

19 December 2022

Chris Kirk-Burnnand
Chair, WRC Holdings Limited
chris.kb@gw.govt.nz

100 Cuba Street
Te Aro, Wellington 6011
PO Box 11646
Manners Street
Wellington 6142
T 04 384 5708
F 04 385 6960

Dear Chris

WRC Holdings Limited - Statement of Expectations 2023/24

This letter sets out a statement of our expectations, as the shareholder in WRC Holdings Limited (WRCHL), as you begin drafting the Statement of Intent (SOI) for 2023/24 to 2025/26. Our statement of expectations, as prescribed in section 64B of the Local Government Act, specifies the relationship we expect to have with you over the period and our general expectations of the Holdings group.

The draft SOI is due to Council by 1 March 2023. We will then consider this document and provide feedback by 1 May 2023 to allow the document to be finalised before 30 June 2023.

In addition to our existing and enduring expectations that include meeting best practice governance standards, a 'no surprises' policy, legislative compliance, a focus on health and safety, and robust processes at a governance level to identify and manage risks, we have set out our specific expectations for the SOI for 2023/24 to 2025/26.

Long Term Plan 2021-31

Council has adopted a Long Term Plan which includes four strategic priorities. These should also act as a guide for the Holdings group in developing its SOI. These are:

- Responding to the climate emergency
- Improving outcomes for mana whenua and Māori
- Adapting and responding to the impacts of COVID-19
- Aligning with Government direction

Mana whenua

Te Whāriki, the Māori Outcomes Framework looks to proactively engage mana whenua in decision making, and incorporate te ao Māori and mātauranga Māori perspectives, so we can achieve the best outcomes for Māori across all aspects of our region. We are supportive of these overarching principles being reflected throughout our company and investment portfolio and reflected in performance measures.

Financial considerations

The Long Term Plan also anticipates a continued revenue stream from dividend payments and these need to continue to be factored into the SOI.

We also ask that WRCHL work together with Council to look into the possibility of using subvention payments in the 2023/24 year.

Performance reporting

We expect that WRCHL will review and strengthen its performance measures in its 2023/24 SOI. Council will require quarterly reports from WRCHL to ensure we have a good understanding of performance against the SOI. These reports should also focus on strategic issues facing the Holdings group and how these are being managed.

Strategic Ownership Objectives

WRCHL own a significant portion of investment on behalf of Council. The Holdings Board have previously considered their ownership and strategic objectives and we wish for further work in this area to be undertaken. It is important that the Council and Holdings companies' strategic objectives align. We would like WRCHL to investigate options in this area, consult and report back to Council during the 2023/24 year.

Health and Safety

The health, safety and wellbeing of our workforce and residents are key issues for Council as shareholder. We would like to see continued clarity that the Holdings group is aware of and managing its key critical risks, and that any assurance needed from other parties is satisfactory. Health and safety should remain a key focus of the board work programme.

Regional Economic Development Plan

Where appropriate, Holdings should look to support and align to Councils regional projects, including the implementation of the Regional Economic Development Plan.

Let's Get Wellington Moving

Mass Rapid Transit will provide higher-quality public transport and more reliable travel choices. Please work with stakeholders to support the work underway to progress Let's Get Wellington Moving.



If you have any need for clarification on the above matters, then please feel free to contact me at the soonest opportunity.

In accordance with section 64B of the Local Government Act 2002, this letter will be published on Greater Wellington's website.

We look forward to receiving your draft SOI by 1 March 2023.

Yours sincerely

Daran Ponter
Chair - Wellington Regional Council
Daran.ponter@gw.govt.nz