

**By email**

12 December 2023

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Tēnā koe Chris

## **WRC Holdings Limited - Statement of Expectations 2024/25**

This letter sets out a statement of our expectations, as the shareholder in WRC Holdings Limited (WRCHL), as you begin drafting the Statement of Intent (SOI) for 2024/25 to 2026/27. Our statement of expectations, as prescribed in section 64B of the Local Government Act, specifies the relationship we expect to have with you over the period and our general expectations of the WRC Holdings Group.

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

### ***Enduring expectations***

Our enduring expectations are that WRCHL:

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

- follows robust processes at a governance level to identify and manage risks
- reflects Council’s expectations that Council Organisations pay the Living Wage and mitigate the risk of modern slavery in their commercial activities
- ensures legislative compliance, and
- operates under a ‘no surprises’ policy with Council.

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

### ***Governance***

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

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

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

### ***Financial considerations***

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

### ***Developing a new Investment Strategy***

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

### ***Public Transport assets***

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

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

### ***Performance reporting***

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

### ***Health and Safety***

The health, safety and wellbeing of our workforce and residents are key issues for Council as shareholder. We would like to see continued clarity that WRCHL is aware of and seeking assurance that key critical risks across both GWRL and CentrePort are appropriately managed, and that any assurance needed from other parties is satisfactory. Health and safety should remain a key focus of the board work programme.

### ***Regional Economic Development Plan***

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

### ***A continuing emphasis on emissions reductions***

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

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

Nāku noa, nā



Daran Ponter  
**Chair - Wellington Regional Council**