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Report 02.466

31 July 2002

File: CFO/9/1/1

Report to Policy, Finance and Strategy Committee
from Kerry Saywell, Treasurer

WRC Holdings Group – 2002/03 Draft Statement of Corporate Intent

1. Purpose

To receive the draft Statement of Corporate Intent (SCI) of the WRC Holdings Group for 2002/03, 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 LATE's). However, CentrePort is also required under the Port Companies Act 1988 to produce its own SCI. (Refer to report 02.464 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 and changes to the words in CentrePort’s draft 2002/03 SCI have been reflected in the words of WRC Holdings Group’s draft SCI.

The SCI wording has also been changed to reflect the increased flexibility sought by Directors in respect of half year reporting to shareholders (refer para 8(b) of the 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 2002/03 SCI are as follows:

	2002/03 \$000	2003/04 \$000	2004/05 \$000
Net Profit Before Tax (NPBT)	7,846	8,319	8,747
Net Profit After Tax (NPAT)	5,095	5,283	5,575
Return on Total Assets	11.8%	11.6%	12.1%
Return on Shareholders Equity	25.1%	21.6%	19.3%
Dividend Stream	613	610	610

The above dividend figures (eg. \$613,000 in 2002/03) have already been incorporated into Council's LTFS/annual plan. Contrasting these dividend figures with what was projected in the 2001/02 SCI shows the following:

	2002/03 Year \$000	2003/04 Year \$000
Dividend Stream (last year's SCI)	525	519
Dividend Stream (this year's SCI)	613	610
Increase	88	91

4. Communications

The SCI process for WRC Holdings is really a matter of machinery.

5. Recommendations

That the Policy, Finance and Strategy 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 2002/03, 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.*

Prepared by:

Approved by:

KERRY SAYWELL
Treasurer

GREG SCHOLLUM
Chief Financial Officer

**Attachment 1: WRC Holdings Group – Draft Statement of Corporate Intent
2002/03.**