

By email

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Tēnā koe Chris

WRC Holdings Limited - Statement of Expectations 2025/26

This letter sets out a statement of our expectations (including our enduring expectations in Appendix 1), as the shareholder in WRC Holdings Limited (WRCHL), as you begin drafting the Statement of Intent (SOI) for 2025/26 to 2027/28. 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 Greater Wellington Regional Council (the Council) by 1 March 2025. We will then consider this document and provide feedback by 1 May 2025 to allow the document to be finalised before 30 June 2025.

Continued focus on optimising return on investment

The Long Term Plan 2024-2034 (LTP) anticipates a continued revenue stream from dividend payments and this needs to continue to be factored into the SOI. WRCHL should continue to work with its subsidiaries to see how it can increase its level of profitability and dividend stream.

Council, as shareholder of WRC Holdings, considers CentrePort to be a strategic asset and a long-term investment. Council considers the ability to integrate important outcomes (including generating a commercial rate of return, regional economic development, incorporating te ao Māori into decision making, and emissions reduction) into the development of the port as key benefits of long-term ownership in CentrePort.

Developing a new Investment Strategy

Thank you for keeping us updated on the development of a new Investment Strategy. We encourage WRCHL to continue focusing on maximising returns for the Council and capitalising on opportunities that benefit the Wellington region. As part of this strategic approach, we support WRCHL maintaining constructive relationships with regional partners, including the potential acquisition of the minority shareholding of CentrePort held by Horizons Regional Council. Any proposed acquisition will be subject to rigorous assessment, including consideration of pricing, alignment with WRCHL's investment strategy, and approval from Council.

We look forward to receiving an update on the next steps in this process and the finalised strategy for the 2025/26 year.

Public Transport assets

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

- maintain oversight and awareness of the potential additions to the GWRL asset portfolio signalled in the Strategic Public Transport Asset Control Strategy, approved by Council in

June 2024, including the new rail rolling stock and supporting infrastructure (as part of the Lower North Island Rail Integrated Mobility project) and strategic bus infrastructure assets.

- maintain oversight of risks associated with the rail network to GWRL's rail assets, recognising their vital importance to both CentrePort's operations and Metlink's rail services.

Performance reporting

In line with other Council Controlled Organisations (CCOs), we request that WRCHL move from quarterly updates to six-monthly reporting going forward. WRCHL should continue its proactive approach to updating us on emerging strategic challenges and opportunities, and the highlighting of any matters requiring Council attention in keeping with the 'no surprises' policy.

Health and Safety

The health, safety, and wellbeing of our workforce and residents remain paramount. We expect that WRCHL will continue to maintain awareness of, and seek assurance that, key critical health and safety risks for GWRL and CentrePort are appropriately managed. Health and safety should remain a priority in WRCHL's work programme, reflecting the Council's commitment to a safe and resilient community.

Living wage accreditation

Council decided during 2024 to become a Living Wage Employer through Living Wage Aotearoa's accreditation programme. The Council requests WRCHL's support by encouraging CentrePort to also become accredited in due course.

Regional economic development

Where appropriate, WRCHL should look to support and align to Council's regional projects, including the implementation of the Regional Economic Development Plan.

Council is supportive of the development of a specific cruise strategy to further promote the Wellington region as a premier cruise destination. Council asks that WRCHL support the efforts of CentrePort to continue to work with other stakeholders on this strategy and to consider how greater levels of certainty can be provided to the cruise sector.

A continuing emphasis on emissions reductions

Council expects WRCHL to ensure that emissions reduction is a priority across its subsidiaries.

Council recognises CentrePort's strong commitment to, and success, in reducing emissions. We look forward to CentrePort's continuing contribution to meeting our organisational and regional emissions reduction targets. Council is also very supportive of CentrePort's work to explore options for shore power and biofuels, noting this will make Wellington a more attractive destination for cruise ships and other vessels. We look forward to hearing updates on opportunities in these areas in due course. Please let us know if you believe Council's support and assistance to engage with wider stakeholders would be helpful to WRCHL and CentrePort.

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 2025. In accordance with section 64B of the Local Government Act 2002, this letter will be published on the Council's website.

Nāku noa, nā



Daran Ponter

Chair - Wellington Regional Council

Appendix 1: Enduring Expectations

ENDURING EXPECTATIONS	
Best practice governance	WRCHL is expected to meet best practice governance standards.
Alignment with the Council's strategic direction	<p>WRCHL is expected to maintain an ongoing alignment to the four focus areas in the Council's 2024-34 Long Term Plan (LTP) strategic framework:</p> <ul style="list-style-type: none"> • 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.
Alignment with the Council's specific objectives for WRCHL	<p>WRCHL is expected to maintain an ongoing alignment to the Council's specific objectives for WRCHL in the LTP 2024-34:</p> <ul style="list-style-type: none"> • Operate successful, sustainable and responsible businesses for the benefit of future generations • Impose commercial discipline on the Group's activities and generate a commercial rate of return • Manage its assets prudently • Support the Council's strategic vision.
Giving effect to Te Tiriti o Waitangi and Te Whāriki (the Council's Maori Outcomes Framework)	WRCHL should proactively engage mana whenua and incorporate te ao Māori and mātauranga Māori perspectives, into its decision-making, so we can achieve the best outcomes for Māori across all aspects of our region.
Board performance review	<p>A board performance review should take place every two years or as required, and should include (but not be limited to):</p> <ul style="list-style-type: none"> • The 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 <p>After completing the board performance review, the Council should receive a report detailing the review process and its outcomes.</p>
Health and safety	WRCHL must maintain an ongoing focus on health and safety, particularly regarding the management of critical risks and controls.
Risk management	WRCHL is expected to follow robust processes at a governance level to identify and manage risks.
Living wage and mitigating modern slavery	WRCHL should reflect the Council's expectations that Council Organisations pay the Living Wage and mitigate the risk of modern slavery in their commercial activities.
Legislative compliance	WRCHL must ensure legislative compliance with all relevant legislation.
'No surprises' policy	WRCHL is required to operate under a 'no surprises' policy with the Council. The policy operates both ways in relation to items of public interest or matters of significance, encouraging open, honest, and timely communication between both parties.