



STATEMENT OF INTENT

For the year ending 30 June 2025

Contents

1.	Introduction	3
2.	Objectives of the Group	3
3.	Approach to governance	4
4.	Reporting framework	5
5.	Health, safety and wellbeing	5
6.	Improving outcomes for Māori	6
7.	Reducing emissions	6
	WRC Holdings	6
8.	Nature and Scope of Activities	6
9.	Non-financial performance targets	8
10.	Financial information	9
a.	Shareholder Funds to Assets	9
b.	Prospective statement of comprehensive income	10
c.	Prospective statement of financial position	10
d.	Prospective statement of changes in equity	11
e.	Prospective statement of cash flow	11
f.	Financial Statements commentary	12
g.	Financial Performance targets	12
h.	Statement of Accounting Policies	13
i.	Assumptions in preparing the prospective financial statements	13
	GWRL	14
11.	Nature and Scope of Activities	14
12.	Non-financial performance targets	16
13.	Financial information	17
a.	Shareholders' Funds to Assets	17
b.	Prospective statement of comprehensive income	18
c.	Prospective statement of financial position	18
d.	Prospective statement of changes in equity	18
e.	Prospective statement of cash flow from operations	19
f.	Financial Statements commentary	19
g.	Performance targets	20
h.	Statement of Accounting Policies	20
i.	Assumptions in preparing the prospective financial statements	20
14.	Attachment – Statement of Expectations from Council (December 2023)	21

1. Introduction

WRC Holdings Limited (WRC Holdings) is a Council-Controlled Trading Organisation owned by Greater Wellington Regional Council Te Pane Matua Taiao (Greater Wellington). It was established to manage Council's commercial investments. This Statement of Intent (SOI) for 2024/25 to 2026/27 is prepared in accordance with section 64 and Schedule 8 of the Local Government Act 2002.

The SOI sets out the objectives, performance measures, targets, and activities of WRC Holdings and its subsidiary, Greater Wellington Rail Limited (GWRL). The SOI forms a major part of the company's accountability relationship with its shareholder, Greater Wellington.

Greater Wellington issued a Statement of Expectations to WRC Holdings in December 2023 as prescribed in section 64b of the Local Government Act 2002. The Statement of Expectations has been considered when completing this SOI.

2. Objectives of the Group

The primary objectives of WRC Holdings are to:

- 1) operate a successful, sustainable, and responsible business for the benefit of future generations
- 2) impose commercial discipline on the Group's activities and generate a commercial rate of return
- 3) manage its assets prudently
- 4) support Council's strategic priorities.

GWRL

Specifically for GWRL, the key objectives are to prudently manage and maintain the rail rolling stock and rail infrastructure (GWRL's Rail Assets). Greater Wellington is contracted by GWRL (through a Management Services Agreement) to provide asset management, accounting, advisory, secretarial and general administration services.

GWRL ensures that:

- Greater Wellington, as its appointed agent, carries out all services and activities, in relation to the GWRL's Rail Assets, that are reasonably necessary to enable Greater Wellington to provide quality rail services to the public in accordance with the contractual obligations entered into with the current rail operator of the rail services and maintenance provider of GWRL's Rail Assets;
- Greater Wellington develops and maintains a systematic approach for the long-term management of GWRL's public transport rail assets in a manner consistent with industry best practice; and

- GWRL complies with its responsibilities as a rail participant under the Railways Act 2005, the current health and safety legislation and any other legislation affecting the GWRL's Rail Assets and operations.

CentrePort Limited

In responding to the challenge of the port regeneration and developing responses to the governance of the group, WRC Holdings created a Statement of Strategic Intent with regards to CentrePort. This was first developed in late 2019 and has been refined to provide four key strategic elements for Holdings when considering the activity and performance of the port.

Objective area	Intent
Strategic	Secure port development as enabler of regional economic growth
Strategic	Strategic asset to promote community benefits
Financial	Optimise return on Council capital
Financial	Secure capital for port investment and future growth

3. Approach to governance

WRC Holdings is governed by a board of eight directors all of whom are appointed by the shareholder. Council has a policy on the appointment and remuneration of directors as specified in Section 57 of the Local Government Act 2002. All director remuneration is set by Council. Holdings provides directors and officer's liability insurance cover at its own expense.

WRC Holdings provides a structure that allows independent external directors with commercial backgrounds to provide advice and expertise at the governance level. The current directors of WRC Holdings / GWRL are:

Director	Appointed	Current term expiry
Chris Kirk-Burnnand (Chair)	November 2019	December 2025
David Bassett	November 2022	December 2025
David Lee	November 2022	December 2025
Thomas Nash	November 2022	December 2025
Lucy Elwood *	October 2023	September 2026
Ripeka Evans*	October 2023	September 2026
Alexandra Hare *	October 2023	September 2025
Helmut Modlik *	October 2023	September 2025

*Independent Directors

The WRC Holdings Board meets regularly to conduct the business of the organisation. WRC Holdings reports on its activities to the shareholder through quarterly briefings, half-year reports, annual reports and through the SOI process. The WRC Holdings structure is illustrated in Figure 1.

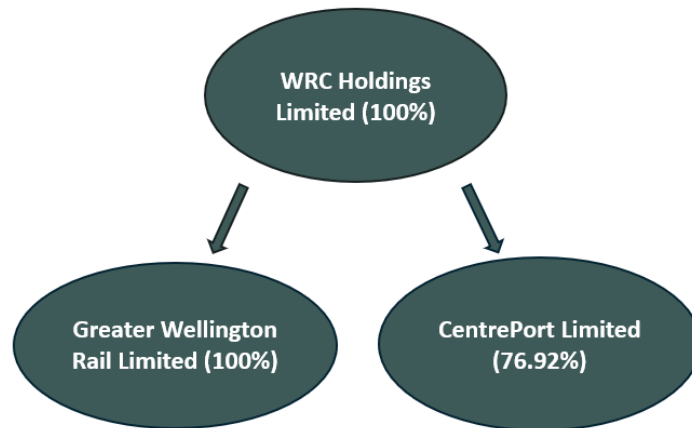


Figure 1

GWRL

Council approves the directors of GWRL, who are appointed by special resolution of WRC Holdings. WRC Holdings and GWRL share the same directors.

CentrePort Limited

WRC Holdings own 76.9% of the shareholding in CentrePort Limited. The remaining shareholding is held by MWRH Limited. All CentrePort directors are independent and external of Greater Wellington. CentrePort directors are appointed in accordance with the Port Companies Act 1988 and the company constitution.

4. Reporting framework

The WRC Holdings Board will provide quarterly briefings to Council, which will include reporting against the SOI performance measures, a summary of the activities and a strategic overview of the coming quarter. In addition, the Board will provide statutory reporting including the delivery of a half-yearly report by 28 February 2025, an annual report for the year by 30 September 2025 and a draft Statement of Intent by 1 March 2025. The Board will continue to report on matters that arise outside of these reporting timeframes on a no-surprises basis.

5. Health, safety and wellbeing

The WRC Holdings Board takes an active and engaged interest in the health and safety of workers and others at all its sites and operations and has an annual health and safety due diligence work programme, with particular focus on management of critical risks and controls.

GWRL

The WRC Holdings Board takes an active interest in the ongoing maintenance programme for the stewardship of railway assets including rolling stock maintenance and station asset safety. These form regular reporting items and performance measures, in addition to board activities and site visits.

CentrePort Limited

As a major employer in the Wellington region, CentrePort continues to focus on the identification and effective management of critical risk and reducing serious harm. A culture of engagement around Health, Safety and Wellbeing is created through active worker consultation and participation in Health, Safety and Wellbeing matters. Specific wellbeing initiatives are delivered and are detailed in CentrePort's own Statement of Corporate Intent.

6. Improving outcomes for Māori

Our shareholder, Greater Wellington, recognises its Te Tiriti o Waitangi obligations to mana whenua partners and Māori living in our region, and works to ensure it gives effect to their rangatiratanga and mana motuhake as we work together. As part of the Council Group, WRC Holdings give effect to Te Tiriti through Greater Wellington's Māori Outcomes Framework (Te Whāriki). This guides our decision-making to achieve the best outcomes for Māori across all aspects of our region. As well as complementing cultural awareness through the organisations that we hold shareholdings in, including cultural competency and te reo Māori training, the WRC Holdings Board will continue to look for opportunities to deliver on Te Whāriki.

The WRC Holdings Board acknowledges these opportunities may be limited given its narrow role as an asset owner, but will continue to pursue and develop opportunities as they arise. The main way in which WRC Holdings gives effect to Te Whāriki is through setting its expectations to CentrePort through the annual Statement of Expectations, to ensure that CentrePort proactively engages mana whenua in decision making and incorporates te ao Māori and mātauranga Māori perspectives into its decision making.

7. Reducing emissions

CentrePort has a target of net zero emissions by 2040, and will be targeting a 50% reduction in emissions from 2019 to 2030. There are ongoing investments into low carbon vehicles and plant with ongoing work to embed the zero emissions target into the regeneration plans and to replace end of life assets with the best available low emission technology.

The delivery of Rail Passenger Services is focused on improving customer satisfaction, leading to driving mode shift from private motor vehicle to Public Transport, and hence reducing overall transport emissions for the region. New procurement of rolling stock will seek low or zero emission vehicles to minimise emissions.

WRC Holdings**8. Nature and Scope of Activities**

WRC Holdings is the holding company for investment in CentrePort and GWRL.

CentrePort is an important strategic asset for the Wellington region and a long-term investment for Greater Wellington. It provides a full range of port services, including imported goods and exports by container, bulk trade (ie logs, vehicles and cement), fuel imports, and provides the northern hub for the Cook Strait ferry service. The services

provided by CentrePort support businesses across the region and into Taranaki, Manawatu, and Marlborough. The Cook Strait ferry service is a nationally important link between the North Island and South Island. CentrePort also has a critical role as a lifelines asset during an emergency, such as an earthquake – providing an essential service to import food, water, fuel, equipment, first responders and evacuation of people.

The ability to integrate important outcomes (including regional economic development, generating a commercial rate of return, incorporating te ao Māori into decision making, and emissions reduction) into the long-term development of the port are key benefits of ownership in CentrePort.

WRC Holdings monitors the performance of CentrePort through regular reporting and presentations, and has issued its own Statement of Expectations to CentrePort for the 2024-2025 year. CentrePort produces a Statement of Corporate Intent as required by the Port Companies Act 1988. Operational performance measures for CentrePort are set out in CentrePort's Statement of Corporate Intent, which is published on CentrePort's website.

The scope of GWRL's activities, performance measures and financial information are set out in detail in sections 11, 12 and 13 of this SOI.

Key activities for WRC Holdings in the 2024-2025 year include:

- an increased focus on maximising profitability and dividends to Council, particularly regarding the importance of CentrePort's commercial performance and the need for a suitable financial return
- developing a new Investment Strategy to drive how the Board manages its portfolio and reporting back to Council on this
- consideration of the potential acquisition of Horizons Regional Council's shareholding in CentrePort
- maintaining awareness of the risks and opportunities associated with KiwiRail's future ferry terminal development
- maintain awareness of the risks to GWRL and CentrePort associated with the rail network assets
- providing advice, as appropriate, to Council on any new public transport assets from a holding company perspective
- supporting, as appropriate, the implementation of the Regional Economic Development Plan.

9. Non-financial performance targets

Objective	Activity	Performance measure
Impose commercial discipline on the Group's activities and generate a commercial rate of return	Monitor performance of WRC Holdings Group companies to ensure financial returns are optimised	<ul style="list-style-type: none"> WRC Holdings Board monitor Holdings Group companies' progress against their SOI targets quarterly WRC Holdings receives a quarterly report from CentrePort on its financial and non-financial performance
Operate a successful, sustainable, and responsible business for the benefit of future generations	Review board performance against best practice governance standards	<ul style="list-style-type: none"> WRC Holdings will undertake board effectiveness/performance reviews on an annual basis
	Monitor performance of WRC Holdings Group companies to ensure continuous improvement to health and safety outcomes	<ul style="list-style-type: none"> The WRC Holdings Board reviews the quarterly Health, Safety and Wellbeing reports and seeks assurance that controls to manage critical risks are in place and effective
	Monitor performance of the WRH Holdings Group companies in measuring, reporting and reducing Greenhouse Gas (GHG) emissions	<ul style="list-style-type: none"> Measure and publicly report our GHG emissions and progress towards our target of net zero emissions by 2030 in the Annual Report
	Monitor performance of WRC Holdings Group companies to ensure opportunities to give effect to Te Whāriki (Council's Māori Outcomes Framework) are considered and implemented	<ul style="list-style-type: none"> Publicly report how we give effect to Te Whāriki in the Annual Report
	Paying the living wage	<ul style="list-style-type: none"> Ensure that all direct employees within the WRC Holdings Group of companies are paid at living wage or above.
Support Council's strategic priorities	Review and approve WRC Holdings Group Statement of Intent (SOI) for consistency with Council's strategic direction	<ul style="list-style-type: none"> Review draft WRC Holdings SOI by 1 March each year Approve WRC Holdings SOI by 30 June each year
	Review and provide comments on the draft CentrePort Statement of Corporate Intent	<ul style="list-style-type: none"> Review draft SCI and provide comments by 1 May each year

Objective	Activity	Performance measure
	(SCI) to ensure consistency with Council's strategic direction	
	Set expectations through annual Statement of Expectation letter to CentrePort	<ul style="list-style-type: none"> Send Statement of Expectations to CentrePort by 31 December each year
	Consult with the shareholder in a timely manner on Holdings Group strategic or operational matters which could compromise the Council's community outcomes	<ul style="list-style-type: none"> All such matters escalated to the Council in a timely manner Holdings to provide briefings to Councillors on matters of significance as required
	Substantive matters, including those likely to generate media coverage, are reported to Council	<ul style="list-style-type: none"> Matters of this nature should be reported to Council as soon as practicable
Prudently manage assets	Monitor the management of rail assets and risk to ensure GWRL's assets are fit-for-purpose	<ul style="list-style-type: none"> WRC Holdings Board review quarterly risk reporting for GWRL WRC Holdings Board receives the GWRL Annual Business Plan by 30 June each year WRC Holdings Board receives the GWRL Asset Management Plan by 30 September each year

10. Financial information

a. Shareholder Funds to Assets

2025	2026	2027
81.78%	80.43%	79.16%

Definition of Terms:

- Shareholder equity is defined as the amount of paid-up capital, plus retained earnings utilising the average of the opening and closing balance.
- Total Assets are defined as all the recorded current and non-current assets at their current value as determined in the most recent financial statements.

b. Prospective statement of comprehensive income

Year ended 30 June	2024/25	2025/26	2026/27
	WRCH GROUP \$000	WRCH GROUP \$000	WRCH GROUP \$000
Grant income	16,925	17,463	17,888
Port Income	107,297	115,143	123,845
Rental income	7,974	7,866	7,700
Interest income	5,942	4,413	4,893
Other income	76	77	391
Total revenue	138,214	144,963	154,717
Interest expense	3,314	3,045	5,301
Depreciation & amortisation	38,104	40,182	39,395
Port expenditure	80,605	83,317	86,273
Other expenditure	25,411	26,058	27,553
Total expenditure	147,434	152,602	158,522
Surplus/(deficit) before tax	(9,219)	(7,641)	(3,806)
Taxation expense (credit)	(455)	(300)	313
Total comprehensive income	(8,764)	(7,340)	(4,119)
Comprehensive income applicable to non-controlling interest	3,422	3,691	3,949
Total comprehensive income applicable to parent	(12,186)	(11,031)	(8,068)

c. Prospective statement of financial position

As at 30 June	2024/25	2025/26	2026/27
	WRCH GROUP \$000	WRCH GROUP \$000	WRCH GROUP \$000
Opening equity	850,122	914,526	1,002,841
Opening equity non-controlling interests	(111,068)	(112,644)	(114,258)
New equity	78,315	101,932	122,473
Total comprehensive income applicable to parent	(12,186)	(11,031)	(8,068)
	805,182	892,783	1,002,987
Dividends distributed	(3,300)	(4,200)	(5,300)
Closing Equity Non-controlling interest	112,644	114,258	115,899
Closing equity	914,526	1,002,841	1,113,586
Equity applicable to parent	801,882	888,583	997,686
Non-controlling interest	112,644	114,258	115,900
Closing equity	914,526	1,002,841	1,113,586
Cash & cash equivalents	65,230	69,694	57,345
Current assets	27,494	29,701	31,512
Non-current assets	888,361	1,012,674	1,165,406
Investment property	86,125	86,125	86,125
Investments	55,158	63,282	71,837
Total assets	1,122,367	1,261,477	1,412,225
Current liabilities	23,203	25,412	26,949

As at 30 June	2024/25	2025/26	2026/27
	WRCH GROUP \$000	WRCH GROUP \$000	WRCH GROUP \$000
Borrowings	44,000	44,000	44,000
Non-current liabilities	140,638	189,224	227,690
Total liabilities	207,841	258,636	298,638
Net assets	914,526	1,002,841	1,113,586

d. Prospective statement of changes in equity

As at 30 June	2024/25	2025/26	2026/27
	WRCH GROUP \$000	WRCH GROUP \$000	WRCH GROUP \$000
Opening equity	850,122	914,526	1,002,841
Shares to be issued during the year	78,315	101,932	122,473
Total comprehensive income for the year	(8,764)	(7,340)	(4,119)
Dividend to be paid - Equity holders	(3,300)	(4,200)	(5,300)
Dividend to be paid - Non controlling Interests	(1,846)	(2,077)	(2,308)
Closing Equity	914,526	1,002,841	1,113,586
Total comprehensive income attributed to:			
Equity holders - Parent	(12,186)	(11,031)	(8,068)
Non - controlling interest	3,422	3,691	3,949
Total comprehensive income for the year	(8,764)	(7,340)	(4,119)

e. Prospective statement of cash flow

As at 30 June	2024/25	2025/26	2026/27
	WRCH GROUP \$000	WRCH GROUP \$000	WRCH GROUP \$000
Cash flows from operations			
Receipts from operations	129,632	137,671	147,489
Interest received	6,319	4,744	5,204
Dividends received	2,000	2,000	2,000
Payments to suppliers/employees	(107,850)	(110,604)	(116,774)
Subvention payment	(5,500)	(6,000)	(6,500)
Interest paid	(3,314)	(3,045)	(4,876)
Net cash from operating activities	21,288	24,766	26,543
Cash flows from investing activities			
Purchase of Fixed Assets - Rail	(78,315)	(101,932)	(122,473)
Development - Port and property	(42,420)	(62,333)	(69,423)
Acquisition of subsidiary	(3,500)	-	-
Purchase of investments	(16,000)	(6,800)	(7,000)
Net cash from investing activities	(140,235)	(171,065)	(198,896)
Cash flows from financing activities			
Borrowings	21,000	55,000	45,000
Dividends paid	(5,146)	(6,277)	(7,608)
Issue of shares	78,315	101,932	122,473

Current Account movement	120	340	368
Lease Payments	(232)	(232)	(232)
Net cash from financing activities	94,057	150,763	160,001
Net increase/(decrease) in cash & cash equivalents	(24,890)	4,465	(12,352)
Cash & cash equivalents at beginning of the year	90,121	65,229	69,694
Cash and cash equivalents at year end	65,230	69,694	57,342

f. Financial Statements commentary

- The prospective statement of comprehensive income for the three-year period 2024/25 to 2026/27 shows deficits before tax relating to the surplus from Centre Port being insufficient to offset the deficit from GWRL. GWRL has deficits due to depreciation and interest not being funded by Greater Wellington.
- Interest income shows a declining trend as Centre Port invests cash from insurance proceeds to fund its port regeneration programme.
- Interest expense increases in 2026/27 mainly due to Centre Port using borrowings to fund capital programmes.
- The taxation expense reflects the difference between Centre Port paying tax and GWRL having a tax credit from deferred tax.
- Equity increases by approximately \$263.5 million over the period 2024/25 to 2026/27 mainly due to Council equity injections to fund GWRL capex of approximately \$302.7 million partially offset by cumulative dividends of approximately \$12.8 million and cumulative losses of approximately \$31.3 million.
- Non-current assets increases significantly over the period 2024/25 to 2026/27 mainly due to port regeneration programme.
- CentrePort is expected to increase its borrowings in July 2024. CentrePort has asked Greater Wellington to provide a debt guarantee so it can access funds at a better rate, and Greater Wellington has agreed to provide a debt guarantee. This is expected to have a positive impact on CentrePort's financial results in 2024/25.

g. Financial Performance targets

As at 30 June	2024/25	2025/26	2026/27
	WRCH GROUP \$000	WRCH GROUP \$000	WRCH GROUP \$000
Earnings before interest, tax & depreciation	26,257	31,174	35,996
Surplus/(deficit) before tax	(9,219)	(7,641)	(3,806)
Surplus/(deficit) after tax	(8,764)	(7,340)	(4,119)
Return on average assets (EBIT) - Performance indicator	-1.1%	-0.8%	-0.3%
Return on shareholder equity (NPAT)	-1.0%	-0.7%	-0.4%
Shareholders equity/Total assets	81.78%	80.43%	79.16%
Dividend distribution	3,300	4,200	5,300

h. Statement of Accounting Policies

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These prospective financial statements are presented in accordance with Tier 1 PBE Accounting Standards and comply with PBE Standards.

The detailed accounting policies are available in our most recent annual report as published on Greater Wellington Regional Council website.

i. Assumptions in preparing the prospective financial statements

The prospective financial statements information contained in this SOI is based on assumptions that WRC Holding Group could reasonably expect to occur in the future based on information that was current at the time this SOI was prepared. Actual results are likely to vary from the information presented and variations could be material.

The debt interest rate assumption for the WRC Holdings excluding Centre Port Limited is 6.28% for 2024/25, 5.67% for 2025/26 and 5.36% for the 2026/27 financial years after all margin costs. Interest rate hedging is put in place from time to time (as all debt borrowed is at floating rate) to protect against interest rate variability. The borrowing margin is fixed and is assumed to remain at this level going forward.

There will be no changes to key legislation affecting the Group activities.

Asset lives are in accordance with the Group's Accounting Policies.

GWRL

11. Nature and Scope of Activities

GWRL owns the investment on metro rail assets. These include the following rolling stock and infrastructure assets:

Rolling Stock

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage Van
- 2 Remote controlled electric Shunt crabs
- 83 2-Car Matangi units
- 1 Matangi driving simulator.

Infrastructure Assets

- Thorndon electric multiple unit (EMU) depot and EMU train wash Metro wheel lathe and building
- 23 Station buildings across a range of 48 Railway stations (Note: KiwiRail own the station platforms)
- 11 Pedestrian over-bridges
- 13 Pedestrian subways
- A range of carparks, station improvements and ancillary rail related assets.

GWRL is responsible for the management and maintenance of the rail rolling stock and rail infrastructure (GWRL's Rail Assets), and has contracted Greater Wellington (through a Management Services Agreement) to provide asset management, procurement, accounting, advisory, secretarial and general administration services. GWRL monitors the provision and performance of these services to ensure GWRL's Rail Assets are safe and fit-for-purpose. Operational delivery is the responsibility of Greater Wellington via a long-term performance-based contract with Transdev Wellington.

Key Activities and Initiatives	
Wellington Strategic Rail Plan	Continue to work with major stakeholders to further develop and implement the Wellington Strategic Rail Plan. Significant investment is required across rolling stock, rail station infrastructure and rail network infrastructure, to deliver the improvements in customer experience, network dependability, and network capacity/frequency.

Maintenance	Deliver train maintenance services, within approved budgets, through an operations and maintenance contract, while ensuring that train condition and performance is maintained, to deliver required level of service, throughout the assets' life.
	Deliver rail station infrastructure cleaning and maintenance, within approved budgets, through various contracts ensuring assets are able to deliver the required level of service throughout the assets' life.
Renewals	Deliver rolling stock heavy maintenance renewals, within approved budgets, through an operations and maintenance contract, while ensuring that train availability and reliability targets are met.
	Deliver rail infrastructure asset renewals and like-for-like replacement and improvement programme, to ensure the assets are able to meet the required level of service throughout the assets' life.
Seismic strengthening	Continue to monitor the seismic strengthening works on a number of earthquake prone subways, and station buildings, in accordance with the multi-year programme to ensure all structures have at least 67% seismic strength of the New Building Standard.
Accessibility	Maintain oversight of the programme to improve station accessibility in line with Greater Wellington's Accessibility Action Plan.
RiverLink - Melling Station Relocation	Continue to monitor the multi-stakeholder RiverLink project in relation to the design and construction of the relocated rail-bus Melling interchange to ensure the ideal end outcomes.
Waterloo Station	Maintain oversight of the development of the reference design and business case for the renewal of the Waterloo Bus-Rail Interchange.
Potential additional assets (including Lower North Island Rail Integrated Mobility rolling stock)	Maintain oversight and awareness of potential expanding asset portfolio for GWRL, including of the procurement of Lower North Island Rail Integrated Mobility rolling stock made up of 18 x 4-car low emissions multiple units to replace near life expired carriage fleet and provide improved rail connectivity between Wellington and regional centres Masterton and Palmerston North.

12. Non-financial performance targets

GWRL's key objectives are to prudently manage and maintain the rail rolling stock and rail infrastructure (GWRL's Rail Assets). Non-financial performance targets for GWRL are set within the context of the strategic targets and objectives of GWRC's Long Term Plan (LTP) 2024-34 and associated GWRL Asset Management Plan.

Level of Service	Current performance result	2024/25 Performance target	Performance target (by end of 2024-34 LTP)
CUSTOMER SATISFACTION WITH RAIL ASSETS			
Percentage of passengers who are satisfied with their current trip	94%	≥93%	≥93%
Percentage of customers who are satisfied with the condition of the station	90%	94%	>96%
Percentage of customers who are satisfied with the inside temperature of vehicles	93%	≥93%	≥93%
Percentage of passengers who are satisfied with the condition of the vehicle fleet	96%	≥94%	>96%
Percentage of passengers who are satisfied with overall station	94%	≥92%	≥92%
Percentage of passengers who are satisfied with the cleanliness of the station	85%	≥91%	≥92%
Percentage of passengers who are satisfied with provision of shelter from weather at shelter/station	82%	≥84%	≥85%
Percentage of customers who are satisfied with their personal safety at station	91%	≥93%	≥95%
Percentage of passengers who are satisfied with information about service delays or disruptions	67%	≥73%	≥85%
Increased boardings by people that use the Accessible Concession ¹ (as a percent of total rail boardings)	0.6% ²	>0.6%	3%

¹ The Accessible Concession provides a 50% discount on adult Snapper fares for registered members of the Blind Low Vision NZ or passengers with a Te Hunga Whaikaha Total Mobility card; a bona fide carer can travel for free with the cardholder.

² Based on boardings between Dec 22-Jun 23

Level of Service	Current performance result	2024/25 Performance target	Performance target (by end of 2024-34 LTP)
ROLLING STOCK - ASSET MANAGEMENT			
Matangi - Mean distance between failure ³	66,529	≥40,000km	≥40,000km
Carriage - Mean distance between failure ⁴	95,446	≥80,000km	≥80,000km

Level of Service	Current performance result	2024/25 performance measures
RAIL FIXED ASSET - ASSET MANAGEMENT		
Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	79%	100%
Percentage of stations with CCTV coverage	96%	≥99%
Average condition grade⁵ of:		
Station buildings and shelters:	1.7	≥2.5
Structures (pedestrian subways & bridges):	2.4	≥2.5
Park & Ride:	2.1	≥2.5
Percentage of assets in condition grade 4 (Poor) or worse		
Station buildings and shelters:	1%	≥2.3%
Structures (pedestrian subways & bridges):	5.4%	≥8%
Park & Ride:	5%	≥8%

13. Financial information

a. Shareholders' Funds to Assets

2025	2026	2027
84.20%	86.15%	88.73%

Definition of Terms:

- Shareholders' Funds (or equity) is defined as the total issued capital plus the balance of undistributed profits and capital reserves

³ NB: Failure is defined as 'an event requiring unplanned maintenance'.

⁴ NB: Failure is defined as 'an event requiring unplanned maintenance'.

⁵ NB: Conditional grade score – 1: Is very good condition and, 5: very poor condition requiring replacement.

- Total Assets are defined as all the recorded current and non-current assets of the Group at their current value as determined by the Group's Accounting Policies.

b. Prospective statement of comprehensive income

Year ended 30 June	2024/25	2025/26	2026/27
	GWRL \$000	GWRL \$000	GWRL \$000
Grant income	16,925	17,463	17,888
Rental income	7,597	7,534	7,700
Other income	76	77	79
Total revenue	24,598	25,075	25,666
Interest expense	425	425	425
Depreciation & amortisation	25,662	25,659	23,992
Other expenditure	24,598	25,075	25,666
Total expenditure	50,685	51,159	50,083
Surplus/(deficit) before tax	(26,087)	(26,084)	(24,417)
Taxation expense (credit)	(5,309)	(5,415)	(5,534)
Total comprehensive income	(20,778)	(20,669)	(18,883)

c. Prospective statement of financial position

As at 30 June	2024/25	2025/26	2026/27
	GWRL \$000	GWRL \$000	GWRL \$000
Opening equity	406,671	464,207	545,470
New equity	78,315	101,932	122,473
Total comprehensive income	(20,778)	(20,669)	(18,883)
Closing equity	464,207	545,470	649,060
Equity applicable to parent	464,207	545,470	649,060
Closing equity	464,207	545,470	649,060
Cash & cash equivalents	-	-	-
Current assets	540	183	-
Non-current assets	547,488	623,761	722,242
Total assets	548,028	623,944	722,242
Current liabilities	3,591	3,659	3,901
Non-current liabilities	80,230	74,815	69,281
Total liabilities	83,820	78,474	73,182
Net assets	464,207	545,470	649,060

d. Prospective statement of changes in equity

As at 30 June	2024/25	2025/26	2026/27
	GWRL \$000	GWRL \$000	GWRL \$000
Opening equity	406,671	464,207	545,470

Shares to be issued during the year	78,315	101,932	122,473
Total comprehensive income for the year	(20,778)	(20,669)	(18,883)
Closing Equity	464,207	545,470	649,060

e. Prospective statement of cash flow from operations

As at 30 June	2024/25	2025/26	2026/27
	GWRL \$000	GWRL \$000	GWRL \$000
Cash flows from operations			
Receipts from operations	24,598	25,075	25,666
Payments to suppliers/employees	(24,349)	(25,007)	(25,582)
Interest paid	(425)	(425)	(425)
Net cash from operating activities	(177)	(357)	(340)
Cash flows from investing activities			
Purchase of Fixed Assets - Rail	(78,315)	(101,932)	(122,473)
Net cash from investing activities	(78,315)	(101,932)	(122,473)
Cash flows from financing activities			
Issue of shares	78,315	101,932	122,473
Current Account movement	177	357	340
Net cash from financing activities	78,491	102,289	122,813
Net increase/(decrease) in cash & cash equivalents	-	-	-
Cash & cash equivalents at beginning of the year	-	-	-
Cash and cash equivalents at year end	-	-	-

f. Financial Statements commentary

- The prospective statement of comprehensive income for the three-year period 2024/2025 to 2026/2027 shows deficits before tax due to depreciation and interest not being funded by Greater Wellington.
- Depreciation remains constant in 2024/25 and 2025/26, then decreases slightly in 2026/27 due to useful life of assets being reached.
- The taxation expense represents a credit from GWRL's deferred tax position.
- Equity increases by approximately \$242.3 million over the said period as a result of WRC Holdings equity injections of approximately \$302.7 million to fund GWRL capital programme. This is offset by the net deficits of approximately \$60.3 million.
- Capital expenditure is significant at approximately \$302.7 million, mainly due to Lower North Island Rail Integrated Mobility Project (LNIRIM) including Depot design & build maintenance \$234.8 million and Matangi overhauls & refurbishments \$11.1 million.

g. Performance targets

Year ended 30 June	2024/25	2025/26	2026/27
	GWRL \$000	GWRL \$000	GWRL \$000
Operating expenditure	50,685	51,159	50,083
Capital expenditure	78,315	101,932	122,473
Shareholders equity/Total assets	84.20%	86.15%	88.73%

h. Statement of Accounting Policies

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These prospective financial statements are presented in accordance with Tier 1 PBE Accounting Standards and comply with PBE Standards.

The detailed accounting policies are available in our most recent annual report as published on Greater Wellington Regional Council website.

i. Assumptions in preparing the prospective financial statements

The prospective financial statements information contained in this SOI is based on assumptions that GW Rail Limited could reasonably expect to occur in the future based on information that was current at the time this SOI was prepared. Actual results are likely to vary from the information presented and variations could be material.

There will be no changes to key legislation affecting the company's activities.

Asset lives are in accordance with the company's Accounting Policies.

14. Attachment – Statement of Expectations from Council (December 2023)

By email

12 December 2023

Chris Kirk-Burnnand
Chair, WRC Holdings Limited
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Tēnā koe Chris

WRC Holdings Limited - Statement of Expectations 2024/25

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 2024/25 to 2026/27. 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 WRC Holdings Group.

The draft SOI is due to Council by 1 March 2024. We will then consider this document and provide feedback by 1 May 2024 to allow the document to be finalised before 30 June 2024.

Enduring expectations

Our enduring expectations are that WRCHL:

- meets best practice governance standards
- is aligned with Council’s emerging Long Term Plan (LTP) 2024-34 strategic framework, with the four focus areas acting as a guide for WRCHL in developing its SOI:
 - Active partnerships with mana whenua and improved outcomes for Māori
 - Leading action for climate resilience and emissions reduction
 - Holistic approaches to deliver improved outcomes for te taiao
 - Improved access to services and equitable outcomes for communities.
- is aligned with Council’s specific objectives for WRCHL, as set out in the LTP 2021-2031, to:
 - Support Greater Wellington’s strategic vision
 - Operate successful, sustainable and responsible businesses
 - Manage its assets prudently
 - Where appropriate, provide a commercial return.
- reflects the overarching principles of Te Whāriki (Greater Wellington’s Māori Outcomes Framework) by proactively engaging mana whenua in decision making and incorporating te ao Māori and mātauranga Māori perspectives, so we can achieve the best outcomes for Māori across all aspects of our region

- maintains an ongoing focus on health and safety, particularly regarding the management of critical risks and controls
- follows robust processes at a governance level to identify and manage risks
- reflects Council's expectations that Council Organisations pay the Living Wage and mitigate the risk of modern slavery in their commercial activities
- ensures legislative compliance, and
- operates under a 'no surprises' policy with Council.

In addition to these enduring expectations, we have set out our specific expectations for the SOI for 2024/25 to 2026/27.

Governance

In support of the enduring governance expectations set out above, we ask that a performance review take place of the overall WRCHL Board, individual directors and the Board Chair, on an annual basis going forward. The next board performance review during the 2024/25 year should include (but not be limited to):

- eight elements of effective governance (<https://oag.parliament.nz/good-practice>)
- management of conflicts of interest
- quality of reporting
- how te ao Māori is considered within decision-making
- a review of the board skills matrix, with te ao Māori included on the skills matrix.

On completion of this review, Council should receive an update that describes the form the review took and the outcomes of it. Council would also like to receive a copy of the skills matrix, reviewed annually, by 30 September each year.

Financial considerations

The LTP anticipates a continued revenue stream from dividend payments and these need to continue to be factored into the SOI. WRCHL should work with its subsidiaries to see how it can increase its level of profitability and dividend stream.

Developing a new Investment Strategy

WRCHL own a significant portion of investment on behalf of Council. The WRCHL Board have previously considered their ownership and strategic objectives and we wish for further work in this area to be undertaken. To this end, we ask that WRCHL develop a new Investment Strategy to maximise returns to Council and to ensure that potential opportunities are maximised for the benefit of the Wellington region, and report back to Council on this in 2024.

Public Transport assets

We expect that WRCHL and Greater Wellington Rail Limited (GWRL) will:

- maintain awareness of the potentially expanding asset portfolio, with regard to the procurement of rail rolling stock (Lower North Island Rail Integrated Mobility) and Council's draft Asset Control Strategy
- maintain awareness of the risks associated with the rail network assets - given their criticality to both the CentrePort business, as well as to the rail assets and services provided by Metlink.

Performance reporting

We expect that WRCHL will review and seek continuous improvement of its performance measures in its 2024/25 SOI. Council will continue to require quarterly updates from WRCHL to ensure we have a good understanding of performance against the SOI. These updates should also focus on strategic issues facing the WRCHL and how these are being managed.

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 WRCHL is aware of and seeking assurance that key critical risks across both GWRL and CentrePort are appropriately managed, 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, WRCHL should look to support and align to Council's regional projects, including the implementation of the Regional Economic Development Plan.

A continuing emphasis on emissions reductions

Council expects to see the importance of carbon reduction planning emphasised to WRCHL's subsidiaries. We note that CentrePort's activities are already well aligned with key outcomes sought by recent National Freight and Supply Chain Strategy, including zero emissions, resilience, productivity and efficiency, safety and sustainability. Please let us know if you believe Council's support and assistance to engage with wider stakeholders would be helpful to WRCHL.

If you have any need for clarification on the above matters, then please feel free to contact me at the soonest opportunity. We look forward to receiving your draft SOI by 1 March 2024. In accordance with section 64B of the Local Government Act 2002, this letter will be published on Greater Wellington's website.

Nāku noa, nā

Daran Ponter
Chair - Wellington Regional Council