



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

If calling please ask for: Democratic Services

5 August 2019

Wellington Regional Council

Order Paper for the meeting of the Wellington Regional Council to be held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington on:

Thursday, 8 August 2019 at 1.30pm

Membership

Cr Laidlaw (Chair)

Cr Blakeley
Cr Donaldson
Cr Kedgley
Cr Lamason
Cr Ogden
Cr Staples

Cr Brash
Cr Gaylor
Cr Laban
Cr McKinnon
Cr Ponter
Cr Swain

Recommendations in reports are not to be construed as Council policy until adopted by Council

Wellington Regional Council

Order Paper for the meeting of the Wellington Regional Council to be held on Thursday, 8 August 2019 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 1.30pm.

Public Business

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greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Please note that these minutes remain unconfirmed until the meeting of the Council on 8 August 2019.

Report 19.283

25/06/2019

File: CCAB-8-2347

Public minutes of the Council meeting held on Tuesday, 25 June 2019 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington, at 9.32am.

Present

Councillors Donaldson (presiding member), Blakeley, Brash, Gaylor, Kedgley, Laban, Lamason, McKinnon, Ogden, Ponter, Staples (from 9.55am), and Swain.

Cr Donaldson (Deputy Council Chair) presided at the meeting in the absence of the Council Chair.

Public Business

1 Apologies

Moved

(Cr Lamason/ Cr Brash)

That the Council accepts the apology for absence from Cr Laidlaw, and the apology for lateness from Cr Staples.

The motion was **CARRIED**.

2 Declarations of conflict of interest

There were no declarations of conflict of interest.

3 Public participation

There was no public participation.

4 Confirmation of the Public minutes, Public Excluded minutes, and Restricted Public Excluded minutes of 13 June 2019

The presiding member advised that the grounds for considering the Public Excluded minutes of the 13 June 2019 meeting in public excluded business no longer applied, and that the minutes could be considered for confirmation in the public part of the meeting.

Moved (Cr Gaylor/ Cr Blakeley)

That the Council confirms the Public minutes of 13 June 2019, Report 19.257, the Public Excluded minutes of 13 June 2018, Report 19.259 and the Restricted Public Excluded minutes of 13 June 2019, Report 19.260.

The motion was **CARRIED**.

5 Confirmation of the minutes of the Annual Plan 2019/20 Hearing Committee meeting

Moved (Cr Brash/ Cr Blakeley)

That the Council confirms the minutes of Annual Plan 2019/20 Hearing Committee meeting, Report 19.240.

The motion was **CARRIED**.

Strategy/Policy/Major Issues

6 Report of the Annual Plan 2019/20 Hearing Committee on the draft Annual Plan 2019/20, proposed change to the Revenue and Financing Policy, and the proposed Resource Management Charging Policy

Report 19.218

File:CCAB-8-2274

Moved (Cr Brash/ Cr Lamason)

That the Council:

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Agrees to the finalisation of the Resource Management Charging Policy, without amendment to the proposed policy issued for public consultation.*
- 4. Agrees to the finalisation of the Revenue and Financing Policy, without amendment to the draft policy issued for public consultation.*
- 5. Agrees to the finalisation of the Annual Plan 2019/20, incorporating the matters set out in the consultation document for the Annual Plan 2019/20.*

The motion was **CARRIED**.

7 Report to adopt the Annual Plan 2019/20, Revenue and Financing Policy, and the Resource Management Charging Policy

Report 19.270

File:CCAB-8-2319

Moved

(Cr Gaylor/ Cr Ponter)

That the Council:

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Adopts the Resource Management Charging Policy.*
- 4. Adopts the Revenue and Financing Policy.*
- 5. Adopts the Annual Plan 2019/20.*
- 6. Agrees to undertake a comprehensive review of the Revenue and Financing Policy in the next triennium.*
- 7. Delegates to the Chair the ability to make minor editorial changes to the Annual Plan and Policies prior to publication to correct errors and improve public understanding.*
- 8. Authorises the Chief Financial Officer to enter into any debt facilities, or borrowing that are required to implement the Annual Plan for the 2019/20 year that are in accordance with the Council's Treasury Management Policy.*

The substantive motion was **CARRIED**.

Moved as an amendment (to part replace part 6 of the motion) (Cr Swain/ Cr Ogden)

- 6. Agrees to undertake a comprehensive review of the Revenue and Financing Policy in the next triennium in conjunction with a work programme prioritisation exercise.*

The amendment was **CARRIED**, and became part of the substantive motion.

The substantive motion was put to the vote and was **CARRIED**.

Noted: Cr Staples arrived at the meeting at 9.55am during debate of the above item.

Noted: Cr Ogden requested that his vote against the substantive motion be recorded.

8 Setting of the Wellington Regional Council rates 2019/20

Report 19.281

File: CCAB-8-2340

Moved

(Cr Blakeley/ Cr Ponter)

That the Council:

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

3. Sets, pursuant to the Local Government (Rating) Act 2002, the rates as set out below for the period commencing 1 July 2019 and concluding on 30 June 2020. All dollar amounts in this resolution are exclusive of Goods and Services Tax (GST) and notes that GST will be added to these amounts at the prevailing rate at the time of supply.

a. General rate

A general rate set under section 13(2)(a) of the Local Government (Rating) Act 2002 as an amount in the dollar of capital value on each rateable rating unit as follows:

General rate	2019/20 Cents per \$ of rateable capital value	2019/20 Revenue required \$
Wellington city - CDB	0.05407	5,363,235
Wellington city - Business	0.04135	1,925,662
Wellington city - Residential	0.03180	18,351,602
Wellington city - Rural	0.03180	254,615
Hutt city	0.04125	8,905,204
Upper Hutt city	0.04240	3,509,895
Porirua city	0.04073	4,253,553
Kāpiti Coast district	0.03633	5,433,613
Masterton district	0.03662	2,184,058
Carterton district	0.03653	1,001,560
South Wairarapa district	0.03626	1,663,512
Tararua district	0.03809	4,065
Total general rate		52,850,574

Hutt city refers to the local government administrative area of Lower Hutt City.

b. Targeted rate: Public transport

The following differential targeted rate is set under section 16(3)(b) and section 16(4)(b) of the Local Government (Rating) Act 2002 as an amount in the dollar of capital value on each rateable rating unit as follows:

Targeted rate	2019/20	2019/20
Public transport rate	Cents per \$ of	Revenue required
	rateable capital	\$
	value	
Wellington city		
Regional CBD	0.24603	24,405,220
Business	0.03269	1,522,547
Residential	0.02789	16,091,016
Rural	0.00708	56,682
Hutt city		
Business	0.05929	2,259,790
Residential	0.05370	9,374,417
Rural	0.01362	43,303
Upper Hutt city		
Business	0.06475	781,199
Residential	0.06019	3,769,614
Rural	0.01524	128,328
Porirua city		
Business	0.06482	720,848
Residential	0.05930	5,161,948
Rural	0.01504	94,187
Kāpiti Coast district		
Business	0.03457	510,541
Residential excl Otaki	0.02965	3,069,352
Residential Otaki rating area	0.02349	265,434
Rural	0.00756	151,083
Masterton district		
Business	0.01859	80,662
Residential	0.01239	336,278
Rural	0.00488	137,342
Carterton district		
Business	0.02344	22,799
Residential	0.01725	150,022
Rural	0.00606	107,550
South Wairarapa district		
Business	0.02679	56,597
Residential	0.02065	286,869
Rural	0.00684	204,456
Total public transport rate		69,788,086

Hutt city refers to the local government administrative area of Lower Hutt City.

c. *Targeted rate: River management*

The following differential targeted rates are set under section 16(3)(b) and section 16(4)(b) of the Local Government (Rating) Act 2002 as an amount in the dollar of capital value or land value on each rateable rating unit as follows:

Targeted rate	2019/20	2019/20
River management rate	Cents per \$ of	Revenue required
based on capital value	rateable capital	\$
	value	
Wellington city	0.00009	63,468
Hutt city	0.02171	4,687,327
Upper Hutt city	0.00981	812,015
Porirua city	0.00046	47,787
Kāpiti Coast district	0.00905	1,354,266
Carterton district	0.00088	24,179
Total district-wide river management rate		6,989,042
Greytown ward	0.01213	94,400
Total river management rates based upon capital value		7,083,442

Hutt city refers to the local government administrative area of Lower Hutt City.

Targeted rate	2019/20	2019/20
River management	Cents per \$ of	Revenue required
	rateable land	\$
	value	
Featherston urban: Donalds Creek Stopbank	0.00163	2,667
Total river management rates based upon land value		2,667
Total river management rates		7,086,109

d. Targeted rate: Wellington regional Strategy

The following differential targeted rate is set under section 16(3)(a) and section 16(4)(b) of the Local Government (Rating) Act 2002 as an amount in the dollar of capital value or a fixed amount per rating unit on each rateable rating unit as follows:

Targeted rate		2019/20	2019/20
Wellington regional strategy rate	\$ per rating unit	Cents per \$ of rateable capital value	Revenue required \$
Wellington city			
Regional CBD		0.00778	771,961
Business		0.00778	362,455
Residential – per rating unit	\$14.00		1,007,748
Rural – per rating unit	\$28.00		22,120
Hutt city			
Business		0.00906	345,313
Residential – per rating unit	\$14.00		510,594
Rural – per rating unit	\$28.00		13,692
Upper Hutt city			
Business		0.00929	110,202
Residential – per rating unit	\$14.00		209,034
Rural – per rating unit	\$28.00		34,244
Porirua city			
Business		0.00895	99,479
Residential – per rating unit	\$14.00		244,272
Rural – per rating unit	\$28.00		17,248
Kāpiti Coast district			
Business		0.00798	117,820
Residential – per rating unit	\$14.00		293,202
Rural – per rating unit	\$28.00		70,000
Masterton district			
Business		0.00804	34,893
Residential – per rating unit	\$14.00		113,456
Rural – per rating unit	\$28.00		97,020
Carterton district			
Business		0.00802	7,803
Residential – per rating unit	\$14.00		32,928
Rural – per rating unit	\$28.00		48,804
South Wairarapa district			
Business		0.00796	16,820
Residential – per rating unit	\$14.00		44,954
Rural – per rating unit	\$28.00		79,492
Tararua district – per rating unit	\$28.00		252
Total Wellington regional strategy rate			4,705,805

Hutt city refers to the local government administrative area of Lower Hutt City.

e. Targeted rate: Warm Greater Wellington

The following targeted rate is set under section 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002 as a rate based on the extent of service provided (dollars), calculated as a percentage of the service. In the final year of payment, the rate may be the actual balance rather than a percentage of the service amount:

Targeted rate	2019/20	2019/20
Warm Greater Wellington Based on extent of service	Percentage of service provided	Revenue required \$
For any ratepayer that utilises the service	15.000%	3,209,151

f. *Targeted rate: Pest Management*

The following differential targeted rates are set under section 16(3)(b) and section 16(4)(a) of the Local Government (Rating) Act 2002 as an amount in the dollar per hectare on each rateable rural rating unit with a land area of 4 or more hectares as follows:

Targeted rate	2019/20	2019/20
Pest management	\$ per hectare	Revenue required \$
Rural land area		
Land area of 4 or more hectares in all rural classified areas	0.95798	577,200
Total pest management rate		577,200

g. *Targeted rate: River management schemes (1)*

The following targeted rates are set under sections 16(3)(b), 16(4)(b) and 146 of the Local Government (Rating) Act 2002 as an amount per hectare on each rateable rating unit in the classified scheme area as follows:

Targeted rate			
River management schemes 1		2019/20	2019/20
		\$ per hectare	Revenue required
			\$
Waingawa	A	149.74607	5,080
	B	97.33495	12,672
	C	74.87304	8,549
	D	67.38573	157
	E	59.89843	10,051
	F	52.41112	1,360
	G	22.46191	1,051
	H	14.97461	2,528
			41,448
Upper Ruamahanga	A	135.43124	12,056
	B	112.85937	744
	C	90.28749	11,265
	D	67.71562	1,193
	E	45.14375	13,393
	F	22.57187	890
	S	1,271.71035	3,306
			42,847
Middle Ruamahanga	A	133.58145	5,389
	B	111.31787	6,076
	C	89.05430	455
	D	66.79072	7,561
	E	44.52715	1,343
	F	22.26357	6,582
	S	1,347.14362	2,829
			30,235
Lower Ruamahanga	A	64.27079	8,064
	B	55.08925	2,966
	C	45.90771	10,282
	D	36.72617	11,698
	E	27.54463	8,911
	F	18.36308	22,482
	SA	1,611.57080	4,190
	SB	805.78551	1,370
			69,963

Targeted rate		2019/20	2019/20
River management schemes 1		\$ per hectare	Revenue required \$
Waiohine Rural	A	46.75400	5,259
	B	38.94400	14,916
	C	31.16300	39,828
	D	23.40400	8,695
	E	15.61400	12,468
	S	778.39400	13,233
			94,400
Mangatarere	A	35.30636	758
	B	33.77130	7,077
	C	28.61789	451
	D	25.32847	1,820
			10,105
Waipoua	A	113.70796	9,949
	B	90.96637	27,320
	C	68.22478	1,532
	D	45.48319	13,519
	SA	3,843.32915	384
	SC	2,296.90086	230
			52,934

Targeted rate		2019/20	2019/20
River management schemes 1		\$ per hectare	Revenue required
			\$
Kopuaranga	A2	122.71450	3,197
	A3	110.54410	7,617
	A4	61.45830	694
	A5	42.95090	2,479
	A6	24.54390	1,991
	B2	24.54390	1,504
	B3	22.08960	1,622
	B4	12.27250	114
	B5	8.59100	267
	B6	4.90940	590
	SA	153.57000	768
	SB	76.79000	1,075
			21,919
Lower Taueru	A	4.13994	1,687
	B	0.82799	234
	C	0.41399	74
	S	206.99719	314
			2,308
Lower Whangaehu	A	22.05553	736
	B	17.64442	1,148
	C	13.23332	720
	D	8.82221	676
	E	4.41111	769
	S	110.27765	147
			4,196
Total river management scheme rates 1			370,355

h. Targeted rate: River management schemes (2)

The following targeted rate is set under sections 16(3) (b) and 16(4)(b) of the Local Government (Rating) Act 2002 as a dollar amount per point on each rateable rating unit and in some cases a fixed charge per separately used or inhabited part of a rateable rating unit (dwelling) on any unit that has any residential use within the classified scheme area as follows:

Targeted rate		2019/20	2019/20	2019/20
River management schemes 2		\$ per dwelling	\$ per point	Revenue required
				\$
Lower Wairarapa valley	A		0.23887	690,055
Development Scheme	Sa	19.17852		7,997
	Sb	38.37169		86,797
Total river management scheme rates 2				784,849

i. Targeted rate: Catchment schemes (1)

The following targeted rates are set under sections 16(3)(b), 16(4)(b) and 146 of the Local Government (Rating) Act 2002 as an amount per hectare on each rateable rating unit in the classified scheme area as follows:

Targeted rate		2019/20	2019/20
Catchment schemes 1		\$ per hectare	Revenue required
			\$
Whareama	A	4.45921	3,190
	B	1.71893	1,637
	C	0.30085	13,711
	D	0.25781	0
	E	0.21488	3
	F	0.17184	474
			19,016
Homewood	A	1.97000	4,521
	B	1.71061	945
	C	1.55980	5,713
	D	0.22300	388
			11,566
Maungaraki	A	0.99000	3,272
	B	0.49000	1,456
			4,728
Upper Kaiwhata	A	9.80000	320
	B	4.20000	221
	C	0.62000	594
	D	0.39000	801
	E	0.27000	443
	F	0.14500	66
			2,444
Lower Kaiwhata	A	16.19000	744
	B	7.10000	315
	C	1.01901	1,181
	D	0.63858	1,890
	E	0.00000	0
	F	0.21183	74
			4,203
Catchment management scheme 1 rates			41,958

j. Targeted rate: Catchment schemes (2)

The following targeted rates are set under sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002 as an amount in the dollar of land value on each rateable rating unit in the classified scheme area as follows:

Targeted rate		2019/20	2019/20
Catchment schemes 2		Cents per \$ of	Revenue required
		rateable land	\$
		value	
Awhea-Opouawe	Land value	0.01553	10,523
Mataikona-Whakataki	Land value within scheme area	0.00523	3,885
Catchment management scheme 2 rates			14,408

k. *Targeted rate: Catchment schemes (3)*

The following targeted rates are set under sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002 as a fixed charge per separately used or inhabited part of a rateable rating unit (dwelling) on any unit that has any residential use within the classified scheme area as follows:

Targeted rate		2019/20	2019/20
Catchment schemes 3		\$ per	Revenue required
		dwelling	\$
Awhea-Opouawe	Charge per dwelling	\$114.54 / \$57.27	11,821
Maungaraki	Charge per dwelling	\$22.18	421
Mataikona-Whakataki	Charge per dwelling	\$15.30	2,668
Catchment management scheme 3 rates			14,910

l. *Targeted rate: Catchment schemes (4)*

The following targeted rate is set under sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act on any rateable rating unit in the classified scheme area as based on the area of land within the rating unit that is protected by the Council's river management activity, calculated as an amount in the dollar per metre of the rating unit's river frontage.

Targeted rate		2019/20	2019/20
Catchment schemes 4		Cents per metre	Revenue required
		of river frontage	\$
Maungaraki	River frontage	0.03540	1,686
Catchment management scheme 4 rates			1,686

m. *Targeted rate: Pump drainage schemes*

The following targeted rates are set under sections 16(3)(b), 16(4)(a) and 146 of the Local Government (Rating) Act 2002 as an amount per hectare on each rateable rating unit in the classified scheme area as follows:

Targeted rate		2019/20	2019/20
Pump drainage schemes		\$ per hectare	Revenue required
			\$
Te Hopai	A	37.14400	46,304
Moonmoot pump	A	89.11500	20,294
Onoke pump	A	59.94600	42,767
Pouawha pump	A	90.42700	85,499
Total pump drainage scheme rates			194,864

n. *Targeted rate: Gravity drainage schemes*

The following targeted rates are set under sections 16(3)(b), 16(4)(a), 16(4)(b) and 146 of the Local Government (Rating) Act 2002 as an amount per hectare on each rateable rating unit in the classified scheme area as follows:

Targeted rate		2019/20	2019/20
Gravity drainage schemes		\$ per hectare	Revenue required
			\$
Okawa	A	7.14724	2,016
Taumata	A	6.43814	1,871
East Pukio	A	28.29511	3,213
Longbush	A	16.06959	3,506
Longbush	B	8.03485	1,010
Otahoua	A	33.00455	3,060
Te Whiti	A	9.73253	1,375
Ahikouka	A	27.70973	3,109
Battersea	A	15.33805	2,588
Battersea	B	12.67432	2,476
Battersea	C	9.91899	3,154
Battersea	D	5.99678	916
Battersea	E	5.12856	1,041
Battersea	F	5.17038	364
Manaia	A	23.20786	4,048
Whakawiriwiri	A	11.70593	8,438
Total gravity drainage scheme rates			42,184

2. *That the Wellington Regional Council sets the instalment dates outlined below and pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002 resolves to add penalties to unpaid rates as outlined below:*

All instalments are for an equal amount of the annual rates

a. *All rating units within Wellington City*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
-------------------	-----------------	---------------------

1	1 September 2019	6 September 2019
2	1 December 2019	6 December 2019
3	1 March 2020	6 March 2020
4	1 June 2020	8 June 2020

Additional arrears penalty

An additional 10% penalty will be imposed on any amount of rates assessed in previous years and remaining unpaid at 2 July 2019. The penalty will be added to rates on 3 July 2019. A further additional 10% penalty will be imposed on 3 January 2020 to rates from previous years to which a penalty has been added on 3 July 2019 that remain unpaid.

- b. All rating units within Lower Hutt City

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below.

Instalment	Due Date	Penalty Date
1	20 August 2019	22 August 2019
2	21 October 2019	23 October 2019
3	20 December 2019	24 December 2019
4	20 February 2020	24 February 2020
5	20 April 2020	22 April 2020
6	22 June 2020	24 June 2020

Additional arrears penalty

An additional 10% penalty will be imposed on any amount of rates assessed in previous years and remaining unpaid at 2 July 2019. The penalty will be added to rates on 22 August 2019. A further additional 10% penalty will be imposed on 24 February 2020 to rates from previous years to which a penalty has been added on 22 August 2019 that remain unpaid.

- c. All rating units within Upper Hutt City

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

Instalment	Due Date	Penalty Date
1	31 August 2019	3 September 2019
2	31 October 2019	1 November 2019
3	15 January 2020	16 January 2020
4	29 February 2020	3 March 2020
5	30 April 2020	1 May 2020

Additional arrears penalty

An additional 10% penalty will be imposed on any amount of rates assessed in previous years and remaining unpaid at 2 July 2019. The penalty will be added to rates on 5 July 2019. A further additional 10% penalty will be imposed on 7 January 2020 to rates from previous years to which a penalty has been added on 5 July 2019 that remain unpaid.

- d. All rating units within Porirua City

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
1	20 August 2019	21 August 2019
2	19 November 2019	20 November 2019
3	18 February 2020	19 February 2020
4	19 May 2020	20 May 2020

Additional arrears penalty

An additional 10% penalty will be imposed on any amount of rates assessed in previous years and remaining unpaid at 2 July 2019. The penalty will be added to rates on 21 August 2019.

- e. All rating units within Kapiti Coast District

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
1	9 September 2019	10 September 2019
2	9 December 2019	10 December 2019
3	9 March 2020	10 March 2020
4	9 June 2020	10 June 2020

Additional arrears penalty

An additional 10% penalty will be imposed on any amount of rates assessed in previous years and remaining unpaid at 2 July 2019. The penalty will be added to rates on 5 July 2019.

- f. All rating units within Masterton District

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
1	20 August 2019	21 August 2019
2	20 November 2019	21 November 2019
3	20 February 2020	21 February 2020
4	20 May 2020	21 May 2020

Additional arrears penalty

An additional 10% penalty will be imposed to any amount of rates assessed in previous years and remaining unpaid at 2 July 2019. The penalty will be added to rates on 4 July 2019.

- g. *All rating units within Carterton District*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
1	20 August 2019	21 August 2019
2	20 November 2019	21 November 2019
3	20 February 2020	21 February 2020
4	20 May 2020	21 May 2020

Additional arrears penalty

An additional 10% penalty will be imposed on any amount of rates assessed in previous years and remaining unpaid at 2 July 2019. The penalty will be added to rates on 4 July 2019.

- h. *All rating units within South Wairarapa District*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
1	20 August 2019	21 August 2019
2	20 November 2019	21 November 2019
3	20 February 2020	21 February 2020
4	20 May 2020	21 May 2020

Additional arrears penalty

An additional 10% penalty will be imposed on any amount of rates assessed in previous years and remaining unpaid at 2 July 2019. The penalty will be added to rates on 3 July 2019. A further additional 10% penalty will be imposed on 6 January 2019 to rates from previous years to which a penalty was added on 3 July 2019 that remain unpaid.

- i. *All rating units within that part of Tararua District falling within the Wellington Region.*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
<i>Current instalment</i>	<i>6 September 2019</i>	<i>8 September 2019</i>

Additional arrears penalty

An additional 10% penalty will be imposed on any amount of rates assessed in previous years and remaining unpaid at 2 July 2019. The penalty will be added to rates on 2 July 2019. A further additional 10% penalty will be imposed on 2 January 2020 to rates from previous years to which a penalty was added on 2 July 2019 that remain unpaid.

3. **Requests** officers to send a copy of these resolutions to all territorial authorities acting as our agents for rates collection and to place this resolution on the Council's website.

The motion was **CARRIED**.

9 **Wholesale water levy for 2019/20 and end of year adjustment for levy 2018/19**

Report 19.280

File: CCAB-8-2339

Moved

(Cr Brash/ Cr Staples)

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Approves pursuant to section 91 of the Wellington Regional Water Board Act 1972, the wholesale water contributions payable by constituent authorities for 2019/20 be as follows:*

	2019/20 Levy \$ (GST exclusive)
Hutt City Council	9,220,697
Porirua City Council	4,113,376
Upper Hutt City Council	3,512,901
Wellington City Council	17,941,507
Total	34,788,481

4. Approves the end of year adjustment levies for 2018/19 be as follows:

2018/19 Adjustments

\$ (GST exclusive)

<i>Hutt City Council</i>	26,939	<i>Debit</i>
<i>Porirua City Council</i>	17,408	<i>Debit</i>
<i>Upper Hutt City Council</i>	107,761	<i>Debit</i>
<i>Wellington City Council</i>	(152,108)	<i>Credit</i>

5. Notes that settlement takes place on 20 July 2019.

The motion was **CARRIED**.

10 **Lets Get Wellington Moving Programme endorsement, funding and next steps**

Luke Troy, General Manager, Strategy, spoke to the report.

The meeting adjourned at 10.55am and reconvened at 11.12am, following questions on the report.

Report 19.258

File: CCAB-8-2331

Moved

(Cr McKinnon/ Cr Ponter)

That the Council:

- 1. Receives the report and attachments.*
- 2. Endorses the Let's Get Wellington Moving Vision, Context and Recommended Programme of Investment included in Attachments 1, 2, and 3, as endorsed by the Let's Get Wellington Moving Governance Group and developed by the Let's Get Wellington Moving Programme after investigation and engagement.*
- 3. Welcomes the 16 May 2019 Let's Get Wellington Moving announcement made by the Minister of Transport supported by Mayor Lester and Chair Laidlaw.*
- 4. Supports the Indicative Package of investment for Let's Get Wellington Moving and the Government's proposed funding allocation for the region through the National Land Transport Fund.*
- 5. Notes that the Programme Business Case and supporting technical documents developed by the LGWM Programme provides greater detail of both the process and the various investigations of LGWM.*
- 6. Endorses the early delivery work programme as presented in Section 8.1 of the report.*
- 7. Agrees to commence further investigations as described in Section 8.2 of the report.*

8. *Agrees to work towards a formalised partnership agreement and integrated delivery model for the next phase of the programme involving detailed investigation and delivery.*
9. *Agrees to provide a share of the funding as outlined in Section 9 necessary to enable the next phase of work outlined in Section 8 and referred to in Recommendations 6, 7 and 8.*
10. *Notes that longer-term funding requirements for implementation will be considered by the partners through future Annual Plan, Long Term Plan, Regional Land Transport Plan, and National Land Transport Programme processes.*
11. *Notes that a ten year delay for the Basin Reserve improvements and the duplicate Mt Victoria Tunnel is unacceptable.*
12. *Requests the Chief Executive, Greater Wellington Regional Council, to work with the Let's Get Wellington Moving project team to identify ways in which to unblock the Basin Reserve.*

The motion was taken in parts. Parts 1 to 10 were put to the vote and were **CARRIED**. Part 11 was put to the vote and was **CARRIED**. Part 12 was put the vote and **CARRIED**.

Noted: Crs Blakeley and Kedgley requested that their votes against parts 11 and 12 of the motion be recorded.

11 **Te Kāuru Ruamāhanga Floodplain Management Plan**

Francie Morrow, Project Manager FMP spoke to the report. Updated report recommendations were tabled.

Report 19.261

File: CCAB-8-2312

Moved

(Cr Staples/ Cr Donaldson)

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Adopts the Te Kāuru Upper Ruamāhanga Floodplain Management Plan.*
4. *Authorises the Council Chair to make minor editorial changes to the Te Kāuru Upper Ruamāhanga Floodplain Management Plan prior to publication to correct errors and improve public understanding and to make any minor amendments considered appropriate as an outcome of further engagement with Rangītane o Wairarapa.*

The motion was **CARRIED**.

12 **Update on the implementation programme for the National Policy statement for Freshwater Management**

Rachel Pawson, Senior Policy Advisor, spoke to the report.

Report 19.254

File: CCAB-8-2306

Moved

(Cr Brash/ Cr Staples)

That the Council

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Adopts the revised Programme of time-limited stages in Attachment 1 for implementation of the National Policy Statement for Freshwater Management 2014 (amended 2017).*

The motion was **CARRIED**.

Governance

13 **Policy on elected members' allowances and expenses**

Francis Ryan, Manager, Democratic Services, spoke to the report.

Report 19.277

File: CCAB-8-2329

Moved

(Cr Gaylor/ Cr Ponter)

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Adopts the Policy on Elected Members' Allowances and Expenses 2019.*
4. *Approves the hourly rate of paid childcare (before tax) to be at least the Living Wage rate in order to qualify for the childcare allowance.*

The motion was put to the vote in parts. Parts 1 to 3 were put to the vote and were **CARRIED**. Part 4 was put to the vote and was **CARRIED**.

14 **Report of the Regional Transport Committee Meeting June 2019**

Report 19.274

File: CCAB-8-2337

Moved

(Cr Donaldson/ Cr Brash)

That the Council:

1. *Receives the report.*

2. *Notes the content of the report.*

The motion was **CARRIED**.

15 **Report of the Wellington Regional Strategy Committee Meeting June 2019**

Report 19.273

File: CCAB-8-2323

Moved

(Cr Blakeley/ Cr Lamason)

That the Council:

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

The motion was **CARRIED**.

16 **Visit to Mass Transit Case Studies**

Luke Troy, General Manager Strategy introduced the report.

Report 19.279

File: CCAB-8-2349

Moved

(Cr Brash/ Cr Lamason)

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Approves the Chair of the Sustainable Transport Committee to travel to China to attend the study tour of mass transit case studies along with Lets Get Wellington Moving partners from 29 July to 2 August 2019.*

The motion was **LOST**.

Corporate

17 **Health, Safety and Wellbeing Report**

Julie Barber, Manager, Health and Safety, spoke to the report.

Report 19.56

File: CCAB-8-2325

Moved

(Cr Staples/ Cr McKinnon)

That Council:

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

The motion was **CARRIED**.

The meeting closed at 1.11pm.

Cr C Laidlaw
(Chair)

Date:



Report	19.289
Date	28 June 2019
File	WRCH-14-1386
Committee	Council
Author	Mike Timmer, Treasurer

WRC Holdings Limited Statement of Intent for the three years ended 2020, 2021 and 2022

1. Purpose

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

2. Background

Council received a draft SOI from WRC Holdings Limited on 26 February 2019. The final SOI attached is similar to the draft SOI apart from the items which this report will discuss.

The final SOI was approved by the Board of WRC Holdings Limited at its meeting on 24 June 2019 and delivered to the Council Chair before 30 June 2019, see [Attachment 3](#).

The SOI has been updated with CentrePort's (CPL) final Statement of Corporate Intent (SCI) which constitutes almost all of the material changes from the draft SOI.

The changes since the draft are summarised below in terms of the narrative and the financial forecast.

2.1 Changes to the SOI narrative

The changes to the narrative are limited.

- Section 5.1 (f) has been added to reflect Council's request to report on climate change/emissions.
- Section 8.7 issues facing the Group now incorporate a commentary from CentrePort.

- A few other minor grammatical changes in sections 4.1 and 5.1 have been made to make the SOI read better.

2.2 Changes to the financial projections

The financial numbers have moved since the draft SOI as a result of changes in CPL’s projections in its statement of financial performance and amendments to Greater Wellington Rail Limited (GWRL) capital budgets.

The financial result (refer table 1 below) is showing a large surplus after tax in the first year and this is due to the material damage insurance proceeds receipts from CPL.

The latter two years are showing net losses emanating from GWRL due to its depreciation not being funded, which is offset by profits from CentrePort.

The changes are discussed below relating to each company.

CentrePort Limited

In the draft SCI CPL had expected to have received and finalised all insurance claims and proceeds. The final SCI now has the insurance proceeds received in the 2019/20 year which flow to the after tax profit.

CPL has increased its revenue projections, but these are offset by cost increases which balance out, leading to the identical Net Profit after tax (NPAT) for the 3 forecast years.

A high level summary has CPL forecasting NPAT in the vicinity of \$12.5 million for the three years which supports gross dividend payments of \$5 million, and then \$6 million for the last 2 years of forecast years respectively.

CPL is planning to spend \$294 million on capital expenditure over the next three years.

Greater Wellington Rail Limited (GWRL)

The fixed asset spend has been updated to reflect the current planned project timing and requisite re-budgets. The capex budgets are as follows:

\$ millions	2019/20	2020/21	2021/22
Final SOI Capex	20.5	31.4	18.8
Draft SOI Capex	19.9	26.2	18.8
Change (reduction)	0.6	5.2	-

2019/20 Capex - GWRL

The changes relate mainly to timing/roll-overs from the prior year and include the following:

- Park & Ride +\$625k timing from 2018/19
- SW&SE Life extensions -\$3.7 million transfer to 2020/21 resourcing to complete
- SW&SE Heavy maintenance Overhauls +\$2.3 million from 2018/19 Rotem delays
- RSI - Station upgrades - \$1.5 million transfer to 2020/21 align with KiwiRail schedule
- Wellington Station Passenger Info Systems +\$940,000 timing from 2018/19
- Strengthen & Access – Buildings/Structures +\$935,000 timing from 2018/19
- Signage +\$500 timing from 2018/19, Bike Storage +\$300 timing from 2018/19
- Waterloo Rail Station roof +\$241 timing from 2018/19

2020/21 capex- GWRL

The changes relate to movements from the 2019/20 year.

- SW&SE Life extensions +\$3.7 million transfer from 2019/20 resourcing to complete
- RSI - Station upgrades + \$1.5 million transfer from 2019/20 to align with KiwiRail

Port Investments

There are no material changes to these numbers. The dividends from CentrePort being the main income source remaining at the same levels as in the draft SOI.

Financial Performance Targets – Table 1

	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Surplus (loss) before tax - Final	189,362	(4,495)	(7,118)
<i>Surplus (loss) before tax- Draft</i>	<i>(4,493)</i>	<i>(4,947)</i>	<i>(7,091)</i>
Surplus (loss) after tax- Final	190,114	(3,651)	(5,572)
<i>Surplus (loss) after tax - Draft</i>	<i>(3,613)</i>	<i>(3,971)</i>	<i>(5,547)</i>
Earnings before interest, tax & depn- Final	218,712	27,187	28,868
<i>Earnings before interest, tax & depn - Draft</i>	<i>25,404</i>	<i>27,203</i>	<i>28,887</i>
Return on total assets - Final	23.6%	-0.3%	-0.6%
<i>Return on total assets - Draft</i>	<i>-0.4%</i>	<i>-0.4%</i>	<i>-0.6%</i>

Return on shareholder equity - Final	33.9%	-0.6%	-0.8%
<i>Return on shareholder equity - Draft</i>	<i>-0.6%</i>	<i>-0.6%</i>	<i>-0.8%</i>
Shareholders equity to total assets - Final	69.5%	71.0%	71.7%
<i>Shareholders equity to total assets - Draft</i>	<i>70.6%</i>	<i>71.2%</i>	<i>71.8%</i>
Dividends - Final	2,523	3,134	3,020
<i>Dividends- Draft</i>	<i>2,495</i>	<i>3,151</i>	<i>3,038</i>

The above consolidated profit numbers reflect the changed assumption from CentrePort's around its insurance receipts, which were previously assumed to have all been finalised in the 2019/20 year and some minor changes to GWRL's depreciation.

These results flow through with dividends remaining at similar levels as the draft SOI.

You are referred to the individual company financial performance targets contained in [Attachment 1](#), Section 5 of the SOI, which show the detailed financial performance targets behind these consolidated numbers and [Attachment 2](#), which contains the detailed financial statements.

3. Communication

The final SOI will be placed on the GWRC website.

4. Consideration of climate change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

5. The decision-making process and significance

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002. Part 6 sets out the obligations of local authorities in relation to the making of decisions.

5.1 Significance of the decision

Part 6 requires GWRC to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

5.2 Engagement

No engagement on this matter is necessary.

6. Recommendations

That the Council:

1. ***Receives the report.***
2. ***Notes the content of the report.***
3. ***Receives the Statement of Intent of WRC Holdings Limited for 2019/20 and the next two years.***

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Samantha Gain
GM Corporate Services

- Attachment 1:** Final WRC Holdings Group Statement of Intent
Attachment 2: Port Investments Ltd - Operating Budget 2018/29, Greater Wellington Rail Ltd - Operating Budget 2018/29 WRC Holdings Limited - Operating Budget 2018/29
Attachment 3: Letter to Council Chair from WRCH Chair providing final WRC Holdings Group Statement of Intent



WRC Holdings Limited Group

Statement of Intent

For the years ended 30 June 2020, 2021 and 2022

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1. Introduction

This Statement of Intent (SOI) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The SOI specifies for WRC Holdings Limited and its subsidiaries, the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the Group and individual companies may be judged in relation to their objectives, amongst other requirements.

The process of negotiation and determination of an acceptable SOI is a public and legally required expression of the accountability relationship between the Group and its Shareholder, Greater Wellington Regional Council.

The SOI is reviewed annually with the Council and covers a three year period.

2. Scope of Statement of Intent (SOI)

- 2.1 This SOI relates to WRC Holdings Group Limited and its subsidiary companies, Port Investments Limited (PIL), CentrePort Ltd (CentrePort), and Greater Wellington Rail Ltd. Together they make up WRC Holdings Group (the Group). WRC Holdings is 100% owned by Greater Wellington Regional Council (the Regional Council).

WRC Holdings is an entity established under the Local Government Act 2002 (LGA). WRC Holdings Ltd and its wholly owned subsidiaries are Council Controlled Trading Organisations (CCTOs), and Council Controlled Organisations (CCOs) as defined under the LGA. CentrePort, a partly owned subsidiary, is not a CCTO as its activities are governed by the Port Companies Act 1988.

3. Reasons for the WRC Holdings Group

- Appropriate separation of management and governance;
- To determine appropriate strategies for the Group and its subsidiary companies;
- To impose commercial discipline on the Group's activities where applicable, produce an acceptable return to shareholders, and ensure an appropriate debt/equity ratio;
- To separate the Regional Council's commercial assets from its public good assets, where appropriate;

¹ Note that whilst the business of owning and maintaining rolling stock is a commercial activity, the provision of public transport services is more of a public good activity.

- To provide a structure to allow external Directors with a commercial background to provide advice and expertise at the governance level;
- To minimise the risks and optimise the opportunities of owning commercial assets, such as rail rolling stock.

4. Objectives and Activities of the Group

4.1 Objectives

The core role of the Board of WRC Holdings Limited is to determine the Group's strategy and monitor the Group's investment in Rail infrastructure and Centreport, both of which service the region's infrastructure needs and to ensure they deliver on the Group's objectives as follows:

- a) Support the Regional Council's strategic vision; operate successful, sustainable and responsible businesses.
- b) Manage its assets prudently.
- c) Where appropriate, provide a commercial return to Shareholders except in the case of GWRL which will provide agreed outcomes to the Regional Council.
- d) For GWRL, prudently manage and maintain the rail rolling stock and rail infrastructure (GWRL's Rail Assets) through a management service agreement entered into with the Regional Council, providing for asset management, accounting, advisory, secretarial and general administration services and in particular:
 - Ensure the Regional Council as its appointed agent carries out all services and activities, in relation to the GWRL's Rail Assets, that are reasonably necessary to enable the Regional Council 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; and
 - Ensure GWRL complies with its responsibilities as a rail participant under the Railways Act 2005, current health and safety legislation and any other legislation affecting GWRL's Rail Assets and operations;
 - Ensure GWRC 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.
- e) For CentrePort via Port Investments Limited to ensure Centreport:
 - maximises the commercial value of CentrePort to the Shareholder and protect the Shareholder's investment, including land and property, while maintaining the strategic value to the economy of the region.

- delivers competitive financial returns compared to industry benchmarks (port and comparable sectors).
- adopts policies that prudently manage risk and protect the investment of stakeholders.
- ensures that a recovery plan from the recent earthquakes is developed in consultation with stakeholders taking into account the strategic needs of the stakeholders and the region.
- ensures resilience plans are featured in the recovery plan and the CentrePort's planning process takes a longer term view of opportunities for redevelopment of the port and for this work to be undertaken in collaboration with the regional council, local councils and other key stakeholders, and in consultation with the public.
- creates a zero-harm workplace and maintains compliance with the International Ship and Port Security Code
- adopts policies that prudently manage risks and protect the investment of its shareholders.
- exhibits a sense of social and environmental responsibility where possible in relation to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when possible.
- conducts its affairs in accordance with sound business practice.
- achieves the objectives and performance targets of the Shareholder.

4.2 Activities of the Group

WRC Holdings Limited

WRC Holdings Limited is the holding company for PIL, GWRL and indirectly CentrePort.

It effectively manages any other investments held by the Group in order to maximise the commercial value to the Shareholder and to protect the Shareholder's investment.

WRCH acts as a diligent constructive and inquiring Shareholder, through its Board of Directors.

Greater Wellington Rail Limited

Assets

GWRL owns the Regional Council's investments in 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 including shelters, furniture, CCTV, signage, fixtures and fittings - (excluding the main Wellington central station)
- 14 – Pedestrian over-bridges
- 11 – Pedestrian underpasses
- Various carparks, other station improvements and other ancillary rail related assets.

Greater Wellington Rail Limited is responsible for all aspects of asset management, procurement and stewardship, implemented through a management contract with the Regional Council. An asset management plan is in place which articulates a structured programme to minimise the life cycle costs of asset ownership while maintaining the desired levels of service and sustaining the assets.

Operational delivery of the services is the responsibility of the Regional Council delivered via a long term (expiry 2031) contract performance based “Partnering Contract” with Transdev Wellington Limited for rail services and rolling stock maintenance.

Transdev have subcontracted the rolling stock maintenance services to Hyundai-Rotem Company. Hyundai-Rotem were the manufacturers of the GWRL Matangi fleet.

GWRL has approximately a \$65 million capex programme over the next 3 years.

Strategic Context:

- a) To keep Wellington city and the Greater Wellington region moving, we need a public transport network that can carry more people to more places, every day of the week.

- b) Residents and visitors to the region currently make 38 million journeys a year on Metlink buses, trains and ferries, and with our growing population, this is set to increase to 42 million journeys by 2021.
- c) GWRC are making extensive improvements to the Metlink public transport network to deliver more frequent and reliable services to seamlessly connect the communities across our region to the places where they live, work and play.
- d) GWRC are working towards a world standard, low-emission public transport network to take the region into the future. We want to become a smarter, cleaner region, by encouraging more people to travel by bus, train and ferry, especially at peak times.
- e) GWRC have already made improvements to the Metlink rail service, which included a new fleet of modern electric trains, new stations, more park & rides, improved punctuality and better disruption and delay information, as well as extending the electric network up to Waikanae.
- f) The role of Greater Wellington Rail Limited is to manage, maintain, renew and provide the rolling stock, and rail station infrastructure assets to enable delivery of comfortable, reliable and punctual rail services to the residents of, and visitors to the Greater Wellington Region.

The rail services provide >38,000 daily peak journeys to and from the Wellington CBD (Equivalent to 44-50% mode share from Hutt Valley, Kapiti, Porirua into the CBD) and around 13.5m passenger journeys per annum

- g) On behalf of fare payers, ratepayers and taxpayers we are guardians of public assets with a replacement cost of approximately \$600 million.
- h) The rail services provided by our assets, support and promote Greater Wellington Regional Council's Strategic Community Outcomes:

Strong Economy - by enhancing the efficient movement of people and goods within the region

Connected Community – by providing a mass transit system that moves people efficiently and relieves congestion from our roads at peak times and by providing an essential service for people for whom, whether by choice or circumstance, private vehicle travel is not an option

Healthy Environment – by supporting the reduction of vehicle emissions from private vehicles and PT Vehicles

- i) Greater Wellington Rail Limited is committed to enhancing its assets within the rail network which is a critical part of our regions transport system. Rail will play a vital role in ensuring the region's economic prosperity and meeting the transport needs now and in to the future.

Work plan 2019/20 year:

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.
Park & Ride	Expand Park & Ride capacity, in accordance with the Park and Ride Strategy Framework (currently being developed)
Seismic Strengthening	Undertake seismic strengthening works on a number of earthquake prone pedestrian foot bridges and subways, in accordance with the agreed risk profile
Signage	Commence installation of new station entrance signage, which includes an electronic sign to indicate if trains are replaced by buses.
Bicycle Storage	Improve the provision of bicycle storage facilities at outer stations to mitigate growing conflict on services between peak customer capacity and cycle storage space.
Wellington Station Passenger Information System	Complete the renewal of the Passenger Information system (audio and visual) at Wellington Railway Station

Port Investments Limited

Port Investments Limited is an investment vehicle that owns 76.9% of CentrePort Limited.

The major usual activities of CentrePort, who produce their own Statement of Corporate Intent, similar to this SOI, are:

- Port infrastructure (land, wharves, buildings, equipment, utilities)
- Shipping and logistical services (pilotage, towage, berthage)
- Operational service (cargo handling, warehousing, facilities management, property management, security, emergency services)
- Integrated logistics solutions (networks, communications, partnerships)
- Property services (leasing management)
- Joint ventures (container repair, cleaning, packing, unpacking and storage).

Port Investments monitors the performance of CentrePort. This is achieved via a Statement of Corporate Intent (SCI), Letter of Expectation in terms of the SCI, Quarterly meetings with CentrePort's Chair and Management, and Chair and management briefings with the Regional Council's Chief Executive and Chair.

5. Financial and Operational Performance Targets

5.1 WRC Holdings Group

The following section covers the operating performance targets and the financial performance targets of the companies making up the WRC Holdings Group.

Operational performance targets

- a) WRC Holdings to act as a responsible and inquiring Shareholder.
- b) WRC Holdings to hold a meeting at least six times a year to review the operational and financial position of the companies and Group.
- c) WRC Holdings Group to report quarterly on the financial performance of WRC Holdings Group to Council.
- d) WRC Holdings Group to present quarterly on WRC Holding Group activities to Council and to keep Council informed of significant matters as they occur.
- e) Statement of Intent and Annual Accounts are in compliance with statutory requirements.

- f) That WRC Holdings Group identifies, mitigates and reports to Council on the impact of climate change on the performance and assets of each of its subsidiaries and on any reductions in emissions.

Financial performance targets

	WRC Holdings Limited		
	2019/20	2020/21	2021/22
Dividend distribution \$ 000s	2,523	3,134	3,020
Dividend distribution %	100%	100%	100%
Return on equity (1)	1.0%	1.1%	1.0%
Return on assets (2)	1.2%	1.4%	1.3%
Shareholders funds to total assets	84.7%	85.9%	86.7%

(1) Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

(2) Based on earnings before interest and tax, divided by average assets

Return on equity is negative as WRC Holdings has costs with no offsetting revenue to cover them. Return on assets is positive as interest is calculated before interest costs.

Environment performance targets - Group

Operate in an environmentally sustainable manner and realise opportunities to be more sustainable

Minimise the impact of any of the Group’s activities on the environment

Develop a culture of awareness of environmental issues within the Group

Ensure regulatory compliance

Engage with stakeholders on environmental matters

Safety & Security performance targets – Group

To provide a safe and health workplace – zero harm. Ensure compliance with H&S safety management systems.

Compliance with H&S standards and shipping and rail codes/legislation

Social performance targets – Group

To help sustain the economy of the region, with high quality port services to support international and costal trade and to collaborate with our partners

To participate in development, cultural and community activities within the region in which the group operates

Contribute to the desired outcome of the Wellington Regional Strategy.

5.2 Greater Wellington Rail Limited

Operational performance targets

GWRL is accountable for delivery against measures and targets reviewed annually under this SOI, parallel measures listed in GWRC’s Public Transport Asset Management Plan (AMP), and Greater Wellington Regional Councils 2018-2028 Long-term Plan (LTP).

Level of Service	Current	2019/20 Target	2020/21 Target	2021/22 Target
CUSTOMER SATISFACTION WITH RAIL ASSETS				
Percentage of passengers who are satisfied with their current trip	94%	≥92%	≥93%	≥93%
Percentage of customers who are satisfied with the cleanliness of the trains	95%	≥93%	≥93%	≥93%
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	92%	≥85%	≥90%	≥90%
Percentage of customers who feel safe while using the station facility	93%	≥89%	≥91%	≥91%
Percentage of passengers who are satisfied with the information at the station	88%	≥89%	≥91%	≥91%
ROLLING STOCK - ASSET MANAGEMENT				
Matangi - Mean distance between failure	37,706	≥40,000km	≥40,000km	≥40,000km
Carriage - Mean distance between failure	68,956	≥80,000km	≥80,000km	≥80,000km

Level of Service	Current	2019/20 Target	2020/21 Target	2021/22 Target
RAIL FIXED ASSET - ASSET MANAGEMENT				
Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	36%	52%	64%	72%
Percentage of stations with CCTV coverage	81%	96%	96%	96%
Percentage of car parks with CCTV coverage	55%	71%	81%	90%
Average condition grade of:				
Station buildings and shelters:	2.3	≤2.5	≤2.5	≤2.5
Structures (pedestrian subways & bridges):	2.5	≤2.5	≤2.5	≤2.5
Park & Ride:	2.3	≤2.5	≤2.5	≤2.5
Percentage of assets in condition grade 4 (Poor) or worse				
Station buildings and shelters:	7%	6%	≤5%	≤5%
Structures (pedestrian subways & bridges):	2 %	8%	6%	≤5%
Park & Ride:	14%	20%	15%	10%

Financial performance targets

- a) Operating costs, and capital expenditure are maintained overall within budget

	2019/20 Target	2020/21 Target	2021/22 Target
Operating expenditure	\$39.7m	\$40.8m	\$43.3m
Capital Expenditure	\$20.6m	\$31.5m	\$18.8m
Shareholder’s funds to total assets	83%	85%	86%

5.3 Port Investments Limited, Parent & Group including CentrePort

Operational performance targets

- a) Port Investments to act as a responsible and inquiring Shareholder of CentrePort.
- b) CentrePort to report at least four times a year to Port Investments Limited and for the Board to approve significant transactions of CentrePort as determined by the constitution.
- c) Performance indicators for CentrePort as noted below.
- d) Production of Annual Accounts is in compliance statutory requirements.

Financial performance targets

	Port Investments Limited		
	2019/20	2020/21	2021/22
Dividend distribution \$ 000s	2,649	3,250	3,131
Dividend distribution %	100%	100%	100%
Return on equity (1)	99.6%	122.2%	117.7%
Return on assets (2)	7.5%	9.0%	9.0%
Shareholders funds to total assets	5.3%	5.3%	5.3%

- (1) Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.
- (2) Based on earnings before interest and tax, divided by average assets

6. CentrePort Performance Targets

6.1 Financial Performance measures

Extract from CentrePort's 2019 – 2022 SCI.

The Group's performance is measured against the following ratios:

Measure		Forecast	Forecast	Forecast	Forecast
		FY19	FY20	FY21	FY22
Group EBITDA	\$m	28.5	21.2	23.2	26.9
Group EBIT	\$m	21.2	13.0	13.3	14.5
Underlying Net Profit Before Tax	\$m	21.4	17.4	17.6	16.8
Underlying Net Profit After Tax ('Underlying NPAT')	\$m	17.3	12.6	12.7	12.1
Dividend	\$m	4.0	5.0	6.0	6.0
Shareholders' Funds ('Equity) or Net Assets	\$m	248.3	449.2	455.9	461.9
Group EBIT Return on Assets	%	8.4%	3.4%	2.8%	3.0%
Underlying NPAT Return on Group Equity	%	7.2%	3.6%	2.8%	2.6%
Dividend Distribution as a %age of Underlying NPAT	%	23.1%	39.8%	47.4%	49.7%
Underlying earnings (NPAT) per share	\$	0.74	0.54	0.54	0.52
Dividend per share	\$	0.17	0.21	0.26	0.26
Net Asset backing per share	\$	10.60	19.18	19.46	19.72

Definition of Terms:

Underlying net profit after tax ('Underlying NPAT)

Underlying net profit after tax excludes (i) fair value movements from cash flow hedges and investment property valuations, and (i) earthquake items.

Return on Assets for each business segment

i. Port

Earnings before interest and tax (EBIT) plus share of associate earnings divided by the average of total fixed assets and investments in Associates.

ii. Property

EBIT plus share of associate earnings divided by the value of investment properties plus investment in associates.

Return on Equity

Underlying net profit after tax divided by average equity.

Dividend Payout

Dividend as a percentage of underlying net profit after tax.

Underlying earnings per share

Underlying net profit after tax divided by the number of issued shares.

Dividend per share

Dividend divided by the number of issued shares.

Net Asset backing per share

Shareholders' Funds or Net Assets divided by number of issued shares.

Equity Ratio

Shareholders' Funds divided by Total Assets.

Gearing Ratio

Debt divided by the sum of Debt plus Equity (Shareholders Funds).

Interest cover

Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') plus dividends received from investments in associates and joint ventures divided by the Interest Expense.

Solvency Ratio

Current Assets divided by Current Liabilities.

Financial Health	Target	Forecast	Forecast	Forecast	Forecast
		FY19	FY20	FY21	FY22
Current Assets (\$m)	n/a	92.1	229.7	144.3	44.0
Current Liabilities (\$m)	n/a	21.1	22.6	22.2	22.5
Total Assets (\$m)	n/a	293.7	496.2	502.4	508.8
Shareholders Funds - Equity (\$m)	n/a	248.3	449.2	455.9	461.9
Term Borrowings (\$m)	n/a	-	-	-	-
Debt (\$m)	n/a	-	-	-	-
Equity Ratio	> 45%	84.5%	90.5%	90.7%	90.8%
Gearing	< 50%	0.0%	0.0%	0.0%	0.0%
Interest cover	> 2.5 times	n/a	n/a	n/a	n/a
Solvency Ratio	> 0.6	4.4	10.2	6.5	2.0

The key risks to achieving the financial performance targets are:

- The assumed cargo volumes are not achieved resulting in lower revenue than forecast. In particular the forecast revenue assumes (i) that a fourth container service is secured in FY20, and (ii) continued growth in log volume over the forecast period.
- Port operating costs are higher than assumed resulting in lower underlying NPAT. Particularly, following completion of the business interruption indemnity period in November 2019.
- The port insurance claim is not settled in FY20 or is settled for a lower amount than forecast. This would significantly reduce the level of insurance income recognised in FY20.

6.2 Safety and Security

Objective	Performance measure	Performance target			
		FY20	FY21	FY22	
Create a zero harm workplace	Lost Time Injury Frequency (per 200,000 hours worked) FY19 Target ≤ 3.5	≤ 3.5	≤ 3.2	≤ 3.2	
	Lost Time Injury Severity (per 200,000 hours worked) FY19 Target ≤ 10	≤ 10	≤ 8	≤ 8	
	bSafe Reports (incident and near miss reports)	> 900	> 1,000	> 1,000	
	Site Inspections	> 120	> 120	> 120	
	Safety Interactions	> 120	> 120	> 120	
	Random Drug and Alcohol Testing (as a percentage of total employees)	> 40%	> 40%	> 40%	
	Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems as per AS/NZS 4801 audit	Compliance with AS/NZS 4801	Compliance with AS/NZS 4801	Compliance with AS/NZS 4801	
	Health & Safety Policy reviewed annually against CentrePort's objectives and external benchmarks	Compliance with Policy	Compliance with Policy	Compliance with Policy	
	Maintain compliance with the Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	No breaches of the PHSC	No breaches of the PHSC
		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	All new task risk assessments and post incident reviews complete
Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to MNZ and NZ Customs Service, and learning reviews are undertaken and recommendations implemented	Compliance maintained as per annual audit	Compliance maintained as per annual audit	Compliance maintained as per annual audit	

6.3 Environmental

Objective	Performance measure	Performance target		
		FY20	FY21	FY22
Ensure regulatory compliance	Compliance breaches	Zero	Zero	Zero
Minimise impact on the environment	System: consistency with ISO14001	Audit and second stage certification complete	Audit and third stage certification complete (full ISO14001 compliance)	Full ISO14001 compliance
	Incidents: number of registered environmental incidents (FY2015 baseline – 32)	Minimum 20% decrease from baseline	Minimum 25% decrease from baseline	Minimum 30% decrease from baseline
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	Zero	Zero
Operate in a sustainable manner	Greenhouse gas emissions (quantity CO ₂ equivalent) Emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol.	Meet targets identified in Emissions Management Plan	Meet targets identified in Emissions Management Plan	Meet targets identified in Emissions Management Plan
	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% recapture	100% recapture	100% recapture
	Solid waste to landfill (quantity) including the potential for third party waste	Waste minimization integrated into Regeneration	Waste minimization integrated into Regeneration	Waste minimization integrated into Regeneration
Engage with stakeholders on environmental matters	Environmental Consultative Committee meeting frequency	At least 3 per annum	At least 3 per annum	At least 3 per annum
	Iwi engagement	Pre lodgement consultation undertaken for 100% of resource consent applications	Pre lodgement consultation undertaken for 100% of resource consent applications	Pre lodgement consultation undertaken for 100% of resource consent applications
	Transparency	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report

Objective	Performance measure	Performance target		
		FY20	FY21	FY22
	Transparency	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report
Develop a culture of awareness and responsibility	Board sub-committee (Health Safety and Environment) meeting frequency	At least 4 per annum	At least 4 per annum	At least 4 per annum
	Internal 'sustainability subcommittee' meeting frequency	Monthly	Monthly	Monthly

6.4 Social

Objective	Performance measure	Performance target		
		FY20	FY21	FY22
Being a respected and responsible employer	Conduct annual staff engagement survey and follow up actions.	Engagement survey conducted.	Engagement survey conducted.	Engagement survey conducted.
Building awareness of the value and contribution of CentrePort's activities to the regional economy.	Targeted engagement with key stakeholders directly and via channels.	Face-to-face meetings with key stakeholders/influencers	Face-to-face meetings with key stakeholders/influencers	Face-to-face meetings with key stakeholders/influencers
		Quarterly stakeholder update published	Quarterly stakeholder update published	Quarterly stakeholder update published
Participating in and encouraging selected community activities.	Community engagement strategy and policy developed to guide appropriate and effective investment in community activities.	Community engagement strategy and policy completed, adopted and implemented.	Community engagement as per strategy and policy (to be developed)	Community engagement as per strategy and policy (to be developed)
Consulting employees, stakeholders and the community, as appropriate.	Engage stakeholders / community on Regeneration Plan.	Regeneration Plan engagement plan finalised and implemented.	Engagement with stakeholders as per Regeneration Plan engagement plan.	Engagement with stakeholders as per Regeneration Plan engagement plan.

6.5 Regeneration

Objective	Performance measure	Performance target		
		FY20	FY21	FY22
Planning supports the appropriate regeneration and growth of the port	Planning completed on time and with input from key stakeholders	Port Regeneration Plan updated	Port Regeneration Plan updated	Port Regeneration Plan updated
	Demolition programme on target as contained in Medium Term Operating Plan	On target	On target	Complete
Management of the existing port infrastructure over the life of the asset	Natural hazard resilience programme developed	Commence works to Seaview Works and first ground resilience projects commenced	Continued ground resilience projects	Complete Seaview and continued ground resilience projects
	Restoration of buildings on target as contained in Medium Term Operating Plan	On target	n/a	n/a
	Traffic and pedestrian management solutions on target as contained in Medium Term Operating Plan	Medium Term solutions commenced	Medium Term solutions complete	n/a

7. Governance of the WRC Holdings Group

The Shareholder, the Regional Council, appoints the directors to WRC Holdings Ltd in terms of the Regional Council's approved process. Section 57 of the LGA 2002 requires that directors have the skills, knowledge and experience to:

- Guide the Group, given the nature and scope of its activities; and to
- Contribute to the achievement of the objectives of the Group.

The Shareholder also approves the directors of PIL and GWRL. These are appointed by WRC Holdings Ltd by way of a special resolution. There is a commonality of directors between WRC Holdings Ltd, PIL and GWRL.

The directors of CentrePort are able to be appointed by CPL Board, but required to be approved by the Shareholder at the next AGM.

Any changes to the constitutions of the Companies within the Group are to be approved by the Shareholder.

The Regional Council monitors the performance of the Group on a regular basis to evaluate its contribution to the achievement of its objectives, performance against the Group's Statement of Intent and the Regional Council's overall aims in accordance with section 65 (1) of the LGA 2002.

The Directors monitor the performance of each Company at each Board meeting.

The WRC Holdings board will take the opportunity to review its strategy and structure following Council completing its Long Term Plan and indications of its future aims in respect of WRC Holdings and its subsidiary companies. WRC Holdings will also standardise its governance systems and processes to align with good practice.

8. Financial Information

8.1 Prospective statement of comprehensive income

Year ended 30 June \$000	2019/20 WRCH GROUP	2020/21 WRCH GROUP	2021/22 WRCH GROUP
<u>Prospective statement of comprehensive income</u>			
Grant from GWRC - Operating	13,099	13,676	14,350
Rental income	6,357	6,465	6,562
Interest income	4,548	4,332	2,350
Other revenue incl BI & loss of rents	83,180	83,013	88,951
Total revenue	107,184	107,485	112,212
Interest expense	1,060	1,281	1,414
Depreciation	28,290	30,401	34,572
Other expenditure	81,841	80,299	83,344
Earthquake related items	(193,369)	-	-
Revaluation (upward)	-	-	-
Total expenditure	(82,178)	111,980	119,330
Surplus/(deficit) before tax	189,362	(4,495)	(7,118)
Taxation expense (credit)	(752)	(844)	(1,546)
Total comprehensive income (NPAT)	190,114	(3,651)	(5,572)
Total comprehensive applicable to non-controlling interest	47,523	2,920	2,786
Total comprehensive income applicable to parent	142,591	(6,571)	(8,358)

8.2 Prospective statement of changes in Equity

As at 30 June \$000	2019/20 WRCH GROUP	2020/21 WRCH GROUP	2021/22 WRCH GROUP
<u>Prospective statement of changes in equity</u>			
Opening equity	537,635	744,662	767,949
Shares to be issued during the year	20,590	31,458	18,842
Total comprehensive income for the year	190,114	(3,651)	(5,572)
Dividend to be paid - Equity holders	(2,523)	(3,134)	(3,020)
Dividend to be paid - Non controlling Interests	(1,154)	(1,385)	(1,385)
Closing Equity	744,662	767,949	776,814

8.3 Prospective statement of financial position

As at 30 June \$000	2019/20 WRCH GROUP	2020/21 WRCH GROUP	2021/22 WRCH GROUP
<u>Prospective statement of financial position</u>			
Opening equity	537,635	744,662	767,949
Opening equity non controlling interests	(57,297)	(103,665)	(105,200)
New equity	20,590	31,458	18,842
Total comprehensive income applicable to parent	142,591	(6,571)	(8,358)
	643,519	665,884	673,232
Dividends distributed	(2,523)	(3,134)	(3,020)
Closing Equity Non-controlling interest	103,666	105,200	106,601
Closing equity	744,662	767,949	776,814
Equity applicable to parent	640,997	662,749	670,212
Non controlling interest	103,665	105,200	106,602
Closing equity	744,662	767,949	776,814
Cash & cash equivalents	220,333	135,172	33,681
Current assets	22,166	23,071	24,022
Non current assets	594,861	697,479	800,746
Investments	71,892	71,892	71,892
Total assets	909,252	927,614	930,341
Current liabilities	33,669	34,508	34,611
Borrowings	44,080	44,080	44,080
Non current liabilities	86,841	81,077	74,837
Total liabilities	164,590	159,665	153,527
Net assets	744,662	767,949	776,814

8.4 Prospective statement of cash flows

Year ended 30 June \$000	2019/20 WRCH GROUP	2020/21 WRCH GROUP	2021/22 WRCH GROUP
<u>Prospective statement of cash flow</u>			
Cash flows from operations			
Receipts from operations Incl BI proceeds	125,542	125,925	135,355
Interest received	4,864	4,663	2,690
Payments to suppliers/employees	(102,322)	(103,701)	(110,046)
Taxes paid	(4,305)	(4,877)	(4,865)
Interest paid	(941)	(1,161)	(1,293)
Net cash from operating activities	18,837	20,850	21,842
Cash flows from investing activities			
Purchase of Fixed Assets - Rail	(20,473)	(31,458)	(18,842)
Development/EQ rebuild - Port and property	(73,078)	(101,561)	(118,998)
Material Damage insurance proceeds	193,369	-	-
Net cash from investing activities	99,818	(133,019)	(137,840)
Cash flows from financing activities			
Dividends paid	(3,307)	(4,292)	(4,519)
Issue of shares	20,590	31,458	18,842
Current Account movement	(417)	(157)	185
Net cash from financing activities	16,867	27,008	14,507
Net increase/(decrease) in cash & cash eqvts	135,522	(85,161)	(101,491)
Cash & cash equivalents at beginning of the year	84,810	220,332	135,171
Cash and cash equivalents at year end	220,332	135,171	33,680

Financial Statements commentary

The statement of comprehensive income (2019/2020- 2021/2022) is showing a large surplus in the 2020 year which is due to the proceeds from Insurance settlements at CentrePort.

The deficits before and after tax in the last two years relates to the profit from CentrePort being insufficient to offset the loss from GWRL due to GWRL running a deficit due to depreciation not being funded.

Interest income is declining as CentrePort runs down its cash from insurance proceeds and invest the funds in capital expenditure.

The depreciation increases as both CentrePort and GWRL are increasing their rebuild and capex programmes respectively.

The tax credit/income represents the difference between CentrePort paying tax and GWRL having a tax credit from deferred tax in GWRL.

Equity increases by \$239 million over the period (2018/19 to 2021/22). This results from equity injections from Council to fund GWRL capex (\$70 million) offset by a large profit from CentrePort in 2019/20 and GWRL deficits relating to its depreciation in the latter two years of the SOI and cumulated dividends paid of \$8.6 million.

Capital expenditure for the Group is significant at \$364 million. With Insurance receipts of \$193 million forecast for the 2019/20 year.

The large and reducing cash balances at the foot of the statement of cash flows represent funds CentrePort has on deposit from its insurance proceeds which will be used to fund its capital expenditure programme.

Performance targets

	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Net profit before tax	184,362	(4,495)	(7,118)
Net profit after tax	190,114	(3,651)	(5,572)
Earnings before interest, tax and depreciation.	218,712	27,187	28,868
Return on total assets	23.6%	(0.3%)	(0.6%)
Return on shareholder equity	33.9%	(0.6%)	(0.8%)
Shareholders equity to total assets	69.5%	71.0%	71.7%
Dividends	2,523	3,134	3,020

Definitions of key financial performance targets:

- a) Consolidated Shareholders funds are defined as the amount of paid up capital, plus retained earnings of the Group, less any non- controlling interest, utilising the average of the opening and closing balance.
- b) Total assets are defined as all of the recorded tangible and intangible assets of the Group at their average value, as determined in the Group's statement of accounting policies in the most recent financial statements.
- c) Return on Shareholders equity is calculated using net profit after tax while return on total assets is calculated using earnings before interest and tax.

Comment

The financial performance and ratios of return on total assets and return on Shareholder's equity are being impacted by the insurance proceeds at CentrePort in the 2019/20 year.

8.5 Statement of Accounting Policies

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. Refer to:

<http://www.gw.govt.nz/assets/2018-uploads/WRCHL-final-signed-account-with-audit-report-2018.pdf>

8.6 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 CentrePort Limited is 2.38% for the 2019/20 year and 2.88% and 3.18% for the next two years respectively 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 till October 2021 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.

CentrePort forecasts

- That Insurance proceeds will be finalised in by November 2019 at the same time the Business Interruption Insurance cover expires.
- Revenue is forecasted to grow by 4% from FY20 to FY21 and 9.6% from FY21 to FY22.
- Depreciation is forecast to increase due to a \$294 million capex programme over the 3 year SCI period.
- Net Interest revenue declines over the forecast period as insurance proceeds are invested into capex.

8.7 Issues Facing the Group

CentrePort Limited

CentrePort prioritises making its workplace a safe and healthy environment. The company has a continuous improvement approach to its health and safety systems.

CentrePort's operations have rebounded from the impact of the 2016 Kaikoura earthquake. While there are on-going operational challenges, the company has returned to pre-quake volumes in most of its cargoes, with strong growth in several areas.

The company has made significant progress to settlement of the insurance claims. The property claim was settled in August 2017 and the company is continuing to progress the port insurance claim.

CentrePort is working with leading international and local consultants and technical experts to develop a Regeneration Plan for the port. The Regeneration Plan will guide decision making to ensure CentrePort builds resilience, continues to grow and achieves its potential as a world-class port and regional asset for central New Zealand.

CentrePort is working with partners and stakeholders as part of the Central New Zealand Supply Chain Group (GWRC, WCC, CentrePort, NZTA, KiwiRail/Interislander, and Strait NZ Bluebridge) on plans to develop a business case for a multi-user ferry terminal, which is an element of the Regeneration Plan.

CentrePort, in partnership with KiwiRail, provide the CentreRail service linking hubs located throughout the central region to the port in Wellington. CentrePort is expanding the capacity and range of services at some existing locations, along with developing expansion plans for the network of regional hubs for the benefit of exporters and imports throughout the region.

Greater Wellington Rail Limited

The current issues facing GWRL are:

Monitoring Transdev delivery of Rail Partnering Contract, with a focus on maintaining the condition of the assets through the term of the contract;

Supporting Transdev with their performance management of Hyundai-Rotem;

Continuing the rail fixed infrastructure improvement programme and managing the seismic risk identified in specific pedestrian bridges and subways;

Reviewing Waterloo Station structural options and redevelopment;

Managing the lifecycle of rolling stock assets utilised on the Wairarapa Line.

Port Investments Limited

PIL is an investment company for the Regional Council and holds the shares in CentrePort Ltd. PIL has a \$44,000,000 loan from WRC Holdings which, is serviced by CentrePort dividends.

PIL profitability is affected by the level of dividend from Centreport and the interest cost on its debt.

At present the dividends from CentrePort are forecast for the next three years and interest rates are at historical lows.

9. Distribution of Profits to Shareholders

The dividend policy for each company will be reviewed by the Boards of each company from time to time, after taking account of the wishes of the Shareholder, the future circumstances and the successful achievements of the commercial objectives of each Company.

The expectation in terms of CentrePort is that the dividend will be the maximum practicable amount consistent with CentrePort's intention to increase asset values substantially through the reinvestment of profits.

The Directors of CentrePort have adopted a dividend policy that provides for dividends to be between 40% and 60% of underlying tax paid profit (excluding fair value changes). The target dividend pay-out ratio reflects free cash-flow after providing for capital expenditure plans and the Board's gearing targets.

In terms of the remainder of the WRC Holdings Group the expectation is that the dividends paid will be the maximum practical amount where appropriate. It is expected to be 100% of after tax earnings, excluding unrealised fair value adjustments.

10. Information to be Reported

The Group will maintain regular reporting to the Shareholder on the implementation of policies in accordance with statutory requirements and in particular will:

- a) Within three months after the end of each financial year, produce an audited set of financial statements that are consistent with International Financial Reporting Standards (IFRS). The Directors will also report on:
 - a summary of achievements measured against the performance targets
 - the dividend.
- b) Report to the Shareholder at least quarterly including the December half year result.
- c) Provide further financial information that meets Shareholder expectations (format and timetable to be agreed) on a regular basis.

11. Procedures for the Purchase and Acquisition of Shares

The Boards of WRC Holdings, PIL and GWRL will obtain the prior approval of the Regional Council before any of those companies subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the Group. NB: CentrePort is governed by a separate constitution.

GWRL subscribes for equity from WRCHL to cover capital expenditures, WRCHL in turn subscribes for equity from the Regional Council.

Section 60 of the Local Government Act 2002 requires that all decisions relating to the operation of the companies must be made in accordance with its SOI and its constitution.

12. Compensation

The non-Council Directors of WRC Holdings will receive remuneration and travel expenses as determined by Council from time to time.

Council Directors of WRCHL, PIL, and GWRL, will receive travelling expenses based on the rates applicable to members of the Council, and may receive remuneration in accordance with Council directives from time to time.

The WRCH Group of companies will seek compensation by agreement from the Regional Council for:

- a) Interest and financial costs relating to the provision of any inter-company loans, other financing arrangements and current account balances that may accrue.
- b) Any other function, duty or power they wish the Group to carry out on their behalf and which involves the supply of goods and services.

13. Value of Shareholder's Investment

The valuation of investments will be undertaken as may be required from time to time by the Directors or Shareholders. The level of equity is the best proxy.

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective statement of comprehensive income



	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Revenue											
Interest received on GW current account	59,000	65,000	92,000	110,000	129,000	136,000	140,000	139,000	138,000	138,000	137,000
Imputed Dividends from Centport	3,077,000	3,846,000	4,615,000	4,615,000	4,615,000	4,615,000	4,615,000	4,615,000	4,615,000	4,615,000	4,615,000
TOTAL REVENUE	3,136,000	3,911,000	4,707,000	4,725,000	4,744,000	4,751,000	4,755,000	4,754,000	4,753,000	4,753,000	4,752,000
Expenses											
Audit fees	7,000	8,000	8,200	8,405	8,615	8,831	9,051	9,278	9,509	9,747	9,991
Directors fees	18,333	28,333	29,042	29,768	30,512	31,275	32,057	32,858	33,679	34,521	35,384
Directors insurance	7,000	8,000	8,200	8,405	8,615	8,831	9,051	9,278	9,509	9,747	9,991
Interest expense	1,107,000	1,060,456	1,281,112	1,413,615	1,546,124	1,656,324	1,766,800	1,854,960	1,899,323	1,921,363	1,943,693
Legal fees	5,000	7,500	7,688	7,880	8,077	8,279	8,486	8,698	8,915	9,138	9,366
Management fee	75,000	75,000	76,875	78,797	80,767	82,786	84,856	86,977	89,151	91,380	93,665
Professional fees	25,200	75,000	46,125	47,278	48,460	49,672	50,913	52,186	53,491	54,828	56,199
Total operating expenses	1,244,533	1,262,289	1,457,241	1,594,147	1,731,170	1,845,996	1,961,214	2,054,234	2,103,579	2,130,725	2,158,289
Investment revaluations											
TOTAL EXPENSES	1,244,533	1,262,289	1,457,241	1,594,147	1,731,170	1,845,996	1,961,214	2,054,234	2,103,579	2,130,725	2,158,289
NET OPERATING SURPLUS	1,891,467	2,648,711	3,249,759	3,130,853	3,012,830	2,905,004	2,793,786	2,699,766	2,649,421	2,622,275	2,593,711
Taxation expense / -credit (subvention)											
NET SURPLUS AFTER TAX	1,891,467	2,648,711	3,249,759	3,130,853	3,012,830	2,905,004	2,793,786	2,699,766	2,649,421	2,622,275	2,593,711
Dividends paid	1,891,467	2,648,711	3,249,759	3,130,853	3,012,830	2,905,004	2,793,786	2,699,766	2,649,421	2,622,275	2,593,711
NET SURPLUS											

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective balance sheet as at 30 June

	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
SHAREHOLDERS FUNDS											
Retained earnings	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000
TOTAL SHAREHOLDERS FUNDS	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000
Represented by:											
CURRENT ASSETS											
Current account with GW	3,633,967	4,006,710	4,223,258	4,104,352	3,986,330	3,878,504	3,767,286	3,673,266	3,622,921	3,595,774	3,567,210
Other receivable											
Dividends receivable	1,538,500	1,923,000	2,307,500	2,307,500	2,307,500	2,307,500	2,307,500	2,307,500	2,307,500	2,307,500	2,307,500
Bank & short term deposits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL CURRENT ASSETS	5,173,467	5,930,710	6,531,758	6,412,852	6,294,830	6,187,004	6,075,786	5,981,766	5,931,421	5,904,274	5,875,710
Investment in CentrePort	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
TOTAL ASSETS	49,173,467	49,930,710	50,531,758	50,412,852	50,294,830	50,187,004	50,075,786	49,981,766	49,931,421	49,904,274	49,875,710
CURRENT LIABILITIES											
Dividends payable	1,891,467	2,648,711	3,249,759	3,130,853	3,012,830	2,905,004	2,793,786	2,699,766	2,649,421	2,622,275	2,593,711
Current account with WRC Holdings	539,000	539,000	539,000	539,000	539,000	539,000	539,000	539,000	539,000	539,000	539,000
Payables	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000
TOTAL CURRENT LIABILITIES	2,514,467	3,271,711	3,872,759	3,753,853	3,635,830	3,528,004	3,416,786	3,322,766	3,272,421	3,245,275	3,216,711
Advance from WRC Holdings Ltd	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
NET ASSETS	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective statement of changes in equity

	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Opening equity	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000
Total comprehensive income for the year	1,891,467	2,648,711	3,249,759	3,130,853	3,012,830	2,905,004	2,793,786	2,699,766	2,649,421	2,622,275	2,593,711
Dividend to be paid	(1,891,467)	(2,648,711)	(3,249,759)	(3,130,853)	(3,012,830)	(2,905,004)	(2,793,786)	(2,699,766)	(2,649,421)	(2,622,275)	(2,593,711)
Closing equity	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000	2,659,000

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective statement of cashflows

	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Cashflows from operations											
Receipts from operations											
Interest received	59,000	65,000	92,000	110,000	129,000	136,000	140,000	139,000	138,000	138,000	137,000
Dividends received ex CPL	1,538,500	3,461,500	4,230,500	4,615,000	4,615,000	4,615,000	4,615,000	4,615,000	4,615,000	4,615,000	4,615,000
Payments to suppliers/employees	(137,533)	-201,833.3	(176,129)	(180,532)	(185,046)	(189,672)	(194,414)	(199,274)	(204,256)	(209,362)	(214,596)
Interest paid	(1,107,000)	(1,060,456)	(1,281,112)	(1,413,615)	(1,546,124)	(1,656,324)	(1,766,800)	(1,854,960)	(1,899,323)	(1,921,363)	(1,943,693)
Net cash from operating activities	352,967	2,264,211	2,865,259	3,130,853	3,012,830	2,905,004	2,793,786	2,699,766	2,649,421	2,622,275	2,593,711
Net cash from investing activities											
Cashflows from financing activities											
Loans											
Dividends paid		(1,891,467)	(2,648,711)	(3,249,759)	(3,130,853)	(3,012,830)	(2,905,004)	(2,793,786)	(2,699,766)	(2,649,421)	(2,622,275)
Movement in current accounts	(352,967)	(372,744)	(216,548)	118,906	118,023	107,826	111,218	94,020	50,345	27,146	28,564
Net cash from financing activities	(352,967)	(2,264,211)	(2,865,259)	(3,130,853)	(3,012,830)	(2,905,004)	(2,793,786)	(2,699,766)	(2,649,421)	(2,622,275)	(2,593,711)
Net increase/(decrease) in cash & cash eqvts	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cash & cash equivalents at beginning of the yr											
Cash & cash equivalents at year end	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective statement of comprehensive income



	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Revenue											
Grant - Recovery of cost from GWRC	11,115,713	13,099,147	13,676,104	14,349,655	14,247,617	14,970,042	14,777,844	14,786,212	15,113,308	16,247,217	16,032,829
External revenue - Rentals Properties	67,366	67,366	68,511	69,539	70,652	71,782	73,002	74,316	75,728	77,167	78,711
Rental income (from TransDev)	6,356,576	6,356,576	6,464,638	6,561,607	6,666,593	6,773,259	6,888,404	6,828,166	6,957,901	7,090,101	7,231,903
TOTAL REVENUE	17,539,655	19,523,089	20,209,253	20,980,801	20,984,861	21,815,083	21,739,250	21,688,694	22,146,937	23,414,485	23,343,442
Expenses											
Audit fees	17,000	17,272	17,566	17,829	18,114	18,404	18,717	19,054	19,416	19,785	20,181
Directors fees	25,000	28,333	28,900	29,478	30,068	30,669	31,282	31,908	32,546	33,197	33,861
Directors insurance	6,000	6,096	6,200	6,293	6,393	6,496	6,606	6,725	6,853	6,983	7,123
Corporate Management Fee	53,196	54,047	54,966	55,790	56,683	57,590	58,569	59,623	60,756	61,910	63,149
Legal fees	5,115	5,197	5,285	5,364	5,450	5,538	5,632	5,733	5,842	5,953	6,072
Professional fees	50,000	50,800	51,664	52,439	53,278	54,130	55,050	56,041	57,106	58,191	59,355
Other Expenses - materials/travel	5,115	5,197	5,285	5,364	5,450	5,538	5,632	5,733	5,842	5,953	6,072
Transport - Admin/Management fee	1,784,574	2,826,337	3,152,781	3,233,612	3,359,133	3,423,604	3,393,762	3,507,550	3,564,771	3,606,038	3,767,317
Depreciation	19,333,995	20,061,040	20,516,727	22,220,282	20,851,563	22,778,595	24,230,901	25,023,990	25,631,502	25,227,927	26,006,089
Insurance	448,108	666,472	716,238	726,982	738,614	750,432	763,189	776,926	791,688	806,730	822,865
Vehicle services	12,022,872	12,010,666	12,128,208	12,807,783	12,607,174	13,357,463	13,225,802	13,021,920	13,393,412	14,521,075	14,254,231
Station expenditure	2,730,000	2,794,000	2,965,491	2,947,047	2,994,199	2,977,151	3,027,762	3,216,761	3,209,352	3,270,330	3,264,511
Carpark & station security	270,000	254,000	258,318	262,193	266,388	270,650	275,251	280,206	285,530	290,955	296,774
Studies & Investigations	400,000	406,400	413,309	419,508	426,221	433,040	440,402	448,329	456,847	465,527	474,838
Rates & Leases	392,000	398,272	405,043	411,118	417,696	424,379	431,594	438,185	445,185	452,619	460,496
Interest expense	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Direct operating cost excl depn	18,278,980	19,593,089	20,279,253	21,050,801	21,054,861	21,885,083	21,809,250	21,758,694	22,216,937	23,484,485	23,413,442
Total operating expenses	37,612,974	39,654,129	40,795,980	43,271,083	41,906,424	44,663,678	46,040,151	46,782,684	47,848,439	48,712,412	49,419,532
Loss on disposal & Reval of Rolling Stock	50,000										
TOTAL EXPENSES	37,662,974	39,654,129	40,795,980	43,271,083	41,906,424	44,663,678	46,040,151	46,782,684	47,848,439	48,712,412	49,419,532
NET OPERATING SURPLUS (DEFICIT)	(20,123,319)	(20,131,040)	(20,586,727)	(22,290,282)	(20,921,563)	(22,848,595)	(24,300,901)	(25,093,990)	(25,701,502)	(25,297,927)	(26,076,089)

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective balance sheet as at 30 June

	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
SHAREHOLDERS FUNDS											
Ordinary share capital	221,903,000	234,172,420	254,762,812	286,220,623	305,062,144	340,946,409	373,238,892	386,955,713	402,457,663	428,414,591	449,479,559
Opening retained earnings	107,878,001	93,389,212	78,894,863	64,072,419	48,023,416	32,959,891	16,508,902	(987,746)	(19,055,419)	(37,560,501)	(55,775,008)
Equity contributed	12,269,420	20,590,393	31,457,810	18,841,521	35,884,265	32,292,483	13,716,821	15,501,950	25,956,928	21,064,968	22,156,766
Current surplus/deficit after dividend	(14,488,790)	(14,494,349)	(14,822,443)	(16,049,003)	(15,063,525)	(16,450,989)	(17,496,648)	(18,067,673)	(18,505,082)	(18,214,507)	(18,774,784)
TOTAL SHAREHOLDERS FUNDS	327,561,631	333,657,675	350,293,042	353,085,560	373,906,300	389,747,794	385,967,967	383,402,244	390,854,090	393,704,551	397,086,532
Represented By:											
CURRENT ASSETS											
Accounts receivable	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000
Current account with GW	936,077	983,077	913,077	843,077	773,077	703,077	633,077	563,077	493,077	423,077	353,077
Bank & short term deposits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL CURRENT ASSETS	1,034,077	1,081,077	1,011,077	941,077	871,077	801,077	731,077	661,077	591,077	521,077	451,077
NON CURRENT ASSETS											
Transport Infrastructure	68,804,401	79,280,176	96,769,857	104,035,582	111,942,311	114,590,862	116,433,349	118,281,081	120,182,268	119,889,652	121,961,671
Rail rolling stock	322,471,024	312,524,603	305,976,005	295,331,519	302,457,492	309,322,829	296,966,262	285,596,490	284,020,729	280,150,386	274,229,043
Work In Progress	8,448,000	8,448,000	8,448,000	8,448,000	8,448,000	8,448,000	8,448,000	8,448,000	8,448,000	8,448,000	8,448,000
Intangibles	117,000										
TOTAL FIXED ASSETS	399,840,426	400,252,778	411,193,862	407,815,101	422,847,803	432,361,691	421,847,611	412,325,571	412,650,997	408,488,038	404,638,714
TOTAL ASSETS	400,874,503	401,333,856	412,204,939	408,756,178	423,718,880	433,162,768	422,578,688	412,986,648	413,242,074	409,009,115	405,089,791
CURRENT LIABILITIES											
Accrued Expenditure	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000
TOTAL CURRENT LIABILITIES	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000	5,209,000
NON CURRENT LIABILITIES											
Deferred taxation liability	68,103,872	62,467,180	56,702,897	50,461,618	44,603,580	38,205,974	31,401,722	24,375,404	17,178,984	10,095,564	2,794,259
TOTAL NON CURRENT LIABILITIES	68,103,872	62,467,180	56,702,897	50,461,618	44,603,580	38,205,974	31,401,722	24,375,404	17,178,984	10,095,564	2,794,259
NET ASSETS	327,561,631	333,657,675	350,293,042	353,085,560	373,906,300	389,747,795	385,967,967	383,402,244	390,854,091	393,704,551	397,086,532

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective statement of changes in equity

	Forecast	Budget									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Opening equity	329,781,001	327,561,631	333,657,675	350,293,042	353,085,560	373,906,300	389,747,794	385,967,967	383,402,244	390,854,090	393,704,551
Shares to be issued during the year	12,269,420	20,590,393	31,457,810	18,841,521	35,884,265	32,292,483	13,716,821	15,501,950	25,956,928	21,064,968	22,156,766
Total comprehensive income for the year	(14,488,790)	(14,494,349)	(14,822,443)	(16,049,003)	(15,063,525)	(16,450,989)	(17,496,648)	(18,067,673)	(18,505,082)	(18,214,507)	(18,774,784)
Closing equity	327,561,631	333,657,675	350,293,042	353,085,560	373,906,300	389,747,794	385,967,967	383,402,244	390,854,090	393,704,551	397,086,532

Greater Wellington Rail Ltd

Operating budgets for the 10 years ended 30 June 2029

Asset additions

	Forecast	Budget									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Park and Ride Development	10,000	1,238,200	627,304	640,477	654,567	668,968					
Ava Bridge South-End	1,200,000										
Waterloo Park & Ride Development	100,000										
Park & Ride Ticketing Gates				4,550,766	4,757,853						
SW & SE Cars - Life Extension	100,000	1,000,000	2,817,604								
SE Cars - Life Extension			2,822,866	1,921,431							
DMU - Heavy Maint/Overhauls									3,796,227	3,996,193	
Wairarapa - Carriage Replacement					17,841,949	18,653,865					
Capex - Matangi 2 new trains											
Matangi - Midlife Refurbishment								3,705,495	8,944,140	6,145,660	
Capex - Matangi 2 Driver Simulator - (gwrl)	611,289										
Capex Rail Rolling Stock Minor Improvements	50,000	260,712	272,576	284,423	297,366	310,898	325,682	341,835	359,491	378,427	398,750
Revenue - ROM Station / Carpark upgrades	2,500,000										
Capex - Rail Infrastructure Like for Like Renewal	100,000	2,555,000	2,613,765	2,668,654	2,727,364	2,787,366	2,851,476	2,919,911	2,992,909	3,067,732	3,147,493
Capex - Rail Infrastructure Improvements <250k	1,000,000	1,022,000	1,045,506	1,067,462	1,090,946	1,114,947	1,140,590	1,167,965	1,197,164	1,227,093	1,258,997
Insurance Related Rail Improvements											
Security Related Rail Improvements		511,000	522,753	533,731	545,473	278,737	285,148	291,991	299,291	306,773	314,749
Capex - SW & SE Cars Heavy Maint/Overhauls	185,402	225,000	449,093	863,578			287,839	905,918	1,107,948	821,371	156,463
EMU Supply contract											
Capex - Matangi Heavy Maint/Overhauls	2,729,529	4,616,698	3,502,645	4,062,308	5,667,908	6,123,450	6,414,633	3,696,172	4,721,635	4,970,347	14,328,316
RS1 - Station Upgrades		1,500,000	1,500,000								
Wngtn Stn Passenger Information System	560,000	940,000									2,392,498
CCTV System Renewals	100,000	104,285	109,030	113,769	118,946	124,359	130,273	136,734	143,796	151,371	159,500
Strength & Access-Buildings & Structures	1,064,200	2,979,800	2,091,012	2,134,923	2,181,892	2,229,893	2,281,181	2,335,929	2,394,327		
Signage	1,500,000	2,585,698	2,180,609								
Bike Storage	200,000	811,000									
Waterloo Depot Land Purchase											
Renew Waterloo Railway Station roof	259,000	241,000	10,903,047								
	12,269,420	20,590,393	31,457,810	18,841,521	35,884,265	32,292,483	13,716,821	15,501,950	25,956,928	21,064,968	22,156,766

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective statement of cashflows

	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Cashflows from operations											
Receipts from operations	17,539,655	19,523,089	20,209,253	20,980,801	20,984,861	21,815,083	21,739,250	21,688,694	22,146,937	23,414,485	23,343,442
Interest received											
Payments to suppliers/employees	(18,814,579)	(19,593,089)	(20,279,253)	(21,050,801)	(21,054,861)	(21,885,083)	(21,809,250)	(21,758,694)	(22,216,937)	(23,484,485)	(23,413,442)
Net cash from operating activities	(1,274,923)	(70,000)									
Cashflow from investing activities											
Purchase of fixed assets	(12,228,419)	(20,473,393)	(31,457,810)	(18,841,521)	(35,884,265)	(32,292,483)	(13,716,821)	(15,501,950)	(25,956,928)	(21,064,968)	(22,156,766)
Net cash from investing activities	(12,228,419)	(20,473,393)	(31,457,810)	(18,841,521)	(35,884,265)	(32,292,483)	(13,716,821)	(15,501,950)	(25,956,928)	(21,064,968)	(22,156,766)
Cashflows from financing activities											
Issue of shares	12,269,420	20,590,393	31,457,810	18,841,521	35,884,265	32,292,483	13,716,821	15,501,950	25,956,928	21,064,968	22,156,766
Movement in current account	1,233,923	(47,000)	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Net cash from financing activities	13,503,343	20,543,393	31,527,810	18,911,521	35,954,265	32,362,483	13,786,821	15,571,950	26,026,928	21,134,968	22,226,766
Net increase/(decrease) in cash & cash eqvts											0
Cash & cash equivalents at beginning of the yr	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cash & cash equivalents at year end	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

WRC Holdings Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective statement of comprehensive income



	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Revenue											
Interest received on GW current account	48,000	56,000	71,000	80,000	98,000	106,000	112,000	115,000	117,000	119,000	119,000
Interest received from PIL	1,107,000	1,060,456	1,281,112	1,413,615	1,546,124	1,656,324	1,766,800	1,854,960	1,899,323	1,921,363	1,943,693
Dividends received from PIL	1,891,467	2,648,711	3,249,759	3,130,853	3,012,830	2,905,004	2,793,786	2,699,766	2,649,421	2,622,275	2,593,711
TOTAL REVENUE	3,046,467	3,765,167	4,601,871	4,624,468	4,656,954	4,667,328	4,672,586	4,669,726	4,665,744	4,662,638	4,656,404
Expenses											
Audit fees	25,000	25,000	25,625	26,266	26,922	26,922	27,595	27,595	28,285	28,285	28,992
Bank & Facility Fees Council	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Directors fees	20,000	28,333	29,042	29,768	30,512	30,512	31,275	31,275	32,057	32,057	32,858
Directors insurance	8,000	8,000	8,200	8,405	8,615	8,615	8,831	8,831	9,051	9,051	9,278
Interest expense	987,000	940,206	1,160,606	1,292,846	1,425,086	1,535,286	1,645,486	1,733,646	1,777,726	1,799,766	1,821,806
Legal fees	7,500	7,500	7,688	7,880	8,077	8,077	8,279	8,279	8,486	8,486	8,698
Trustee & Rating Agency Fees	5,000	5,125	5,253	5,384	5,519	5,519	5,657	5,657	5,798	5,798	5,943
Registry Fees	5,000	5,125	5,253	5,384	5,519	5,519	5,657	5,657	5,798	5,798	5,943
Management fees	75,000	76,875	78,797	80,767	82,786	82,786	84,856	84,856	86,977	86,977	89,151
Professional fees	34,300	35,000	35,875	36,772	37,691	37,691	38,633	38,633	39,599	39,599	40,589
TOTAL EXPENSES	1,277,800	1,242,188	1,467,387	1,604,545	1,741,827	1,852,027	1,967,394	2,055,554	2,104,931	2,126,971	2,154,440
NET OPERATING SURPLUS	1,768,667	2,522,978	3,134,484	3,019,922	2,915,128	2,815,301	2,705,192	2,614,172	2,560,813	2,535,667	2,501,964
Write down (up) of Investments											
NET SURPLUS AFTER TAX & IMPAIRMENTS	1,768,667	2,522,978	3,134,484	3,019,922	2,915,128	2,815,301	2,705,192	2,614,172	2,560,813	2,535,667	2,501,964
Dividend paid (Before Fair Value & Impairment)	1,768,667	2,522,978	3,134,484	3,019,922	2,915,128	2,815,301	2,705,192	2,614,172	2,560,813	2,535,667	2,501,964
NET SURPLUS											

WRC Holdings Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective balance sheet as at 30 June

	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
SHAREHOLDERS FUNDS											
Ordinary share capital	268,714,084	289,304,476	320,762,287	339,603,808	375,488,073	407,780,556	421,497,377	436,999,327	462,956,255	484,021,223	506,177,988
Opening retained earnings	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)
Current surplus/deficit	1,768,667	2,522,978	3,134,484	3,019,922	2,915,128	2,815,301	2,705,192	2,614,172	2,560,813	2,535,667	2,501,964
Dividends declared	(1,768,667)	(2,522,978)	(3,134,484)	(3,019,922)	(2,915,128)	(2,815,301)	(2,705,192)	(2,614,172)	(2,560,813)	(2,535,667)	(2,501,964)
Retained earnings	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)	(31,412,664)
TOTAL SHAREHOLDERS FUNDS	237,301,420	257,891,812	289,349,623	308,191,144	344,075,409	376,367,892	390,084,713	405,586,663	431,543,591	452,608,559	474,765,324
Represented by:											
CURRENT ASSETS											
Current account with GW	3,086,136	3,083,204	3,093,661	3,098,006	3,111,233	3,119,233	3,120,342	3,123,342	3,120,328	3,122,328	3,117,189
Dividends receivable	1,891,467	2,648,711	3,249,759	3,130,853	3,012,830	2,905,004	2,793,786	2,699,766	2,649,421	2,622,275	2,593,711
Accounts receivable	93,400	93,400	93,400	93,400	93,400	93,400	93,400	93,400	93,400	93,400	93,400
Bank & short term deposits	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
TOTAL CURRENT ASSETS	5,075,003	5,829,314	6,440,820	6,326,258	6,221,464	6,121,637	6,011,528	5,920,508	5,867,149	5,842,003	5,808,300
Advance to PIL	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
Investment in subsidiaries	234,172,084	254,762,476	286,220,287	305,061,808	340,946,073	373,238,556	386,955,377	402,457,327	428,414,255	449,479,223	471,635,988
TOTAL INVESTMENTS	278,172,084	298,762,476	330,220,287	349,061,808	384,946,073	417,238,556	430,955,377	446,457,327	472,414,255	493,479,223	515,635,988
TOTAL ASSETS	283,247,087	304,591,791	336,661,107	355,388,066	391,167,536	423,360,193	436,966,905	452,377,835	478,281,405	499,321,226	521,444,288
CURRENT LIABILITIES											
Dividends payable	1,768,667	2,522,978	3,134,484	3,019,922	2,915,128	2,815,301	2,705,192	2,614,172	2,560,813	2,535,667	2,501,964
Payables	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000
TOTAL CURRENT LIABILITIES	1,865,667	2,619,978	3,231,484	3,116,922	3,012,128	2,912,301	2,802,192	2,711,172	2,657,813	2,632,667	2,598,964
Term Loan - CBA facility	44,080,000	44,080,000	44,080,000	44,080,000	44,080,000	44,080,000	44,080,000	44,080,000	44,080,000	44,080,000	44,080,000
NET ASSETS	237,301,420	257,891,812	289,349,623	308,191,144	344,075,409	376,367,892	390,084,713	405,586,663	431,543,591	452,608,559	474,765,324

WRC Holdings Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective statement of changes in equity

	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Opening equity	225,032,000	237,301,420	257,891,812	289,349,623	308,191,144	344,075,409	376,367,892	390,084,713	405,586,663	431,543,591	452,608,559
Shares to be issued during the year	12,269,420	20,590,393	31,457,810	18,841,521	35,884,265	32,292,483	13,716,821	15,501,950	25,956,928	21,064,968	22,156,766
Total comprehensive income for the year	1,768,667	2,522,978	3,134,484	3,019,922	2,915,128	2,815,301	2,705,192	2,614,172	2,560,813	2,535,667	2,501,964
Dividend to be paid	(1,768,667)	(2,522,978)	(3,134,484)	(3,019,922)	(2,915,128)	(2,815,301)	(2,705,192)	(2,614,172)	(2,560,813)	(2,535,667)	(2,501,964)
Closing equity	237,301,420	257,891,812	289,349,623	308,191,144	344,075,409	376,367,892	390,084,713	405,586,663	431,543,591	452,608,559	474,765,324

WRC Holdings Ltd
Operating budgets for the 10 years ended 30 June 2029
Prospective statement of cashflows

	Forecast 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29
Cashflows from operations											
Interest received - PIL & GW C/Account	1,155,000	1,116,456	1,352,112	1,493,615	1,644,124	1,762,324	1,878,800	1,969,960	2,016,323	2,040,363	2,062,693
Dividends received		1,891,467	2,648,711	3,249,759	3,130,853	3,012,830	2,905,004	2,793,786	2,699,766	2,649,421	2,622,275
Payments to suppliers/employees	(290,800)	(301,982)	(306,781)	(311,699)	(316,741)	(316,741)	(321,908)	(321,908)	(327,205)	(327,205)	(332,634)
Interest paid	(987,000)	(940,206)	(1,160,606)	(1,292,846)	(1,425,086)	(1,535,286)	(1,645,486)	(1,733,646)	(1,777,726)	(1,799,766)	(1,821,806)
Net cash from operating activities	(122,800)	1,765,735	2,533,436	3,138,828	3,033,150	2,923,128	2,816,410	2,708,192	2,611,158	2,562,813	2,530,528
Cashflow from investing activities											
Purchase of shares	(12,269,420)	(20,590,393)	(31,457,810)	(18,841,521)	(35,884,265)	(32,292,483)	(13,716,821)	(15,501,950)	(25,956,928)	(21,064,968)	(22,156,766)
Net cash from investing activities	(12,269,420)	(20,590,393)	(31,457,810)	(18,841,521)	(35,884,265)	(32,292,483)	(13,716,821)	(15,501,950)	(25,956,928)	(21,064,968)	(22,156,766)
Cashflows from financing activities											
Dividends paid		(1,768,667)	(2,522,978)	(3,134,484)	(3,019,922)	(2,915,128)	(2,815,301)	(2,705,192)	(2,614,172)	(2,560,813)	(2,535,667)
Issue of shares	12,269,420	20,590,393	31,457,810	18,841,521	35,884,265	32,292,483	13,716,821	15,501,950	25,956,928	21,064,968	22,156,766
Movement in current account	122,800	2,932	(10,458)	(4,344)	(13,228)	(8,000)	(1,109)	(3,000)	3,014	(2,000)	5,139
Net cash from financing activities	12,392,220	18,824,658	28,924,374	15,702,693	32,851,115	29,369,356	10,900,411	12,793,758	23,345,770	18,502,154	19,626,238
Net increase/(decrease) in cash & cash eqvts											
Cash & cash equivalents at beginning of the yr	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Cash & cash equivalents at year end	4,000										

24 June 2019



Chris Laidlaw
Chair
Greater Wellington Regional Council
P O Box 11 646
Wellington 6142

Dear Chris

WRC Holdings Limited Statement of Intent covering the 2019/20 to 2021/22 financial years

WRC Holding Board members held a meeting on 24th June 2019 to discuss the above Statement of Intent (SOI).

At this meeting we received the final Statement of Corporate Intent from CentrePort and also the updates from Port Investments Limited, Greater Wellington Rail Limited and WRC Holdings Limited.

We have updated the SOI to take into consideration of the requests of the Shareholder in relation to carbon emissions and climate related matters.

We approved the final SOI for WRC Holdings for delivery to the shareholder at our meeting and now formally pass it on to Council.

As per the Local Government Act (Schedule 8, Clause 3) we are required to deliver a final SOI for WRC Holdings Group before 30 June 2019.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Prue Lamason', written in a cursive style.

Prue Lamason
Chair – WRC Holdings

Encl – WRC Holdings Group – Statement of Intent for the years ended June 2020, 2021 and 2022



Report 19.315
Date 22 July 2019
File CCAB-8-2374

Committee Council
Author Alan Bird, Chief Financial Officer

Issue of unpaid share capital to fund Greater Wellington Rail Limited (GWRL) capital expenditure for 2019/20 year

1. Purpose

This report seeks Council's:

- approval and consent to the issue of 3.5 million unpaid \$1 shares by WRC Holdings Limited (WRCHL) to Council
- consent to WRCHL approving the issue of 3.5 million unpaid \$1 shares by GWRL to WRCHL
- approval to execute an agreement for the issue of shares which makes provision for the respective boards to make calls for payment of the shares as GWRL's 2019/20 budget capital expenditure becomes due for payment.

2. Background

Each year Council approves the issuance of share capital by WRCHL and in turn by GWRL to fund GWRL's capital programme.

The shares are issued as uncalled and when the funds are spent in GWRL the monies are drawn down against the respective shares.

On 24 June 2019 the WRCHL Board approved the Statement of Intent (SOI) for WRCHL for the three years ending June 2022. The SOI includes budgeted capital expenditure which is to be 100% funded by share capital.

The 2019/20 budgeted capital expenditure for GWRL is \$20.6 million.

As with all budgets they are estimates of expenditure. There remain shares which were issued last financial year and have not yet been called to match capital expenditure. This has occurred due to timing of expenditure and with

projects coming in under budget due to either savings or non-utilisation of contingency allowances.

At 30 June 2019 after the call on shares for the 2018/19 year the total value of issued but uncalled shares remaining was \$17.1 million.

The new share issue of 3.5 million \$1 shares, plus the existing 17.1 million \$1 uncalled shares equates to this year's budgeted capital expenditure in GWRL of \$20.6 million.

3. Issue of unpaid shares

The issue of the new unpaid shares required to fund part of GWRL's \$20.6 million budgeted 2019/20 year capital expenditure will occur as follows, and requires the following approvals:

Council as the sole shareholder and entitled person of WRCHL is required to approve the issue of unpaid ordinary \$1 shares by WRCHL equivalent to \$3.5 million (being the balancing amount required to fund GWRL's budgeted 2019/20 year capital expenditure).

This is approved by authorising the signing of an entitled persons agreement (refer [Attachment 1](#)).

Council is required to approve and authorise the signing of the agreement for the issue of shares to record the basis upon which the respective boards of WRCHL and GWRL make calls for the payment of the shares (refer [Attachment 2](#)).

After Council approval, WRCHL as sole shareholder and entitled person of GWRL is required to approve the issue of unpaid ordinary \$1 shares by GWRL to WRCHL equivalent to \$3.5 million.

Directors of WRCHL will be asked to approve the issue of unpaid shares to Council. This approval will be sought at the WRCHL meeting on 13 August 2019.

After Council and WRCHL approval, the Directors of GWRL will be asked to approve the issue of the unpaid shares to WRCHL. This approval will be sought at the GWRL meeting on 13 August 2019.

4. Communication

No communications are intended in regard to the decisions that are the subject of this report.

5. Consideration of climate change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

6. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

6.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance. As set out above, the matters for decision in this report implement budgeted capital expenditure set out in the Long-term Plan

6.2 Engagement

Engagement on the matters contained in this report took place when the budgeted capital expenditure was consulted on as part of the Council's Long-term Plan.

7. Recommendations

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Notes that the amount of \$20.6 million is required by GWRL to fund GWRL's budgeted 2019/20 year capital expenditure.*
4. *Notes that GWRL's budgeted 2019/20 capital expenditure will be funded by:*
 - *The issue of 3.5 million unpaid ordinary \$1 shares by GWRL to WRCHL, and*
 - *The issue of 3.5 million unpaid ordinary \$1 shares by WRCHL to Council.*
 - *The utilisation of 17.1 million unpaid ordinary \$1 shares issued by GWRL to WRCHL in prior periods but not yet called.*
 - *The utilisation of 17.1 million unpaid ordinary \$1 shares issued by WRCHL to Council in prior periods but not yet called.*

5. *Approves the issue of 3.5 million unpaid ordinary \$1 shares in WRCHL to Council.*
6. *Approves WRCHL approving the issue of 3.5 million unpaid ordinary \$1 shares in GWRL to WRCHL.*
7. *Authorises the Council Chair and Deputy Chair to sign the required Entitled Persons Agreement attached approving and consenting to the issue of shares on behalf of Council.*
8. *Authorises the Council Chair to sign the agreement attached for the issue of shares approving the basis upon which the respective WRCHL and GWRL boards may make calls for payment of the shares.*
9. *Requests that the Council Chair confirms the consent and approvals referred to in this report, in writing to WRCHL.*

Report prepared by:

Alan Bird
Chief Financial Officer

Report approved by:

Samantha Gain
General Manager Corporate
Services

Attachment 1: WRCHL – Entitled Person Agreement

Attachment 2: Agreement for the issue of shares recording basis for calls on the shares
shares

WRC HOLDINGS LIMITED
(363481)
(the Company)

WELLINGTON REGIONAL COUNCIL
(the Shareholder)

Agreement of the sole shareholder and entitled person of the Company pursuant to section 107 of the Companies Act 1993 (the Act) and dated 13 August 2019

- 1 The Shareholder, being the sole shareholder and entitled person of the Company agrees to the issue of 3.5 million ordinary unpaid shares valued at \$1 each by the Company (**the Shares**) to the Shareholder, on the terms set out in the annexed resolution of directors (**the Board Resolution**).
- 2 The Shares be unpaid, but otherwise issued on the same terms as, and ranking equally with the existing ordinary shares in the Company but to the extent that they are not inconsistent with the additional terms contained in the Board Resolution.
- 3 In accordance with section 50 of the Act, the Shareholder consents to becoming the holder of the Shares.

Signed by the **Wellington Regional Council**, being the sole shareholder and entitled person of the Company, by:

Authorised Person

Authorised Person

**COPY OF RESOLUTION TO BE SIGNED BY THE BOARD OF WRCHL AT ITS MEETING ON 13
AUGUST 2019**

**WRC HOLDINGS LIMITED
(363481)
(the Company)**

**Directors' written resolution pursuant to clause 32 of the Company's Constitution and
dated 13 August 2019**

Resolved that:

- 1 Subject to the approval and agreement of the sole shareholder and entitled person of the Company, Wellington Regional Council (the Shareholder), under section 107(2) of the Companies Act 1993, the Company issue 3.5 million ordinary unpaid shares (the Shares) valued at \$1 each to the Shareholder.
- 2 The Shares be unpaid, but otherwise issued on the same terms as, and ranking equally with, the existing ordinary shares of the Company and shall be issued in accordance with the Agreement for the issue of those shares tabled at the Directors' meeting.
- 3 The share register of the Company be updated accordingly to reflect the issue of the Shares.
- 4 The Company acquire a further 3.5 million ordinary unpaid shares valued at \$1 each in the Company's wholly owned subsidiary, Greater Wellington Rail Limited (GWRL), on the same terms as, and ranking equally with, the Company's existing ordinary shares in GWRL.

Acknowledged that:

- 5 No call shall be made by the Company in respect of the Shares that is in excess of any certified amount required by the Company to fund all or a part of the Company's budgeted 2019/20 capital expenditure of up to \$3.5 million.

Signed by all the directors of **WRC Holdings Limited**:

Prue Lamason

Barbara Donaldson

Helen Mexted

Nick Leggett

Ian McKinnon

Roger Blakely

Nancy Ward

**Agreement for the issue of shares
(GWRL 2019/20 capital expenditure)**

Wellington Regional Council
WRC Holdings Limited
Greater Wellington Rail Limited

Parties

Wellington Regional Council (**WRC**)

WRC Holdings Limited registered number 363481 (**WRCHL**)

Greater Wellington Rail Limited registered number 1846367 (**GWRL**)

Background

- A. GWRL is a company wholly owned by WRCHL, which in turn is a company wholly owned by WRC.
- B. The Board of GWRL, with the prior approval of all entitled persons, has resolved to issue to WRCHL 3.5 million unpaid ordinary shares at \$1 each.
- C. The Board of WRCHL, with the prior approval of all entitled persons, has resolved to issue to WRC 3.5 million unpaid ordinary shares at \$1 each.
- D. The shares are being issued to provide funding for GWRL to partly meet budgeted 2019/20 year capital expenditure of \$3.5 million (the **FY20 Capital Expenditure**).
- E. WRC, WRCHL and GWRL are entering this contract for the issue of those shares to record the basis upon which the respective Boards may make calls for the payment of those shares.

It is agreed between the parties as follows

1. As GWRL is required to make payments to meet the FY20 Capital Expenditure, it shall be entitled to make a call on any of the 3.5 million \$1 shares issued to WRCHL, and within five business days of making that call WRCHL shall make payment. GWRL has authorised the Chief Financial Officer of WRC to make such calls on its behalf, and when giving notice of any such call, the Chief Financial Officer of WRC must certify that the amount being called will be used only to fund the FY20 Capital Expenditure and the amount of the call made does not exceed the amount certified which is due for payment in respect of such FY20 Capital Expenditure.
2. As WRCHL is required to make payments to meet a call made on the shares issued to it, WRCHL shall be entitled to make a call on any of the 3.5 million \$1 shares issued to WRC, and within five business days of making that call WRC shall make payment. WRCHL has authorised the Chief Financial Officer of WRC to make such calls on its behalf, but when giving notice of any such call, the Chief Financial Officer of WRC must certify that the amount being called will be used only to fund payment of sums unpaid in respect of the shares issued to WRC and that in turn, such sums will be used only by GWRL to meet GWRL's FY20 Capital Expenditure and the amount of the call made does not exceed the amount certified which is due for payment in respect of such FY20 Capital Expenditure.

Execution and date

Executed as an agreement.

Date:

Signed on behalf of
Wellington Regional Council

.....
Authorised officer

WRC Holdings Limited by:

.....
Signature of director

.....
Signature of director

.....
Name of director (print)

.....
Name of director (print)

Greater Wellington Rail Limited by:

.....
Signature of director

.....
Signature of director

.....
Name of director (print)

.....
Name of director (print)



Report 19.307
Date 10 July 2019
File CCAB-8-2371

Committee Council
Author Seán Mahoney, Company Portfolio Manager

Local Government Funding Agency – Statement of Intent 2019/20

1. Purpose

To receive the finalised statement of Intent from the Local Government Funding Agency (LGFA) for 2019/20.

2. Background

The LGFA is a Council Controlled Trading Organisation (CCTO) and it is required to prepare a Statement of Intent (SOI) to its shareholders.

Greater Wellington Regional Council is one of the nine foundation shareholders and owns 8.3% of the equity alongside the other founding shareholders. Central government owns 20% (the largest share) and the remainder of the shareholding is split amongst 21 other councils.

The LGFA operates to provide finance to the local government sector. Its primary objective is to optimise the debt funding terms and conditions for participating councils. There are 64 participating local authorities. These 64 member councils comprise 97% of the local government sector debt.

At the 10 April 2019 Council meeting, the draft SOI was presented and an opportunity for feedback presented.

LGFA has a shareholder council representing the shareholder councils which has a lead role in monitoring the LGFA on behalf of all shareholders, including providing the Letter of Expectation to LGFA.

3. Comment

A letter of introduction is included as [Attachment 1](#) and outlines the key areas of the SOI which is included as [Attachment 2](#).

As noted in the draft SOI there is some uncertainty in future years of the SOI financial forecasts due to uncertainty over central government led initiatives. There is also uncertainty over the timing and amounts of refinancing later in the 2019/20 year. LGFA have taken a conservative approach to this uncertainty.

Key features of the SOI include:

- Profitability is estimated to be \$10 million this year, \$12.6 million next year and \$12.4 million the following year.
- Sets a performance target of 80% satisfaction score as to the value added by LGFA to borrower councils.
- Net interest income forecast to be \$17.9 million in 2019/20 and rising to over \$20 million for the following two years. Operating expenses are forecast to increase from \$6.3 million this year to \$6.8 million in 2021/22. These figures represent an improvement from the draft SOI.
- The dividend policy remains an annual rate of return of LGFA fixed rate bond costs plus 2%. This is in line with LGFA's position of maximising borrower benefits over shareholder returns.

4. The decision-making process and significance

The matters raised in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002.

4.1 Significance of the decision

Officers have considered the significance of the matter, taking into account the Council's significance and engagement policy and decision-making guidelines. Due to the procedural nature of this decision officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

4.2 Engagement

Due to its procedural nature and low significance, no engagement on this matter has been undertaken.

5. Recommendations

That the Council:

1. *Receives the Local Government Funding Agency Statement of Intent 2019/20.*

Report prepared by

Report approved by

Seán Mahoney
Company Portfolio Manager

Samantha Gain
General Manager
Corporate Services

Attachment 1 – Letter to Shareholders from the LGFA Chief Executive dated 27 June 2019

Attachment 2 – LGFA Statement of Intent 2019/2020



27 June 2019

Dear Shareholder

Statement of Intent 2019/20

Please find attached the Statement of Intent (SOI) for the 2018/19 year.

LGFA remains focused on delivering strong results for our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets.

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality and
- Enhancing our approach to treasury and risk management.

The following points regarding the 2019/20 SOI are worth noting

- The SOI performance targets are similar to the previous year's targets except we have replaced the interest cost savings targets for councils (given the difficulty to measure this accurately) with a satisfaction survey.
- There remains some uncertainty within the SOI forecasts relating to the amount of both council loans and LGFA bonds outstanding as this depends upon the timing of council borrowing. We are uncertain what impact the other infrastructure initiatives announced by Central Government will have on those eligible council's borrowing requirements over the forecast period. A move also towards utilising off balance sheet financing may impact on council borrowing. Because of these uncertainties, we have adopted a conservative approach to forecasting council borrowing demand.
- The timing and amount of refinancing of council loans maturing in April 2020 and the associated repayment of the LGFA April 2020 bonds might also have an impact on the SOI forecasts.

The changes made to the Final SOI compared to the Draft SOI that you received in February 2019 for comment have been

- Net interest income has reduced by \$500,000 in the 2019/20 year reflecting lower interest rates (approximately 0.40% lower) but has increased by \$1.6 million and \$1.3 million in the subsequent years because of the higher level of assets (\$600 million) compared to the starting position.
- Expenses have increased by between \$200,000 and \$300,000 across the forecast period due to higher fees relating to a greater utilisation amount expected under the Standby Facility and increased IT and consultancy costs relating to our transition to the SWIFT payments system and a greater focus on cyber security.

We can provide you with a tracked change version of the Draft and Final SOI documents if you wish.

Please feel free to contact me if you have any questions or require further clarification on anything relating to the SOI or LGFA in general.

Yours sincerely



Mark Butcher
Chief Executive



Statement of Intent 2019/20

1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of New Zealand Local Government Funding Agency Limited (LGFA).

The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

2. Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA's operations;
- Provide excellent service to Participating Local Authorities;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost-effective manner.

3. Objectives

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the objectives and performance targets of the shareholders in LGFA (both commercial and non-commercial) as specified in this SOI;
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

Primary Objectives

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Offering short and long-term borrowings with flexible lending terms;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Being the debt funder of choice for New Zealand local government.

LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes

- LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and endeavour to visit each Participating Local Authority on an annual basis;
- Implement the changes to the Foundation Policies that were approved at the November 2018 AGM to allow for lending to CCOs. Changes to operational policies and practices need to ensure that no additional risk is borne by lenders, guarantors or the Crown and
- LGFA will analyse finances at the Council group level where appropriate and report to shareholders as to which Participating Local Authorities are measured on a group basis.

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.

Additional objectives

LGFA has several additional objectives which complement the primary objectives. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy;
- Provide at least 75% of aggregate long-term debt funding to the Local Government sector;
- Achieve the financial forecasts (excluding the impact of AIL) set out in section 4;
- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4;
- Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Introduce CCO lending by December 2019 and report quarterly, the volume of lending to CCOs and
- Comply with its Treasury Policy, as approved by the Board.

The measurement of the company performance regarding these additional objectives are set out as Performance Targets in Section 5 of this SOI.

4. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2022 are:

FINANCIAL YEAR (\$M)	SOI FINAL		
	Jun-20	Jun-21	Jun-22
Comprehensive income			
Interest income	256.2	274.6	270.1
Interest expense	238.3	254.0	250.0
Net Interest income	17.9	20.6	20.1
Issuance and on-lending costs	2.4	2.5	2.6
Approved Issuer Levy	1.6	1.4	1.0
Operating expenses	3.9	4.1	4.2
Issuance and operating expenses	7.9	8.0	7.7
P&L	10.0	12.6	12.4
Financial position (\$m)	Jun-20	Jun-21	Jun-22
Capital	25.0	25.0	25.0
Retained earnings	59.9	71.4	82.6
Total equity	84.9	96.4	107.6
Shareholder funds + borrower notes / Total assets	2.3%	2.4%	2.4%
Dividend provision	1.2	1.1	1.2
Total assets (nominal)	10,262.9	10,616.1	10,770.1
Total LG loans - short term (nominal)	460.0	460.0	460.0
Total LG loans (nominal)	9,331.7	9,622.5	9,711.3
Total bills (nominal)	425.0	425.0	425.0
Total bonds (nominal) ex treasury stock	9,594.0	9,794.0	9,984.0
Total borrower notes (nominal)	149.3	154.0	155.4

Note that there is some forecast uncertainty around the timing of Net Interest Income, Profit and Loss, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their April 2020, May 2021 and April 2022 loans. LGFA will work with council borrowers to reduce this uncertainty.

5. Performance targets

LGFA has the following performance targets:

- LGFA’s net interest income for the period to:
 - 30 June 2020 will be greater than \$17.9 million.
 - 30 June 2021 will be greater than \$20.6 million.
 - 30 June 2022 will be greater than \$20.1 million.
- LGFA’s annual issuance and operating expenses (excluding AIL) for the period to:
 - 30 June 2020 will be less than \$6.30 million.
 - 30 June 2021 will be less than \$6.60 million.
 - 30 June 2022 will be less than \$6.80 million.
- Total lending to Participating Local Authorities¹ at:
 - 30 June 2020 will be at least \$9,792 million.
 - 30 June 2021 will be at least \$10,083 million.
 - 30 June 2022 will be at least \$10,171 million.
- Conduct an annual survey of councils who borrow from LGFA and achieve at least an 80% satisfaction score as to the value added by LGFA to the council borrowing activities
- Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements.
- Achieve 75% market share of all council borrowing in New Zealand
- Review each Participating Local Authority’s financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually.
- No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.
- Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.
- Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.

¹ Subject to the forecasting uncertainty noted previously

6. Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders. Consequently, it is intended to pay a limited dividend to Shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

7. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice² with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter, to be reviewed from time to time in consultation with Shareholders.

The Board will meet on a regular basis and no fewer than 6 times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.

² Best practice as per NZX and Institute of Directors guidelines

- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

8. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act and Financial Reporting Act. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Local Authorities (in credit rating bands).

- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Local Authority that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).
- Details of any borrowing by CCOs during the quarter and the amount of CCO loans outstanding.

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

9. Acquisition/divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

10. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

11. Commercial value of Shareholder’s investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board’s views on the appropriate capital structure for LGFA, the Board’s intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considers that at establishment the commercial value of LGFA is equal to the face value of the Shareholders’ paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders’ paid up Principal Shares of \$25 million. This equates to a value per share of \$1.00.

12. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

The following statement is taken from the Financial Statements presented as part of LGFA’s Annual Report 2018 (updated where necessary).

ATTACHMENT: Statement of accounting policies

a. Reporting Entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

b. Statement of Compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA’s bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

c. Basis of Preparation

Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

There have been no changes in accounting policies.

Early adoption standards and interpretations

NZ IFRS 9: Financial Instruments. The first two phases of this new standard were approved by the Accounting Standards Review Board in November 2009 and November 2010. These phases address the issues of classification and measurement of financial assets and financial liabilities.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. Those which may be relevant to LGFA are as follows:

NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

d. Financial instruments

Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand; cash in transit, bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date an assessment is made whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

e. Other assets

Property, plant and equipment (PPE)

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible Assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

f) Other liabilities

Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

g) Revenue and expenses

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

h. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

i. Segment reporting

LGFA operates in one segment being funding of participating local authorities in New Zealand.

j. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values. Refer note 2b for fair value determination for financial instruments.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.



Report 19.297
Date 02 July 2019
File CCAB-8-2367

Committee Council
Author Seán Mahoney, Company Portfolio Manager

Wellington Regional Stadium Trust - Statement of Trustees Intent

1. Purpose

To receive the Statement of Trustees Intent (STI) for the next 3 years from the Wellington Regional Stadium Trust (WRST).

2. Background

The STI is the responsibility of the Trustees of the Stadium Trust.

The Stadium Trust is required under the funding deed to produce a draft STI to Greater Wellington Regional Council and Wellington City Council, as Settlers of the Trust, for comment.

The draft STI and then the final version have been provided for comment and feedback to the WRC Holdings Board as in previous years. A detailed review was undertaken and provided to the April board meeting, and a final version presented to the June meeting.

The accountability for the WRST is best placed directly with Council but has over recent years been undertaken by WRC Holdings. The reporting on the 2019 STI and all future letters of expectation and performance presentations will return directly to the full council. This will allow WRC Holdings to focus on those areas it is accountable for.

WRST will present updates to Council through the year and are scheduled to attend Council in December.

3. Comment

The STI was updated to reflect comments from the WRC Holdings board. This document is included as [Attachment 1](#). The main points of the document are

- WRST is forecasting operating surpluses of between \$1.78 and \$2.12 million per annum.

- WRST is investing in resilience works which has increased projected depreciation. Some of this work has been fast-tracked to manage potential risks and improve earthquake resilience.
- Over the next 3 years WRST will invest \$19.01 million in the facility.
- As the capital expenditure projections exceed the operating surpluses the bank debt is forecast to increase from \$4.58 million to \$6.42 million at 30 June 2022.
- WRST is managing escalating insurance costs within these forecasts. As the costs continue to rise WRST is having to give consideration to their strategic approach to insuring the facility and this may require further dialogue with the settlors.
- At this stage there has been no announcement on a new naming rights agreement. The existing agreement will expire on 31 December 2019.

WRST presented to Council in June and the Chair of WRST raised some comments and suggestions around the process for appointing Trustees, particularly where these appointments are for terms beyond six years.

As requested at that meeting the Chair of WRST sent a letter outlining some suggestions and seeking guidance (provided separately). The WRST Chair proposes in summary that WRST seek much earlier feedback on the re-appointment of trustees and that this be presented to Council at that stage for feedback. If either Council objects to the re-appointment then a new candidate would be sought. This does not preclude WRST from seeking an alternate candidate rather than re-appointing where it is not considering recommending the trustee for a further term.

The Chief Executive acknowledged this letter and to work towards the co-ordination needed to implement this. Initial meetings with Wellington City Council have been positive.

4. Communication

No external communication is proposed as an outcome of the consideration of this report.

5. Consideration of climate change

The matters in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

5.1 Mitigation assessment

Officers have considered the effect of the matter on the climate. Officers recommend that the matter will have no effect.

5.2 Adaptation assessment

Officers have considered the impacts of climate change in relation to the matter. Officers recommend that climate change has no bearing on the matter.

6. The decision-making process and significance

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

6.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

The STI is a compliance document as outlined in the funding deed. The STI is consistent with the previous plans and it does not create any issues for the current LTP. Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

6.2 Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed. In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

7. Recommendations

That the Council:

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Receives the Wellington Regional Stadium Trust Statement of Trustees Intent for the year ending 30 June 2020.*
- 4. Notes that future reporting and accountability for Wellington Regional Stadium Trust will rest with the full Council.*
- 5. Agrees with the process of receiving advance requests from Wellington Regional Stadium Trust for any proposed re-appointments.*

Report prepared by:

Report approved by

Seán Mahoney

Company Portfolio Manager

Luke Troy

General Manager, Strategy

Attachment 1: Wellington Regional Stadium Trust – Final Statement of Trustees Intent for the year ending 30 June 2020.



**Wellington Regional Stadium Trust
Statement of Trustees Intent
For the year ending 30 June 2020**

Registered Office: Westpac Stadium
Waterloo Quay
Wellington

Chair: John Shewan

Chief Executive: Shane Harmon

The Wellington Regional Stadium Trust (the Trust) was established by the Wellington Regional Council (Stadium Empowering) Act 1996. The Settlers of the Trust are the Wellington City Council and the Greater Wellington Regional Council.

The Trust is not a Council Controlled Organisation, for the purposes of the Local Government Act 2002. However, the interest that ratepayers have in the Trust and its activities is understood and accordingly the Trustees have agreed to be subject to the reporting requirements and monitoring procedures of both Councils.

May 2019



1. INTRODUCTION

The financial year ending 30 June 2020 will be a very active year for the Trust, highlighted by a full events calendar and ongoing improvements to the Stadium.

In 2018 the Trust refreshed its strategic priorities, which are centred on the following areas:

1. Deliver great customer experiences
2. Grow commercial revenues
3. Invest in and improve our facilities
4. Value our people, our community and our stakeholders
5. Operate a safe building
6. Operational excellence
7. Attract and deliver world class events
8. Sustainability

Matters raised in Letters of Expectation from both Wellington City Council and Greater Wellington Regional Council are addressed in the Statement of Intent.

The Trust expects that the Stadium will be New Zealand's most utilised stadium in 2020 as has been the case in recent years.

The Trust derives a diverse range of recurring revenue streams, including from naming rights. Securing a new naming rights partner from January 2020 is a priority.

Over the next twelve months the Trust, with the support of Wellington City Council, will continue to upgrade the internal concourse. This follows the first stage of the concourse upgrade which saw the removal of some of the steel cladding to bring natural light and the city's wonderful vista into the Stadium.

The Trust continues to enjoy a collaborative and supportive relationship with the Greater Wellington Regional Council (GWRC) and Wellington City Council (WCC) as well as the Wellington Regional Economic Development Agency (WREDA).



2. STRATEGIC DIRECTION

a) CORE PURPOSE

The objectives of the Wellington Regional Stadium Trust as set out in the founding Trust Deed are as follows:

- To own, operate and maintain the Stadium as a high quality multi-purpose sporting and cultural venue;
- To provide high quality facilities to be used by rugby, cricket and other sports codes, musical, cultural and other users including sponsors, event and fixture organisers and promoters so as to attract to the Stadium high quality and popular events for the benefit of the public of the region; and
- To administer the Trust's assets on a prudent commercial basis so that the Stadium is a successful, financially autonomous community asset.

The Councils have also established general objectives for the Trust. These are that it should:

- Adopt a partnership approach in dealing with the Councils and their associated entities;
- Have a regional focus where this is appropriate;
- Appropriately acknowledge the contribution of the Councils;
- Achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- Operate at better than breakeven after depreciation expense.

The Trust meets all the general objectives of the Councils noting that the overriding requirement of the Trust Deed means that the Trust must generate sufficient profit to repay loans and finance capital expenditure.

Alignment with Council's Policies and Strategies

In 2011 WCC developed a 2040 Strategy setting out its vision for the city. The Trust fully supports these policies and strategies and contributes directly to the priority areas set out including the Economic Development Strategy, the Event Policy and the Digital Strategy.

WRST's plans support both Council's long terms plans as outlined below.

Wellington City Council's Long-Term Plan (2015-2025)

The Trust is fully supportive of WCC's long term plans. In particular the Trust identifies the following that provide strong synergies with the Stadium's plans:

1. A longer airport runway: bringing in more international visitors, and enhancing business and education connections.

The Stadium will be a beneficiary of a longer runway through increased visitor numbers for major events. In addition a longer runway removes one of the impediments for major artists visiting Wellington, as staging and equipment often has to be transported via road from Auckland.

2. Screen and tech industries: supporting smart and sustainable economic growth.



The Stadium is using Wellington based Eyemagnet to deliver internet protocol television (IPTV) and content management to the WiFi services. Spark provides its connected stadium platform. Technology is playing an increasing role in the Stadium's operations and in enhancing the event day experience.

3. New and improved venues for music, sport, and conventions

The Trust is very supportive of the proposed investment in sports and events infrastructure.

The proposed Wellington Convention Centre and a new indoor arena will complement the Stadium's current offerings.

The Trust is also supportive of ongoing investment in the Basin Reserve. It is important that both venues continue to support and complement each other, and that investment ensures growth in the number of events and overall attendances in Wellington as opposed to displacement of existing events within the region.

4. Reigniting our sense of place through events and public space improvements

The Trust applauds the commitment to increase funding for major events. A partnership driven approach to attracting and securing the right events for Wellington is vital. The Trust commits to being an active partner in this strategy.

Greater Wellington Regional Council's Long Term Plan

The Trust supports GWRC's Long Term Plan, in particular those plans which improve public transport infrastructure and encourage the use of public transport.

The Trust actively encourages patrons to utilise public transport while attending events at the Stadium.

The Trust monitors green-house gas emissions. In 2018/19 the Trust has been exploring various options of reducing waste and in particular single use plastic.

b) OPERATING ENVIRONMENT UPDATE

The operating environment remains positive for the Trust, albeit with a number of challenges.

The past few years have boasted a strong events calendar. The events outlook for 2019/20, while still a work in progress, looks positive as the Trust in partnership with WREDA, continues to work on attracting events.

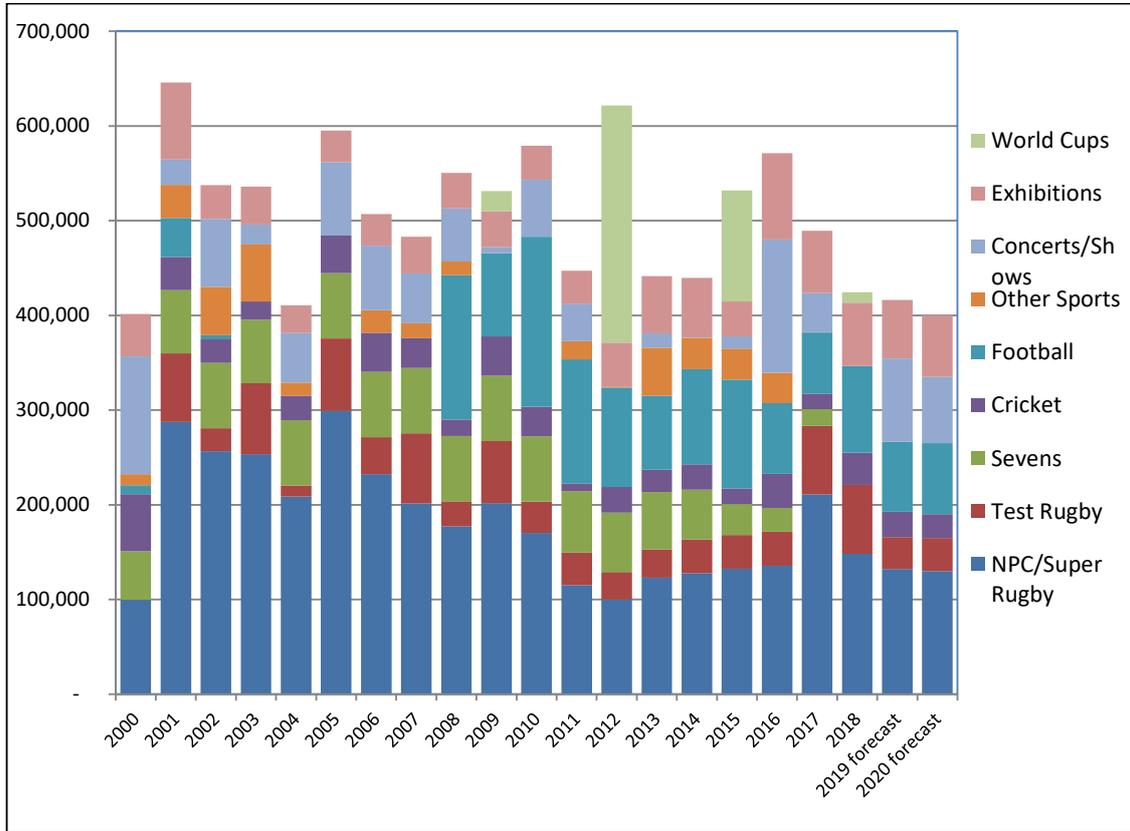
The Trust's focus lies particularly on those events that will fill the Stadium and generate economic return for the region.

The ongoing focus on capital expenditure to enhance the facility and improve the patron experience will see borrowings and therefore interest on borrowings increase. Depreciation will also increase as a result. The insurance environment remains extremely challenging. The Trust has experienced significant increases in premiums since 2016 and is not anticipating any respite in the upcoming year.



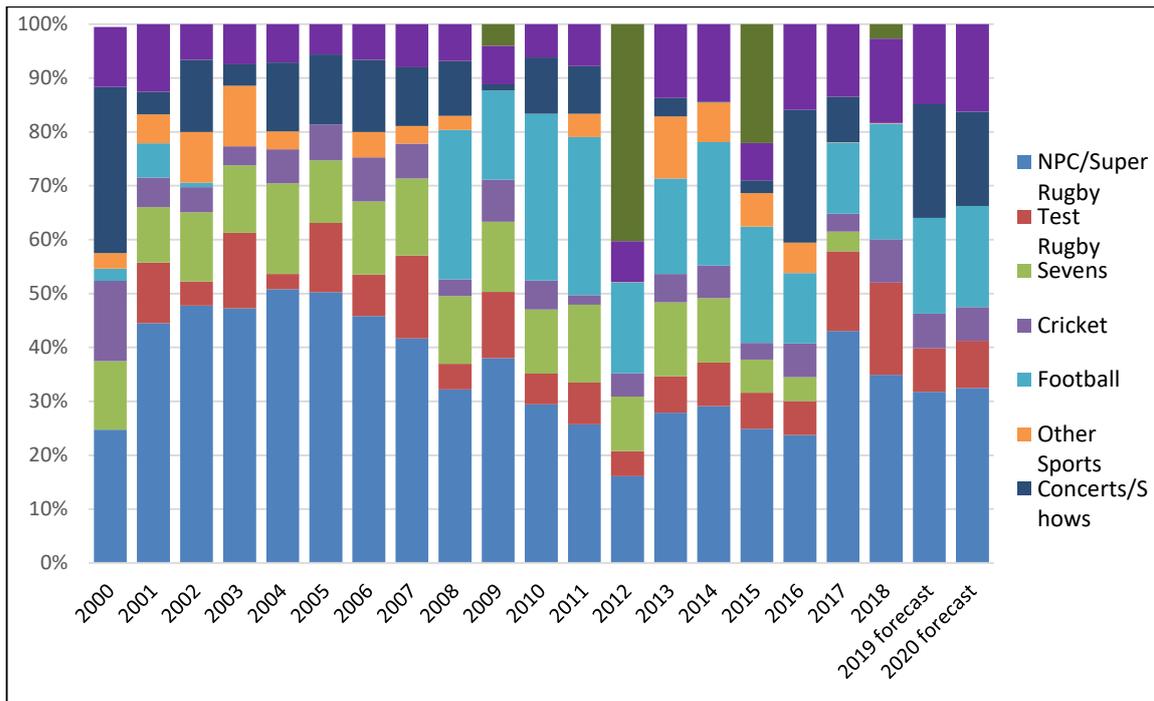
Despite these challenges the Trust expects to operate with positive cash flows, enabling continued investment in the facility.

The following table highlights aggregate crowds by event type since the Stadium opened.



The mix of events has changed significantly, and the Stadium is no longer reliant on any one code or event for its attendances.

The following table highlights the diverse mix of attendances over the years as a percentage of the overall attendance in any given year.



c) STRATEGIC FRAMEWORK

The Trust’s objectives are:

1. To be viewed by the residents of the region and other stakeholders as a valued and essential asset.
2. To operate the best stadium venue in New Zealand measured by:
 - Satisfaction of hirers
 - Patron satisfaction
 - Event calendar and diversity
 - Calibre of international events held
 - Environmental impact
 - Relationship with our neighbours
 - Adherence to world’s best practice
3. To remain financially autonomous
4. To provide a full and balanced event calendar to patrons
5. To maintain and enhance the facility to the standard of international best practice
6. To be a good employer and provide personal development opportunities to employees
7. To provide and maintain a safe and healthy working environment for employees, visitors and all persons using the premises as a place of work



The board undertakes a strategic planning day in March/April each year to reassess priorities and strategic direction.

3. NATURE AND SCOPE OF ACTIVITIES

The nature and scope of the Trust's activities are dictated in the first instance by the Trust Deed, settled with both Councils.

To meet its obligations under its Trust Deed, the Trust identifies the key objectives of:

- Presenting a full and balanced event calendar;
- Maintaining and enhancing the facility;
- Achieving a level of profitability that finances continuing capital expenditure and meets debt reduction obligations.

The Board and management have taken a longer term view of the Stadium's business.

In line with the obligations listed above under its Trust Deed, in 2018 the Trust has recently refreshed its strategic priorities centred on the following areas:

1. Deliver great customer experiences
2. Grow commercial revenues
3. Invest in and improve our facilities
4. Value our people, our community and our stakeholders
5. Operate a safe building
6. Operational excellence
7. Attract and deliver world class events
8. Sustainability

For the 2019/20 year the Trust's focus is on the following areas as outlined in the Letters of Expectations:

1. Support Wellington City Council's Te Taihū Te Reo Māori Policy

As the concourse upgrade continues the Trust will seek ways to incorporate Te Reo into wayfinding and other signage. Hosting Te Matatini in 2019 provided the Trust with an excellent opportunity to increase the use and visibility of Te Reo at the Stadium.

2. Ensuring the Stadium is a safe and harassment-free environment for all staff, contractors and attendees.

The Trust has engaged the services of the Sexual Abuse Prevention Network to facilitate a workshop at the Stadium for staff and contractors. This workshop helps support staff to identify unsafe situations and know how to act safely to help keep the venue safe and fun for all patrons. The initial training is aimed at permanent staff of the Stadium as well as its key contractors. In coming months this will be rolled out to casual staff, particularly team leaders and duty managers.

In 2019 we increased the visibility of channels through which patrons may contact us in the event of experiencing harassment of any kind at the Stadium.



3. Leisure Card review

The Trust commits to participating in the City Council's Leisure Card review in the coming year in supporting Council's desire to increase utilisation of facilities by marginalised or hard-to-reach groups.

4. Delivery of a high quality and diversified events programme.

Over the last twenty years Westpac Stadium has been the busiest stadium in New Zealand, hosting over 50 event days each year in addition to community event days. In addition, the Stadium hosts up to 1,000 non-event day functions, conferences and meetings each year.

Large events are significant drivers of revenue and are crucial to the viability of the Stadium. Securing such events remains a major focus of the Trust ongoing.

The events schedule through to June 2020, while still being finalised, will remain healthy.

Following the huge success of the Eminem concert, we will continue to engage with all key promoters on a regular basis and be flexible in our dealings in order to give Wellington the best opportunity to secure events. The Trust has at times taken a joint venture approach in order to secure events. While such an approach inevitably means a greater exposure to risk, the Trust's current financial position has enabled prudently managed joint ventures to underpin its major events strategy.

5. Working with Wellington Regional Economic Development Agency (WREDA)

The Trust adopts a close partnership approach in working with WREDA with a view to enhancing Wellington's standing as a major event host. Management and Trustees engage with the WREDA Chair, Chief Executive and officers on a regular basis and are supportive of WREDA's goal of driving innovation and economic activity and enhancing the region's reputation as a centre of world-class film, IT, education, arts, food and tourism.

The Trust has recently partnered with WREDA to successfully secure major events for Wellington.

6. Invest in and improve our facilities

Continued investment in the Stadium is vital to ensure events are not lost to new facilities.

The main focus for the past year has been the commencement of the upgrade of the internal concourse. The first major phase has been completed with the removal of some of the steel cladding around the major thoroughfares to bring natural light and the city's wonderful vista into the Stadium.

All this work must be fitted in around our event calendar and that has been somewhat challenging given we have hosted events every weekend from early February 2019 to the end of May 2019.

Nonetheless, final plans are being made for the next stage of the project and this will commence in the early part of the 2019/20 year.

This includes:

- Enhancement and renovation of food and beverage outlets;
- Refurbishment of parts of the concourse floor;



- Cladding of some of the current grey concrete walls and pillars;
- Developing a consistent look and feel and way finding around the concourse;
- Making the space more suitable for exhibition clients;
- Improved lighting.

This project has a budget of \$10m and is being supported by WCC with a \$5m contribution from its long-term plan budget.

The Trust is also at the final stage of developing a plan to further strengthen the building and walkway to improve resilience in the event of a major seismic event. The building performed well during the Kaikoura earthquake. The Trust will work with officers and keep councils informed of progress in this area.

7. Maintaining a safe and healthy working environment

The Trust is committed to providing and maintaining a safe and healthy working environment for its employees, visitors, and all persons using the premises as a place of work, as well as for event attendees.

To facilitate a safe and healthy work environment, the Trust maintains a Health and Safety Management System. In addition, the Trust's Health and Safety Committee, which comprises three Trustees, meets on a regular basis to review and monitor crucial areas of health and safety.

8. Sustainability

Supporting the Regional Waste Management and Minimisation Plan goal of reducing waste to landfill by 1/3, the Trust is committed to developing ways to reduce, recover, recycle, or re-use waste in all aspects of our business, including considering and integrating environmental factors in our decision-making process.

In 2018/19 we have been exploring a range of options with a view to eliminating single use plastic. We expect to arrive at a conclusion by the end of this current year with a view to rolling it out in the coming year.

The Trust will also support the goals outlined in Te Atakura, the First to Zero plan once it has been finalised.

9. Secure a new Naming Rights partner

In February 2019 Westpac and the Trust announced the end of its 20-year naming rights partnership. The Trust has been active in the market to secure a new partner. This remains a key focus for the Trust for the remainder of 2019.



Operating Profitability

The Trust Deed requires the Trust to be financially autonomous. This requires the generation of sufficient profits to meet loan repayments and provide funds for the capital replacement and development programmes that are necessary to enable the Trust to meet its obligation to maintain the building to the standard of international best practice.

The major difference the Stadium can make to attendance at events is to improve the experience of the patrons across all areas of the facility. The Stadium Master Plan was developed to do that, but it can only be completed if we can continue to satisfactorily fund these projects.

The financial projections are outlined on the following pages.

Over the period covered by the projections the Trust anticipates an operating surplus of between \$1.78m and \$2.13m per annum. Due to the impact of the significant capital expenditure projects under way, depreciation is a significant and increasing charge, ranging from \$4.36m to \$4.59m. The effect of this is that the Trust projects losses after depreciation in FY2021 and FY2022.

A small surplus of \$0.90m is projected for FY2020. This includes receipt of the balance of the Wellington City Council \$5.0m grant towards the concourse upgrade, which is shown as income in the year of receipt.

The projections also show positive operating cash flows of between \$1.21m and \$2.21m per year (excluding the effect of the Council grant in the first year).

There are a number of challenges to be met in order to achieve these projections, including securing a new naming rights partner from 2020, the quantum of increases in insurance premiums and the cost of resilience work.

The Trust is budgeting \$19.01m of capital expenditure across the next five years. This is funded from operating cash flows and the loan facility, as well as the balance of the Wellington City Council grant. The budget includes an allowance for seismic works to increase the resilience of the Stadium. There is uncertainty over what the final costs of these resilience improvements will be.

**PROJECTED EVENTS SCHEDULE****12 months ending 30 June**

CONFIRMED	2020	2021	2022
Rugby Union	13	11	12
Cricket	2		
Football	10		
Other sporting events	2		
Concerts/Other Events	1		
Exhibition Days	14		
Total Confirmed	42	11	12
UNCONFIRMED			
Rugby		2	1
Cricket		2	2
Football		10	11
Other Sporting Events		1	1
Concerts/Other Events	1	2	1
Exhibition Days	1	14	14
Total Unconfirmed	2	31	30
Community Events	5	5	5
Total Events	49	47	47

Days reserved for semi's & finals

11

11

11



**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE**

	2020	2021	2022
	\$m	\$m	\$m
Revenue			
Events	5.54	5.05	4.59
Members Boxes & Sponsorship	4.65	4.71	4.85
Other	2.88	3.08	3.09
Total Revenue	13.07	12.84	12.53
<i>Less:</i>			
Event Operating Costs	3.48	2.97	2.74
Other Operating Costs	7.43	7.39	7.55
Interest	0.23	0.36	0.46
Total Operating Expenses	11.14	10.72	10.75
Operating Surplus before depreciation	1.93	2.12	1.78
<i>Less:</i>			
Depreciation	4.36	4.52	4.59
Net Surplus/(Deficit)	(2.43)	(2.40)	(2.81)
<i>Plus:</i>			
Grant income (for capital expenditure)	3.33	-	-
Total Surplus/(Deficit)	0.90	(2.40)	(2.81)

Net operating cash flows	1.21	2.21	1.71
Surplus cash at the end of each year after meeting loan repayments	1.00	1.00	1.00
Bank Loan at year end	4.58	6.82	6.42
Net debt (Loan less cash)	3.58	5.82	5.42



**SUMMARY STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDING 30 JUNE**

	2020	2021	2022
	\$m	\$m	\$m
Cashflows provided from operating activities	12.42	12.99	12.53
Cashflows from grants (to be used for capital expenditure)	3.33		
Cashflows applied to operating activities	(11.21)	(10.78)	(10.82)
Net cashflows from operating activities	4.54	2.21	1.71
Cashflows applied to investing activities	(7.29)	(4.45)	(1.31)
Net cashflows from investing activities	(7.29)	(4.45)	(1.31)
Cashflows provided from financing activities	2.08	2.24	(0.40)
Net cashflows from financing activities	2.08	2.24	(0.40)
Net increase (decrease) in cash	(0.67)	0.00	(0.00)
Opening balance brought forward	1.67	1.00	1.00
Cash at year end	1.00	1.00	1.00



**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE**

	2020	2021	2022	2023	2024
	\$m	\$m	\$m	\$m	\$m
Trust Funds					
Retained Surpluses	50.87	48.48	45.66	43.18	39.94
Limited Recourse Loans	40.39	40.39	40.39	40.39	40.39
	91.26	88.87	86.05	83.57	80.33
Non Current liabilities					
Bank Loan	4.58	6.82	6.42	5.63	8.86
	4.58	6.82	6.42	5.63	8.86
Current Liabilities					
Revenue in Advance	2.06	2.20	2.20	2.20	2.09
Payables	1.69	1.69	1.69	1.69	1.69
	3.75	3.89	3.89	3.89	3.78
Total Funding	99.59	99.58	96.36	93.09	92.97
Represented by:					
Property Plant & Equipment	96.08	96.00	92.70	89.42	89.30
Current Assets	3.51	3.58	3.66	3.67	3.67
Total Assets	99.59	99.58	96.36	93.09	92.97



PERFORMANCE MEASURES

Non-Financial Performance Measures

Measure	How Measured
<ul style="list-style-type: none"> Deliver a strong Rugby international test programme for 2019 and 2020 	<ul style="list-style-type: none"> Key stakeholders are satisfied with management of the test operation Sell-out crowds for test matches 40% out of region visitors
<ul style="list-style-type: none"> Deliver more large scale non-sporting events 	<ul style="list-style-type: none"> Secure at least one concert per year Secure at least two other events outside the traditional rugby and football regular season calendar per year
<ul style="list-style-type: none"> Continued investment in stadium infrastructure 	<ul style="list-style-type: none"> Concourse upgrade is completed Resilience plans finalised and shared with council partners.
<ul style="list-style-type: none"> Deliver a full event calendar 	<ul style="list-style-type: none"> Securing 45-50 event days per year. (Excludes community events).
<ul style="list-style-type: none"> Host unique events that deliver economic benefit to the region 	<ul style="list-style-type: none"> Maintaining economic benefit to the Region at an average of \$40 million per year Working with promoters to deliver special events to Wellington
<ul style="list-style-type: none"> Continue to enhance food and beverage offering 	<ul style="list-style-type: none"> Greater range and quality of offerings Higher customer satisfaction
<ul style="list-style-type: none"> Sustainability 	<ul style="list-style-type: none"> Reduce single use plastic

Financial Performance Measures

The key performance indicators agreed with the Wellington City Council and Greater Wellington Regional Council are:

- Revenue – total, and event
- Net surplus (deficit)
- Net cash flow
- Liquidity ratio
- Bank borrowing to total assets
- Capital expenditure

We have reviewed these indicators and believe they are appropriate for the purpose of monitoring the Trust’s performance. They are reported on by the Trustees in their six monthly reports.



4. BOARD APPROACH TO GOVERNANCE

Role of the Board

The Board of Trustees is responsible for the overall direction and control of the Trust’s activities. This responsibility includes such areas of stewardship as the identification and control of the Trust’s business risks, the integrity of management information systems and reporting to stakeholders. While the Board acknowledges that it is responsible for the overall control framework of the Trust, it recognises that no cost effective internal control system will prevent all errors and irregularities. The system is based on written procedures, policies and guidelines, and an organisational structure that provides an appropriate division of responsibility, sound risk management and the careful selection and training of qualified personnel.

Board Operation

The Board has three Standing Committees that focus on specific areas of the Board’s responsibilities. These Committees are the Finance Committee, the Audit Committee and Health & Safety Board Sub-Committee.

The Board meets eight times per year. The Finance Committee meets when required. The Audit Committee meets biannually. The Health & Safety Committee meets quarterly.

Board Performance

The Chair conducts an interview with each Board member annually and at the expiry of their term on the Board. Each new Board member undertakes an induction program to familiarise themselves with the Stadium, its operation and Board issues. Given the experience of the current Board it has been deemed that a Board development program is not necessary. If there are any Board performance issues, the Chair brings them to the attention of the Mayor of WCC and the Chair of GWRC.

At the first meeting of the new financial year, the Chair of the Audit Committee conducts a review of the Chair’s performance.

A full Board performance review has recently been conducted and no significant issues identified.

Board Membership

The Trust Deed states that there shall be not less than five, nor more than eight Trustees.

The Trustees are appointed jointly by the Settlers (Wellington City Council and Greater Wellington Regional Council). Both Settlers can each independently appoint one of their elected Councillors as a Trustee.

The current Trustees are:

Name	Appointed until:
John Shewan (Chair)	30 June 2021
Therese Walsh	30 June 2021
Steven Fyfe	30 June 2019
Mark McGuinness	30 June 2020
Rachel Taulelei	30 June 2020
Tracey Bridges	31 December 2020
Simon Marsh	declaration of results of 2019 Council elections
David Ogden	declaration of results of 2019 Council elections



5. ORGANISATIONAL HEALTH, CAPABILITY AND RISK ASSESSMENT

Health & Safety

The Trust has well developed health & safety policies which were reviewed by an external consultant and are regularly updated.

Staff who have influence over Health and Safety matters are required to acquire and keep up to date with Health and Safety matters including attendance at relevant course and conferences.

All staff receive regular training in respect of health & safety procedures.

A Health & Safety booklet has been produced which includes Stadium policies, the roles for staff and contractors, incidents and accident investigation, general site safety, emergency procedures and induction.

There are three Committees with a health and safety focus:

- Emergency Control Organisation/Emergency Planning Committee (meets ahead of each major event);
- Health and Safety Committee which includes key the Trust staff as well as contractors and tenant organisations (meets monthly);
- Board Health and Safety Committee (meets quarterly).

All contractors coming on-site are required to:

- Complete a health & safety agreement
- Complete a health & safety induction plan
- Provide a contractors safety plan
- Operate safely and report any hazards, near misses and injuries

RISK MANAGEMENT

Earthquakes

Prior to construction (July 1995), the Trust commissioned a full geo-technical report on the site. The ground was improved with vibro-replacement producing gravel columns at spacing of two to three metres to mitigate the effect of earthquakes.

The Trust has used the learnings from the recent earthquakes to strengthen its crowd control and evacuation procedures.

The Trust has conducted a study to enable the Stadium to better understand its current percentage of New Building Standard (% NBS), the interaction between the reclaimed land and the building structure, the differential lateral spread expected and as well as a building seismic assessment. While no significant issues emerged, we will be implementing some resilience works that will enhance the structures.

Insurance

The Stadium insurance programme is managed by Marsh Ltd. The Trust operates a maximum first loss policy that provides cover for the maximum credible loss for fire, earthquake and other perils. The current maximum cover insured is \$202m for material damage and \$28 m for business interruption.



The building reinstatement value was assessed in September 2017 at \$264m. The Trust has used the maximum first loss policy since 2003 based on modelling work undertaken with Marsh which has supported \$202m as being appropriate cover in this context.

The Stadium is required to cover the first \$7.0 million of any earthquake claim. There have been no material changes to the cover or the deductibles from the previous year.

Naming Rights

Securing a new naming rights partner from January 2020 is a priority. The Trust is working with agencies with established commercial networks both locally and globally as well as meeting with potential partners directly.

Business Continuity Plan

The Trust has a Business Continuity Plan. The Trust has ongoing interactive training sessions with all staff to reinforce the content and requirements of the plan. This will be refreshed in 2019/20.

Communication and Access to Information

The Trust enjoys a positive and open relationship with both of its Settlers, and both Settlers have representation on the Board of Trustees. The Trustees confirm they intend to continue to operate on a “no surprises” basis with communication of any significant event likely to impact on either party made as soon as possible. This has worked well in the past.

6. ADDITIONAL INFORMATION

Reporting

The Trustees will present a six monthly report to both Councils, which will include a written report on agreed key performance indicators and financial statements for the period. The Trust will provide a formal briefing to both Councils, twice a year, on activities to date and the outlook.

Audited financial statements will be available on completion of the annual audit.

The Trustees will inform the Councils of any significant expected obligations or contingent liabilities to third parties.

Major Transactions

There are no major transactions likely to occur in the planning period that are not identified in the Business Plan.

Any particularly contentious transactions will be brought to attention of the Councils at the earliest opportunity.

Accounting Policies

General accounting policies of the Trust are set out in the Statement of Significant Accounting Policies. These policies are consistent with the policies applied in the previous year.



OTHER ITEMS TO BE INCLUDED IN THE STATEMENT OF INTENT

Ratios

The ratio of Trust Funds to Total Assets is expected to be:

30 June 2020	51%
30 June 2021	49%
30 June 2022	47%

The ratio of total Trust Assets to Trust Liabilities is expected to be:

30 June 2020	204%
30 June 2021	195%
30 June 2022	190%

Trust Funds are defined as the residual interest in the assets of the Trust after the deduction of its liabilities.

Assets are defined as service potential or future economic benefits controlled by the Trust as a result of past transactions or other past events.

Liabilities are defined as future sacrifices of service potential or of future economic benefits that the Trust is presently obliged to make to other entities as a result of past transactions or other past events.

Distributions to Settlers

Section 5 of the Trust Deed sets out the powers of the Trustees regarding the income of the Trust.

The Trust is required to pay surplus funds to the Wellington City Council and Wellington Regional Council in reduction of their limited recourse loans after meeting costs, liabilities and debt reductions and after allowing for the appropriate capital expenditure and transfers to reserves.

The Trust does not expect to have surplus funds available for repayment in the years covered by this Statement of Intent.

No other distributions to Settlers are intended to be made.

Investments in other organisations

The Trustees currently have no intention of subscribing for, purchasing or otherwise acquiring shares in any other company or other organisation.

Compensation from local authority

There are no activities for which the Trust seeks compensation from any local authority.

Trust's estimate of the commercial value of Settlor's investment in the Trust

Not applicable



Other matters as set out in the Funding Deed

Significant Third Party Obligations

There are no significant third party obligations other than those disclosed in the Financial Statements.

Relevant Legislation

The Trustees confirm that the Trust will comply with all relevant legislation affecting the conduct of this business.



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Period

Wellington Regional Stadium Trust Incorporated (the Trust) is a charitable trust established by the Wellington City Council ('WCC') and Greater Wellington Regional Council ('GWRC'). The Trust is domiciled in New Zealand.

The Trust is responsible for the planning, development, construction, ownership, operation and maintenance of the Westpac Stadium, Wellington, as a multi-purpose sporting and cultural venue.

The Trust was incorporated under the Charitable Trust Act 1957. The Trust is also a charitable entity under the Charities Act 2005, registration CC10754.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Trust Deed which requires compliance with generally accepted accounting practice in New Zealand.

As the primary purpose of the Trust to provide a community and social benefit, it is a public benefit entity for financial reporting purposes

The financial statements of the Trust comply with Public Benefit Entity (PBE) standards.

The financial statements have been prepared in accordance with Tier 2 PBE Standards. The Trust meets the requirements for Tier 2 reporting as it does not have public accountability and is not large (as defined by XRB A1).

The financial statements have been prepared on an historical cost basis, except for interest rate swaps.

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (000) unless otherwise stated.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Revenue

Revenue is recognised when billed or earned on an accrual basis.

Corporate Box, Memberships & Sponsorship Revenues

Licenses for Corporate boxes are issued for terms of between four and six years. Signage and sponsorship properties are sold for a range of terms of between one and 10 years. The related license fees/revenues are paid annually with the revenue recognised on a straight-line basis throughout the year.

Stadium memberships have been sold for terms ranging between two and five years. Payment may be made upfront or in a series of instalments. The payments received are recorded as Revenue in Advance and recognised on a straight-line basis over the term of the membership.

Interest

Interest income is accrued using the effective interest rate method.



Rental income

Rents are recognised on a straight-line basis over the term of the lease.

Expenses

Expenses are recognised on an accrual basis when the goods or services have been received.

Interest

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Taxation

As a Charitable Trust, the Trust meets requirements for exemption from income tax and accordingly no provision for income tax is recorded in the financial statements.

All items in the financial statements are exclusive of GST, except for receivables and payables, which are stated as GST inclusive.

Financial Instruments

The Trust classifies its financial assets and financial liabilities according to the purpose for which they were acquired. The Trust determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non-derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets in the ordinary course of business are accounted for at trade date. Financial liabilities are derecognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.

Financial Assets

Cash and cash equivalents comprise cash balances and call deposits with up to six months' maturity. These are recorded at their nominal value.

Trade and other receivables are stated at their cost less impairment losses.



Financial Liabilities

Financial liabilities comprise trade and other payables and borrowings and are all classified as other financial liabilities. Financial liabilities with a duration of more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Amortisation is recognised in the Statement of Comprehensive Revenue & Expense as is any gain or loss when the liability is derecognised.

Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

Derivative Financial Instruments

Derivative financial instruments are recognised at fair value as either assets or liabilities. The Trust does not hold any derivatives that qualify for hedge accounting. Derivatives that do not qualify for hedge accounting are classified as held for trading financial instruments with fair value gains or losses recognised in the Statement of Comprehensive Revenue & Expense. Fair value is determined based on quoted market prices.

Employee Entitlements

Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These benefits are principally annual leave earned but not yet taken at balance date, and bonus payments.

No provision for sick leave is accrued, as past experience indicates that compensated absences in the current year are not expected to be greater than sick leave entitlements earned in the coming year.

Other Liabilities & Provisions

Other Liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Revenue & Expense in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Revenue & Expense on a straight-line basis over the term of the lease.

Property, Plant and Equipment

Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.



Measurement

Items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset’s service potential and that can be measured reliably is capitalised. Borrowing costs are not capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset’s recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item’s fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Comprehensive Revenue & Expense.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Revenue & Expense in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, some aspects of the pitch and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the major classes of property, plant and equipment are as follows:

Land	indefinite
Pitch	10 years to indefinite
Buildings	8 to 70 years
Replay screen & production equipment	3 to 25 years
Fitout	5 to 50 years
Fittings	3 to 20 years
Plant & machinery & equipment	2 to 70 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed, and then depreciated.

Critical accounting estimates and assumptions

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.



Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by Trust, and expected disposal proceeds from the future sale of the asset

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the statement of comprehensive revenue and expense and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by regular physical inspection of assets, including periodic independent review, and a planned preventative maintenance and asset replacement programme.

Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach. Operating activities include cash received from all income sources of the Trust, record cash payments made for the supply of goods and services and include cash flows from other activities that are neither investing nor financing activities. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that result from the funding structure of the Trust.

Changes in Accounting Policies

There have been no changes in accounting policies.

John Shewan
Chair
FOR THE TRUSTEES
WELLINGTON REGIONAL STADIUM TRUST

Exclusion of the public

Report 19.334

That the Council:

Excludes the public from the following part of the proceedings of this meeting, namely:

- 1. Request for change of ownership consent*

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

<i>General subject of each matter to be considered:</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground under section 48(1) for the passing of this resolution</i>
<ol style="list-style-type: none"> <i>1. Request for change of ownership consent</i> 	<p><i>Information contained in this report relates to information provided by third parties that is the subject of the negotiation of documents related to the proposed change of ownership consent. Release of this information would likely prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied. GWRC has not been able to identify a public interest favouring disclosure of this particular information that would outweigh that likely prejudice.</i></p>	<p><i>The ground for exclusion of the public from the part of the Council meeting during which this report is discussed under section 48(1) of the Local Government Official Information and Meetings Act 1987 is that the public conduct of that part of the meeting would be likely to result in the disclosure of information which the Council would have good reason for withholding under sections 7(2)(b)(ii), (c) (i), (i) and/or (j) of that Act.</i></p>

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.