



Report 10.353
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Author Council
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WRC Holdings Group final Statement of Intent

1. Purpose

To receive the final Statement of Intent (SOI) of WRC Holdings Limited (WRCH).

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

The Council considered the draft SOI for WRCH at their meeting on 4 March 2010 and did not request any changes.

The final SOI has subsequently been updated due to CentrePort updating its Statement of Corporate Intent (SCI). These resulted from requested amendments by WRC Holdings and an update of the financial projections by CentrePort.

4. Changes from the draft SOI

The changes can be divided into two categories, the words and the numbers.

4.1 Changes to the words

Changes made to CentrePort SCI flowing through to this SOI:

- Environmental and Social performance targets – section 4.1.2(a). The words after ‘growth’ have been added
- Section 4.1.2(b) has been updated to incorporate comment on the Wellington Regional Strategy
- The financial commentary in section 6.2 has been updated to reflect the changes in CentrePort’s financial budget.

The issues facing the Group have been updated in section 7, in particular:

- Section 7.1 has been updated from information provided by CentrePort
- Section 7.2 'Issues facing Pringle House' has been updated to reflect that Greater Wellington has renewed its lease for an extended term and is no longer an issue
- Section 7.4 has been added and discusses the risks facing Port Investments Limited in respect of the dividends from CentrePort
- Section 8.2 updates Centerport's dividend policy which is now based on a percentage range of net profit after tax.

4.2 Changes to the numbers

4.2.1 Pringle House

Some minor adjustments to the operational numbers emanating from updated information.

4.2.2 Port Investments

Increase in the dividend in years 2011/12 and 2012/13 from CentrePort.

4.2.3 Greater Wellington Rail

Update on the timing of the grants and depreciation on the new Matangi Trains. There is no impact on the income statement.

4.2.4 WRC Holdings

Increased dividend from PIL in years 2011/12 and 2012/13.

Performance Targets

	2010/11 (\$000)	2011/12 (\$000)	2012/13 (\$000)
Surplus before tax - Final	11,471	12,928	13,608
<i>Surplus before tax – Draft</i>	7,370	7,582	8,358
Surplus after tax- Final	6,983	8,029	8,390
<i>Surplus after tax – Draft</i>	4,001	3,957	4,346
Earnings before interest and tax- Final	37,327	43,198	50,259
<i>Earnings before interest and tax – Draft</i>	35,916	42,082	48,510
Return on total assets - Final	4.81%	4.14%	3.83%
<i>Return on total assets- Draft</i>	4.50%	3.81%	3.53%
Return on shareholder equity - Final	3.09%	3.17%	2.99%
<i>Return on shareholder equity – Draft</i>	1.40%	1.17%	1.19%
Dividends – Final	940	1,022	1,210
<i>Dividends- Draft</i>	966	646	514

The increases are due to improved contributions from CentrePort. The draft SOI was based on a preliminary draft budget from CentrePort. This has now been finalised resulting in a significantly improved budget.

5. Communications

No communications are necessary.

6. Recommendations

That the Council:

1. ***Receives the report.***
2. ***Notes the content of the report.***

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Barry Turfrey
Chief Financial Officer

Attachment 1: Final WRC Holdings Group Statement of Intent