



## STATEMENT OF CORPORATE INTENT

### WRC HOLDINGS GROUP

(covering the period to 30 June 2003 and the following 2 years)

#### 1. Scope of Statement of Corporate Intent

- 1.1 This Statement of Corporate Intent relates to WRC Holdings Limited (the “Company” and its subsidiary companies Pringle House Limited (“PHL”), Port Investments Limited (“PIL”) and CentrePort Ltd (“CentrePort”), together the WRC Holdings Group.

#### 2. Objectives of the Company

- 2.1 The PRIMARY OBJECTIVES of the Group shall be:

- (a) To operate as a successful and responsible business.
- (b) To own and operate, via PHL, the Wellington Regional Council’s headquarters at 142-146 Wakefield Street, Wellington (known as the “Regional Council Centre”) on a cost effective basis.
- (c) To own via PIL the Wellington Regional Council’s interest in CentrePort Ltd and to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders’ investment.
- (d) To effectively manage any other investments held in the Group in order to maximise the commercial value to the shareholders and to protect the shareholders’ investment.

- 2.2 The FINANCIAL OBJECTIVES of the Group shall be:

- (a) To provide a commercial return to shareholders.
- (b) To adopt policies that prudently manage and protect the investment of shareholders.

- 2.3 The ENVIRONMENTAL OBJECTIVES of the Group shall be:

- (a) To operate in an environmentally responsible manner.
- (b) To minimise the impact of any of the Group’s activities on the environment.

(c) To raise awareness of environmental issues within the Group.

2.4 The SOCIAL OBJECTIVES of the Group shall be:

(a) To provide a safe and healthy workplace.

(b) To participate in development, cultural and community activities within the Regions in which the Group operates.

### **3. Nature and Scope of Activities to be Undertaken**

3.1 The Company is the Holding Company for PHL, PIL and indirectly, CentrePort.

3.2 The provision of commercial rental premises as owner and lessor of the Regional Council Centre, the building situated at 142-146 Wakefield Street, Wellington and the associated provision of property management services to the Wellington Regional Council pursuant to any management agreements.

3.3 The provision of Investment Management services for Council's strategic investment in CentrePort.

3.4 The provision of Investment Management Services for any other current and future investments held within the Group.

3.5 The nature and scope of the WRC Holdings Group's activities will be reviewed regularly in consultation with the shareholders.

### **4. Ratio of Consolidated Shareholders Funds to Total Assets**

4.1 Definition of Terms:

(a) Consolidated Shareholders Funds are defined as the amount of paid up capital, plus retained earnings of the company, less any minority interests.

(b) Total Assets are defined as all the recorded tangible and intangible assets of the Company at their current value as determined in the Company's Statement of Accounting Policies in the most recent financial statements.

4.2 As at 30 June 2001 consolidated shareholders funds were 8.7% of total assets.

## 5. Accounting Policies

- 5.1 The detailed Accounting Policies of the Company will be consistent with the legal requirements of the Companies Act 1993, the Financial Reporting Act 1993, generally accepted accounting principles, the Institute of Chartered Accountants of New Zealand Statement of Standard Accounting Practice (SSAP's) and the Financial Reporting Standards (FRS's), modified as necessary for the circumstances of the Company.

## 6. Performance Targets

- 6.1 The following are the WRC Holdings Group's financial performance targets:

	<b>2002/03</b> <b>(\$000)</b>	<b>2003/04</b> <b>(\$000)</b>	<b>2004/05</b> <b>(\$000)</b>
a. Net Profit Before Tax	7,846	8,319	8,747
b. Net Profit After Tax	5,095	5,283	5,575
c. Return on Total Assets	11.8%	11.6%	12.1%
d. Return on Shareholder Equity	25.1%	21.6%	19.3%
e. Dividend Stream	613	610	610

- (a) Net profit before tax
- (b) Net profit after tax, but before deduction of minority interest
- (c) Earnings before interest and tax as a percentage of average total assets
- (d) Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest)
- (e) Dividends (interim and final) paid or payable to shareholder

- 6.2 The following are the WRC Holdings Group's environmental performance targets:

- (a) CentrePort to maintain a minimum level 6 accreditation to the DNV International environmental rating system.
- (b) CentrePort will promote the introduction into the district and regional coastal plans of the principles of NZ6809:1999 Acoustics – Port Noise Management and Land Use Planning.

- (c) Compliance with all conditions under resource consents and permits held, and to fully adhere to the requirements of environmental law generally.

6.3 The following are the WRC Holdings Group's social performance targets:

- (a) CentrePort to maintain a minimum level 6 accreditation to the DNV International safety rating system.
- (b) CentrePort to maintain compliance with Lloyds Safe Ship Management for tugs and launches.
- (c) To undertake a level of sponsorship appropriate to CentrePort.
- (d) To meet regularly with representative community groups of CentrePort.

6.4 The Group will, in consultation with shareholders, continue to develop performance targets in the environmental and social areas in order to be able to maintain triple bottom line reporting in accordance with best practice.

## **7. Distribution of Profits to Shareholders**

7.1 The Company policy on the provision of the net profits to be distributed to shareholders (after deductions for taxes and interest) will be reviewed by the Board of the Company from time to time, after taking account of the wishes of the shareholder, according to the future circumstances as they may exist and the successful achievements of the commercial objectives of the Company.

7.2 The expectation is that the dividend paid by the Company will be the maximum practical amount, and currently is expected to be 100% of after tax earnings.

## **8. Information to be Reported**

The Company will maintain regular reporting to the shareholders 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 Annual Report comprising:
  - A statement of accounting policies;
  - Audited consolidated financial statements for the year;
  - Explanatory notes thereon; and

- A report from the Directors which will include:
  - \* a review of operations
  - \* a summary of achievements measured against appropriate performance targets; and
  - \* the maximum dividend (if any) recommended.
  
- (b) Within two months of the end of the first half of each financial year, produce a half yearly management report for each of the companies within the Group comprising:
  - An abridged, unaudited statement of the financial position with explanatory notes; and
  - A brief report from the directors of the company's operations for the half year and the outlook for the second half year.

**(The above reporting requirements are specified under Section 594Z of the Local Government Act 1974.)**

## **9. Procedures for the Purchase and Acquisition of Shares**

- 9.1 The Boards of Directors of the Company, PHL and PIL, will obtain the prior approval of the Wellington 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 WRC Holdings Group. (N.B: CentrePort is governed by a separate Constitution.)
- 9.2 The Company will consult with shareholders prior to any material departure from the objectives as outlined in the Statement of Corporate Intent.

## **10. Compensation**

- 10.1 Wellington Regional Council members, who are also directors of the Company, PHL, and PIL, will receive daily meeting allowances and travelling expenses based on the rates applicable to members of the Wellington Regional Council. Directors of those companies, who are not members of the Wellington Regional Council, will receive Directors' fees as approved by the Council from time to time.
- 10.2 The Company will seek compensation by agreement from the Wellington Regional Council for :
  - (a) rental and tenancy expenses with regard to the occupation of the Regional Council Centre.

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

## **11. Value of Shareholder's Investment**

- 11.1 The value of shareholders funds (excluding minority interest) in the Company as at 30 June 2001 was \$8,430,000.
- 11.2 The commercial value of the Regional Council Centre will be determined annually by an independent property valuer in accordance with the Company's Accounting Policies, and reported in the Statement of Financial Position.
- 11.3 A re-assessment of the valuation of other investments will be undertaken as may be required from time to time by the Directors or shareholders.

## **12. Other Areas**

### **12.1 Review of Statement of Corporate Intent**

The Company shall provide to the shareholders in July of each year a Draft Statement of Corporate Intent for the consideration of shareholders with the intent that the Statement will be finalised in September. This is to enable the finalisation of the Company's budget for the ensuing year in line with the agreed Statement and to comply with the legislative requirements of the Local Government Act 1974.