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**Report 01.594**

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Report to Policy and Finance Committee  
from Greg Schollum, Chief Financial Officer

**WRC Holdings Group – 2001/02 Draft Statement of Corporate Intent**

**1. Purpose**

To receive the draft Statement of Corporate Intent (SCI) of the WRC Holdings Group for 2001/02 and the following two years (refer **Attachment 1**).

**2. Background**

WRC Holdings Limited and its subsidiary companies, Pringle House Limited and Port Investments Limited, are LATEs as defined under the Local Government Act 1974. These companies, together with CentrePort, form the WRC Holdings Group. A single Statement of Corporate Intent can be provided for the group under the Local Government Act (in terms of the three LATEs). However, CentrePort is also required under the Port Companies Act to produce its own SCI. (Refer to report 01.590 on this order paper).

The Local Government Act requires the directors of WRC Holdings to consider any comments made by the shareholders on the draft SCI before 31 August and to deliver the completed SCI back to shareholders by 30 September.

### 3. Comment

The committee is asked to separately consider issues associated with:

- the words;
- the numbers.

#### 3.1 The words

The Directors of WRC Holdings have directed officers to prepare the draft SCI for the WRC Holdings Group along similar lines to that of CentrePort. This means that the “triple bottom line” philosophy has been brought through into the WRC Holdings SCI (refer to Section 2 and Section 6 of **Attachment 1**).

In addition, the WRC Holdings Group SCI incorporates the changes which have been requested from CentrePort (refer to **Attachment 2** to Report 01.590 covering the CentrePort draft SCI) but which are yet to be incorporated into the CentrePort draft SCI.

#### 3.2 The numbers

The Committee will be aware that the numbers contained in the WRC Holdings SCI have been driven largely by the requirements of the Council (ie. the Council’s budgeting process, which starts much earlier than the company’s, has traditionally driven the Council’s funding requirement from the WRC Holdings Group).

This is necessarily the case because of the legislative requirements on the timing of adoption of Council’s Long Term Financial Strategy/ Annual Plan.

The WRC Holdings Group figures in the draft 2001/02 SCI are as follows:

	<b>2001/02 \$000</b>	<b>2002/03 \$000</b>	<b>2003/04 \$000</b>
Net Profit Before Tax (NPBT)	\$6,113	\$5,675	\$5,750
Net Profit After Tax (NPAT)	\$3,776	\$3,626	\$3,614
Return on Total Assets	10.0%	9.6%	9.6%
Return on Shareholders Equity	22.8%	18.3%	16.0%
Dividend Stream	\$668	\$525	\$519

The above dividend figures (eg. \$668,000 in 2001/02) have already been incorporated into Council's LTFS/annual plan. Contrasting these dividend figures with what was projected in the 2000/01 SCI shows the following:

	<b>2001/02 Year</b>	<b>2002/03 Year</b>
Dividend Stream (last year's SCI)	\$263,000	\$268,000
Dividend Stream (this year's SCI)	\$668,000	\$525,000
<b>Difference</b>	<b>\$405,000</b>	<b>\$257,000</b>

The projected increase in the dividend stream from the WRC Holdings Group to the Council primarily reflects the impact of the change in dividend percentage paid from Port Investments Ltd to WRC Holdings Ltd (an increase from 75% to 100%) which was approved by Directors in February 2001.

It also reflects our updated view of interest rates.

#### **4. Communications**

The SCI process for WRC Holdings is really a matter of machinery. However, this year there has been a further move towards the triple bottom line reporting philosophy which the Council may wish to publicise more widely.

#### **5. Recommendations**

*That the Policy and Finance Committee recommend that the Council:*

- (1) *Receive the report and note its contents.*
- (2) *Receive the draft Statement of Corporate Intent of the WRC Holdings Group for 2001/02, and the immediately following two years, and request that any comments or recommendations of the Council, as Shareholder, be forwarded to the Directors of WRC Holdings for their consideration.*

GREG SCHOLLUM  
Chief Financial Officer

**Attachment 1: WRC Holdings Group – Draft Statement of Corporate Intent 2001/02.**