

Statement of Intent
WRC HOLDINGS
For the year ending 30 June 2022

1. Introduction

WRC Holdings (Holdings) is a Council-Controlled Trading Organisation owned by Greater Wellington Regional Council (Council). It was established to manage Council's commercial investments.

This Statement of Intent (SOI) is prepared in accordance with Section 64 and Schedule 8 of the Local Government Act 2002.

The SOI sets out the performance measures, targets, objectives and activities of Holdings and forms the major part of the companies' accountability relationship with its shareholder, Wellington Regional Council.

Council issued a Statement of Expectations to Holdings in December 2020 as prescribed in section 64b of the Local Government Act 2002. This statement has been taken into account when completing the SOI.

The group SOI includes information for Greater Wellington Rail Limited (GWRL).

2. Objectives of the Group

The primary objective of Holdings is to support Council's strategic priorities and operate a successful, sustainable and responsible business while managing its assets prudently. This is achieved by separating Council's investment and commercial assets from its public good assets.

The core role of Holdings is to impose commercial discipline on the Group's activities and produce a commercial rate of return (where appropriate) and manage within agreed levels of debt to equity.

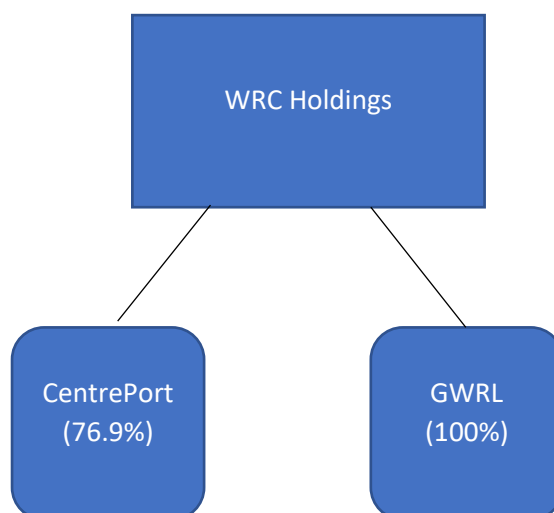
Holdings provides a structure that allows independent external directors with commercial backgrounds to provide advice and expertise at the governance level.

3. Governance

Holdings is governed by a board of seven directors all of whom are appointed by the shareholder, Council. 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.

The Holdings Board meets regularly to conduct the business of the organisation. Holdings reports on its activities to the shareholder through formal quarterly reports, annual reports and through the SOI process. The Holdings structure at 01 July 2021 is illustrated in Figure 1.

Figure 1



The Holdings Board will be undertaking a self-assessment as the first stage in providing an analysis of where the board's future needs and development potential lie. Further information will be provided to Council in advance of consideration of future directors.

a. Greater Wellington Rail Limited

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

b. CentrePort Limited

Holdings own 76.9% of the shareholding in CentrePort Limited. The remaining shareholding is held by MWRH Limited.

The current directors of Holdings / GWRL are

Director	Appointed	Current term expiry
Prue Lamason (Chair)	November 2010	November 2022
Roger Blakeley	November 2016	November 2022
Glenda Hughes	November 2019	November 2022
Chris Kirk-Burnnand	November 2019	November 2022
Nick Leggett *	October 2017	December 2023
Helen Mexted*	June 2019	June 2022
Nancy Ward *	June 2019	June 2022

*Independent Directors

All CentrePort directors are independent and external of Council. CentrePort directors are appointed in accordance with the Port Companies Act and the company constitution.

4. Health, Safety and Wellbeing

GWRL

The holdings board takes an active interest in the ongoing maintenance program 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

As a major employer in the Wellington region CentrePort continues to work towards reducing the number of Lost Time Injuries at the Port and creating a culture of engagement around Health, Safety and Wellbeing as measured in staff engagement surveys. Specific wellbeing initiatives are being delivered and are detailed in CentrePort's own Statement of Corporate Intent, including the opening of an on-site gym for Port Staff.

The Holdings board takes an active and engaged role in the health and safety of employees and customers at all its sites and operations and has an annual health and safety work program.

5. COVID-19

COVID-19 has impacted the performance and operation of CentrePort and the rail network. This has created a degree of uncertainty over commercial practices, including the potential for further alert level lockdown on working conditions. Across the group we remain alert and aware of the uncertain outlook for the next three years regarding COVID or other pandemics. One of the main priorities through the COVID-19 pandemic has been to ensure the health, wellbeing and safety of staff and customers as we all work safely together.

6. CentrePort Regeneration

The 2016 earthquake caused widespread damage to the Port, but it has also provided an opportunity to transform the business. A significant amount of planning work has been undertaken by CentrePort to evaluate its strategic choices and its wider regeneration strategy.

The board of Holdings commissioned an independent economic assessment which supported its initial assessment of a regeneration programme that would develop and enhance a full service port. The regeneration investment strategy has been endorsed in principle by the board, and initial business cases around the port berth reinstatement, to take it back to its pre-earthquake capacity and for the Seaview wharf renewal have been approved. Individual business cases will be presented for further investments as part of the regeneration.

7. Reporting Framework

The Holdings Board will provide quarterly reports to Council, which will include reporting against the performance measures, a summary of the activities and a strategic overview of the coming quarter for the board.

In addition the board will provide statutory reporting including the delivery of a half-yearly report by 28 February 2022, an annual report for the year by 30 September 2022 and a draft Statement of Intent by 01 March 2022.

The board will continue to report on matters that arise outside of these reporting timeframes on the basis of no-surprises.

8. Statement of Strategic Intent

In responding to the challenge of the port regeneration and developing responses to the governance of the group, highlighted by the Boardworks report, Holdings has created a Statement of Strategic Intent with regards to the Port. This was developed in late 2019 and

provides five 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
Strategic	Deliver Open Access to Service Operations to all Port Users and Other Stakeholders

9. Relationship with Mana Whenua

As well as complimenting cultural awareness through the organisations, with CentrePort undertaking cultural competency and Maori language training, the Holdings board will look through the year to identify opportunities to deliver on the Maori Outcomes Framework now adopted by Council.

10. Carbon Neutrality

CentrePort has a target of net zero emissions by 2040, with a 30% 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.

The continued expansion and growth of the rail network contributes to the reduction of the regions carbon footprint.

11. GWRL

12. Nature and Scope of Activities

GWRL is responsible for asset management, procurement and stewardship through a management contract with Council. Operational delivery of the service is the responsibility of Council via a long term performance based contract with Transdev Wellington.

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
- 48 Railway stations

14 Pedestrian over-bridges

11 Pedestrian underpasses

A range of carpark, station improvements and ancillary rail related assets.

Key Activities & Initiatives	
Maintenance	Deliver train maintenance services, within approved budgets, through an operations and maintenance contract, while ensuring that train condition and performance is maintained throughout the assets life.
	Deliver rail station infrastructure cleaning and maintenance, within approved budgets, through various contracts ensuring asset condition does not deteriorate.
Renewal	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 programme, to improve overall asset condition and performance, in accordance with the asset investment priority framework
Security	Continue to expand the installation of CCTV cameras across all Metlink Park & Ride facilities, and upgrade original analogue equipment.
Smarter Connections	Expand connection options to and from our stations to include active and other modes, in accordance with the Smarter Connections Strategy Framework
Seismic Strengthening	Undertake seismic strengthening works on a number of earthquake prone pedestrian foot bridges and subways, and station buildings, in accordance with the agreed risk profile
Signage	Complete installation of station way finder signage, which includes an electronic sign to indicate if trains are replaced by buses.

13. Non-financial performance targets

Operational Performance Targets for GWRL are set within the context of councils Asset Management Plan and councils Long Term Plan. The performance indicators reflect the third year of the Long Term Plan.

Level of Service	Current	2020/21 Target	2021/22 Target	2022/23 Target	Target (by end of 2021-31 LTP)
CUSTOMER SATISFACTION WITH RAIL ASSETS					
Percentage of passengers who are satisfied with their current trip	95%	≥92%	≥93%	≥93%	
Percentage of customers who are satisfied with the condition of the station	90%	≥90%	≥91%	≥92%	≥96%

Percentage of customers who are satisfied with the inside temperature of vehicles	93%	≥93%	≥93%	≥93%	≥93%
Percentage of passengers who are satisfied with the condition of the vehicle fleet	97%	≥92%	≥92%	≥92%	≥92%
Percentage of passengers who are satisfied with overall station	96%	≥91%	≥92%	≥92%	
Percentage of passengers who are satisfied with the cleanliness of the station	89%	≥90%	≥90%	≥91%	≥92%
Percentage of passengers who are satisfied with provision of shelter from weather at shelter/station	83%	≥83%	≥83%	≥84%	≥85%
Percentage of customers who are satisfied with their personal safety at station	92%	≥92%	≥93%	≥93%	≥95%
Percentage of passengers who are satisfied with information about service delays or disruptions	71%	≥71%	≥72%	≥73%	≥75%
ROLLING STOCK - ASSET MANAGEMENT					
Matangi - Mean distance between failure	71,636	≥40,000km	≥40,000km	≥40,000km	
Carriage - Mean distance between failure	116,502	≥80,000km	≥80,000km	≥80,000km	

Level of Service	Current	2020/21 Target	2021/22 Target	2022/23 Target
RAIL FIXED ASSET - ASSET MANAGEMENT				
Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	60%	64%	72%	72%
Percentage of stations with CCTV coverage	96%	98%	98%	98%
Average condition grade of:				
Station buildings and shelters:	1.6	≤2.5	≤2.5	≤2.5
Structures (pedestrian subways & bridges):	1.6	≤2.5	≤2.5	≤2.5
Park & Ride:	2.2	≤2.5	≤2.5	≤2.5
Percentage of assets in condition grade 4 (Poor) or worse				

Station buildings and shelters:	4%	≤5%	≤5%	≤5%
Structures (pedestrian subways & bridges):	10%	≤10%	≤9%	≤8%
Park & Ride:	10%	≤10%	≤9%	≤8%

14. Financial information

a. Shareholder Funds to Assets

2022	2023	2024
82.8%	83.9%	85.1%

b. Prospective statement of comprehensive income

Year ended 30 June \$000	2021/22 GWRL	2022/23 GWRL	2023/24 GWRL
Operating grant income from Council	14,995	14,893	15,765
Rental income	6,357	6,452	6,639
Other revenue	67	68	70
Total revenue	21,419	21,413	22,474
Interest expense	70	70	70
Depreciation & amortisation	19,134	17,647	18,594
Vehicle services	12,542	12,330	13,236
Other expenditure	8,877	9,083	9,238
Total expenditure	40,623	39,130	41,138
Surplus/(deficit) before tax	(19,204)	(17,717)	(18,664)
Taxation expense (credit)	(5,377)	(4,961)	(5,226)
Total comprehensive income	(13,827)	(12,756)	(13,438)

c. Prospective statement of financial position

As at 30 June \$000	2021/22 GWRL	2022/23 GWRL	2023/24 GWRL
<u>Prospective statement of financial position</u>			
Opening equity	382,617	386,445	391,714
New equity	17,655	18,024	27,045
Total comprehensive income	(13,827)	(12,756)	(13,438)
Closing equity	386,445	391,714	405,321
Equity applicable to parent	386,445	391,714	405,321
Closing equity	386,445	391,714	405,321

Cash & cash equivalents	0	0	0
Current assets	294	294	308
Non-current assets	463,132	463,510	471,961
Total assets	463,426	463,804	472,269
Current liabilities	3,704	3,774	3,859
Non-current liabilities	73,276	68,315	63,089
Total liabilities	76,980	72,090	66,949
Net assets	386,446	391,714	405,321

d. Prospective statement of changes in equity

As at 30 June \$000	2021/22 GWRL	2022/23 GWRL	2023/24 GWRL
<u>Prospective statement of changes in equity</u>			
Opening equity	382,617	386,445	391,714
Shares to be issued during the year	17,655	18,024	27,045
Total comprehensive income for the year	(13,827)	(12,756)	(13,438)
Closing Equity	386,445	391,714	405,321

e. Prospective statement of cash flow

Prospective statement of cash flow

Cash flows from operations

Receipts from operations	21,157	21,413	22,596
Payments to suppliers/employees	(21,450)	(21,413)	(22,459)
Interest paid	(70)	(70)	(70)
Net cash from operating activities	(363)	(70)	67

Cash flows from investing activities

Purchase of Fixed Assets - Rail	(17,655)	(18,024)	(27,045)
Net cash from investing activities	(17,655)	(18,024)	(27,045)

Cash flows from financing activities

Issue of shares	17,655	18,024	27,045
Current Account movement	363	71	(66)
Net cash from financing activities	18,018	18,095	26,979

Net increase/(decrease) in cash & cash equivalents	-	-	-
Cash & cash equivalents at beginning of the year	0	0	0
Cash and cash equivalents at year end	0	0	0

f. Financial Statements commentary

- The statement of comprehensive income (2021/2022 to 2023/2024) shows deficits after tax due to depreciation and interest not being funded.
- The depreciation decreases in 2022/23 due to some assets reaching end of life and increases thereafter as the company progresses the capex programme.
- The taxation credit/income represents GWRL having a tax credit from deferred tax.
- Equity increases by \$23 million over the period (2021/22 to 2023/24). This results from Holdings equity injections to fund GWRL capex of \$63 million. This is offset by the net deficits of \$40 million.
- Capital expenditure is significant at \$63 million, mainly due to GWRL capex programme (Matangi overhauls \$17 million, infrastructure improvements \$17 million & Wairarapa Carriage Replacement projects \$14 million), over the three year period.

g. Performance targets

Year ended 30 June	2021/22	2022/23	2023/24
\$000	GWRL	GWRL	GWRL
Operating expenditure	40,623	39,130	41,138
Capital expenditure	17,655	18,024	27,045
Shareholders equity/Total assets	82.8%	83.9%	85.1%

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.

15. WRC Holdings

16. Nature and Scope of Activities

a. WRC Holdings

WRC Holdings is the holding company for investment in GWRL and CentrePort. CentrePort produces a Statement of Corporate Intent as required under by the Port Companies Act 1988. CentrePort's activities include the ownership and operation of port infrastructure, shipping and logistical services and operational services related to the port facility. WRC Holdings monitors the performance of CentrePort through regular reporting and presentations. WRC Holdings appoints and approves the board members and has issued its own Statement of Expectations to CentrePort for the 2022 year.

b. CentrePort

CentrePort is at the heart of New Zealand's freight and transport system and is a key strategic asset for central New Zealand. It facilitates economic growth and trade throughout the region. Ensuring the port is sustainable and recognising our part in the guardianship of Wellington Harbour (Te Whanganui a Tara) are major drivers for our activities and will continue to be as CentrePort looks to the future in its Regeneration Plan.

CentrePort's Regeneration Plan is central to the way it conducts its business. It aims to deliver a 21st century logistics asset that benefits the economy and connects with the city and the region.

Operational performance measures for CentrePort are set within the Statement of Corporate Intent. The draft measures are included below

	Objective	Performance Measure	FY20 Target	FY20 Result	FY20 Result Status	Performance targets		
						FY22	FY23	FY24
Our Community	Strengthen Iwi relationships	Formal relationships with Taranaki Whanui ki Te Upoko o Te Ika (Port Nicholson Block Settlement Trust) and Ngati Toa Rangatira mana whenua iwi			New Measure	Agreed protocol or MOU with Iwi for ongoing partnership	Ongoing partnership	Ongoing partnership
	Engagement with stakeholders on Major Regeneration Initiatives	Engagement with Environmental Consultative Committee meeting frequency			New measure	Engagement plans for all major initiatives. 3 meetings per annum	3 meetings per annum	3 meetings per annum
Our People	A zero-harm workplace	Lost Time Injury Frequency (per 200,000 hours worked)	3.5	2.69	Achieved	≤ 2.6	≤ 2.5	≤ 2.4
		Lost Time Injury Severity (per 200,000 hours worked)	10	8.0	Achieved	≤ 8	≤ 7.75	≤ 7.5
		bSafe reports (incidents and near miss reports)	>900p.a.	1,059	Achieved	1,080	1,130	1,180
	Improve health and safety, staff wellbeing and engagement at work	Health & Safety and employee engagement culture surveys – score improving every survey (18 months)			New Measure	Improvement on FY20 result	No survey	Improvement on FY22 result
	Increase gender diversity	Proportion of females employed by CentrePort			New Measure	Increase on 2021	Increase on 2022	Increase on 2023

	Objective	Performance Measure	FY20 Target	FY20 Result	FY20 Result Status	Performance targets		
						FY22	FY23	FY24
Our Customers	Improved productivity across port	Gross crane rate (as measured by Ministry of Transport)		24.9	New Measure	28.0	30.0	32.0
	Manage the safety of marine activities	Operate in accordance with the current Port and Harbour Marine Safety Code (PHSC)	No breaches of the PHSC	No breaches of the PHSC	Achieved	Compliant with standard	Compliant with standard	Compliant with standard
		Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete	Achieved	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete
Our Environment	Operate in a sustainable manner	Net zero emissions by 2040. 30% emission reduction by 2030 relative to 2019 (excluding growth)	FY19 base year 4,435 CO2 tonnes		New Measure	7% reduction on base year, excluding growth	9% reduction on base year excluding growth	11% reduction on base year excluding growth
Investments	Financial performance ¹	Group EBITDA	\$21.2m	\$22.8m	Achieved	\$23.9m	\$29.7m	\$32.5m
		Underlying Net Profit After Tax	\$12.6m	\$14.7m	Achieved	\$10.4m	\$12.8m	\$13.0m
		Underlying NPAT Return on Group Equity	3.6%	3.9%	Achieved	2.3%	2.9%	2.9%
		Dividend	\$5.0m	\$5.0m	Achieved	\$21.0m	\$6.0m	\$6.0m

17. Financial Information

a. Shareholder Funds to Assets

2022	2023	2024
73.6%	80.3%	76.9%

b. Prospective statement of comprehensive income

Year ended 30 June	2021/22	2022/23	2023/24
\$000	WRCH GROUP	WRCH GROUP	WRCH GROUP
Operating grant income	14,995	14,893	15,765
Rental income	6,357	6,452	6,639
Interest income	2,136	1,255	923
Other revenue	70,081	80,301	84,767
Total revenue	93,791	102,901	108,094
Interest expense	383	798	1,258
Depreciation & amortisation	29,815	30,476	33,226
Other expenditure	71,402	73,892	75,004
Total expenditure	101,822	105,166	109,488
Surplus/(deficit) before tax	(8,031)	(2,265)	(1,394)
Taxation expense (credit)	(1,628)	(139)	(341)
Total comprehensive income	(6,403)	(2,126)	(1,053)
Comprehensive income applicable to non-controlling interest	1,828	2,580	2,991
Total comprehensive income applicable to parent	(8,231)	(4,706)	(4,044)

c. Prospective statement of financial position

As at 30 June	2021/22	2022/23	2023/24
\$000	WRCH GROUP	WRCH GROUP	WRCH GROUP
<u>Prospective statement of financial position</u>			
Opening equity	787,307	793,074	803,587
Opening equity non-controlling interests	(102,163)	(102,606)	(103,801)
New equity	17,655	18,024	27,045
Total comprehensive income applicable to parent	(8,231)	(4,706)	(4,044)
	694,568	703,786	722,788
Dividends distributed	(4,100)	(4,000)	(4,000)
Closing Equity Non-controlling interest	102,606	103,801	105,407
Closing equity	793,074	803,587	824,195
Equity applicable to parent	690,468	699,786	718,787
Non-controlling interest	102,606	103,801	105,408
Closing equity	793,074	803,587	824,195
Cash & cash equivalents	132,214	55,406	50,257
Current assets	21,761	22,352	22,411
Non-current assets	761,291	872,089	969,685
Investment property	61,289	61,289	61,289
Investments	190	570	970
Total assets	976,746	1,011,706	1,104,612
Current liabilities	17,696	18,249	18,925
Borrowings	44,000	44,000	44,000
Non-current liabilities	121,976	145,870	217,492
Total liabilities	183,672	208,120	280,417
Net assets	793,074	803,587	824,195

d. Prospective statement of changes in equity

As at 30 June \$000	2021/22 WRCH GROUP	2022/23 WRCH GROUP	2023/24 WRCH GROUP
<u>Prospective statement of changes in equity</u>			
Opening equity	787,307	793,074	803,587
Shares to be issued during the year	17,655	18,024	27,045
Total comprehensive income for the year	(6,403)	(2,126)	(1,053)
Dividend to be paid - Equity holders	(4,100)	(4,000)	(4,000)
Dividend to be paid - Non controlling Interests	(1,385)	(1,385)	(1,385)
Closing Equity	793,074	803,587	824,195
Total comprehensive income attributed to:			
Equity holders - Parent	(8,231)	(4,706)	(4,044)
Non - controlling interest	1,828	2,580	2,991
Total comprehensive income for the year	(6,403)	(2,126)	(1,053)

e. Prospective statement of cash flow

As at 30 June \$000	2021/22 WRCH GROUP	2022/23 WRCH GROUP	2023/24 WRCH GROUP
<u>Prospective statement of cash flow</u>			
Cash flows from operations			
Receipts from operations	110,035	123,965	133,621
Interest received	1,952	1,255	923
Payments to suppliers/employees	(92,572)	(97,237)	(101,849)
Taxes paid	(3,732)	(5,348)	(5,300)
Interest paid	(467)	(660)	(1,119)
Net cash from operating activities	15,216	21,975	26,275
Cash flows from investing activities			
Purchase of Fixed Assets - Rail	(17,655)	(18,024)	(27,045)
Development - Port and property	(97,088)	(123,091)	(103,622)
Net cash from investing activities	(114,743)	(141,115)	(130,667)
Cash flows from financing activities			
Borrowings	5,000	30,000	78,000
Dividends paid	(5,485)	(5,385)	(5,385)
Issue of shares	17,655	18,024	27,045
Current Account movement	150	(5)	(110)
Lease Payments	(348)	(303)	(307)
Net cash from financing activities	16,973	42,332	99,244
Net increase/(decrease) in cash & cash equivalents	(82,555)	(76,808)	(5,148)
Cash & cash equivalents at beginning of the year	214,769	132,214	55,406
Cash and cash equivalents at year end	132,214	55,406	50,258

f. Financial Statements commentary

- The statement of comprehensive income (2021/2022 to 2023/2024) shows deficits after tax relating to the surplus from Centre Port being insufficient to offset the deficit from GWRL. GWRL has deficits due to depreciation not being funded.
- Interest income is declining as Centre Port runs down its cash from insurance proceeds and invests the funds in capital expenditure. The interest income is also low due to the prevailing interest environment.
- The depreciation increases as both Centre Port and GWRL invest in their rebuild and capex programmes respectively.
- The taxation credit / income represents the difference between Centre Port paying tax and GWRL having a tax credit from deferred tax.
- Equity increases by \$37 million over the period (2021/22 to 2023/24) mainly due to Council equity injections to fund GWRL capex of \$63 million partially offset by cumulative dividends of \$12 million and cumulative losses of \$17 million.
- Capital expenditure for the Group is significant at \$387 million, mainly due to GWRL capex programme (Matangi overhauls \$17 million, infrastructure improvements \$17 million & Wairarapa Carriage Replacement projects \$14 million) and the Port rebuild \$324 million.
- The reducing cash balances in the statement of cash flows represent funds Centre Port has on deposit from its insurance proceeds which will be used to invest in the capital expenditure programme.

g. Financial Performance targets

Year ended 30 June \$000	2021/22 WRCH GROUP	2022/23 WRCH GROUP	2023/24 WRCH GROUP
Earnings before Interest Tax & depreciation	20,031	27,754	32,167
Surplus/(deficit) before tax	(8,031)	(2,265)	(1,394)
Surplus/(deficit) after tax	(6,403)	(2,126)	(1,053)
Return on average assets (EBIT) - Performance indicator	-1.0%	-0.3%	-0.1%
Return on shareholder equity (NPAT)	-0.8%	-0.3%	-0.1%
Shareholders equity/Total assets	73.6%	80.3%	76.9%
Dividend distribution	4,100	4,000	4,000

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 0.53% for 2021/22, 0.63% for 2022/23 and 0.68% for the 2023/24 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.

