



STATEMENT OF INTENT

For the year ending 30 June 2026

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1. Introduction

WRC Holdings Limited (WRC Holdings) is a Council-Controlled Trading Organisation owned by Greater Wellington Regional Council Te Pane Matua Taiao (Greater Wellington). It was established to manage Council's commercial investments. This Statement of Intent (SOI) for 2025/26 to 2027/28 is prepared in accordance with section 64 and Schedule 8 of the Local Government Act 2002.

The SOI sets out the objectives, performance measures, targets, and activities of WRC Holdings and its subsidiary, Greater Wellington Rail Limited (GWRL). The SOI forms a major part of the company's accountability relationship with its shareholder, Greater Wellington.

Greater Wellington issued a Statement of Expectations to WRC Holdings in December 2023 as prescribed in section 64b of the Local Government Act 2002. The Statement of Expectations has been considered when completing this SOI.

2. Objectives of the Group

The primary objectives of WRC Holdings are to:

- 1) operate a successful, sustainable, and responsible business for the benefit of future generations
- 2) impose commercial discipline on the Group's activities and generate a commercial rate of return
- 3) manage its assets prudently
- 4) support Council's strategic priorities.

GWRL

Specifically for GWRL, the key objectives are to prudently manage and maintain the public transport infrastructure including the rail rolling stock, rail infrastructure (GWRL's Rail Assets), buses, and bus depots (GWRL's Bus Assets). Greater Wellington is contracted by GWRL (through a Management Services Agreement) to provide asset management, accounting, advisory, secretarial and general administration services.

GWRL ensures that:

- Greater Wellington, as its appointed agent, carries out all services and activities, in relation to the GWRL's Public Transport Assets, that are reasonably necessary to enable Greater Wellington to provide quality transport services to the public in accordance with the contractual obligations entered into with the current rail and bus operators and the maintenance provider of GWRL's Rail Assets;
- Greater Wellington develops and maintains a systematic approach for the long-term management of GWRL's public transport assets in a manner consistent with industry best practice; and

- GWRL complies with its responsibilities as a rail participant under the Railways Act 2005, the current health and safety legislation and any other legislation affecting the GWRL's Rail Assets and operations.

CentrePort Limited

In responding to the challenge of the port regeneration and developing responses to the governance of the group, WRC Holdings created a Statement of Strategic Intent with regards to CentrePort. This was first developed in late 2019 and has been refined to provide four key strategic elements for Holdings when considering the activity and performance of the port.

Objective area	Intent
Strategic	Secure port development as enabler of regional economic growth
Strategic	Strategic asset to promote community benefits
Financial	Optimise return on Council capital
Financial	Secure capital for port investment and future growth

3. Approach to governance

WRC Holdings is governed by a board of up-to eight directors all of whom are appointed by the shareholder. Council has a policy on the appointment and remuneration of directors as specified in Section 57 of the Local Government Act 2002. All director remuneration is set by Council. Holdings provides directors and officer's liability insurance cover at its own expense.

WRC Holdings provides a structure that allows independent external directors with commercial backgrounds to provide advice and expertise at the governance level. The current directors of WRC Holdings / GWRL are:

Director	Appointed	Current term expiry
Chris Kirk-Burnnand (Chair)	November 2019	December 2025
David Bassett	November 2022	December 2025
David Lee	November 2022	December 2025
Thomas Nash	November 2022	December 2025
Lucy Elwood *	October 2023	September 2026
Ripeka Evans*	October 2023	September 2026
Helmut Modlik *	October 2023	September 2028

*Independent Directors

The WRC Holdings structure is illustrated in Figure 1.

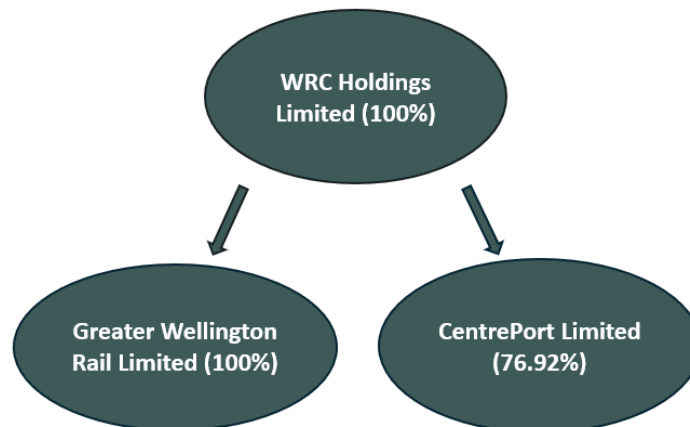


Figure 1

GWRL

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

CentrePort Limited

WRC Holdings own 76.9% of the shareholding in CentrePort Limited. The remaining shareholding is held by MWRH Limited. All CentrePort directors are independent and external of Greater Wellington. CentrePort directors are appointed in accordance with the Port Companies Act 1988 and the company constitution.

4. Reporting framework

The Board will provide statutory reporting including the delivery of a half-yearly report by 28 February 2026, an annual report for the year by 30 September 2026 and a draft Statement of Intent by 1 March 2026. The Board will continue to report on matters that arise outside of these reporting timeframes on a no-surprises basis.

5. Health, safety and wellbeing

The WRC Holdings Board maintains active oversight of asset safety across all its sites and operations through an annual due diligence work programme, with particular emphasis on critical risk management and control systems. The Board also monitors worker health and safety matters as they relate to asset integrity and operational requirements.

GWRL

The WRC Holdings Board takes an active interest in the ongoing asset management of GWRL owned assets including rolling stock maintenance and station asset safety. These form regular reporting items and performance measures, in addition to board activities and site visits.

CentrePort Limited

As a major employer in the Wellington region, CentrePort continues to focus on the identification and effective management of critical risk and reducing serious harm, with our ambition for CentrePort to be the safest full-service port operation in Australasia. A culture of engagement around Health, Safety and Wellbeing is created through active worker consultation and participation in Health, Safety and Wellbeing matters. Specific wellbeing initiatives are delivered and are detailed in CentrePort's own Statement of Corporate Intent.

6. Improving outcomes for Māori

Our shareholder, Greater Wellington, recognises its Te Tiriti o Waitangi obligations to mana whenua partners and Māori living in our region, and works to ensure it gives effect to their rangatiratanga and mana motuhake as we work together. As part of the Council Group, WRC Holdings gives effect to Te Tiriti through Greater Wellington's Māori Outcomes Framework (Te Whāriki). This guides our decision-making to achieve the best outcomes for Māori across all aspects of our region. As well as complementing cultural awareness through the organisations that we hold shareholdings in, including cultural competency and te reo Māori training, the WRC Holdings Board will continue to look for opportunities to deliver on Te Whāriki. The WRC Holdings Board acknowledges these opportunities may be limited given its narrow role as an asset owner, but will continue to pursue and develop opportunities as they arise.

The main way in which WRC Holdings gives effect to Te Whāriki is through setting its expectations to CentrePort through the annual Statement of Expectations, to ensure that CentrePort proactively engages mana whenua in decision making and incorporates te ao Māori and mātauranga Māori perspectives into its decision making. This commitment has been demonstrated recently through regular engagement with Taranaki Whānui and ongoing meetings with Ngāti Toa and senior management at the port.

For Greater Wellington Rail Limited (GWRL), its general approach focuses on engaging iwi and mana whenua groups during major rail projects, with the iwi and mana whenua having autonomy to decide their level of involvement. This partnership approach is exemplified by two recent initiatives. The Naenae subway upgrade where Te Āti Awa mana whenua contributed unique Māori design elements to the renovated facility. Additionally, in collaboration with Ngāti Toa, an important transport workshop brought together GWRL and other stakeholders to discuss regional transport strategy, including council regional transport plans, infrastructure needs, and how services to underserved communities can be improved.

7. Reducing emissions

CentrePort has a target of net zero emissions by 2040 and will be targeting a 50% reduction in emissions from 2019 to 2030. It is actively advancing its commitment to reducing emissions through several recent initiatives, including securing funding from Energy Efficiency and Conservation Authority (EECA) to acquire an electric empty container handler (ECH) and associated on-port charging infrastructure, which will significantly decrease emissions from port operations. It has implemented onsite battery

energy storage to enhance energy resilience and supports the integration of renewable energy sources. It has also established a green credit facility with the New Zealand Green Investment Finance (NZGIF), that has facilitated the introduction of electric vehicles and on-site renewable energy generation.

The delivery of Public Transport Services is focused on improving punctuality, reliability and customer satisfaction. Providing reliable and efficient travel choices for the region will support a shift from private motor vehicle to Public Transport and hence reduce overall transport emissions for the region. Procurement of new rolling stock will seek low or zero emission vehicles and the transition to Zero Emission Buses (ZEBs) will minimise emissions.

The LNIRIM project, which includes 18 new low emission passenger trains, and associated infrastructure, for the Wairarapa and Manawatū rail lines, is progressing. Providing an inter-regional rail public transport service with increased frequency and capacity will ensure communities have low-carbon transport choices.

WRC Holdings will investigate setting a baseline measurement of current rail emissions, to facilitate the tracking and reporting of emissions reductions as the new low emission trains from the LNRIM project come into service in the coming years.

WRC Holdings

8. Nature and Scope of Activities

WRC Holdings is the holding company for investment in CentrePort and GWRL.

CentrePort is an important strategic asset for the Wellington region and a long-term investment for Greater Wellington. It provides a full range of port services, including imported goods and exports by container, bulk trade (i.e. logs, vehicles and cement), fuel imports, and provides the northern hub for the Cook Strait ferry service. The services provided by CentrePort support businesses across the region and into Taranaki, Manawatu, and Marlborough. The Cook Strait ferry service is a nationally important link between the North Island and South Island. CentrePort also has a critical role as a lifelines asset during an emergency, such as an earthquake – providing an essential service to import food, water, fuel, equipment, first responders and evacuation of people.

The ability to integrate important outcomes (including regional economic development, generating a commercial rate of return, incorporating te ao Māori into decision making, and emissions reduction) into the long-term development of the port are key benefits of ownership in CentrePort.

WRC Holdings monitors the performance of CentrePort through regular reporting and presentations, and has issued its own Statement of Expectations to CentrePort for the 2025-2026 year. CentrePort produces a Statement of Corporate Intent as required by the Port Companies Act 1988. Operational performance measures for CentrePort are set out

in CentrePort's Statement of Corporate Intent, which is published on CentrePort's website.

The scope of GWRL's activities, performance measures and financial information are set out in detail in sections 11, 12 and 13 of this SOL.

Key activities for WRC Holdings in the 2025-2026 year include:

- an increased focus on maximising profitability and dividends to Council, particularly regarding the importance of CentrePort's commercial performance and the need for a suitable financial return
- implementing the Investment Strategy, including establishing a clear timeline with governance frameworks and performance metrics to guide execution.
- the Investment Strategy will also include stakeholder engagement and risk management plans, supported by reporting mechanisms and regular evaluation to ensure the strategy delivers its intended outcomes
- consideration of the potential acquisition of Horizons Regional Council's shareholding in CentrePort
- maintaining awareness of the risks and opportunities associated with KiwiRail's future ferry terminal development
- maintain awareness of the risks to GWRL and CentrePort associated with the rail network assets
- providing advice, as appropriate, to Council on any new public transport assets from a holding company perspective
- supporting, as appropriate, the implementation of the Regional Economic Development Plan.

9. Non-financial performance targets

Objective	Activity	Performance measure
Impose commercial discipline on the Group's activities and generate a commercial rate of return	Monitor performance of WRC Holdings Group companies to ensure financial returns are optimised	<ul style="list-style-type: none"> WRC Holdings Board monitor Holdings Group companies' progress against their SOI targets quarterly WRC Holdings receives a quarterly report from CentrePort on its financial and non-financial performance
Operate a successful, sustainable, and responsible business for the benefit of future generations	Review board performance against best practice governance standards	<ul style="list-style-type: none"> WRC Holdings will undertake board effectiveness/performance reviews on an annual basis
	Monitor performance of WRC Holdings Group companies to ensure continuous improvement to health and safety outcomes	<ul style="list-style-type: none"> The WRC Holdings Board reviews the quarterly Health, Safety and Wellbeing reports and seeks assurance that controls to manage critical risks are in place and effective
	Monitor performance of the WRH Holdings Group companies in measuring, reporting and reducing Greenhouse Gas (GHG) emissions	<ul style="list-style-type: none"> Measure and publicly report our GHG emissions and progress towards our target of net zero emissions by 2030 in the Annual Report
	Monitor performance of WRC Holdings Group companies to ensure opportunities to give effect to Te Whāriki (Council's Māori Outcomes Framework) are considered and implemented	<ul style="list-style-type: none"> Publicly report how we give effect to Te Whāriki in the Annual Report
	Paying the living wage	<ul style="list-style-type: none"> Ensure that all direct employees within the WRC Holdings Group of companies are paid at living wage or above.
Support Council's strategic priorities	Review and approve WRC Holdings Group Statement of Intent (SOI) for consistency with Council's strategic direction	<ul style="list-style-type: none"> Review draft WRC Holdings SOI by 1 March each year Approve WRC Holdings SOI by 30 June each year
	Review and provide comments on the draft CentrePort Statement of	<ul style="list-style-type: none"> Review draft SCI and provide comments by 1 May each year

Objective	Activity	Performance measure
	Corporate Intent (SCI) to ensure consistency with Council's strategic direction	
	Set expectations through annual Statement of Expectation letter to CentrePort	<ul style="list-style-type: none"> Send Statement of Expectations to CentrePort by 31 December each year
	Consult with the shareholder in a timely manner on Holdings Group strategic or operational matters which could compromise the Council's community outcomes	<ul style="list-style-type: none"> All such matters escalated to the Council in a timely manner Holdings to provide briefings to Councillors on matters of significance as required
	Substantive matters, including those likely to generate media coverage, are reported to Council	<ul style="list-style-type: none"> Matters of this nature should be reported to Council as soon as practicable
Prudently manage assets	Monitor the management of public transport assets and risk to ensure GWRL's assets are fit-for-purpose	<ul style="list-style-type: none"> WRC Holdings Board review quarterly risk reporting for GWRL WRC Holdings Board receives the GWRL Annual Business Plan by 30 June each year WRC Holdings Board receives the GWRL Asset Management Plan by 30 September each year

10. Financial information

a. Shareholder Funds to Assets

2025/26	2026/27	2027/28
81.68%	82.70%	82.88%

b. Prospective statement of comprehensive income

Year ended 30 June	2025/26 WRCH GROUP \$000	2026/27 WRCH GROUP \$000	2027/28 WRCH GROUP \$000
Port Income	128,000	131,448	135,852
Operating grant income	17,557	17,531	18,194
Interest income	3,993	5,454	5,377
Rental income	77	79	81
Other revenue	8,707	7,844	8,114
Total revenue	158,334	162,356	167,618
Interest expense	3,658	5,349	5,367
Depreciation & amortisation	40,569	38,831	38,830
Port expenditure	92,187	94,171	98,129
Other expenditure	25,576	25,793	26,533
Total expenditure	161,991	164,144	168,859
Surplus/(deficit) before tax	(3,656)	(1,788)	(1,240)
Taxation expense (credit)	1,446	1,692	1,598
Total comprehensive income	(5,103)	(3,480)	(2,838)
Comprehensive income applicable to non-controlling interest	4,317	4,269	4,300
Total comprehensive income applicable to parent	(9,420)	(7,749)	(7,138)

c. Prospective statement of financial position

As at 30 June	2025/26 WRCH GROUP \$000	2026/27 WRCH GROUP \$000	2027/28 WRCH GROUP \$000
Prospective statement of financial position			
Opening equity	871,586	1,001,839	1,218,962
Opening equity non-controlling interests	(95,384)	(97,090)	(99,052)
New equity	144,193	227,913	177,443
Total comprehensive income applicable to parent	(9,420)	(7,749)	(7,138)
	910,976	1,124,913	1,290,215
Dividends distributed	(6,300)	(5,000)	(5,900)
Closing Equity Non-controlling interest	97,163	99,051	100,814
Closing equity	1,001,839	1,218,962	1,385,127

As at 30 June	2025/26 WRCH GROUP \$000	2026/27 WRCH GROUP \$000	2027/28 WRCH GROUP \$000
Equity applicable to parent	904,676	1,119,910	1,284,313
Non-controlling interest	97,163	99,052	100,814
Closing equity	1,001,839	1,218,962	1,385,127
Cash and Cash Equivalents	17,443	11,216	11,010
Current assets	31,155	33,621	35,180
Non-current assets	981,110	1,224,164	1,435,807
Investment property	96,650	96,650	96,650
Investments	93,865	99,473	98,272
Total assets	1,220,223	1,465,125	1,676,919
Current Liabilities	25,571	25,827	27,668
Borrowings	98,000	131,163	180,607
Non-Current Liabilities	94,813	89,174	83,518
Total liabilities	218,384	246,163	291,792
Net assets	1,001,839	1,218,962	1,385,127

d. Prospective statement of changes in equity

As at 30 June	2025/26 WRCH GROUP \$000	2026/27 WRCH GROUP \$000	2027/28 WRCH GROUP \$000
<u>Prospective statement of changes in equity</u>			
Opening equity	871,586	1,001,839	1,218,962
Shares to be issued during the year	144,193	227,913	177,443
Total comprehensive income for the year	(5,103)	(3,482)	(2,840)
Dividend to be paid - Equity holders	(6,300)	(5,000)	(5,900)
Dividend to be paid - Non controlling Interests	(2,538)	(2,308)	(2,538)
Closing Equity	1,001,839	1,218,962	1,385,127

e. Prospective statement of cash flow

As at 30 June	2025/26 WRCH GROUP \$000	2026/27 WRCH GROUP \$000	2027/28 WRCH GROUP \$000
<u>Prospective statement of cash flow</u>			
Cash flows from operations			
Receipts from operations	148,387	152,295	157,667
Interest received	4,493	5,454	5,377
Dividends received	1,296	-	-
Payments to suppliers	(77,861)	(75,862)	(79,303)
Payments to employees	(38,137)	(38,931)	(39,897)
Taxes paid	(6,701)	(6,489)	(6,521)
Interest paid	(3,658)	(5,349)	(5,367)
Net cash from operating activities	27,820	31,115	31,955
Cash flows from investing activities			
Purchase of Fixed Assets - Rail	(144,193)	(227,913)	(177,443)
Purchase of Fixed Assets - Port	(52,139)	(54,185)	(72,772)
Net cash from investing activities	(196,332)	(282,098)	(250,215)
Cash flows from financing activities			
Borrowings	18,500	29,476	49,444
Transfers from/(to) Investments	(5,157)	(5,348)	(1,601)
Dividend Paid	(8,838)	(7,308)	(8,438)
Issue of shares	144,193	227,913	177,443
Current Account movement	478	280	395
Lease Payments	(401)	(257)	(257)
Net cash from financing activities	148,775	244,757	220,188
Cash flows from financing activities			
Net Increase / (Decrease) in Cash	(19,737)	(6,227)	1,927
Cash & cash equivalents at beginning of the year	37,180	17,442	9,083
Cash and cash equivalents at year end	17,443	11,216	11,010

f. Financial Statements commentary

- The prospective statement of comprehensive income for the three-year period 2025/26 to 2027/28 shows deficits before tax relating to the surplus from Centre Port being insufficient to offset the deficit from GWRL. GWRL has deficits due to depreciation and interest not being funded by Greater Wellington.
- Interest income shows a declining trend as Centre Port invests cash from insurance proceeds to fund its port regeneration programme. This decrease is partly off-set by increased interest income from fixed income investments within the Captive.
- Interest expense increases in 2026/27 mainly due to Centre Port completing the Seaview Wharf project and borrowing costs can no longer be capitalised.
- The taxation expense reflects the difference between Centre Port paying tax and GWRL having a tax credit from deferred tax.
- Equity increases by approximately \$513.5 million over the period 2025/26 to 2027/28 mainly due to Council equity injections to fund GWRL capex of approximately \$549.5 million partially offset by cumulative dividends of approximately \$24.5 million and cumulative losses of approximately \$11.4 million.
- Non-current assets increase significantly over the period 2025/26 to 2027/28 mainly due to port regeneration programme and the LNIRIM project.

g. Financial Performance targets

As at 30 June	2025/26 WRCH GROUP \$000	2026/27 WRCH GROUP \$000	2027/28 WRCH GROUP \$000
Earnings before Interest and Tax	1	3,559	4,124
Depreciation			
Surplus/(deficit) before tax	(3,656)	(1,790)	(1,242)
Surplus/(deficit) after tax	(5,103)	(3,482)	(2,840)
Return on average assets (EBIT)	0.00%	0.27%	0.26%
Return on shareholder equity (NPAT)	(0.54%)	(0.31%)	(0.22%)
Shareholders equity/Total assets	81.68%	82.70%	82.88%
Dividend distribution	6,300	5,000	5,900

A description of the key terms used in the financial performance targets is set out below:

Return on average assets - Earnings before interest and tax (EBIT) divided by the average of total assets

Return on shareholder equity - Net profit after tax divided by average equity

Shareholders equity/Total assets – Average equity divided by average total assets

h. Statement of Accounting Policies

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These prospective financial statements are presented in accordance with Tier 1 PBE Accounting Standards and comply with PBE Standards.

The detailed accounting policies are available in our most recent annual report as published on Greater Wellington Regional Council website.

i. Assumptions in preparing the prospective financial statements

The prospective financial statements information contained in this SOI is based on assumptions that WRC Holding Group could reasonably expect to occur in the future based on information that was current at the time this SOI was prepared. Actual results are likely to vary from the information presented and variations could be material.

The debt interest rate assumption for the WRC Holdings excluding Centre Port Limited is 2.0% for 2025/26, 2.2% for 2026/27 and 2.2% for the 2027/28 financial years after all margin costs. Interest rate hedging is put in place from time to time (as all debt borrowed is at floating rate) to protect against interest rate variability. The borrowing margin is fixed and is assumed to remain at this level going forward.

There will be no changes to key legislation affecting the Group activities.
Asset lives are in accordance with the Group's Accounting Policies.

GWRL**11. Nature and Scope of Activities**

GWRL owns the investment on metro rail assets. These include the following rolling stock and infrastructure assets:

Rolling Stock

The rolling stock portfolio encompasses a diverse fleet of traditional passenger carriages, electric multiple units (self-propelled carriages), maintenance vehicles for yard operations, and simulation equipment for operator training.

Infrastructure Assets

Infrastructure assets comprise essential facilities that support rail operations, including maintenance facilities, passenger amenities, and bus depot properties. The organisation maintains numerous station buildings across the rail network, various pedestrian access structures, and parking facilities, though it should be noted that some rail infrastructure components remain under Kiwirail ownership. The bus depot portfolio includes both existing facilities and new locations in various stages of development.

Bus Assets

The bus fleet includes specialised airport service electric buses and high-capacity diesel double-deckers, complemented by a smaller number of flexible service vans.

LNIRIM Rail Assets (Procurement)

The LNIRIM procurement initiative focuses on expanding service capabilities through next-generation independently powered electric multiple units, along with associated maintenance facilities and operational bases. This program will extend service reach to additional stations, the ownership of which will be via a range of third parties. Other associated assets and infrastructure will also be procured.

GWRL is responsible for the management and maintenance of the rail rolling stock, rail infrastructure (GWRL's Rail Assets), buses, and bus depots and has contracted Greater Wellington (through a Management Services Agreement) to provide asset management, procurement, accounting, advisory, secretarial and general administration services. GWRL monitors the provision and performance of these services to ensure GWRL's Public Transport Assets are safe and fit-for-purpose. Operational delivery is the responsibility of Greater Wellington via a long-term performance-based contracts with individual rail and bus operators.

Key Activities and Initiatives	
Wellington Strategic Rail Plan	<p>Continue to work with major stakeholders to further develop and implement the Wellington Strategic Rail Plan.</p> <p>Significant investment is required across rolling stock, rail station infrastructure and rail network infrastructure, to deliver the improvements in customer experience, network dependability, and network capacity/frequency.</p>
Maintenance	<p>Deliver train maintenance services, within approved budgets, through an operations and maintenance contract, while ensuring that train condition and performance is maintained, to deliver required level of service, throughout the assets' life.</p>
	<p>Deliver rail station infrastructure cleaning and maintenance, within approved budgets, through various contracts ensuring assets are able to deliver the required level of service throughout the assets' life.</p>
Renewals/Refurbishment	<p>Deliver rolling stock heavy maintenance renewals/refurbishment, within approved budgets, through an operations and maintenance contract, while ensuring that train availability and reliability targets are met.</p>
	<p>Deliver rail infrastructure asset renewals/refurbishment and like-for-like replacement and improvement programme, to ensure the assets are able to meet the required level of service throughout the assets' life.</p>
Rollingstock	<p>Undertake an analysis in order define the need/requirement for additional Electrical Multiple Unit (EMU), nominally 10 off 4-car sets, and develop required business case if required. NOTE – any order for additional rolling stock would be placed with the same manufacture as the LNIRIM units to leverage design work, manufacturer procurement strategy and commonality of spares.</p>
Seismic strengthening	<p>Continue to plan & implement the seismic strengthening works on a number of earthquake sensitive subways, bridges and station buildings, in accordance with the multi-year programme, to ensure all structures meet at least 67% seismic strength of the New Building Standard (NBS).</p>
Accessibility	<p>Maintain oversight of the programme to improve station accessibility in line with Greater Wellington's Accessibility Action Plan. Specifics to be developed for relevant 'hub' and ICT type assets .</p>

RiverLink - Melling Station Relocation	Continue to monitor the multi-stakeholder RiverLink project in relation to the design and construction of the relocated rail-bus Melling interchange to ensure the ideal end outcomes.
Waterloo Station	Maintain oversight of the development of the reference design and business case for the renewal of the Waterloo Bus-Rail Interchange. Where required initiate maintenance works to alleviate arising safety concerns and ad-hoc maintenance
Potential additional assets (including Lower North Island Rail Integrated Mobility rolling stock)	Maintain oversight and awareness of potential expanding asset portfolio for GWRL, including bus assets and the procurement of Lower North Island Rail Integrated Mobility rolling stock (made up of 18 x 4-car low emissions multiple units to replace near life expired carriage fleet and provide improved rail connectivity between Wellington and regional centres Masterton and Palmerston North).

12. Non-financial performance targets

GWRL's key objectives are to prudently manage and maintain the buses, bus depots, rail rolling stock and rail infrastructure (GWRL's Public Transport Assets). Non-financial performance targets for GWRL are set within the context of the strategic targets and objectives of GWRC's Long Term Plan (LTP) 2024-34 and associated GWRL Asset Management Plan.

Level of Service	Current performance result ¹	2025/26 Performance target	Performance target (by end of 2024-34 LTP)
CUSTOMER SATISFACTION WITH RAIL ASSETS			
Percentage of passengers who are satisfied with their current trip	92%	≥93%	≥93%
Percentage of customers who are satisfied with the condition of the station	92%	94%	>96%
Percentage of customers who are satisfied with the inside temperature of vehicles	95%	≥93%	≥93%
Percentage of passengers who are satisfied with the condition of the vehicle fleet	95%	≥94%	>96%
Percentage of passengers who are satisfied with overall station	95%	≥92%	≥92%
Percentage of passengers who are satisfied with the cleanliness of the station	91%	≥91%	≥92%
Percentage of passengers who are satisfied with provision of shelter from weather at shelter/station	84%	≥84%	≥85%
Percentage of customers who are satisfied with their personal safety at station	92%	≥93%	≥95%
Percentage of passengers who are satisfied with information about service delays or disruptions	69%	≥73%	≥85%
Increased boardings by people that use the Accessible Concession ² (as a percent of total rail boardings)	0.82%	>0.6%	3%

¹ May 2024 Customer Satisfaction Survey Results.

² The Accessible Concession provides a 50% discount on adult Snapper fares for registered members of the Blind Low Vision NZ or passengers with a Te Hunga Whaikaha Total Mobility card; a bona fide carer can travel for free with the cardholder.

Level of Service	Current performance result ¹	2025/26 Performance target	Performance target (by end of 2024-34 LTP)
ROLLING STOCK - ASSET MANAGEMENT			
Matangi - Mean distance between failure ³	53,486	≥40,000km	≥40,000km
Carriage - Mean distance between failure ⁴	122,869	≥80,000km	≥80,000km

Level of Service	Current performance result	2024/25 performance measures
RAIL FIXED ASSET - ASSET MANAGEMENT		
Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	52% ⁵	100%
Percentage of stations with CCTV coverage	96%	≥99%
Average condition grade⁶ of:		
Station buildings / shelters:	1.96/1.51	≤2.5
Structures (pedestrian subways / bridges):	2.39/2.37	≤2.5
Park & Ride:	2.1	≤2.5
Percentage of assets in condition grade 4 (Poor) or worse		
Station buildings / shelters:	1.5%/0%	≤2.3%
Structures (pedestrian subways / bridges):	8%	≤8%
Park & Ride:	4.2%	≤8%

³ NB: Failure is defined as 'an event requiring unplanned maintenance'.

⁴ NB: Failure is defined as 'an event requiring unplanned maintenance'.

⁵ 52% for which post-upgrade works documentation is available. 48% for which relevant documentation is no longer available, but work/assessments have been undertaken and believed to be above 67% NBS.

⁶ NB: Conditional grade score – 1: Is very good condition and, 5: very poor condition requiring replacement.

13. Financial information

a. Shareholder Funds to Assets

2025	2026	2027
85.44%	90.03%	92.65%

b. Prospective statement of comprehensive income

Year ended 30 June	2025/26 GWRL \$000	2026/27 GWRL \$000	2027/28 GWRL \$000
Operating grant income from Council	17,557	17,531	18,194
Rental income	7,543	7,700	7,870
Other revenue	77	79	81
Total revenue	25,169	25,310	26,145
Interest expense	415	465	515
Depreciation & amortisation	26,670	24,433	24,098
Other expenditure	25,169	25,310	26,145
Total expenditure	52,254	50,208	50,757
Surplus/(deficit) before tax	(27,085)	(24,898)	(24,613)
Taxation expense (credit)	(5,415)	(5,534)	(5,656)
Total comprehensive income	(21,670)	(19,364)	(18,957)

c. Prospective statement of financial position

As at 30 June	2025/26 GWRL \$000	2026/27 GWRL \$000	2027/28 GWRL \$000
Prospective statement of financial position			
Opening equity	400,892	523,415	731,964
New equity	144,193	227,913	177,443
Total comprehensive income	(21,670)	(19,364)	(18,957)
Closing equity	523,415	731,964	890,450
Equity applicable to parent	523,415	731,964	890,450
Closing equity	523,415	731,964	890,450
Current assets	-	-	-
Non-current assets	595,439	798,919	952,264
Total assets	595,439	798,919	952,264
Current liabilities	4,135	4,600	5,115
Non-current liabilities	67,889	62,355	56,699
Total liabilities	72,024	66,955	61,814
Net assets	523,415	731,964	890,450

d. Prospective statement of changes in equity

As at 30 June	2025/26	2026/27	2027/28
	GWRL	GWRL	GWRL
	\$000	\$000	\$000
<u>Prospective statement of changes in equity</u>			
Opening equity	400,892	523,415	731,964
Shares to be issued during the year	144,193	227,913	177,443
Total comprehensive income for the year	(21,670)	(19,364)	(18,957)
Closing Equity	523,415	731,964	890,450

e. Prospective statement of cash flow from operations

As at 30 June	2025/26	2026/27	2027/28
	GWRL	GWRL	GWRL
	\$000	\$000	\$000
<u>Prospective statement of cash flow</u>			
Cash flows from operations			
Receipts from operations	25,169	25,310	26,145
Payments to suppliers/employees	(25,108)	(25,290)	(26,049)
Interest paid	(415)	(465)	(515)
Net cash from operating activities	(355)	(444)	(420)
Cash flows from investing activities			
Purchase of Fixed Assets	(144,193)	(227,913)	(177,443)
Net cash from investing activities	(144,193)	(227,913)	(177,443)
Cash flows from financing activities			
Issue of shares	144,193	227,913	177,443
Current Account movement	355	444	420
Net cash from financing activities	144,548	228,357	177,863
Net increase/(decrease) in cash & cash equivalents	-	-	-
Cash & cash equivalents at beginning of the year	-	-	-
Cash and cash equivalents at year end	-	-	-

f. Financial Statements commentary

- The statement of comprehensive income (2025/26 to 2027/28) shows deficits after tax due to depreciation and interest not being funded.
- The depreciation decreases in 2026/27 due to some assets reaching end of life and increases thereafter as the company progresses the capex programme.
- The taxation credit/income represents GWRL having a tax credit from deferred tax.
- Equity increases by \$489.5 million over the period (2025/26 to 2027/28). This results from Holdings equity injections to fund GWRL capex of \$549.5 million. This is offset by the net deficits of \$59.9 million.
- Capital expenditure over the three-year period is significant at \$549.5 million, mainly due to GWRL capex programme (LNIRIM \$468.5, Matangi overhauls \$43 million and infrastructure improvements \$37 million), over the three-year period.

g. Performance targets

Year ended 30 June	2025/26 GWRL \$000	2026/27 GWRL \$000	2025/26 GWRL \$000
Operating expenditure	52,254	50,208	50,757
Capital expenditure	144,193	227,913	177,443
Shareholders equity/Total assets	85.44%	90.03%	92.65%

A description of the key terms used in the financial performance targets is set out below:

Shareholders equity/Total assets – Average equity divided by average total assets

h. Statement of Accounting Policies

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These prospective financial statements are presented in accordance with Tier 1 PBE Accounting Standards, and comply with PBE Standards.

The detailed accounting policies are available in our most recent annual report as published on Greater Wellington Regional Council website.

i. Assumptions in preparing the prospective financial statements

The prospective financial statements information contained in this SOI is based on assumptions that GW Rail Limited could reasonably expect to occur in the future based on information that was current at the time this SOI was prepared. Actual results are likely to vary from the information presented and variations could be material.

There will be no changes to key legislation affecting the company's activities. Asset lives are in accordance with the company's Accounting Policies.

14. Attachment – Statement of Expectations from Council (December 2024)



By email

6 December 2024

Chris Kirk-Burnnand
Chair, WRC Holdings Limited
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Tēnā koe Chris

WRC Holdings Limited - Statement of Expectations 2025/26

This letter sets out a statement of our expectations (including our enduring expectations in Appendix 1), as the shareholder in WRC Holdings Limited (WRCHL), as you begin drafting the Statement of Intent (SOI) for 2025/26 to 2027/28. Our statement of expectations, as prescribed in section 64B of the Local Government Act, specifies the relationship we expect to have with you over the period and our general expectations of the WRC Holdings Group.

The draft SOI is due to Greater Wellington Regional Council (the Council) by 1 March 2025. We will then consider this document and provide feedback by 1 May 2025 to allow the document to be finalised before 30 June 2025.

Continued focus on optimising return on investment

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

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

Developing a new Investment Strategy

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

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

Public Transport assets

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

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

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

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

Performance reporting

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

Health and Safety

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

Living wage accreditation

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

Regional economic development

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

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


A continuing emphasis on emissions reductions

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

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

If you have any need for clarification on the above matters, then please feel free to contact me at the soonest opportunity. We look forward to receiving your draft SOI by 1 March 2025. In accordance with section 64B of the Local Government Act 2002, this letter will be published on the Council's website.

Nāku noa, nā



Daran Ponter
Chair - Wellington Regional Council

Appendix 1: Enduring Expectations

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