a mission to tackle digital inequity by providing free internet to ŌCHT tenants. To date, this initiative has helped 357 eligible tenants across the community.

The initiative has also facilitated internet connections for 18 ŌCHT community lounges, providing free Wi-Fi and helping keep the community connected and empowered.

"Having free internet has made things a lot easier. Previously I could only use the internet when I topped up my phone. Now I don't have to think about topping up my phone or paying for it."

Supporting our community

Enable has played a key role in the installation and support of fibre broadband services for Te Papatipu Matihiko and a new digital tech hub, Tūātea, located within New Brighton Library. Te Papatipu Matihiko, a group of established Māori organisations, are focused on creating a collaborative learning community and advancing digital infrastructure to support this.

This initiative aims to spark renewed interest for learning and reduce digital access barriers to empower the local community by integrating cultural heritage with technology and education.

Building a better working world

Independent Limited Assurance Report to the Management of Christchurch City Holdings Limited

Assurance conclusion

Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Christchurch City Holdings Limited's ('CCHL') Eligible Asset Register as at 30 June 2024 has not been prepared, in all material respects, in accordance with the Criteria defined below.

Scope of Our Assurance Engagement

Ernst & Young Limited ('EY') has undertaken a limited assurance engagement as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on CCHL's Eligible Asset Register as at 30 June 2024 (the "Subject Matter"), relating to CCHL's sustainability Bond issued October 2021, against the CCHL Sustainable Finance Framework (the "Criteria").

The Subject Matter is disclosed within CCHL's Annual Sustainable Finance Report for the year ended 30 June 2024, on pages 33 to 34 of the CCHL Annual Report 2024 (the "Report"). Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by CCHL

In preparing the Subject Matter, CCHL applied the following Criteria :

Subject Matter	Criteria
CCHL's Eligible Asset Register as at 30 June 2024	CCHL Sustainable Finance Framework
CCHL Sustainable Finance Framework	Sustainability Bond Guidelines (2021) Social Bond Principles (2021) Green Bond Principles (2021)

Management's responsibilities

Management is responsible, on behalf of CCHL, for selecting the Criteria and for presenting the Subject Matter in accordance with those Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter, based on the procedures we have performed and the evidence we have obtained.

Our engagement was conducted in accordance with the International Standard for Assurance *Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)'). This standard requires that we plan and perform our engagement to express a conclusion on whether the Subject Matter has been prepared, in all material respects, in accordance with the Criteria.. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Other than in our capacity as independent assurance practitioner we have no relationship with, or interest in CCHL. Partners and employees of our firm may deal with CCHL on normal terms within the ordinary course of trading activities of the business of the CCHL.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard *1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Building a better working world

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Assessing the Eligible Asset valuation as at 30 June 2024 against the valuation approach detailed in the Criteria.
- Confirming the social and environmental impact areas of projects included in the Eligible Asset Register align with project eligibility requirements in the Criteria;
- Confirming CCHL's use of proceeds and reporting processes align with the requirements of the Criteria;
- Obtaining evidence of refinancing transactions
- Assessing the Criteria (the CCHL Sustainable Finance Framework) for its continued alignment with the requirements of the Sustainability Bond Guidelines (2021), Social Bond Principles (2021) and Green Bond Principles (2021)
- Obtaining management representation.

We also performed such other procedures as we considered necessary in the circumstances.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error, or non application of the Criteria may occur and not be detected.

A limited assurance engagement related to the Subject Matter does not provide assurance on whether application of the Criteria will continue in the future or whether the Criteria will be revised at a future date.

Use of our Assurance Report

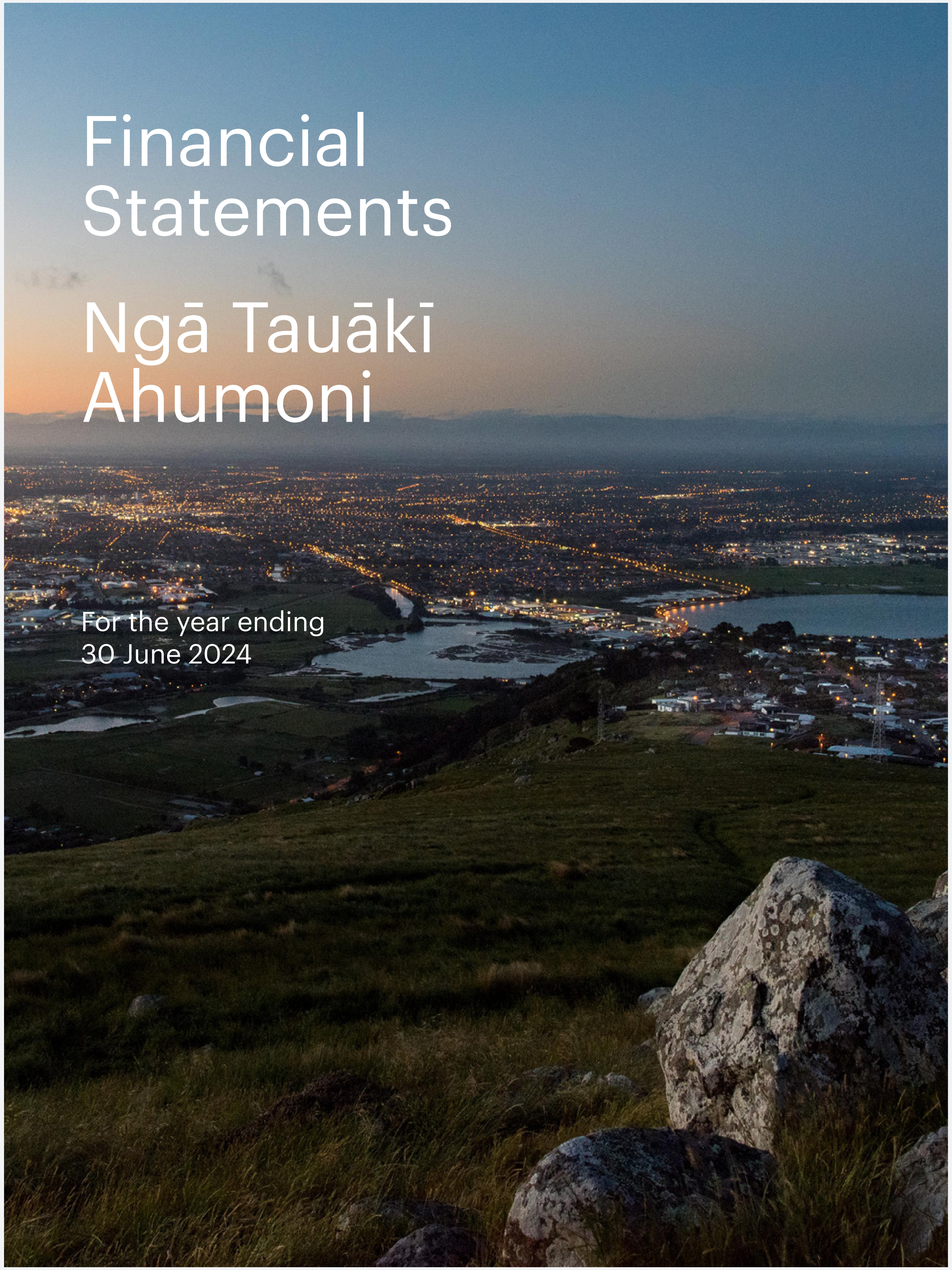
We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than the company and its management, or for any purpose other than that for which it was prepared.

You may not disclose this assurance report externally without our prior written consent.

This report is intended solely for the information and use of CCHL and its management and is not intended to be and should not be used by anyone other than those specified parties.

Ernst & Young Limited

Ernst & Young Limited
Auckland, New Zealand
30 September 2024



Directors' Responsibility Statement

30 June 2024

Full year financial statements

These financial statements are for Christchurch City Holdings Group (Group). 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 financial statements present fairly in all material respects:

- the Statement of financial position as at 30 June 2024
- the Statement of comprehensive income, the Statements of changes in equity and the Statement of cash flows for the year ended 30 June 2024; and
- the Statement of performance for the year ended 30 June 2024 (refer to note 32).

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

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

The directors are pleased to present the financial statements of the Group, set out on pages 39 to 128 of the annual report, for the year ended 30 June 2024.

The Board of Directors of Christchurch City Holdings Limited authorises these financial statements for issue on 30 September 2024.

For and on behalf of the Board.

Bryan Pearson	Gill Cox
Chair	Deputy Chair
Christchurch	Christchurch
30 September 2024	30 September 2024

Statement of Comprehensive Income

For the Year Ended 30 June 2024

	Note	2024 $m	2023 $m
Operating revenue	5	1,562	1,444
Other gains	7	17	10
Operating expenses	6	(1,128)	(1,065)
Other losses	7	(1)	(6)
Earnings before interest, tax, depreciation, amortisation and impairment		450	383
Depreciation, amortisation and impairment	6	(198)	(172)
Finance costs	17	(108)	(92)
Interest income		9	6
Net profit before income tax expense from continuing operations		153	125
Income tax expense	8	(87)	(26)
Net profit after income tax expense from continuing operations		66	99
Net profit after income tax expense from discontinued operations	30	2	-
Net profit after income tax expense for the year		68	99
Other comprehensive income			
Items that will not be recycled to profit or loss:			
Revaluation of assets		137	277
Revaluation of carbon emission units		-	(1)
Income tax effect of above items		(25)	(78)
Items that may be recycled to profit or loss in future:			
Fair value gains/losses on cash flow hedges		(24)	21
Income tax effect of above items		6	(5)
Other comprehensive income for the year, net of tax		94	214
Total comprehensive income for the year		162	313

The above statement of comprehensive income should be read in conjunction with the accompanying notes

	Note	2024 $m	2023 $m
Net profit for the year is attributable to:			
Non-controlling interests		5	11
Owners of the parent		63	88
		68	99
Total comprehensive income for the year is attributable to:			
Continuing operations		20	44
Discontinued operations		-	-
Non-controlling interests		20	44
Continuing operations		140	269
Discontinued operations		2	-
Owners of the parent		142	269
Total comprehensive income		162	313

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position

As at 30 June 2024

	Note	2024 $m	2023 $m
Assets			
Current assets			
Cash and cash equivalents	12	77	77
Debtors and other receivables	13	126	135
Prepayments and other current assets		24	18
Contract assets	15	34	37
Finance lease receivable	20	2	4
Inventory	14	32	31
Other financial assets	18	25	15
Current tax asset		-	5
Total current assets		320	322
Non-current assets			
Property, plant and equipment	10	4,665	4,482
Investment property	11	799	764
Other financial assets	18	58	86
Goodwill and other intangible assets	19	97	96
Inventory	14	6	4
Right-of-use assets	20	37	29
Finance lease receivable	20	41	42
Prepayments		6	5
Total non-current assets		5,709	5,508
Total assets		6,029	5,830

The above statement of financial position should be read in conjunction with the accompanying notes

	Note	2024 $m	2023 $m
Liabilities			
Current liabilities			
Borrowings	17	692	541
Other financial liabilities	18	-	3
Creditors and other payables	16	143	165
Provisions		2	2
Contract liabilities	15	15	12
Current tax liabilities		30	-
Lease liabilities	20	10	7
Other liabilities	23	48	56
Total current liabilities		940	786
Non-current liabilities			
Borrowings	17	1,654	1,742
Other financial liabilities	18	2	2
Net deferred tax liabilities	8	573	515
Provisions		3	2
Lease liabilities	20	74	71
Other liabilities	23	6	5
Total non-current liabilities		2,312	2,337
Total liabilities		3,252	3,123
Net assets		**2,777**	**2,707**
Equity			
Share capital	21	94	94
Reserves	22	1,250	1,173
Retained earnings		959	974
Shareholder interests		2,303	2,241
Non-controlling interests		474	466
Total equity		**2,777**	**2,707**

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity
For the Year Ended 30 June 2024

	Share Capital $m	Asset Revaluation Reserve $m	Hedging Reserve $m	Retained Earnings $m	Attributable to equity holders of the parent $m	Non-controlling interests $m	Total $m
Note	21	22	22			25	
Balance at 1 July 2022	94	958	42	910	2,004	430	2,434
Net profit after income tax expense for the year	-	-	-	88	88	11	99
Other comprehensive income for the year, net of tax	-	166	15	-	181	33	214
Total comprehensive income for the year	-	166	15	88	269	44	313
Transfer on disposal of revalued assets	-	(8)	-	8	-	-	-
Dividends paid or provided for	-	-	-	(32)	(32)	(8)	(40)
Balance at 30 June 2023	94	1,116	57	974	2,241	466	2,707
Net profit after income tax expense for the year	-	-	-	63	63	5	68
Other comprehensive income for the year, net of tax	-	97	(18)	-	79	15	94
Total comprehensive income for the year	-	97	(18)	63	142	20	162
Transfer on impairment of revalued assets	-	(2)	-	3	1	(1)	-
Dividends paid or provided for	-	-	-	(51)	(51)	(11)	(62)
Distribution for tax losses utilised	-	-	-	(30)	(30)	-	(30)
Balance at 30 June 2024	94	1,211	39	959	2,303	474	2,777

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows
For the Year Ended 30 June 2024

	Note	2024 $m	2023 $m
Cash flows from operating activities			
Receipts from customers and other sources		1,570	1,410
Interest received		7	6
Payments to suppliers and employees		(1,158)	(1,040)
Interest and other finance costs paid		(108)	(88)
Income tax paid		(11)	(14)
Subvention payments		(34)	(16)
Net cash from operating activities	9	266	258
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		2	18
Proceeds from bank deposits maturing		46	199
Proceeds from sale of business		2	-
Proceeds from repayment of advances		9	-
Other proceeds		-	5
Payment for acquisition of business		-	(68)
Payments for investment properties		(12)	(41)
Payments for property, plant and equipment		(226)	(275)
Payments for intangible assets		(12)	(12)
Payments for investment into bank deposits		(57)	(181)
Other payments		(5)	-
Net cash used in investing activities		(253)	(355)
Cash flows from financing activities			
Proceeds from borrowings		532	376
Dividends paid	21	(51)	(32)
Repayment of borrowings		(474)	(218)
Repayment of lease liabilities		(9)	(9)
Dividends paid - non-controlling interests		(11)	(8)
Net cash from/(used in) financing activities		(13)	109
Net increase in cash and cash equivalents		-	12
Cash and cash equivalents at the beginning of the financial year		77	65
Cash and cash equivalents at the end of the financial year	12	77	77

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements 30 June 2024

1. Reporting Entity

Christchurch City Holdings Ltd (CCHL) is a wholly-owned subsidiary of Christchurch City Council (CCC), 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), and is a climate reporting entity.

The financial statements are for the year ended 30 June 2024. The financial statements were authorised for issue by the CCHL Board of directors on 30 September 2024. 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,
- in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013,
- using accounting policies set out in these financial statements, which have been applied consistently to all periods presented in these financial statements,
- on the basis of historical cost, modified by revaluation of certain non-current assets and financial instruments,
- in New Zealand dollars (NZD), with all values rounded to millions ($m) unless otherwise stated,
- 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 structure

The Group financial statements comprise the financial statements of CCHL and its subsidiaries, as shown in the table below.

Group	Business	Balance date	Effective ownership
Christchurch City Holdings Ltd	**Holding company**	**30 June**	**100%**
Christchurch International Airport Ltd[1]	Airport	30 June	75.0%
City Care Ltd	Contracting	30 June	100%
Development Christchurch Ltd	Holds land assets and investment in Christchurch Adventure Park[2]	30 June	100%
EcoCentral Ltd	Waste recycling	30 June	100%
Enable Services Ltd	Broadband network	30 June	100%
Lyttelton Port Company Ltd	Port	30 June	100%
Orion New Zealand Ltd[3]	Electricity network	31 March	89.275%
RBL Property Ltd	Investment property	30 June	100%

1	Minister for State-Owned Enterprises	12.5% ownership share
1	Minister of Finance	12.5% ownership share
2	Port Hills Leisure Limited is the General Partner of Leisure Investments NZ Limited Partnership (LINZ), trading as Christchurch Adventure Park. Development Christchurch Limited holds a 54.7% interest.	
3	Selwyn District Council	10.725% ownership share

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.

In the comparative period, on 2 September 2022, City Care Ltd (Citycare) acquired 100% of the total shares of the Spencer Henshaw Group of companies ('SH Group'), consisting of Spencer Henshaw Ltd (5,000 shares), SW Scaffolding Ltd (600,000 shares) and Panmure Property Holdings Ltd (5,000 shares), for total consideration of $72.3m, including $6.8m held in escrow in relation to warranty issues, and $2.2m of contingent consideration. During the current period, on 31 August 2023, Spencer Henshaw Limited amalgamated with its sister company, Panmure Property Holdings Limited, with Spencer Henshaw Limited being the surviving entity. On 24 June 2024, Citycare sold its entire interest in SW Scaffolding Limited, a controlled entity of the company. Based on the completion accounts as at the same date, a gain of $1m is recognised in the Statement of comprehensive income. Further details are included in note 30.

Section 461(3) of the Financial Markets Conduct Act requires the reporting entity and all its subsidiaries to have the same balance date. As noted above, Orion New Zealand Ltd (Orion) and its subsidiary has a 31 March balance date. CCHL applied for and has received an exemption from this obligation from the Financial Markets Authority until 27 August 2028.

Accounting policy – subsidiaries

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

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

Orion has a 31 March balance date. When the balance dates between a subsidiary and group differ, NZ IFRS 10 Consolidated Financial Statement (NZ IFRS10) requires the subsidiary to prepare financial statements as at the Group's balance date for consolidation, unless this is impracticable to do so.

Orion is subject to distinct legislative and regulatory regimes governing electricity distribution businesses (EDBs). Under the electricity industry regime, EDB's must demonstrate compliance with price-quality path requirements, and make extensive audited financial information disclosures assessed against a 12 month period ending on 31 March each year. It would be unduly burdensome, highly inefficient and therefore impractical for Orion and its subsidiaries to duplicate accounting and audit practices and resource to run two different balance dates for its financial and regulatory reporting.

Consequently Orion's twelve month results to 31 March are consolidated into the Group's financial statements to 30 June, as they are within three months of the Group balance date. Adjustments are made to the 31 March information for effects of significant transactions or events that occur between 31 March and 30 June each year, where applicable.

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

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

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

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

2. Significant items during the period

Presentation change

Although not required by accounting standards, CCHL's (The Parent's) shareholder requested that separate financial statements for the Parent were disclosed for the years ending 30 June 2022 and 30 June 2023.

The Parent's shareholder no longer requires that separate financial statements for the Parent be disclosed, therefore Parent figures have been removed from the presentation of the Group financial statements.

Tax depreciation on buildings

On 28 March 2024 the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act passed into law. The Act removed depreciation deductions for tax purposes for commercial long-life buildings with an estimated useful life of 50 years or more, with effect from the 2024/25 income tax year. Application of the enacted tax law required an immediate write down of the tax asset base in the 2023/2024 income tax year. This has resulted in a $43m increase in the recognition of deferred tax, through tax expense, in the Statement of Comprehensive Income and a corresponding increase to the deferred tax liability recognised in the Statement of Financial Position. Further information is disclosed in note 8.

Utilisation of historical CCHL tax losses

In 2023, the Group recognised an asset in relation to tax losses of CCHL parent of $129m, with a tax effect of $36m. During 2024, $30m of CCHL's historical tax losses were utilised by the CCC Tax Consolidation Group (CCC Tax Group), of which CCHL is a member, for no cash consideration. This transaction is reflected in the Statement of Changes in Equity as a distribution of tax losses to CCC.

In 2024, the Group has recognised the tax effect of these losses in deferred tax, reflecting the probability that the balance will be recoverable in future periods by the CCC Tax Group. Further detail on tax movements is disclosed in note 8 and note 26.

Reclassification of comparative amounts and other information

Certain comparative amounts and other information in the financial statements have been reclassified to better comply with accounting standards requirements and improve the readability of the financial statements. This includes the change in presentation of certain comparative amounts and other information in the Statement of financial position and Statement of comprehensive income along with the relevant note disclosures. For other restatements and corrections in prior year information, refer to the explanations disclosed in notes 4, 5, 6, 7, 8, 10, 17, 20, 24.

Prior year correction

The electricity distribution network commitment reported in note 27 Capital Commitments has been restated for the 2023 financial year. Detailed information about the restatement can be found in note 27.

3. Critical accounting 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 property, plant and equipment and investment property
(note 10 and note 11)

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 Lyttelton Port Company (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.

Classification of investment property (note 11)

The identification by Christchurch International Airport Limited (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.

Valuation of investment in subsidiaries (note 4)

The carrying value of CCHL's investment in subsidiaries is $4,085m ($3,836m at June 2023).

CCHL's investments in its subsidiary companies are reflected in total assets for the segment note but are not reported on the consolidated statement of financial position due to being eliminated on consolidation. These investments are measured at fair value for the purposes of this note. The investments in all of the trading subsidiaries were revalued as at 30 June 2024 by Deloitte Limited (on behalf of the Deloitte Trading Trust) ("Deloitte"). The mid-point of the valuation range has been applied for each subsidiary.

When measuring the enterprise value of the Parent's investments in subsidiaries, Deloitte uses observable market data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. 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.

Deloitte has applied a range of valuation methods across the subsidiaries including discounted cash flows (DCF), market multiples, and net asset value approaches as was determined appropriate for each subsidiary. Deloitte assessed a valuation range for the fair value of CCHL's investment in subsidiaries of $3,822m to $4,355m as at 30 June 2024. Details about the valuation methodology for each subsidiary at the valuation date of 30 June 2024 are provided in the following table.

Subsidiary	Valuation methodology	Key inputs
Christchurch International Airport Ltd	Discounted cash flow and net asset value approaches	Forecast cash flows, discount rates, market comparison of capitalisation rates.
City Care Ltd	Discounted cash flow and realisation of assets	Forecast cash flows, discount rates, the valuations of assets and liabilities at assumed recovery rates.
Enable Services Ltd	Discounted cash flow	Forecast cash flows, discount rates.
Lyttelton Port Company Ltd	Discounted cash flow	Forecast cash flows, discount rates.
Orion New Zealand Ltd	Market-based	Market multiples and regulated asset base values.
EcoCentral Ltd	Discounted cash flow	Forecast cash flows, discount rates.
Development Christchurch Ltd	Realisation of assets	Valuation of properties, cash balances, and investment in Christchurch Adventure Park.
RBL Property Ltd	Realisation of assets	Independent valuations of property assets and assumed recovery rates for other assets and liabilities.

Changes in Valuation Techniques

During the year ended 30 June 2024, there were changes in the valuation techniques for certain subsidiaries:

Citycare

For the prior year ended 30 June 2023 Deloitte valued the Citycare Water business and Apex Water together using a DCF approach, however as at 30 June 2024 Deloitte have valued Citycare Water and Apex Water separately, and the Citycare Water business using a realisation of assets methodology. This change was driven by uncertainty in relation to the future capital cashflows of the Citycare Water business and the availability of more granular forecasts for the Apex Water business.

4. Segment reporting

The Group's operating segments are identified on the basis of the nine significantly different businesses whose individual operating results are received on a quarterly basis by the Group chief operating decision maker (CCHL Board) to assess and monitor performance. The Group's operating segments are unchanged since the last annual report, noting a presentational change for reportable segments with minor subsidiaries now grouped as 'Other'.

The reportable segments of the Group are as follows:

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

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

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

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

(VII.) Other - comprises business not considered reportable segments including:

- EcoCentral Ltd (EcoCentral) – manages the processing of refuse and sorting of recycling throughout Canterbury;
- Development Christchurch Ltd (DCL) – holds land assets to enable development projects and interests in Christchurch Adventure Park; and
- RBL Property Ltd (RBL Property) – holds investment property from which it generates rental income.

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 a Group level.

Major customers

Revenue from CCC amounted to $114 million (2023: $108 million) mainly from sales by Citycare, EcoCentral and Orion (refer to note 26).

Segment reporting explanation:

- Revenue from external customers reflects the revenue of each reportable segment excluding revenue earned from other Group entities.
- Segment profit/(loss) represents the actual profit/(loss) of each segment.
- Parent total non-current assets and total assets includes advances to subsidiaries and the investments held in subsidiaries which have been measured at fair value as at 30 June 2024 per independent valuations completed by Deloitte. These have been eliminated in Intra-group for the Group total.
- Intra-group transactions between segments have been eliminated on consolidation and recognised in 'Intra-group'.

For the year ended 30 June 2024

	Parent $m	CIAL $m	Citycare $m	Enable $m	LPC $m	Orion $m	Other $m	Intra-group $m	Total $m
Segment revenue	93	233	622	122	194	334	69	(105)	1,562
Inter-segment revenue	(93)	-	(9)	-	-	(2)	(1)	105	-
Revenue from external customers	-	233	613	122	194	332	68	-	1,562
Interest income	34	1	1	1	1	-	2	(31)	9
Finance costs	(58)	(33)	(3)	(13)	(9)	(23)	-	31	(108)
Depreciation, amortisation and impairment	-	(44)	(19)	(30)	(22)	(62)	(21)	-	(198)
Net gains/(losses)	-	13	1	-	-	1	1	-	16
Tax expense	-	(52)	(3)	(16)	(13)	(11)	(1)	9	(87)
Segment profit/loss	62	23	9	34	10	12	2	(84)	68
Total non-current assets (excluding derivatives and deferred tax)	4,673	2,338	109	847	620	1,703	48	(4,675)	5,663
Total assets	4,732	2,366	213	864	683	1,789	83	(4,701)	6,029
Total liabilities	1,247	830	130	421	300	913	25	(614)	3,252
Additions to non-current assets	-	35	9	46	25	142	1	-	258

The results of CIAL, Citycare, Enable, LPC and Orion are deemed significant to the Group as they provide 96% of total revenue and 98% of total assets (2023: 95% of total revenue and 98% of total assets).

For the year ended 30 June 2023

	Parent $m	CIAL $m	Citycare $m	Enable $m	LPC $m	Orion $m	Other $m	Intra-group $m	Total $m
Segment revenue	74	203	578	108	180	322	67	(88)	1,444
Inter-segment revenue	(74)	-	(9)	-	-	(4)	(1)	88	-
Revenue from external customers	-	203	569	108	180	318	66	-	1,444
Interest income	28	-	1	1	-	-	1	(25)	6
Finance costs	(51)	(30)	(3)	(13)	(3)	(16)	-	24	(92)
Depreciation, amortisation and impairment	-	(43)	(18)	(29)	(17)	(57)	(8)	-	(172)
Net gains/(losses)	-	(4)	6	-	2	-	-	-	4
Tax expense	-	(4)	(3)	(11)	(8)	(6)	(1)	7	(26)
Segment profit/loss	45	37	11	28	19	22	2	(65)	99
Total non-current assets (excluding derivatives and deferred tax)	4,434	2,278	118	805	620	1,553	49	(4,423)	5,434
Total assets	4,496	2,325	221	821	691	1,644	98	(4,466)	5,830
Total liabilities	1,264	818	147	411	304	802	35	(658)	3,123
Additions to non-current assets	-	76	93	41	84	125	9	-	428

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.

5. Operating revenue and other income

	2024 $m	2023 $m
From continuing operations		
Revenue from contracts with customers		
Contracting	315	300
Construction contract revenue	351	320
Sale of goods	37	46
Gross telecommunications revenue	113	101
Electricity distribution	236	226
Airport services	106	96
Port services	194	180
Waste and recycling services	41	38
Total revenue from contracts with customers	1,393	1,307
Other operating revenue		
Rent and lease income	39	34
Rental income from investment property	55	48
Other	75	55
Total other operating revenue	169	137
Total revenue	1,562	1,444

During the year, revenue was no longer presented by segment as relevant information has been provided per note 4, and $2m of construction contract revenue for 2023 has been reclassified to discontinued operations per note 30.

During the year, EcoCentral received $12m (2023: $9m) in funding from Ministry for the Environment for a materials recycling facility upgrade.

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

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.

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.

6. Expenses

(a) Operating expenses

	2024 $m	2023 $m
Salaries and wages	356	321
Defined contribution/benefit plan employer contributions	2	1
Increase/(decrease) in employee entitlements/liabilities	1	3
Remuneration of auditors	2	2
Consultants and legal fees	25	22
Directors' fees	2	2
Donations	1	-
Provision expenses/(gains)	-	3
Orion network maintenance and transmission expenses	88	92
Raw materials and consumables used	48	49
Repairs and maintenance	16	16
Service contracts (including sub-contractors)	363	336
Investment property direct operating expenses	9	8
Other operating expenses	215	210
Total operating expenses	1,128	1,065

During the year, $2m of operating expense for 2023 has been reclassified to discontinued operation per note 30, and $6m of non-operating loss has been reclassified to note 7 other gains and losses.

(a) (i) Remuneration of auditors

	2024 $m	2023 $m
Audit New Zealand		
Audit of the financial statements	1.42	1.31
Special audits required by regulators	0.05	0.05
Assurance related	0.20	0.19
Recovery from prior year	-	0.03
	1.67	1.58
Other auditors		
Audit of the financial statements - KPMG and PWC	0.46	0.45
Assurance related - EY and PWC	0.10	0.07
Regulatory audit work - PWC	0.09	0.05
	0.65	0.57
Total remuneration of auditors	2.32	2.15

The auditor of Christchurch City Holdings Limited and the rest of the Group, excluding Lyttelton Port Company Ltd and Enable Services Ltd, is Audit New Zealand, on behalf of the Auditor-General. The auditor of Lyttelton Port Company Ltd is KPMG, on behalf of the Auditor-General. The auditor of Enable Services Ltd is PWC 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	CIAL	CCHL
Assurance reviews of the annual default price-quality path (DPP) compliance statement	Audit of the disclosure regulations	Limited assurance engagement for Bond Trust Deed
Regulatory information disclosures	Review of compliance with bond conditions	

Remuneration paid to other auditors not related to the Audit of the financial statements is outlined below.

Enable	CCHL
Regulatory information disclosures	Limited assurance engagement in relation to CCHL's Sustainable Finance Report

(b) Depreciation, amortisation and impairment

	Note	2024 $m	2023 $m
Depreciation of property, plant and equipment	10	169	149
Amortisation of intangibles	19	15	14
Depreciation of right of use assets	20	9	8
Impairment of property, plant and equipment	10	5	-
Impairment of goodwill	19	-	1
Total depreciation, amortisation and impairment		198	172

7. Other gains and losses

Other gains

	2024 $m	2023 $m
Fair value gain on financial assets	1	1
Fair value gain on investment properties	15	-
Gain on disposal of property, plant and equipment	1	9
Total other gains	17	10

Other losses

	2024 $m	2023 $m
Fair value loss on investment properties	-	4
Loss on disposal of property, plant and equipment	-	1
Loss on disposal of inventory	1	-
Ineffectiveness - fair value hedge	-	1
Total other losses	1	6

During the year, other gains and losses were separately disclosed to provide more relevant information.

8. Income and deferred taxes

Components of tax expense

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.

	2024 $m	2023 $m
Current tax expense	42	32
Deferred tax expense/(income)	3	(6)
Deferred tax expense from removal of depreciation on buildings	43	-
Adjustments to deferred tax of prior years	(1)	-
Total tax expense	87	26

Reconciliation of prima facie income tax

	2024 $m	2023 $m
Profit before tax	153	125
Tax at statutory rate of 28%	43	35
Tax effects of:		
Non-deductible expenses	2	2
Non-assessable income and deductible items	-	(8)
Deferred tax from removal of depreciation on buildings	43	-
Other	(1)	(3)
Total tax expense	87	26

The tax rate used in the above reconciliation is the corporate tax rate of 28.00% (30 June 2023: 28.00%) payable by New Zealand companies on taxable profits under New Zealand tax law.

Imputation credits

The amount of imputation credits available for use in subsequent reporting periods by the Group and the CCC Tax Group (of which CCHL is a member) is $221m (2023: $213m).

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

Deferred tax balances

	Opening balance $m	Profit/ loss $m	Other comprehensive income $m	Other adjustments $m	Closing balance $m
30 June 2024					
Deferred tax liabilities/(assets):					
Property, plant and equipment	455	26	25	-	506
Cash flow/fair value hedges	25	-	(6)	-	19
Intangible assets	7	-	-	-	7
Provisions/employee entitlements	(10)	(1)	-	-	(11)
Tax gains/(losses)	1	(9)	-	(6)	(14)
Other	37	29	-	-	66
Net deferred tax liabilities at 30 June 2024	515	45	19	(6)	573

Other adjustments of $6m in the year relate to recognition of the tax effect of remaining historical tax losses, at a Group level, after utilisation of $30m of this asset by the CCC Tax Group.

	Opening balance $m	Profit/ loss $m	Other comprehensive income $m	Other adjustments $m	Closing balance $m
30 June 2023					
Deferred tax liabilities/(assets):					
Property, plant and equipment	376	1	78	-	455
Cash flow/fair value hedges	20	-	5	-	25
Intangible assets	-	(1)	-	8	7
Provisions/employee entitlements	(10)	-	-	-	(10)
Tax gains/(losses)	1	-	-	-	1
Other	43	(6)	-	-	37
Net deferred tax liabilities at 30 June 2023	430	(6)	83	8	515

During the year, the Group has combined deferred tax balances as net asset or liability positions, to provide more relevant information.

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 to the extent that it is probable that future taxable profits will be available against which the asset can be utilised by the CCC Tax Group. 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 by the CCC Tax Group.

9. Reconciliation of profit to net cash operating flows

	Note	2024 $m	2023 $m
Profit for the year		68	99
Add/(less) non-cash items			
Depreciation, amortisation and impairment expense		198	172
(Gains)/losses in fair value of investment property	11	(15)	4
Deferred tax charged/(credited) to income	10	45	(13)
Internal labour allocated to PP&E and Intangibles		(9)	(9)
Other		4	(3)
		223	151
Add/(less) items classified as investing or financing activities			
(Gain)/loss on disposal of non-current assets		(1)	(8)
Movement in capital creditors		5	(14)
Other		1	2
		5	(20)
Add/(less) movement in working capital items			
Debtors, inventory and other current assets		3	(49)
Non-current receivables, prepayments and other		(3)	5
Creditors		(26)	52
Current provisions and other liabilities		(7)	10
Current tax liabilities		(1)	7
Contract liabilities		3	1
Non-current provisions and other liabilities		1	2
		(30)	28
Net cash from operating activities		266	258

10. Property, plant and equipment

30 June 2024	Land $m	Terminal buildings $m	Other buildings $m	Plant and equipment $m	Electricity distribution system $m	Airport infra-structure assets $m	Harbour structures $m	Optical fibre network $m	Work in progress $m	Total $m
Cost or valuation										
Balance at beginning of year	818	346	210	485	1,305	525	372	783	221	5,065
Additions	1	-	5	26	123	-	8	-	74	237
Disposals	-	-	(3)	(23)	(1)	-	-	-	(1)	(28)
Net revaluation movements	32	-	(5)	-	14	15	-	7	-	63
Transfers	(5)	6	24	36	(11)	17	28	34	(137)	(8)
Balance at end of year	846	352	231	524	1,430	557	408	824	157	5,329
Accumulated depreciation and impairment										
Balance at beginning of year	(65)	-	(29)	(292)	-	-	(194)	(3)	-	(583)
Disposals	-	-	2	19	-	-	-	-	-	21
Revaluation adjustments	-	-	3	-	52	1	-	18	-	74
Impairment losses charged to income statement	-	-	(1)	(4)	-	-	-	-	-	(5)
Depreciation expense	-	(22)	(10)	(40)	(52)	(14)	(7)	(24)	-	(169)
Transfers and other	-	-	(2)	1	-	-	(1)	-	-	(2)
Balance at end of year	(65)	(22)	(37)	(316)	-	(13)	(202)	(9)	-	(664)
Carrying value at 30 June 2024	781	330	194	208	1,430	544	206	815	157	4,665

Carrying value by subsidiary

30 June 2024	Land $m	Terminal buildings $m	Other buildings $m	Plant and equipment $m	Electricity distribution system $m	Airport infra-structure assets $m	Harbour structures $m	Optical fibre network $m	Work in progress $m	Total $m
CIAL	532	330	106	7	-	544	-	-	10	1,529
Enable	-	-	-	4	-	-	-	815	16	835
LPC	125	-	45	141	-	-	206	-	56	573
Orion	118	-	36	20	1,430	-	-	-	74	1,678
Other subsidiaries	6	-	7	36	-	-	-	-	1	50
Carrying value at 30 June 2024	781	330	194	208	1,430	544	206	815	157	4,665

During the year, additional information has been disclosed in relation to the subsidiary carrying values of property, plant and equipment for the current and prior year, to provide more relevant information.

30 June 2023	Land $m	Terminal buildings $m	Other buildings $m	Plant and equipment $m	Electricity distribution system $m	Airport infra-structure assets $m	Harbour structures $m	Optical fibre network $m	Work in progress $m	Total $m
Cost or valuation										
Balance at beginning of year	802	298	210	474	1,172	484	372	733	162	4,707
Additions	3	-	2	47	100	-	1	-	146	299
Disposals	-	-	(1)	(54)	(1)	-	(1)	-	(1)	(58)
Additions through business combinations	1	-	2	3	-	-	-	-	-	6
Net revaluation movements	(1)	46	-	-	34	34	-	15	-	128
Transfers	13	2	(3)	15	-	7	-	35	(86)	(17)
Balance at end of year	818	346	210	485	1,305	525	372	783	221	5,065
Accumulated depreciation and impairment										
Balance at beginning of year	(65)	(21)	(24)	(317)	-	-	(194)	(23)	-	(644)
Disposals	-	-	1	50	-	-	1	-	-	52
Revaluation adjustments	-	42	-	-	47	14	-	44	-	147
Depreciation expense	-	(21)	(9)	(27)	(47)	(14)	(7)	(24)	-	(149)
Transfers and other	-	-	3	2	-	-	6	-	-	11
Balance at end of year	(65)	-	(29)	(292)	-	-	(194)	(3)	-	(583)
Carrying value at 30 June 2023	753	346	181	193	1,305	525	178	780	221	4,482

Carrying value by subsidiary

30 June 2023	Land $m	Terminal buildings $m	Other buildings $m	Plant and equipment $m	Electricity distribution system $m	Airport infra-structure assets $m	Harbour structures $m	Optical fibre network $m	Work in progress $m	Total $m
CIAL	514	346	112	7	-	525	-	-	12	1,516
Enable	-	-	-	3	-	-	-	780	7	790
LPC	125	-	24	111	-	-	178	-	137	575
Orion	108	-	39	18	1,305	-	-	-	65	1,535
Other subsidiaries	6	-	6	54	-	-	-	-	-	66
Carrying value at 30 June 2023	753	346	181	193	1,305	525	178	780	221	4,482

Revalued assets at deemed cost

For assets that are revalued	2024 $m	2023 $m
If these revalued assets had been measured using the cost model, the net carrying amount would be:		
Freehold land	383	373
Terminal buildings	121	127
Other buildings	172	155
Plant & Equipment	162	129
Electricity distribution system	1,229	1,150
Airport infrastructure assets	181	181
Harbour structures	205	176
Optical fibre network	547	534
Other	56	138
Total	3,056	2,963

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

- land associated with aeronautical activities, retail facilities within the terminal and other commercial activities carried at $123m (2023: $118m).
- terminal buildings, being 35.7% of total floor area or $118m (2023: 35.5% of total floor area or $134m).
- other buildings associated with aeronautical activities $19m (2023: $21m).
- land associated with port activities $8.0m (2023: $8.0m).
- other buildings associated with port activities $0.1m (2023: $0.1m).

Recognition and measurement

Land, terminal buildings, other buildings, the electricity distribution network, airport infrastructure assets, harbour structures and the optical fibre network (except for investment properties - refer note 11), 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, at the date of revaluation, less any subsequent depreciation and impairment losses.

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

All other property, plant and equipment is stated at historical cost less depreciation and impairment.

Fair value and revaluation

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.

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.

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).

A summary of the fair value consideration of assets valued by external independent valuers significant to the carrying value is provided below.

CIAL's property and airport assets

CIAL's land, terminal buildings, other buildings and airport 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.

Terminal buildings comprise terminal facilities, other buildings comprise commercial buildings and hotel business assets, and airport infrastructure assets comprise sealed surfaces, infrastructure and car parking.

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.

On 30 June 2024 car parking and land assets were revalued by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd.

Commercial buildings were last valued at 30 June 2022 by independent valuer Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd.

The hotel business assets was last revalued in 2022 by CBRE. A fair value assessment of the hotel building asset was carried out by CBRE. It was decided that, notwithstanding the movements in discount rates and profitability a revaluation was not required and there was no indication of impairment.

Sealed surfaces, terminal facilities and infrastructure assets were valued by independent valuers WSP New Zealand Ltd as at 30 June 2023 primarily through the method of assessing and adjusting the movement in relevant construction indices.

The movements resulting from revaluations at 30 June were:

	2024 $m	2023 $m
Land	24	(1)
Terminal buildings	-	89
Other buildings	-	-
Airport infrastructure assets	16	49
Total	40	137

The methods of valuation, key assumptions and sensitivities applied as at 30 June 2024 are summarised below:

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 2024).

Valuation approach	Key valuation assumptions	Valuation sensitivity	Relationship of Unobservable Inputs to Fair Value
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 $469,000 (2022: $919,000)	+/-$19m (of a 5% change in adopted rate)	– The critical elements in establishing the 'highest and best use approach' 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.
Market value alternative use (MVAU) for airside e.g. elements of airfield land and valued on MVAU.	Average rated value is $125,000 per hectare (2022 $129,000 per hectare)	+/- $7m (of a 5% change in adopted rate)	Critical elements in the MVAU calculation are: Rate per hectare - An increase to the rate would increase the fair value and decrease to the rate would reduce the fair value.

Terminal buildings

(revalued 2023)

Valuation approach	Key valuation assumptions	Valuation sensitivity	Relationship of Unobservable Inputs to Fair Value
Optimised depreciated replacement cost derived from modern equivalent asset rate.	Unit costs of construction square metre (sqm): Range of $3,308 – $5,726 (2021: $2,675 – $5,051) with weighted average of $4,458 (2021: $3,817)	+/- $17.3m (of a 5% change of cost estimate).	An increase in modern equivalent asset replacement cost will increase the fair value. A decrease in modern equivalent asset replacement will decrease the fair value. An increase in the cashflow from an asset will increase the fair value. A decrease in the cashflow from an asset will decrease the fair value.

Other buildings

Buildings

Buildings for identified airport activities, including offices spaces and storage that exist because of the airport activities (revalued 2022).

Valuation approach	Key valuation assumptions	Valuation sensitivity	Relationship of Unobservable Inputs to Fair Value
Specialised buildings are valued by optimised depreciated replacement cost derived from modern equivalent asset rate. Buildings that are owned by CIAL that could be leased by a third party are valued on an income valuation approach similar to that used for Investment Properties. (see note 11)	Unit costs of construction sqm: Range of $504 – $4,604 (2021: $504 – $4,604) with weighted average of $1,130 (2021: $1,309)	+/- $1.7m (of a 5% change of cost estimate).	An increase in modern equivalent asset replacement cost will increase the fair value. A decrease in modern equivalent asset replacement will decrease the fair value. An increase in the cashflow from an asset will increase the fair value. A decrease in the cashflow from an asset will decrease the fair value.

Hotel business assets

Assets associated with the hotel, including land (revalued 2022).

Valuation approach	Key valuation assumptions	Valuation sensitivity	Relationship of Unobservable Inputs to Fair Value
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%)	+/- $3m for a change in discount rate by an absolute 0.5% +/- $3m for an absolute change in capitalisation rate of 0.25%	An increase in the discount rate used would decrease the fair value. An increase in the capitalisation rate will decrease the fair value.

Airport infrastructure assets

Infrastructure and Sealed Surfaces

Infrastructure and sealed surfaces including site services (revalued 2023).

Valuation approach	Key valuation assumptions	Valuation sensitivity	Relationship of Unobservable Inputs to Fair Value
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 2023: $273 – $396) with weighted average of $350 (2022: $304) Infrastructure Unit costs of road and footpaths construction sqm: Range of $20 – $124 (2022: $20 – $115) with weighted average of $81 (2022: $74) Unit costs of water and drainage construction m: Range of $256 – $1,574 (2021: $229 – $1,410) with weighted average of $612 (2022: $548)	+/- $18.7m (of a 5% change of cost estimate).	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.

Car Parking

Assets associated with car parking, taxi, shuttle and bus services (including land) (revalued 2024).

Valuation approach	Key valuation assumptions	Valuation sensitivity	Relationship of Unobservable Inputs to Fair Value
Discounted cash flow valuation performed by independent valuers based on: Internal management information such as forecast future revenues, costs and capital expenditure. – Assumptions such as the discount rate. These are based on management's judgement and arrived at in consultation with external experts. Both the internal management information and the discount rate are deemed to be unobservable inputs.	Revenue growth per annum 0.5% and 0.5% for the 10-year cashflow period from year 11 (2023: 0.5% and 0.5%). Cost growth per annum 2% for the 10-year cashflow period and 2% from year 11 (2023: 2% and 2%). Discount rate 8.9% post tax, 10-year cash flow period and 8.9% from year 11 (2023: 8.4% and 8.4%).	+/- $8.8m (of a 5% change in discount rate) +/- $0.8m (of a change in growth rate to either 0% or 1.0% for year 11 onwards).	An increase in 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.

Enable's optical fibre network

Enable's optical fibre network is measured at fair value. The revaluation undertaken at 30 June 2024, based on a range provided by independent valuers Deloitte, resulted in a net increase of $25 million (2023: increase of $59 million) in the carrying value.

Deloitte and Enable management considered that the 10-year discounted cash flow (DCF) methodology was the most appropriate method of valuation for the optical fibre network.

The DCF methodology involved assessing:

- the future free cash flows of the business (excluding future expansionary capital expenditure and related revenue).
- a 10-year cash flow forecast with a terminal value determined by using either a Gordon Growth Model formula based on the FY34 projected free cash flows or a terminal Regulated Asset Base (RAB) multiple notionally assuming the assets are sold at the end of the 10 year period.
- discounting the cash flows using a discount rate based on weighted average cost of capital (WACC).
- whether there were any surplus assets.

The valuation of Enable's optical fibre network are sensitive to the inputs used in the discounted cash flow valuation model. A sensitivity analysis of key inputs is given in the table below.

Assumption change	Valuation movement up	Valuation movement down	Relationship of Unobservable Inputs to Fair Value
Connections +/- 1%	$15m	$15m	The higher the connections rate, the higher the fair value.
Average revenue per user +/- 1%	$15m	$15m	The higher the average revenue per user, the higher the fair value.
WACC +/- 0.5%	$62m	$74m	The higher the WACC, the lower the fair value.

LPC's property, plant and equipment

LPC's property, plant and equipment is measured at fair value with all classes of assets under the revaluation model considered part of one CGU, meaning they work together to generate cash flows. The port relies on the shipping channel; the inland ports are necessary for efficient operation; the marina, dry dock, and other inner harbour facilities are part of the CGU because they depend on the port's seawalls, breakwaters, and the support of other aspects of the port operations.

An internal fair value assessment was performed as at 30 June 2024, and as a result of this assessment no change was made to the carrying value of property, plant and equipment. A previous write down amounting to $190.5m was recognised in 2020.

LPC values its assets using the income approach, based on future cash flows. This method is best because the assets are interdependent and cannot be valued separately, so a single enterprise valuation is used.

LPC does not fully recover its Enterprise Value (EV) under the cost methodology in NZ IFRS 13 Fair Value Measurement.

The future cash flows, including expected profits and capital expenses, do not support valuing the assets using the Optimized Depreciated Replacement Cost (ODRC) method. Therefore, LPC uses the income approach as the best estimate of fair value for its fixed assets.

Certain assumptions are made for the EV model based on management's best estimates. Actual results and cash flow impacts could differ significantly.

The valuation does not include any major port expansions in the next 15 years. Volumes are capped at 560,000 twenty foot equivalent units (TEU). Cruise volumes are not expected to grow significantly.

A 15-year forecast period is used for cash flows, followed by a terminal value, due to the long-term nature of LPC's infrastructure. The expected net cash flows are discounted using a risk adjusted discount rate. The valuation is mainly driven by growth in container volume, margin improvement, capital expenditure, and the Weighted Average Cost of Capital (WACC) rate.

All LPC's property, plant and equipment are categorised as Level 3 in the fair value hierarchy.

Key assumptions	Range of significant unobservable inputs	
	2024	2023
EBITDA margin - Revenue/expense Inflation	28% -36% 2% - 4.5%	30% - 43% 2% - 8%
Container TEU growth rate - Container pricing Increases	2.7%-3.2% 3% - 4.5%	2.0% 3% - 24.4%
Terminal growth rate	2%	2%
Risk adjusted discount rate	7.60%	7.17%
Estimated capital expenditure	$493m	$701m

The valuation of LPC's property, plant and equipment is sensitive to the inputs used in the EV model. A sensitivity analysis of key inputs is given in the table below.

Assumption change	Valuation movement up	Valuation movement down	Relationship of Unobservable Inputs to Fair Value
Container pricing +/- 1%	$283m	$252m	The higher the container pricing, the higher the fair value.
WACC +/- 1%	$129m	$90m	The higher the WACC, the lower the fair value.
Capital expenditure +/- 10%	$65m	$70m	The higher the capital expenditure, the lower the fair value.
Container volumes +/- 1%	$30m	$44m	The higher the container volumes, the higher the fair value.
Inflation +/- 0.5%	$20m	$21m	The higher the inflation, the higher the fair value.

Orion's property, plant and equipment

Orion's electricity distribution system and the majority of Orion's land and buildings are measured at fair value. The revaluations undertaken in the year resulted in a net increase of $71m (2023: increase of $81m) in the carrying value.

Electricity distribution system

The electricity distribution system was revalued to fair value as at 31 March 2024, based on a valuation range provided by independent valuer Deloitte.

In the absence of an active market, Deloitte calculated fair value using Level 3 significant unobservable inputs using a DCF methodology and 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, and to reflect Deloitte's estimates of the regulatory Weighted Average Cost of Capital (WACC) for RCP4 and RCP5.

Deloitte's key valuation assumptions were that:

- for the ten years ending 31 March 2034 estimated network revenues follow the Commerce Commission's building blocks approach, but exclude growth assumptions related to expansionary growth.
- for the five years ending 31 March 2030 network revenues will be reset to achieve returns based on the new expected regulatory parameters - reset regulatory 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 6.65% (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 leverage to that set by the Commerce Commission for the five-year regulatory period commencing 1 April 2025.

The valuation of Orion's electricity distribution system is sensitive to the inputs used in the DCF valuation model. A sensitivity analysis of key inputs is given in the table below. The sensitivities are calculated by flexing a single variable at a time, noting that in practice the variables are inter-related within the regulatory framework.

Assumption change	Valuation movement up	Valuation movement down	Relationship of Unobservable Inputs to Fair Value
Capital expenditure +/- 5%	$51m	$51m	The higher the capital expenditure, the lower the fair value
Operating expenditure +/- 5%	$72m	$72m	The higher the operating expenditure, the lower the fair value
Discount rate +/- 0.5%	$158m	$132m	The higher the discount rate, the lower the fair value
Distribution revenue +/- 0.5%	$19m	$19m	The higher the distribution revenue, the higher the fair value

Land and other buildings

The majority of the company's land and non-substation buildings, comprising substation sites, head office land and building and Waterloo Road property, were revalued to fair value as at 31 December 2023, by Colliers International Limited.

The methodologies and key assumptions used in valuing Orion's land and non-substation building assets included:

- selecting a representative sample Orion's substation sites and valued land at those sites using sales comparisons and unit metre frontage methodologies. These values were compared with respective rateable values and comparisons used to develop standard site multipliers, which were applied to rateable land values for approximately 2,500 substation sites.
- valuing Orion's head office land and building using a market rental assessment and a capitalisation rate of 6.75% and comparing the result with recent market transactions.
- valuing Orion's Waterloo Road property using a market rental assessment and a capitalisation rate of 6.0% and comparing the result with recent market transactions.

Citycare, EcoCentral, and DCL

The net carrying value of the property, plant and equipment of these companies at 30 June 2024 comprised less than 2% (2023: less than 2%) of total Group property, plant and equipment. Assets of these companies are either independently revalued at regular intervals, or carried at cost less accumulated depreciation and impairment.

Accounting policy for property, plant and equipment - depreciation and impairment

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

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

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

Depreciation is calculated on each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Electricity distribution system	
Electricity distribution system	60 yrs
Airport assets	
Airport infrastructure and roads	15-100 yrs
Sealed surfaces (other than roads)	15-120 yrs
Terminal buildings	10-60 yrs
Car parks	7-50 yrs
Optical fibre network	
Ethernet communication equipment	5-12 yrs
Provision of unlit optical fibre	20-50 yrs
Harbour structure and land improvements	
Harbour structures	3-100 yrs
Seawalls	100 yrs
Vessels	5-25 yrs
Container cranes	30 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 asset's 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. Operating expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Group.

11. Investment property

	2024 $m	2023 $m
RBL Property	20	17
CIAL	779	747
Total	799	764
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Balance at beginning of financial year	764	723
Additional capitalised expenditure	10	39
Net gain/(loss) from fair value adjustments	15	(4)
Transfer (to)/from property, plant and equipment	10	6
Balance at end of financial year	799	764

Valuation of investment property - CIAL

The valuation of CIAL's investment property as at 30 June 2024 was completed by Crighton Anderson Property and Infrastructure Ltd, trading as Colliers International Ltd, registered valuers and member of the New Zealand Property Institute. The basis of valuation is fair value, being the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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

Principal assumptions used in establishing the valuations were:

- average rental yield rate 6.60% (2023: 6.22%). Rental yield range 0.93% - 10.99% (2023: 0.07% - 10.48%).
- average market capitalisation rate 6.81% (2023: 6.22%). Market capitalisation rate range 4.15% - 10.52% (2023: 4.01% - 10.05%).
- weighted average lease term 5.76 years (2023: 6.14 years).

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

Asset type	2024 rental range	2023 rental range
Office	$190-$270/sqm	$180-$260/sqm
Warehouse	$100-$165/sqm	$80-$160/sqm

Fair value hierarchy

Asset classification and description	Valuation approach	Key valuation assumptions	Fair value hierarchy level	Valuation sensitivity
Investment Properties are land and buildings which are owned to earn rental income, for capital appreciation or both.	The income-based valuation approach is used.	Land is included when infrastructure services are available and future development is expected within the next 3 years.	3	+ $32.5m/-$35.9m (of a 5% change of capitalisation rate)

Level 3 Asset classification	Sensitivity of significant unobservable inputs
Investment properties	An increase in the cash flow from an asset will increase the fair value of the asset and a decrease in the cash flow from an asset will decrease the fair value of the asset.

Valuation of investment property - RBL Property

The valuation of RBL's investment property as at 30 June 2024 was completed by Colliers using was a direct sales comparison method. RBL's investment property was last revalued at 30 June 2022.

The principal assumption used in establishing the valuation was:

- $ per sqm $725. Range of $ per square metre $700 - $750.

Sensitivity analysis

Assumption change	Valuation movement up	Valuation movement down
Valuation of land per sqm +/- $100	$2.7m	$2.7m

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 DCF 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).

12. Cash and cash equivalents

	2024 $m	2023 $m
Cash balances and call deposits	73	77
Other short term investments	4	-
Total cash and cash equivalents	77	77
Cash and cash equivalents denominated in:		
New Zealand dollars	77	77

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

13. Debtors and other receivables

	2024 $m	2023 $m
Trade receivables - contracted	123	125
Less: Allowance for expected credit losses - contracted	(1)	(1)
Net trade receivables - contracted	**122**	**124**
Other receivables	3	10
Interest receivable	1	1
Total debtors and other receivables	**126**	**135**

Included in trade receivables - contracted are amounts due from the ultimate shareholder, CCC, as disclosed in note 26.

Credit risk - aging of receivables

	2024 $m	2023 $m
Gross receivables		
Not past due	111	110
Past due 0-30 days	9	8
Past due 31-60 days	1	3
Past due more than 60 days	2	4
	123	125
Impairment		
Past due more than 60 days	(1)	(1)
Gross trade receivables	123	125
Individual impairment	(1)	(1)
Trade receivables (net)	**122**	**124**

Specific expected credit loss rates for each component are not disclosed because the overall lifetime expected credit loss is not material. Expected credit losses are based on historical information. Forward looking information has also been considered but has not changed the expectations for future credit losses.

Movements in the allowance for expected credit losses are as follows:

	2024 $m	2023 $m
Opening balance	1	1
Expected credit loss made during the year	-	1
Receivables written off during the year	-	(1)
Closing balance	**1**	**1**

Accounting policy - debtors and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment.

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considers a receivable in default when contractual payments are 90 days past due.

However, in certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group has recognised a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

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

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

14. Inventory

	2024 $m	2023 $m
Current assets		
Inventory - raw materials and maintenance items	22	20
Inventory - finished goods	10	11
Total current inventory	32	31
Non-current assets		
Inventory - finished goods	6	4
Total non-current inventory	38	35

Accounting policy - inventory

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.

15. Contract assets and contract liabilities

	2024 $m	2023 $m
Contract assets	34	37
Contract liabilities	15	12
Revenue recognised in the period from:		
Amounts included in the contract liability at the beginning of the period	12	11
Performance obligations that are unsatisfied (or partially unsatisfied):		
Revenue to recognise during the following period	1	-

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 policy - 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.

16. Creditors and other payables

	2024 $m	2023 $m
Trade payables and accrued expenses	115	140
Retentions	1	1
GST payable	12	6
Deposits held	1	1
Interest payable	9	15
Other payables	5	2
Total creditors and other payables	143	165

The carrying value of creditors and other payables approximates their fair value. Included in trade payables are amounts owing to the ultimate shareholder, CCC, as disclosed in note 26 Related Parties Disclosures.

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. Borrowings and finance costs

The fair values of Group borrowings tabled below apply the same fair value hierarchy as that disclosed in note 24. During the year, the Group has renamed certain descriptions in note 17 for consistency and to provide more relevant information.

Group borrowings

	Current 2024 $m	Non-Current 2024 $m	Total 2024 $m	Current 2023 $m	Non-Current 2023 $m	Total 2023 $m
Unsecured:						
Commercial paper	60	-	60	60	-	60
Bonds	150	571	721	97	593	690
Floating rate notes	50	340	390	45	190	235
Loans from external parties	302	192	494	213	426	639
Loans from CCC	130	551	681	125	533	658
	692	1,654	2,346	540	1,742	2,282
Secured:						
Loans from external parties	-	-	-	1	-	1
	692	1,654	2,346	541	1,742	2,283

During the year loans from CCC were reclassified for the prior year to reflect the correct treatment for the Group.

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

CCHL

Nature of debt	2024 $m	Average rate %	Maturity	2023 $m
Floating rate notes	50	6.00%	2025	95
Loans from CCC	681	5.88%	2024-2032	657
Bonds	447	3.88%	2024-2028	443
Commercial paper	60	5.68%	2024	60
Undrawn borrowing facility	100		2025	100

All borrowings at 30 June 2024 are unsecured and have been put in place under a $1.5b (2023: $1.5b) debt issuance programme. CCHL has issued uncalled capital of $1.5b (2023: $1.5b) to support this programme (refer note 21).

Bonds and floating rate notes are issued under a Master Trust Deed. Bonds have a nominal principal amount of $450m (2023: $450m) and include a $150m sustainability bond issued in October 2021. The carrying value includes the impact of fair value hedges. Commercial paper is issued under a separate $200m commercial paper programme. CCHL has entered into derivative contracts to hedge its exposure to interest rate fluctuations (refer note 24).

CIAL

Nature of debt	2024 $m	Average rate %	Maturity	2023 $m
Loans from external parties	282	5.80%	2025-2027	329
Bonds	274	5.44%	2027-2031	247
Undrawn borrowing facility	93		2024-2027	46

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. The bond funding has a face value of $275m and constitutes direct, unsecured, unsubordinated obligations and will rank equally with all other unsecured, unsubordinated indebtedness.

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

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

Citycare

Nature of debt	2024 $m	Average rate %	Maturity	2023 $m
Undrawn borrowing facility	10	-	2024	10

Citycare has a loan from CCHL of $40m (2023: $56m)

LPC

Nature of debt	2024 $m	Average rate %	Maturity	2023 $m
Loans from external parties	77	6.64%	2024	63
Undrawn borrowing facility	48	-	2025-26	62

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 (2023: $150m).

Orion

Nature of debt	2024 $m	Average rate %	Maturity	2023 $m
Loans from external parties	135	6.52%	2025-2026	247
Floating rate notes	340	7.41%	2028-2035	140
Undrawn borrowing facility	40	-	2026	58

All bank loans are unsecured, however a deed of negative pledge requires Orion to comply with certain covenants to its key lenders. The US Private Placement floating rate notes are also unsecured. The note purchase agreement with the US investors has terms which are substantially similar to those in the deed of negative pledge referred to above.

Orion has complied with all terms of the agreement during the years ended 31 March 2024 and 30 June 2024.

In addition to the above, Orion has a loan from CCHL of $100m (2023: $100m).

Enable, EcoCentral, DCL and RBL Property

EcoCentral, DCL and RBL had no external debt as at 30 June 24 (2023: Nil).

Enable had external debt of $0.3m as at 30 June 2024 (2023 $1m) and a loan from CCHL of $294m as at 30 June 2024 (2023: $294m).

Undrawn borrowing facilities

	2024 $m	2023 $m
Floating rate - expiring within one year	20	101
Floating rate - expiring beyond one year	271	175
Total undrawn borrowing facilities	291	276

Changes in liabilities arising from financing activities

2024	Opening 1 July 2023 $m	Cash flows $m	Changes in fair value $m	New leases $m	Reclassification $m	Other $m	Closing 30 June 2024 $m
Current liabilities:							
Borrowings from external parties	416	(117)	3	-	260	-	562
Loans from CCC	125	(125)	-	-	130	-	130
Lease liabilities	7	(8)	4	4	(1)	4	10
Derivative liabilities	3	-	(3)	-	-	-	-
Non-current liabilities:							
Borrowings from external parties	1,209	150	3	-	(260)	-	1,102
Loans from CCC	533	148	-	-	(130)	-	551
Lease liabilities	71	(1)	7	-	-	(3)	74
Derivative liabilities	2	-	-	-	-	-	2
	2,366	47	14	4	(1)	1	2,431

2023	Opening 1 July 2022 $m	Cash flows $m	Changes in fair value $m	New leases $m	Reclassification $m	Other $m	Closing 30 June 2023 $m
Current liabilities:							
Borrowings from external parties	580	(208)	(1)	-	45	-	416
Loans from CCC	180	(167)	-	-	112	-	125
Lease liabilities	8	(7)	1	3	-	2	7
Derivative liabilities	1	3	(1)	-	-	-	3
Non-current liabilities:	-	-	-	-	-	-	-
Borrowings from external parties	1,063	195	(4)	-	(45)	-	1,209
Loans from CCC	307	338	-	-	(112)	-	533
Lease liabilities	66	(2)	1	-	-	6	71
Derivative liabilities	7	(3)	(2)	-	-	-	2
	2,212	149	(6)	3	-	8	2,366

Finance costs

	2024 $m	2023 $m
Interest on borrowings	77	76
Interest on loans from CCC	32	19
Interest expense on lease liabilities	3	1
Less: Capitalised interest	(4)	(4)
Total finance costs	108	92

During the year, the Group has reclassified capitalised interest to provide more accurate and relevant information.

Accounting policy - borrowings and finance costs

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

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

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

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

18. Other financial assets and liabilities

	2024 $m	2023 $m
Current assets	77	76
Term deposits	11	-
Other loans and deposits	1	10
Interest rate swaps	13	5
Total current other financial assets	25	15
Non-current assets		
Other loans	12	12
Interest rate swaps	46	74
Total non-current other financial assets	58	86
Current liabilities		
Interest rate swaps	-	(3)
Total current other financial liabilities	-	(3)
Non-current liabilities		
Interest rate swaps	(2)	(2)
Total non-current other financial liabilities	(2)	(2)

Refer to note 24 for further information on areas of financial risk and fair value.

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 CCC's previous combined equity/debt investment in Jet Engine Facility Ltd. CCHL has entered into a cross currency interest rate swap to convert its fixed rate USD income on this loan into NZD floating rates (note 24). A principal payment of US$6m was paid in June 2024, with the remaining amount outstanding as at the current reporting date of US$8m payable in 2028.

The loan is assessed to have low credit risk at each reporting date based on the Group's internal assessment. As such, the Group has assessed that the credit risk on this financial instrument has not increased significantly since initial recognition as permitted by NZ IFRS 9, and recognises 12 months expected credit losses for the asset. No material provision has been made.

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

Accounting policies

Derivative financial instruments

The Group uses derivatives only for economic hedging purposes and not as speculative investments.

All derivatives meet the hedge accounting criteria, so they are initially recognised at fair value on the date they are entered into, and are subsequently re-measured to their fair value at balance date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a cash flow hedge or a fair value hedge under NZ IFRS 9.

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

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

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

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

Cash flow hedge

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

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

Fair value hedge

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

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

Derivatives that do not qualify for hedge accounting

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

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction. Foreign currency monetary assets and liabilities at balance date are translated to NZ dollars at the ruling rate at that date. Foreign exchange differences arising on translation are recognised through profit or loss, except when deferred in equity as qualifying cash flow hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

Term deposits

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

Other loans and deposits

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

Impairment

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

19. Goodwill and other intangible assets

	Goodwill $m	Easements and consents $m	Customer related $m	Software and other $m	Total $m
Gross carrying amount					
Gross carrying amount at 1 July 2022	46	5	-	68	119
Additions	-	-	-	13	13
Additions from internal developments	-	-	-	1	1
Disposals	-	-	-	(4)	(4)
Transfers	-	(1)	-	(1)	(2)
Acquired through business combinations	43	-	28	2	73
Gross carrying amount at 30 June 2023	89	4	28	79	200
Additions	-	-	-	13	13
Additions from internal developments	-	-	-	1	1
Disposals	-	-	-	(2)	(2)
Transfers	-	-	-	-	-
Gross carrying amount 30 June 2024	89	4	28	91	212
Accumulated balance at 1 July 2022	(41)	(4)	-	(49)	(94)
Amortisation expense	-	-	(5)	(9)	(14)
Disposals	-	-	-	4	4
Impairment	(1)	-	-	-	(1)
Transfers	-	1	-	-	1
Accumulated balance at 30 June 2023	(42)	(3)	(5)	(54)	(104)
Amortisation expense	-	-	(6)	(9)	(15)
Disposals	-	-	-	2	2
Transfers	-	2	-	-	2
Accumulated balance at 30 June 2024	(42)	(1)	(11)	(61)	(115)
Carrying amount at 30 June 2023	47	1	23	25	96
Carrying amount at 30 June 2024	47	3	17	30	97

Accounting policy – intangible assets

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.

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.

Customer relationships and customer contracts

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

Other intangible assets

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

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 consent	5-35 years
Customer related	2-13 years

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

Amount of goodwill allocated to cash-generating units

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	2024 $m	2023 $m
Orion	2	2
Enable	1	1
Citycare	44	44
Total	47	47

The carrying value of Goodwill is subject to an annual impairment test at the CGU level to ensure the carrying value does not exceed the recoverable amount at balance date, which at a subsidiary level is reviewed by each individual Board. Of the total carrying amount, $45m (2023: $45m) originates from subsidiary balance sheets, and $2m (2023: $2m) is generated from goodwill on acquisition of subsidiaries.

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

Citycare goodwill

The Group balance of goodwill includes $44m from the Citycare CGU, relating to Spencer Henshaw and Apex Water Limited (Apex Water).

As at 30 June 2024, an annual impairment test of goodwill was undertaken by Citycare on the balance of goodwill. The recoverable amount has been calculated based on a value in use calculation using a DCF model.

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

Key assumptions	Spencer Henshaw	Apex Water
Pre tax discount rate	13.7%	17.5%
Terminal growth rate	2%	2%
Forecast period	5 years	5 years

Accounting policy – goodwill

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

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The amount of impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. The recoverable amount is the higher of the asset's net fair value less costs of disposal, or its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Impairments are recognised immediately in profit or loss, and are not subsequently reversed.

20. Lease assets and liabilities

(a) Leases as lessee

(a) (i) Right of use assets

	Land $m	Buildings $m	Plant and equipment $m	Electricity distribution system $m	Total $m
Cost at 1 July 2022	3	30	5	10	48
Additions	-	5	2	-	7
Disposals	-	-	(2)	-	(2)
Cost at 30 June 2023	3	35	5	10	53
Additions	3	14	2	-	19
Disposals	-	(4)	(1)	-	(5)
Cost at 30 June 2024	6	45	6	10	67
Accumulated depreciation at 1 July 2022	-	12	3	2	17
Depreciation	-	7	1	-	8
Disposals	-	-	(1)	-	(1)
Accumulated depreciation at 30 June 2023	-	19	3	2	24
Depreciation	-	7	2	-	9
Disposals	-	(1)	(2)	-	(3)
Accumulated depreciation at 30 June 2024	-	25	3	2	30
Carrying amount at 30 June 2023	3	16	2	8	29
Carrying amount at 30 June 2024	6	20	3	8	37
Lease term (range in years)		2-27	2-3	1-26	

During the year, certain nil value columns from the above table were removed to provide more relevant information.

(a) (ii) Lease liabilities

	2024 $m	2023 $m
Current liabilities		
Lease liability	10	7
Non-current liabilities		
Lease liability	74	71
Total lease liabilities	84	78

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 1 and 24 years (2023: between 2 and 25 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

	2024 $m	2023 $m
Amounts recognised in the statement of comprehensive income		
Expense relating to short term leases	2	2
Cash outflows for leases:		
Interest on lease liabilities	1	2
Repayments of lease liabilities	6	5
Payments of short term leases	2	2
Total cash outflows for leases	9	9

At 30 June 2024 Orion had $0.1m commitment for short term leases (2023 $0.07m), and payment of low value leases by Orion was $0.3m (2022: $0.3m)

(b) Leases as lessor

(b) (i) Finance lease receivable

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

	2024 $m	2023 $m
Less than 1 year	4	4
Between 1 to 2 years	4	4
Between 2 to 3 years	4	4
Between 3 to 4 years	4	4
Between 4 to 5 years	4	4
Later than five years	32	36
Total undiscounted receivable	52	56
Unearned finance income	(9)	(10)
Net investment in finance leases	43	46
Finance lease receivable included in the Statement of financial position		
Current	2	4
Non-current	41	42
Total finance lease receivable	43	46

Total lease receivables of $43m (2023: $46m) 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".

(b) (ii) Operating leases

	2024 $m	2023 $m
Less than 1 year	65	60
Between 1 to 2 years	58	54
Between 2 to 3 years	42	50
Between 3 to 4 years	29	36
Between 4 to 5 years	25	24
Later than five years	156	158
Total operating leases	375	382

Accounting policy - leases

Right-of-use assets and lease liabilities as lessee

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

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

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

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

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

As lessor

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

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

21. Share capital and dividends

	2024 $m	2023 $m
Fully paid ordinary shares	94	94
Dividends declared on fully paid ordinary shares	51	32
Cents per share	105	67

During the year ended 30 June 2024, the Parent paid its full SOI dividend target to CCC of $50.7m (2023 $32.4m).

CCHL has on issue:

– 48,090,528 (2023: 48,090,528) fully paid ordinary shares held by Christchurch City Council, carrying one vote per share and the right to dividends.

– 1,500,139,000 (2023: 1,500,139,000) of redeemable preference shares, paid up to $1,390, held by CCC. No further calls have been made on these shares. Dividends are only payable to the extent that the shares are fully paid. CCHL may elect to redeem the whole or any part of the shares. The shares do not carry any right to conversion into ordinary shares in CCHL. The shares have no par value.

Capital management and dividend policy

The Group's capital includes share capital, reserves and retained earnings. The Group's policy is to maintain a strong capital base to ensure public, shareholder, investor, creditor and market confidence and to sustain future development of the business.

Management monitors capital through the gearing ratio (total liabilities to total tangible assets) and the interest cover ratio (EBIT plus finance income / finance expenses). It maintains a strong credit rating from Standard & Poor's (currently AA with a stable outlook), although it is noted that the Parent's rating is largely determined by CCC's rating due to the close financial relationship between the two entities.

The CCHL Board will pay dividends to its shareholder, CCC, after taking into account its profitability, debt levels, future investment requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993, whilst being cognisant of its SOI targets.

Accounting policy – dividends

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

22. Reserves

	2024 $m	2023 $m
Asset revaluation reserve	1,211	1,116
Hedging reserve	39	57
Total reserves	1,250	1,173

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 10.

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 24.

23. Other liabilities

	2024 $m	2023 $m
Current liabilities		
Employee entitlements	41	37
Deferred revenue	3	16
Income in advance	4	3
Total current other liabilities	48	56
Non-current liabilities		
Employee entitlements	4	4
Deferred revenue	2	1
Total non-current other liabilities	6	5
Total other liabilities	54	61

Accounting policy - employee entitlements

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

Non-current employee entitlements in respect of long-term employee benefits that are not expected to be settled within 12 months, such as long service leave, are measured as the present value of the estimated future cash flows to be made by the Group in respect of services provided by employees up to the reporting date taking into account years of service, years to entitlement and the likelihood of staff reaching the point of entitlement.

24. Areas of financial risk and fair value

Foreign currency risk

Foreign currency risk is the risk that the value of the Group's assets and liabilities or revenues and expenses will fluctuate due to changes in foreign exchange rates. The Group has some exposure to foreign currency risk as a result of transactions that are denominated in a foreign currency - primarily Australian dollars, US dollars and Euros. The Group's policy is to hedge any material foreign currency exposure, usually with forward exchange contracts.

CCHL has loaned US$8m (2023: US$14m) to Christchurch Engine Centre (see note 18). 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.

Commodity price and demand risk

EcoCentral'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.

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 (see Interest rate hedging activity section below).

At 30 June 2024 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.

Interest rate re-pricing analysis

	Less than 1 year $m	1-2 years $m	2-5 years $m	More than 5 years $m	Carrying value $m
30 June 2024					
Cash and term deposits	88	-	-	-	88
Other loans and deposits	13	-	-	-	13
Borrowings (net of derivatives) and lease liabilities	(918)	(88)	(404)	(965)	(2,375)
Total	(817)	(88)	(404)	(965)	(2,274)
30 June 2023					
Cash and term deposits	77	-	-	-	77
Other loans and deposits	22	-	-	-	22
Borrowings (net of derivatives) and lease liabilities	(917)	(395)	(531)	(439)	(2,282)
Total	(818)	(395)	(531)	(439)	(2,183)

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 Fair value of total derivatives section of this note.

	2024 Profit/loss $m	2024 Equity $m	2023 Profit/loss $m	2023 Equity $m
100 basis point increase	(5)	28	(14)	31
100 basis point decrease	5	(28)	14	(31)

Credit risk

	Counterparty Credit rating	2024 $m	2023 $m
Cash and term deposits	AA, A	88	77
Debtors, contract assets and other receivables	Unrated	174	172
Loans and deposits	Lower than BBB or unrated	13	22
Derivative financial instrument assets	AA, A	58	79
Total		**333**	**350**

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 18.

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

Liquidity risk

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

In meeting its liquidity requirements, the Group manages its investments and borrowings in accordance with its treasury policies, which include restrictions on the amount of debt maturing in any 12 month period and require sufficient approved financing facilities to cover a specified percentage over the anticipated peak debt over a rolling 12 month period.

In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

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

	Statement of Financial Position $m	Less than 1 year $m	1-2 years $m	2-5 years $m	More than 5 years $m	Total contractual cash flows $m
30 June 2024						
Creditors and other payables	145	145	-	-	-	145
Net derivative financial instrument liabilities/(assets)	(57)	(15)	(11)	(12)	(2)	(40)
Borrowings from external parties	1,665	641	165	752	537	2,095
Loans from related parties	681	168	206	266	155	795
Lease liabilities	85	15	11	24	51	101
Total	2,519	954	371	1,030	741	3,096
30 June 2023						
Creditors and other payables	165	166	-	-	-	166
Net derivative financial instrument liabilities/(assets)	(74)	(25)	(28)	(24)	(7)	(84)
Borrowings from external parties	1,626	497	620	600	162	1,879
Loans from related parties	657	161	158	305	148	772
Lease liabilities	78	11	9	20	49	89
Total	2,452	810	759	901	352	2,822

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

	2024				2023				
	Notional principal $m	Interest rate swaps $m	Cross currency interest rate swaps $m	Total $m	Notional principal $m	Interest rate swaps $m	Cross currency interest rate swaps $m	Forward exchange rate contract $m	Total $m
Current assets									
Not designated	-	-	-	-	3.6	-	-	0.1	0.1
Designated	422.0	12.7	-	12.7	260.0	4.3	-	0.1	4.4
	422.0	12.7	-	12.7	263.6	4.3	-	0.2	4.5
Non-current									
Designated	1,660.2	45.1	0.4	45.5	1,752.1	74.1	0.2	-	74.3
	1,660.2	45.1	0.4	45.5	1,752.1	74.1	0.2	-	74.3
Current liabilities									
Not designated	-	-	-	-	3.6	-	-	0.1	0.1
Designated	-	-	-	-	180.0	2.9	-	-	2.9
	-	-	-	-	183.6	2.9	-	0.1	3.0
Non-current liabilities									
Designated	275.0	2.0	-	2.0	150.0	2.0	-	-	2.0
	275.0	2.0	-	2.0	150.0	2.0	-	-	2.0
Total	2,357.2	55.8	0.4	56.2	2,349.3	73.5	0.2	0.1	73.8

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 2 of the IFRS three-level valuation hierarchy, and there has been no movement between levels during the year.

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 the Classification of assets and liabilities section of this note.

Group	Avg contracted fixed interest rate		Notional principle		Fair value	
	2024 %	2023 %	2024 $m	2023 $m	2024 $m	2023 $m
Floating for fixed contracts						
Less than 1 year	3.09%	3.36%	442	270	13	5
1 to 2 years	2.68%	2.65%	273	577	9	29
2 to 5 years	3.30%	2.38%	829	631	28	25
More than 5 years	2.94%	1.61%	485	471	11	25
			2,029	1,949	61	84
Fixed for floating contracts						
Less than 1 year	-	2.24%	-	180	-	(4)
2 to 5 years	3.81%	-	190	190	(4)	(6)
More than 5 years	5.44%	-	125	-	(1)	-
			315	370	(5)	(10)
Total			2,344	2,319	56	74

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

	2024 $m	2023 $m
Fair value hedges - Interest rate swaps		
Hedged items - Fixed rate borrowings:		
Carrying value	571	541
Cumulative fair value adjustment	3	4
Change in value used for calculating hedge ineffectiveness	(1)	3
Hedging instruments - Interest rate swaps:		
Nominal amount of the hedged asset / (liability)	(315)	(370)
Carrying value	(5)	(10)
Change in fair value for recognising hedge ineffectiveness	3	(4)
Fair value hedges - Cross currency interest rate swaps		
Hedged items - Fixed rate loan:		
Carrying Value	12	21
Cumulative fair value adjustment	(1)	(2)
Change in value used for calculating hedge ineffectiveness	-	(1)
Hedging instruments - Cross currency interest rate swaps:		
Nominal amount of the hedged asset / (liability)	(13)	(23)
Change in fair value for recognising hedge ineffectiveness	-	1
Cash flow hedges		
Hedged items - Variable rate borrowings:		
Balance in hedge reserve (continuing hedges)	33	47
Hedging instruments - Interest rate swaps:		
Nominal amount of the hedged asset/(liability)	(1,864)	(1,949)
Carrying value of hedging instrument	55	83
Change in fair value for recognising hedge ineffectiveness	(11)	5
Current period hedging gains/(losses) recognised in other comprehensive income	(13)	23

There were no reclassifications of cash flow hedges during the year (2023: none)

Recognition in financial statements	**Statement/Note reference**
Statement of financial position:	
Hedging instrument asset	note 18 - Other financial assets
Hedging instrument liability	note 18 - Other financial liabilities
Hedged item (carrying amount)	note 17 - Changes in liabilities arising from financing activities
Statement of comprehensive income:	
Changes in the carrying value of fair value hedging instruments	note 7: Net gains/losses
Changes in the carrying value of fair value hedged items	note 7: Net gains/losses
Changes in the carrying value of cash flow hedging instruments	Other comprehensive income - fair value gains/(losses) on cash flow hedges
Hedge ineffectiveness (gains)	note 7: Net gains/losses
Hedge ineffectiveness (losses)	note 7: Net gains/losses

Classification of assets and liabilities

The following section 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 following table outlines the Groups' classification of financial assets and liabilities:

Classification of assets and liabilities

	30 June 2024 $m	Quoted prices in active markets Level 1 $m	Significant observable inputs Level 2 $m	Significant unobservable inputs Level 3 $m	30 June 2023 $m	Quoted prices in active markets Level 1 $m	Significant observable inputs Level 2 $m	Significant unobservable inputs Level 3 $m
Cash flow hedge derivatives								
Derivative financial instrument assets	59	-	59	-	79	-	79	-
Derivative financial instrument liabilities	(2)	-	(2)	-	(5)	-	(5)	-
Total financial assets/ (liabilities) at fair value	57	-	57	-	74	-	74	-
Financial assets/(liabilities) at amortised cost								
Cash and term deposits	88	-	-	-	77	-	-	-
Debtors and other receivables	126	-	-	-	135	-	-	-
Other loans and deposits	13	-	-	-	22	-	-	-
Creditors and other payables	(143)	-	-	-	(165)	-	-	-
Borrowings	(2,346)	-	-	-	(2,283)	-	-	-
Net financial assets/ (liabilities) at amortised cost	(2,262)	-	-	-	(2,214)	-	-	-
Total financial assets and liabilities	(2,205)	-	57	-	(2,140)	-	74	-

During the year finance lease assets and liabilities were removed from the table above to provide more appropriate information.

Non-financial assets measured at fair value

	30 June 2024 $m	Quoted prices in active markets Level 1 $m	Significant observable inputs Level 2 $m	Significant unobservable inputs Level 3 $m	30 June 2023 $m	Quoted prices in active markets Level 1 $m	Significant observable inputs Level 2 $m	Significant unobservable inputs Level 3 $m
Property, plant and equipment	4,564	-	153	4,411	4,375	-	149	4,226
Investment property	799	-	-	799	764	-	-	764
Total	5,363	-	153	5,210	5,139	-	149	4,990

Analysis of movements in Level 3 assets:

	30 June 2024			30 June 2023		
	Total $m	Property, plant and equipment $m	Investment property $m	Total $m	Property, plant and equipment $m	Investment property $m
Opening carrying value	4,990	4,226	764	4,561	3,838	723
Additions	192	182	10	279	240	39
Disposals	(1)	(1)	-	(11)	(11)	-
Transfers	-	(10)	10	-	(6)	6
Fair value movements	146	131	15	273	277	(4)
Depreciation	(117)	(117)	-	(112)	(112)	-
Closing carrying value	5,210	4,411	799	4,990	4,226	764

Fair value of assets and liabilities

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

Property, plant and equipment that is classified as Level 2 arises from the use by Orion's valuer of significant observable inputs – sales comparisons and unit metre frontage methodologies – in determining the fair value of land at substation sites. In addition, the valuer used a market rental assessment to value Orion's Waterloo Road depot site and head office land and building (Level 2).

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

- $190m (2023: $270m) of debt held by CCHL is matched by interest rate swap agreements with notional amounts totalling $190m (2023: $270m) whereby CCHL receives an average fixed rate of interest of 3.81% (2023: 4.11%) and pays interest at a variable rate on the notional amounts. The swaps are used to hedge the exposure to changes in the fair value of the bonds. The accumulated fair value hedge adjustments made on the carrying amounts of these bonds total $4m (2023: $4m), resulting in a total carrying value of the fair valued hedged debt of $187m (2023: $266m).
- $125m (2023: $100m) of debt held by CIAL is matched by an interest rate swap agreement with a notional amount of $125m (2023: $100m) whereby CIAL receives a fixed rate of interest of 5.44% (2023: 4.13%) and pays interest at a variable rate on the notional amount. The swap is used to hedge the exposure to changes in the fair value of the bond. The accumulated fair value hedge adjustments made on the carrying amount of this bond totals $0.4m (2023: $3m), resulting in a total carrying value of the fair valued hedged debt of $124m (2023: $97m).

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.

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. 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.

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.

25. Non-controlling interests in subsidiary companies

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

	30 June 2024				30 June 2023			
	Orion $m	CIAL $m	Consolidation adjustments $m	Total $m	Orion $m	CIAL $m	Consolidation adjustments $m	Total $m
Non-controlling interest (NCI)	10.725%	25.0%	-	-	10.725%	25.0%	-	-
Revenue	335	246	-	-	324	203	-	-
Net profit after tax	12	21	-	-	22	37	-	-
Other comprehensive income (OCI)	47	40	-	-	60	102	-	-
Total comprehensive income	59	61	-	-	82	139	-	-
Profit allocated to NCI	1	5	(1)	5	2	9	-	11
OCI allocated to NCI	5	10	0	15	6	26	1	33
Current assets	76	27	-	-	65	26	-	-
Non-current assets	1,712	2,339	-	-	1,580	2,299	-	-
Current liabilities	58	265	-	-	209	138	-	-
Non-current liabilities	855	565	-	-	593	680	-	-
Net assets	875	1,536	-	-	843	1,507	-	-
Carrying amount of NCI	94	384	(4)	474	90	377	(1)	466
Operating cash flows	71	93	-	-	65	85	-	-
Investing cash flows	(132)	(39)	-	-	(111)	(74)	-	-
Financing cash flows*	61	(54)	-	-	46	(11)	-	-
*Includes dividends paid to NCI	(3)	(8)	-	-	(3)	(4)	-	-

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.

26. Related party disclosures

The parent entity in the group structure is CCHL, which is 100% owned by CCC. The Group undertakes transactions with CCC 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.

a) Transactions between CCHL Group entities and CCC

(i) Routine transactions

	2024 $m	2023 $m
Dividends paid/payable to CCC	51	32
Interest paid to CCC	103	28
Services provided to CCC	114	108
Services provided by CCC (including rent and rates)	21	20

(ii) Subvention payments and loss offsets

Members of the CCC 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 2024

	Orion $m	CIAL $m	LPC $m	Enable $m	Citycare $m	EcoCentral $m	RBL Property $m
Subvention payments							
Paid to:							
CCC Group	3	10	4	11	5	1	-

At balance date, Orion had a $2m subvention payable to CCC Group (2023: $2.8m).

30 June 2023

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

$30m of historical Group tax losses were utilised by CCC during the year ended 30 June 2024 for no cash consideration (2023: nil).

(iii) Other transactions

Other transactions between members of the Group and CCC or its subsidiaries were as follows:

EcoCentral Ltd made payments of $25m in relation to the disposal of waste (2023: $21m), to Transwaste Canterbury Ltd, a company in which the ultimate shareholder, CCC, has a material shareholding.

Transactions to other CCC owned entities are:

- Sales to Venues Ōtautahi of $0.67m (2023: $0.47m), purchases of nil (2023: $0.02m)
- Sales to ChristchurchNZ of $0.02m (2023: $0.15m), purchases of $0.42m (2023: $0.18m)

b) Balances between CCHL Group entities and CCC

(i) Borrowings

CCHL borrows from CCC, based on CCC's borrowing rate plus a margin. As at 30 June 2024, borrowings are $681m (2023: $658m). Weighted average borrowing cost for the year pre hedging was 5.88% (2023: 5.82%).

	2024 $m	2023 $m
Borrowing maturity		
Short term 3 months	10	16
3 months-1 year	120	108
1-2 years	180	130
3-5 years	231	273
>5 years	140	130
Total	681	657

(ii) Other balances

Other balances between members of the Group and CCC or its subsidiaries were as follows:

	Owing by CCC 2024 $m	Owing by CCC 2023 $m	Owing to CCC 2024 $m	Owing to CCC 2023 $m
CCHL	-	-	-	5
Orion	1	1	2	3
Citycare	10	7	-	-
EcoCentral	1	2	1	1
Total	12	10	3	9

c) Key management personnel compensation

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

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

	2024 $m	2023 $m
Short-term employee benefits	1.0	1.0
Termination benefits	-	0.2
	1.0	1.2

Short-term employee benefits include payments to the Directors, Acting CEO, and CFO for the year ending 30 June 2024.

27. Capital commitments

	2024 $m	2023 $m
Property, plant & equipment	8	29
Electricity distribution network*	37	44
Investment property	8	2
	53	75

***Prior year restatement**

The 2023 electricity distribution network capital commitments have been restated from $70m. Orion identified that $31m in future contributions that were not capital in nature had been incorrectly included as a capital commitment and that $5m of construction costs have been excluded from capital commitments. The net effect is that capital commitments for the 2023 year was overstated by $26m.

28. Contingent liabilities and assets

Quantifiable contingent liabilities - Performance Bonds

	2024 $m	2023 $m
Citycare	16	15
Orion	1	1
Total	17	16

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

Other contingent liabilities

The Group had no other material or significant contingent liabilities as at 30 June 2024.

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

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

Accounting policy – contingent liabilities

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

Contingent assets

Revenue above and below maximum allowable revenue

Orion is permitted to receive a maximum allowable revenue (MAR) for its electricity distribution services under the Commerce Commission's default price path regime. Due to differences between quantity estimates and CPI estimates used in price setting and actual quantities and actual CPI, Orion estimates that it charged customers $12.26m below its MAR (2023: estimated $13.35m below MAR). This amount is still subject to wash-ups as improved information becomes available. Orion will adjust the final amount plus interest when it sets delivery prices for 2026 (2023: recovered within 2025 delivery prices).

The Group had no other material or significant contingent assets as at 30 June 2024.

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.

29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

30. Discontinued operations

Citycare sale of SW Scaffolding Limited

On 24 June Citycare sold its 100% equity interest in SW Scaffolding Limited (SW). Based on the completion accounts as at the same date, a gain of $1m is recognised in the income statement.

Accordingly, for the financial year ending 30 June 2024, SW is reported as a discontinued operation. The comparative Statement of Comprehensive Income and respective notes have been re-presented to show the discontinued operation separately from continuing operations.

As SW was 100% owned by Citycare, net income relating to continuing operations and the discontinued operations are fully attributable to the owners of Citycare.

SW was part of Citycare from 1 July 2023 to 24 June 2024 and therefore the income, expenses and cashflows disclosed below are just short of 12 months in the current period, and 10 months in the comparative period.

Financial performance information

	2024 $m	2023 $m
Construction contract revenue	4	2
Salary and wages	(2)	(1)
Other operating expenses	(1)	(1)
Total expenses	(3)	(2)
Net profit before income tax expense	1	-
Income tax expense	-	-
Net profit after income tax expense	1	-
Gain on disposal before income tax	1	-
Income tax expense	-	-
Gain on disposal after income tax expense	1	-
Net profit after income tax expense from discontinued operations	2	-

Accounting policy for discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

31. New and issued accounting standards

New accounting standards and interpretations

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

The amendment to NZ IAS 1 Presentation of Financial Statements was issued in May 2023 and is effective for accounting periods beginning on or after 1 January 2024. The Group has assessed this will impact the classification of certain borrowings as non-current rather than current.

NZ IFRS 18 Presentation and Disclosure in Financial Statements was issued in May 2024 by the External Reporting Board and is effective for accounting periods beginning on or after 1 January 2027. The Group has yet to assess the potential impact of this new standard.

Other new accounting standards and amendments have been issued that are not mandatory for the year ended 30 June 2024 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.

32. Performance against Statement of Intent targets

The Statement of Intent (SOI) issued by CCHL last year in respect of the 2024 financial year included a number of financial and non-financial performance measures. Level of achievement is measured using the scale in the table opposite:

Target status	Explanation
Achieved	Target has been met.
In progress	A plan has been put in place and is underway, achievable within the timeframe.
Partially achieved	Certain key outcomes achieved, but target not fully met.
Not achieved	Target has not been met, or target is unachievable.

Financial

The following table compares the actual financial results for the year ended 30 June 2024 with the financial targets contained within the SOI:

Group

Performance measure	Performance target	2024 result
Net profit after tax (NPAT)	$84m	$68m*
Net debt/net debt plus equity	48%	45%
Interest cover (times)	2.1	2.4
Return on equity	3.3%	2.5%*
Return on assets	1.5%	1.1%*
Shareholders' funds/total assets	44%	46%

* Negatively impacted in FY24 due to a significant deferred tax expense arising from the legislative change removing tax depreciation on buildings.

Parent

Performance measure	Performance target	2024 result
Dividends	$50.7m	$50.7m
Dividend yield	1.9%	1.5%
Return on equity	2.0%	1.8%
Return on assets	1.3%	1.3%
Shareholders' funds/total assets	67%	74%
Net profit after tax (NPAT)	$53m	$62m
Return on invested capital	2.0%	1.8%
Net debt to EBITDA (times)	16.1	14
Net debt/net debt plus equity	32%	26%
Interest cover (times)	1.9	2.0
Revenue growth	123%	126%

Performance measure	Performance target	2024 result
An optimal approach to capital structure.	CCHL remains compliant with key financial ratios.	**Achieved** In compliance with Master Trust Deed covenants.
	CCHL remains compliant with treasury policies and provides subsidiaries with access to IGFF, within existing capacity limits.	**Achieved**
Analysis of key performance indicators against strategic objectives for CCHL and subsidiaries.	Provide reporting to CCHL Board and CCC in line with expectations.	**Achieved** Quarterly financial and non-financial reporting and associated presentations of CCHL and subsidiary performance. Various other workshops, strategic review presentations, and SOI engagement through the year.
Identify areas where there may be opportunities to improve operational performance or total shareholder returns across CCHL's portfolio of assets.	Undertake a biennial benchmarking review of the Group's assets against relevant benchmarks.	**Achieved** Benchmarking information included in investment reviews completed during the 2023 Strategic Review.
	Consider new investments which meet CCHL investment objectives.	**Not achieved** No new investments proposed.
Integrate CCC's Value Strategy into Portfolio Investment Objectives.	Investment Policy Statement.	**Partially achieved** Value Strategy developed but deferred at request of CCC (in Letter of Expectations) to FY25.
Understand the future capital intentions of the companies within CCHL's portfolio.	Annual investment pipeline.	**Partially achieved** The 2023 Strategic Review reviewed subsidiary capital intentions without consolidating pipeline.
Enhanced Risk Management Framework.	Develop and implement an enhanced risk management framework which captures all risks and opportunities across CCHL's portfolio of assets.	**Not achieved** Intended to be an outcome of the 2023 Strategic Review but now proposed for FY25.
	Reporting on the framework and risk registers to ARMC and the Board (six monthly).	As above.
CCHL assessment of the resilience of critical infrastructure assets will adopt an all-hazards approach.	Assessment of Asset Resilience risks will expand beyond natural hazards to include consideration of broader risks to operational security, including cyber risks.	**Not achieved** Subsidiaries managing on an individual basis.
	Capital Investment decisions will take a whole-of-life approach.	**Not achieved** Subsidiaries managing whole-of-life investment considerations. Group Capital Allocation Framework is a FY25 target.

Governance

Performance measure	Performance target	2024 result
CCHL maintains an effective relationship with its Shareholder.	Enable effective engagement between CCC and CCHL board/management.	Partially achieved Heightened level of engagement with CCC and CCC Management during FY24 as part of the Strategic Review process, on top of planned reporting and planning engagement. Notable breakdown in relationship with CCC in May 2024 with the resignation of four CCHL directors, however, relationship has been rebuilt and agreement on CCHL dividend projections has been reached.
	Provide key financial information, including key risks, to a standard which meet CCC expectations.	Achieved Reporting provided to CCC at least quarterly on Group and subsidiary performance in agreed format including tracking performance against SOI objectives with commentary where material differences to target. In addition, 'deep-dive' analysis conducted as part of the Strategic Review process.
	Review quarterly reporting framework to ensure alignment with CCC requirements, subsidiary engagement, and CCHL statutory obligations.	**Not achieved** In progress for FY25 update.
CCHL maintains effective relationships with subsidiary company boards.	Ensure regular and effective engagement between CCHL and subsidiary board/management.	Achieved Quarterly meetings between CCHL and subsidiary management teams to review subsidiary quarterly reporting, tracking against objectives, and update on any other Group matters. Subsidiary Chair/CE presentations to CCHL Board, Chair forum, Audit and Risk Chair forum and various other ad-hoc engagements.
	All subsidiaries provide six-monthly strategic update briefings to CCC.	**Not achieved** Meetings with CCC for CIAL (2), LPC (2), Enable (1), Orion (1) in FY24. Some briefings deferred at CCC's request due to workload.
	Annual Chairs Forum.	Achieved Held in July 2023 and May 2024.
CCHL Board operates as one-team with values-driven approach	CCHL Board values and approach communicated to CCHL Management.	Achieved Board Operating Principles a standing item as part of all Board agendas.
Directors will discharge their duties in line with best practice governance standards.	The Board will undertake biennial board effectiveness/performance reviews.	**Not achieved** Board was reset in early 2024, review will be undertaken in FY25 and performance target included in CCHL's FY25 SOI.
Deliver a best practice governance framework for CCHL and its subsidiaries.	Deliver the annual Letter of Expectations (LOE) and Statement of Intent process to meet statutory obligations of the Local Government Act.	Achieved
	Complete a review of CCHL governance process and procedures, including implementation of the recommendations of the review.	Achieved Review completed with skills matrix and annual board effectiveness review process implemented across Group.
	Report annually on Board diversity of CCHL Group.	Achieved Reviewed and reported in May each year. Refer page 17.
CCHL will actively endorse the expectation of its shareholder that restraint is exercised in relation to the level of senior executive remuneration at CCHL and CCTOs.	CCHL will ensure subsidiaries report annually the highest and lowest remuneration in each company.	Partially achieved Expectations with respect to senior executive remuneration and pay equity are expressed in LOE to CCHL subsidiaries. Subsidiary reporting of CE remuneration (5 of 6) within subsidiary annual reports, but no agreed approach for reporting highest/lowest differential beyond a commitment to Living Wage.
CCHL is committed to fair and equitable pay for all people and roles across the Group.	Conduct an analysis of the drivers of the gender pay gap, tools and leavers (including action plans in place) to close the gap across the CCHL Group.	Achieved Refer page 19.

Strategic Review

Performance measure	Performance target	2024 result
CCC develops a clear Value Strategy in relation to building and utilising income or value from CCHL, primarily informed by CCC's long term requirements.	CCHL will actively engage with and support CCC in the development of its Value Strategy.	Achieved This was an output of the 2023 Strategic Review.
Working closely with CCC, CCHL scopes and develops, a detailed business case which fully considers the costs and benefits of adopting a more active approach to managing the portfolio.	CCHL will develop a Detailed Business Case (DBC), which responds to CCC's long-term requirements, and a high-level implementation plan to provide assurance on its ability to deliver on a new strategy.	Partially achieved CCHL completed the work required to make a recommendation to CCC in December 2023. No further work was required following CCC's request to cease further work on completion of a DBC.
	CCHL will develop a stakeholder engagement plan to help guide any consultation and decision frameworks.	Partially achieved Plan developed but not implemented following CCC decision in December 2023.

Social / Relationships

Performance measure	Performance target	2024 result
CCHL requires subsidiaries to adopt and implement appropriate policies to ensure the health, safety and wellbeing of all people across the Group.	CCHL will capture and report key metrics (lead/lag indicators) for health and safety across the Group.	Achieved CCHL is notified of all critical risk incidents and includes health and safety in quarterly reporting.
	CCHL will capture and report key metrics for wellbeing, including diversity and inclusion.	Achieved Included in quarterly reporting from subsidiaries and reported to Board and CCC.
CCHL will facilitate Group collaboration to develop and adopt strategies to attract and develop the human capabilities it needs for the future and to be known as an employer of choice for all employees within each of the sectors it operates.	CCHL will lead Group collaboration to develop and report on market leading capability development, diversity and inclusion, and talent management strategies and policies.	Achieved The Impact programme is a framework that has been established to proactively support collaboration across the Group and CCC on mutually beneficial opportunities, delivered across the Group in FY24, funded and managed by CCHL.
	CCHL Group will maintain the living wage for all direct employees.	Achieved Direct employees* of CCHL and the subsidiaries are paid at or above the living wage. *Direct employees excludes trainees and apprentices
	CCHL Group will work towards implementing the living wage for all regular and ongoing suppliers.	**Not achieved** CCHL and the subsidiaries are continuing to work towards implementing the living wage for all regular and ongoing suppliers.
	CCHL will review the impact of becoming a living wage employer to ensure the anticipated benefits are being realised.	Partially Achieved Citycare reviewed (most impacted).
The CCHL Group will work together to ensure well-aligned leadership and effective collaboration.	CCHL will lead group collaboration initiatives.	Achieved As part of the Impact programme initiatives for FY24, this included workshops and information sharing sessions held for Te Whāriki, He Huanui and the Sustainability Working Group.
	CCHL will strengthen engagement with aligned stakeholders by developing and implementing a comprehensive Stakeholder Engagement Plan.	**Not achieved** Work progressed on Materiality Assessment and communications plan to be finalised in FY25.
CCHL will strengthen existing partnerships and create new opportunities to develop new partnerships.	CCHL will develop a set of Partnership Principles to inform its approach to seeking partnership opportunities.	**Not achieved**
	CCHL will develop an iwi engagement strategy: CCHL's partnership principles will underpin an approach to developing partnership arrangements with Iwi.	**Not achieved** CCHL has consulted with Iwi to seek guidance on an appropriate engagement strategy. Building those partnerships is a focus for FY25.
	CCHL will encourage Group companies to develop a partnership-based engagement strategy with Iwi to realise their shared aspiration to honour Te Titiri o Waitangi and engagement with mana whenua to support improved Māori participation, career progression, leadership, and equitable success.	**Not achieved**
	CCHL will establish a cross-company leadership team (CCHL Group rōpū) to oversee the development of a programme of work designed to accelerate and embed Mātauranga Māori, Te ao Māori, Tikanga Māori and Te Reo Māori in ways that are appropriate for each business.	Achieved Rōpū established with representation from across the Group. Coordinated a programme to develop CCHL and subsidiary cultural competency, including training and development, Te Reo lessons, governance support and marae hui.
CCHL will strengthen stakeholder and community awareness of its role as an owner of critical infrastructure assets.	CCHL will develop and implement a strategic communications plan.	Partially Achieved Strategic Communications Plan was developed but is to be reviewed as part of the CCHL Board reset.
	CCHL will be relevant, accurate, consistent and timely when communicating with its stakeholders, partners and communities.	Achieved Statutory reporting achieved as required, including auditing where appropriate. FY24 included public meetings/AGMs as an additional forum for stakeholder engagement.
	CCHL will meet all its statutory reporting requirements.	Achieved

Health and safety

CCHL will continue to develop its reporting on key metrics for health and safety across the Group into FY25.

To provide further insight into health and safety practices across the Group, the following material performance measures for Citycare, Enable, LPC and Orion are included per the subsidiary FY24 SOI's.

Performance measure	Performance target	2024 result
Citycare	Grow our health and safety culture through the utilisation of insights from the annual independent Concordia survey.	Achieved
Enable	Total Recordable Injuries (TRI) less than or =5 and no serious harm injuries incurred.	**Not achieved** Total Recordable Injury Frequency Rate (TRIFR) is currently 3.5 with no serious harm injuries recorded. TRI is recorded at 6, owing mostly to musculoskeletal injuries such as sprains and strains. The All Injury Frequency Rate continues to trend downward overall due to low numbers of first aid injuries and an overall reduction in Total Recordable Injuries.
LPC	Total recordable injury frequency rate (TRIFR) less than two.	Achieved TRIFR 1.81
Orion	Fewer than four events that did or could have resulted in serious injury to Orion group employees.	**Not achieved** Five events, noting no events resulted in serious harm, and all have been investigated with learnings applied.

Natural

Performance measure	Performance target	2024 result
CCHL Group companies demonstrate commitment to tangible climate action through Greenhouse Gas (GHG) emissions measurement and reduction targets in line with CCC's 2030 emissions reduction target.	CCHL Group (and each subsidiary) will publish annual independently verified GHG emission inventory according to ISO 14064 best practice.	**In progress** The Group will publish a consolidated independently verified GHG inventory according to ISO 14064 best practice in its FY24 Climate Statement (due for release on 31 October 2024). The following subsidiaries will publish independently verified GHG inventories in accordance with ISO 14064 best practice: Orion – FY24 inventory verified by Toitu CIAL – FY24 inventory verified by Ruby Canyon Environmental, Inc. LPC – FY24 inventory verified by McHugh Shaw Enable – FY24 inventory verified by McHugh Shaw Citycare – FY24 inventory verified by McHugh Shaw EcoCentral – FY24 inventory verified by Opportune RBL and DCL do not have GHG measures or inventories established, have limited trading activity and their GHG emissions are not considered material to the Group.
	CCHL Group (and each subsidiary) will commit to reduce emissions, ahead of, or in alignment with, science-based reduction targets to limit warming to 1.5 degrees.	**In progress** Group GHG Emissions Reduction Plan approved in May 2024 with a commitment to align to Science Based Targets for Scope 1 and 2 emissions. Emission reduction targets have been developed using information from www.sciencebasedtargets.org, and going forward, CCHL (and its subsidiaries) will review GHG emissions reduction targets in-line with the best available science that states what is needed to limit warming to within 1.5 degrees of warming above pre-industrial levels. CCHL is not making any claims that targets will be submitted to or validated by external parties such as the Science Based Targets initiative but will utilise publicly available tools and resources from the Science Based Targets initiative to model target requirements.
	CCHL Group (and subsidiaries) will implement the recommendations of the Group GHG emissions reduction management plan to agreed timeline.	**Not achieved** The plan was approved in May 2024. The work programme and implementation of initiatives across the Group will commence and be reported against in FY25.
Demonstrate commitment to broader planetary boundaries including biodiversity.	Investigate and determine the most appropriate framework/s to measure baseline data and determine the most appropriate frameworks (SBTn, TNFD, or planetary boundaries).	**Not achieved** Subsidiaries continue to develop their own biodiversity programmes but no Group framework developed.
CCHL Group will assess and disclose climate change risks standards.	Assess the risk and impact of the effects of climate change on physical assets and the services they provide.	**In progress** To be published in CCHL's Climate Statement released on 31 October 2024.
	CCHL will publish its first CCHL Group Climate Risk Report in FY24.	**In progress** To be published in CCHL's Climate Statement released on 31 October 2024

The Group has continued to make progress in how it measures and reports on group wide greenhouse gas (GHG) emissions, which will be reflected in the FY24 Climate Statement due for release on 31 October 2024.

The Group remains committed to addressing climate change and the impact its subsidiaries have on the environment, the need to build resilience, and understand and manage risk.

The Group continues to work towards reducing emissions, and individual subsidiaries within the CCHL Group have developed and are reporting against their own sustainability metrics, including emissions reduction performance measures, noting that each subsidiary is at a different stage of their own carbon reduction journey and as a result there is variability in the scope of activities captured by their measures in FY24.

The CCHL Group has chosen to include measures of its greenhouse gas (GHG) emissions in its performance information. 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. This has resulted in an emphasis of matter paragraph being included in the audit reports of CIAL, Citycare, Enable and Orion, as well as in CCHL Group's own audit report, to highlight this uncertainty to its readers.

CCHL is a climate reporting entity for the purposes of the Financial Markets Conduct Act 2013.

Full climate statements will be available when released at www.cchl.co.nz/annual-reports

CIAL, Citycare, Enable, LPC and Orion have included the following performance measures in their FY24 SOI's, considered material to the Group, which further demonstrates the progress in this Group journey.

* Wording of this performance measure has been amended to improve transparency of measure

Subsidiary	Performance target	2024 result
CIAL	Maintain trend with milestone emissions reduction goal of 84% reduction in Scope 1 and 2 by 2035 (using FY2015 carbon baseline).	**Achieved** Scope 1 & 2 emissions for FY24 was 92% reduced against the 2015 baseline using the market-based approach. This reduction has primarily been achieved through a combination of reduced diesel consumption, improved energy efficiency (reducing total electricity consumption from 15,221,923 kWh to 14,186,118 kWh of electricity), and the purchase of renewable energy certificates to address all remaining electricity consumption. If using a location-based approach and not considering renewable energy certificates, total emissions for CIAL's electricity consumption have reduced to 1,034tCO2e from the 2015 baseline of 1,811tCO2e. The company is developing Kōwhai Park that will connect the campus to on-site renewables anticipated from 2026.
Citycare	Annual reduction of Company-wide Greenhouse Gas emissions (GHG) normalised against annual turnover to reach 2030 goals.	**Achieved** Citycare are continuing its journey towards measuring companywide emissions. Citycare has an annual emissions reduction intensity target to ensure it can compare the impact of its reduction initiatives over time without being influenced by increases or decreases in the overall size of Citycare. Normalised emissions – tonnes of carbon dioxide equivalent (tCO2e)/$ revenue decreased from 0.00004112 against their audited 2023 emissions to 0.00003642 in 2024, a reduction of 11%. During the year ended 30 June 2024 Citycare sold the shares of SW Scaffolding Limited. To enable like-for-like comparison for past and future inventories, the group has removed SW Scaffolding's emissions from the FY22 base year and FY23. The base year recalculation has resulted in a revised emissions of 84 tCO2e lower than the emissions previously reported. Total gross emissions decreased by 2% and Scope 1 and 2 gross emissions decreased by 3% from the FY22 base year. This decrease can be attributed to a 1% reduction in overall fuel consumption, a 9% reduction in electricity emissions. These decreases include the impact of decrease in the fuel and electricity emission factors between FY22 and FY24. Citycare has started to build the capability to measure more indirect (Scope 3) emission sources from its entire value chain. Scope 3 subcontractor emissions and other Scope 3 supply chain emissions such as purchased goods and services are not currently included and would be significant. Citycare uses the equity consolidation approach to determine its organisational boundary. This means the reported results include the company, 100% Spencer Henshaw Limited and 75% of Apex Water Limited. Citycare has included all sites within this boundary for FY24. Citycare has included the following sources of emission: Scope 1: LPG Stationary use, diesel and petrol in vehicles. Scope 2: Purchased electricity. Scope 3: air travel*, accommodation*, rental cars*, transmission and distribution losses. *Spencer Henshaw Limited and Apex Water Limited are excluded from these reported emissions. For the breakdown of the emissions by each scope, refer to Citycare's audited financial statement.

Subsidiary	Performance target	2024 result
Enable	Continue the focus on Scope 1 and 2 emissions reduction targets of 35% by FY25.	**In progress** FY24 Scope 1 and 2 emissions have decreased by 59 tCO2e (26%) to 168 tCO2e against the restated FY20 baseline, with the full years benefit from the solar panels on three central offices and 40% of vehicles now electric. There is some level of uncertainty associated with calculating Greenhouse Gas emissions. To minimise this uncertainty, all Scope 1 and 2 source data has been obtained directly from suppliers. Emissions have been calculated based on the most up to date emissions factors available from the Ministry for the Environment and supplier sources at the time the Greenhouse Gas emissions data is produced.
LPC	15% reduction in Scope 1 and 2 operational emissions or carbon intensity from baseline year 2018.	**Achieved** In LPC's baseline year (FY18) LPC's Scope 1 and 2 emissions were 10,143 tonnes CO2e. This figure was audited in accordance with ISO 14060:2018 under the Toitū Envirocare Carbonreduce programme. For FY24, LPC's Scope 1 and 2 emissions were 8,631 tonnes CO2e. There was a 15% decrease in Scope 1 and 2 emissions from FY18 to FY24.

Subsidiary	Performance target	2024 result
Orion	Achieve carbon reduction targets: reduction in group corporate emission to at least 2620t CO2e during FY24.	**Not achieved** Organisational boundaries are set with reference to the methodology described in the Green House Gas (GHG) Protocol and ISO 14064:2018 standards. Orion use an equity share consolidation approach. This approach includes consolidating emissions from its wholly owned subsidiary Connetics. Emissions and reductions are reported using a location-based methodology, identifying where renewable electricity certificates have been purchased. The emission sources included and excluded from Orion's operational carbon emissions target are detailed below, along with the reasons for exclusion where the emission source is material: Scope 1: Mobile combustion (diesel, petrol), stationary combustion (diesel), leakage of refrigerants. Scope 2: Imported electricity – commercial buildings. Scope 3: Business travel – transport, Upstream freight paid by Orion Group, Downstream freight paid by Orion, Disposal of solid waste to landfill. Emissions not included in Group operational emissions: Scope 2 tCO2e: Transmission & distribution losses. Scope 3 tCO2e: Working from home Accommodation. For the breakdown of the emissions each scope, refer to Orion's audited financial statements. Toitū Envirocare describes Scope 3 value chain emissions as 'mandatory' or 'additional'. Emissions classed as 'additional' are excluded from Orion's current measurement and operational reduction target until they are satisfied data quality and level of influence is sufficient to include them. Orion have also excluded emissions associated with any properties leased to third parties as they do not have any control or influence over emissions from these locations. Scope 3 emission sources that are likely to be material, but which have been excluded from measurement to date include purchased goods and services, capital goods and commuting. Orion anticipate these will be included in their FY25 footprint. Wherever possible information on emission sources is drawn from the vendor in the most robust measure available (for example litres of fuel). Where this is not possible, Orion rely on spend-based emission factors which carry a greater level of uncertainty. Location based emissions: 3,278 tCO2e With Renewable Energy Certificates (REC's): 3,174 tCO2e Orion has committed to a gross reduction target, to reduce its group operational emissions by 50% from its FY20 base year by 2030. Orion's operational reduction target covers the parts of its Scope 1, 2 and 3 emissions where it has the most influence. On that basis, Orion exclude its intractable Scope 2 distribution losses from its operational carbon target as, although these are material, they are largely outside of Orion's control at the present time. Orion also exclude other Scope 3 sources for the same reason. This allows Orion to focus its reduction efforts on the areas of operations where it believes it can actively make a difference. Orion have worked with the Planetary Accounting Network to ensure the target is aligned to keep warming within 1.5 degrees as much as possible. Orion do not call its target 'science based' because it excludes Scope 2 transmission & distribution losses from the reduction target. Orion's targets and reduction plans are also certified to meet the requirements of the Toitū Envirocare Carbonreduce programme. Orion has a reduction plan certified to meet the requirements of the Toitū Envirocare Carbonreduce programme and its annual carbon 'budget' is set in line with reduction pathways that target key drivers of carbon usage at Orion and Connetics such as vehicle type in its fleet and how the team use their vehicles. Successful action on these carbon drivers should let Orion achieve its 50% reduction target for operational emissions. Orion anticipate most of these reductions will be achieved in the latter half of the decade as more efficient vehicles are available to use in the fleet. This year Orion also purchased Renewable Energy Certificates (RECs) to address emissions associated with its Scope 2 operational electricity use. Additional detail on Orion's GHG emissions and its reduction journey can be found in Orion's Climate Statement and on its website.

Other Operational Performance Targets

The following material non-financial performance measures for CIAL, Enable and Orion as set out in their SOIs are included below to further assist users of the financial statements in reading and understanding the overall Group performance.

Further information on the subsidiary SOI performance is provided in the subsidiary annual reports.

Subsidiary	Performance measure	Performance target	2024 result
CIAL	Passenger numbers	Domestic 5,031,405	**Not achieved** 4,848,814
		International 1,414,070	**Not achieved** 1,403,945
Enable	Operational	Total network availability	99.988%
Orion	Regulatory measures	Duration of supply interruptions in minutes per year per connected customer (SAIDI)	
		Planned – target 40	Achieved - 24
		Unplanned – target 84	Achieved - 61
		Total SAIDI – target 124	Achieved - 85
		Number of supply interruptions per year per connected customer (SAIFI)	
		Planned – target 0.15	Achieved - 0.08
		Unplanned – target 1.03	Achieved - 0.63
		Total SAIFI – target 1.18	Achieved - 0.71

Statutory information

For the year ending 30 June 2024

Ownership and principal activities

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

Directors' interests

CCHL maintains an interests register in which particulars of certain transactions and matters involving the directors are recorded.

These are requirements under the Companies Act 1993. The following entries were recorded in the interests register for current Directors during the year ended 30 June 2024:

Gill Cox

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

Chris Day — **Appointed 1 September 2023, Retired 15 May 2024**

Interim Chief Executive	New Zealand Green Investment Finance Limited
Director	Datacom Group Limited
Director	Institute of Directors
Trustee	CW & CR Day Trust

Abby Foote — **Retired 15 May 2024**

Director	KMD Brands Limited
Director	Sanford Limited
Director	CCHL (2) Ltd CCHL (4) Ltd CCHL (5) Ltd Christchurch City Networks Limited

Bridget Giesen

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

Martin Goldfinch — **Retired 15 May 2024**

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

David Hunt — **Retired 15 May 2024**

Director & Shareholder	Concept Consulting Group Limited
Board Member	Accident Compensation Corporation
Trustee	Pyatt and Hunt Family Trust
Member	Fast Tracking Projects, Ministerial Advisory Group

Sam MacDonald

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

Bryan Pearson — **Appointed 30 May 2024**

Executive Director & Shareholder	Bryan Pearson [2020] Limited
Director	Christchurch Cathedral Reinstatement Trust
Trustee	BMC and SL Pearson Family Trust
Trustee	The Christchurch Cancer Foundation
Trustee	Henshaw Family 2022 Trust
Trustee	The Huntingtower Trust
Shareholder	Antipodean Consumer Holdings Limited [Trading as Ethique]
Director	CCHL (2) Ltd CCHL (4) Ltd CCHL (5) Ltd Christchurch City Networks Limited

Alex Skinner — **Retired 24 November 2023**

Trustee & Chair	Ōtautahi Community Housing Trust
Director & Chair	Ōtautahi Community Housing Development GP Ltd
Director	Alex Skinner Ltd
Director	Anchorage Trustee Services Limited
National Board Member	Royal NZ Plunket/Society
Trustee	Loyal Canterbury Lodge Investment Fund
Director	Quotable Value Ltd
Director	Wild in Art NZ Ltd
Advisory Board Chair	Bennetto Natural Foods Co. Ltd
Interim Chair	Assurity Consulting Ltd
Director	CCHL (2) Ltd CCHL (4) Ltd CCHL (5) Ltd Christchurch City Networks Ltd

Sara Templeton

Councillor	Christchurch City Council

The gender balance of CCHL's Directors and Officers as at 30 June 2024 is tabled below:

	Officers		Directors	
	June 24	June 23	June 24	June 2023
Female	- (0%)	1 (50%)	2 (40%)	3 (37.5%)
Male	1 (100%)	1 (50%)	3 (60%)	5 (62.5%)
Total	1	2	5	8

Board and committee attendance

The Board, the Audit and Risk Management Committee, the Governance and Appointments Committee and the Impact Committee have a number of scheduled meetings each financial year. The following table is a summary of attendance at those scheduled meetings for CCHL's financial year ended 30 June 2024:

	Board meetings	Audit and risk management committee meetings	Governance and appointments committee meetings	Impact committee
Total meetings held	16	5	4	4
Abby Foote (retired 15 May 2024)	13/13	1/1	3/3	3/3
Gill Cox	15/16	1/1	2/4	4/4
Alex Skinner (retired 24 November 2023)	4/7	2/2		
Bridget Giesen	14/16	1/1	1/1	4/4
Martin Goldfinch (retired 15 May 2024)	13/13			
David Hunt (retired 15 May 2024)	12/13	4/4		
Sara Templeton	15/16	1/1	4/4	1/1
Sam MacDonald	14/16	4/4	1/1	1/1
Chris Day (appointed 1 September 2023; retired 15 May 2024)	9/10	2/2		
Bryan Pearson (appointed 30 May 2024)	2/2	1/1	1/1	1/1

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 26 to the financial statements. No loans were made to directors during the year (2023: 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 Group

J Crawford	$56,000
J McDonald	$83,000
G Vazey	$50,000
S Farrier	$54,000
M Sang	$61,000
P Munro	$105,000
V Crawley	$4,000

Christchurch International Airport Ltd

C Drayton	$30,927
K Mitchell	$58,750
C Paulsen	$57,187
P Reid	$52,875
S Ottrey	$85,208
A Barlass	$56,767
E Sims	$37,409

Lyttelton Port Company Ltd

B Dwyer	$40,329
N Easy	$60,078
V Doig	$54,693
B Bragg	$102,418
K Jordan	$50,135
N Crauford	$55,072
J Hughes	$56,471

Enable Services Ltd

J Murray	$96,879
G Lawrie	$57,237
M Petrie	$58,203
S Weenink	$19,401
D Blackett	$27,655
C Elliott	$18,437
K Horne	$61,097
C Luey	$36,874

Citycare Group

J Rolfe	$12,833
M Todd	$77,833
P Hoogerwerf	$15,000
B Jamieson	$170,000
K Young	$42,500
E Trout	$88,500
J Colliar	$30,667
K Posa	$30,667
W Bayfield	$46,667
C Horn	$0

EcoCentral Ltd

S Horgan	$37,010
M Jordan	$67,656
B Reed	$34,334
M Christensen	$36,001

RBL Property Ltd

T King	$0
P Silk	$0

Development Christchurch Group

P Silk	$0
P Houghton	$25,000
J McVicar	$25,000
D Hawkey	$25,000
M Noone	$60,000
C Serlath	$25,000

Christchurch City Holdings Ltd

B Pearson	$8,058
A Skinner	$23,502
A Foote	$84,612
C Day	$38,831
D Hunt	$42,306
G Cox	$48,350
B Giesen	$48,350
M Goldfinch	$42,306
S MacDonald*	$0
S Templeton*	$0

Acknowledgement of Directors

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

Donations

CCHL made donations of $193,400 to The Mayor's Welfare Fund Charitable Trust in relation to the year ended 30 June 2024 (30 June 2023: $193,400). The donations comprised payment in lieu of fees for CCHL Councillor Directors* plus an additional amount so that the total donations were equivalent to fees for four Directors, as agreed with the shareholder. Donations of $500,000 (2023: $12,000) were made by subsidiaries.

Employee Remuneration

CCHL has contracted Paul Silk to cover the CEO role in an acting capacity. In the 2024 financial year, Paul received compensation as acting CEO totalling $435,000. (7 Sept 2022- 30 June 2023: $313,000).

Details of remuneration ranges for employees

Range ($000)	Group
100-110	284
110-120	210
120-130	180
130-140	179
140-150	138
150-160	92
160-170	83
170-180	44
180-190	34
190-200	29
200-210	16
210-220	6
220-230	10
230-240	16
240-250	13
250-260	6
260-270	7
270-280	8
280-290	3
290-300	4
300-310	3
310-320	3
320-330	3
330-340	2
340-350	2
350-360	4
360-370	2
380-390	4
390-400	3
400-410	1
410-420	3
420-430	2
450-460	1
480-490	1
550-560	2
570-580	1
580-590	1
780-790	1
840-850	1
890-900	1
Total	1,403

Audit New Zealand
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Christchurch City Holdings Limited's consolidated financial statements and performance information for the year ended 30 June 2024

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 consolidated financial statements and the performance information of the Group, on his behalf.

Opinion

We have audited:

- the consolidated financial statements of the Group on pages 41 to 116, that comprise the statement of financial position as at 30 June 2024, 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 material accounting policy information and other explanatory information; and
- the performance information of the Group on pages 117 to 128.

In our opinion:

- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards; and
- the performance information presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2024.

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 consolidated financial statements and performance information* section of our report.

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

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

In addition to this audit, we have carried out other audit and assurance engagements for the Company and Group. These audit and assurance engagements, as described in note 6(a)(i) on page 58, are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Company or any of its subsidiaries.

Key audit matters

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

Key audit matter	How did the audit address this matter
Valuation of Group property, plant and equipment	
The carrying value of Group property, plant and equipment (PPE) is $4.7 billion. Group PPE is characterised by a large number of specialised service delivery and infrastructure assets, in addition to land and buildings. A number of the asset classes are carried at fair value, with revaluations performed on a regular basis, or when the fair value is materially different to the carrying value. 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 2024: • electricity distribution system; • optical fibre network; and • land.	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. • Confirming our understanding of the valuation methodologies and key assumptions. We assessed them for compliance with the requirements of the applicable financial reporting standards and evaluated their reasonableness based on our experience and knowledge of other specialised valuations in the public sector.

Key audit matter	How did the audit address this matter
Due to the varied nature of these asset classes, some are valued at optimised depreciated replacement cost, with others valued based on discounted cash flows or market-based approaches. All valuations for revalued assets were carried out by independent specialist valuers. Note 10 to the consolidated financial statements provides information on the most recent valuations. We consider the valuation of PPE is a key audit matter due to the significance of the carrying values to the financial statements and the judgements involved.	• Using our own valuation experts to assist us in reviewing the appropriateness of key assumptions used by the Group's valuers. • 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. • 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. • Reviewing the overall valuation changes and obtaining explanations for any significant or unusual changes in value. • Considering the adequacy of disclosures. We found that the valuations adopted by the Group for these asset classes were reasonable and supportable and that the valuations used approaches consistent with our expectations.
Valuation of investment property	
The Group's investment property portfolio 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 $799 million as at 30 June 2024. 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 investment property and property, plant and equipment. Note 11 to the consolidated financial statements provides information on the valuation and the movements in the investment property balance since the previous year. We consider this a key audit matter due to the significance of the carrying value, and associated fair value gains or losses, and because of the judgements involved in determining fair value.	Our audit procedures included: • Reviewing any changes in use of properties and considering whether they were correctly classified as either investment property or property, plant and equipment. • Assessing the valuer's expertise for the work and their objectivity, which included considering the existence of other engagements or relationships. • 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 an external valuation expert to assist with critiquing and challenging the

Key audit matter	How did the audit address this matter
	key assumptions used by the Group's valuers, including their appropriateness. • Testing a sample of key inputs used in the valuations to underlying records, including lease term information and current rental rates. • Assessing the sensitivity of the valuations to changes in assumptions and confirmed that the significant assumptions and sensitivities were appropriately disclosed. • Reviewing the overall valuation changes and obtaining explanations from the valuers for any significant or unusual changes in value. • We considered the adequacy of the disclosures made in note 11 to the consolidated financial statements. We found that the valuations adopted by the Group were reasonable and supportable.
Valuation of investment in subsidiaries at fair value	
The Company's investment in subsidiaries of $4.1 billion is disclosed in note 3 to the consolidated financial statements. These investments are a major part of the parent segment total assets of $4.7 billion disclosed in the segment reporting note (note 4). The investments in subsidiaries figure eliminates out in the consolidated statement of financial position where subsidiaries' assets and liabilities are consolidated on a line-by-line basis. For segment reporting, investments in subsidiaries are measured at fair value. 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, the judgments in determining appropriate valuation approaches, 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. • Engaging external valuation experts to assist us in reviewing the appropriateness of valuation methodologies and key assumptions such as discount rates and multiples used by the Company's valuers. • Obtaining an understanding of the market data sources used by the valuers and the reliability of that data for developing key inputs in the valuation. • Assessing the robustness of forecast cash flow information, by reviewing the process to develop forecasts, and assessing forecasts against historical actual performance. • Assessing the sensitivity of the valuations to changes in assumptions.

Key audit matter	How did the audit address this matter
	• Reviewing the overall valuation changes and obtaining explanations from the valuers for any significant or unusual changes in value. • Confirming that appropriate disclosure is included in the annual report. • We assessed compliance with the requirements of the applicable financial reporting standard NZ IFRS 8, *Operating Segments.* We found that the valuations adopted by the Company were reasonable and supportable.

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

The Group has chosen to include measures of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 124 of the consolidated 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 Group for the other information. The other information obtained at the date of this auditor's report comprises the information included on pages 2 to 40, 130 to 134 and 141 to 145, but does not include the consolidated financial statements and the performance information and our auditor's report thereon. The other information also includes the Group's report against the Aotearoa New Zealand Climate Standards. This report is separate from the Annual Report and is expected to be made available to us after the date of this audit report.

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

In connection with our audit of the consolidated financial statements and the performance information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements and performance information

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

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

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

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

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the performance information, including the disclosures, and whether the consolidated financial statements 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 consolidated financial statements and performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
30 September 2024

Corporate Governance

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

Role of the Board of Directors

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

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

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

Board relationship with Shareholder

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

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

Board Chairperson

The Shareholder appoints from among the Directors a Chairperson (Chair).

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

The Chair is responsible for maintaining regular dialogue with the Chief Executive (CEO) over all operational matters and consults with the remainder of the Board promptly over any matter that could give rise for major concern.

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

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

Board committees

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

The standing committees and their purpose are as follows:

Audit and Risk Management Committee (ARMC)

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

Governance and Appointments Committee (GAC)

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

Impact Committee

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

Board composition

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

All Councillor Directors are required to retire by rotation within three months following the triennial local government elections, but are eligible to be re-appointed. Where there are four or more independent Directors, two of those Directors must retire by rotation annually, but may offer themselves for re-appointment.

Appointments to CCHL are made in accordance with the Council policy on Appointment and Remuneration of Directors.

The Board generally meets on a monthly basis.

Gender diversity

CCHL has adopted a Diversity and Inclusion Policy.

As at balance date and the date of this report, the Board comprised two female Directors out of a total of five (2023: three out of eight). The Executive team comprises one male (2023: one male and one female).

Directors' remuneration

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

Protocol on conflicts of interest

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

Indemnities and insurance

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

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

The Chief Executive

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

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

Board relationship with Management

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

The CEO is responsible for the day to day management of CCHL.

The CEO:

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

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

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 2024 (total Bonds on issue):

Range	Holders	Units	% Units
1 to 9,999	28	171,000	0.04
10,000 to 49,999	211	4,525,000	1.01
50,000 to 99,999	55	3,341,000	0.74
100,000 to 499,999	37	7,390,000	1.64
500,000 to 999,999	11	7,457,000	1.66
1,000,000 and over	36	427,116,000	94.91
	378	450,000,000	100.00

Range	Holders	Units	% Units
1	BNP PARIBAS NOMINEES (NZ) LIMITED	48,207,000	10.71
2	CITIBANK NOMINEES (NEW ZEALAND) LIMITED	40,170,000	8.93
3	WESTPAC NEW ZEALAND LIMITED - NZCSD	33,700,000	7.49
4	TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT	32,378,000	7.20
5	ANZ BANK NEW ZEALAND LIMITED	31,111,000	6.91
6	CUSTODIAL SERVICES LIMITED A/C	30,414,000	6.76
7	FNZ CUSTODIANS LIMITED	27,089,000	6.02
8	FORSYTH BARR CUSTODIANS LIMITED	26,294,000	5.84
9	HSBC NOMINEES (NEW ZEALAND) LIMITED	22,788,000	5.06
10	NZPT CUSTODIANS (GROSVENOR) LIMITED	20,767,000	4.61
11	TSB BANK LIMITED	17,400,000	3.87
12	ANZ WHOLESALE NZ FIXED INTEREST FUND	10,350,000	2.30
13	CHRISTCHURCH CITY COUNCIL	8,700,000	1.93
14	SOUTHLAND BUILDING SOCIETY	8,700,000	1.93
15	INVESTMENT CUSTODIAL SERVICES LIMITED A/C	6,584,000	1.46
16	ANZ FIXED INTEREST FUND	6,500,000	1.44
17	FNZ CUSTODIANS LIMITED DTA NON RESIDENT A/C	6,173,000	1.37
18	ANZ CUSTODIAL SERVICES NEW ZEALAND LIMITED	6,081,000	1.35
19	SOUTHERN CROSS MEDICAL CARE SOCIETY	6,000,000	1.33
20	NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED	5,343,000	1.19
	Total Top 20 Holders of Bonds	**394,749,000**	**87.72**
	Total Remaining Holders Balance	**55,251,000**	**12.28**

Directory

Registered Office

Level 1, 151 Cambridge Terrace
Christchurch Central
Christchurch 8013

Directors

B M C Pearson (appointed 30 May 2024)

W G Cox

B A Giesen

S L Templeton

S T MacDonald

A M G Skinner (retired 24 Nov 2023)

C W Day (appointed 1 Sep 2023, retired 15 May 2024)

A K Foote (retired 15 May 2024)

M G Goldfinch (retired 15 May 2024)

D T Hunt (retired 15 May 2024)

Management

P Silk - Acting Chief Executive Officer

M Slater - Acting Chief Financial Officer

Bankers

Bank of New Zealand, Christchurch

Westpac Institutional Bank, Auckland

ANZ New Zealand Ltd, Wellington

Auditor

Audit New Zealand
on behalf of the
Auditor-General Christchurch

Supervisor

Public Trust

Level 9, 34 Shortland Street
Auckland 1010

0800 371 471
cts.enquiry@publictrust.co.nz

Group contact details

Christchurch City Holdings Limited (Parent)

Level 1, 151 Cambridge Terrace
Christchurch Central
Christchurch 8013

PO Box 1151, Christchurch 8140

+64 3 941 6530
info@cchl.co.nz
cchl.co.nz

Orion New Zealand Limited

565 Wairakei Road
Burnside, Christchurch 8053

PO Box 13896, Christchurch 8141

+64 3 363 9898
info@oriongroup.co.nz
oriongroup.co.nz

Christchurch International Airport Limited

Top floor, Car Park Building
30 Durey Road
Christchurch Airport
Christchurch 8053

PO Box 14001
Christchurch 8544

+64 3 358 5029
christchurch-airport.co.nz

Lyttelton Port Company Limited

41 Chapmans Road
Hillsborough, Christchurch 8022

Private Bag 501, Lyttelton 8841

+64 3 328 8198
lpc.co.nz

Enable Services Limited

Level 3, 93 Cambridge Terrace
Christchurch 8013

PO Box 9228, Tower Junction
Christchurch 8149

+64 3 363 2962
support@enable.net.nz
enablenetworks.co.nz

City Care Limited

818 Wairakei Road
Christchurch Airport
Christchurch 8053

PO Box 7669, Sydenham
Christchurch 8240

+64 3 941 7200
citycare.co.nz

EcoCentral Limited

Level 1, Baigent Way
Middleton, Christchurch 8024

PO Box 6320, Upper Riccarton
Christchurch 8442

+64 3 336 0080
admin@ecocentral.co.nz
ecocentral.co.nz

RBL Property Limited

C/- Christchurch City Holdings Ltd

Level 1, 151 Cambridge Terrace
Christchurch Central
Christchurch 8013

PO Box 1151, Christchurch 8140

+64 3 941 6530
info@cchl.co.nz
cchl.co.nz

Development Christchurch Limited

C/- Christchurch City Holdings Ltd

Level 1, 151 Cambridge Terrace
Christchurch Central
Christchurch 8013

PO Box 1151, Christchurch 8140

+64 3 941 6530
info@cchl.co.nz
cchl.co.nz

Christchurch
City Holdings
Limited

A wholly owned subsidiary
of Christchurch City Council

+64 3 941 6530
info@cchl.co.nz

PO Box 1151
Christchurch 8140
New Zealand