

# WRC Holdings Ltd.

February 21, 2023

*This report does not constitute a rating action.*

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## Credit Highlights

### Overview

#### Key strengths

Almost certain likelihood of extraordinary support from parent council—Greater Wellington Regional Council—in a distressed scenario.

#### Key risks

Our long-term 'AA+' issuer credit ratings on WRC Holdings Ltd. (WRCH) reflect our assessment that there is an almost-certain likelihood Greater Wellington Regional Council (Greater Wellington) would provide extraordinary support to the company in a distress scenario.

## Outlook

The stable outlook on WRCH reflects that on our ratings on Greater Wellington because we equalize the ratings on WRCH with those on the council.

### Downside scenario

We could lower our ratings on WRCH in the next two years if we were to do the same for Greater Wellington, or if we consider WRCH's role to, or link with, the council to be weakening.

### Upside scenario

We could raise our ratings on WRCH in the next two years if we were to do the same for Greater Wellington, and WRCH's role remains critical and link integral to the council

## Rationale

The ratings on WRCH reflect our assessment that there is an almost-certain likelihood that extraordinary support would be forthcoming from Greater Wellington in a distress scenario. We base this on our view of the following WRCH characteristics:

- Critical role, given that the company operates on behalf of the council and separates the council's core operations (those supported by its tax base) from its commercial assets. WRCH manages a portfolio of important council-controlled trading organizations (CCTO) and executes strategic policies for the council.
- Integral link with the council; WRCH is essentially an arm of Greater Wellington, with a legal framework in place that provides for explicit support. The council is the sole owner of the company. Although Greater Wellington is prohibited from legally guaranteeing the obligations of WRCH, explicit support is demonstrated through the council's subscription of callable capital in the company. In addition, WRCH is the holding company for all the council's CCTOs, and there is significant council representation on the company's board, with regular reporting mechanisms to the council. We consider that the council has an incentive to provide emergency support in a timely manner, if required.

We do not assign a stand-alone credit profile to WRCH because of the almost-certain likelihood of extraordinary government support. We also do not think that WRCH would be subject to any transition risk because it is a nonseverable arm of the government.

## Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Greater Wellington Regional Council, Feb. 22, 2023

## Ratings Detail (as of February 21, 2023)\*

### WRC Holdings Ltd.

Issuer Credit Rating

*Local Currency*

AA+/Stable/A-1+

### Issuer Credit Ratings History

22-Feb-2021

*Local Currency*

AA+/Stable/A-1+

31-Jan-2019

AA/Positive/A-1+

08-Dec-2010

AA/Stable/A-1+

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